

MARKETING

## Luxury labels invest in influencer marketing with bigger budgets

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Bryan Boy leads a group of influencers working with Ferragamo. Image courtesy of Salvatore Ferragamo

By SARAH JONES

Influencer marketing continues to grow in the fashion, beauty and luxury businesses, as brands seek to reach the valuable millennial audience.

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According to new data from marketing platform and data analytics company Launchmetrics, 80 percent of brands in these industries say they have used influencer campaigns in the past year, up from 78 percent last year. Among the brands leveraging influencer marketing, 78 percent say that their prime target is millennials.

"Studies show that over 70 percent of luxury consumers today are baby boomers and Gen X," said Alison Bring, chief marketing officer of [Launchmetrics](#), London. "That said, in comparison to the millennials and Gen Z consumers, they hold different values when it comes to luxury and search things like exclusivity and prestige in the brands they purchase.

"Therefore leveraging voices such as traditional media or celebrities are much more effective and to that effect, all-star influencers who hold a celebrity-like media presence are also key in building that type of awareness and effectiveness," she said.

Launchmetrics' [State of Influencer Marketing 2019](#) report is based on a survey of 600 marketers.

### Big business

Influencer marketing is becoming more professionalized. It is now more common for brands to reach out to influencers through an agency, and 31 percent of brands note that influencers primarily desire monetary partnerships.

Only 32 percent of marketers say they never or rarely pay influencers for campaigns.

As influencer marketing matures, beauty and fashion brands find micro-influencers most effective, while luxury brands tend to show a preference to personalities with bigger followings.

About half of beauty brands and fashion brands find micro-influencer partnerships the most rewarding. According

to brands, micro-influencers offer more authenticity, audience connection and bang for their buck.

Among luxury brands, the top choice is mid-tier influencers, with between 100,000 and 500,000 followers, chosen by 38.7 percent of respondents.

Marketers are looking beyond follower count when deciding whom to work with. The number one deciding factor is engagement rate, with the quality of an influencer's content also heavily weighed.

Twenty-seven percent of luxury brands also say they are most apt to look for individuals with a niche expertise.

[View this post on Instagram](#)

Feeling lucky in my @dior #DiorSoLight sunglasses #advertising

A post shared by Chiara Ferragni (@chiaraferragni) on Apr 29, 2019 at 11:14am PDT

*While brands still work with mega-influencers, the preference is shifting towards micro-influencers*

Once brands find influencers that are a fit, loyalty is often a strategic approach. About a quarter say that working with the same group of influencers over the long-term is most effective, and 37 percent of luxury brands favor extended relationships.

Brands are most apt to tap influencers for product launches or product placement.

The most common result of influencer marketing is brand awareness, with about nine in 10 respondents saying the tactic is effective to boost a label's profile. While less companies report efficacy at driving sales, this result saw a 6.7 percent bump over last year, with 76 percent seeing success at translating influencer campaigns into commerce.

Sales have also become the second most popular metric for measuring ROI of a campaign, following engagement.

Measurement is the number one challenge for marketers in creating influencer efforts, followed by creating content and finding the right influencers to work with.

The 20 percent of companies that are not using influencer marketing say they are held back by budget or by a lack of tools or personnel to manage campaigns.

Primarily it is the PR and communications team that oversees influencer partnerships. Of the marketers that leverage influencer partnerships, 48 percent say they devote \$10,000 or more of their budgets to these alliances, and 60 percent foresee this amount increasing.

Compared to fashion and beauty brands, luxury labels are more likely to have bigger budgets, with 23 percent spending more than \$100,000 per year on influencer marketing.

"Over the years, influencer marketing has seen many shifts," Ms. Bring said. "It went from being a misunderstood phenomenon to a booming professionalized trade, and brands are more and more integrating the influencer voice into their marketing mix, regularly and more strategically.

"The State of Influencer Marketing 2019 report has found that brands are quickly becoming more sophisticated in working with influencers," she said. "They are no longer using them for simple gifting campaigns or events, but they are also collaborating with them for content promotions, corporate announcements and other marketing activities.

"I think it's great to see brands are understanding the power of influencers and leveraging them as strategic brand partners to reach the digitally savvy consumer of today."

Shopping meets social

Instagram is the number one channel for influencer marketing, with 46 percent preferring to use the platform.

The social network is expanding brands' advertising toolkits with an upcoming option that will allow companies to promote posts by celebrities and influencers.

Intended to better serve advertisers and content creators, the Facebook-owned platform announced the new "branded content ads" on Mar. 5. In recent years, Instagram has made several strategic choices to position itself at the crossroads of visual content and commerce ([see story](#)).

About three in 10 brands say they use paid posts to promote influencer content.

Despite Instagram's additional content formats, brands say they get the best results from organic posts in the feed, followed by Stories.

Instagram recently streamlined the shopping journey for users, allowing them to purchase items from brands directly without leaving its application.

Several luxury brands were among the first to roll out Instagram Checkout, including Dior and Prada. After making itself nearly invaluable for brands with the help of an expansive audience and a suite of advertising tools, the Facebook-owned platform is looking to facilitate an end-to-end purchase journey from discovery to conversion ([see story](#)).

"The rise of influencer marketing can be attributed to our changing society and the shift in consumer buyer journeys," Ms. Bring said. "That said, it is certainly important to be where the consumers are, which is social media, but that is not all that counts.

"Our report revealed that the majority of KPIs which brands are looking at go beyond the shopping cart," she said. "They are leveraging influencers to help them build awareness and loyalty with the consumers of tomorrow, as studies show that by 2025 Generations Y and Z will represent 40 percent of the luxury market. That means building strong brand equity today will ensure sales tomorrow."