The Science of Influence

The History, Evolution, Application, and Future of Influence Marketing
This paper provides a perspective on how influence can be identified and put to beneficial use, and more specifically, put to use via influencer marketing on social networks.

It describes the basic characteristics of influencers within social media platforms, evaluates the current marketing landscape to categorise influence marketing, and finally, rounds up by proposing strategies to adapt to the rapid changes occurring in the marketplace today.

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Why does influence matter to marketers?

Marketers have long known about the commercial value of peer influence and customer recommendations. With consumers signing up to social networks in droves and making themselves more public, brands have begun to engage with them on these platforms to tempt them to talk to their peers about their products.

Over the last five years many marketers have played a numbers game. Money and energy have been spent building sizeable Twitter communities. And often successfully...But now, social media marketers are beginning to see that value does not lie in quantity alone. It is, in fact, hugely dependent on the quality of the community, and the individuals within it.

There is a vast difference between simply anybody talking about your offering, and the right kind of person talking about it. You want people with contextual influence and a sweet spot of reach/authority to speak about your brand.

We don’t need to look far to find examples to prove this point. Whether it’s the Arab Spring, kick-started by an online group of young Arabs unhappy with the political situation in Egypt, or product adoption of iPhones in the Norwegian market, the impact of social influence is widely recognized and accepted.

Trying to describe this contagion phenomenon in a linear and simplified manner is akin to painting a Caravaggio with a paint roller. There are a multitude of psychological, sociological and economic reasons as to why influencers manage to persuade others to take action – which is precisely what this paper will outline.
How can we identify influencers on social media?

There are 3 features that differentiate social media influencers from the average user, which enable them to affect other users’ behaviour, and their purchasing decisions. Looking out for these signals is what lets us identify influencers on social media.
‘Connectivity’ is a distinct feature separating social media influencers from standard users. Clearly there are hundreds of influencer archetypes but for brevity we will distil them into 2 groups:

- **Connectors** are classified by the volume of connections in their social networks. Connectors within social media platforms collectively produce over 200 billion brand impressions (18,600 brand impressions per Mass Connector per year!), and have on average 3 times the number of followers than the average user (537 to 133 followers).¹ Connectors are characterized by the rate, volume and frequency of their conversations and are the users who engage in viral activity online on various platforms, Twitter and Facebook being the most prominent.

- **Specialists** are characterized by having smaller, more tightly-knit communities. They have a higher proportion of their connections being close, and they are often “real-life” relationships. Specialists typically transmit their social actions through trusted networks with a higher impact, but smaller reach than Connectors. Their influence lies in blog posts, reviews and recommendations.²

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2: McKinsey & Company: “A new way to measure word-of-mouth marketing”
Influencer Product Adoption

Influencers are often, but not always, early product adopters - the people at the sharp end of the diffusion curve. This makes them well placed to spark social contagion (or the propagation of a fad) through a network.

These innovative influencers (or influential innovators) test out new products before other early adopters and the mainstream. This is important, because it takes out the risk of testing these new propositions for the remaining consumers – especially if the innovative influencers become advocates and make the choice easy for potential new customers.

So what is it that enables influencers to shape product adoption and contagion?

1. **Sociometric leadership** – this is a measure of how much the people in the influencer’s network view them as an opinion leader in the relevant field of the product they are trialling (and potentially recommending). One robust way of identifying 'sociometric leadership' is to use centrality measures, such as calculating the eigenvector centrality of a topic network. Self-defined influencers or gurus tended to have less influence than others believed and crucially were much less likely to demonstrate consistent advocacy of products.

2. **Product experience** - the amount of direct experience an early adopter has of the product is crucial to their ability to drive adoption. This is understandable, as the more comprehensive the influencer’s knowledge of the product is, the more credible they are.

The combination of these two features is gold dust to marketers.

They can maximize both the reach & impact of their products AND increase the likelihood of social contagion by targeting sociometric leaders who have direct product experience. And if they don’t have product experience, you have the perfect use case for free samples!
Influential people inspire trust. Nielsen found that 92% of consumers trust recommendations from “known people” while only 70% trust any other form of referral or online review – which includes celebrity endorsements and paid-for quotes from random “happy customers”.

In most cases, trust is the by-product of authority, and authority is never universal – it is linked to a certain topic or context. McKinsey research indicates there is no homogeneous group of influentials across all product categories; rather the common denominator for “influentials” is how, when and where they are viewed as trustworthy and competent. It went on to show that only 8-10% of the population were ‘influentials’, and were responsible for producing 3 times the number of word of mouth messages - with 4 times the impact - than non-influentials.

Social media influencers are most valuable to marketers when they exhibit all three features: network centrality, predisposition to adopt early, and trustworthiness.

The combination of these attributes gives these users a high network value or CNV (customer network value) – a new metric to put alongside traditional staples like customer lifetime value.

In the future, we will not simply determine the ROI of consumers by their life-time purchases; rather we will calculate the ‘expected increase in sale to others which results from marketing to that customer’.

Initiatives like American Express’ rewarding users with $10 free credit for connecting their Amex card to their Twitter account are at the very start of this movement. While the method is extremely simple (almost crudely so), it marks a shift in how we calculate customer value and all related metrics.
Social media has led to empowered consumers, able to express opinions on an unprecedented scale.

Within online social networks, consumers created approximately a fifth of all brand impressions (half a trillion out of a total of 2.474 trillion), 80% of which were created by the “influentials” who make up less than 10% of all social media users.

The fact that brand image is owned by consumers, and more precisely, influencers, reframes the topology of influence marketing.

In the past, marketing channels were linear - from marketer to consumers. Now they are cyclical - consumers influence marketers by forcing them to react to threads, and by affecting the future purchasing decisions of other mass consumers.8

This shift presents brands with new opportunities and challenges, which manifest themselves in 3 ways:

1. Consumer fatigue
2. Shift in influence
3. Changing consumer purchase patterns
On the downside, consumers are increasingly desensitized to traditional advertisements. The over-supply of information causes consumer apathy, and to paraphrase Herbert Simon, “a wealth of information creates a poverty of attention”. Yankelovish Partners found that 65% of consumers felt they are “constantly bombarded with too much advertising” and 54% “avoid buying products that overwhelm with advertising and marketing”. In today’s attention economy brands have to divert attention from their competitors as well as convince consumers to buy their products.

On the upside, new social channels provide novel ways for marketing teams to target their consumers. Whereas in the past, the only way marketers could actively engage with their consumers was through the heavy lifting of market research, focus groups and large publishers, they can now present their brands organically, observe consumer opinion flow, and the changing trends and relationship networks of their consumers. Additionally, consumers are sharing unfiltered data about themselves on public channels, providing a gold mine for customer insight.
Shift in Influence

Influence is becoming more and more dispersed among different groups. The emerging “mid-tier” influencers are diluting the influence of those in the “upper tier”. An interesting academic paper attempted to analyse this shift. They modified the threshold model of network collective action by including the following factors:

1. **Structure of the social networks** – the way the influencers are distributed throughout the networks.

2. **Dynamics within the system** – individuals’ exposure to influence and their thresholds to influence.

Arguably, the emerging influencers – classified by Charlie Osmond as the “magic middle” – are precisely the individuals who are the broker for collective network action - centrally positioned in the social graphs but dispersed enough from each other to influence a wide range of individuals.

The magic middle are the most valuable portion of influencers. As in an iceberg, there are a large enough number of them to make a massive impact. By only focusing on the tip of the iceberg – the top influencers like journalists, celeb-bloggers and commentators who are well known and very attention poor – marketers are missing a huge opportunity.

The magic middle are passionate, interested, non-professional and much more trusted within their social network than a celebrity endorser. They are the people with disproportionate reach and impact relative to their propensity to respond to messages.

Social media has propelled this emerging middle onto platforms where other consumers can seek their advice and recommendations. This has significant commercial implications: traditional celebrity marketing wanes in importance, and brand perceptions are increasingly shaped by previously hidden individuals.

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9: University of Yale: "Media Disruption Exacerbates Revolutionary Unrest: Evidence from Mubarak’s Natural Experiment" by Navid Hassanpour
Changing consumer purchase patterns

McKinsey research indicates that traditional advertising practices are becoming less relevant in the new marketplace. As consumer led marketing is on the rise, purchasing patterns are evolving.

The research shows that two thirds of touch points (where the consumer is most susceptible to influence) are during the ‘information gathering’ phase, and are driven by activities such as Internet reviews, word-of-mouth recommendations, in-store interactions and recollections of past experiences.

And even after purchase, consumers are becoming more interested in what others have to say: “over 60% of consumers of facial skin care products, for example, go online to conduct further research after the purchase”.

Markets are moving away from the traditional purchasing funnel model, and consumers are becoming more sophisticated in their buying patterns. Purchasing triggers are now more reliant on the exposure to peers and peer influence than to direct marketing efforts.

In short, we have moved from a linear to a circular purchasing and loyalty funnel, as the McKinsey illustrations below show.

10: For more on this, see McKinsey’s: “The Consumer Decision Journey”
How to adapt to the changes

This era of empowered, pro-active consumers who shape brand perception presents marketers with unique opportunities.

Brands are now able to gather detailed datasets on their consumers and finally see exactly who they are – even outside of a product touch point or transaction.

Marketers need to change to reflect this shift, and here are three key aspects to consider for seizing the opportunities that arise as a result:

1. Understand your influencers as individuals
2. Target emerging influencers
3. Engage with consumers
The data deluge has led to an interesting quandary – advertisers are inundated with consumers – alongside consumers being overwhelmed with adverts. 71% of marketers feel unprepared to deal with the consequences of the big data explosion, and the same percentage are dissatisfied with their current analytics software.

Unsurprisingly, this highlights once more the need for intelligent methods to understand, segment and sift through the mass of consumers. With limited budgets and time, it is crucial to accept that even the largest brand or agency cannot engage on a truly personalised level with everyone in their social media community.

And with consumers expecting increasingly individualised treatment, marketers need to identify the most relevant people to their brand. This can be done by understanding consumers in terms of:

1. A user’s relevance to product categories of the brand
2. The influence they yield within those categories
3. The context in which they can be engaged with
4. The content and kind of engagement they are most interested in

Furthermore, brands need to be aware of what goal they want to achieve by engaging with the individual – aside from providing a brilliant customer experience for them.

For example, in relation to the aforementioned Connector and Specialist archetypes, research shows that for creating buzz, Connectors are the way to go, whilst Specialists build trust over the long term and are better at driving action.9

“They might be on the same team, but they don’t all like talking about pizza”
Target emerging influencers

Having filtered the data, marketers need to target the emerging influencers on social media platforms. It will no longer suffice for marketers to target the top-down influencers if they want to maximise the reach and impact of their brands whilst balancing budgetary constraints.

Research performed by Stanford University indicates that a diffusion phenomenon on social networks is typically started by a significant number of users, with large clusters emerging after hundreds and occasionally thousands of small diffusion chains emerge (a ‘cascade’).

This challenges the old understanding of how contagion events occur within social networks, that a small number of nodes begin the large chain reactions.

**Therefore generating these various small chains is vital.**

The initial users involved will be vital in propagating a brand’s message, and are more accessible and affordable than celebrities with huge followings.
Marketers should embrace the fact that product contagion is controlled by consumers in many ways. As McKinsey elegantly stated, “marketers’ outreach is now less important than consumers’ outreach to the marketers.”

Marketers who welcome the new cyclical nature of marketing and who strive to merge customer service functions with their marketing efforts will adapt well to the changes.

By attentively engaging with consumers and understanding how feedback affects future purchases, marketers can generate positive sentiment and cultivate the optimal conditions for authentic product adoption and recommendation.

Engaging with consumers should also go some way to avoiding consumer fatigue and improving brand associations.

Marketers have to build trustworthy and transparent brands through engagement, whilst not being afraid of consumers that publish poor product reviews. Such honesty will be the foundation of any fruitful dialogue between marketers and consumers.
In summary

The game changer for marketers is the volume of data they now have on their consumers. The challenge for them is how they can effectively manage and analyze the data to recognize and emphasize the shift in purchasing behaviour and influence.

Marketers who achieve this will have a distinct advantage. While marketers have always looked to data to understand their customers and the impact of their efforts, social media has revolutionized what is possible – not least because of finally making peer influence visible and measurable.

In the 1950’s, the introduction of television gave advertisers a new platform to reach people at scale. But it took time for TV-advertising to realise its real potential: not just the number of people it could reach but the context in which it could engage viewers. TV was a window into the living-rooms of the world and adverts would begin to engage colloquially and intimately with people in a way that hadn’t happened in, say, cinemas or in newspapers.

With the advent of mass social media adoption, a similar turning point is upon us – and again, many current advertising models are dated but still being widely used. This time scale is relatively unimportant. People on social media were already watching TV (and still are for now). It is the deeper, more human understanding of consumers and communities that successful marketers will be making use of.

For brands, the time to strike is now. Recognizing the potential of identifying and engaging influencers the right context will be a key way of capitalizing on this massive opportunity.
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About PeerIndex

PeerIndex is using scientific methodology to build the Influence Graph - a unique dataset that allows us to identify who’s really influential and in which context.

By making this social capital visible, PeerIndex enables marketers and developers to make sense of their social audience & identify their brand’s most relevant influencers.

With our influencer activation tool PiQ, marketers can finally take action on social data, instead of heading for analysis paralysis.

To learn more about PiQ and how we can help you implement a strategy fit for the 3rd Age of Social.

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