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Influencer Marketing on Instagram:

A Quantitative Analysis of the Relationship Between Company-Influencer Co-Creation and Follower Engagement Rate

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Abstract

Over the past few years, companies have been gradually increasing their attention towards a new phenomenon: the influencer. Influencer Marketing as a new tool was mainly characterized by sponsorship agreement in its early days. Nowadays, the focus has been shifting towards new types of collaborations with influencers in which they play an active role as content or product co-creator of the influencer marketing campaign.

The concept of co-creation also shifted its focus from the customer as the main co-creator to other value network partners. This study draws attention to the cross-sectional research field co-creation and influencer marketing by acknowledging the influencer as co-creator of the company. The central aim of the research is to analyse the relationship between the company-influencer level of co-creation and the return of investment as follower engagement rate.

The study closely collaborates with one of the worldwide leading influencer marketing agencies: Open Influence. To achieve the aim of this study, a quantitative analysis of data of 150 collaborations between companies and influencers on Instagram has been performed. The analysis included two potential moderators of the relationship between influencer co-creation and follower engagement rate: (1) the size of the influencer and (2) the match between company and influencer sectors.

The results of the analysis demonstrate a positive relationship between the level of co-creation and the engagement rate of the influencer marketing campaign. Moreover, the findings indicate that the impact of co-creation on follower engagement varies over levels of how well the brand of the influencer matches the brand of the advertised product.

This study serves as a first base to the cross-sectional field of influencer marketing and co-creation. The influencer is identified as beneficial co-creator to the firm, overcoming the focus on the ordinary customer as the main actor to co-create value with.

Keywords: Influencer Marketing, Co-Creation, Engagement, Instagram, Influencer

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1 Introduction

This first chapter of the presented master thesis aims to introduce the reader to the cross-sectional research topic of influencer marketing and co-creation which is the focus of this research study. It will start by providing information about the background and relevance of the research topic and leads to the formulation of the research question guiding this study. The chapter continues with addressing delimitations in order to define the scope of the research and concludes with an outline and content of the following chapters.

1.1 Background & Relevance

In recent years, traditional advertising methods have demonstrated to be ineffective and outdated at meeting the needs and requirements of the upcoming generations of customers (Backaler, 2018; Schawbel, 2015). They are unaffected by classic advertisings which are perceived as inauthentic and unable to catch their attention. Moreover, there is a rising desire to engage with brands on social networks, in order to build strong and loyal collaborations (Schawbel, 2015).

Gradually, companies have started to pay increasing attention towards a new phenomenon: the influencer, who can be defined as the "new type of independent third party endorser who shapes audience attitudes through blogs, tweets, and the use of other social media" (Freberg, Graham, McGaughey, & Freberg, 2011, p. 90). Thus, typical duties of the influencer comprise sharing opinions and advice about particular products or services as well as posting pictures or videos (Bernritter, Verlegh, & Smit, 2016). The main value provided by influencers, which represents one of the reasons why companies are interested to work with them, is their ability to influence and shape customer's purchasing decisions (Brown & Hayes, 2008) by appearing authentic towards the customer (Djafarova and Rushworth, 2017) as well as their knowledge on how to interact and present themselves on social media (Ge & Gretzel 2018).

The emergence of this new player in the company's network leads to the foundation of one of the more recent and innovative branches of marketing: influencer marketing.

This new advertising strategy can be defined as "the tactic by which a brand/agency/publisher works with individuals, aka influencers, to drive brand messages to meet strategic goals" (IAB, 2018, p. 5).

The rising attention towards the influencer marketing field is confirmed by one recent study conducted by Influencer Marketing Hub, which identified an increment of 1500% in searches for "influencer marketing" on Google alone over the last three years (Walker-Ford, 2019). Moreover, investments in influencer marketing are also seeing relevant growth: companies' marketing departments increased their influencer marketing budget by 62% in 2017 (Activate, 2018), and 65% of multinational brands plan to further raise their spendings on influencer marketing campaigns in the next 12 months (World Federation of Advertisers, 2018).

The relevance of influencer marketing is reflected by the increase of its industry worth during the last years. The value moved from US$1.7 billion in 2016, to US$3 billion in 2017, and continued to grow to US$4.6 billion in 2018 with prosperous provision for the future. By 2020, the social media influencer market is predicted to be worth more than US$10 billion (Ismail, 2018).

The first roots of influencer marketing were characterized by "sponsorship" collaboration, in which the relationships between the two parties were based on strict tasks assigned by the company with a low level of involvement of the influencer on the campaign. Over the years, the necessity to provide more authentic, transparent and engaging contents to the audience (Bazaarvoice, 2018) led to the emergence of new typologies of collaborations between companies and influencers. They are characterized by a higher level of interaction and participation of the influencer, who represents an active co-creator of the content or product of the campaign with the company (Comcowich, 2016; Join Marketing, 2017).

The main aspects and benefits of co-creation has been deeply analyzed by several studies in the past, which introduced a new view of the customer, as a real productive partner and fundamental strategic-operational element with whom to start and sustain the process of value creation (Vargo & Lusch, 2004, 2006, 2008; Prahalad & Ramaswamy, 2000, 2004). In the following years, an increasing number of scholars

enriched and clarified the concept, providing multiple definitions and analyses (Bharti, Agrawal and Sharma, 2015).

Most of the academical studies were characterized by a strong focus on customers as the main stakeholder who the company should co-create with in order to create value. However, the literature does not exclude the possibility to also engage in co-creative collaborations with what Vargo and Lusch (2004) defined as "value network partners", meaning customers, as well as institutions, competitors and suppliers. Thus, it is reliable to assume that the concept implicitly also includes one of the company's novel partner in a marketing perspective: the influencer.

All these aspects drive the attention toward a field of research which has not been studied yet, meaning the cross-sectional topic of co-creation and influencer marketing. From the other side, the novel topic of influencer marketing is still scarcely studied by academics, both the concept itself but even more its connection with other fields of research, as co-creation. Blog posts, influencer marketing agencies' reports and marketing articles provide the main contribution to this new trend and they have identified the need of an evolution in the relationships between companies and influencers (e.g. Forbes, 2019; HubSpot, 2017; Influencer Marketing Hub, 2018; Bazaarvoice, 2018; TapInfluence, 2017; The Tribune, 2015, Medium, 2018; Join Marketing, 2017; Comcowich, 2016) introducing the concept of co-creation as the novel type of collaboration between the two parties which could positively influence the success of an influencer marketing campaign.

Thus, the aim of this study is to fill the research gap in the correlation between co-creation and influencer marketing. In particular, an analysis is conducted in order to identify how the relationship between company and influencer should be set up in terms of co-creation in order to achieve the highest ROI in terms of engagement.

1.2 Research Question

As pointed out, the purpose of this master thesis is to analyze the effect of co-creation within collaborations between companies and influencers on the success of these

influencer marketing campaigns. In order to do so, the following research question guiding this study is formulated:

What is the relationship between the level of company-influencer co-creation and the return on investment in terms of follower engagement on Instagram?

To further understand the relationship, the following sub questions are introduced:

What effect does the size of the social media influencer have on this relationship?

What effect does the degree of match between the industry of a company and the field of expertise of an influencer have on this relationship?

1.3 Delimitation

The following delimitations are formulated in order to narrow the scope of this research study. First of all, this research focuses on influencer marketing campaigns which are performed on the social media platform Instagram. The reasons for this choice are two-fold. On the one side, it is more convenient to compare campaigns within one medium due to the same conditions they are created in as well as the same ROI measure. On the other side, Instagram wins over alternative platforms in terms of numbers. According to a study from Zine (2018), for example, Instagram is considered by almost 80 % of global social media influencers as the main platform for collaborations with brands.

A further delimitation is that the influencer marketing campaigns which will be analysed in this study were managed through a leading influencer marketing agency. This agency acts as an intermediary between the company who wants to market their product or service and the social media influencer. It is very common that companies utilize influencer marketing agencies to assist them, however, some also use solely

their own marketing team for the implementation of a campaign. The explanation for this delimitation of using campaigns managed by an agency is based on two simple facts. Firstly, Open Influence as an influencer marketing agency possess the main relevant data needed to conduct this study. Secondly, it was one of the extremely few contacted parties, next to actual companies and influencers, which was willing to collaborate on this project sharing sensitive data.

Finally, in order to narrow the scope, this research focuses on bigger categories of social media influencers with regards to their number of followers. It investigates two categories, namely macro-influencer and celebrity influencer, which will be further explained and defined in the conceptual framework chapter.

1.4 Outline of the Thesis

In the below figure (1), the outline of the thesis describing briefly each chapter and its purpose is presented.
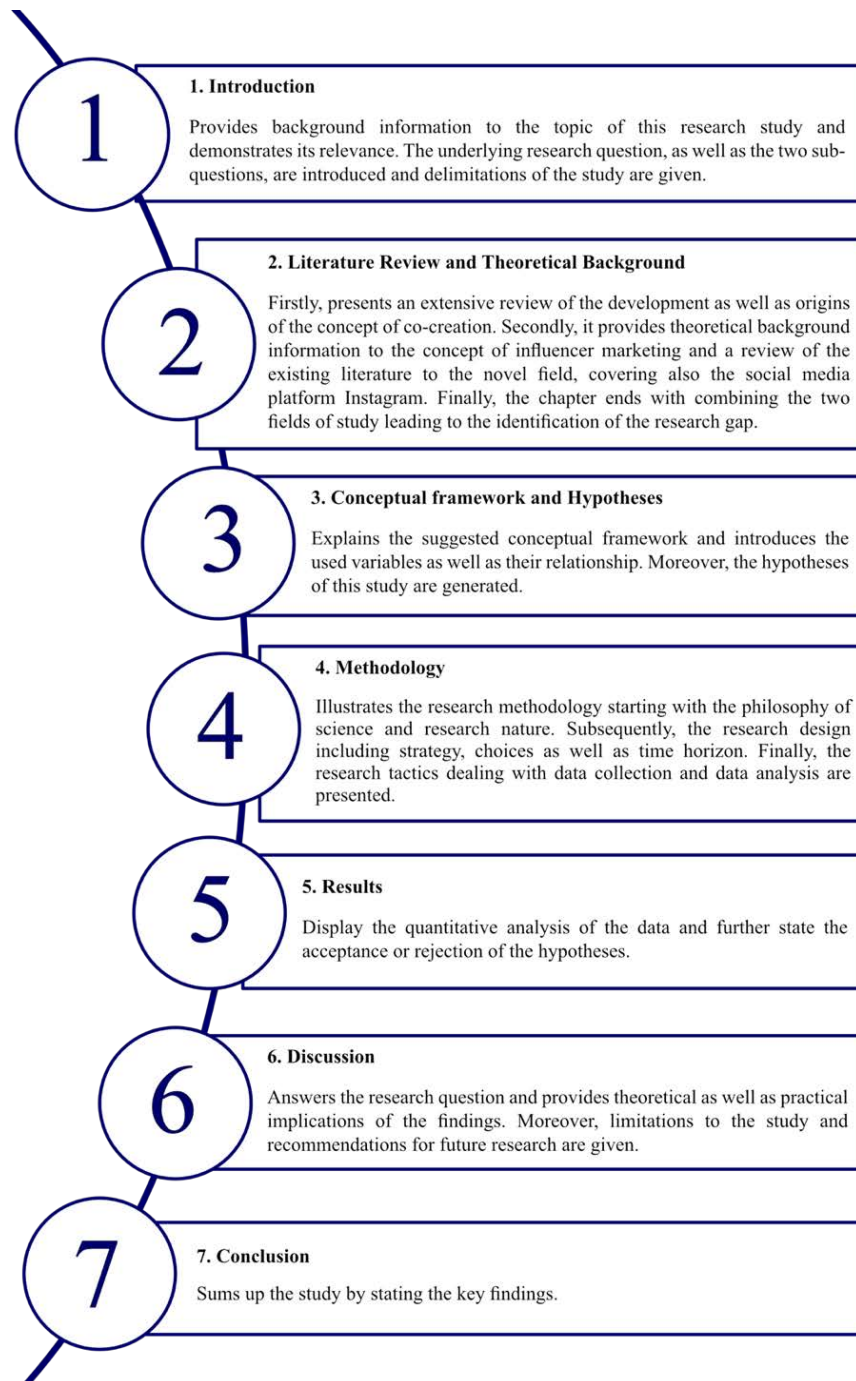
Figure 1: Chapter Outline of the Master's Thesis

2 Literature Review & Theoretical Background

This chapter is divided in three main parts. In the first one, the development as well as the origins of the concept of co-creation will be presented on the basis of the relevant literature. The second part introduces the rather novel research field of influencer marketing by providing theoretical background information as well as a literature review. The third part brings the two research fields, co-creation and influencer marketing, together and further identifies the research gap.

2.1 Co-Creation

The current sub-chapter focuses on presenting one of the main fields of research of the study: co-creation. The evolution from G-D logic to S-D logic will be illustrated, which represents the root of the studies on this area. The followed section provides a deep analysis regarding the main traits and definitions of the concept, as well as its evolution along the years, until the recent days. The connected theories, such as resource-based view, dynamic capabilities, resource-advantage theory and absorptive capacity, are lately illustrated.

The following sections present the main benefits of co-creation and the studies around the concept of including different stakeholders in the co-creation process, beside the customer. Finally, a brief study of the literature regarding the typologies of co-creation is presented.

2.1.1 First Roots of Co-Creation: from G-D Logic to S-D Logic

The very first roots of the co-creation studies are traced to the Service-Dominant logic theory, which represents the worldwide shift at the beginning of the twenty-first century, from a Goods-Dominant (G-D) to a Service-Dominant (S-D) view, moving the focus from tangible output and one-way transactions to intangibility, exchange processes, and co-creation (Vargo & Lusch, 2004, 2006, 2008).

The first marketing theories developed in the early 1900s were based on a clear distinction between producers and consumers, and an even clearer separation between products and services. Around the middle of the 1930s, the American Marketing Association defined this first evolution of marketing as "application of motion to matter", in which the main concepts were the flow of goods and services from producer to consumer, change of ownership and physical distribution. In this scenario, the consumer and competition has been seen as external and exogenous variables, with a passive role regarding the creation of value (Lilien & Grewal, 2012). Thus, the competitive advantage was simply seen as a function of the superior ability of a company to manage the Four Ps of Marketing, in order to meet and maximize their business' objectives (Kotler, 1972).

The Goods-Dominant orientation was embraced also by the second evolution of marketing, defined as "market to" orientation and dated at the mid-twentieth century, after World War II. Customers and markets started to play an emerging and central role for business decision and companies deeply implemented studies and analysis to identify potential customers' needs and marketplaces. Moreover, products were developed, produced and distributed with heavy promotional programs, which were rarely transparent (Vargo, Lusch, & O'Brien, 2007).

"Market to" and "to market" orientation resume the evolution of marketing from the early nineteenth century to the end of it and both were characterized by Goods-Dominant logic traits. "Service" was exclusively seen as a typology of a product or a tool for maximizing the value of other products and the unit of exchange was the static and discrete tangible good (Vargo & Lusch, 2004).

This theory has clashed with a more recent interpretation, called "Service-Dominant" logic, considered more in line with the constant evolution of markets and competition (Vargo & Lusch, 2004). S-D Logic represents the new marketing evolution of the 21st century, and it is based on nine foundational premises, which were first introduced and illustrated in the studies of Vargo and Lusch (2004; 2006). According to S-D Logic, what happens is a real reversal of perspective compared with G-D logic: the

service is no longer an integral part of a product. It is considered as its intangible aspect, as well as the real and solely element changed (Vargo & Lusch, 2004).

The differences between the two leading theories are even more clear, presenting the shift about resources, value creation and competition.

An useful categorization of resources was introduced by Constantin and Lusch (1994). They identified two main categories: operand, as "resources on which an operation or an act is performed to produce an effect", and operant, as "resources employed to act on operand resources and/or other operant resources".

In G-D logic, the primary unit of exchange is the good and the operand resource plays a central role, being embedded with value. These resources, such as ore, timber, water, and land are scarce and exhaustible, and the value is created and enhanced by acting on them through agriculture and manufacturing. In this scenario, human resources, customers and markets are considered operand resources to be managed for value creation. Service, on the other hand, was viewed as aids to the production of goods, "value-added" activities in conjunction with "products" or a particular type of intangible product. Consequently, attention remained focused on products as units of output and competitive advantage was created by acquiring as well as accumulating a higher amount of resources compared with competitors (Vargo et al., 2007).

In the late twentieth century, the importance of operant resources in the area of competitive strategy, and their superiority compared with operand resources began to emerge. This occured concurrently with the new evolution of marketing and the rise of Service-Dominant theories (Vargo & Lusch, 2004).

Gradually, skills, knowledge, and information, considered as operant resources, began to be evaluated as the most important type of resources, placing greater importance on interactivity, customer co-creation and ongoing relationships.

In accordance with S-D logic, operant resources are characterized by invisibility, intangibility, dynamicity, scalability, and renewability. In this scenario, the creation of value does not depend on operand resources and the single action of the producer.

Rather, values must be co-created through collaboration between firms, customers, and other value-network partners (Vargo & Lusch, 2004).

Therefore, according to S-D logic, there has been a significant change and evolution regarding the relationship with the final customers. They are not seen any more as a variable to be managed, or from which to receive feedback or information downstream and upstream of transactions, but as a real productive partner with whom to start and sustain the process of value creation. They have since acquired a role as an element able to assist in the improvement of the products of a company before and after having sold them. Moreover, with the emergent of S-D logic, customers were conceived as an essential and fundamental strategic-operational element in the process of value creation (Vargo & Lusch, 2004).

In this sense, the literature provides also a re-definition of the Four P's: "products" are viewed as service flows, "promotion" is built throughout dialogue with the customer, "price" is defined as a value proposition created by the parties involved, and "place" is replaced by networks and processes (Lusch & Vargo, 2006).
Moreover, the previous marketing paradigms considered the external environments as an unpredictable and independent variable, which the firm needed to adapt to and cannot control; on the other hand, S-D logic totally shifted the perspective and evaluates the external environment as a valuable resource to co-operate and co-create with (Vargo et al., 2007).

The contribution of an increasingly large number of academics from various disciplines and subdisciplines allow the studies on S-D logic and co-creation to take a step beyond the early 2000s. In particular, the first and main contributor to the studies on S-D logic, Vargo and Lusch, further developed their framework, considering the role of institution in value co-creation, which are defined as the humanly devised rules and beliefs that enable and constrain actions, which lead to a social life at least somewhat predictable and meaningful (Scott, 2008). The result was the elaboration of six axioms (Vargo & Lusch, 2017), which resume the updated lists

of the S-D logic foundational premises. The new suggested theoretical framework is built on marketing theories, as well as practice, evolutionary, complexity, ecological and structuration theories. Thus, the recent definition of S-D logic not only reflects a theory of the market and marketing, but also a broader theory for social science, since it has the potentiality to contribute for the studies of ethics, economic, environmental and social sustainability, as well as public policy (Vargo & Lusch, 2017).

2.1.2 S-D Logic, Resource-Based View and Dynamic Capabilities

In S-D logic perspective, it is possible to notice the main elements of other two theories which have dominated at the end of the twentieth century in the organizational resources' field: the Resource-Based View (Barney, 1991) and the Dynamic Capabilities (Teece, Pisano, & Shuen, 1994).
The first one underlines the central role played by "VRIN" resources and customer value creation processes, as the main driver of organizational performance and sustained competitive advantage (Barney, 1991). The second one underlines the importance of dynamic competencies, meaning the ability of an organization to integrate, build, and reconfigure internal and external capabilities to meet new challenges and address rapidly changing environments, given path dependencies and market positions (Teece, et al., 1994).

S-D logic is grounded and largely consistent with both theories regarding the central focus on dynamic and learned core competencies, as skills and knowledge, which are capable of acting and producing effects on other resources, for the benefit of another party. These so-called "operant resources" are the main source of competitive advantage (Karpen, Bove, & Lukas, 2012). Accordingly, one of the nine derivative propositions, developed upon the nine foundational premises of S-D logic and illustrated in the studies of Vargo, Lush and O'Brien (2007), states that "competitive advantage is a function of how one firm applies its operant resources to meet the needs of the customer relative to how another firm applies its operant resources" (p. 7). As such, from a S-D logic perspective, service-provision is fundamental to achieve sustainable competitive advantage and all players in the process of value creation are

dynamic resources. The main strategic goals are to facilitate and enhance value co-creation with network partners, customers in particular. It means that the coexistence of different, complementary and differentiated interrelated actors fosters a more lasting and faster value potential realization and development, at the individual and collective level (Vargo & Lusch, 2004).

2.1.3 From S-D Logic to Co-Creation

The transition from G-D logic to S-D logic is marked by the elements of intangibility, values in use, co-creation, relationship, process, dialogue, participation, value proposition, information symmetry, and perception of the quality offered. These elements, clearly illustrated in S-D logic's nine foundational premises by Vargo and Lusch (2004; 2006), can be resumed in the redefinition of six concepts: the primary unit of exchange, the role of goods and customers, the determination and meaning of value, the firm-customer interaction, and the source of economic growth. Among them, particular attention should be paid on co-production and co-creation of value with customers and knowledge as well as collaborative competencies needed to execute them.

The idea that "the customer is always a co-creator of value" is one of the core concepts and fundamental premises of S-D logic (Vargo & Lusch, 2004) and represents the emerging companies' awareness, at the beginning of the twenty-first century, regarding the position of customers in the industrial system.

The traditional perspective of company-centric value creation that dominated in the previous one hundred years was characterized by an autonomous and independent activity realized by the company regarding the design, development and control of products and processes, with almost no interference from customers. Information access, globalisation, networking, and experimentation drastically changed the role of customer in the value creation process, from an isolated, unaware and passive player to a connected, informed and active value-creator, animated with the desire to influence the business system and interact with the firm and the whole community of value network partners (Prahalad & Ramaswamy, 2004).

In this new scenario, where S-D logic has its roots, it is possible to identify two components of collaboration, the "co-creation of value" and the "co-production" of the service offering (Vargo et al., 2007).

The concept of "co-creation of value" represents a great shift compared with G-D theories, which consider value as only determined by the producer in terms of exchange, embedded in the operand resources and added to products in the production process (Vargo & Lusch, 2004). On the contrary, S-D logic views the value as the result of the application of operant resources, which are determined by the consumers in the "consumption" process and influenced by their personal use. In this scenario, firms cannot deliver value, but only make and offer value propositions (Vargo & Lusch, 2006).

Therefore, the component "co-creation of value" is directly linked to the concept "value in use", which replaced the older "value in exchange", which characterized G-D logic (Vargo et al., 2007). Both concepts were coined by the philosopher Adam Smith (1904), clearly illustrating the shift, led by S-D logic, from doing things for the customers to doing things with the customers.

The second component of collaboration, "co-production", is defined as a component of "co-creation of value" (Vargo & Lusch, 2008) and describes the participation of customers and other value network partners in the creation and development of the core offering, in terms of shared ideas, co-design or shared production (Vargo, Lusch, & O'Brien, 2007).

Expertise, control, physical capital, risk-taking, psychic as well as economic benefits are the six factors, following the studies of Lusch et al. (1992), which illustrate customers' motivations to be part of the co-production process and help to determine how much the customer wants to be part of it.

Both two components of collaboration consider the consumer as endogenous and move the focus from transaction and product buyer behaviour to relationship formation, consumption behaviour and resource integration (Vargo & Lusch, 2006). Therefore, the engagement of customers and value network partners in co-creation as

well as co-production activities is considered a fundamental aspect to gain a competitive advantage for firms (Vargo et al., 2007).

As pointed out, Vargo and Lusch can be considered as the pioneers on the studies of co-creation. However, in the following years, several academics provided multiple definitions and analysis in order to deepen and clarify the concept. Bharti, Agrawal and Sharma (2015) gave an important contribution to classify and resume the majority of the researches conducted in the first decade of the twenty-first century on the field of co-creation. In particular, starting from the evolution of the S-D logic to the definitions of value co-creation provided by several authors from 2004 to 2013, the authors identify 27 elements of co-creation. These elements were further classified and a framework of five pillars, named process environment, resource, co-production, perceived benefits and management structure, were developed with the aim to conceptualize the value co-creation process (Bharti et al., 2015).

In the recent years, the S-D logic and co-creation fields have been further studied from several points of view and applied in different scenario. For example, Hollebeek, Srivastava and Chen (2016) develop a novel framework which combines the theoretical entities of customer engagement (CE) and S-D logic, with the aim to fill the theoretical research gap between them. The two perspectives share a significant conceptual fit, since they have a common focus on interactivity with or between stakeholders (Hollebeek et al., 2016). The study, introducing an interactive framework that unifies the two theories, develops a set of revised S-D logic–informed fundamental propositions (FPs) of CE which are based on Vargo and Lusch (2017) recent S-D logic researches, introduced in the previous section. The output of the study represents a useful guide for future scholars and managers who wants to better understand the association between CE with S-D logic. Moreover, it gives also positive contributions to customer relationship management (CRM), which is th "the systematic and proactive management of [customer] relationships as they move from beginning (initiation) to end (termination), with execution across the various customer-facing contact channels" (Reinartz, Krafft, & Hoyer, 2004, p. 295). In

particular, the application of the S-D logic–informed FPs of CE to CRM has the potentiality to helps managers engaging customers more effectively, facilitating the development of superior customer relationships and lifetime value (Hollebeek et al., 2016).

2.1.4 R-A Theory, Absorptive Capacity & S-D Logic Orientation

In this co-creative scenario, it is fundamental for firms to identify the necessary competencies and the main sources of sustainable competitive advantage.

According to one of the fundamental premises of S-D logic, "knowledge is the fundamental source of competitive advantage", meaning that from this perspective, competitive advantage is directly derived from superior competences (Vargo & Lusch, 2004). The roots of this statement grounded in the studies of Hunt (2000) and they are in line with what he coined as "resource-advantage theory" (R-A theory). R-A theory draws on the resource-based view (RBV) of the firm (Barney, 1991) and provided a new perspective on the nature of competition. In particular, it considers the firm as the key determinant of profitability since superior performance and a sustainable competitive position are viewed as primarily dependent on the resources of the firm itself.

According to this perspective, the firm is operating within a larger environment (Hunt, 2000), which includes institutions, competitors, suppliers, customers, and other value network partners. In this setting, the value of a resource is not in terms of its possession, but rather its potential to yield competitive differentiation, customer value delivery and/or relative sustained advantage (Hunt, 2000). Therefore, in order to achieve a sustainable competitive advantage, the key challenge for companies is to turn basic resources, internally developed and not tradeable, into core competencies, which are difficult to imitate, not easily substitutable and important to specific customer segments (Hunt, 2000). The resources mentioned are generally related to the learning capacity of the organization, such as management of internal and external relationships and culture.

In this sense, S-D logic is directly tied with R-A theory, both recognizing that competitive advantage is derived from superior performances (Vargo et al., 2007).

Some traits of this perspective can be also found going back as far as the mid-1700, when Adam Smith (1904), philosopher and economist, coined the theory which lately has become the foundational base of exchange, the "division of labour". The theory mainly referred to the specialized expertise and skills behind the realization of work, meaning the "division of competences" via specialization (Smith, 1904).

According to this perspective, economic growth and efficiency are dependent on the specialization of the labour force, meaning the division of large jobs into many tiny components and the consequently higher attention and expertise matured in a specific area of production. Smith (1904) pointed out the importance of assigning each worker to the job that "suits him best" and recognized the potential negative effect of this process, suggesting that the government has the role to provide education to workers, in order to face and overcome the development of ignorance and dissatisfaction generated by the alienating and repetitive tasks of the factory life.

The greater work specialization process of the following years and the development of micro-specializations inside the firms created the base of another foundational premise of S-D logic, which states that "organizations exist to integrate and transform micro-specialized competences into complex services that are demanded in the marketplace" (Vargo & Lusch, 2006, p. 53). In this scenario, it is fundamental for companies to interact with other network partners in order to continually renew, integrate and transform competencies, which are necessary for service innovations as well as identifying the skills needed to create value.

According to the studies of Vargo et al. (2007), "collaborative competences", is the core competence fundamental to reach a sustained competitive advantage, which in turn, helps to develop other two critical meta-competences, "absorptive competence" and "adaptive competence".

The latter can be traced back to the fundamental role played by dynamic capabilities in a fast-changing environment (Teece et al., 1994) and represents the ability of an organization to adjust and adapt to new circumstances. Collaborative competence can

boost adaptive competence by partnering with other value network firms which can provide the skills needed to face the challenges generated by complex and turbulent environments. Collaborative competency can also improve the second meta-competence: "absorptive competences", which is the ability of an organization to absorb and comprehend new know-how, skills and information from the external surrounding environment and later turn them into valuable resources, which the firm can draw upon for support (Vargo et al., 2007).

The concept of "absorptive capacity" found its roots in the studies of Cohen and Levinthal (1990), who defined it as "the ability of a firm to recognize the value of new, external information, assimilate it, and apply it to commercial ends, dependent on the firm's prior knowledge" (p. 128). Therefore, when a firm wishes to acquire and use knowledge unrelated to its ongoing activity, it cannot simply partner with other firms or buy the technology, but it has to invest internally in the absorptive capacity that will permit effective exploitation (Cohen & Levinthal, 1990).

Overall, superior collaborative competencies are the main factor for a firm to acquire the knowledge needed for competitive advantage (Vargo et al., 2007) since they leverage a firm's ability to acquire information from value network partners and adapt to dynamic environments.

The theory of absorptive capacity has been taken up also in the research of Karpen et al. (2012), renamed "empowered interaction capability". Karpen et al. (2012), following the studies of Vargo and Lusch (2004; 2006; 2008), illustrated the strategic capabilities needed to execute S-D logic, moving the focus from the simple theories presented in the previous years to S-D practice. In particular, the six strategic capabilities identified, constitute what the authors call an S-D orientation, a higher-order co-creation capability which enables an organization to co-create value in service exchanges with value network partners (Karpen et al., 2012).

The six lower-order interaction capabilities, named "individuated", "relational", "ethical", "developmental", "concerted" and "empowered", have a focus respectively on value-in-context, relation, values, operant resources, process flow and co-

production, regarding the relationships between the company and its value network partners. (Karpen et al., 2012).

The absorptive capacity concept matches the last capability listed, "empowered interaction capability", as it relates to outside-in processes fostering a collaboration competence which "will aid a firm in absorbing new information and knowledge from partners or improve its absorptive competence" (Vargo et al., 2007, p. 9).

The portfolio of capabilities proposed by Karpen et al. (2012) facilitates and enhances interaction and resource integration experiences, underlying again, as stressed in the studies of Vargo and Lusch (2004; 2006; 2008), the importance of creating value with, rather than for, customer, as a source of competitive advantage for the organization.

2.1.5 Benefits of Co-Creation

In the literature review about co-creation, there are many studies which underline its benefits, for different reasons and to reach several goals. The main contributors will be illustrated in this section.

Henry Chesbrough, the main contributor to the studies on "Open Innovation", presents co-creation as an innovative force across a wide variety of industries. In his book "Open Service Innovation" (2011), he details a new approach for management, in line with the increasingly services-driven economy of the 21st century, demonstrating how open innovation combined with a service approach to business is an effective and powerful way to grow and compete. One of the main messages and goals is focusing on creating the customers' experience, by being more multi-dimensional in collaboration and integrating the customer more centrally into the network of co-creators and co-creation activities.

Chesbrough (2011) identified "co-creation" as the tool for companies to create a deeper relationship with customers that will be harder for competitors to copy. Strong collaboration and communication between companies with their customers help to better identify their tacit needs and predict customer's future behaviours. The valuable tacit knowledge consequently acquired, represents a great way to escape from the

commodity trap and a powerful opportunity to build competitive advantage (Chesbrough, 2011).

In line with the premise of S-D logic regarding the role of customer as co-creator of value and after the open innovation perspective suggested by Chesbrough (2011), another study underlines the positive effect of co-creation, in particular, directed to customer satisfaction, Word-of-mouth (WOM), and loyalty (Cambra-Fierro, Pérez, & Grott, 2017).

Customer satisfaction is the individual assessment of outcomes versus expectations and co-creation has a direct and positive effect on it. Customers are more satisfied when they participate in joint learning experiences with firms because they have the chance to influence

market offerings and companies' outputs to better match their needs. Moreover, co-creation boosts a deep and interactive conversation and sharing of ideas between firms and customers, helping companies to acquire what Chesbrough (2011) defined as "tacit knowledge" and leading to superior customer value (Cambra-Fierro et al., 2017).

Co-creation also has a direct and positive effect on loyalty, which describes the degree to which customers feel committed to their suppliers and do not actively look for alternative ones (Oliver, 1999), and on Word-Of-Mouth, which involves person-to-person communication where the recipient believes the giver to be non-commercial about a service, product, or brand (Arndt, 1967). Indeed, when customers are satisfied and have an active role in the relationship, they tend to repeat the purchase. Moreover, co-creation helps to enhance an exclusive bond between companies and customers, who in turn are more open to share recommendation and feedback. The relationships "co-creation – loyalty" and "co-creation – WOM", are influenced by age, gender, and mediated by satisfaction, which in turn, reinforces the effect of co-creation (Cambra-Fierro et al., 2017). This cycle enables companies to create a superior value proposition and reinforce their competitive position, reconfirming the increasing importance of co-creation in modern marketing.

Nowadays, more informed, networked and active consumers are willing to exercise their influence in several phases of the business process. Accordingly, brand identity has been another field of research in which the positive effect of co-creation has been identified (Kennedy & Guzmán, 2016).

Brand identity, encoded by the brand originator and sent to the consumer through brand communications, is company-focused and created by managerial activities (Nandan, 2005). Brand image, as the opposite, is the consumer's perception of a brand (Burmann, Jost-Benz, & Riley, 2009) and it is created by consumer perceptions (Nandan, 2005).

There are several reasons why companies and customers decide to engage in co-creation of brand identity. In the first case, firms engage in co-creation to meet organization goals, like ROI, research and mission, and brand goals, like brand building, brand loyalty, brand awareness as well as brand experience. From the other side, customers engage in brand identity co-creation when they perceive social life satisfaction, having fun, compatibility with the brand, communication appeal and brand commitment (Kennedy & Guzmán, 2016).

Connecting the dots, co-creation allows for the alignment of brand perception and brand identity, which creates a consistent brand image and a positive customer experience, resulting in greater customer loyalty.

2.1.6 Co-Creation with Different and Multiple Stakeholders

Most of the literature regarding co-creation assumes and focuses on the concept of co-creation of value only with customers, missing and giving less importance on the other potential players who surround the company and with which it is possible to collaborate.

Vargo and Lusch (2004) went beyond the concept of exchange between two parties, introducing the idea that value creation takes place within and between systems at various levels of aggregation, among several economic and social actors within networks such as customers but also intermediaries, suppliers, employees and other potential partners. Consequently, the concept of "value network partners" (Vargo &

Lusch, 2004) and "resource integrators" (Vargo & Lusch, 2006) have been introduced.

Ten years later, this view has been enriched by examining co-creation among multiple stakeholders simultaneously during the innovation process. Different types of stakeholders represent valuable sources that can be configured in order to create unique valuable knowledge for the firm. At the same time, they represent a challenge for the lead firm's capability to manage such socially complex partnerships. Kazadi, Lievens, Mahr (2016) identified the capabilities needed to facilitate the active participation of all the players involved and manage these types of co-creation projects. In particular, firms require stakeholder networking capability and stakeholder competency mapping capability before a project starts, while during the project, they need stakeholder relationship management and stakeholder knowledge management capability to manage the socially complex interactions (Kazadi et al., 2016)

The study also contributes to the extant literature on the already mentioned RBV (Barney, 1991) and absorptive capacity (Cohen & Levinthal, 1990). Firms' stakeholders are unique knowledge resources and in order to create a competitive advantage, firms need to acquire what Teece, Pisano and Shuen (1997) defined as "dynamic capabilities", meaning, in this case, the capabilities needed to manage the complex process of involving multiple stakeholders at the same time during the process. Moreover, this study examines the underlying dimensions of absorptive capacity in a stakeholder co-creation context. It identifies the specific knowledge context and environment in which knowledge is co-created, as the capabilities which boost a firm's ability to create and capture valuable knowledge from stakeholder co-creation projects (Kazadi et al., 2016).

In the last few years, the concept of co-creation has experienced further changes and developments. Specifically, Ramaswamy and Ozcan (2018) have suggested a broader view of value creation, where value is created through interactions among components of digitalized interactive platform (DIP) offerings and the actualization of events therein. DIPs are evolving digitized networked arrangements of artefacts, persons,

processes, and interfaces. Following this view, co-creation is defined as "enactment of interactional creation across a multiplicity of interactive system environments, afforded by DIPs, through events entailing the interplay of agency engagements and structuring organizations" (Ramaswamy & Ozcan, 2018, p. 29). These new concepts and frameworks are useful to illustrate the new dynamism of creation through interactions and the complexity of a networked interacted business landscape. It represents a more accurate description of the current digitalized world of interactions, compared to the traditional marketing exchange-based views of Vargo and Lusch (2004). The creation of value is seen as a function of interactions and firms must adopt an interaction orientation in order to achieve competitive advantage. Consequently, the concepts of "value-in-exchange/use" of goods and services are still relevant in this perspective, but only as a sub-group of the larger joint space of actors' interactional value creation (Ramaswamy & Ozcan, 2018).

The view presented by Ramaswamy and Ozcan (2018) takes shape from the research of Prahalad and Ramaswamy (2000; 2004), who, together with Vargo and Lusch (2004; 2006; 2008), can be considered as the pioneers of the co-creation studies. Prahalad and Ramaswamy (2004) strongly stress in their research that "products can be commoditized, but co-creation experiences cannot be" (p. 9), and further emphasize the importance of experience and the specific contexts in which it is perceived by the customers, meaning that the value creation process centres on individuals and their co-creation experiences (Prahalad & Ramaswamy, 2004). These statements represent the results of the acquired awareness that competence is a function of the collective knowledge available to the whole system, formed by suppliers, manufacturers, partners, investors, and customers. The market has become a forum, a "space of potential co-creation experiences" (Prahalad & Ramaswamy, 2004), in which consumers play an active role in creating and competing for value, and managers have some important tasks to follow in order to implement effective co-creation activities. Engaging their customers in an active and explicit dialogue, mobilizing communities of customers, managing customer diversity and co-create

personalized experiences with customers are such co-creation activities (Prahalad & Ramaswamy, 2000).

2.1.7 Typologies of Co-Creation

There are several bodies of research and conceptualizations about how companies can co-create with their stakeholders. For the current project, three main studies are identified.

Firstly, the theory of Prahalad and Ramaswamy (2000; 2004) is useful to identify a wide cluster regarding the typology of co-creation that can be built between companies and customers, named "Co-creation of Experiences". Companies have to create an experiential environment within which customers, who are more informed, connected and active, can create their own unique personalized experience.
In this scenario, the main focus for co-creation is on consumer-company interaction, whose building blocks are dialogue, access, risk-benefits, and transparency (Prahalad & Ramaswamy, 2004).

Another perspective useful to describe the type of co-creation which can exist between customer and company is mainly based on the studies of von Hippel (2001; 2005), around the concept of "user innovation". This perspective takes a more direct and tangible approach to co-creation and focuses on using customers as practical resources in the collaboration of modifying and enhancing existing or developing and designing new products (or services). Thus, the attention is more directed on the co-creation of products, rather than the co-creation of value through experiences, as stated by Prahalad and Ramaswamy (2004).

According to this new approach, manufacturers abandon their increasingly difficult efforts to understand the fast-changing users' needs in favour of learning to outsource key need-related innovation tasks to their users through appropriate user toolkits for innovation. Consequently, companies can access "sticky" and costly user information

and avoid the risk to shift problem-solving back-and-forth between user and manufacturer, achieving faster and cheaper "learning by doing" (von Hippel, 2001). The benefits, in terms of design freedom, provided by user toolkits for innovation, often are of interest to the type of users who von Hippel defines as "lead users", who are ahead on market trends and have a particularly strong need which anticipates a general one in the marketplace. This perspective has been confirmed as more effective than the traditional manufacturer-based development methods (von Hippel, 2001) and was taken over in following studies, resumed in the book "Democratizing Innovation" (von Hippel, 2005). The main focus is the emerging system of user-centred innovation and the idea that manufacturers should redesign their innovation processes and systematically seek out innovations developed by users.

Finally, the studies in the virtual co-creation field explain from another perspective the type of co-creation which is possible to built between companies and their customers. Füller (2010) is one of the main contributors to it.

The rise of the concepts as co-creation (Prahalad & Ramaswamy, 2004), user innovation (von Hippel, 2005), and open innovation (Chesbrough, 2011) illustrated in the previous sections, share the idea that customers are considered as a valuable source of innovation and play an active role in several co-creation activities. Thus, in the virtual co-creation scenario introduced by Füller (2010), customers became real co-creators with the company and their collaboration is not limited to the simple and conventional analysis of consumers' desires and needs.

Füller (2010), starting from these studies, developed a further analysis in order to explore what consumers expect from virtual co-creation and how those expectations are influenced by consumers' motivations and personalities. As a result, he identified four differently motivated consumer types engaging in virtual co-creation: reward-oriented, need-driven, curiosity-driven, and intrinsically interested.

Reward-oriented and intrinsically oriented consumers are highly motivated to engage in virtual co-creation in different product categories and innovation stages, but they are driven by different incentives: the first category is interested in monetary rewards, while the second one in feedback and being recognized as co-creator in the innovation

activity. Need-driven consumers participate in co-creation regarding specific tasks and product category because they are driven by the desire to get a solution to their problems, being dissatisfied with the existing product solutions available on the market. Finally, Curiosity-driven consumers participate in co-creation activities in order to satisfy their curiosity to experience and test new products, focusing their attention in a particular context and product category.

Overall, the study shows that the four consumers' clusters differ regarding the reasons to engage in co-creation activities and the expectations towards virtual co-creation, but also regarding the customers' personalities and characteristics (Füller, 2010). Among all the personal characteristics identified, particular attention has been put on consumers' creative talent, which, according to creativity theory, allows to produce novel and useful ideas. The analysis shows that creativity is an index of customer's qualification and interest in co-creation activity and consequently high likelihood of engagement compared with less-creative customers (Füller, 2010).

In conclusion, companies have firstly to identify the type of objectives which it wants to reach with the co-creation activity and then identify the cluster of customers whose expectations meet them. Consequently, they have to adapt the co-creation experience towards them, creating a flowing, supportive and interactive experience (Füller, 2010).

In these last twenty years, after the 2000s, the concept of co-creation has been transformed, encompassing many different dynamics. Nowadays, it becomes a container for any kind of involvement inside a company of external people or independent of each other, assuming a key role in the revolution that Open Innovation has brought to research and development.

2.2 Influencer Marketing

The second part of the literature review focuses on the rather new marketing field of Influencer Marketing. This chapter aims at providing the reader with an understanding of the basis of influencer marketing, explaining and defining what an influencer as well as influencer marketing is, demonstrating topics addressed in the field of research, and stating the benefits for companies but also issues which can arise by engaging into influencer marketing. Furthermore, it begins with insights on the social media platform Instagram being the scope of this study.

2.2.1 Instagram as a Social Media Platform

The focus of this study is on the social media platform Instagram. The main reason to choose Instagram as an object of study is its popularity among influencers and its reach for their marketing purposes nowadays. According to a survey from Zine (2018), for 80% of influencers, Instagram is their primary source for collaborating with brands. In comparison to other social media platforms, consumers spend in average more time on Instagram (Sheldon & Bryant, 2016; Djafarova & Rushworth, 2017). In addition to this, it is considered as a popular platform for companies to introduce their products and services to the market (Roncha & Radclyffe-Thomas, 2016). They use it to drive sales as well as engagement and to interact directly with their customers (Chen, 2018). Furthermore, Instagram belongs to the social media platforms with the fastest growth (Sheldon & Bryant, 2016).

Instagram was founded by Kevin Systrom and Mike Krieger (Instagram, n.d. a) and was launched in October 2010 (Instagram, n.d. b). Chen (2018) describes Instagram as "a fun and quirky way to share your life with friends through a series of pictures. Snap a photo with your mobile phone, then choose a filter to transform the image into a memory to keep around forever" (p. 22). The application was ranked by Apple as the "iPhone App Of The Year" in 2011 (Roncha & Radclyffe-Thomas, 2016). Within less than a day after Android's launch, the app was already downloaded over one million times. This is an impressive result, considering that, for example, Twitter as

another leading social media application, reached the same amount of signed up users after two years (Chen, 2018). In April 2012, Instagram was acquired by the social media giant Facebook (Instagram, n.d. c). Over the years Instagrams' registered user size grew continuously, and it added more functions and features to its service. According to Instagram's (n.d. b) latest published statistics, over one billion users are active on the platform monthly. The story feature is actively being used by over 500 million Instagram users per day. In terms of user demographics, worldwide more than half of all Instagram users are below thirty-five years old. These users are almost evenly distributed when it comes to gender, however, in total more women use Instagram compared to men (Statista, 2019).

Instagram offers different functions and features to its users (Lee, 2018). The oldest feature is the classic Instagram post. The post appears on the profile of the user, where it remains unless he or she decides to delete it, and it appeared in a chronological order in the news feed. However, as Instagram introduced an algorithm controlling the appearance of posts in 2018, the posts are no longer shown according to their time posted with the latest up top but rather regarding to what Instagram considers as most valuable to the user experience (Chen, 2018). Chen (2018) identifies the introduction of the algorithm as a problem for marketers because it can filter postings which are not considered as relevant to a user and hence prevent them from reaching their target audience. The post is always in the form of a picture or video, due to Instagram's visual content nature, which the user can edit with Instagram filters before sharing. Moreover, the user can add a text and also hashtags (#) to the picture which appears below the post. The usage of hashtags enables other users, also the ones not following the person who posted, to find the post (Sheldon & Bryant, 2016). By applying hashtags, the user can express feelings and also further describe and categorize their posts (Ye, Hasmin, Baghirov & Murphy, 2018). Hashtags are also applied for promotional purposes by business accounts on Instagram in order to build and raise brand awareness (Ye et al., 2018).

In addition to this, the user can also tag other users' or brands' profiles in the post and add a location to it. The geographical aspect, as described by Lee, Lee, Moon and

Sung (2015), is for the photo-map feature, where users can record and track their pictures. Furthermore, Instagram users can react to posts by liking or commenting on them (Lup, Trub & Rosenthal, 2015).

Another highly used addition to Instagram mentioned earlier is the story feature. The stories appear as little circles above the newsfeed (see Appendix A) and are little clips in the form of short videos or pictures (Lee, 2018). Other users can reply to these stories by sending direct private messages or so-called quick reactions in the form of emojis. Within the stories, the users also have the option to share classic posts from others or themselves. In contrast to the classic post, stories are only available for twenty-four hours but can be saved as so-called highlights, which appear on the users' profile (see Appendix A). In the story section, users can also do live sessions, which gives the other users an in real time view through the camera of the person posting. Another video feature is the relatively newly introduced Instagram TV. Differing from stories and classic posts, Instagram TV allows the upload of longer videos with a length up to an hour (Lee, 2018).

To conclude, Instagram as a social media platform is extremely valuable for the practice of influencer marketing, due to its many features to share visual content, world-wide popularity, very high usage compared to others and fast growth. These characteristics indicate the same reasons for its choice as the investigated platform for this study.

2.2.2 Definition of Influencer

Before diving into the topic of influencer marketing, it is important to provide an understanding of the meaning of the term influencer. Originating from influence which can be broadly defined "as the power to affect a person, thing or course of events" (Brown & Hayes, 2008, p. 49), the term itself has been used in the English language since the second half of the sixteenth century. However, back then it was quite different from the meaning nowadays and definitely not considered as a job title (Solomon, n.d.). Examining the recent and existing literature it becomes clear that there are also slight differences to the meaning of the term influencer over the last

years. Furthermore, it gives the impression of the existence of different types of influencers with different names and understandings, fostering the need for a common understanding of the term.

Theoretical classifications such as influencer (Brown & Hayes, 2008), social media influencer (Freberg et al., 2011), digital influencer (Uzunoglu & Misci Kip, 2014), micro-celebrity (Hearn & Schoenhoff, 2016; Khamis, Ang, & Welling, 2017; Chae, 2018), social influencer (Langner, Hennings, & Wiedmann, 2013; Sudha & Sheena, 2017), opinion leader (Araujo, Neijens, & Vliegenthart, 2017), and (celebrity) endorser (Jain & Roy, 2015; Xu, Li, Peng, Hsia, Huang, & Wu, 2017; Freberg et al., 2011) are used to describe and define influential individuals in the context of social media. In the colloquial language and also used in prior research, influencers are also known under terms such as instagrammers (De Veirman, Cauberghe, & Hudders, 2017; Djafarova & Rushworth, 2017), bloggers (Fu & Chen, 2012; Johnson & Kaye, 2004; Liljande, Gummerus & Söderlung, 2015; Nekmat & Gower, 2012), vloggers, which is an abbreviation for video blogger, and also YouTubers (Garcia-Rapp, 2017; Verhellen, Dens, & Pelsmacker, 2013).

Providing a general idea about the term influencer, the Interactive Advertising Bureau (IAB) (2018) defines it in the following manner:

"*Influencers are those who are deemed to have the potential to create engagement, drive conversation and/or sell products/services with the intended target audience. These individuals can range from being celebrities to more micro-targeted professional or non-professional "peers" (e.g. the difference between a blogger with a large following vs. an individual with a small following, but high influence amongst a set peer group).*" (p. 5)

Due to Brown and Hayes (2008) an influencer is "a third party who significantly shapes the customer's purchasing decision, but may ever be accountable for it." (p. 50). Moreover, these influencers can carry the message from marketers directly to the

decision-makers and enable an optimised route to the target market for them (Brown & Hayes, 2008).

Freberg et al. (2011) use the wording social media influencer (SMI) and define it as "a new type of independent third party endorser who shapes audience attitudes through blogs, tweets, and the use of other social media" (p. 90). Typical tasks of SMI include sharing their opinion about products, providing tips on its usage, and posting pictures and videos about products, services or themselves (Bernritter et al., 2016). Moreover, contributors as well as ordinary social media users have the possibility to become social media influencer with a certain kind of growth of engaged followers (Etter, Colleoni, Illia, Meggiorin, & D'Eugenio, 2018; Freberg et al., 2011; Li & Du, 2017).

On the other hand, Chae (2018) who uses the term micro-celebrities interchangeably with SMIs defines these influencers as lower level celebrities who present themselves on social media platforms. Chae (2018) adds that these "influencers can range from would-be or unknown actresses and models, fitness trainers, friends of celebrities, and wealthy people who love luxury brands to pretty high school girls" (p. 246).

Other researchers, who also include the celebrity aspect but with the phrase "celebrity endorser" (Jain & Roy, 2015; Jin & Phua, 2014) base their understanding on the original definition outside the scope of social media by McCracken (1989) stating that a celebrity endorser is "any individual who enjoys public recognition and who uses this on behalf of a consumer good by appearing with it in an advertisement." (p. 310). The concept of celebrity endorsement is an advertising technique in which marketers use celebrities to promote their products (Erdogan, 1999). The researchers mentioned before using the formulation celebrity endorser extended the idea of this concept to a social media context, acknowledging the influencer as what was a classic celebrity before. Different to traditional endorsers being celebrities who gathered their fame through traditional media outlets, social media influencers gained their fame through their own produced social content and were "normal" individuals before that (Garcia, 2017). Xu et al. (2017) adds that endorsers can be very successful individuals, eminent early adopters of new trends as well as trendsetters in fashion. Moreover, other

individuals aim to imitate them, since they are considered to make better decisions based on superior insights (Xu et al., 2017).

Langner et al. (2013) refer in their research to social influencers, who similar to Brown & Hayes' (2008) definition have an influence over the buying behavior of other individuals. They introduce the aspect of the social influencer acting as a role model and even leader within a social group. However, in their understanding not everybody asserting to be a leader and source of advice in a social group has the potential to be a convincing social influencer (Langner et al., 2013).

In line with this definition, Araujo et al. (2017) also consider the influencer as a leader, more precisely, as an opinion leader. The influential power of these opinion leaders is based on their central position in communication networks (Araujo et al., 2017). Adding to the same conception of an opinion leader, Carr and Hayes (2014) mention the perceived credibility and knowledge about certain topics of these influencers.

The different definitions above provide the reader with an understanding of the general meaning of the term influencer in the social media context. In this research, the terms influencer and social media influencer (SMI) are interchangeably used. Furthermore, the following definition by Lou and Yuan (2019) is adopted:

"A social media influencer is first and foremost a content generator: one who has a status of expertise in a specific area, who has cultivated a sizable number of captive followers— who are of marketing value to brands—by regularly producing valuable content via social media." (p. 2)

For this explicit study, it is a prerequisite that the SMIs distribute their content mainly or at least the majority of it on the social media platform Instagram. This does not automatically intend that the influencers are only active on Instagram and do not have an online presence on other social media platforms, or that they necessarily became famous only through posting pictures and/or videos on their Instagram profile.

A good example for a successful influencer is the German twenty-two-years-old woman Pamela Reif, known on the platform as "pamela_rf". She started on Instagram

by posting pictures of her life and focused on fitness-selfies, which grabbed the attention of the fitness community (Gala, n.d.). Nowadays, her own community on Instagram counts 4.2 million (Reif, n.d.). Pamela Reif's fans and followers envy her for her muscular defined body and beauty, as well as her healthy and inspiring lifestyle (Gala, n.d.). Additionally to her many postings on Instagram, she also broadcasts videos of her workout routines on Youtube, shares content on Facebook as well as on her own blog called "aboutpam". To pick up a few examples, famous brands like Puma, Hunkemoller, Zalando, and HEJ Natural cooperate with her (Reif, n.d.).

2.2.3 Introduction to Influencer Marketing

It is not a new concept that marketers work with paid endorsers to promote products or services. Known as celebrity endorsement with campaigns starring well-known stars, such as for example Britney Spears promoting Pepsi (Spanos, 2017), this concept has been very favored in the spheres of marketing for many years. However, in recent years, it became more and more popular to use sponsored posts by social media influencers blending in with normal social media content (Childers, Lemon, and Hoy, 2018). The utilization is known as influencer marketing, which can be seen as an advertising strategy (Childers et al., 2018). Broadly defined, "influencer marketing is a tactic by which a brand/agency/publisher works with individuals, aka influencers, to drive brand messages to meet strategic goals" (IAB, 2018, p. 5). Singh et al. (2018) provide a more precise definition by describing influencer marketing as "a technique that employs social media (content created by everyday people using highly accessible and scalable technologies such as blogs, message boards, podcasts, microblogs, bookmarks, social networks, communities, wikis, and vlogs) and social influencers (everyday people who have an outsized influence on their peers by virtue of how much content they share online) to achieve an organization's marketing and business needs." (p. 19).

In other words, influencer marketing is the advertising of products and brands through influencers with a certain effect on potential buyers (Brown & Hayes, 2008). Moreover, influencer marketing can be considered as a type of product placement (Audrezet, de Kerviler, & Moulard, 2018), based on its intentionally integration of

advertising messages into editorial media content (Russell & Belch, 2005; Schneider & Cornwell, 2005). However, product placement in the social media context is seen as particularly critical, due to the tendency of followers to regard the influencer as a friend based on the possibility to directly interact with him or her, even though this relationship is rather one-sided (Audrezet et al. 2018; Hartmann & Goldhoorn, 2011). This kind of communication is also known as "parasocial interaction" (Lee & Watkins, 2016).

Nevertheless, a reason which supports the use of influencer marketing by a company as a tool is, that it allowed new levels of connectivity and engagement among brands and consumers through social media channels which were not available before (Childers et al., 2018). Moreover, the reaction from a consumer to a message is much more likely to be perceived positive when it comes from a source which the consumer trusts compared to an advertiser's sponsored post (Colliander & Dahlén, 2011; Phua & Ahn, 2016). In addition to this, a report from 2018 showed that over 90% of marketers using influencer marketing campaigns consider them as effective and that influencer marketing campaigns generate eleven times the return on investment (ROI) of traditional marketing campaigns (Ahmad, 2018). Additionally, traditional celebrity endorsement is still more expensive compared to working with SMIs (Barker, 2017a).

Next to the concept of celebrity endorsement, influencer marketing is also connected to word-of-mouth (WOM) marketing. WOM can be understood as "conversations between consumers about a product, service or brand" (Romaniuk & Harnett, 2017, p. 1) including recommendations which spread from one person to another. In the context of social media, WOM is also known as electronic word-of-mouth (eWOM) and is even more effective due to the much faster dissemination of information. East, Hammond, and Lomax's (2008) findings show that WOM communications have a stronger influence on individuals because of their non-commercial kind which can establish a continuous touchpoint with consumers. Celebrity endorsement can be seen as reliable source for promoting certain products and services and therefore creating a positive eWOM. The utilization of celebrities as endorsers can enhance brand equity, since they add value as well as credibility to the brand name, product or

service, and are also known for rising brand awareness (Djafarova & Rushworth, 2017). However, SMIs as a lower-scale type of celebrities are considered as even more influential as the results from Djafarova and Rushworth's (2017) study brought forward. They focused their research on the impact of online celebrity endorsement and eWOM on purchase decisions. For getting deep insights within the topic, they conducted eight-teen in-depth interviews with female Instagram users within the age range of 18-34. The main reason, according to the interviewed women, for why SMIs are being considered as more influential is because they are easier to relate to than high-class celebrities. Moreover, aspects like the attractiveness, quality, and composition of the image as well as the relevance of the SMI are shown to be highly influential.

Another reason for companies to utilize influencer marketing is that these influencers have a key role and advantage in marketing communications, by being able to make recommendations for usage or consumption in an informal way (Tsang & Zhou, 2005; Watts, 2007). Influencers, especially the ones which have been active for a while, are experts in their field and usually know exactly what to do in order to drive engagement by their followers. They have an inimitably position by not alone having a close relationship to the consumers as well as understanding them but also being able to take over the role of marketers by phrasing and translating marketing messages (Kozinets, De Valck, Wojnicki, & Wilner, 2010). When it comes to consumer purchase decisions, content produced by influencers is found to be more results-generating than the content produced by firms. The SMI usually has a natural understanding of the culture of connectivity as well as language skills for the social media world enabling him or her to such better performance (Van Dijck, 2013). Their language skills also encroach the usage of emojis, which Ge and Gretzel (2018) focused their research on within the Chinese social media platform Weibo. Their results show that, SMIs use emojis in multiple ways: to drive conversation and motivate the users to small talk or general engagement (and this with both positive and negative coined emojis), to provide objective information, and also to express their feelings and opinions.

Not only the influencer as an expert in the field gets involved when it comes to developing a influencer marketing campaign and engaging in a collaboration. Generally, there are three main entities playing a part within influencer marketing: brands, consumers, and, of course, influencers (Lou & Yuan, 2019). However, it is common for companies to get support from advertising agencies or even specialised influencer marketing agencies when planning on collaborating with influencers. Hand-in-hand with the rise of influencer marketing itself the number of influencer marketing focused agencies as well as platforms grew. Concrete numbers show that back in 2015, there was a total of 150 of them. Within three years the amount of platforms and agencies with a focus on influencer marketing increased steadily, up to 740 in 2018 (Influencer Marketing Hub, 2019).

Childers, Lemon, and Hoy's (2018) approach focuses on the perspective from professionals working in advertising agencies focusing on influencer marketing campaigns. For their qualitative research, nineteen people working in U.S. advertising agencies were interviewed. The results indicate that the rather unexplored field of influencer marketing brings challenges like changes in strategic decision making and agency processes towards traditional advertising agencies in order to be effective.

Nevertheless, not all companies who are considering to engage in influencer marketing might have the financial resources or want to hire an agency for support. Lin, Bruning, and Swarna's (2018) research strives to give brands practice-oriented guidelines when cooperating with influencers. They recommend companies to engage in influencer marketing for enhancing both the hedonic as well as utilitarian value of products. The promotion of an influencer can increase the hedonic value through personal attachment based on the connection between the influencer to the follower and the connection of the influencer to the product. The utilitarian value, on the other hand, is enhanced through product specific information provided by the influencer and based on his or her experience, which is considered as more reliable compared to other promotional activities by the company. Lin et al. (2018) conclude their research by providing a five-step planning process for companies engaging with an influencer. "Planning" is the first step and refers to setting clear goals for the campaign as well

as the role of the influencer within it. The second step is "recognition" and relates to the identification of relevant influencers for the type of influencer marketing campaign. Thirdly, there is the step of "alignment". This can be understood in terms of creating the right match between social media platform or channel, influencer, and the target audience, in order to generate the highest value for the company. The fourth step is "motivation" and refers to the determination of the reward the influencer receives from the cooperation. Lastly, the step "coordination" takes place, where the activities of the influencer within the campaign are negotiated, means of monitoring set, and ways to further support the influencer with the campaign discussed (Lin et al., 2018).

In addition to this, multiple blog posts published by leading influencer agencies give information on how to manage influencers and influencer marketing campaigns and what is important to consider when engaging in influencer marketing. A lot of these blog articles as well as prior research (e.g., Duffy, 2013; Gannon & Prothero, 2016; Garcia-Rapp, 2017; Marwick, 2013) agree on authenticity being one of the most important factors for the success of a campaign and/or collaboration. Reasons for this accordance are based on that authenticity increases the perceived quality of a product (Moulard, Raggio, & Folse, 2016) as well as the intentions to actually buy a product (Napoli, Dickinson, Beverland, & Farrelly, 2014) and moreover, elevates the ability to absorb messages (Labrecque, Markos, & Milne, 2011).

Audrezet et al. (2018) did their research on collaborations between SMIs and brands with a focus on the SMIs' authenticity management. Their qualitative study is based on SMI-brand partnership observations and interviews with SMIs, as well as the comparison of the data. Two different kinds of authenticity management can be derived from their research to the field of influencer marketing: passionate and transparent authenticity. "Influencers are passionately authentic when they publish digital content that is enjoyable and intrinsically gratifying." (p. 9). SMIs can manage such authenticity by working only with brands and products that mirror their personal taste. Transparent authenticity covers disclosure about the partnership and truthful information about the product and the opinion of the SMI to comply with his or her own integrity (Audrezet et al., 2018).

Moreover, Backaler (2018) identifies four key factors, called ABCCs, which are necessary for the success of an influencer. The A as the first factor stands for authenticity and relates in this context to the honest and trustful relationship between the influencers and their audience. The second factor is brand fit. The influencer needs to have consistency in their personal brand, which also has to fit in terms of value and standards with the collaboration's partner brand in order to be successful. The first C stands for community of the influencer, which needs to be growing and showing engagement. Furthermore, Backaler (2018) presents three measures for the community: reach, relevance and resonance. Reach refers to the size of followers over all platforms the influencer has a presence on, while resonance stands for the engagement from the community on the shared content of the influencer in terms of likes, comments, shares, et cetera. The match between the content provided by the influencer with the interests of his community is meant with relevance, which also leads to the last key factor of Backaler's (2018) ABCCs: content. The content is considered as an ongoing challenge for most influencers with the need of being valuable for their communities and also trigger engagement from them. According to Backaler (2018) an influencer can only be truly successful by mastering all four elements of the ABCC.

A big discussion in the field of influencer marketing is on the topic of which kind of influencer with regards to size is better or more effective for a successful influencer campaign (e.g. Porteous, 2018; Ismail, 2018). The main discussion broadly differences hereby between two categories of influencers, namely micro- and macro-influencer. These two categories foremost differentiate based on their number of followers, and topics like reach, credibility, and authenticity are evaluated in the discussion. However, there are much more subcategories of influencers. Further categories as well as the advantages and disadvantages of working with these influencers will be discussed in more detail in the next chapter of the conceptual framework.

Adding to the discussion, De Veirman et al. (2017) analysed the effect of influencers' number of followers as well as product divergence on brand attitude in two

experimental studies. Their results state, that SMIs with a higher number of followers are perceived as more likeable, which is to some extent based on them being considered as more popular. This apprehended popularity of the influencer contributed to the influencers' perceived opinion leadership only in some cases though. With regards to the follower/followee ratio, following only a few accounts can have a negative impact on the likeability of the influencer. Moreover, De Veirman et al. (2017) add that the cooperation with big influencers is not necessarily beneficial for the promotion of divergent products, since it reduces the brand's apprehended uniqueness and hence brand attitudes.

After elaborating the advantages and benefits of influencer marketing, it is important to point out that there are also certain risks concerning influencer marketing for both parties.

On the side of the influencer, the risk of losing authenticity in the perception of his or her followers can occur by distributing sponsored posts on their social media or simply collaborating in another way (Audrezet et al., 2017). A lack of authenticity can also occur when the brand and also the brand influencer do not fit together.

On the other hand, companies investing in influencer marketing face the issue of fraud. Some influencers or the ones pretending to be one have a lot of fake followers. Investing in the wrong SMIs can be very expensive for companies, especially since it does not generate any of the results a company would usually aim or hope for when engaging in influencer marketing. In the end, it would be simply a waste of money (Harrison, 2018).

Another risk for the company is that they can also receive bad reviews from the influencer on their product or service. However this risk highly depends on the kind of collaboration. If there exists a contractual partnership with determined terms it is much lower or almost non existing, compared to if the company simply sends out free products to certain influencer (Neff, 2018).

Lastly, the company as well as the influencer put their own brand at a risk. The engagement into influencer marketing can be seen as a partnership or even relationship. Simply said, the two parties are connected to each other. This can be

positive, but also very negative when for example one party takes an action which does not align with the values and beliefs the other brand represents (Backaler, 2018). Before engaging into influencer marketing, both parties need to be aware of the benefits but also the risks they face.

2.2.4 Partnership Fundamentals

In order to present and recommend products and brands on their profile to eventually have an effect on the followers' opinion towards it, social media influencers with a high number of followers usually get products for free or get paid to do so (De Veirman et al., 2017; Phua, Jin & Kim, 2017). In other words, they receive material or financial compensation for it and sometimes even both depending on the degree of brand encroachment. When the degree of brand encroachment is very low, marketers might send free products with the hope of the SMI trying it out but even more posting about it (Audrezet et al., 2018). On the other hand, high encroachment includes the marketer offering payment for a post with contractual manifested terms. In the contract the brand can integrate certain requirements for the content about the product. The requirements can be for example "a minimum number of posts mentioning the products, a specific number of brand citations and pictures featuring the influencer with the brand, a redirection to the brand's online store, etc." (Audrezet et al., 2018, p. 2). In these contracts the costs of the partnership are also determined. Usually, they are the results of negotiations between the brand and the influencer or the influencer's management based on several factors. However, there are three factors which are mainly used for price related discussion of an influencer marketing campaign. Firstly, the reach of the influencer over social media platforms plays an important role, referring to the number of followers the influencer has, since it can give a rough estimation on how many people might see the campaign. A commonly used rule for that is the one cent (USD) per follower rule (Carbone, 2019). Secondly, the price also depends on the type of sponsored content. The influencer marketing campaign could for example be on Instagram a classic post which appears on the normal feed of the followers and remains on the profile of the influencer, or a story which can be seen for twenty-four hours on the platform. Lastly, the length of the campaign figures into

the price estimation. A one-time story post will cost less than an integration of multiple posts over a period of time (Mediakix, n.d.). To give an example for how high the costs for an influencer marketing campaign can be, the dutch beauty influencer Nikkie De Jager with an enormous follower base of over 10 million on Instagram allegedly earns 15,700 USD per single post on her Instagram profile (Hopper, 2018).

2.2.5 Disclosure Regulations

A present topic in influencer marketing which gets a lot of attention recently is the disclosure on sponsored posts. Due to regulation, influencers have the responsibility to clearly disclose their sponsored social media posts and the connection to the brand they are working with. Contrary to non-integrated social media advertisements, sponsored Instagram posts blend in more naturally with basic, non-sponsored ones in the users' news feed and therefore do not necessarily interrupt the users' social media experience (Abidin, 2016; Wojdynski & Evans, 2016; De Veirman et al., 2017). These kinds of posts which are sponsored by a company or brand can be recognized as a form of native advertising, which is defined as "any paid media advertising that takes the specific form and appearance of editorial content from the publisher itself" (Wojdynski & Evans, 2016, p. 157).

There is a frequent lack of accuracy concerning the relationship between the influencer and the sponsoring company or brand. Because of this, alongside with the rise and popularity of sponsored posts, it became a growing apprehension that consumers get confused about the paid nature of a recommendation from an influencer. They could rather see them as a trustworthy word-of-mouth affirmation directing them to deceptive persuasion (Kaikati & Kaikati, 2004; Fransen Fransen, Verlegh, Kirmani, & Smit, 2015; Evans, Phua, Lim, & Jun, 2017; De Veirman et al., 2017; Boerman, Van Reijmersdal, & Neijens, 2015).

The US Federal Trade Commission (FTC) guidelines (2015) as well as the EU legislation (IAB, 2006) point out that it is the consumer's right to know when they are shown any kind of advertisement. Furthermore, the FTC guidelines prescribe that the influencer has to clearly and noticeably point out any kind of material connection (e.g.

financial or free products) to the brand (FTC, 2017). In 2017, the FTC started to take a slightly more proactive approach by sending out educational letters to influencers, by non-compliance also followed up with warning letters, about the requisiteness of disclosure in their sponsored posts (eMarketer, 2018).

Due to the increasing relevance of the topic, several researches focused on sponsored advertisement's disclosure recently (e.g. De Veirman & Hudder, 2019; Evans et al., 2017; Van Reijmersdal, Fransen, Van Noort, Opree, Vandeberg, Reusch, van Lieshout, & Boerman, 2016). The research of Evans et al. (2017) focused on the effect of disclosure language used by influencers in their advertising on ad recognition, brand attitude as well as purchase and sharing intention by consumers on the social media platform Instagram. Their study demonstrates that explicit disclosure like "PaidAD" or "Sponsored" yields higher advertising recognition than unprecise disclosure like "SP" and no disclosure at all. Moreover, an explicit disclosure had a positive effect not only advertising recognition but also disclosure memory, which can potentially lead to a negative impact on brand attitudes as well as the user's willingness to further share the sponsored post (Evans et. al, 2017).

Additionally to this, Van Reijmersdal et al. (2016) discovered in their research on disclosure of sponsored content in blogs that disclosure activated the reader's persuasion knowledge which further evokes resistance strategies towards the advertising. As a result, the reader's purchase intention and attitude towards the advertised product were lowered (Van Reijmersdal et al., 2016).

De Veirman and Hudders' (2019) research investigate the topic of sponsored advertisement's disclosure and the consumers' responses to sponsored posts on Instagram. Their findings demonstrate that the inclusion of sponsorship disclosure has a negative effect on brand attitude as well as the influencer's credibility caused by ad recognition which generates scepticism. However, the negative effect on brand attitude only comes forward when the influencer uses a one-sided message instead of a two-sided message. Influencers posting real product recommendations based on own experience do well by explicitly mentioning the fact that the post is not sponsored instead of leaving the connection to the brand unclear (De Veirman & Hudders, 2019).

Nonetheless, regulations on this topic might still slightly differ between countries. For example, in Germany, influencers on Instagram have to clearly mark their posts with a hashtag that states "advertising" or "ad" when the picture indicates any brand or product even though the post is not sponsored and there is no business-related connection to the brand (Schnorr, 2018). Because of this and the increasing number of sponsored posts on Instagram, influencers also make use of the hashtag "#notsponsored" to point out that this is a sincere recommendation (De Veirman & Hudders, 2019).

2.3 Influencer Marketing and Co-Creation

Engaging in influencer marketing can bring several advantages for companies, as previously pointed out. However, not all influencer marketing campaigns look the same in practice. The layout and kind of the campaign depends a lot on the overall goal the brand wants to achieve with it. There are several ways in which brands can collaborate and engage with SMIs in order to obtain a benefit for themselves. These collaborations also benefit the influencer which can be of financial or material nature but does not necessarily have to. The influencer can also benefit through personal enrichment, different kind of experience, enlargement of his or her network and potential other business opportunities with even bigger brands arising from the initial one. The relationship between the brand and influencer can have different length. Some might only be for a one-time campaign and others might be for a longer period of time utilizing the influencer for example as a brand ambassador. Companies and influencers can establish several typologies of collaborations, based on different levels of co-creation. Indeed, the partnership settled during an influencer marketing campaign, is based on interaction and an active involvement of the two parties, in which they together create value and both benefit from them. These concepts match the building blocks of co-creation, stated twenty years ago by Prahalad and Ramaswamy (2000; 2004) and Vargo and Lusch (2004; 2006; 2008).

As deeply illustrated in the previous section, the first studies on S-D logic and co-creation mainly focuses on the relationship between company and customers. However, the literature has gradually moved toward a broader perspective: since the first roots of co-creation, Vargo and Lusch coined the concept of "value network partners" (2004) and "resource integrators" (2006) in order to introduce the concept of exchange between two parties. This concept is accompanied with the idea that value creation takes place within and between systems at various levels of aggregation, meaning not only with customers but among several economic and social actors. This approach has been further developed on the studies of Kazadi, Lievens, Mahr (2016) which examined co-creation among multiple stakeholders simultaneously during the innovation process. Moreover, the researchers of Ramaswamy and Ozcan (2018) introduced the idea of co-creation across a multiplicity of interactive system environments, providing a more updated and accurate description of the current digitalized world of interactions. Consequently, academical studies are gradually overcoming the idea to co-create solely with customer, and the opportunity to create value even with other stakeholders and company's partners is considered.

Influencer have a role in this scenario, since they represent one of the novel partners inside the company's network. As mentioned, influencer marketing is a form of business collaboration and marketing strategy (Newberry, 2019), and the influencer might represent one of the valuable network partners who the company could co-create with.

Taking a look at the academic research literature, co-creation in the social media context has been studied in several articles (e.g. Roncha & Radclyffe-Thomas, 2016; Kim & Choi, 2019; Kamboj, Sarmah, Gupta, & Dwivedi, 2018, Rathore, Ilavarasan, & Dwivedi, 2016, See-To & Ho, 2014). However, the main focus hereby was on brand or product co-creation between companies and consumers. There has not been any research specializing on the role of an influencer as the co-creation partner of a brand or company and on further analysing various degrees of co-creation based on different kinds of corporations done yet, not to mention within the context of the social media platform Instagram.

Up to this point, this chapter provided a presentation of the theoretical development of the concept of co-creation as well as a literature review on influencer marketing including necessary background information to provide the reader with a better understanding of the novel marketing trend. This research paper aims to give an insight to the cross-sectional topic of influencer marketing and co-creation. In the next chapter which introduces the conceptual framework of this study, among others, a detailed presentation of collaborations between influencer and identified levels of co-creation will be given.

3 Conceptual Framework and Hypotheses

This chapter starts with presenting the established conceptual framework for this research study by elaborating the independent and dependent variables as well as two moderators. As a next step six hypotheses for the later following analysis will be generated.

3.1 Conceptual Framework

The goal of this research is to analyse the relationship between co-creation and influencer marketing. In the previous chapter, the development along the years of the co-creation concept was illustrated. In particular, Vargo and Lusch (2004; 2006; 2008) together with Prahalad and Ramaswamy (2000; 2004) have been the main contributors for the definition of what nowadays it is commonly known as collaborative co-creation between company and customers.

During the following years, further researchers broaden the perspective and the concept experienced new changes and developments: Kazadi et al. (2016), and lately Ramaswamy and Ozcan (2018), suggested the idea of co-creation with multiple stakeholders "across a multiplicity of interactive system environments" as a more accurate description of the current digitalized world and the future trends on the business landscape.

The role of stakeholders of the company as co-creators of value and knowledge contributors has been identified, as well as, the company's capabilities required for managing and leveraging the participation of different players in co-creation activities (Kazadi et al., 2016). Consequently, the simple and exclusive co-creation collaboration between companies and customers has become outdated to reflect the current business environment.

An introductory contribution to this perspective was provided also by Vargo and Lusch (2004; 2006). They defined the concept of "value network partner" and "resource integrators", meaning all the potential players who surround the company and with which it is possible to collaborate in order to create value.

In this scenario, the concept of influencer marketing is introduced, with a particular focus regarding the valuable opportunities for a company in establishing co-creative collaboration with a new emerging stakeholder in the company's network: the influencer.

The novel topic of influencer marketing has rarely been combined with the established studies on co-creation in the academical field. However, influencer marketing campaigns are incrementally acquiring attention as a novel powerful marketing strategy for companies, driving engagement, company awareness, and overall sales.

The positive effect of co-creation, deeply illustrated in the previous chapter, was already confirmed in the studies of Chesbrough (2011), Cambra-Fierro et al. (2017), as well as Kennedy and Guzmán (2016).

In order to identify its contribution in an influencer campaign, between company and influencer, the following research question was developed:

What is the relationship between the level of company-influencer co-creation and the return on investment in terms of follower engagement on Instagram?

Moreover, the following sub-questions are implemented:

(1) What effect does the size of the social media influencer have on this relationship?

(2) What effect does the degree of match between the industry of a company and the field of expertise of an influencer have on this relationship?

A research gap between the two central topics "co-creation" and "influencer marketing" was identified. This study aims to contribute to the filling of the observed gap. In order to do so, the following conceptual framework is suggested:
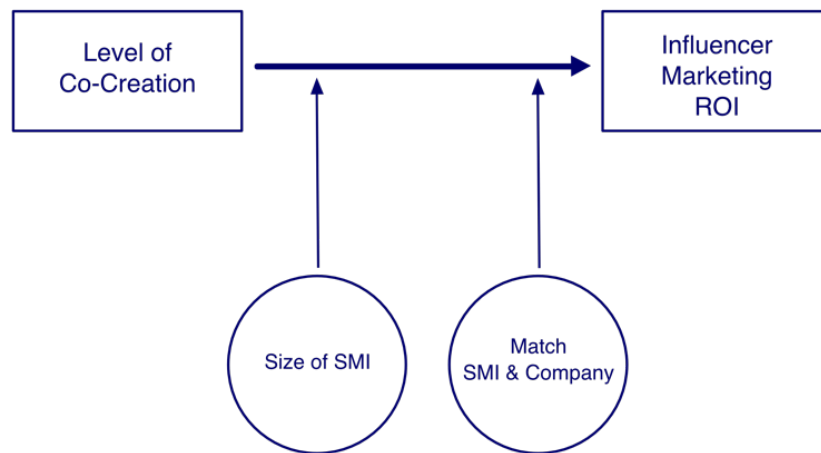
Figure 2: Conceptual Framework of the Study

The model shows a simple relationship between an independent variable, on the left side, and a dependent variable, on the right side. This connection is potentially influenced by two moderators, which are by definition any variable that affects the association between two or more other variables (Dawson, 2013).

3.1.1 Independent Variable

According to Malhotra et al. (2012), "independent variables are variables or alternatives that are manipulated (i.e. the levels of these variables are changed by the researcher) and whose effects are measured and compared" (p. 375). Moreover, they induce changes in dependent variables (Saunders et al., 2009).

Considering this study, the independent variable is represented by the "level of co-creation" which can be established between a company and an influencer within an influencer marketing campaign.

Different types of collaborations between SMIs and brands exist. The first and the most common one is defined as "sponsorship": the company provides the influencer with the goal of the campaign strict guidelines to follow. The influencer, on the other side, is paid to create and publish content for the brand on his or her social media profile (Barker, 2018). There are several types of sponsorship collaborations such as

podcast integrations, sponsored blog posts, and video content. Focusing on the social media platform Instagram, as the delimited context of this study, the most common ones are gifting products and simple sponsorships in form of visual posts. In the first case, companies give their products for free to top influencers, who later post about them. One example is the collaboration between the Italian macro-influencer Luca Vezil, and the Chinese multinational telecommunications equipment Huawei Technologies Co. Ltd. The last march 2019, the giant, as part of its marketing strategy, sent to the influencer the new Huawei P30 Pro, giving him the chance to try the new product and sharing the main features with his audience (Vezil, n.d).

The simple Instagram sponsorship, similar to gifting products, is the other common method to collaborate with influencers on Instagram. It implies that influencers are paid to post about the company's brand. This tactic can be particularly useful for launching a new product and catch the attention towards it. A well-known example is the collaboration established in 2018 between one of the most famous celebrity-influencers in the world, Chiara Ferragni, and the French luxury perfumes and cosmetics house, Lancôme (Gervasio, 2018).

"Invitations" to exclusive event is another similar example of collaborations. In the last years, influencers get even more invited to highly prestigious shows and ceremonies to which usually only celebrities and high class individuals were invited. Companies ask them to promote, share and keep the audience updated during and after the event, in order to generate more hype, buzz and discussion (Yesilevich, 2018). One example is the influencer marketing strategy implemented by Pala Casino Resort and Spa, which aimed to reach a younger demographic customer base. With the support of Hollywood Branded, an American entertainment marketing agency, the marketing team of the firm organized an on-site influencer event, inviting twenty-one influencers for properly covering all the components of the casino. The influencers had the freedom to visit and move around the location without pressure or constrains. The result was successful: the event's total reach was above twenty-eight million, and the created content resulted in over fifty thousands engagements (InfluencerMarketingHub, 2018).

Another type of influencer collaboration is called "paid shoutouts" and it consists on paying influential people to post a picture or a screenshot on their profile with a caption or link to the partners' profile, drawing attention towards it or even directly inviting their audience to follow the account as well (Barker, 2017b). This strategy is pursued for increasing the follower base, and consequently reach of the partner's profile, send people to webinars or events, and download free books. For example, in the Instagram profile of the celebrity influencer Christen Dominique, there are several posts with links and captions directed to the Instagram page of i•ENVY by Kiss (Dominique, n.d.) the cosmetic brand collaborating with the influencer.

"Guest content" is another identified category of influencer collaborations. In particular, on Instagram, the format "takeover" is the most famous type: the influencer does a full account or semi-account takeover by getting access and directly posting on the company's account, providing fresh and exclusive content (Barker, 2018). One example is the collaboration between Grand Hyatt, the American multinational luxury hospitality company and the Asian fashion and lifestyle macro-influencer Melissa Koh, who took over the account of the firm for few days during the New York Fashion Week in February 2016.

Considering all the typology of influencer collaborations illustrated, the "sponsorship", as the most classic one, keeps leading on Instagram over the past years. Moreover, the World Federation of Advertisers (WFA) published a study (2018) which states that 65% of multinational brands have plans to increase their investment on influencer marketing campaigns in the coming 12 months, mainly on the worldwide photo and video-sharing social platform Instagram.

However, a study by Morar Research, a European market research consulting company, shows an increasing disappointment (47%) among interviewed individuals regarding their attitudes towards influencers. They felt bothered, exhausted and bored by the almost equal and repetitive influencer posts on Instagram. Moreover, the influencers' lack of transparency and desire to make money were perceived (Bazaarvoice, 2018).

The gradually acquired company's awareness regarding these negative trends has led to the creation of new typologies of collaborations between company and influencer, in which the latter plays a more active role in the relationship.

An interesting and increasingly common example of this type of company-influencer collaboration is the one in which the influencer is publicly hired by the company and is personally and directly involved in the development of the product as advisor, creative director or product consultant (Solis, 2016; Barker, 2018). Companies can receive innovative and outside perspectives on their brand and products, from someone who deeply knows the target market and interacts with them on a daily base. From the other side, influencers who promote products which they have co-created, are perceived as more credible and reliable, compared when they promote sponsored goods. Moreover, they have an intrinsic motivation to put more effort on the promotion, in order to reach as many viewers as they can stating the output of their work (Barker, 2018).

The fashion industry provides a lot of good and recent examples regarding this new type of collaboration. In January 2019, H&M, the Swedish multinational clothing-retail company, announced the collaboration with the German actress, presenter and influencer Palina Rojinski for the launch of the new H&M denim collection. The firm and the influencer, whose style perfectly match the denim dress code, together designed and co-create the all new collection, as the result of the recognised expertise of H&M in the field and the novel suggestions and stimuli provided by Rojinski (Vogelsang, 2019).

Another example is the long-lasting collaboration of the Italian rapper, songwriter and influencer Fedez with one of the most famous Italian fashion multinational: Diesel. In March 2019, the rapper and the firm announced their new limited edition's collection, which reflects the style and personality of Fedez and the exclusive "urban" touch of Diesel. Similar to what Palina developed with H&M, Fedez and Diesel co-created all the products of the new collection, which includes jackets, sweatshirts, t-shirts, socks, hats and, of course, the classic Diesel denim clothing (Diesel.com, n.d.).

Besides what has been previously illustrated, between the traditional sponsorship agreement and the more recent and intense co-creation company-influencer, other emerging typologies of collaboration can be identified in the middle.

The collaboration of Nike with HarrimanSteel, a Dutch independent creative agency, provides some good examples of this trend, in particular, regarding the launch of two Nike sneakers: Nike Pegasus Turbo and Nike Phantom (Forsyth, 2018). For the first campaign, the agency helped Nike to identify the influencer from the running industry, who would best match the main traits and values of the launched product. Coach Lee, a marathon runner and influencer, presents the characteristics Nike was looking for: his passion for running as well as his ability to authentically share sport advices and moral boosters. The influencer actively shaped Nike's campaign, organizing participatory events and challenges, which led to a successful win-win collaboration (Forsyth, 2018). In the second campaign, Nike partnered with Edward van Gils, the first internationally known street football player, and together they created a participatory challenge through cross-platform videos. During both influencer marketing campaigns, Nike shows its awareness regarding the increasing importance of actively involving the influencers, and not merely encharging them to promote the company's product on their profile. The positive spillovers of this type of collaboration result in creative and effective campaigns, which consequently generate higher inspiration and engagement of the audience (Forsyth, 2018).

Similar to Nike's campaigns, content co-creation is the name used to classify another type of company-influencer collaboration, which positions itself in the middle between the classic sponsorship and the deeper co-creation of product. Content co-creation is a solution to the increasing need of companies to create higher quality and creative content, which is perceived as more authentic and positive by the audience, consequently leading to more successful campaigns. The basic idea is that, if the influencer has more control over the content, companies can benefit from engaging with a higher number of followers and acquiring their attention (Raman, 2015). As stated, this type of collaboration takes the relationship in which companies pay

influencers to post a previously defined content, which characterized the early days of influencer marketing, a step further (Esseveld, 2017).

It is important to underline that a higher level of influencer-company co-creation is not only pursued by highly recognized influencers. Also influencers with a lower following base have a closer and stronger relationship with their audience and pay attention to the type of content shared on their accounts. Content co-creation ensures them to keep their style and tone about the communication within their channel. Moreover, the exchange of thoughts and ideas between influencers and companies create a more authentic and impactful campaign leading to higher brand awareness and sales for the company. Additionally, influencers are enriched by this type of collaboration: the chance to have a voice in the creation of the content fosters their passion, authenticity and the feeling to be a part of the companies' cause, leading to a deeper connection with their audience (Esseveld, 2017).

One good example of content co-creation is provided by Vogue, the American fashion and lifestyle magazine, which launched a video-campaign "My Choice" in collaboration with the Indian actress Deepika Padukone under the direction of Homi Adajania in 2015. Vogue India and the actress co-created the content of the video, which starred ninety-eight women from different backgrounds in order to out a powerful image about women's rights. The very authentic content of the campaign led to successful results: the video went viral on social media with an audience of over five million people (The Express Tribune, 2015).

Naked Juice offers another powerful example of content co-creation. The partnership between the bottled smoothie brand and the lifestyle influencer Kate La Vie, is another example of effective content co-creation. La Vie shared shots of her daily life, combining her classical outfits and beauty essentials with Naked Juice products, with the underlying goal to support the brand, including the product in her daily routine (Cook, 2018).

Considering the several typologies of company-influencer collaborations illustrated, the independent variable of this study includes three different states. These explain

and group together the most common relationships between companies and influencers, in terms of intensity of co-creation.

The categorization takes inspiration from the blog of Join Influence, a Dutch influencer marketing agency which illustrated the novel trend "co-creation with influencers" (Join Marketing, 2017). The three clusters are called "Classic", "Innovation" and "Real Collaboration".

The "classic" level of co-creation corresponds to the typical sponsored influencer marketing campaign (Join Marketing, 2017). The influencer is paid for sharing content about the company's product using pictures and/or videos including a descriptive text on his or her social media account. At this stage, the level of co-creation is considered quite low because of the passive role of the influencer in the development of the campaign's content and product. Consequently, co-creation appears in the sense of the value-creating interaction by influencers advertising the company's product through their social media channel by simply "adding their name on it". "Sponsorships" are the most common and well-known types of collaboration with can be included in this category.

In the "Innovation" level of co-creation, the organization commits the influencer with the discussion on product innovations, welcoming external creative ideas and suggestions (Join Marketing, 2017). In addition, the influencer has more freedom regarding the content to be shared with the audience and plays a more active role on its development. This category represents a medium level of co-creation between company and influencer. Further, it includes the collaborations which have been defined as "content co-creation".

Finally, "Real Collaboration" corresponds to the highest level of co-creation identified, which is characterized by a deep relationship and an open dialogue between company and influencer (Join Marketing, 2017). At this stage, the latter is not merely involved regarding the content, but rather completely involved in the development of the product, actively playing a role in the influencer marketing campaign. The mentioned examples regarding the co-design of the new H&M and Diesel collection are part of this category.

3.1.2 Dependent Variable

Similar to every other marketing campaign, it is common and necessary to measure the outcome, effectiveness, and finally the return on investment (ROI) of the marketing efforts of an influencer marketing campaign.

The IAB (2018) suggests three metrics, when it comes to influencer marketing campaigns, which generally should be considered:

1. Reach Metrics,
2. Engagement Metrics,
3. Conversion Metrics.

The first metrics, the reach, can be simply described by the amount of people's eyes who saw the campaign. For a marketer, it is important that the actual message will be seen by the target audience. Hence, reach metrics can be helpful by providing a measurement to the marketer determining "how many people can potentially be influenced by a message" (IAB, 2018, p. 11). Usually, the focus was, when it comes specifically to influencer marketing campaigns, on the amount of followers the influencer has or, in other words, on how big the influencer's audience is (IAB, 2018). The different categories according to the size of an influencer are discussed more in-depth in the following section of this chapter. These kind of reach metrics are not instantly realizable, however, they can be useful in order to justify bigger marketing decisions (IAB, 2018). Moreover, the following size does not provide any information about the demographics of the influencers' audience and, thus, cannot ensure effective distribution (IAB, 2018).

In addition to this, it should be mentioned, that the user's news feed on Instagram is managed by an algorithm. That means not every follower of an influencer will automatically see the post of the influencer marketing campaign. Instagram users also do mainly scroll through the application, meaning that even though people "see" the post, there is no guarantee for them actually noticing it.

Moving on to the second type of metrics, the engagement can be understood as the actions undertaken by users on the influencers' post (IAB, 2018). On Instagram for example, the main actions are likes, shares, and comments. These are considered as vanity metrics and are easily measurable, also by the public (Backaler, 2018). To conclude, engagement metrics measure the impact of an influencer marketing campaign. Moreover, they can be seen as inadequate for the senior management who rather look at concrete numbers as sales and to whom a marketer finally has to justify the spendings of an influencer marketing campaign (Backaler, 2018). Nevertheless, engagement should not be underestimated. Only focusing on hard numbers like the amount of sales, can be too much of a narrow view, since it solely considers the short-term goals, but does neglect the long term relationship between the potential customer and the brand (Hoffmann & Fodor, 2010). Depending on the goal of the influencer marketing campaign, which, for example, can be to sell a product, but can also simply to raise brand awareness, engagement metrics can be very useful.

The third and last metrics suggested by the IAB (2018) are conversion metrics. This category describes how many users take further action on the influencers' post. This time action does not mean liking, commenting on, or sharing the post, it rather means actions like clicking on the companies' website, subscribing to a newsletter or service, and finally buying a product (IAB, 2018). Depending on the type of collaboration, influencers might share the link of the company's website or a promotional code to use for orders in the online shop of the company. These clicks and usages of the code can be valuable in measuring the success of an influencer marketing campaign. Nowadays, there are several tracking services which can be utilized to see, for example, how customers landed on the website and track back the efficiency of the campaign (HubSpot, 2017).

In addition to the metrics presented by IAB (2018), there is another measurement used for influencer marketing called Earned Media Value. It is rooted on the Advertising Equivalency Value, a measurement used in the public-relation sector to show what the earned media would cost if the company had to buy the advertising placement in

the medium it appeared in (Cookney, 2018). Similar to its origin, Earned Media Value is "a metric attempting to provide an arbitrary dollar value to earned social media content based on proprietary algorithms that include views, likes and engagements" (Cookney, 2018, para 4). Nevertheless, it is criticised for measuring success by how much it costs. Moreover, the Earned Media Value implies a parity between advertising placement and the social content of an influencer, which rather should be considered as two different variables and therefore also have different pricings. Lastly, it is argued that marketers are using the tool influencer marketing because their traditional advertising models are not working properly anymore and it is inaccurate to use these old measures for a novel and different model (Traacker, n.d.).

Taking these different measurements into account, it becomes clear, that there is not the perfect measurement for the ROI of an influencer marketing campaign yet. This can also be an explanation to why 76% of marketers considered measuring the ROI of Influencer Marketing as their main challenge for the year 2018 (Linqia, 2018). According to Linqia's (2018) study, the top three measures used by marketers for evaluating the success of an influencer marketing campaign are engagement with a high of 90%, followed by clicks with 59%, and also impressions with 55%. Conversions, however, followed impressions by only 1% less.

Returning to the conceptual framework of this study, one can see the dependent variable of this model on the upper right side of the illustration (figure 2): the ROI considered as the engagement rate of the influencer marketing campaign. "Dependent variables are the variables that measure the effect of the independent variables on the test units" (Malhotra et al., 2012, p. 375). In this case, it measures the effect of the different levels of co-creation of an influencer marketing campaign between a company and an influencer as the ROI in terms of generated engagement by Instagram users. The typical engagement rate formula for Instagram, which is also used by Open Influence, is as follows:

$$\textbf{Engagement Rate = (Likes + Comments) / Followers x 100}$$

Figure 3: Engagement Rate Formula for Posts on Instagram

Taking into account the great usage of engagement as a measure by marketers (Linqia, 2018), but also considering that solely engagement of the influencer marketing campaign might be a little too one-sided, a second dependent variable is included in the conceptual framework as well. This second dependent variable is called Delta ROI and represents the difference between the engagement rate of the campaign and the average engagement rate the influencer receives on his or her posts on Instagram. To put it in another way, with this variable one can see the efficiency of the influencer marketing campaign, since it compares its performance with the influencer's general average performance.

The study's cooperating marketing agency Open Influence was able to provide the researchers with both types of data, which enabled the calculation of the Delta ROI.

3.1.3 First Moderator: Influencer Size

The relationship between the independent and dependent variable is analyzed also considering the influencing effect of two moderators, influencer size and the match between the industry of the company and the influencer. These moderators are extraneous variables, which Saunders et al. (2009) describe as variables which might also have an influence on the dependent variable besides the independent. In this subchapter, the first one, size of influencer, is illustrated.

SMIs, the main protagonists of this study, can be classified regarding their size in terms of follower base. There are different categories used to describe them. Almost all of these classifications are made by influencer marketing experts and are discussed in blog posts and articles. The broadest classification is the simple differentiation

between micro- and macro-influencers. However, there are far more classifications and the definitions of and the categories themselves vary widely within the influencer marketing industry. To provide the reader with a better understanding how these categories can look like and what categories are chosen for this research, the main classifications circulating within the industry will be further explained.

Backaler (2018) differentiates between micro-influencer, category influencer, and celebrity influencer. In his definition "micro-influencers" usually do not have a big fan base and a wide reach. Nevertheless, they are very excited about and interested in a certain topic, product class, or brand. They like to share their excitement about this with their followers and friends, and give them recommendations on what to buy (Backaler, 2018).

The so called "category influencer" has an influence on a bigger audience compared to the micro-influencer. They share the similarity of focusing on a certain topic. The category influencers are usually considered as a reliable source by their followers when it comes to their topic due to them being a partitioner in this area, or being involved in any way in it, or having a high, expert-like level of knowledge on the topic (Backaler, 2018). Different categories can be for example beauty, food, or fitness. These influencers are not necessarily known within a broad audience; however, they can have a strong influence on people within their niche community (Backaler, 2018). Backaler (2018) further differentiates the category influencers into "Established" and "Emerging". Established category influencers already made a name for themselves within a particular community. Thus, emerging category influencers also have "a substantial, growing audience but [are] not as widely known within a particular community" (Backaler, 2018, p. 24).

The third category of influencers describes the celebrity influencers. Even though the name might indicate differently, these influencers do not necessarily have to be classic celebrities. Stars and celebrities, however, can also be celebrity influencers as long as they actually have an influence among a big crowd. Compared to the other categories their audience is more broad-based (Backaler, 2018). Besides traditional celebrities like for example entertainers, musicians, and actors, former category influencers, who

grew into the celebrity status, and also "high-profile individuals who have worked their way through the traditional gatekeeper system to achieve equivalent recognition and influence" (Backaler, 2018, p. 22) fit into the category of celebrity influencer. A good example for a celebrity influencer is the Italian SMI Chiara Ferragni. Starting with her own fashion blog called "the blond salad" in 2009 (Cochrane, 2016), she grew her follower base up to 16.3 million to the present day (Ferragni, n.d.).

The research and business intelligence firm L2 Inc (2017) separated SMI on Instagram into six categories which are classified solely by their number of followers. The first and smallest category of influence in their definition is also called "micro". The influencers in the micro category have between 5.000 and 25.000 followers. In the next category "small", the number of followers ranges from 25.000 to 100.000. The third category, namely "medium", displays a following base from 100.000 up to 250.000. The category is followed by the category "large", referring to Instagram influencer with 250.000 to one million followers. The two last categories defined by L2 Inc (2017) are called "mega" and "celebrity". Influencers in the mega category can have a following base starting from one million and going up to seven million, and influencers in the celebrity are having more than seven million followers (L2 Inc, 2017).

Porteous (2018) from socialbakers, a global company focusing on AI-powered social media and digital marketing solutions, has a similar approach to Backaler to categorise influencers. The smallest category in terms of follower base is also called "Micro-Influencers", having at least one thousand followers and going up to 100.000 followers. Micro-influencers are commonly very useful for introducing new products since they are able to raise awareness over a multiplicity of communities (Mediakix, 2018). They are characterized by their close relationship to their audience, in terms of engaging with them by usually liking comments and answering back. Compared to bigger influencers they do not charge high prices for collaborations with companies and cover accumulated a broad variety of niches (Porteous, 2018). These tiers got a lot of attention in 2018 with some experts actually considering them as being the most

important component of influencer marketing (Mediakix, 2018). A study by Launchmetrics (2018) showed that 45.8% marketers from the cosmetic, fashion, and luxury industry consider micro-influencers (here with a follower base of 10.000 to 100.000) as the most effective tier of influencers. These number was followed by 33.6% marketers of these industries considering macro-influencers (here with a follower base of 101.000 to 500.000), 11.3% considering celebrity influencers (here with more than 1.5 million followers), and 9.3% considering mega influencers (here with 501.000 to 1.5 million followers) as the most effective category of influencers (Launchmetrics, 2018).

The second category defined by Porteous (2018) can be compared to Backaler's "Category Influencer". However, it is called "Macro-influencers" and this type of influencers are considered to have a diverse follower base as well as a profound stance within a certain community. Usually, they already worked together with different brands and therefore have a higher level of experience. To be recognized in the class of a macro-influencer, the influencer has to have a higher number of followers than 100.000 (Porteous, 2018).

The third and last category of Porteous (2018) is called "Celebrities". They are known for their highly professional approach in working together with companies. Moreover, they have a huge audience with at least one million followers (Porteous, 2018). This category is often also described as "Mega-influencer" in the industry (e.g. Ismail, 2018).

One more category, which most marketers tend to not consider, is the one of "Nano-influencer" (Cohn, 2019). The term nano-influencer was coined and introduced to the mass through a New York Times article with the title "Are You Ready for the Nanoinfluencers?" by Sapna Maheshwari (Mediakix, 2018).

Generally, these influencers have a very small following base ranging from one thousand to five thousand (Ismail, 2019). According to the author of the New York Times article, Sapna Maheshwari, "Their lack of fame is one of the qualities that make them approachable," (2018, para 4). Moreover she adds, "When they recommend a shampoo or a lotion or a furniture brand on Instagram, their word seems as genuine

as advice from a friend." (Maheshwari, 2018, para 4). A lot of nano-influencers know the majority of their followers, which is why brands are assuming more authenticity through them as well as higher engagement, compared to bigger influencers who do not have a personal connection to the greater proportion of their followers (Mediakix, 2018). To their loyal followers, they are more of a friend persona, generating high credibility (Ismail, 2018). In addition, they can also be seen as "super fans" having a passion for specific topics and brands, which they might even directly approach themselves about their interest of collaborating (Cohn, 2019). Reasons for brands to approach nano-influencers can be based on the assumption that influencer marketing itself reaches a critical mass, leading to concerns of the market becoming saturated as well as it is becoming harder to recruit established influencers (Mediakix, 2018). However, they are typically only starting to grow an audience around a certain topic and are new to collaborating, which makes them less experienced and potentially more difficult to work with (Ismail, 2018). Looking at it from another perspective, they do not cost as much as bigger influencers and are considered to be more excited about this new kind of opportunity, which can lead to them posting a lot about the product or service of a company and over-deliver (Ismail, 2018).

As one can conclude, there are several different categories for differentiating between influencers used in the world of influencer marketing. They mostly describe the same type of influencers with slight differences.

Since this study aims to focus solely on larger influencers, the categories of micro- and nano-influencer are neglected. The two categories chosen for this study are macro-influencer and celebrity influencer. This aligns with the categories used by Open Influence to allocate the influencers in their portfolio as well as the provided data for the analysis. In this study, the category macro-influencer ranges from 100.000 to one million and the celebrity influencer category starts at more than one million followers.

3.1.4 Second Moderator: Company and Influencer Industry Match

In this section, the second moderator "match between company and influencer" is presented. The variable has the goal to study if companies and influencers from the same industry and field of expertise enhance or weaken the relationship between the level of co-creation and ROI, in terms of engagement rate.

Before starting a collaboration with influencers, companies have to consider several factors. Mostly, in order to find the right influencers for the company's brand, it is fundamental to acquire a deep understanding of the audience and the influencer itself (Barker, 2018).

Companies need to know their audience and it should be the same for the influencer and his or her audience. Moreover, parameters should be used to evaluate the influencer and his potential affinity with the company's brand. The most common ones are: reach, engagement, authenticity, personality and niche. The last two represent the main ones to consider in order to evaluate the chance to build an effective relationship. Personality means that the style of the influencer needs to align with the company's message and brand value, which will consequently lead to a relevant and appealing content. Niche, similar to the concept that the company's and the influencer's audience need to match, refers to the idea that the niche of the influencer and the company need to fit together. As an example, if a company produces a tech gadget, it makes sense to find influencers whose previous content deals with topics from the technology niche (Barker, 2018).

Moving a step further, in order to build an effective influencer marketing campaign, companies need to acquire the awareness that the influencer him-/herself can be considered as a brand and they are engaging in what can be defined as a co-branding collaboration.

As stated by Taryn Southern, a YouTube Influencer, "The fact is, the influencer has their own brand, so when a brand collaborates with an influencer you basically have two brands working together with potentially different values and ways of engaging with their audience—which can sometimes make things messy" (Backaler, 2018, p. 29). Thus, the central factors to consider in a collaboration are the main values and

traits which characterize the company's brand and the personal brand of the influencer. The company's industry and the influencer's field of expertise play a role on this, as the personalities of company and influencer consequently lead to values and strategic decisions.

Thus, in this study, one of the goals is to analyze if the match between the two industries may influence the effectiveness of an influencer marketing campaign, in terms of engagement rate, considering different level of co-creation which can be established between company and influencer.

The first step in order to develop the moderator variable "match" is to identify the company and influencer's industries to focus on.

A recent study has identified the industries which have used influencer marketing the most and were highly benefiting from them. These industries are beauty, fashion, health and fitness, travel and lifestyle, food and beverage, as well as entertainment (iFluenz, 2018). However, a shared idea is that influencer marketing is one of the few types of marketing being universal: there can be someone influential in all the industries. Thus, the idea is that when a company is able to identify who those people are and follow the right steps, an influencer marketing campaign can be effectively run, regardless of the company's industry and the influencer's field of expertise (Grin, 2018).

In this particular study, the data provided by Open Influence cover multiple industries. From the 150 influencer-company collaborations, five different company sectors and eight influencer sectors, with three of them being exactly the same are identified. These categories are: fashion, beauty, automotive, food, entertainment, lifestyle, mom, photography, and parents.

The heterogeneity of the data provided helps the researchers to generalize the results and observe the effect of the variables under analysis considering several different scenarios.

Regarding the particular match for each of the 150 collaborations, a Likert scale from one to five has been applied, in which (1) means "no match" and (5) means "excellent match".

Open influence did not provide data or information about the degree of the perceived match and the simple opinion of the researchers would have been too restricted and subjective. Thus, another method was assessed in order to objectively identify the level of the perceived match. The researchers developed a simple survey and randomly chose twelve CBS students with an age range from 20 to 25. The survey illustrated all the combinations of company-influencer industry provided by the agency with the numerical scale. The match between the two industries was calculated by the average from the twelve answers collected.

From the data provided by Open Influence to the simple survey, the moderator variable "match between company and influencer industry" has been defined.

3.2 Hypotheses

This subchapter illustrates and states the six hypotheses of this study. In the first section, the main hypotheses of the study about the connection between the level of co-creation company-influencer and ROI, in terms of campaign ROI and Delta ROI, are developed. The following sections present the effect of the two moderator variables, as the "size of the influencer" and the "match between company and influencer industry".

3.2.1 Relationship between Co-creation and ROI

As deeply illustrated in the literature review, several authors in the past introduced the main traits and benefits of co-creation.

Back to the early 2000s, the pioneers of the co-creation concept, Vargo and Lusch, stated that the engagement of customers and value network partners in co-creation

and co-production activities is necessary in order to gain a competitive advantage for firms (Vargo et al., 2007).

Later, Chesbrough's studies on open innovation foster the notion regarding the positive effect of co-creation and the importance to integrate customers more centrally to create the "customers' experience" (Chesbrough, 2011). Moreover, co-creation has been seen as a tool to enhance the relationship with customers, acquire their tacit knowledge and consequently escape from the commodity trap and the threat to be copied by competitors (Chesbrough, 2011).

Customer satisfaction, Word of Mouth (WOM) and loyalty have been demonstrated as the other factors on which co-creation shown its positive effect, allowing companies to create a superior value proposition and reinforce their competitive position (Cambra-Fierro et al., 2017). A similar finding was elaborated by Kennedy and Guzmán (2016) in the field of brand identity. In particular, co-creation facilitates the alignment of brand perception as well as brand identity, which consequently determine a consistent brand image and a positive customer experience (Kennedy & Guzmán, 2016).

The previous literature also contributes to the identification of potential different typologies of co-creation which can be established between companies and their network, defined as "value network partner" by Vargo and Lusch (2004).

Prahalad and Ramaswamy (2000; 2004) suggested that companies should focus on customers' interaction throughout dialogue, access, risk-benefits, and transparency, as well as, building an experiential environment in which customers can create their own unique personalized experience.

A more tangible approach is introduced by von Hippel (2001; 2005), around the concept of "user innovation". According to this perspective, customers are seen as practical resources, whose contribution is fundamental on co-creation activities regarding the enhancing and development of new or existing products and services (von Hippel, 2001; 2005).

Thus, following the argumentation of the presented researchers, the general effect of co-creation is considered as positive and effective.

Moving the focus to the influencer marketing field, the role of co-creation as positive force to gain a competitive advantage seems to be reasonable to assume. Several examples presented in the previous sub-unit, illustrate different typologies of collaboration which can be established between company and influencer, underlying the emerging trend towards a more intense and deep level of co-creation.

As mentioned, the early days of influencer marketing were characterized mostly by "sponsorship" agreement, in which the relationship between the two parties was limited to strict rules and tasks assigned by the company to the influencer (Barker, 2018). Over the years, the importance to satisfy the customers' need of more authentic, transparent and engaging content has increased (Bazaarvoice, 2018). Companies' awareness of this trend leads to new typologies of collaboration with influencers, which are characterized by a higher level of involvement and participation. The most common examples are content and product co-creation.

Nowadays, the typologies of collaboration in which the influencers have a voice on the content or product's development of the influencer marketing campaign seem to be even more important: they are increasingly adopted by several firms, from different sectors.

This study aims to connect co-creation theories with the influencer marketing field. The benefits of co-creation illustrated by the main theories which underpin this field of research and the greater trend to adopt a higher level of co-creation in the collaboration with influencers lead the researchers to the formulation of the first two hypothesis of this study.

The first hypothesis posits a positive relationship between the level of co-creation which a company can establish with an influencer and the return on investment, in terms of the engagement rate of the influencer marketing campaign ("Campaign ROI").

H1: The higher the level of co-creation, the higher the campaign ROI.

Similar to the first hypothesis, the second one hypothesizes a positive relationship between the same independent variable, meaning the level of co-creation, but introduces a new independent variable: the difference between the campaign ROI and the average influencer ROI (Delta ROI). The foundational idea is that if the difference is positive, the campaign ROI (derived from the collaboration between influencer and company) is higher than the average ROI (performed by the influencer) deducting a positive result of the campaign.

In this scenario, a positive correlation between the level of co-creation and Delta ROI is assumed. Moreover, the theories and examples provided in this sub-chapters are still valid for the second hypothesis, leading to the following formulation:

H2: The higher the level of co-creation, the more likely it is that the campaign ROI is higher than the average influencer ROI.

3.2.2 Integration of the First Moderator

The assumption was made that the category an influencer belongs to, or to be more precise, the size of an influencer in terms of number of followers, could possibly have a moderating effect on the ROI of the campaign and hence an effect on the Delta ROI.

It is important to once again point out that the ROI of the campaign as well as the Delta ROI are focusing on the engagement rate and not simply just the engagement. This makes a big difference since it means the engagement the influencer receives on his or her posts is relative to the influencer's number of followers. Obviously, one can expect a higher number of likes, shares, and comments for an influencer marketing campaign performed by a celebrity influencer with a reach to hundred thousands or even millions of followers, compared to a campaign executed by a nano- or micro-

influencer. Nevertheless, this does not necessarily mean that the engagement rate is also higher for bigger influencers and the results might indicate different.

The question "Does more followers equal better response?" is considered as one of the key questions in influencer and social media marketing circles (Sensis, n.d.). Influencer Marketing Hub performed an analysis of the engagement rate of over one million influencers across two of the leading social media platforms, Instagram and Twitter, in 2017. The results of the analysis show that on both Instagram and Twitter the average engagement rate an influencer receives, is bigger for influencers in categories with small numbers of followers compared to the categories with a higher following base.

Figure 4: Average Engagement Rate on Instagram and Twitter 2017. Adapted from Influencer Marketing Hub, 2018. Retrieved from https://influencermarketinghub.com/instagram-money-calculator/

Another study adding to the debate on effectiveness of different influencer categories, performed by Mediakix (2017), focusing on 742 sponsored posts from 16 famous brands working with micro- as well as macro-influencers simultaneously. The postings were analyzed according to their engagement rate, which was calculated here by adding together the received likes and comments and dividing them by the follower count of the influencer who made the post. The results of this study showed an engagement rate for macro-influencers, defined through a following greater as 100.000 followers, of 2.65%. On the other hand, micro-influencers, which are defined in this study by a following size from 10.000 up to 100.000, received a slightly higher engagement of 2.75%. Consequently, the difference of the engagement rate was as little as 0.1%.

Taking both studies into account and recognizing a trend which goes towards an average higher engagement rate of the smaller influencer categories, the following hypothesis is derived:

H3: The relationship between the level of co-creation and campaign ROI is stronger, when the influencers' size is smaller.

Since the relationship between the level of co-creation and return on investment is assumed to stay the same, when using the Delta ROI as the dependent variable, the further hypothesis is developed:

H4: The relationship between the level of co-creation and the likelihood that the campaign ROI is higher than the average influencer ROI is stronger, when the influencers' size is smaller.

3.2.3 Integration of the Second Moderator

As mentioned, the relationship between companies and influencers can be considered as a co-branding collaboration between the company's brand and the influencer's personal brand (Backaler, 2018). Both are characterized with different values and ways of connecting with their audience, leading to the need of always ensuring a good fit between the two parties, in order to implement an effective influencer marketing campaign.

Co-branding is defined as the alliance between two brands to work together, creating marketing synergy (Blackett & Boat,1999). When two brands are associated in a co-branding campaign, they send the signal that they share a common set of values and belong to the same cultural universe (Besharat, 2010).

The benefits of a strong partner brand result in higher quality perceived and improve consumer evaluations of the composite product (Rao & Ruekert, 1994). In addition, brand alliance is also influenced by the consumers' pre-existing attitudes toward the

individual brands and the level of perceived fit between them (Simonin & Ruth, 1998). In a brand alliances' perspective, these aspects underline the importance to accurately evaluate and identify the appropriate partner brands. In order to face and answer this requirement, a study based on the niche trend theory, analyzes the influencing factors of "co-branding fit degree", as the key element to impact the co-branding effect. The factors identified were brand image, target market and market position among partner brands (Yao, Wang, & Chu, 2012).

Brand image is the consumers' perceptions about a brand, as the result of the brand association in their memory (Biel, 1993). Thus, if the two brand images are positive and combined, the relationship is stronger and more effective. Target market refers to the sub-markets, supplied by the company with its products and services to meet other needs after market segmentation (Yao et al., 2012). In order to properly meet consumer's demand, the brands which interact with each other need to have similar target markets and a complete understanding of the consumers' characteristics and needs. Finally, market position is a brand's integrated market share in all its permeable regions. This is a factor to consider because different market positions lead to different adaptive brand strategies (Yao et al., 2012). Overall, several studies have shown that an high level of "Co-Branding Fit Degree", in terms of high brand image, target market and market position, leads to a better effect of co-branding (Yao et al., 2012). Considering this scenario, it is realistic to assume that the industry in which the company operates and the influencer's field of expertise can be considered as part of the co-branding fit factors leading to the fifth and sixth hypothesis of this study.

A high level of match between the sectors in which the company and influencer operate is supposed to lead to a stronger influence on the level of co-creation between companies and influencers and consequent ROI of the campaign in terms of engagement rate.

H5: The relationship between the level of co-creation and campaign ROI is stronger, when the match between company and influencer industry is higher.

Similar to the fifth hypothesis, the sixth one posits a positive influence of the industry's match on the relationship between the independent and dependent variable. The independent variable, level of co-creation, keeps being the same. However, as the second and fourth hypothesis, the difference between the campaign ROI and the average influencer ROI (Delta ROI) is considered as the dependent variable.

Thus, it is assumed that if the company's industry and the influencer's field of expertise fit, the effect is a stronger correlation between the level of co-creation and Delta ROI.

H6: The relationship between the level of co-creation and the likelihood that the campaign ROI is higher than the average influencer ROI is stronger, when the match between company and influencer industry is higher.

In the following chapter, the methodology of this study for testing the hypotheses will be presented. After that, in the results chapter, the acceptance or rejection of the hypotheses are demonstrated.

4 Methodology

This chapter illustrates the research methodology, which represents the structure and the basic foundation of this study in order to identify the way in which data are collected to answer the research question.

The process takes inspiration from Saunders, Lewis, and Thornhill's (2009) concept of seeing the methodology analysis as a metaphorical onion. The research onion illustrates the stages that must be covered when developing a research, and each layer describes a more detailed stage of the process (Saunders et al., 2009). In line with this approach, the chapter deals with the philosophy of science, the research nature, the research design including strategy, choices, and time horizon, and research tactics including data collection and data analysis.

4.1 Philosophy of Science

The first layer of the Saunders et al. (2009) onion model is named "research philosophy" and it relates to the development of knowledge and the nature of that knowledge, as the process by which it is developed. This concept contains assumptions about the way in which the world is viewed, which directly influences the research strategy and the methods chosen as part of that strategy (Saunders et al., 2009).

It is possible to think about research philosophy in two major ways: ontology, which represents the researcher's view of the nature of reality and epistemology, which illustrates the view regarding what constitutes acceptable knowledge.

Saunders et al. (2009), adding the axiology perspective, identifies four main research philosophies in management research, namely pragmatism, realism, interpretivism and positivism. However, this study takes a positivist stance.

According to the positivism philosophy, only observable phenomena and social reality will lead to the production of credible data and the "end product of such research can be law-like generalizations similar to those produced by the physical and

natural scientists" (Remenyi, Williams, Money, Swartz, 1998, p. 32). This project suits the positivism stance since prior to generating a research strategy to collect the data, a deep and extensive literature review on the field of influencer marketing as well as co-creation was realized. Consequently, the theoretical framework and the connected hypotheses developed are built on existing theories. Lastly, these hypotheses are tested and confirmed or refused, with the goal of leading to further development of the literature.

From an axiology perspective, which reflects the researcher's view of the role of values in research, this study is undertaken in a value-free way, where the researcher is independent of the data and maintain an objective stance. This concept represents one of the building blocks of the positivism philosophy (Saunders et al., 2009). In line with the studies of Remenyi et al. (1998), it is hard to alter the substance of the data collected in a positivist approach and "the researcher is independent of and neither affects nor is affected by the subject of the research" (p. 33). With regards to these assumptions, the data collected in this study are quantifiable observations which are subjected to an objective statistical analysis.

To further understand and explore the research philosophy, it is helpful to introduce the concept of research paradigms, which is "a way of examining social phenomena from which particular understandings of these phenomena can be gained and explanations attempted" (Saunders, et al., 2009, p. 118). Thus, the paradigm's main role is to generate insights into real-life issues and to help researchers to better identify their assumptions as well as the potential paths which they can follow.

There are four categories of social science paradigms, namely functionalist, interpretative, radical humanist, and radical structuralist. Burrell and Morgan (1982) developed this categorization following four conceptual dimensions: subjectivist, objectivist, radical change and regulatory perspective. Radical change relates to a critical approach to organizational life and suggests fundamental changes in the normal order of things, while regulation represents a less judgemental approach, offering suggestions within the existing state of affairs (Burrell & Morgan, 1982).

Because of its objective traits, the functionalist is the paradigm which best describes this study. The ontological position of objectivism represents the connecting thread between this paradigm, the positivism philosophy and the research process of this study. This paradigm is located on the objectivist and regulatory dimensions, and its approach is usually problem-oriented. Accordingly, the aim of this research is to provide insights and solutions to practical problems, in terms of improving the Influencer Marketing ROI of a company, leveraging the use of co-creation with influencers. This also reflects the regulatory aspect of the functionalist paradigm, in terms of the importance to identify a set of rational recommendations and explanations to solve a particular organizational problem within the current structure of the organization.

The external and objective philosophy of the positivist adopted in this study will influence the overall research process and the relationship between knowledge and the process by which it is developed. Furthermore, the way it is chosen to answer the research question is influenced by the research philosophy and research approach, which will be the concept presented in the next chapter.

4.2 Research Approach

Essentially, there are two different approaches being used in research. The first one is the deductive approach, which is adopted in this study. The other one is the inductive approach. To put it simply, deduction deals with testing theory and induction deals with building theory (Saunders et. al, 2009). Deduction is "a form of reasoning in which a conclusion is validly inferred from some premises and must be true if those premises are true" (Malhotra et al., 2012, p. 197).

Due to Robson (2002), the deductive research process can be partitioned into five consecutive steps. The first step circumscribes the act of deriving a hypothesis, i.e. "a testable proposition about the relationship between two or more concepts or variables" (Saunders et. al, 2009, p. 124), from the literature, as it was done in the previous

chapter of the conceptual framework. Secondly, the hypotheses are operationalized by defining the measures as well as the relationships between the variables or concepts. After this the hypotheses are tested. The fourth step contains the evaluation of the outcome. Finally, if necessary, the theory is modified considering the findings (Robson, 2002).

Deduction has certain significant characteristics. One of them is the aim to provide an explanation to the causal relationship between variables (Saunders et. al, 2009). This research fulfills this object by aiming to explain the causal relationship between the use of influencer marketing in terms of level of co-creation and the return on investment in terms of level of engagement. For testing the hypotheses, the data used for this research is of quantitative nature, which is considered as another characteristic of deduction (Saunders et al., 2009). Moreover, deduction stipulates the researcher "to be independent of what is being observed" (Saunders et al., 2009, p. 125), in order to comply with the principle of scientific rigour. Since the collected data is mainly based on fixed numbers and quantitatively measurable facts and information received from an influencer marketing agency, this requirement can be seen as fulfilled. Generalisation, the final characteristic of deduction (Saunders et al., 2009), can be achieved through a big enough sample and will be further explained in the section 4.5.1.3 of this chapter.

4.3 Research Nature

As previously mentioned, the definition and identification of the proper research philosophy and research approach, are fundamental steps in order to clearly define the research question. Another important contributor to this is represented by the clarification of the research purpose. The purpose of the research, namely research nature, can be exploratory, descriptive, and explanatory (Saunders et al., 2009). However, this categorization does not imply that a study has a single type of nature. Indeed, as illustrated by Robson (2002), the purpose of an enquiry can change over time, meaning that the research project may have more than one purpose and the research question can be both exploratory and descriptive or exploratory and

explanatory. This project can be classified as a combination of an explorative and an explanatory research nature.

In particular, an exploratory study has the goal to find some new phenomena and try to describe them. Exploratory research can be conducted in three ways, such as searching for the literature, interviewing experts in the subject, and conducting a focus group interview (Saunders et al., 2009). Robson (2002) associates to this research nature the role of "seeking new insights, asking questions and assessing phenomena in a new light" (p. 59). Thus, as pointed out by Adams and Schvaneveldt (1991), the flexible and adaptable traits which characterize this approach are translated in an initially broad focus, which becomes progressively narrower as the research progresses.

An explanatory study tries to establish and explain causal relationships between variables, studying a particular situation or problem. Thus, according to this research nature, data are collected in order to identify the main variables of the study and try to explain why things happen (Saunders et al., 2009).

Explanatory research can build on exploratory research, and this is the case of the current study. Firstly, according to an explanatory approach, some well-defined theories were identified and applied in the area of study. Consequently, a theoretical framework was developed, with the awareness regarding the importance to be flexible and open to change of direction, as the occurrence of new or different data and insights. Such a twist could be seen, for example, after the first meeting with the influencer marketing agency Open Influence. From the theory, three different categories for the size of influencer were identified. The meeting provided the researchers with more practical insights and made them realize that using all three categories might be too broad, which is why the decision was made to solely focus on the bigger categories and neglect the small one. Another example concerns the definition of the dependent variable "Influencer Marketing ROI". The cooperation with Open Influence led to a more specific identification of ROI in terms of not only

limiting the considerations to the single campaign ROI but rather putting it in context to the average ROI of the influencer.

The broad focus and the flexible traits which characterize the exploratory nature of this study create the foundation for the explanatory nature of the project, which lead to the second purpose of this research: besides exploring the new field of influencer marketing in combination with co-creation, this study aims to understand and gather a clearer view on the correlation between the independent, moderator, and dependent variables identified. This latter purpose matches the explanatory nature of this study, confirming how different research natures can fit inside the same project as long as the research purposes are clear and well-defined.

4.4 Research Design

In this section of the methodology chapter, the research design of this study is presented, covering the topics research strategy, research choices as well as time horizons. The research design can be seen as a process of translating the research question into a research project (Robson, 2002). In other words, the following research design is a general plan on approaching the research question (Saunders et al., 2009). As a starting point for this section and in order to recall to the mind, the study builds on the following research question:

What is the relationship between the level of company-influencer co-creation and the return on investment in terms of follower engagement on Instagram?

4.4.1 Research strategy

The general objective is to study the causal relationship between the use of influencer marketing as in level of co-creation and the ROI of the campaign. This objective serves as a base for the choice of the research strategy.
According to Yin (2003), the research strategy is not constrained by the nature of the research being exploratory, descriptive or explanatory. Some strategies are

supposedly assigned to either the deductive or the inductive approach, which however, can be also considered as too simplistic (Saunders et al., 2009). Therefore, the focus should not be on "the label that is attached to a particular strategy" (Saunders et al, 2009, p. 141), but rather, if it enables the researcher to answer the underlying question and achieve the objectives of the research project (Saunders et al, 2009).

In this research, a lot of thought was put into what kind of data is needed in order to achieve the overall objective, and further, on how the researchers could get hold of this kind of data. The focus thereby was on finding a way to get informative insights about the collaboration between the brand and influencer. The choice of research strategy was strongly influenced by these considerations and finally fell on the research strategy case study.

The case study strategy is defined as "a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence" (Robson, 2002, p. 178). Influencer and influencer marketing as a whole is considered as the contemporary phenomenon. The real life context in which influencer marketing is practised is confined to the social media platform Instagram in this study.

Furthermore, Yin (2003) differentiates four different case study strategies underlying the following two distinct dimensions:
1. Single versus multiple case,
2. Holistic versus embedded case.

Considering the first dimension, it could be argued that the research concentrates on a single case, utilizing data from one influencer marketing agency. However, the cooperation between the brand and the influencer is in the focus of the study and not the influencer marketing agency itself. These cooperations function as stand-alone cases themselves, arguing for the multiple case strategy.

According to Yin (1994), "every case should serve a specific purpose in the overall scope of inquiry. Here, a major insight is to consider multiple cases as one would consider multiple experiments—that is to follow a replication logic." (p. 45). The central idea behind using multiple cases is to see if the findings of the first case correspond with the ones of the others and consequently to draw generalisations from them (Saunders et al., 2009), which then again aligns with the positivist stance or the research as well as the deductive approach.

Continuing with the second dimension by Yin (2002), this study can be classified as an embedded case study. The holistic case study "is shaped by a thoroughly qualitative approach that relies on narrative, phenomenological descriptions" (Scholz & Tietje, 2002, p. 9). The embedded case study, however, is not restricted to qualitative analysis and usually investigates more than one unit or object. In this research, the subunits of the different collaborations between the influencers and companies are considered to be, for example, the industries the brands are operating in as well as the topic of the influencers' account, and also the different size categories. Furthermore, the embedded case study allows the possibility of using multiple methods in the subunits (Scholz & Tietje, 2002). Consequently, "hypotheses may be formulated, quantitative data sampled, and statistical analyses applied." (Scholz & Tietje, 2002, p. 10), as it is done in this research.

In conclusion, this research strategy is an embedded multiple case study.

4.4.2 Research Choices

In earlier segments of this methodology part, it was already briefly mentioned that this research applies a quantitative approach. Quantitative research is broadly defined as "research techniques that seek to quantify data and typically, apply some form of measurement and statistical analysis" (Malhotra et al., 2012, p. 187). In other words, the quantitative approach refers to any data collection method and data analysis technique that utilizes or brings forward numerical data (Saunders et al., 2009). In contrast to this, qualitative research works with rather non-numerical data typically deduced from data collection techniques, such as interviews (Saunders et al., 2009).

Moreover, qualitative research makes use of a small sample size contrary to quantitative research utilizing bigger samples in order to generate representative findings (Malhotra et al., 2012), as it is an objective in this study.

Regardless of being qualitative or quantitative, there are multiple method choices. The first distinction to be made is between the use of mono methods or multiple methods. Mono method refers to "a single data collection technique and corresponding analysis procedures" (Saunders et al., 2009, p. 151). As the name already indicates, multiple methods stands for the usage of "more than one data collection technique and analysis procedures" (Saunders et al., 2009, p. 151) in order to answer the research question. In this study, however, a mono method is used. The data needed in order to answer the research question can be gathered through the secondary data collection method and subsequently analysed statistically, which is described in-depth in section 4.5.

4.4.3 Time Horizon

There are two different kinds of time horizons in research: cross-sectional and longitudinal (Saunders et al., 2009). The latter one refers to a studies conducted over a longer period of time, which is why the question the study is based on is "Has there been any change over a period of time?" (Bouma & Atkinson, 1995, p. 114). The cross-sectional study concentrates on a "particular phenomenon (or phenomena) at a particular time" (Saunders et al., 2009, p. 155). This study analyses the rather novel phenomenon of Influencer Marketing in combination with co-creation at the current point of time. The objective is to compare the different influencer marketing campaigns, which were all performed in the same time-frame, without the need or possibility of seeing any changes during the period of analysis. Therefore, its time horizon is cross-sectional.

4.5 Research Tactics: Data Collection and Analysis

In this chapter the decisions about research tactics are discussed. These decisions focus on the data collection method and the subsequent analysis technique.

4.5.1 Data Collection

4.5.1.1 Case Description

The collaboration partner of this research in the influencer marketing agency Open Influence. Open Influence is a worldwide leading marketing company that helps brands and advertisers engage, build and grow their desired audiences through social media (Crunchbase.com, n.d.). The agency, firstly named "Instabrand", was found in Los Angeles in 2013 by two brother, Alex and Eric Dahan, with Felix LaHaye and Joey Chowaiki (Inc., 2018).

During the following years, the growth has been exponential and in 2017 the founders implemented a rebranding operation in order to reflect the international and flexible reach and voice of the company. "Instabrand" turned into "Open Influence" and nowadays there are several satellite offices across the globe, as in San Francisco, Chicago, New York, Milan (home of the European market and second office in terms of numbers of employees) and London. In the upcoming months, new offices will be opened in Hong Kong and Dubai. They offer support in 15 languages, run campaigns and establish collaborations with leading brands from a variety of industries. Examples are Toyota, BMW and Ford from the automotive industry, British Airways, Qantas and American Airlines from the travel industry, Martini, Coca-Cola and Nespresso from the customer goods industry, Pixar, MTV and Warner Bros from the entertainment industry, Clinique, Dove and Douglas from the beauty industry, Fossil, Mont Blanc and Armani from the fashion industry, Puma, Celsius and Asics from the fitness industry (Open Influence.com, n.d.).

The success of Open Influence has been confirmed with the nomination in the 37th annual Inc.5000 list., which includes the most successful companies within the American economy's most dynamic segment. In addition to Inc. 5000, Open Influence has been featured in the Inc. 30 Under 30 and Forbes 30 Under 30 lists (Open Influence, 2018).

The leading position on the influencer marketing field played by Open Influence is the result of the big amount of influencer data and artificial intelligence tools available

for the company: the proprietary platform managed the industry's largest collection of influencer data and its Amazon's machine learning software and image recognition analyze more than 70 million pieces of content from over 300,000 influencers and counting (Crunchbase.com, n.d.).

The integration of Amazon Rekognition software, the AWS deep-learning based computer vision service, with Open Influence's proprietary platform represents one of the main advantage and source of value for the agency: it allows to adopt a label criteria, which ensure customers to use a real-time visual search on hundreds of millions of images. The labels are cross-referenced with first-party engagement data and "they allow to predict detailed engagement metrics of when influencers post about specific topics and products and to reduce the amount of time for marketers to look for the right influencer who matches the brand's requirements" (Larsen, 2019).

The excellent quality search is ensured by using the DetectLabels API action from Amazon Rekognition. At first, it scans and deeply analyzes images and lately it tags them with the corresponding objects, activities, and scenes (Larsen, 2019).

Open Influence's team collaborates closely with every client to develop award-winning creative strategies: the agency is contacted by a company-client who is interested in advertising a particular product or service on social media, using an influencer marketing campaign. Open Influence, together with the client, develops an actionable brief. The in-house creative team of Open Influence identifies a variety of innovative strategies for each brief in order to meet the client's business objectives (Open Influence Company Deck, 2019).

Lately, the machine learning technology of Open Influence is able to identify who is talking about that product or service on social media, accurately analyzing each piece of content, building comprehensive influencer profiles and rating them based on engagement. Finally, the agency selects the influencer who best fits and meets the customer's brand expectations and requirements, in order to start the influencer marketing campaign. For the whole period of the campaign, Open Influence provides clients with real-time transparency and control, as well as ongoing analysis and comprehensive post-campaign reports (Open Influence Company Deck, 2019).

To conclude, Open Influence can be considered as a full-service influencer solution that combines the proprietary technology platform and industry insights to deliver consistent quality content and ROI (Open Influence, n.d.).

Its worldwide recognition as a service provider to the world's most discerning brands ensures the researchers a collaboration with a reliable and valuable partner and source of data.

4.5.1.2 Data Collection Method

The chosen data collection method for this research is secondary data. Secondary data can be generally described as "data collected for some purpose other than the problem at hand" (Malhotra et al., 2012, p. 55). It is not data collected by the researcher to solely answer the research question, which would be considered as primary data (Saunders et al., 2009). Secondary data can be published information from, for example, business and governmental institutes, which is freely available for the public (Malhotra et al., 2012). However, a lot of secondary data retrieved by business are not accessible to the public due to reasons like confidentiality. This is also the case of the data stored in the customer database of Open Influence. The collaboration with the agency offers rare access to secondary data which provides this study with deep insights into the field of influencer marketing.

Malhotra et al. (2012) stated this general rule when it comes to secondary data:

"Examination of available secondary data is a prerequisite to the collection of primary data. Start with secondary data. Proceed to primary data only when the secondary data sources have been exhausted or yield marginal returns." (p. 119)

Furthermore, secondary data can be classified into two groups: internal and external data. The latter refers to data which was generated outside of the organisation. On the contrary, internal data is originated within the organisation and can be further classified into "ready to use" and "requires further processing" (Malhotra et al., 2012).

The internal data derived from the customer database of Open Influence was mainly ready to use, except the variable match between influencer and company, which needed further processing.

As a first step, in order to address the research problem, a detailed literature review was performed to point out the useful measures and variables. Once the necessary data was carved out, different possible ways of conducting them were discussed. For example, it could have also been an option to approach multiple companies which use influencer marketing, or to do the same with the influencers instead. However, these options were neglected due to higher expenses in terms of time. Additionally, the likelihood, that companies or influencers were willing to share this kind of data was considered as very low after a few trials of getting in touch with either and being rejected. Hence, specialised marketing agencies were contacted via email and private messages on the professional platform LinkedIn. The response rate of only three agencies was rather low considered the multiple agencies the researchers contacted. After emailing, talking on the phone as well as a company visit, the influencer marketing agency Open Influence agreed on collaborating on this research and providing the necessary data.

On the one hand, there are some general advantages in the use of secondary data as a data collection method. Firstly, the secondary data is usually easily accessible (Malhotra et al., 2012), which might be the case for the data retrieved from the public sources. For this research project, the data turned out to be easily accessible, once the researchers and the influencer marketing agency were in touch and agreed upon cooperating. However, without this contact and the willingness of the agency to work together, the data would not have been that easily to access. Secondly, secondary data is comparably cheaper to other data collection methods (Malhotra et al., 2012). When only financial means are considered, then the obtaining of the secondary data was for free in this case. Nevertheless, the work which was done prior to receiving the data in terms of time was quite high. Lastly, secondary data can be quickly obtained

(Malhotra et al., 2012). Not even a week after Open Influence agreed to collaborate on the research project, the data was ready for the researchers to work with.

On the other hand, there are also disadvantages using secondary data. The usefulness of the data for the addressed problem could be limited (Malhotra et al., 2012). Since all of the needed type of data to answer the research question was provided by Open Influence, limitation of data is not an issue in this research. Another disadvantage concerning secondary data could be that the relevance regarding the objectives, nature and methods which were used to collect the data might be outdated (Malhotra et al., 2012). However, the recency of the collection is rather novel considering it was done within the last six months. Other concerns are that the data might have a lack of accuracy as well as that it is not up-to-date or not dependable (Malhotra et al., 2012). These concerns can also be dismissed in this case, which is explained more in-depth in section 4.5.3 Credibility of research findings, which deals with reliability, validity, and generalisability.

4.5.1.3 Variables Specification & Sample Description

In chapter three the conceptual framework of this study and the underlying variables were introduced. In this section the variables will be described in more detail.

The first variable is the independent variable "Level of Co-Creation", describing the kind of collaboration between the company and the influencer. The level of co-creation has three different values: (1) Classic, (2) Innovation, and (3) Real Collaboration.

In the conceptual framework the dependent variable of the research is the ROI, in terms of engagement rate. Open Influence provided two slightly different sets of data on the ROI, which they normally use in order to compare the outcome of the campaign. Both are considering the ROI in terms of engagement. According to Open Influence, they use the standard formula for engagement, meaning the accumulation of likes, shares and comments divided by the follower base of the influencer. The first

variable is the campaign ROI, which states the engagement in percentage of the social media campaign. The lowest value is 0,83% and the highest goes up to 11,01%. The second data set states the average engagement of the influencers, which lowest value is 1% and highest value is 10%. With the two data sets the second dependent variable is calculated: the difference between the engagement of the campaign and the average engagement of the influencer, called DeltaROI. A positive value indicates that the engagement of the campaign was higher than the average engagement the influencer yields with his or her posts.

As introduced in the conceptual framework, it is assumed that the relationship between the level of co-creation and the ROI of the campaign is moderated by two variables. The type of variables which might also have an influence on the dependent variable are called extraneous variables (Saunders et al., 2009). The first extraneous variable in this study is the size of the influencer in terms of number of followers. The influencers were divided in two categories: (1) macro-influencer, with a bigger follower base than 100.000, and (2) celebrity influencer, with a follower base bigger than 1.000.000. The numbers of followers were recorded on the first day of the influencer marketing campaign and are assumed to not drastically change according to Open Influence during the time of the campaign.

The second extraneous variable is the fit or match between the sectors of the company and the influencer. As mentioned in a previous section, Open Influence provided data on each the companies' industry as well as the field of expertise of the SMI. Five different company sectors and eight influencer's sectors were identified with three of them being the same. The match between the two was calculated by the average from the answers of a short survey performed in order to obtain objectivity. The match can range from (1) no match, (2) low match, (3) moderate match, (4) good match, up to (5) excellent match.

Due to data protection regulations, Open Influence could not provide any further details on the different cooperation, companies and influencers. However, the sample

states a solid size of 150 cooperations between European companies and influencers from various industries.

4.5.1.4 Credibility of Research Findings: Reliability, Validity, and Generalisability

Saunders et al. (2009) identified reliability and validity as the two main criteria in order to evaluate the data available. Moreover, in the case of secondary data, as the current study, particular attention needs to be given on the method by which the data were collected as well as its source.

Reliability is defined as the alternative researcher's ability to reveal similar information (Saunders et al., 2009), meaning the extent to which the data collection techniques or analysis procedures will yield consistent findings. Saunders et al. (2009) categorized four main types of threats to research reliability: participant error and bias, and researcher error and bias.

Using secondary data as data collection method, the understanding of the techniques, context, and the process is fundamental to assess the reliability of the data.
The 150 collaborations between companies and influencers provided by Open Influence can be considered as the main "participant". The collected data are illustrated on an excel sheet which was filled out by the Open Influence team and shared with the researchers via email. The analyzed sample was identified by the agency, which selected the 150 collaborations and provided information regarding the size of the influencer, level of co-creation, influencer's field of expertise, company's industry, and average influencer and campaign engagement for each of them. In this sense, Open Influence can also be considered a co-researcher on this project, having the role of intermediary between the actual researchers and the analyzed sample.

The data collection process can be subject to several participant's biases and errors. Since the participants considered as the 150 collaborations did not have any influence on the data collection process, this kind of bias and error can be neglected. Nevertheless, the co-researcher Open Influence filled out the excel file enabling them

to the role of the participant which amplifies the need to maintain the examination of potential participant bias and errors.

For example, the absence of the researchers when Open Influence's team filled out the excel file, could have allowed the participant to subjectively and superficially complete the tables with the data, being out of the researchers' pression, supervision and control. However, the participant's biases and errors has been preemptively managed and reduced: the researchers conducted a personal meeting with the European CCO, Marco Marranini, in the Italian headquarter of Open Influence in Milan. On that occasion, the objectives of the research, the conceptual framework and, above all, the data required to realize the analysis have been deeply explained and clarified. Moreover, a detailed scheme of the excel file, lately used to collect the data, was developed together with the agency, also defining a precise legend about how to fill the document. In addition, most of the variables identified are numerical, as the ROI in terms of engagement and the size of influencer, further enhancing the objectivity of the collecting data technique.

Considering the nominal variables, as the level of co-creation and the company sector, an open dialogue was built between the researchers and the participant, in order to gather a common understanding of the different categories and objectively determine the belonging of the 150 collaborations to each of them.

Open Influence's Amazon IT software is another tool which helps to reduce the participant bias. In particular, it allows to objectively identify the influencer's sector in each collaboration, removing any chances that it could have been affected by the judgement of Open Influence.

Finally, the researchers met Open Influence's team in advance considering the deadline to finalize the project, ensuring the participant to have the required time to prepare the data unhurriedly and without pressure, which could have led to potential errors or inaccurate approximations.

It is important to specify that the researchers did not have a personal relationship with the participants. This aspect could have allowed a faster and easier collection of the data but also participant and researchers' biases and errors about the amount and type of the information shared and analyzed (Saunders et al., 2009). The good timing, the

positive first contact through the professional platform LinkedIn and the ability to work with a valuable institution as CBS were the determining factors for the willingness of Open Influence to collaborate with the researchers.

From the other side, as mentioned in the studies of Dochartaigh (2002), the reputation of the source is a fundamental index for the reliability and accuracy of the data provided. Open Influence is a worldwide leader as an influencer marketing agency (Forbes, 2017) which also contributed to the credibility of their data and further allowed to build a powerful and trustworthy professional relationship with the researchers.

Considering what Saunders et al. (2009) define as resources' biases and errors, the identification of the variables and data needed to conduct the research are the results of an iteration process, mediated by valuable suggestions provided by the researchers' supervisor. Consequently, the framework and draft table are the result of a long improvement path, with the aim to reduce the emerging of potential research errors. Finally, the researcher's bias is any factor which induces bias in the researcher's acquisition and interpretation of responses (Saunders, 2009). The reliable and numerical data provided by the participant are difficult to be manipulated or subjectively analyzed by the researchers. The information shared follow what had been previously agreed on during the meeting in the headquarter of Open Influence. The match between the company and influencer sector was the only variable which could have been subjectively determined by the researchers, because the participant shared information solely regarding the industry of the company and the field of expertise of the influencer, for each collaboration sampled. Thus, the participant did not share data regarding the match perceived. In order to manage and reduce the potential researchers' bias of personally interpreting this data, a survey was conducted. The researchers develop a simple questionnaire illustrating all the typology of collaboration in terms of company-influencer industry. The participants were then asked to rate the match on a five-point likert scale from (1) no match up to (5) excellent match. Twelve CBS students answered the questionnaire and the average responses for each match was calculated. This simple survey allows the research to

gain objectivity on the determination of the match perceived, ensuring again the reliability of the data collected and reducing researchers' biases.

According to Saunders et al (2009), validity is the second fundamental criteria needed to evaluate the credibility of the research findings. It studies the casual relationship between two variables, and evaluates "whether the findings are really about what they appear to be about" (Saunders, 2009, p. 157).

Robson (2002) identified six main threats of validity: history, testing, instrumentation, mortality, maturation and ambiguity about causal direction. Considering this study, since no variables have changed during the length of the influencer marketing campaign and the gathering of the data, they can be considered as valid. Moreover, no changes occurred as a result of practice and experience gained by the participants. Open Influence immediately expressed their interest on participating in the research and the willingness to share valuable data. The researchers personally met the agency only one time, explaining the goals of the research and data needed. After one week all the required data were received, following the objective and strict criteria defined during the meeting. In this sense, the validity of the data is further demonstrated also from a testing and instrumentation point of view.

Finally and most importantly, the research clearly demonstrates a causal relationship between two variables, meaning the effect of co-creation level on Influencer Marketing ROI, in terms of influencer campaign engagement and the ratio between the influencer campaign engagement and the average influencer engagement.

External validity or generalization is another typology of criteria used to identify the credibility of the data, meaning "whether the findings may be equally applicable to other research settings" (Saunders et al., 2009, p. 158).

The data gathered from Open Influence concerns 150 different collaborations between company and influencer during the last six months. The sample has been selected by the agency, using collaborations from their customer database, with heterogeneity regarding the size of the influencer, the level of co-creation, and the sector of the company and the influencer. Statistical analyses usually require a minimum sample

size of 30 (Saunders et al., 2009), thus it is possible to develop generalization from the findings of this study. Moreover, even If Open Influence is the only source of data for this research, the type of information gathered from the agency is not exclusive. Indeed, it is possible to collect this type of information from another influencer marketing agency. Consequently, it is possible to study another sample of the same population identified in this study, referring to collaborations between company and influencers in terms of the level of co-creation established between them.

To conclude, the results of this research can be considered as generalizable, considering the sample size and that the research could be performed the same way within another setting yielding the same or a similar outcome.

4.5.1.5 Data Access and Research Ethics

Access to the appropriate source and possible ethical concerns that could arise are critical aspects for the conduct of research, mostly if the data used are secondary as in this study. The appropriateness of a source will depend on the research question, objectives and research design (Saunders et al., 2009).

Considering this study, the best source of data needed to conduct the analysis is represented by an influencer marketing agency. Consequently, as soon as the research question had been developed, the researchers started to get in contact with the most important agencies in the field, looking for the gatekeeper who makes the final decisions as to allow or not the researchers to undertake the research (Saunders et al., 2009).

At the first stage, the researchers could not gain physical access to any of the agencies identified, mostly due to concerns about the confidentiality of the information that would be required. However, after a few weeks and the development of new contacts, the researchers were able to gain physical and cognitive access to the precise data needed to answer the research question and establish a valuable collaboration. Considering this study, the main strategies which helped to gain access were a clear introductory message to get in contact with the gatekeeper and provide a clear account of the purpose of the research. Moreover, organizational concerns regarding the limited amount of time and resources for the implementation of the collaboration were

overcome by clarifying the essential data which did not require a lot of effort from the agency's side. Another typical concern is related to the confidentiality of the data (Saunders et al., 2009). This problem was set aside, since the data handed out by Open Influence censored the names of the companies as well as the influencer studied. Additionally, the connection of the research with CBS and the supervision on this study ensured by a CBS marketing professor, helped to enhance the credibility of the researchers' position, consequently boosting the collaboration.

Besides accessibility, ethics is the other critical aspect to be considered when conducting a research. In general, ethics is defined as the appropriate behavior which needs to be adopted in order to respect those who become the subject of the work, or are affected by it (Saunders et al., 2009). Consequently, research ethics means that the researchers have to ensure that the way in which the research is designed is both "methodologically sound and morally defensible" to all those who are involved (Saunders et al., 2009, p. 184). The main ethical issues are, for example, the privacy of the participants, the maintenance of the confidentiality of data provided by them and the effects on participants regarding the way in which data are used, analyzed and reported (Saunders et al., 2009). The current study is free from ethical issues since the usage of the data has no effect on the participants and the agency. The provided data about the 150 sampled collaborations are anonymous: the name of the influencers and companies identified was not provided by Open Influence to the researchers. This aspect does not have a relevant effect on the research and ensures the privacy of the participants as well as agency.

Furthermore, the researchers offered to Open Influence to sign a confidentiality agreement at the beginning of the collaboration. However, the agency did not see the need in doing so since the data was anonymised. The trusting relationship built between the researchers and the participant also ensures the use of the data just for the purpose of the research. Finally, the researchers are conducting an analysis with the goal to answer the research question of the study and provide a final personalized report for Open Influence with the main results and implications.

4.5.2 Data analysis

In order to analyse the secondary data provided by the marketing agency Open Influence, the statistical analysis program IBM® SPSS® STATISTICS is used. Additionally, in order to clarify the effect of one moderator on the relationship between the independent and dependent variable a slope analysis within Microsoft EXCEL is performed.

According to Malhotra et al. (2012) the hypothesis testing process can be generally divided in eight consecutive steps, which were followed by the researchers for this project. The first steps include the phrasing of the null as well as the alternative hypotheses. After this, a suitable test statistic and a level of significance are chosen. Then the account of the test statistic is computed. Moreover, "the probability associated with the test statistic calculated from the sample data under the null hypothesis" (Malhotra et al., 2012, p. 657) needs to be determined. Lastly, with regards to the results from the test statistic, the null hypothesis is either rejected or not rejected and a conclusion can be drawn (Malhotra et al., 2012).

The results of the statistical analysis are presented in the next chapter ("Results") and will be discussed later on in the chapter "Discussion".

5 Results

This chapter includes a descriptive analysis of the results. All the formulated hypotheses were drawn from the conceptual framework presented in chapter 3. The results are based on the data from the 150 collaborations and included information about the SMIs and companies.

5.1 Regression Analysis

In order to analyse the relationships between the variables, different regression analyses were performed. The statistical outputs are presented in Appendix B.

The hypotheses number one (H1), three (H3) and five (H5) study the relationship between the level of co-creation as the independent variable and the campaign ROI, as dependent variable. In the hypotheses number two (H2), four (H4) and six (H6) the independent variable does not change, while Delta ROI has the role of the dependent variable.

The first and second hypothesis (H1; H2) both solely focus on the relationship between the independent and dependent variable. The third and fourth (H3; H4) also consider the moderating effect of the influencer size, while the hypothesis five and six (H5; H6) both include the moderating influence of the match between the industry of the company and the field of expertise of the influencer.

The first hypothesis (H1) of this research states that "The higher the level of co-creation, the higher the campaign ROI", meaning that a positive relationship between the level of co-creation, which can be established by the company with the influencer, and the campaign ROI, as the result of that specific influencer marketing campaign, is assumed.

The results confirm a positive relationship between the two variables with a high significance (0.650; $p<0.01$**). In other words, the level of co-creation has a

significant positive influence on the campaign ROI. With regards to the results, hypothesis one is accepted.

The third hypothesis (H3) predicates "The relationship between the level of co-creation and campaign ROI is stronger, when the influencers' size is smaller". For this hypothesis, the variable "size of influencer" was also included in the regression analysis in order to see if it has a moderating effect on the relationship between the independent and dependent variable. It is assumed that the smaller the size of the influencer in terms of followers the stronger is the positive relationship between the level of co-creation and the campaign ROI. The results show a negative effect of this moderator, however, it is not considered as significant (-0.624; $p>0.01$). Meaning that the influencers' size has no effect on the relationship between the level of co-creation and the campaign ROI. In conclusion, the third hypothesis is rejected.

Moving to the fifth hypothesis (H5) which states the following: "The relationship between the level of co-creation and campaign ROI is stronger when the match between company and influencer industry is higher". Similar to the third hypothesis, the regression analysis performed also considers the moderating effect of "the match of the companies' industry with the field of expertise of the influencers" on the relationship between level of co-creation and campaign ROI. The introduction of this second moderator is assumed to strengthen the positive relationship between the independent and dependent variable. However, the results show an opposite influence as expected of this moderator: a negative effect with a very high significance (-1.340; $p<0.001***$). This indicates that the higher the match between the company's industry and the influencer's field of expertise, the weaker is the relationship between the level of co-creation and the campaign ROI. With regards to the results, hypothesis five is rejected.

For testing the second, fourth, and sixth hypothesis (H2; H4; H6) the relationship between the level of co-creation with a new dependent variable is studied. In particular, the variable Delta ROI, which states the difference between the campaign

ROI and the average influencer ROI, was created. A positive value shows that the campaign with a specific influencer was able to generate a higher engagement by followers of the SMI and other Instagram users, compared to the average engagement performed by that influencer. A negative value shows that the former is not the case. The introduction of the Delta ROI has the purpose of putting the campaign ROI in context in order to generate more precise conclusions about the relationship and evaluate the efficiency of the influencer marketing campaign.

Similar to hypothesis one, hypothesis two solely focuses on the relationship between the independent and the new dependent variable. Moreover, the analysis of hypothesis four and six include the potential effect of the two moderating variables: size of influencer and match.

The second hypothesis (H2) remarks that "The higher the level of co-creation, the more likely it is that the campaign ROI is higher than the average influencer ROI", assuming that the relationship between the level of co-creation and the Delta ROI is positive. The results support hypothesis two, by showing a positive relationship between the variables which is also significant (0.270; $p < 0.05$*). According to this, hypothesis two is accepted.

In the fourth hypothesis (H4), the moderating variable "size of influencer" is introduced. It states that "The relationship between the level of co-creation and the likelihood that the campaign ROI is higher than the average influencer ROI is stronger when the influencers' size is smaller". It predicts that the smaller the size of the influencer in terms of followers, the stronger is the positive relationship between the level of co-creation and Delta ROI.

The results show that the variable "influencer size" has a negative effect on the relationship, which is not significant (-0.301; $p > 0.1$). Hence, the fourth hypothesis is not supported and is rejected.

Finally, the sixth hypothesis (H6) predicates that "The relationship between the level of co-creation and the likelihood that the campaign ROI is higher than the average

influencer ROI is stronger when the match between company and influencer industry is higher".

As in the previous hypothesis, the results show that the variable "match between company and influencer" has a negative effect on the relationship. However, it is not significant (-0.207; p>0.1). Therefore, the sixth hypothesis can also be rejected.

5.2 Slope Analysis

In order to facilitate the interpretation of the results illustrated in the previous chapter, a slope analysis is conducted. In particular, the slope analysis concentrates on the moderating effect of the variable "match between company's industry and influencer's field of expertise" on the relationship between the independent variable "level of co-creation" and the dependent variable, "campaign ROI" (H5).

The procedure is performed on a Microsoft Excel's sheet and it is based on the studies of Dawson (2013), which offer useful guidelines about how to plot two-way and three-way interaction effects.

As demonstrated in the regression analysis, the simple relationship between the dependent and independent variable is positive. However, the introduction of the moderator variable "match" weakens the correlation, meaning that a higher level of match between the two industries, reduces the positive impact of the higher level of co-creation on the ROI of an influencer marketing campaign.

At this stage, the useful role played by the slope analysis is shown by plotting the relationships studied with the regression calculations. The following graph resumes the results.
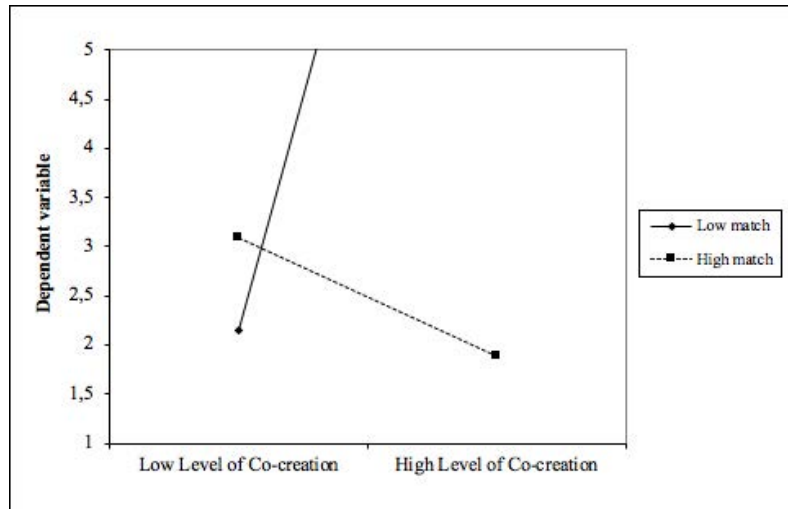
Figure 5: Slope Analysis

The Slope Analysis graph displays the relationship between the independent variable, level of co-creation (on the x-axis) and the dependent variable, Campaign ROI (on the y-axis) moderated by the effect of the extraneous variable "match between company and influencer industry". The two lines illustrate the two different scenario in case of low and high match. They differentiate regarding the positive and negative slope and the steepness.

In the case of a low match, the relationship between the independent and dependent variable is positive and the steepness is quite high. By contrast, in a high-match scenario, the relationship is negative and the steepness is low.

The slope analysis displays the findings of the regression calculations and enables to move the analysis a step further: it shows that, in case of high match between the company and influencer's industry, the level of co-creation not only has a weaker positive effect on the dependent variable compared with a low match's scenario, but it also turns slightly negative. As opposite, the level of co-creation has a strongly positive effect on the dependent variable when there is a low match.

Consequently, the idea is that the level of co-creation is particularly important if there is a low match, while it loses importance in case of a high match.

5.3 Post hoc Analysis

After statistically testing the hypotheses one to six, a short post hoc analysis was conducted with the data. Four more regression analysis were computed to be exact, as can be seen in Appendix C.

The first one is between the variable "size of the influencer", which is considered then as the independent variable, and the campaign ROI. The results state a negative relationship with no significance (-1.62; $p>0.1$). In other words, there is no significant relationship between the size of an influencer and the campaign ROI.

The next regression analysis also used the variable "size of the influencer" as an independent variable, but instead of the campaign ROI, it considered the Delta ROI as the dependent variable. The variable size had a negative influence on the Delta ROI, which was, however, not significant (-0.159; $p>0.1$).

In contrast to the first two regression analysis, the third and fourth one consider the second moderator of the conceptual framework: the match between the company's industry and the field of expertise of the influencer, as the independent variable.

When testing the relationship between the match and the campaign ROI, the results state a negative relationship with a so called borderline significance (-0.342; $t<0.1$). Finally, the fourth and last regression analysis computed the relationship between the match and the Delta RO . Similar to the third one, the results show a negative relationship which is not significant in the normally accepted statistical sense but is approaching marginal significance (-0.177; $t<0.1$).

6 Discussion

In this chapter, the discussion about the outputs of the study will be presented. The first sub-chapter will focus on answering the research question, in line with the outcomes of the regression and slope analysis illustrated in the previous chapter of the results. The further discussion focuses on the theoretical and practical implications of the research, as well as the limitations to this study. The chapter closes presenting some recommendations for future research.

6.1 Answering the research question

The research question of this study focuses on analyzing the relationship between the level of company-influencer co-creation and the return on investment in terms of follower engagement on Instagram. Moreover, the analysis has been further deepened introducing two moderators, the size of the social media influencers and the match between the industry of the company and the field of expertise of the influencer, with the goal to study their effect on the relationship.

The significance of the results regarding the correlation between the dependent and independent variable allows answering the research question: the level of co-creation has a positive influence on the campaign ROI, as well as on the Delta ROI, which is the difference between the campaign ROI and the average influencer ROI.

Different results appear regarding the effect of the two moderators: the effect of the influencer's size shows no significant influence on the relationship between the independent and the two dependent variables. The same outcome emerges introducing the moderator company-influencer match of industries on the correlation between the level of co-creation and Delta ROI, however, the result is not the same considering the other dependent variable, Campaign ROI. The results show a relevant negative effect of the industry match on this dependent variable, meaning that the higher the match between the company's industry and the influencer's field of expertise, the

weaker is the relationship between the level of co-creation and the campaign ROI, which also turns out to be negative.

In the following sub-chapters, the theoretical and practical implications of these findings will be presented, followed by the limitations of the study and recommendations on future research.

6.2 Theoretical Implications

As deeply illustrated in the literature review chapter, co-creation and influencer marketing are the two main themes of the study. In the past, more research has been conducted on the co-creation field and interest is growing on topic of influencer marketing. However, the combination of the topics is still an unexplored and new area of research. This study has the central purpose to contribute in filling this gap, demonstrating with quantitative data the potential efficacy and interesting outcomes which can derive from their combination.

The studies about co-creation can be traced back to the early 21st century, when Vargo and Lusch (2004; 2006; 2008) and Prahalad and Ramaswamy (2000; 2004) illustrated the main theories which support this concept, introducing some of the main advantages which a company can acquire by engaging in co-creative collaboration with their customers. In the following years, the benefits of co-creation have been demonstrated and presented from several different points of view. Some examples are Chesbrough (2010) in the field of open innovation, Cambra-Fierro et al. (2013) in connection with customer satisfaction, Word of mouth (WOM) and loyalty, and Kennedy and Guzmán (2016) regarding brand identity and brand perception.

The main aspect which all these different theories have in common is represented by the focus on co-creation particularly with one of the company's stakeholder: the customer. Indeed, analyzing what has been studied and written so far, there is limited attention to other potential benefits which companies can acquire from co-creation if established with other stakeholders (Ramaswamy & Ozcan, 2018).

From a marketing perspective, the influencer represents one of the emerging and newer players who the company should interact with in order to boost brand awareness, sales and its presence on social media (Backaler, 2018). The concept of influencer marketing, which often gets connected to the marketing concepts of celebrity endorsement and WOM in the literature (e.g. Djafarova & Rushworth, 2017; Backaler, 2018; De Veirman et al., 2017), has still not been extensively researched yet due to its novelty. However, previous research has shown that due to high authenticity of the influencer and the feeling of the customer to being able to relate to him or her influencer marketing campaigns have compared to other strategies, like for example traditional celebrity endorsement, a higher influence on the buying behaviour of the customer (e.g. Chen, 2018; Audrezet et al., 2018). Furthermore, influencer marketing opens up new spheres of connectivity and engagement with the customer for the brand, which it was not able to reach before (Childers et. al, 2018). Influencers have high skills in communication (Ge & Getzel, 2018) as well as the ability to understand the customer (Van Dijck, 2013), which among others enables them to enhance the value of a product (Lin et. al, 2018).

The recency of this concept, combined with the lack of academical classifications and definitions regarding the typologies of collaboration which companies can establish with influencers leads to a wide space of research on which the theme can be studied from different perspectives.

Several recent examples show that adopting a co-creative collaboration between a company and an influencer leads to positive outcomes for both sides, however, in the literature, this connection has not been adequately tested and demonstrated.

This study has the purpose to fill this research gap, analyzing with quantitative data if the positive relationship between co-creation with influencer marketing can be confirmed or rejected. The results of the study lead to an interesting contribution to the academical field, showing that the benefits of high co-creation are confirmed also in an influencer marketing context. The obtained outputs match the assumption that the positive effect of co-creation, already demonstrated regarding the collaboration between companies and customers (Vargo & Lusch, 2004; Chesbrough, 2010;

Cambra-Fierro et al., 2013; Kennedy & Guzmán, 2016) are also valid for the collaborations between companies and influencers.

This implication is in line with previous studies which identified the importance for companies to not only collaborate with customers and adopt a broader perspective, by considering the possibility of engaging in collaborations with valuable network partners (Vargo & Lusch, 2004), multiple stakeholders (Kazadi et al., 2015) and an interactive system environment (Ramaswamy & Ozcan, 2018).

Thus, this study helps the literature to move a step further from initially considering the topics of co-creation and influencer marketing as two separated clusters to a cross-sectional one based on the identification of the influencer as a co-creator and proving the efficacy of their combination.

6.3 Practical Implications

The results of this study provide practical lessons for the marketing teams of companies which want to start an influencer marketing campaign, as well as influencer marketing agencies whose business purpose is to play as intermediaries by finding the right match between companies' goals and influencers' profiles as well as managing further steps of implementing an influencer marketing campaign

From an academic point of view, the goal of this study is to fill the research gap between the co-creation and influencer marketing studies. Turning this aspect to practical implications, the performed analysis leads to intriguing findings regarding how the relationship between company and influencer should be in terms of co-creation.

In particular, the results suggest adopting a high level of co-creation in order to increase the ROI in terms of engagement, meaning a higher level of campaign engagement (Campaign ROI) and a higher positive difference between the campaign engagement and the average engagement of the influencer (Delta ROI). These assumptions are in line with the recent trend which the influencer marketing field is nowadays exploring: the classic and simple relationships based on "sponsorships"

agreements, which are characterized by a low level of co-creation between the two parties, are considered outdated and repetitive by the public. Moreover, this type of agreements, which dominated in the past, are seen as non-transparent and dominated by financially intentions from the influencer's side (Bazaarvoice, 2018).

In order to face this negative perception, companies have started to adopt new typologies of collaborations, which are characterized by higher participation and involvement of the influencers in the creation as well as development of contents and products (Join Marketing, 2017; Comcowich, 2016). Thus, from the perspective of this study, companies are adopting a higher level of co-creation with influencers.

This is demonstrated by several examples which nowadays are increasingly common on social media platforms, particullary on Instagram. For example, some famous fashion brands collaborate with macro- and celebrity-influencers on advertising their products, as well as, on the co-creation of the campaign's contents or co-design of the product which will be sold to the final customers. Some examples, which have been already mentioned are the collaboration of Diesel and H&M with, respectively, the Italian rapper and influencer Fedez and the German actress, TV presenter and influencer Palina Rojinski (Diesel.com, 2019; Vogelsang, 2019).

Despite many marketing blogs and business magazines (e.g. Forbes, 2019; HubSpot, 2017; Influencer Marketing Hub, 2018; Bazaarvoice, 2018; TapInfluence, 2017; The Tribune, 2015, Medium, 2018; Join Marketing, 2017) writing about this recent and increasing trend, there are no academic studies which have attributed some valuable research to this field.

Therefore, this study has tried to demonstrate with quantitative data the positive correlation between a higher level of co-creation between companies and influencers and the ROI, in terms of engagement, meaning the campaign ROI and Delta ROI.

The results obtained, analyzing the 150 collaborations, significantly confirm the positive correlation assumed: if the level of co-creation increases within the collaboration between the two parties, the ROI increases as well. Thus, a practical suggestion and implication for companies is to adopt a high level of co-creation, when collaborating with influencers.

Clearly, this result has some limitations connected to the typologies of industry and products considered, the single usage of ROI on this study as the indicator to evaluate the success of the influencer marketing campaign and other aspects which will be further presented on the limitations of the study. However, the high reliability and validity of the data leading to the results allow considering them trustworthy enough to develop these practical implications.

As clearly illustrated in the conceptual framework and results chapter, this study also analyzed the effect of the influencer's size on the relationship between the level of co-creation and ROI.

Influencers can be classified on different categories considering their number of followers and there are different opinions regarding what might be the best size that leads to an higher success of an influencer marketing campaign (Mediakix, 2017). This study has followed the assumption that a smaller influencer size leads to a higher ROI as the engagement rate, which is calculated by the sum of likes and comments relative to the number of followers. However, the output regarding the effect of the moderator "influencer size" is not significant. This could mean that brands do not necessarily need to work only with small or extremely big influencers: companies should evaluate the type of influencer to collaborate with, in terms of size, considering the financial convenience and the final purpose of the campaign. Both macro- and micro-influencer marketing campaigns have their advantages and disadvantages: micro-influencers are perceived more authentic, which leads to a higher engagement rate, awareness and brand recall. Moreover, less budget, time and effort are needed to run a micro-influencer marketing campaign compared with one utilizing a macro-influencer (Hatton, 2018). From the other side, micro-influencers have a limited visibility and reach, due to the reduced number of followers. In addition, companies have little control over the posted contents, since the influencer is trusted to share media with an acceptable level of quality and reduced guidelines from the brand (Hatton, 2018).

Macro-influencer campaigns suit better if the goal is visibility and reach since the high number of followers allow the content to be seen by a huge audience. Moreover, the

relationship with the influencer is usually based on precise instructions shared by the company, increasing the control of the campaign. Nevertheless, macro-influencer campaigns are more expensive to implement. Furthermore, the success is not ensured since the audience can perceive the macro-influencer collaboration as inauthentic and not reliable (Hatton, 2018).

To conclude, it is not possible to choose a typology of influencer to collaborate with only evaluating the size, even in a co-creative scenario. It is always fundamental to consider the available budget, the goals of the campaign and how the company desires to structure the collaboration with the influencer.

Besides the influencer's size, the match between the influencer's and company's industry is the other analyzed moderator, with the purpose to study its effect on the relationship between the independent and dependent variable.

As illustrated in the conceptual framework chapter, the typology of collaboration built between companies and influencers can be classified as a co-branding collaboration. In this scenario, sharing a common set of values and culture is fundamental (Besharat, 2010). Moreover, a co-branding collaboration can be enhanced with a high level of co-branding fit factors, as brand image, target market and market position (Yao et al., 2012).

From a marketing perspective, Backaler (2018) identifies four key factors which must be balanced by influencers in order to be successful: authenticity, community (reach, resonance, relevance), content and brand fit. The latter confirms the importance of the alignment between companies' and influencer's personal brand and the consequent drawbacks in case of misalignment.

Considering all this research, the current study has assumed that being part of the same industry represents a factor which can increase the brand fit and match between the two parties. Thus, influencers and companies which are part of the same (or similar) industry and field of expertise would lead to a more successful influencer marketing campaign, compared to influencers and companies whose sectors are different.

However, the results led to a rejection of this assumption, showing a rather surprising and different scenario: being part of the same sector turned out not to be a positive

factor for a co-branding collaboration in a co-creative scenario. This result leads to the practical implication that if the companies and influencers are part of different industries, with an increase in the level of co-creation, the influencer marketing campaign has higher probability to be successful.

Several interpretations can be derived from these results.

From one perspective, the analysis leads to the consideration that the level of co-creation is particularly important if there is a low match, while it plays a less important role in case of high match. The idea is that if there is a high match between the influencer's and company's industries, the typology of collaboration based on a low level of co-creation between the two parties turns out to be more effective. The most common example is the "sponsorships" agreement, which predominated the early days of influencer marketing.

It can be presumed that, if the influencer is part of the same industry as the company and both have similar expertise, the influencer marketing campaign is perceived as reliable and authentic by the audience. Moreover, there is a high probability that the campaign reaches the targeted audience with the right content since the influencer should have the proper knowledge about the characteristics of the promoted product and also reaches a similar audience of the company. Thus, in case of a high match there is no need to engage in a collaboration characterized by a high level of co-creation. On the contrary, the results gained from the slope analysis show that the relationship between a high level of co-creation and the ROI can also turn to negative in case of a high industry match.

A possible explanation could be that co-creation plays a less important role in a scenario with high match, since the output of the campaign, even if resulting from a co-creative collaboration, would be too similar to previous ones individually generated by the company and the influencer in the past. Consequently, the content might be perceived as redundant, repetitive and without new traits by the audience. These aspects are assumed to reflect a decreasing level of engagement in the influencer marketing campaign.

In a scenario with a low match between the two industries, the results show a strong positive influence of a high level of co-creation on ROI. An interpretation of this result can lead to the practical implication that co-creation represents a tool which can be used in order to build strong and effective collaborations between companies and influencers which are part of different industries. If they engage in the traditional sponsorship agreement, there can be the risk that the influencer is perceived as not reliable and authentic by his or her audience as well as the audience of the partner's company. This is based on the reasoning that the influencer does not possess the expertise to evaluate, suggest and trustworthy promote a product or service which is not related to his or her sector. The audience can interpret the goal of the influencer's collaboration as being financially motivated. Consequently, the efficacy of the campaign would be reduced and the reputation of both the company and the influencer would be damaged. On the contrary, a collaboration based on a high level of co-creation would overcome this prejudice, since both parties would give their contribution and would become active creators of the content or product of the influencer marketing campaign. The output of this type of collaboration would be perceived as reliable and "transparent" from the audience, even if the influencer and the company are part of two different industries.

The current influencer marketing field offers several examples which confirm the success of this type of collaboration. Some examples are the already mentioned collaborations between Fedez and Palina Rojinski, who are part of the entertainment industry, with two fashion brands, Diesel and H&M (Diesel.com, 2019; Vogelsang, 2019).

Another example is offered by the beverage industry. In 2017, Fiji Water launched a new influencer marketing campaign namely "Bodyworewhat", partnering with the American fashion influencer Danielle Bernstein. The results of the campaign were eight-minute workout videos in order to demonstrate Fiji's commitment to meet the needs of existing customers and potential new customers admiring the looks of Bernstein, as well as identifying the right motivators (Cook, 2018). The success of the campaign shows that the difference between the company's industry and the

influencer's field of expertise is not a limiting factor, but, on the contrary, can help to develop a win-win collaboration.

At the end of this chapter, it should also be mentioned, that there can be a potential risk for the company engaging in a collaboration characterized by a high level of co-creation with the influencer. Through the collaboration, the influencer can learn and tacitly acquire knowledge as well as expertise from the company. The influencer could possibly come to the solution that the company is not beneficial for him or her anymore, or rather that the influencer could get a greater benefit for him - or herself by creating his or her own brand leading to a higher profit. Consequently, the influencer would become a competitor to the company. Potentially, the risk is even higher when the company and influencer are from the same sector, since the influencer already has a lot of expertise in this specific field enabling him to authentically sell it to his audience.

The Italian fashion influencer Chiara Ferragni, for example, created her own fashion brand "Chiara Ferragni Collection" which she sells online over her e-commerce platform "the Blond Salad" after working together with multiple leading fashion companies (Keinan, Maslauskaite, Crener, & Dessain, 2015).

6.4 Limitations

As any other study, this research is subject to potential limitations, which may have an influence on the findings. In this subchapter, these limitations will be presented and evaluated.

Starting with the sample, it needs to be stressed once again that all of the 150 influencer marketing campaigns were managed through one influencer marketing agency, the collaboration partner of this thesis: Open Influence. It can be assumed that the data, and hence results, would look similar if provided by another high-class and experienced influencer marketing agency such as Open Influence, since the leading agencies all do not differentiate much in their processes and means. Nevertheless,

smaller and eventually less successful influencer marketing agencies might yield different data, since they do not, for example, use machine learning technology to find a fitting influencer who will represent the brand later on in the campaign. Moreover, not all influencer marketing campaigns are managed through agencies and often brands use their own marketing team to identify, analyze as well as approach influencers, and set the frame for the collaboration. Since influencer marketing is still a novel trend, and the marketing team of brands do not manage multiple campaigns as an agency which generates a great amount of knowledge and expertise, it can potentially be the case that the campaigns have a lower quality in terms of match or general implementation and hence their return on investment would also be inferior, leading to a slightly different outcome.

Another limiting factor to this study can be seen in the lack of prior research studies on the cross-sectional topic of influencer marketing and co-creation. The classification of the different co-creation levels is based on the identification from another influencer marketing agency and the previous studies on the field of co-creation. A prior qualitative study, for example, accumulating insights into different collaboration types could have been convenient, however, it needs to be mentioned that a lot of useful and relevant information about influencer marketing topics including the types of collaborations can be found online on official and reliable platforms, blogs, as well as in published reports, from for example Influencer Marketing Hub, eMarketer, Liquia, and HubSpot.

Derived from these blogs and reports was also the information about fake followers. Fake followers are usually automatically generated accounts, so called bots, and not real people. Since it is or was for a long time assumed that the amount of followers itself is very significant to be considered as an influencer or supposedly be popular, a lot of instagram users were and still are tempted to buy these fake followers. There are also a lot of applications interfering on Instagram using algorithms on who to follow and automatically doing so (Backalar, 2018). Even though influencers might not have paid for fake followers, it is very likely that within their follower base a lot of fake accounts exist. Open Influence scans all influencers in their portfolio of fake followers and makes sure they do not step upon fraud, yet it is not possible to find an

influencer with 100 % real followers. The number of fake followers could have an indirect effect on the results. The ROI of the influencer marketing campaign is evaluated through the engagement rate. As presented in the conceptual framework chapter, the formula for calculating the engagement rate is the accumulation of likes and comments (on a single post) divided by the influencers' number of followers. So assuming that the follower number shown on the profile of the influencer is not stating the actual number of real people following the influencer, the actual engagement rate could be higher to a certain degree, which would consequently lead to different results. Potentially some accounts would even fall without these fake followers under a different category of influencers with regards to their size. In addition to this, pure engagement, as in likes and comments, can be bought nowadays over apps as well, making it even harder to differentiate real engagement by real people from fake engagement generated by bots. This could be evened out by the fake followers of an account. Nevertheless, these fake accounts as well as automated likes and comments can limit the engagement rate in its expressiveness as the ROI measure. Moreover, the engagement rate as a metric for the ROI is also limited since it does not provide any information about the sentiment of the audience. The comments underneath a post could for example be numerous, yet very negative at the same time. To overcome this obstacle, a sentiment analysis on the comment text could be implemented. Yet, the campaign posts would have to be available in order to do so. Compared to other measures the engagement rate is still considered as for this purpose as the most useful one, however, its limitations need to be kept in mind.

The probably most restricting factor of this research project can be seen in access to information regarding different matters. First, due to the protection of privacy of its clients, the influencer marketing agency was not able to share the names of the companies and influencers engaging into a collaboration. This information could have been helpful though, since it would have allowed a more precise method to evaluate the perceived match between the two parties by accessing, for example, the Instagram profiles of the influencers and company websites or similar.

Secondly, information about the direct sales derived from the influencer marketing campaign could not be accessed since companies hold this information and Open

Influence was not able to obtain it. This could have been used as an additional ROI measure. Although information of this kind would only been useful if the goal or purpose of the influencer marketing campaign, for example increasing sales or brand awareness, was known. Unfortunately, the researchers was access to this information also denied. Therefore, further differentiation based on the purpose of the campaign was not performed, which could have led to more precise and meaningful statements about the relationship between influencer and brand in the context of co-creation. In retrospect, the precise number of followers would have been useful as well, to further differentiate the categories of the influencers and not only stick to the rather broad categories provided by the influencer marketing agency. If this led to a different result is questionable though.

Last but not least, the researchers had no access to information about the length of the partnerships between the two parties. Some brands and influencers might have collaborated before which, for example, could eventually have an influence on the engagement of the influencers' followers.

In general, it was rather complicated to get access to information. Some of the previous mentioned limitations regarding the information could have been overcome if several companies and/or influencers would have agreed to collaborate on this research. However, the researchers gained the feeling after reaching out to several of both parties and getting little to no feedback that this would have needed a much bigger time frame for the project which in the end would have not necessarily assured provision of the needed information.

6.5 Future Research

In this subchapter, recommendations for future research derived from the previously examined limitations of this study as well as inspired by the literature review will be given.

To base the grounds and further approach the lack of research literature on the cross-sectional topic influencer marketing and co-creation, an explorative research using a

qualitative approach to gain deeper insights on different collaborations from experts through in-depth interviews could be performed in a study, possibly leading to the identification of more co-creation levels.

Moreover, future studies should aim to accumulate different sources which provide data for the study. Explicitly, multiple influencer marketing agencies, and/or companies, and/or influencers themselves could be used for this. Interesting hereby would be, if companies working without the influencer marketing agency as an intermediary yield different ROI. However, these studies need to schedule a rather long time frame for getting in touch with the different parties, as experience from this study showed that it can be difficult to get a response at all and only very few are willing to share information.

Future research should also focus on smaller categories of influencers or widen the scope of the size categories of the influencers and differentiate the bigger categories even more, as for example by the six categories the research firm L2 inc (2017) suggested.

An aspect which is in need for a call to action is the measurement for the evaluation of ROI of influencer marketing campaigns. The engagement rate as ROI served as a useful base for this study to identify an initial direction for the co-creation level, however, with aspects like the possibility of fake followers as well as the exclusion of the sentiment of this engagement, a better solution is needed. Future studies, which examine as this one the relationship between the level of co-creation and the ROI, should aim to include, if available, the purpose of the campaign and, if the goal is to increase sales, use number of direct sales through the campaign as a ROI measure as well.

In order to evaluate the positive effect of brand match between company and influencer for an influencer marketing campaign, this study has considered the two sectors, meaning the industry of the company and the field of expertise of the influencer. However, even if this assumption has been built from previous studies and analysis, the results demonstrated an opposite effect: being part of the same industry is not a positive factor for a co-branding collaboration in a co-creative scenario.

Consequently, it can be interesting to investigate other elements which the study could have considered as moderators of the brand match between company and influencer, as well as, factors which could have strengthen the relationship between the level of co-creation and ROI. Some previous studies give a useful contribution about this field. One example is the already mentioned research of Yao et al. (2012) who identify brand image, target market and market position as the "co-branding fit factors" which could enhance co-branding collaborations.

It could also be interesting to further investigate the industries by looking for example at their average ROI, or to narrow the scope and focus on one particular industry. Moreover, it could provide beneficial insights to analyse different combinations of the industries of brands and the field of expertise of influencer in order to identify stronger matches.

Furthermore, a future field of research could be the length of the partnership between influencers and brands. Here it would be interesting to see if the length also has a (moderating) effect on the ROI of a campaign. Moreover, a longitudinal study could focus on possible changes in the ROI of recurring campaigns between brands and influencers. Hereby it can also be valuable to get insights on the perceptions of the customers on these partnerships and their buying intentions. The analysis and comparison of the efficiency of campaigns that utilize single or multiple influencers would enrich the research field of influencer marketing as well. Finally, a shift from focusing solely on the benefits but also investigating potential risks of co-creation within the influencer marketing field could bring interesting insights.

7 Conclusion

The purpose of this study was to analyse the relationship between the level of co-creation and the success of an influencer marketing campaign. Subsequently, it aimed to contribute to filling the research gap of the cross-sectional topic co-creation and influencer marketing. This study started with an extensive literature review on the topic of co-creation as well as the by comparison very novel topic influencer marketing. The literature review demonstrated that there was indeed a lack of research in the combination of the two topics.

In order to fulfil its aim, this work quantitatively analysed 150 influencer marketing campaigns by considering their level of co-creation, the size of the influencer, the company-influencer match based on their sectors, and the ROI in terms of engagement rate.

The results of the analysis allowed to demonstrate a positive relationship between the level of co-creation and the ROI of the influencer marketing campaign.

Furthermore, the impact of the match between influencers' and companies' sectors was demonstrated. On the contrary of what initially has been assumed, the findings indicate varying importance of co-creation in context with different degrees of the match: in a scenario with a low match between companies' industry and influencers' field of expertise, a high level of co-creation is beneficial, leading to a higher ROI. On the other side, in a scenario with a high match between company and influencer, a high level of co-creation can have a negative effect on the ROI. Further the results indicate that sponsorship collaborations, which are categorized by a low level of co-creation, lead to better success of the influencer marketing campaign when there is a high match.

This study emphasizes the positive impact of co-creation, analyzing its benefits in the novel field of influencer marketing. However, it needs to be kept in mind that co-creational relationships might also bring forward negative aspects.

This study serves as a first base to the cross-sectional field of influencer marketing and co-creation. It acknowledges the influencer as a beneficial co-creator to the firm

overcoming the focus on the ordinary customer as the main actor to co-create value with.

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Appendices

Appendix A: Instagram Layout

(1) Instagram News Feed including posts and highlights [Screenshot]:

(2) Instagram Profile of SMI Chiara Ferragni [Screenshot]:
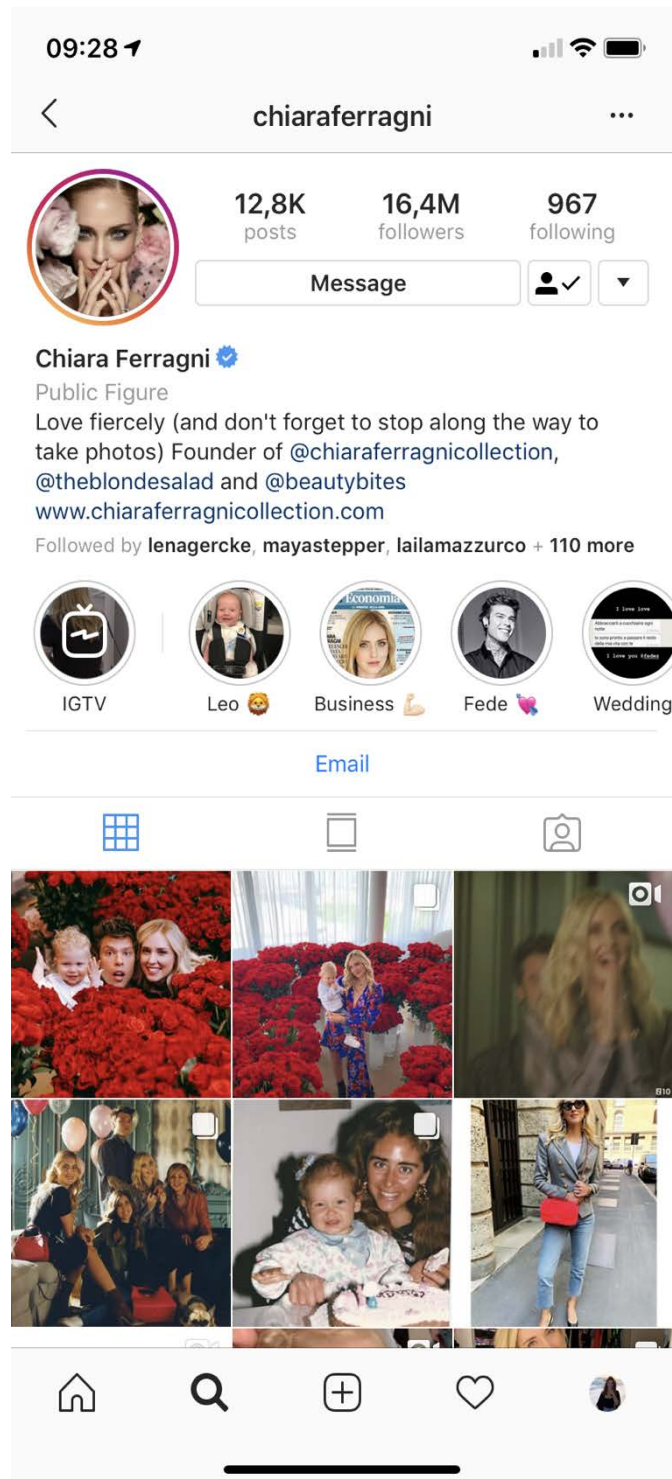
Appendix B: SPSS Results, Regression Analysis

(H1) Hypothesis 1: "The higher the level of co-creation, the higher the campaign ROI"

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20,819	1	20,819	6,777	,010[b]
	Residual	454,628	148	3,072		
	Total	475,447	149			

a. Dependent Variable: Influencer Campaign Engagement

b. Predictors: (Constant), (1) Classic (2) Innovation (3) Real Collaboration

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,251	,409		5,511	,000
	(1) Classic (2) Innovation (3) Real Collaboration	,650	,250	,209	2,603	,010

a. Dependent Variable: Influencer Campaign Engagement

(H2) Hypothesis 2: "The higher the level of co-creation, the more likely it is that the campaign ROI is higher than the average influencer ROI"

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3,591	1	3,591	4,345	,039[b]
	Residual	122,309	148	,826		
	Total	125,900	149			

a. Dependent Variable: DeltaROI

b. Predictors: (Constant), (1) Classic (2) Innovation (3) Real Collaboration

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-,219	,212		-1,032	,304
	(1) Classic (2) Innovation (3) Real Collaboration	,270	,129	,169	2,085	,039

a. Dependent Variable: DeltaROI

(H3) Hypothesis 3: "The relationship between the level of co-creation and campaign ROI is stronger when the influencers' size is smaller"

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	26,280	3	8,760	2,847	,040[b]
	Residual	449,166	146	3,076		
	Total	475,447	149			

a. Dependent Variable: Influencer Campaign Engagement

b. Predictors: (Constant), Co-Creation Level * Size of Influencer , (1) Macro Influencer & (2) Celebrity Influencer, (1) Classic (2) Innovation (3) Real Collaboration

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,082	1,251		,865	,389
	(1) Classic (2) Innovation (3) Real Collaboration	1,543	,765	,497	2,016	,046
	(1) Macro Influencer & (2) Celebrity Influencer	,807	,826	,218	,977	,330
	Co-Creation Level * Size of Influencer	-,624	,504	-,395	-1,238	,218

a. Dependent Variable: Influencer Campaign Engagement

(H4) Hypothesis 4: "The relationship between the level of co-creation and the likelihood that the campaign ROI is higher than the average influencer ROI is stronger when the influencers' size is smaller"

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5,492	3	1,831	2,220	,088[b]
	Residual	120,407	146	,825		
	Total	125,900	149			

a. Dependent Variable: DeltaROI

b. Predictors: (Constant), CCLxSI, (1) Macro Influencer & (2) Celebrity Influencer, (1) Classic (2) Innovation (3) Real Collaboration

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-,669	,648		-1,032	,304
	(1) Classic (2) Innovation (3) Real Collaboration	,699	,396	,438	1,765	,080
	(1) Macro Influencer & (2) Celebrity Influencer	,307	,428	,161	,718	,474
	CCLxSI	-,301	,261	-,370	-1,153	,251

a. Dependent Variable: DeltaROI

(H5) Hypothesis 5: "The relationship between the level of co-creation and campaign ROI is stronger when the match between company and influencer industry is higher"

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	79,721	3	26,574	9,804	,000[b]
	Residual	395,726	146	2,710		
	Total	475,447	149			

a. Dependent Variable: Influencer Campaign Engagement

b. Predictors: (Constant), CCLxMCI, Match, (1) Classic (2) Innovation (3) Real Collaboration

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	−4,178	2,013		−2,075	,040
	(1) Classic (2) Innovation (3) Real Collaboration	6,097	1,316	1,964	4,635	,000
	Match	1,573	,487	,691	3,228	,002
	CCLxMCI	−1,340	,319	−1,976	−4,206	,000

a. Dependent Variable: Influencer Campaign Engagement

(H6) Hypothesis 6: "The relationship between the level of co-creation and the likelihood that the campaign ROI is higher than the average influencer ROI is stronger when the match between company and influencer industry is higher"

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7,663	3	2,554	3,154	,027[b]
	Residual	118,236	146	,810		
	Total	125,900	149			

a. Dependent Variable: Difference Influencer Campaign Engagement – Average Influencer Engagement

b. Predictors: (Constant), CCLxMCI, Match, (1) Classic (2) Innovation (3) Real Collaboration

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	−,714	1,100		−,649	,517
	(1) Classic (2) Innovation (3) Real Collaboration	1,112	,719	,696	1,547	,124
	Match	,118	,266	,101	,442	,659
	CCLxMCI	−,207	,174	−,593	−1,189	,237

a. Dependent Variable: Difference Influencer Campaign Engagement – Average Influencer Engagement

Appendix C: SPSS Results, Post Hoc Analysis

(1) Size of the influencer and Campaign ROI

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,904	1	,904	,282	,596[b]
	Residual	474,543	148	3,206		
	Total	475,447	149			

a. Dependent Variable: Influencer Campaign Engagement
b. Predictors: (Constant), (1) Macro Influencer & (2) Celebrity Influencer

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3,467	,439		7,893	,000
	(1) Macro Influencer & (2) Celebrity Influencer	-,162	,305	-,044	-,531	,596

a. Dependent Variable: Influencer Campaign Engagement

(2) Size of the influencer and Delta ROI

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,872	1	,872	1,032	,311[b]
	Residual	125,027	148	,845		
	Total	125,900	149			

a. Dependent Variable: Difference Influencer Campaign Engagement – Average Influencer Engagement
b. Predictors: (Constant), (1) Macro Influencer & (2) Celebrity Influencer

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,411	,225		1,823	,070
	(1) Macro Influencer & (2) Celebrity Influencer	-,159	,156	-,083	-1,016	,311

a. Dependent Variable: Difference Influencer Campaign Engagement – Average Influencer Engagement

(3) Match and Campaign ROI

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10,762	1	10,762	3,428	,066[b]
	Residual	464,684	148	3,140		
	Total	475,447	149			

a. Dependent Variable: Influencer Campaign Engagement

b. Predictors: (Constant), Match

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4,611	,751		6,142	,000
	Match	-,342	,185	-,150	-1,851	,066

a. Dependent Variable: Influencer Campaign Engagement

(4) Match and Delta ROI

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2,888	1	2,888	3,475	,064[b]
	Residual	123,011	148	,831		
	Total	125,900	149			

a. Dependent Variable: DELTA_ROI

b. Predictors: (Constant), Match

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,902	,386		2,334	,021
	Match	-,177	,095	-,151	-1,864	,064

a. Dependent Variable: DELTA_ROI

Appendix D: data from Open influence

LEGENDA

Company Sector	One of the four or five sectors studied	
Influencer Sector	One of the four or five sectors studied	
Size of Influencer	1	Macro-Influencer: follower base > 100.000
	2	Celebrity Influencer: follower base > 1.000.000
Level of Co-creation	1	Classic	which corresponds to the typical influencer marketing campaign. The influencer makes content about the product using pictures, video and/or text and shares this through their social media channel. At this stage, the co-creation appears in the sense of the value-creating interaction by influencers advertising the company's product through their social media channel by "putting their name on it".
	2	Innovation	where the organization commits the influencer with the discussion on product innovations and gives the influencer more freedom (compared with the classic's approach) regarding the content to be shared with the audience. This can be classified as content co-creation.
	3	Real Collaboration	referring to the organization developing a deeper relationship with the influencer and including him/her in the development of the product. This type of classification represents the shift from content to product co-creation with influencers.
Influencer Marketing ROI	How do you calculate the (1) Influencer Campaign Engagement?	
	How do you calculate the (2) Average Influencer Engagement?	

Collaboration Company & Influencer	Company Sector	Influencer Sector	Size of Influencer Macro-Influencer (1) or Celebrity (2)	Level of Co-Creation Classic (1) or Innovation (2) or Real Collaboration (3)	Influencer Marketing ROI Influencer Campaign Engagement (1)	Average Influencer Engagement (2)	Ratio (1:2)	Delta (1-2)	Result
Example (n.0)	Fashion	Fitness	1	2	1.4	3.2	0.4375	-1.80	NEGATIVE
1	Fashion	Fashion	1	1	2.32%	2.4			
2	Fashion	Fashion	1	1	1.86%	2.78			
3	Fashion	Fashion	1	1	3.12%	3.01			
4	Fashion	Fashion	1	1	2.79%	2.56			
5	Fashion	Fashion	1	1	1.59%	2.1			
6	Fashion	Fashion	1	1	3.16%	3.87			
7	Fashion	Fashion	1	1	2.76%	2.23			
8	Fashion	Fashion	2	2	1.77%	1.99			
9	Fashion	Fashion	2	2	1.01%	1.56			
10	Fashion	Fashion	2	2	1.95%	2.01			
11	Fashion	Fashion	2	3	2.54%	2.12			
12	Fashion	Fashion	2	3	1.66%	1.34			
13	Fashion	Lifestyle	2	3	0.83%	2.23			
14	Fashion	Lifestyle	2	3	3.50%	3.22			
15	Fashion	Lifestyle	2	1	2.46%	2.54			
16	Fashion	Lifestyle	1	1	2.32%	2.59			
17	Fashion	Lifestyle	1	1	2.86%	3.07			
18	Fashion	Lifestyle	1	1	2.57%	2.13			
19	Fashion	Lifestyle	1	2	2.79%	2.67			
20	Fashion	Lifestyle	1	2	3.81%	3.38			
21	Fashion	Lifestyle	2	2	3.16%	2.12			
22	Fashion	Lifestyle	2	2	2.76%	2.89			
23	Fashion	Mom	2	1	2.99%	2.61			
24	Fashion	Mom	2	1	1.76%	1.77			
25	Fashion	Mom	2	1	1.77%	2.01			
26	Fashion	Mom	2	1	1.59%	1.31			
27	Fashion	Mom	2	1	0.97%	1.54			
28	Fashion	Mom	2	1	1.98%	1.89			
29	Fashion	Photographer	2	2	3.43%	2.45			
30	Fashion	Photographer	2	1	3.85%	3.54			
31	Beauty	Beauty	2	1	3.42%	3.22			
32	Beauty	Beauty	2	1	3.90%	2.78%			
33	Beauty	Beauty	2	1	5.80%	5.00%			
34	Beauty	Beauty	2	1	5.70%	5.55%			
35	Beauty	Beauty	2	1	2.20%	1.34%			
36	Beauty	Beauty	2	1	3.54%	4.96%			
37	Beauty	Beauty	1	1	2.00%	2.00%			
38	Beauty	Beauty	1	1	2.57%	3%			
39	Beauty	Beauty	1	1	3.32%	4%			
40	Beauty	Beauty	1	1	7.24%	7.50%			
41	Beauty	Beauty	1	1	2.33%	3.18%			
42	Beauty	Beauty	1	2	2.81%	2.22%			
43	Beauty	Beauty	1	2	2.44%	3.88%			
44	Beauty	Beauty	1	2	3.05%	2.56%			
45	Beauty	Beauty	1	2	3.45%	3.5%			
46	Beauty	Lifestyle	1	2	4.02%	4%			
47	Beauty	Lifestyle	1	2	2.77%	3.45%			
48	Beauty	Lifestyle	1	2	5.22%	5.34%			
49	Beauty	Lifestyle	1	3	4.54%	4.22%			
50	Beauty	Lifestyle	1	3	6.42%	6%			
51	Beauty	Lifestyle	1	1	1.84%	2.43%			
52	Beauty	Lifestyle	1	1	3.94%	4.22%			
53	Beauty	Lifestyle	2	1	9.00%	10%			
54	Beauty	Lifestyle	2	1	4.60%	4.32%			
55	Beauty	Lifestyle	2	2	6.00%	5.38%			
56	Beauty	Lifestyle	2	2	3.70%	3.89%			
57	Beauty	Lifestyle	2	2	9.00%	9.00%			
58	Beauty	Lifestyle	2	2	3.90%	4.00%			
59	Beauty	Lifestyle	2	2	11.01%	10%			
60	Beauty	Lifestyle	2	2	6.71%	6.55			
61	Automotive	Lifestyle	2	1	6.01%	5%			
62	Automotive	Lifestyle	2	1	1.23%	1%			
63	Automotive	Lifestyle	2	1	0.83%	1.22%			
64	Automotive	Lifestyle	2	1	2.34%	2.88%			
65	Automotive	Lifestyle	2	1	1.43%	1.5%			
66	Automotive	Lifestyle	1	1	1.28%	2%			
67	Automotive	Lifestyle	1	1	2.11%	2%			
68	Automotive	Lifestyle	1	2	2.08%	2%			
69	Automotive	Lifestyle	1	2	3.46%	3.1%			
70	Automotive	Lifestyle	1	2	2.28%	2.1%			
71	Automotive	Lifestyle	1	2	1.54%	1.29%			
72	Automotive	Lifestyle	1	2	3.01%	3%			
73	Automotive	Lifestyle	1	2	3.77%	2.5%			
74	Automotive	Lifestyle	1	2	4.45%	3.5%			
75	Automotive	Photographer	1	1	3.24%	3%			
76	Automotive	Photographer	1	1	5.27%	5.5%			
77	Automotive	Photographer	1	2	3.96%	3.56%			
78	Automotive	Photographer	1	2	6.22%	6%			
79	Automotive	Photographer	1	2	6.15%	7%			
80	Automotive	Photographer	1	2	7.19%	6.57%			
81	Automotive	Photographer	1	2	6.54%	5.84%			
82	Automotive	Photographer	1	2	4.44%	3.94%			
83	Automotive	Photographer	1	2	3.74%	4.43%			
84	Automotive	Photographer	1	2	6.29%	6.20%			
85	Automotive	Auto	1	1	2.32%	3.54%			
86	Automotive	Auto	1	1	1.86%	2.00%			

#	Category	Type							
67	Automotive	Lifestyle	1	1	2.11%	2%			
68	Automotive	Lifestyle	1	2	2.08%	2%			
69	Automotive	Lifestyle	1	2	3.46%	3.1%			
70	Automotive	Lifestyle	1	2	2.26%	2.1%			
71	Automotive	Lifestyle	1	2	1.54%	1.29%			
72	Automotive	Lifestyle	1	2	3.01%	3%			
73	Automotive	Lifestyle	1	2	3.77%	2.5%%			
74	Automotive	Lifestyle	1	2	4.45%	3.5%			
75	Automotive	Photographer	1	1	3.24%	3%			
76	Automotive	Photographer	1	1	5.27%	5.5%			
77	Automotive	Photographer	1	2	3.96%	3.56%			
78	Automotive	Photographer	1	2	6.22%	6%			
79	Automotive	Photographer	1	2	8.15%	7%			
80	Automotive	Photographer	1	2	7.19%	6.37%			
81	Automotive	Photographer	1	2	6.54%	5.84%			
82	Automotive	Photographer	1	2	4.44%	3.94%			
83	Automotive	Photographer	1	2	3.74%	4.43%			
84	Automotive	Photographer	1	2	6.29%	6.20%			
85	Automotive	Auto	1	1	2.32%	3.54%			
86	Automotive	Auto	1	1	1.86%	2.00%			
87	Automotive	Auto	1	1	1.96%	2.66%			
88	Automotive	Auto	1	1	2.03%	2.49%			
89	Automotive	Auto	1	1	2.43%	2.11%			
90	Automotive	Auto	1	1	3.06%	3.71%			
91	Food	lifestyle	2	1	1.20%	2%			
92	Food	lifestyle	2	1	1.73%	2%			
93	Food	lifestyle	2	1	1.83%	2%			
94	Food	lifestyle	2	1	2.35%	2%			
95	Food	lifestyle	1	1	2.37%	2%			
96	Food	lifestyle	1	1	4.54%	4%			
97	Food	lifestyle	1	2	3.56%	2%			
98	Food	lifestyle	1	2	2.87%	2%			
99	Food	photographer	1	1	2.42%	2%			
100	Food	photographer	1	1	2.89%	3%			
101	Food	photographer	1	1	4.03%	3%			
102	Food	photographer	1	1	2.15%	3%			
103	Food	photographer	1	2	3.22%	3%			
104	Food	photographer	1	2	4.56%	3%			
105	Food	photographer	1	2	2.41%	3%			
106	Food	photographer	1	2	3.09%	3%			
107	Food	foodie	1	2	3.28%	2.5%			
108	Food	foodie	1	2	2.6%	2.5%			
109	Food	foodie	1	2	4.01%	2.5%			
110	Food	foodie	1	2	3.03%	2.5%			
111	Food	foodie	1	2	2.89%	2.5%			
112	Food	foodie	1	2	4.40%	2.5%			
113	Food	foodie	1	2	3.27%	2.5%			
114	Food	foodie	1	2	2.66%	2.5%			
115	Food	foodie	1	2	1.96%	2.5%			
116	Food	foodie	1	2	2.86%	2.5%			
117	Food	mom	2	2	3.61%	3%			
118	Food	mom	2	2	2.01%	3%			
119	Food	mom	2	2	5.63%	3%			
120	Food	mom	2	2	3.79%	3%			
121	Entertainment	lifestyle	1	1	2.09%	2%			
122	Entertainment	lifestyle	1	1	2.32%	2%			
123	Entertainment	lifestyle	1	1	4.22%	2%			
124	Entertainment	lifestyle	1	1	1.81%	2%			
125	Entertainment	lifestyle	1	1	3.76%	2%			
126	Entertainment	lifestyle	2	1	2.22%	2%			
127	Entertainment	lifestyle	2	1	2.59%	2%			
128	Entertainment	lifestyle	2	1	1.86%	2%			
129	Entertainment	lifestyle	2	1	0.99%	2%			
130	Entertainment	lifestyle	2	1	1.77%	2%			
131	Entertainment	lifestyle	1	1	5.76%	2%			
132	Entertainment	lifestyle	1	1	1.20%	2%			
133	Entertainment	lifestyle	1	1	1.73%	2%			
134	Entertainment	lifestyle	1	2	1.83%	2%			
135	Entertainment	lifestyle	2	2	2.35%	2%			
136	Entertainment	lifestyle	2	2	1.37%	2%			
137	Entertainment	lifestyle	2	2	0.82%	2%			
138	Entertainment	lifestyle	2	2	3.33%	2%			
139	Entertainment	lifestyle	1	2	2.02%	2%			
140	Entertainment	lifestyle	1	2	2.04%	2%			
141	Entertainment	lifestyle	1	2	1.76%	2%			
142	Entertainment	parents	1	1	1.83%	3%			
143	Entertainment	parents	1	2	6.15%	3%			
144	Entertainment	parents	1	1	2.63%	3%			
145	Entertainment	parents	1	1	3.31%	3%			
146	Entertainment	parents	1	1	4.43%	3%			
147	Entertainment	parents	1	1	3.15%	3%			
148	Entertainment	parents	1	2	1.53%	3%			
149	Entertainment	parents	1	2	8.43%	3%			
150	Entertainment	parents	1	2	3.56%	3%			