



IN-HOUSE VS. OUTSOURCED INFLUENCER MARKETING

Over 2/3 of marketers in companies that do Influencer Marketing have stand-alone IM budgets for their brand. As Influencer Marketing grows rapidly, how do you decide whether to keep it in-house or to outsource it?



CONTENT / INFLUENCE / SCALE



THE BATTLE: IN-HOUSE VS. OUTSOURCED?

Influencers are the new darlings of the marketing world, and influencer marketing is poised for continued growth. With 78 percent of Americans on social media — a number predicted to grow to approximately 2.5 billion by the year 2018, according to Statista — the rise of influencer marketing makes sense. This is especially true when you consider the majority of people (83 percent, according to a study from Nielsen) who trust the opinions of people they know more than traditional celebrity endorsements or advertisements.

If you still aren't sure about the power of influencer marketing, consider this. Social media expands people's "friends and family" networks, allowing people to interact with people they wouldn't otherwise meet, including influencers and other famous people. Influencer marketing harnesses the power of social media, which allows it to work like word-of-mouth advertising on steroids.

These are just a few of the reasons why so many brands are using influencer marketing and why it's become more familiar to marketers in recent years. According to the 2017 State of the Creator Economy (SOCE) study, 54 percent of marketers have used influencer marketing in the past year. "Organization-wide, 33 percent have budgets totaling over \$500K, up from 25 percent in 2015," the SOCE finds.

One decision brands need to make is whether to dedicate an in-house team to influencer marketing or outsource it to another company. Each option has its risks and merits. Brands should consider the time involved, the cost, and potential frustrations before making their decision. Let's consider each below.

TIME

Time can be a major hurdle on both sides of the fence. According to the 2017 SOCE, both marketers and creators prefer quick approaches over longer campaigns. The study found that use of the more time-intensive formats and platforms, such as blogging and video, fell in 2016.

In-House

Having in-house teams gives brands dedicated access to the individuals who are working on their influencer campaigns, making it easier to work on the fly. It also offers a long-term advantage by allowing organizations to build relationships with influencers, which provides a competitive edge on future campaigns.

On the other hand, for in-house teams often face the issue of not knowing who is in charge, which increases inefficiency. The SOCE found that 4 percent of marketers weren't sure which department at their company was running the ship when it came to content or influencer marketing.

There is also the time cost and financial cost of hiring new team members to handle the tasks of influencer marketing. It usually takes about 42 days to fill an open position at a company, according to The Society for Human Resources Management. Many companies spend around \$4,100 to onboard

a single new employee. The median digital marketer salary in the US is more than \$62,000, according to Payscale.

Outsourced

Marketing companies already have the skills and expertise to launch influencer marketing programs quickly and efficiently. For example, an influencer marketing company can use proprietary software that matches brands with relevant influencers and allows them to create campaigns and content all from a single platform. The software improves efficiency by taking out the guesswork over who's in charge, centralizing payments, and making it possible for marketers to distribute their message over multiple social networks.

Using an influencer marketing platform or marketplace lets brands find vetted, relevant influencers quickly. Instead of sifting through profile after profile, a brand can do a quick search, find influencers that fit its message and reach out to them.

COSTS

Although many marketing companies stand behind the effectiveness of influencer marketing — it earned an effectiveness rating of 7.56 out of 10 in 2016, according to the SOCE— the perceived costs can be a big concern to some companies. According to the SOCE, the average price marketers expected to pay for a sponsored photo was \$272.

But there are some misconceptions about the true cost of influencer marketing. While marketers thought the average going rate for a photo was \$272, the average creator claimed to charge just \$62, or four times lower than the expected price.

Plus, there are services designed to make influencer marketing more budget-friendly. ContentAmp is one example. Described as self-service influencer marketing, it allows influencers to share content from a brand that they think is interesting. If an influencer share's a brand's post or product, the brand pays on a cost-per-click (CPC) basis. Instead of paying up-front and hoping for the best, a brand only pays if the social shares generate clicks and engagement.

In-House

On one hand, hiring an internal team keeps all of the costs in-house. However, creating an internal influencer marketing department or team often costs a considerable sum. The overall cost of hiring employees

is a multifaceted issue that includes:

- **Salaries**
- **Hiring and recruitment costs**
- **Training costs**
- **Managerial supervision**
- **Benefits**
- **Equipment and Tech**
- **Office space**
- **Budget for Influencer Compensation**

A 2015 study conducted by Bersin by Deloitte estimates that each hire costs an additional \$4,000 in acquisition costs. Typical salaries for individuals working within social media marketing, digital marketing, content marketing, and SEO range from \$51,000 to \$102,000 per year, based on the national salary average from Indeed.

Outsourced

Brands that outsource don't need to spend money on recruiting, training, and paying salary to extra team members. Additional considerations include the cost of the time and technology associated with implementing, monitoring, measuring and reporting influencer marketing campaigns.

Several factors influence the cost of an outsourced influencer marketing company, including:

- **The type of influencer (micro-influencer vs celebrity or guru)**
- **Managed service, self-serve or licensed software**
- **Type and amount of content needed**
- **Experience and expertise of the team**

There's often more room for negotiation when it comes to working with an outside influencer marketing company. Some platforms use a bidding system, for example. An influencer can name a price in his or her bid and a company can either accept, reject, or make counter-offer. That works the other way as well, with brands adding opportunities for influencers to bid on to share branded content natively with their audience.

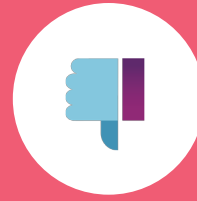
MAJOR PROS AND CONS

Beyond costs, capacity, and competency, there are other pros and cons to consider on both sides of the argument. Before deciding on a strategy, brands should consider all of the relevant points to determine which option will offer the best outcome.

IN-HOUSE INFLUENCER MARKETING PROS VS. CONS



1. Immersion in the brand's culture for an organic connection.
2. Extensive internal knowledge and insights of the brand.
3. Faster response to internal changes to scope of work.



1. Difficulty executing focused strategy due to the steep learning curve.
2. High demand for skilled marketers increases the challenge of finding and keeping staff.
3. Tight budgets restrain growth.
4. Difficulty finding the right influencers
5. Difficulty engaging with influencers
6. Difficulty negotiating rates with influencers
7. Difficulty monitoring influencer activity
8. Difficulty measuring results and ROI
9. No insight from data

FRUSTRATIONS

Putting together the perfect influencer marketing campaign seems easy. All a brand needs to do is find a great influencer, give him or her something to promote, and presto!

In reality, there are a lot of things that can go wrong, such as:

- **The influencer's just not that into the brand.** According to the SOCE, influencers rated "fit with content" as the most important factor when it came to what influenced their decision to work with a brand. If an influencer's not feeling a brand's product, but still agrees to work with that brand, the campaign is likely to flop.

- **The influencer seems inauthentic.** People are going to tune out or be skeptical if a fashion blogger suddenly starts promoting a car maker (blogger Chriselle Lim comes to mind here). The brand and the influencer might not agree on content. A brand might want to go in one direction, but the post the influencer creates goes somewhere else entirely.

In-House

Cost and lack of time and training are some of the major reasons companies choose to outsource their influencer marketing programs. Outsourcing can also alleviate frustrations such as:

- **Difficulty proving ROI:** Measuring results and

return on investment can be a huge challenge for internal marketers. Influencer Marketing companies are results-focused at their core, and they have the right manpower and technology to measure their results to prove it to their clients.

- **Difficultly finding and engaging with the right influencers:** Connecting with the right influencers for the campaign is a huge challenge. Micro influencers frequently have better engagement with just a few thousand followers than big celebrities who have millions of followers. In-house teams typically have trouble identifying these micro influencers, figuring out the right way to align them with the brand, and determining an appropriate price point.
- **Staffing issues:** Finding the right talent for the job can be a challenge for any organization. Staffing an internal team increases the odds a company hires a person who isn't a good match. Mis-hires

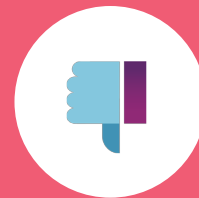
are an expensive mistake in terms of both time and money.

- **Skill gaps:** Finding even one highly skilled digital marketing professional can take a lot of time, money, and effort. Setting up internal team requires hiring multiple people with skills in all the necessary areas, such as analytics, design, strategy, and development. Unfortunately, around 79 percent of B2B managers report skill gaps in their internal teams, according to a report from Junior Achievement USA..
- **Scalability issues:** Having an in-house team limits a brand's scalability. In order to invest in new strategies, the brand needs availability in their budget, which is often limited. In fact, most internal marketers report securing enough budget as their second largest roadblock.

OUTSOURCED INFLUENCER MARKETING PROS VS. CONS



1. Access to a wider skill set, advanced technology and a larger number of experts.
2. A seamless user experience finding, connecting with, hiring and compensating influencers brand.
3. Expert teams stay on top of all current trends and on top of influencers to monitor activity.
4. Excellent analytics because companies build their reputations on proven results. They rely on information from big data and reporting from marketplace analytics and case studies.



1. Outsourced companies lack the same level of organic connection and internal brand knowledge of in-house marketing teams.
2. Not all influencer marketing companies offer the right fit.
3. Not all outsourced companies offer turnkey operations; some require time to familiarize themselves with the brand

Outsourced

Although outsourcing has its benefits, it isn't without its frustrations. For more control, organizations may opt to create in-house departments or teams to fulfill their needs and combat frustrations. But doing so comes such as:

- **Drawing outside the lines:** In some cases, companies want more flexibility than an outsourced influencer marketing company can provide. For example, a brand might want to work with an influencer who isn't available on an influencer marketing platform
- **Minimal chance to build relationships:**

Outsourcing presents a rent vs. buy type situation. The outsourced agency owns their relationships with influencers, while brands have a hands-off relationship with the influencers. However, in many cases, influencers may be skeptical of brands that approach them directly and don't align with their values and audience. Marketplaces vet their influencers, and they only work with the ones who deliver results and actively match influencers with brands based on how well their audience aligns.

- **Difficultly finding the right agency:** Influencer marketing requires a savvy know-how to get



It's Powerful

Much like word of mouth, influencer marketing packs a larger punch than paid advertising. According to a study by Twitter, "Almost 40% of Twitter users state a tweet from an influencer drove them to make a product purchase." Also, the 2017 SOCE study found consumer views of influencer marketing effectiveness indicate social media users between the ages of 18 and 70 view influencer marketing as more effective than all other forms of marketing.



Explosive Growth

More people use social media now than before. A 2016 study from Pew found that 79 percent of online American adults use Facebook, with 76 percent of those users checking the site daily. In 2015, 70 percent checked the site daily. Pew's study also found that around one third of online adults use Instagram and nearly a quarter use Twitter



Relief from Regular

People are tired of advertising. According to AdWeek, most Americans are bombarded with around 5,000 ads every day. Influencer marketing offers a more organic and pleasurable experience.



Constant Engagement

The 2017 SOCE study measured the 20 most popular subjects that dominate today's news feeds and found the average U.S. consumer reads 207 articles and visits 398 websites per month. This represents more than 20 opportunities for content marketing engagement per day.

the best return on investment. Some organizations have encountered marketing plans that offer little outside of a cookie-cutter approach that doesn't align with the strategy, resources, and politics of the company.

BENEFITS

As a whole, influencer marketing offers a host of benefits. An estimated 69.8 million people in the United States used ad blockers in 2016, an increase of more than 34 percent over 2015, according to a study from eMarketer. The same study estimates 86.6 million Americans will use ad blockers in 2017.

People don't just block ads, they don't trust them. Fewer than half of the respondents to Nielsen's Global Trust in Advertising Survey stated that they trusted banner ads, video ads and ads on social networks. The survey found that 83 percent of people trust recommendations from friends and family. The general sentiment of distrust for traditional advertising and people's preference for word-of-mouth recommendations primes influencer marketing campaigns as excellent alternatives.

In-House

Keeping the work in-house ensures maximum oversight of influencer marketing campaigns. Additionally, keeping things in-house allows the brand more creative freedom and cuts out the middleman, allowing the organization more control over the return on the investment.

Outsourced

There's a lot of flexibility with outsourcing. Companies often provide a spectrum of services that include finding influencers, launching campaigns, and analyzing all the metrics to prove the return. Agencies typically fall into three major categories (although some span several): Managed campaigns, marketplaces, and software as a service.

- **The companies that offer managed campaigns provide full-service marketing and usually act as a liaison between the brand and the influencer**
- **Marketplaces work with a network of social media influencers. They often have proprietary technology and online capabilities that make it easy to find the right influencers, hire them, facilitate payments, measure engagement and report on ROI.**

- **Software as a service (SaaS) companies provide brands with the necessary software to manage their own relationships with influencers. These influencer marketing platforms offer the tools to make it easier to find the right influencers for each campaign.**

THE THREE C'S

Brands and content marketers alike face a relatively continual struggle: to hire, or to outsource? There are significant pros and cons to each option and no single formula will guide an organization's decision-making processes. Forbes recommends using the framework of the "Three C's" — cost, capacity, and competency — to make the decision.

Cost

When it comes down to dollars and cents, organizations must consider the return on the investment and how much what they save or spend is worth. Outsourcing allows brands to only pay for the billed hours while bringing it in-house means the brand has to pay employees full time wages.

Capacity

The size and scope of the productivity needed to fulfill the influencer marketing campaign's objective is another important consideration. Project frequency and volume are big factors in creative development such as influencer marketing. Outsourced companies have the technology and manpower to handle a large volume of work over an extended period, which frees up the brand for other tasks.

Competency

The skills and people a company needs to fulfill their influencer marketing objectives is the third C. Organizations planning to make influencer marketing an ongoing part of their content marketing strategy will require highly skilled individuals on a regular basis. This might mean hiring an in-house team works best. But, for many organizations, outsourcing frees up the rest of their creative talent for other pursuits to maximize overall results. Outside creative experts also offer fresh insight and can keep your in-house professionals on top of all the latest trends.

HOW TO CHOOSE

Outsourcing offers continual growth for brands. Even those with internal teams may benefit from outsourcing to supplement their content marketing

or social media marketing teams. It's difficult to oversell the importance of the insights gained from data offered by influencer marketing agencies. You simply can't get that data in-house. And the data helps brands make actionable decisions based on real experience. It also helps brands determine the ROI of their campaign.

Outsourcing enhances scalability and allows brands to add to their internal teams without taking up too much of their budget. It also makes it easier to connect with talent. Ultimately, what's right for one organization isn't necessarily right for the next. Every company should weigh the pros and cons carefully before making its decision.

RESOURCES

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