Fohr

The State of Influencer Pricing

A contribution and conversation

The State of Influencer Pricing in 2022

Pricing has always been a complex and nuanced topic for influencer marketing. We're not here to say that influencer pricing should be 100% standardized because we don't think that's the answer—*more transparency and conversation are*.

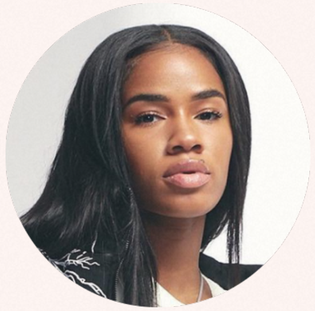
Our latest webinar featured an open conversation focused on how brands and influencers can understand each other's perspectives and how both sides can focus on driving high value rather than low cost.



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We covered:

A brief history & evolution of the influencer industry

Market shifts & changes in power dynamics

Influencer ROI and impact

Cost vs. value

The factors impacting campaign cost

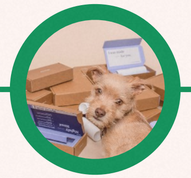
Watch the full recording of the webinar here

A Brief History of Influencer Industry



2013

Industry Emergence



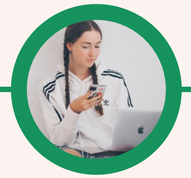
2016

PR Box Era



2017

Product for Post



2018

Micropayments



2019

Ambassador Mindset



2020

Covid Shift



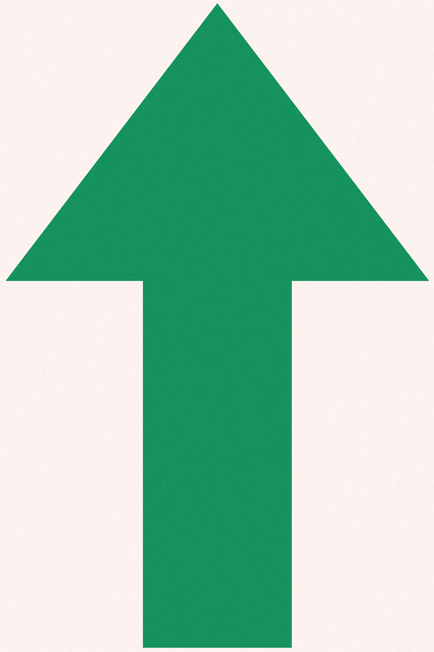
2021

Creator “Union”

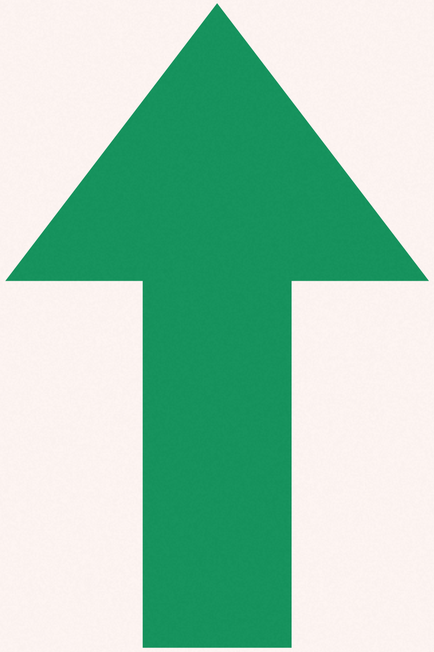


2022

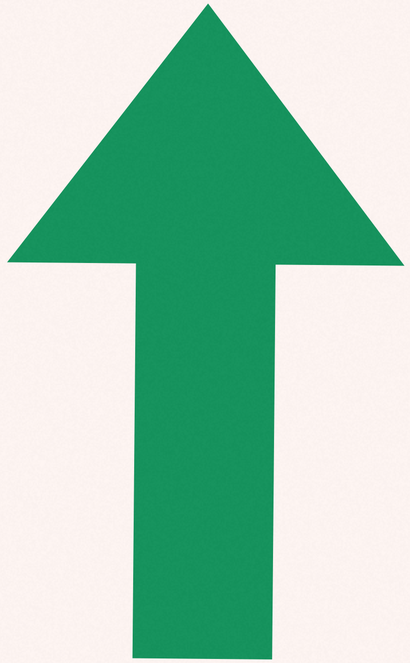
Today



+



=



Demand

360% growth in est.
market spend in past
5 years

Education

50M+ views #influencertips
Clubhouse + community
FYPM

Cost

According to Fohr payout data looking at a sample of $8.4M of contracts, average payout CPMs (cost per thousand followers) have *increased on average by 44.5% from 2020 to 2021.*

High value is more important than low cost

The what, who, where and how of assessing costs and driving value

What you value.

Who you value.

Where to assess value.

Total standardization of costs isn’t possible in a nuanced human business. The skill becomes less about driving the price as low as possible and more about developing a keen eye for what is driving value for your brand.

How you *drive* value.

Just like any job, workers need to be motivated. How can you promote clarity, creativity, and community with your influencer partners to incentivize them to bring their A-game to your partnership?

Factors that influence pricing and value



Usage Rights

Consider and plan for how your teams will utilize the influencer content and only ask for what you will use. Before 2020, the default contracted usage was six months on owned and operated channels, emailers, and .com. Since the pandemic, this type of usage is driving costs up. Be prepared for prices to rise if you're using content in paid media or for extended terms.



Content Production

Are you asking influencers to post a selfie or direct more elaborate high-production-value content, like a long-form YouTube video? Factors include time, level of effort, and hiring outside help.



Creator/ Performer Analytics

The reality is you can have two creators with 100,000 followers—one of them could be reaching on average 10,000 of those followers and the other 50,000. To the outside world, these two accounts are the same and should be paid the same, but one is outperforming the other by 5x. Don't just consider engagement rate: work to understand what is happening under the hood.



Exclusivity

Exclusivity costs intend to protect the influencer from potential loss of income. Consider your requested term and definition because long-term exclusivity can be incredibly cost-prohibitive. Consider how you can be strategic with your exclusivity requests: do you need complete category exclusivity, or can you limit to direct competitors? Is the category you're requesting niche (e.g., toothbrush), or will your category prohibit this influencer from a lot of potential income (e.g., beauty)?



Product Value & Desirability

If Ferrari wants to work with influencers, we assume they pay less than Ford. Your brand's position in the market affects what an influencer will charge for that collaboration.

But, a caution: just because you can get influencers to accept at a low rate or for free doesn't mean that should always be your MO. Consider the long-term satisfaction of your influencer and ambassador partners and whether the value exchange feels fair.



Category Sensitivity

If you ask influencers to talk about something sensitive or not organic & authentic to their feeds, you will need to pay more to lock in your priority partners. Tampons, for instance, cost more to market with influencers than foundation. If you ask influencers to be a part of a campaign where their gender, sexual orientation, or racial identity is being leveraged to solve a business problem, you should anticipate the cost to rise.



Client or Fohr Recommendation

Sometimes a client wants to work with a specific person and will pay a premium to do that. This skews the pricing data as it's emotionally, not market-driven.



Volume of Deliverables

Most campaigns are not for a single post (as Fohr recommends with our 10 Rules to Ambassador Marketing) and will need support from Stories or posting on multiple platforms. When someone says, 'I made $3,000 on a campaign,' you need to know the expected deliverables.



Expertise and Demand

Influencer pricing is market-driven, and when a specific influencer or group of influencers is in higher demand, such as entrepreneurs, business owners, and industry experts, prices go up. We saw this in the last year with the demand surge for Black creators leading to 50-100% increases in working with those creators.



Prior Performance

Sometimes you work with a creator who vastly outperforms their metrics, and you pay them more than their data and follower count would typically dictate. For example, we had an influencer with 170k followers sell over $100k of product in a week; we know they are a high performer, and our offers take that performance into account.

Brand/Creator Relationship Goals

Creativity + Business Mindset = *Success*

We need to see the partnerships from both perspectives in order to create harmony and create a happy medium. Just as creators are learning the ropes of running their own business, many brands are new to navigating the world of influencer marketing. Understanding what each party deeply cares about will help form stronger bonds and create a more fruitful dynamic in negotiation. Color, context, and clear communication are key from both sides.

Champion *Long-Term* Relationships

You want the brand-creator partnership to feel personal and like it's the right fit. It's been proven that long-term brand/influencer relationships are more valuable to brands than one-off campaigns. Similarly, influencers prefer having selective, authentic long-term brand partnerships that they care about. Brands should work to nurture their influencer relationships and champion their partners.

Mutual *Respect*

Remember that with the newfound and added value of influencers post-2020, many influencers (even micros!) are pursuing content creation as a full-time job. Brands should think of their influencer partners as a functioning business, with the same mindset as hiring photographers, editors, accountants, and managers. It's crucial to treat creators with respect, pay on time, and value their perspectives and feedback.

Remember Creators Are Your Partners, But Also *Your Customers*

Paying fairly is not just the right thing to do, but influencers share their rates amongst themselves to hold brands accountable. If a brand isn't paying fairly or equitably, it'll likely be known within the influencer community as a company that creators don't want or like to work with. F*ck You, Pay Me has continued to make waves since its 2021 launch as a way for creators to share their experiences of working with a brand anonymously.

Fair and *On-Time* Payments

Late payments lead to headaches, uncertainty, and financial stress. Running a full-time business as a creator by themselves, in most cases, is difficult. It affects you as a brand, but someone else is on the other end of this payment structure that is suffering.

Further consideration:

What are your goals, and what do you need as a business? Are you thinking about your ask, or are you just asking? Are you defaulting to asking for usage that you aren't even going to use?

Check out our webinar to map out the 'why' behind your campaign "How to Measure Influencer Performance."

Who do you need to help you meet these goals? Should you be doing more exploring to get new, emerging, and unique partners on your radar? Are you defaulting to going after partners who are in really high demand? Are you checking any unconscious bias when selecting influencers or during the negotiation?

Check out this post from Fohr on industry bias for more.

Who is Fohr?

Fohr is an ambassador marketing company changing the game since 2013. We do two things—run best-in-class campaigns for some of the biggest brands in the world, and combine technology and analytics to create tools for brands, influencers, and our agency.

Learn more about Fohr.

Who is FYPM?

F*ck You Pay Me is a platform where influencers can anonymously share their experiences collaborating with different brands and search crowdsourced compensation data, making it easier to figure out what price to charge for their services. Coined as 'the Glassdoor for Influencers,' FYPM's goal is to support fairness, transparency, and accountability in the influencer marketing industry.

Learn more about F*ck You Pay Me.

Who is Archie?

Archie's goal is to, essentially, unf*ck the freelance economy. Archie provides the simplest way to onboard, manage, and pay. Automate every step — from instant onboarding and one-click payments to set-it-and-forget-it tax filings.

Learn more about Archie.