



WHITE communications

INFLUENCER MARKETING REPORT 2024

Reaching and captivating tomorrow's luxury consumers

EXCLUSIVITY MEETS REACH:

Closer to the markets: The success factor of influencer marketing for lifestyle brands.

Younger demographics represent the consumers of tomorrow and are already integral to the luxury market. Influencer marketing, specifically tailored to this audience, has become a crucial element in the marketing mix for numerous lifestyle brands within the premium and luxury segments.



Market Power: Younger customers (Gen Y and Gen Z) will account for 70% of the luxury market by 2025.

(D'Arpizio, et al., 2022)

Your Take Aways:

- Successful luxury brands are increasingly focusing on influencer marketing and are increasing their budgets.
- Influencer marketing in the premium and luxury segments requires strategic leadership; otherwise, failure is inevitable.
- It's not a one-size-fits-all approach; it depends on selecting the right influencers.
- Company goals and the brand promise must align with the campaign, not the other way around.
- Keeping a continuously updated analysis of the target audience and trends is essential for campaigns.

EXPERIENCES FROM OVER 30 YEARS OF LUXURY MARKETING



Our Profile: WHITE Communications is a full-service communication agency for international premium and luxury brands. With offices in Munich, Berlin, New York, and São Paulo, we serve renowned clients in the fashion, jewelry, watches, accessories, automotive, hotels, restaurants, and beauty sectors.

Our USP: We have a deep understanding of global brands that represent excellence, elegance, and luxury. With over 30 years of experience, we have the expertise and comprehensive capabilities to develop and implement trusted marketing and communication strategies. The goal is to elevate luxury brands and build lasting relationships with their target audiences.



CHALLENGES IN THE LUXURY SEGMENT

Influencer marketing is a form of online marketing where famous or well-known personalities share news and messages about a product or service within their respective communities, influencing people's opinions (hence „to influence“ in English). Studies indicate that influencers are predominantly between the ages of 16 and 39 and a large majority (more than 70%) are female. Influencer marketing is, therefore, a relatively young discipline with a strong affinity for lifestyle, premium, and luxury brands.

Maintaining exclusivity:

According to Fashion Monitor, 73% of luxury brands consider preserving exclusivity on social media to be their greatest challenge. It's also not always easy to identify the perfect influencer personality. They should not only have a large number of relevant followers but also embody the values and aesthetics of the brand. A wrong selection can lead to the misalignment of the brand message or even have a negative impact on the brand.

(Fashion Monitor, o. D.)

Influencer marketing is not a self-runner:

It requires a well-thought-out and strategically aligned approach that is tailored precisely to the specific needs and goals of a brand. In this regard, years of experience with this form of campaign and access to a wide, qualified influencer network definitely pay off.

It's all about the ROI:

49% of companies indicate that their biggest challenge in influencer marketing is measuring the ROI and proving the branding impact of influencer marketing.

(IROIN, 2022)

Algorithm adjustments as reach „killers“:

47% of the surveyed brands cite reduced influencer reach due to constant algorithm adjustments on social media platforms as their biggest issue. A deeper understanding of algorithms for a strategically guided campaign is crucial for its success.

(IROIN, 2022)



Genuine brand affinity:

The selected influencers must have a genuine affinity for the brand they are endorsing and be able to authentically represent it. Followers can sense when a brand partnership is forced or not driven by a credible inner conviction. In such cases, it can backfire, leading to mistrust and potential damage to the brand's image.

Authentic following:

Authenticity is crucial. Some influencers may have a large number of followers but show little engagement, while others might have fake followers. When selecting influencers, it's vital to find personalities with loyal followers who genuinely care about their opinions and recommendations, making them receptive to the brand messages being conveyed.

WHY LEADING LUXURY BRANDS ARE TURNING TO INFLUENCER MARKETING AND INCREASING THEIR BUDGETS

73%

of luxury brands today are allocating a significant place for influencer marketing in their marketing strategy.

(Fashion Monitor, o. D.)

47%

of the annual budgets for influencer marketing are at

> 50.000€

per year.

(IROIN, 2022)

67%

of those surveyed who have a budget for influencer marketing, plan to increase their budget in the next 12 months.

(Geysler, 2023)

4 REASONS FOR THE SUCCESS OF INFLUENCER MARKETING

1. Recommendations

50% of Millennials trust product recommendations from influencers, while celebrity endorsements have a 38% acceptance rate. One-third of Gen Z-ers have purchased a product in the last three months based on an influencer's recommendation.

(Morning Consult, 2023), (Iskiev, 2022)

2. Enhanced Customer Loyalty

Influencers excel at building and maintaining strong relationships with their followers. Through a targeted influencer marketing strategy, lifestyle brands in the premium and luxury segments can leverage this connection to enhance their own engagement and customer retention.

3. Building Trust

Authentic recommendations establish a level of trust distinct from traditional advertising, which often leads to ad-blindness. When an influencer trusted by their followers recommends a luxury product, it creates a personal brand

perspective that, in turn, leads to enhanced brand loyalty. In fact, 63% of people trust influencer messages more than those from brands themselves.

4. Subtle Embedded Marketing

Consumers are increasingly ignoring traditional marketing tactics designed to interrupt their daily lives. Especially young individuals can be reached through content that relates to their everyday experiences and that they genuinely want to view and share.

In summary, influencer marketing not only delivers excellent ROI for luxury brands but also helps in building a loyal and engaged audience ready to purchase your products and remain loyal to your brand.

4 MISTAKES IN INFLUENCER MARKETING AND HOW TO AVOID THEM

Failing to tailor the strategy to the luxury segment

The most common reason for the failure of an influencer marketing campaign is the absence of a suitable strategy. Especially in the luxury and premium segments, this often leads to misaligned targeting, inconsistent marketing messages, and poor results.

Your Solution:

Before reaching out to potential influencers, determine your budget, target audience, and brand message. Establish long-term partnerships to enhance the trust factor and ensure authenticity.

By setting clear objectives, you create a framework for the campaign and can define relevant KPIs. For example, in an awareness campaign, you could measure an increase in new followers, web traffic, or brand mentions. In sales campaigns, track conversions like promo code usage, subscriptions, downloads, or traffic via affiliate links.



Wrong influencer selection

Influencers who don't align with your brand identity can result in low credibility or, in the worst case, even damage your brand image. Often, influencers who are either 'too small' or 'too big' are booked for the campaign's objectives. This translates into a weak cost-performance ratio or disproportionately high costs for insufficient attention.



Your solution:

When selecting the right influencers, pay close attention to their content creation skills, the size of their community, and their perceived authenticity.

Based on the trends observed across hundreds of thousands of profiles, seven types of influencers can be identified:

- **Nano** (1,000 - 5,000 followers): Suitable for local and national brand awareness, as well as the promotion of events or seasonal product lines.
- **Mikro** (5,000 - 15,000 followers): Suitable for increasing brand awareness, product reviews, and introducing niche products.
- **Opinion leader** (5.000 - 500.000 Follower): Suitable for thought leadership, B2B partnerships, brand awareness, and event promotion.
- **Rising Star** (100.000 - 500.000 Follower): Suitable for increasing national/regional brand awareness, web traffic, and product launches.
- **Mega** (500.000+ Follower): Suitable for advertising campaigns, boosting web traffic, and affiliate campaigns.
- **Prominente** (1.000.000+ Follower): Suitable for large-scale advertising campaigns, brand ambassadors, sponsored content as the host of an event.

The key to selecting the right influencer is the alignment of the brand and the influencer's image, as well as a high engagement rate (the ratio of interactions to the number of followers). However, be cautious of fake followers, mismatched demographic audience data, and bots - a knowledgeable and critical review of the performance is essential in these cases.

The campaign type and goals do not match

Often, the wrong campaign types are chosen for the predetermined goals. This leads to confusion and dissatisfaction among both brands and influencers, as the results depend heavily on the type of campaigns. For example, product samples are well-suited for quickly generating new revenue, while collaborations for a product launch aim more at long-term partnerships.

Your solution:

First, select the appropriate influencers, then determine and execute the suitable campaign type.

Product samples are suitable for various types of content, such as product reviews, tutorials, unboxing videos, and contests. Paid campaigns often fall into two categories: sponsored content and/or revenue sharing. In sponsored content, an influencer receives payment in exchange for a one-time action, like mentioning your brand. With revenue sharing, influencers are paid based on the number of sales they generate.

Tip: Use seasonal campaigns. Consumers often spend more during the holiday season or on holidays. During this time, 49% of consumers rely on recommendations from influencers for their purchases.

(Digital Marketing Institute, 2022)



Collaborations during a product launch focus on involving influencers in the development of a new product or project. This increases trust among consumers and enables authentic partnerships. It can also be productive for brands to involve influencers in the creative process.

In **pro bono** campaigns, influencers and brands (or non-profit organizations) come together for a charitable cause. This is an attractive method to build close, sustainable relationships with the audience and gain the respect of the participating influencers.

Failure to evaluate the results

Influencer marketing is often still perceived as a black box by many marketers. If there is no coupon code for direct sales measurement, the campaign results are often overlooked or evaluated only after the campaign has already concluded. This leaves a lot of potential for campaign optimization untapped.

Your solution:

To measure the results of the campaign, clear KPIs (Key Performance Indicators) must be established in advance. For example, the total reach and content interactions, including post performance, click-through rate, user-generated content, and the growth of owned and earned media.

3 KPIs that you should pay particular attention to in every campaign are:

ROI

The Return on Investment (ROI) is used to determine profitability. To calculate it, you subtract the investment costs (including expenses for influencers, technology, employee hours, discounts, samples) from the revenue (e.g., profit from sales with promo codes). Finally, you divide the net return by the investment costs. In other words:

$$ROI = (REVENUE - BUDGET) / BUDGET$$

Example: You generate €3,000 in a sales campaign through the use of promo codes, but you have invested €1,000 in the campaign. The net profit is €2,000. Your ROI is €2 for every euro spent..

CAC (Customer Acquisition Cost)

To calculate the Cost per Acquisition (CAC), you take your total content marketing costs and divide them by the total number of customers acquired during that period.

Example: If 50 new customers were acquired right after the videos were published, the CAC is calculated as follows: €800 / 50 customers = Customer acquisition cost of €16.

Next, you determine how much the average customer has spent.

Example: The 50 new customers generated a total revenue of €5,600. So, the customer value is €112.

To determine your profit and ROI, you compare your CAC with the average revenue per customer. This will help you assess the effectiveness of your content.

It is important to **continuously** measure success and optimize 'on the fly' if necessary. Ensure that your influencers are clearly informed about what you expect from them and how success will be measured.

MEDIA VALUE

If 'revenue' isn't money but rather a click or a follower, you can calculate the cost per impression, download, click, etc.

Example: 500 new followers / 2 videos costing €800
= €0.63 per new follower.



INSIDER INSIGHTS: MAXIMIZING INFLUENCER CONTENT

Influencer-Generated Content (IGC) can be used in various ways to maximize the effectiveness of collaborations. Branded content and whitelisting are crucial strategies to kickstart influencer marketing campaigns effectively.

Branded Content:

Share the produced content through your own communication channels in addition to the influencers' posts to increase the reach. This can be done offline, online, through paid or organic methods. Ensure that you secure the rights to the content beforehand.



Whitelisting:

With whitelisting, your brand receives permission to run advertising campaigns through the social media accounts of the influencers. This allows for full control over ad targeting and promises better ad performance. Whitelisting also strengthens your partnerships with influencers as their posts reach new audiences.

Tips: Create 'dark posts' for effective whitelisting to avoid oversaturation, prioritize high-performing influencers, and establish good working relationships before starting the whitelisting process. Including a dedicated whitelisting clause in the contract ensures that your influencer is in agreement with the process and grants the necessary permissions.

Artificial Intelligence:

Throughout the entire process of influencer identification, outreach, and management, we are supported by the AI-based software solution of our official partner, IROIN (Influencer Relationship and Outreach Intelligence Network). This allows us to select influencers who are a perfect fit for your brand and goals.

BEST CASES

Pepe Jeans

Through a **customer-tailored influencer marketing strategy**, we were able to surpass the client's objectives and increase brand awareness in Germany in just a few months.



Steve Madden

By **building an influencer crew**, we not only significantly increased shoe sales during the COVID-19 pandemic but also established the brand with a high glamour factor. We helped Steve Madden generate approximately 40% more sales annually. As a result, Germany consistently ranked among the top 3 countries for the brand in terms of e-commerce sales.

Silhouette Eyewear

Through **successful influencer collaborations** with well-known and influential personalities, we were able to bring the Silhouette brand experience significantly closer to consumers and significantly expand brand awareness and brand recognition.



EISENBERG Paris

By implementing **successful seeding campaigns and influencer collaborations**, we were able to significantly increase the brand awareness of Eisenberg in the premium segment. Collaboration with personalities perfectly tailored to the brand is the top priority to ensure an ideal brand fit and authenticity.

Luisaviaroma

Over a decade ago, we recognized, as one of the first agencies, that influencer marketing is more than just a trend and is here to stay. A pivotal moment was an **influencer project in Italy** with the now superstar Chiara Ferragni.



SUMMARY & CONCLUSION

Successful influencer marketing campaigns in the luxury and premium segment are not 'rocket science.' However, it is essential to follow some professional 'rules' here and not solely rely on gut feelings. How to do it? It's quite simple: Start with the right strategy, choose influencers who genuinely fit your brand and have real engagement. Use a campaign format that achieves your goals. And measure the results during the ongoing campaign.

WHITE Communications brings a wealth of extensive experience from over 30 years in the luxury industry and hundreds of successful campaigns.

www.white.de



OUR WHITE INFLUENCER SERVICE

Do you want to increase your revenue through influencer marketing by at least 20%? As one of the first in Europe, we have recognized that influencers will be a crucial part of the marketing future to captivate the young luxury generation. Together, we find influencers for your brand, monitor your campaigns, and generate more revenue through intelligent collaboration combined with professional monitoring.

Our clients were able to increase their revenue by at least 20% through influencer marketing.

This is how our Full-Service Deluxe package works

In our database, we have compiled a steadily growing pool of over 1500 high-quality **WHITE Approved** Influencers. Additionally, we are always on the pulse of the market, selecting premium emerging talents for our campaigns. Here, we find the influencers for your campaign who align with your brand, possess the required credibility and authenticity, and bring the desired reach.

WHITE provides you access to the world's most successful trendsetters in the luxury industry, with whom we have collaborated multiple times over the years, achieving success.

The brands we oversee come from various sectors, including cosmetics, watches/jewelry, automotive, travel, fashion, or accessories. For them, we have the perfect influencers to enhance targeted campaigns and reliably lead them to the desired success.

We understand your brand identity and incorporate it directly into the selection of suitable influencers. Together with you, we can create an effective influencer marketing concept for your brand or sales campaign that not only brings the necessary reach and engagement but also aligns with the DNA of your brand.



Our competencies

We take care of the entire process from planning to implementation. Our effective marketing strategies and comprehensive approach ensure that your brand achieves maximum attention and engagement through fitting social media influencers. We combine strategic thinking, creative storytelling, and data-driven insights to conduct influential marketing campaigns.

We coordinate the collaboration of influencers.

Booking influencers and managing contracts can be time-consuming and complex. Our dedicated team takes care of all aspects of the booking process. Leveraging our extensive network and industry knowledge, we recruit the right influencers for your campaign. We work closely with influencers to create comprehensive contracts that regulate the scope of work, services to be provided, schedule, usage rights, and compensation.

We spread your brand across multiple channels.

It's no longer sufficient to focus on just one platform; instead, a multi-channel approach is necessary to maximize your brand's reach and appeal to different target audiences. Our influencer network spans across various platforms. This allows us to tailor your campaigns to the unique demographic characteristics of each platform's user base. WHITE Approved Influencers each have between 50,000 and 1,000,000+ followers, ensuring that your brand reaches potential buyers on all relevant platforms.

Our influencer marketing roadmap

- Development of an influencer strategy
- Development of a creative campaign concept
- Research and selection of suitable content creators
- Data-driven insights into the content creators
- Negotiation of terms with content creators
- Individual reporting for each social content
- Analysis of metrics & measures
- Evaluation of KPIs
- Final campaign reporting

Our services

- Management of content development
- Content preparation
- Briefing of content creators
- Coordination of product deliveries, such as seedings
- Scheduling of posts
- Coordination of content approval processes



GET IN TOUCH WITH US

You want to learn more and explore further into the world of influencer marketing? Let's talk. You'll be surprised at what is possible for you and your brand.

Your Representatives

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We look forward to hearing from you!

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