

10 TRENDS INFLUENCING 2020



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10 TRENDS INFLUENCING 2020

EXECUTIVE SUMMARY

Not long ago, influencer marketing was a trend. Every year-end report marketers could get their hands on invariably had a chapter in the lines of “The Rise of Influencers” or “Why Influencers Are Here to Stay.” This made sense in the past because this marketing tactic – powered by social media – began in the mid-2000s and was considered an emerging solution that lived under content creation, community management, or paid media.

Today, influencer marketing is a critical part of the marketing mix. In fact, it’s expected to grow to a \$15 billion industry by 2022, up from \$8 billion in 2019, according to Business Insider Intelligence estimates.

This **10 Trends Influencing 2020** report is a manifestation of Edelman’s commitment to lead

practices and a dialogue around trust in influencer marketing. Fake followers, vanity metrics and overly polished content are some of the challenges brands have faced when partnering with influencers. To build trust is increasingly difficult for brands amid an ever-so pervasive and disruptive landscape, where the digital medium itself is challenged on many fronts. But, in the face of disruption also lie great opportunities for businesses who are looking to earn trust and authentically engage with their audiences.

A closer look at the industry reveals the need for more authenticity, the rise of influencer commerce, and influencer authentication as mandatory for measurement. These are just three trends in our influencer report.

Our **10 Trends Influencing 2020** report offers an in-depth look at ten important influencer developments we believe will impact business, government and society in the coming year.

We hope our report is a guide to the challenges, experiences, and opportunities your organization, employees, customers and stakeholders are likely to face in 2020 and beyond. If you have questions about these trends, please don’t hesitate to get in touch.

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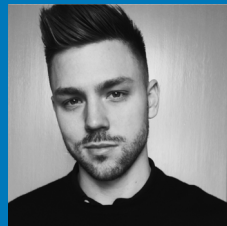
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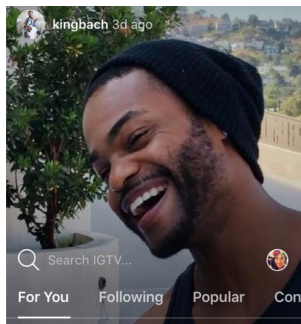
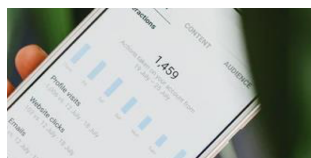
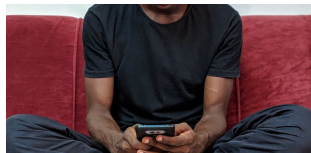
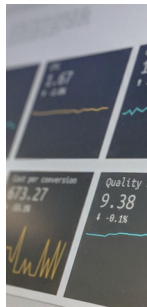
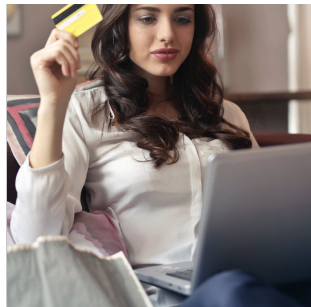
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LISTEN UP: THE RISE OF THE AUDIO INFLUENCER

SUMMARY

- Podcasts offer a new medium for creativity and command attention for extended periods of time.
- 32 percent of Americans reported having listened to a podcast within the past month. So, almost a third of Americans can be considered active listeners.
- The worldwide podcast market is growing rapidly, and this is expected to continue as tools to facilitate the creation, publishing and management of podcasts become mainstream.



LISTEN UP: THE RISE OF THE AUDIO INFLUENCER

Podcasting is growing in the U.S. and around the globe. **The worldwide podcast market is set to comprise 4.5% of all audio ad spend by 2022**, when it reaches \$1.6 billion, according to researcher WARC. That figure is nearly double this year's estimated ad spend of \$885 million. As with blogs and sponsored content on social platforms, influencers and brands continue to re-imagine advertising. **Podcasts offer a new medium to express creativity, connect with audiences, and generate additional revenue streams.**

According to the 2019 Infinite Dial Report from Edison Research, the leading podcast research company, **more than half of people in the United States have listened to a podcast, and nearly one out of every three people listen to at least one podcast every month.** In 2018, it was about one in four.

Unlike social platforms, such as Instagram, **podcast influencers command the attention of their listeners for an extended period of time** – at the gym, during their daily commute, at home, or at the office. And, **they are able to integrate native ad formats, like brand interviews or round table discussions, into their content** rather than traditional pre-roll, mid-roll and post-roll advertising formats.

We expect to see continued growth in this space as tools to facilitate the creation, publishing and management of podcasts become mainstream.

GOING STEADY: FROM INFLUENCER TO AMBASSADOR

SUMMARY

- Relationships with influencer partners are moving from transactional to long-term.
- Audiences are more likely to trust an influencer's recommendation and to act when key messages are reinforced over time.
- Long-term collaborations enable the influencer to have a better understanding of the voice, tone, and style that the brand is looking for.



PHOTO CREDIT: BRUNO GOMIERO / UNSPLASH

GOING STEADY: FROM INFLUENCER TO AMBASSADOR

Influencer marketing is **predicted to grow to a \$15 billion industry by 2022**. As this marketing tactic evolves, so do the challenges businesses face. Ad blocking is on the rise, influencers are now more trusted than brands, and there's an increasing need for authentic content. That's why **many brands are engaging in longer-term relationships rather than the one-off, one-hit wonder partnerships**.

This shift works because one of its evident benefits is trust. As influencers devote more authentic content to a company, their loyalty to the brand becomes more apparent. **Followers are more likely to trust the recommendation of an influencer when key messages are reinforced over time**. The ongoing support of the brand appears more authentic, and we see an increase in content produced outside of the contracted deliverables as influencers move to become brand advocates.

Similarly, **long-term influencer engagements usually bring more exclusivity and the chance for the influencer and brand to explore new creative angles and take more risks together**. An influencer who is creating content in conjunction with a brand can feature different uses of the brand's offerings. This means **influencers have the potential to reach different audiences facing different problems the brand can solve**. This allows the brand and influencer to test and learn throughout the partnership to see what resonates both with the influencers and the brand's audiences.

With a relationship comes trust, and with trust comes creative freedom. Creative freedom enables influencers to explore new avenues of expression with the brand.

IN AUTHENTICITY WE TRUST: GET REAL OR GET LOST

SUMMARY

- Millennials and Gen Z are becoming more wary and distrustful of artificial or inauthentic influencer content, creating a new challenge for influencers and brands.
- 72 percent of consumers said they would unfollow an influencer over disingenuous endorsements.
- A shift from a depiction of the idealized toward more relatable and real is underway and becoming the new cultural norm.



PHOTO CREDIT: KIRSCHNER AMAO / UNSPLASH

IN AUTHENTICITY WE TRUST: GET REAL OR GET LOST

In the world of influencers and influence, it's hard to tell what's real from what's staged—but either way, **if an influencer doesn't come off as authentic to audiences, it can seriously damage their personal brand as well as the brands they partner with.** Much has been said about the “Instagram aesthetic”—evolving from the popular polished, perfect look of pastel, bright colors, perfect lighting to scenes and moments that are more reflective of real life vs. an airbrushed, idealized manipulation of it.

Edelman's 2019 Online Influencer Study revealed that respondents 18-34 year-olds, who follow influencers, are less interested in the size of their following and more interested in the value they provide. Only 18 percent expressed that a huge following was something they looked for in an influencer, but 34 percent pointed being able to *relate* to an influencer as a top

priority. External research also supports our findings. A recent survey conducted by Takumi cited that 72 percent of consumers said they would unfollow an influencer over disingenuous endorsements, and 69 percent over the promotion of an unrealistic or misrepresented lifestyle.

Much of **this emerging trend is driven by social media fatigue and the pressures multiple generations (especially Gen Z and Millennials) feel about living up to ideals that are artificial and inauthentic.** Influencers feel it too, and a counterculture movement away from artificial and inauthentic toward real and relatable will become expected, valued and rewarded in 2020.

ALMOST FAMOUS: THE POWER OF MICRO & NANO INFLUENCERS

SUMMARY

- Micro and nano influencer rates are less expensive, so it is possible to generate many pieces of content through a program with an expansive pool of influencers.
- Micro and nano influencers are followed by family, friends and a tightknit community that are genuinely interested and often more likely to comment, engage and take action on their posts.
- Leveraging nano and micro-Influencers to underscore an ongoing campaign allows conversation and constant buzz throughout the campaign duration.



PHOTO CREDIT: DARIA SHEVTSOVA / PEXELS

ALMOST FAMOUS: THE POWER OF MICRO & NANO INFLUENCERS

Nano and micro influencers have been around since the mid-2000s, but it was only recently that marketers have really started taking notice of their value. Why?

The term “influencer” has often – and mistakenly – only been attributed to those creators who eventually become YouTube Stars or Instagram Models. Yet, **while these individuals sometimes have millions of followers, their stardom level does not necessarily mean they are the right fit for a brand’s marketing strategy.** If a business is looking for massive reach, name cache or interest from Earned Media, then yes, big names could be the solution, but it will be at a premium and there’s the need to carefully vet their complex and large audiences.

But what if you are looking to engage real consumers at a peer-to-peer level? That is when you can tap nano-Influencers (~5,000 and fewer followers) or micro-Influencers (up to ~20,000 followers) to share your message. **These relatable individuals tend to have niche audiences who trust their endorsements and opinions on products and brands.**

These influencers have real, authentic engagement (and, often times, stronger lower-sales funnel action), at a fraction of the price of their Macro-Influencer counterparts. **For the same investment required to hire one Top Tier Influencer, a marketer can partner with *hundreds* of micro and nano-Influencers.** This would allow the brand to reach various audiences, as well as have an arsenal of licensed assets to repurpose through other marketing tactics.

CHECKOUT ON INSTAGRAM: INFLUENCER ECOMMERCE CHECKS IN

SUMMARY

- “Checkout on Instagram”, set to roll out platform wide in 2020, presents a way to gauge sales impact.
- Brand/influencer payment options and structure will expand and evolve.
- The line between e-Commerce and social media has blurred. More social media channels, from Facebook to Instagram, are appealing audiences with greater convenience.

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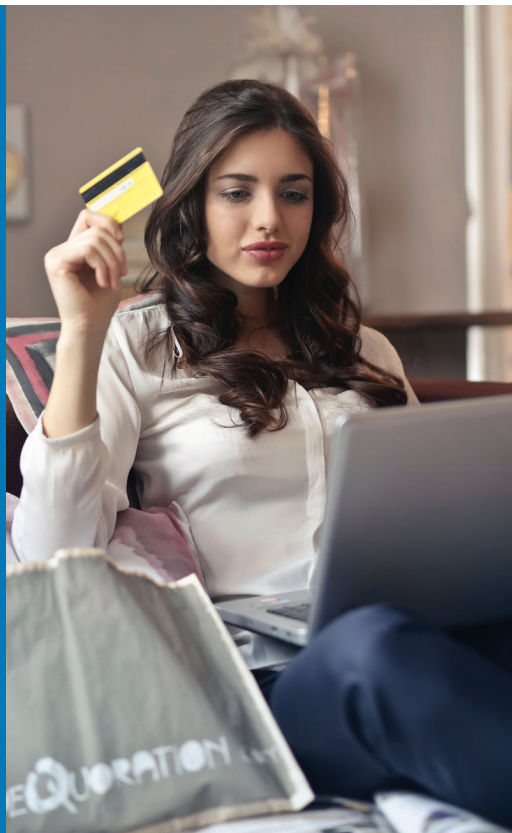


PHOTO CREDIT: BRUCE MARS / PEXELS

CHECKOUT ON INSTAGRAM: INFLUENCER ECOMMERCE CHECKS IN

Instagram introduced “Checkout on Instagram” in March 2019. But **the feature – which allows users to view and buy featured items from a brand without leaving the platform – is still in closed beta and only currently available to a select number of brands (e.g. Kylie Cosmetics, H&M, Burberry).** This feature, set to be fully launched in 2020, has the potential to fundamentally change the way influencers work with brands on the app, **especially within certain verticals such as retail, fashion, beauty and technology.**

It could also have an impact on the way brands pay influencers, in that they may decide to **incentivize influencers by providing them a set percentage of overall sales associated with a post**

(perhaps reducing the partnership base fee as well). In turn, influencers with strong engagement could earn more via this model than they ever did before.

From a commercial standpoint, everybody wins. The brand stands to make more money from direct purchase within the app. The influencer stands to make more money based on a percentage cut of the sales. **And the ability to track the sales process provides a simple but much needed way to track ROI and enhance the overall viability of influencer marketing on the platform.**

INFLUENCER AUTHENTICATION: DEMANDING TRANSPARENCY

SUMMARY

- Influencer fraud has become a structural problem industry-wide and is expected to cost businesses \$1.3 billion in 2019.
- Influencer authentication allows marketers access to influencer metrics and demographic information.
- Brands may begin to steer clear of influencers who decline to authenticate their profiles.



PHOTO CREDIT: OLADIMEJI AJEGBILE / PEXELS

INFLUENCER AUTHENTICATION: DEMANDING TRANSPARENCY

With a growing number of companies selling fake followers and fake engagement in return for modest amounts of money, **influencer fraud has become a structural problem industry-wide, expected to cost businesses \$1.3 billion in 2019.** While it's true that effective influencer platforms and tools can provide marketers the ability to spot and avoid such accounts, they haven't offered a permanent solution to this problem. That's because the increasing number of API and algorithmic changes that platforms such as Instagram enact can remove from marketers the ability to fully evaluate and measure the true viability and effectiveness of an influencer's account, audiences and performance.

When a creator authenticates their channel(s), brands can ensure they are receiving real, first-party platform metrics for impressions, video views, audience demographics, and other metrics depending on the social platform. The verified metrics guarantee that campaigns are measured apples-to-apples against other digital and social media KPIs, as opposed to estimated metrics from third-parties.

Now more than ever, brands need to ensure that they are spending their influencer dollars effectively and are increasingly shying away from influencers who push back on the need for authentication.

PAY TO PLAY: AMPLIFICATION IS NOW A MUST-HAVE

SUMMARY

- Use paid amplification to maximize the investment on influencer content.
- Paid amplification allows marketers to measure the performance of influencer content through more robust metrics.
- Amplifying influencer content enables businesses to move audiences from awareness towards action.



PAY TO PLAY: AMPLIFICATION IS NOW A MUST-HAVE

Gone are the days of paid amplification being considered an optional add-on to an influencer marketing campaign. But why has it become more critical than ever to pair a smart paid media strategy with influencer content?

With the continued decrease in organic performance and an increase in the volume of sponsored content, **paid amplification ensures marketers maximize their influencer content investment and reach audiences at scale.** Not only does amplification allow that content to be seen by a broader number of people beyond the influencer's followers, but it **also arms businesses with a wide variety of targeting parameters – location, demographics, in-market behaviors, interests and more – to reach specific groups.**

Amplifying with paid also enables brands to measure the performance of the influencer partnership through more robust metrics. **With this powerful data at their fingertips, businesses can start thinking of ways to move audiences from awareness to action.** With proper planning, amplification can drive lower funnel metrics, such as purchases, sign ups, or app downloads.

Another advantage is that paid amplification opens testing and optimization opportunities. **When a campaign includes multiple pieces of content, marketers can initially promote all content to determine which performs best. Based on the campaign's objective, they can optimize and dedicate the remaining budget toward the pieces of content driving the strongest performance.**

PROVING INFLUENCER IMPACT: THE GREAT ROI DEBATE

SUMMARY

- 93 percent of marketers used influencers in 2019, but platform changes like Instagram hiding “likes” are encouraging them to seek more advanced influencer measurement.
- Influencers have huge potential, but businesses are having a hard time quantifying it.
- Proving that influencers are “influencing” is more than just measurement. It requires understanding what the business needs and tailoring the channel strategy, influencer selection, contracted deliverables, success metrics, and tech solutions to support those needs.



PROVING INFLUENCER IMPACT: THE GREAT ROI DEBATE

Influencer is now a mainstream marketing tool, with estimates showing 93 percent of marketers leveraged it in 2019. However, **challenges such as fake followers and hidden “likes” have driven marketers to seek advanced measurement methods to demonstrate influencer effectiveness.** Proving impact, however, is a different story.

Here’s the paradox. Businesses know influencers have huge potential (58 percent of 18-to-34 year olds have bought a new product in the last six months because of an influencer), yet they have a hard time quantifying it (52 percent of marketers see “determining ROI of their program” as the biggest challenge to influencer marketing in 2019).

The promise of influencers is “influence”, so proving their impact goes beyond measurement and requires strategy and planning.

It’s about understanding what businesses need, how they plan to use the content, and what influencers can bring to the table. All other steps, such as influencer selection, contracting, and determining KPIs, should be tied to the objectives.

Measuring effective influencer content demands an understanding of content strategy – how people are finding and consuming content and the suitable platforms for the content. **Bridging the gap from engaged audience to purchase requires tools like shoppable links, landing page tracking, and retargeting from whitelisted influencers.**

Strategists and planners are crucial for successfully setting campaign framework, while analysts play a crucial role in connecting the dots and making sense of the data.

TOP OF MIND: DATA PRIVACY

SUMMARY

- California Consumer Privacy Act, set to take effect on January 1, 2020, will cause additional considerations for brands, agencies, and influencers.
- Brands and agencies are responsible for conducting their own due diligence to understand how they are exposed to PII and develop the infrastructure to stay compliant among new and existing regulations that are set to go in effect.
- The increase in time needed to ensure Influencers are educated and bound to their duties in their role in data privacy compliance is an added cost to consider before carrying out campaigns.



PHOTO CREDIT: MARKUS SPISKE / UNSPLASH

TOP OF MIND: DATA PRIVACY

Starting with the EU's enforcement of the General Data Protection Regulation (GDPR) in May of 2018, a focus on how brands and agencies collect, store, receive, and transfer personal identifiable information (PII) has been top of mind within the influencer marketing industry throughout 2019. **In the coming year, marketer's considerations regarding data privacy will only increase.** The California Consumer Privacy Act (CCPA) is set to take effect on January 1, 2020, bringing a new set rules and this time directly impacting the American market.

Although privacy laws may appear to complicate the process of connecting brands with influencers, **it is imperative that businesses and agencies conduct their own due diligence to understand how they're exposed to PII and develop the infrastructure to stay compliant with all regulations.**

That means, among other measures, ensuring that data protection safeguards are built into partnership deals, products and services offered to clients.

Influencers will need to educate themselves as well, which will impact how they are selected and contracted. The increase in time needed to ensure Influencers are compliant and bound to all their data privacy duties is an added cost to consider when carrying out campaigns.

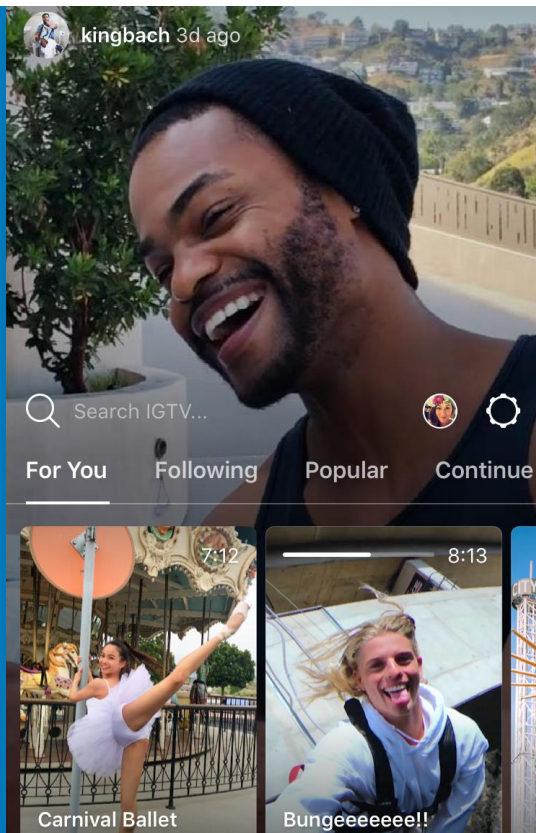
As the tactics in the influencer marketing toolbox become increasingly more strategic, **transparency and awareness on how private data is exchanged will become second nature in 2020.**

MARKETING TO GEN Z: COMMUNITY AND CONVERSATION COME TOGETHER

SUMMARY

- Gen Z will represent 40% of all U.S. consumers by 2020 and the need to effectively reach them will become a priority for many marketers.
- To reach Gen Z, marketers should consider leveraging emerging platforms, like TikTok.
- Focusing on video – live, stories, Q&A, etc. – will be a critical part of influencer marketing.
- While watchers may not watch video with the intent of buying, it has the potential to spark action and further discovery.

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MARKETING TO GEN Z: COMMUNITY AND CONVERSATION COME TOGETHER

Gen Z will represent 40% of all U.S. consumers by 2020 and the need to effectively reach them will become a priority for marketers. The platforms this generation explores and the types of content they consume will determine how advertisers will spend brands' time and money.

According to a survey from business website The Manifest, **compared to millennials, Gen Z spends more time on social, however, on fewer platforms.** Currently, their favorites are YouTube, Instagram and Snapchat. What these three channels have in common also reveals the type of content the first digital native generation is hungry for: **Visual, more specifically, video and live content.**

No wonder TikTok, a short-form video app reminiscent of Vine, has gained so much momentum among teens. **In 2020, we'll likely see this platform continue to build out its branded content marketplace, content offering, measurement and analytics capabilities to draw in more brands' marketing dollars.**

Cisco's VNI report shows that video will represent 82% of all IP traffic in 2021. And, Instagram has reported that the time people spent watching video on its platform is up 60% from last year. What has become evident is that **video is preferred by many consumers.** Focusing on video – live, stories, Q&A, etc. – will be a critical part of influencer marketing.

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