

Influencer Marketing in User-Generated Content Networks—Revising the Common Paradigm

Daniel Shapira, Guilford Glazer Faculty of Business and Management BGU, Jacob Goldenberg, IDC Herzliya

Scientific Abstract

Despite much recent research on seeding, there are only few notable papers that deviate from the classic premise that individuals who are exceptionally connected and possess high status and influence are the optimal target for seeding. These papers suggest other traits (e.g., lifetime value; Haenlein and Libai 2013), taking into account relationship characteristics such as type, duration, and interaction intensity (Chen, Van der Lans, and Phan 2017) or weighting the network (Ansari, Koenigsberg, and Stahl 2011) as either a complementary or substitutional consideration. In this proposal, we challenge the core of the current seeding paradigm in an important emerging context: It is our contention that especially in UGCs (user-generated content platforms like social media, probably the most dominant word-of-mouth platform today), reality is different and, as a result, the classic view should be revisited.

The classic view rests on several assumptions that may have been correct at the time, but seem to be irrelevant in this day and age of the social media revolution where influencers as well as a wide range of businesses are active in the arena of the web:

a) The classic assumption is that the responsiveness of an influencer is constant throughout the network. We already have strong results that indicate that responsiveness is *negatively* correlated with the status (degree) difference (we present these preliminary findings in the proposal). This means that individuals who are more likely to respond positively to a seeding attempt may be a better alternative. We offer an approach that takes into account the probability of response in addition to the status and magnitude of potential influence targeted influencers possess.

b) The classic view does not account for the fact that the monetary compensation reflecting the value of endorsement may exceed its means, giving rise to a different, perhaps more efficient strategy: seeding emerging influential that will gain influence shortly. We plan to develop a general framework in which any type of prediction model for emerging influencers (such as probability models, machine learning toolbox, or even expert assessments) can be incorporated in order to rank prospective influencers, taking into account the model's predictive performance in monetary terms. The idea is to build an efficient frontier of seeding program choices where the eventual choice is determined in accordance with the manager's risk aversion. This approach likely will be attractive to small businesses in which budget constraints may prevent it from attracting existing influencers.