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SCHOOL OF ECONOMICS AND BUSINESS

MASTER THESIS

INFLUENCER MARKETING – THE PERSPECTIVE OF MARKETING AGENCIES IN THE REGION

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U skladu sa članom 54. Pravila studiranja za I, II ciklus studija, integrisani, stručni i specijalistički studij na Univerzitetu u Sarajevu, daje se

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Ja, **Hana Lukač**, studentica drugog (II) ciklusa studija, broj index-a 73450-5022 na programu **Menadžment- Engleski jezik**, smjer **Marketing Management**, izjavljujem da sam završni rad na temu:

„INFLUENCER MARKETING-THE PERSPECTIVE OF MARKETING AGENCIES IN THE REGION"

pod mentorstvom doc.dr. Denisa Berberovića izradila samostalno i da se zasniva na rezultatima mog vlastitog istraživanja. Rad ne sadrži prethodno objavljene ili neobjavljene materijale drugih autora, osim onih koji su priznati navođenjem literature i drugih izvora informacija uključujući i alate umjetne inteligencije.

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ABSTRACT

As the speed of life and circulation of information increases due to globalization and the growing popularity of information technology, the use of social media channels for information transfer is becoming more relevant by the day. This fact makes it difficult to perform an effective marketing strategy which is also reliant on the use of traditional media (e.g. TV). One of the marketing channels which is growing in popularity as effective considering the stated information is influencer marketing. With a worldwide growth of 800% over the last 5 years, influencer marketing has become an essential tool for executing any marketing strategy (Statista, 2022).

Social media influencers use their power of persuasion to execute authentic, interpersonal, and credible advertising campaigns with significant reach. However, despite the growing popularity of influencer marketing, not enough research and literature on its use and effectiveness is currently available. Therefore, the aim of this master thesis is to investigate influencer marketing, its potential as an advertising tool, and its current usage by marketers in the Balkan region.

With the stated objectives and aim in mind, qualitative research in a form of semi-structured interviews has been used. Eight individuals with extensive influencer marketing experience in the Balkan region have been interviewed, and the data collected has been subjected to a thematic analysis with an indicative approach. Using this approach has allowed the data to be presented in a way that allows it to be self-explanatory.

Desirable influencer traits and the main challenges in their work have been deduced from the analysis performed. Furthermore, the research confirms that quantitative measurement of influencer-led advertising campaigns is difficult as the results are rather non-tangible and not to be expected in short-run.

The findings of the research performed are relevant for active participants in influencer marketing activities and its beneficiaries i.e. marketing agencies, brands, and influencers. The findings can also be useful inputs to policymakers attempting to regulate influencer marketing business model in a way that allows for generation of greater societal benefits.

Key words: Influencer marketing, social media influencers, thematic analysis, social media, KPI

SAŽETAK

Kako se zbog globalizacije i sve veće popularnosti informacijske tehnologije ubrzava život i kruženje informacija, korištenje kanala društvenih medija za prijenos informacija postaje svakim danom sve relevantnije. Ova činjenica otežava izvođenje učinkovite marketinške strategije koja se također oslanja na korištenje tradicionalnih medija (npr. TV). Jedan od marketinških kanala koji s obzirom na navedene podatke postaje sve popularniji kao učinkovit je influencer marketing. Sa svjetskim rastom od 800% u posljednjih 5 godina, utjecajni marketing postao je bitan alat za provođenje svake marketinške strategije (Statista, 2022).

Influenceri na društvenim mrežama koriste svoju moć uvjeravanja kako bi izvršili autentične, međuljudske i vjerodostojne reklamne kampanje sa značajnim obimom. Međutim, uprkos neospornom uspjehu influencer marketinga, trenutno nije dostupno dovoljno istraživačkih radova i literature o njegovoj upotrebi i efikasnosti. Stoga je cilj ovog rada istražiti influencer marketing, njegov potencijal kao alata za oglašavanje i stepen njegovog trenutnog korištenja od strane marketinških stručnjaka u regiji Balkana.

Kako bi se postigli gore navedeni ciljevi, korišteno je kvalitativno istraživanje u vidu polustrukturiranih intervjua. Intervjuisano je osam osoba s bogatim iskustvom u influencer marketingu u Bosni i Hercegovini, a prikupljeni podaci podvrgnuti su tematskoj analizi s indikativnim pristupom. Upotreba ovakvog prisutpa omguća je prezentaciju podataka na način koji im omogućava da budu razumljivi sami po sebi.

Iz provedene analize izvedene su poželjne osobine influencera i najznačajniji izazovi u njihovom radu. Nadalje, istraživanje potvrđuje da je kvantitativno mjerenje reklamnih kampanja koje vode influenseri teško jer su rezultati prilično neopipljivi i ne očekuju se u kratkom roku.

Rezultati provedenog istraživanja relevantni su za aktivne sudionike influencer marketinških aktivnosti i njihove korisnike, odnosno marketinške agencije, brendove i influencere. Rezultati također mogu biti korisni inputi kreatorima politika koji pokušavaju regulisati poslovne modele influenser marketinga na način koji omogućava stvaranje veće društvene koristi.

Ključne riječi: Influenser marketing, influenseri na društvenim mrežama, tematska analiza, socijalni mediji, KPI

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ABBREVIATION LIST

AMA- American Marketing Association

ER- Engagement rate

E-WOM- Electronic word-of-mouth

KPI- Key performance indicator

ROI- Return on investments

SMI- Social media influencer

WOM- Word-of-mouth

1.   INTRODUCTION

Consumer behavior represents a combination of psychological, economic and socio-anthropological situations and environments (Kazmi, 2012). Perception represents an extremely important segment in the theory and practice of consumer behavior research. It can be viewed as a process through which consumers choose, organize and interpret stimuli, i.e. react through sensory receptors (such as sight, hearing, touch, etc.) to certain stimulating elements such as light, color, texture, sound, etc. (Madichie, 2012). Hence, from the aspect of consumer behavior, it is possible to say that perception represents the process of selecting, organizing and interpreting information to produce meaning that will ultimately lead to a potential purchase decision. Therefore, if the consumer hears a certain advertising message, sees it, smells or touches the product, it is possible to say that he has received information that he will interpret in a way which can lead him to a purchase decision. Perception can also be viewed as a way that people recognize and interpret stimuli (Sitter, 2008).

The significance of the effect that consumer perception has on purchasing decisions makes it one of the basic determinants for choosing products and services. Influencing consumer perception entails engagement in planning and implementing different activities which can be a part of an advertising plan and/or strategy. Advertising represents one of the promotion strategies, and it is an extremely important tool in generating product/service awareness which should have a positive effect on the probability of making a purchase decision i.e. decision to buy a specific product or service. The perception of certain advertising messages may or may not influence a positive purchase decision. For example, if the advertising message is created in a way to attract the customer, it is clear how the potential consumer will perceive a certain message in a unique way. The research shows that consumers with whom companies manage to create an emotional connection through advertising, as well as those whose consumers perceive the company's advertising efforts, will prefer to buy a particular product and/or service (Keller, 2012).

The fast-changing and dynamic market of the 21st century which is heavily reliant on the development of information technology has offered additional tools which can be used for creation of emotional connections with consumers. A connection between celebrities and consumers is becoming less effective than before, and the need for a new type of product/service endorser is becoming greater (Schimmelpfenning & Hollensen, 2016; Sudha & Sheena, 2017). As role models and thought leaders available 24/7 on your phone, influencers are gaining popularity as ideal candidates to fulfill the said need. Many companies have recognized the importance of influencers and are already using them as advertisers (De Veirman, *et al.*, 2017).

Social media influencers are viewed as experts on the topic they talk about by large groups of individuals, which allows them to exact their influence on the perception of such individuals and, thus, their purchasing decisions. The influence of social media influencers

is spread through the content they communicate on their social media profiles (Uzunoğlu & Kip, 2014) which can be adapted to serve the goals of an advertising strategy (Carter, 2016).

However, since the number of available influencers is growing by the day, choosing an ideal social media influencer (hereinafter: "**SMI**") is becoming increasingly difficult. The goal of the influencer selection process is to choose an individual with a proper communication style, who can execute an advertising campaign perceived as regular communication without persuasive intentions as such is deemed to be more effective (Evans, *et al.,* 2017).

Even though some studies on the effect of influencer marketing have been performed (Wu, et al., 2016; De Veirman, *et al.,* 2017; Evans, *et al.,* 2017; Park, *et al.,* 2018; Wang, *et al.*, 2019), the recent emergence of SMIs in the Balkan region has not allowed for a thorough research of their impact and effectiveness as advertising tools. Therefore, this study seeks to explore and understand the relationship between agencies, brands and influencers in the Balkan region and the practical implementation of influencer marketing in the said market.

Thus, this research has three objectives:

(i)   providing a systematic view of previous research on influencer marketing;

(ii)   investigating the relationship between marketing agencies, SMIs and brands in the Balkan region;

(iii)   offering insights for brands, SMIs and agencies with the aim of contributing to the betterment of the influencer marketing implementation in the future.

To reach these objectives, a qualitative research design based on thematic analysis has been applied (Braun & Clarke, 2006).

The results are expected to (i) ease the implementation of influencer marketing and the selection of influencers in the future; (ii) provide insight into expectations from influencers, and (iii) allow for a better understanding of the SMI market in general. Additionally, research will contribute to reaching a better understanding of the importance and scope of influencer marketing by the policymakers which, in turn, allows for the effective creation and/or adaption of relevant legislation and market-related policies.

This master thesis has the following structure:

(i)   An overview of influencer marketing (branding and perception, definition of influencer marketing, correlation with word-of-mouth marketing, definition and types of social media influencers, the overview of the most relevant social media platforms).

(ii)   Overview of the SMI key performance indicators and their measurement;

(iii)   The influencer selection process, the importance of compatibility between the brand and the influencer, and influencer-related fraud and ways to prevent it;

(iv)   Qualitative research methodology, its hallmarks and its integration in this master thesis;

(v)   Summary of empirical data shown through concepts affecting the development of theory on the selection of influencers in the Balkan region.

(vi)   Theory, developed from the concepts, answers to research questions, offering practical advice keeping in mind research limitations, all while offering recommendations regarding further research.

(vii)   Final thoughts.

1.1.   Branding – brief overview

The term brand primarily refers to product marking with the aim of recognition (recognizability of quality and fulfillment of the promise made to customers) and differentiation from other products that customers have on offer. The most complete definition of a brand in the literature was given by the American Marketing Association (AMA): "A brand is a name, term, design, symbol, or any other feature that identifies one seller's goods or service as distinct from those of other sellers." (American Marketing Association, 2022), The three basic dimensions of a brand are recognition, expected quality/consistency and brand loyalty (Keller, 2012).

Also, a brand is defined as a set of tangible and intangible characteristics, perceived positively or negatively (Bastos & Levy, 2012), which were created with the aim of raising awareness of the brand itself, as well as building the brand identity of a product, service, person, place or organization (Kotler & Armstrong, 2012). The brand reduces the risks associated with adverse perception during the process of making the final purchasing decision meaning that a marketer needs to develop a proper branding strategy which will serve to highlight the positive characteristics of the product/service that will ultimately outweigh any perceived disadvantages.

1.2.   Customer perception

In building brand value, perception is more important than reality. If one considers brands as concepts existing only in the minds of consumers than managing brands implies managing customer perceptions which is a challenging but achievable task if one selects an appropriate marketing strategy. Brand perception is related to brand recognition i.e. the ability of the consumers to recall a brand and differentiate that brand from others under different conditions.

Brand image is to be considered a segment of customer perception and a successful brand is one perceived as different from competing brands in the sense that it provides a greater value. Greater value means that the brand has certain attributes that can serve to satisfy the immediate and practical needs of customers and subsequent needs related to the use of the brand.

A more favorable brand perception means that the customers will associate higher quality with the product/service, making their willingness to purchase higher than it would otherwise be. However, achieving a favorable brand perception is difficult considering that customers have different opinions, attitudes, and expectations regarding the satisfaction of their needs.

The customer's satisfaction with the brand can affect his differentiation of the message that the brand sends and affect the customer's ability to distinguish the brand from its substitutes on the market, as well as possibly increase the chances that customers will exhibit loyalty to the brand and repeatedly decide to buy the brand despite other existing options on the market. This means that brand perception affects customer satisfaction with the brand as the perception can affect the need the customer has. Moreover, branding stimulates the customer to become a part of the promotional activities via positive WOM i.e. it makes the customer willing to recommend the brand to the individuals in his/hers social circle. For example, a customer may sense that the sunscreen from their preferred brand works better than the sunscreen offered by an unfamiliar brand, even though there is no significant difference in the quality of the product. Moreover, such customers may even engage in persuading others to adopt their opinion, despite lacking any information on the unfamiliar brand.

1.3. Dimensions of customer perception

As brand perception is subject to the reactions in forms of emotion, faith, loyalty, use of the brand, and advocacy of the brand, developing a proper branding strategy requires a deeper understanding of customer perception.

Perception can be conceptualized as mental processing i.e., selection, organization, and interpretation of information (Kotler & Armstrong, 2012). In order to ensure the maximum effectiveness of the promotional campaign aimed at affecting customer perception, it is important to take advantage of the "first impression" effect and present the brand before the customer perceives it on his/her own.

Moreover, another dimension to consider is that people like to observe stimuli that relate to their existing needs while they are aware and oriented towards their satisfaction. When a customer notices a high degree of discrepancy between his desired level of satisfaction and his current level of satisfaction, he/she is more aware of the surrounding purchasing stimuli and is more likely to make a purchasing decision.

Finally, it is important to note that different people can have different types of perceptions of the same brand due to the diversity of their needs, character traits, demographic

characteristics and other characteristics which should all be considered when devising a branding strategy.

Thus, to summarize, four dimensions of brand perception are to be considered when branding a product/service: quality offered, associated image, promotion channels, and customer preferences.

1.4. Promotion and branding

Brand promotion deals with active and positive communication of the brand and its value. Brand promotion is based on an observation that some consumers actively seek promotion for preferred brands which makes it an important marketing tool.

Brand promotion is a common strategy the aim of which is to increase awareness of the marketer's marketing mix. Its objectives include informing, reminding, persuading, and influencing customers to purchase the advertised brands. Therefore, the perception of brand promotion serves as a direct motivation to purchase the product.

Influencing the purchasing decision is performed in many ways, including advertising, offering samples, communicating testimonials, offering price discounts as rewards for repeated product purchases, etc.

Advertising is the process of using a wide range of promotional tools that work together to create brand satisfaction. Advertising is not the dissemination of personal information on multimedia, but a process of sharing information about a product, brand or company aimed to a change or maintain the customer's attitude towards a specific product/service. Advertising acts as a means of communication used by the marketer to convey or present information to the public. In a state with no information on options available, the consumer may depend on advertising while making the decision to buy or not.

Sampling is also a method that influences consumers and leads to an increase in the likelihood of a purchase. Free samples or gifts are one of the important promotional tools in marketing as it allows the potential customers to test the product, rather than just to have information about the products, increasing their trust in the level of satisfaction they will feel if they were to make a purchasing decision. Marketers used free samples for a variety of reasons: to promote trial products, to increase sales numbers early in the product life cycle, or to achieve targeted circulation. In addition, free samples had three clear effects: accelerating sales, increasing repeat purchases, and expanding the brand's consumer base.

Displaying products or offering testimonies are also tools that can be used to boost purchases. The aim is to enhance the personality of the product that embodies the brand and offer visual effects and informative displays that would encourage the potential customers to realize his needs and to satisfy them by using the displayed product.

Price discounts are incentives that offer monetary benefits to affect the brand perception, as well as to incentivize positive experience which would boost brand awareness and

purchase intentions. The perception of a brand promotion such as a price discount is used to positively change the consumer's opinion about the fair price of the promotional product, improve the perceived value and increase brand satisfaction to stimulate the purchase or the intention to make it.

Finally, using celebrities is another form of advertising. Celebrities can serve to create awareness and associate their self-image with the quality of the product or service they advocate, which leads to an increase in the perceived satisfaction with the brand of the targeted customer.

The rise of information technology has enabled marketers to combine the elements of the promotional means listed above and use them in an advertising space available in almost every pocket around the world. As social media became a part of everyday life, the role of individuals able to combine the elements of the promotional means mentioned to increase brand perception became more prominent in the business world. Such individuals are called influencers, and influencer marketing will be described in more detail for the remainder of this section.

2.   INFLUENCER MARKETING

2.1.   Definition of influencer marketing

Influence can be defined as a force one person or entity generates to another which results in a reaction (Brown & Fiorella, 2013). It is present in many relationships e.g. a spouse influences their partner, a parent influences their kid, celebrities influence their audience and so on. However, considering the nature of this thesis, the focus will be on social media influencers since that is the relevant type of influencers for this research.

As the interconnectedness between individuals grows with the increasing everyday use of online tools, new ways of advertising are becoming available to marketers. As the time available to individuals grows thin, everyone is on the lookout for reliable information which is easily accessible. In these conditions, online word-of-mouth (WOM) is becoming an increasingly important tool for filtering relevant information from the enormous pool of information available to individuals. Individuals who can provide such information in an attention-grabbing way are quickly gaining popularity and are quick to become opinion leaders i.e. individuals able to exert greater influence on the decision of others (Rogers & Cartano, 1962). The influence of such individuals allows them to affect the perceptions of their supporters, which makes them interesting to advertisers hoping to affect purchasing decisions. Over time, individuals with substantial online support from different individuals have come to be called influencers, and since their method of communication is by social media – they are called social media influencers or SMIs.

Using SMIs as an advertising channel is popularly known as influencer marketing. Influencer marketing can be defined as a "process of identifying and activating individuals who influence a specific target audience or medium, to be part of a brand's campaign aimed towards increased reach, sales, or engagement." (Sudha & Sheena, 2017). It is a type of marketing that assumes effort focused on key individuals or types of individuals instead of the entire target market (Ranga & Sharma, 2014). The goal of influencer marketing is to increase the awareness and knowledge about the marketer within the targeted community (Brown & Hayes, 2008). Even though some may perceive influencer marketing as innovation, this advertising concept has been used for quite some time, namely in the form of product placements and celebrity endorsements (Sammis, *et al.,* 2015). However, the use of "online opinion leaders" as advertising tools is a relatively new concept.

Influencer marketing is a highly credible electronic word-of-mouth advertising since sponsored posts are well blended with regular social media posts made by the influencer, making them more genuine and subtle which increases the effectiveness of the advertisement (Hudson & Hudson, 2006; De Veirman, *et al.*, 2017; Evans, *et al*., 2017). The activities which are considered to be a part of influencer marketing occur between three parties: (i) the social media influencer (SMI); (ii) the marketer i.e. endorsed brand;

and (iii) the targeted individual i.e. consumer (Sinnig, 2019). The effects of the interactions between these three parties and their relations will be a subject of further discussion later.

Figure 1: Relevant relationships between consumers, SMIs, and brands in influencer branding
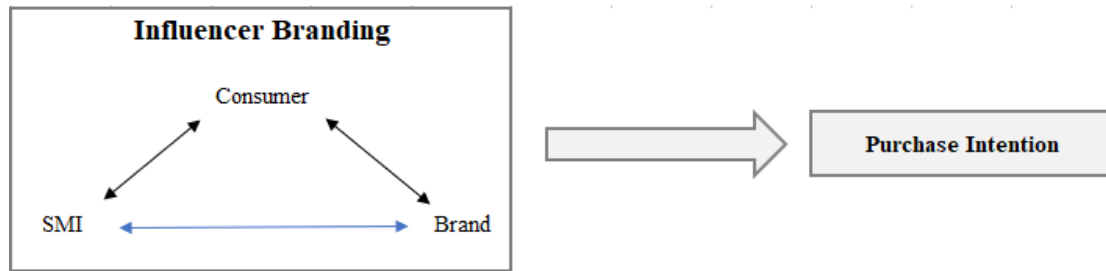
Source: Sinning, 2019

2.2. Influencer marketing and WOM

Influencer marketing is an extension of word-of-mouth (WOM) marketing and is very useful for increasing the size of the audience targeted by WOM advertising efforts (Sudha & Sheena, 2017). WOM can be defined as interpersonal communication occurring between individuals and people considered to be influential to such individuals (Kotler & Armstrong, 2012). The existence and recognized usefulness of the WOM have paved a path to the development of influencer marketing which assumes (i) the identification of individuals with digitally-accumulated influence over others and (ii) the encouragement of such individuals to recommend (promote) products and/or services to their digital audience.

The internet might be the "greatest word-of-mouth amplifier the world has ever seen" (Anderson, 2008) as consumers are using social media to exchange information and opinions about everything, all of which is easily accessible across the globe and thus influences a great number of individuals (Sinnig, 2019). This type of WOM is called electronic word-of-mouth (eWOM) and it can be defined as a sum of attitudes (both negative and positive) shared via the internet (Henning-Thurau, *et al.*, 2004). The existence and effectiveness of the eWOM are essential assumptions needed to justify the effectiveness of influencer marketing since it entirely depends on the online dispersion of information to others (Yusuf & Busalim, 2018).

WOM marketing and influencer marketing are rather similar. Each of these advertising types includes the use of a mediating individual appearing to have no stake in the product/service is recommended, which makes them more effective and genuine than traditional advertising (Brown & Fiorella, 2013; Sudha & Sheena, 2017).

The main difference between WOM and influencer marketing lies in influencer choice: while WOM uses well-known and highly established opinion leaders as advocates, influencer marketing uses individuals present on social media who are well-received by

their respective audiences (Duan, *et al.,* 2008). Some researchers claim that influencers are more effective as advertisers than traditional celebrities, especially if the targeted individuals are members of the younger generations (Sudha & Sheena, 2017). Hence, a conclusion can be made that marketers should adapt their advertising strategies to the audiences' preferences to ensure the success of their advertising campaigns.

Moreover, it seems that popular advertising strategies entail huge investments in marketing campaigns, although researchers have proved the superiority of recommendations from peers over other means of persuasion (Anderson, 2008; Bughin, *et al.*, 2010; Li, *et al*., 2011; Liu, *et al*., 2015). Some research shows that 92% of consumers across the globe trust WOM recommendations from their peers more than any other form of marketing, which supports the claim that WOM is an advanced, efficient, and cost-saving strategy with the potential for supplementary business opportunity generation (Li, *et al*., 2011).

Therefore, the possibility of direct communication with targeted consumers is the main reason behind the high effectiveness of WOM and influencer marketing. Moreover, in a digital world in which anyone is allowed to share information and opinion, it is vital to choose a proper advocate to effectively promote products/services/ideas/brands via social media credibly and authentically while eliminating any adverse information made available to targeted consumers.

2.3.   Social media influencers

Opinion leadership phenomenon within social media exists due to the great popularity of individuals referred to as digital influencers and social media influencers (Uzunoğlu & Kip, 2014; Kapitan & Silvera, 2016). Social media influencers "are a new type of independent third-party endorsers who shape audiences' attitudes through blogs, tweets and the use of other social media." (Freborg, *et al.*, 2011)

Figure 2: Innovation Adoption Lifecycle
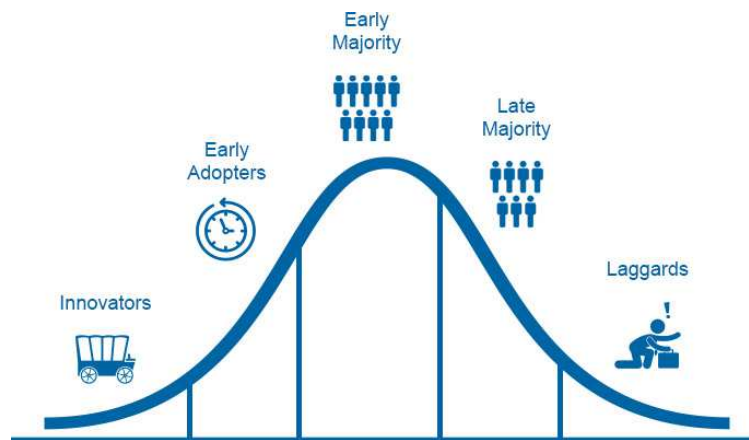
Source: Arrington, 2022

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Analyzed by the application of the Innovation Adoption Lifecycle, opinion leaders and influencers can be classified as belonging to innovators (2,5% of the overall population) and/or early adopters (13,5%) as they are likely to be the first ones to accept innovation prior to the rest of the population, and then promote it to others in their social circle (Kotler & Armstrong, 2012). In the best-case scenario, these events will trigger a chain effect and the innovation will reach the end of the adoption lifecycle. This claim can be further supported by findings stating that "interpersonal channels are more effective in persuading an individual to accept a new idea, especially if the channel links two or more individuals who are similar in socioeconomic status, education, or other important ways" (Levin, 2020).

Social media influencers (hereinafter, "SMI" or "Influencers") are described as opinion leaders with the ability to influence large masses of people by posting on their social media accounts and communicating with their audience (Uzunoğlu & Kip, 2014; Burmann, *et al*., 2018; Lou & Yuan, 2019). They can also be defined as individuals active on social media platforms and utilize the influence gained from such activity to stimulate sympathy for a certain brand (Carter, 2016).

2.3.1. Types of influencers

As the number of social media influencer grows, many of them are attempting to become distinctive by focusing on a certain style of communication, topic, content or a character attribute, which allows for their classification with respect to the one of the criteria stated above. An example of influencer classification would be the following classification based on the theme of the content they publish: fashion influencers, beauty influencers, gaming influencers, parenting influencers, food influencers, and fitness influencers (Sinnig, 2019).

Influencers can also be classified with respect to the source of their influence: (i) traditional influencers (celebrities); (ii) emerging (digital) influencers; (iii) influencers by connection; and (iv) influencers by topic (Sudha & Sheena, 2017). Emerging (digital) influencers are individuals with large following and leadership within a certain digital space (e.g. blog). Influencers by connection are those with a large and stable backing, while influencers by topic are those individuals who are considered to be the opinion leaders on certain topic or are perceived as being well versed in a certain topic.

Another approach to categorization of influencers is based on the way they communicate: (i) opulent style inspirers (focus on the sophisticated and elaborate composition of image); (ii) experts (operate and have extensive knowledge in niche topics); (iii) self-exposers (share their daily lives online) (Sinnig, 2019).

However, despite the number of ways influencers can be classified – they are most commonly categorized with respect to the size of their follower base (Sinnig, 2019):

1. Micro-influencers are influencers with a follower base ranging between 500 and 10.000 followers;

2. Macro-influencers are influencers with a follower base ranging between 10.000 and 1.000.000 followers

3. Mega-influencers are influencers with more than 1.000.000 followers.

Considering the information about opinion leadership and the role of interpersonal relationships in the effectiveness of brand promotion, it can be said that despite the importance of a large follower base, micro-influencers are the key to successful influencer marketing because of their close engagement with customers and consequent influence on their purchasing decisions. While a selection of macro-influencers for promotive purposes is a quicker and easier route for a marketer, it appears to be less effective due to the unrevealed quality of a relationship, conversation context, and accuracy of promotional targeting, which can lead to lower conversion and purchase rates (Sinnig, 2019).

The academic community observes influencers from two standpoints: (i) as an important factor in self-branding; (ii) as a potentially useful tool for brand promotion (Sinnig, 2019). The existing academic research is focused on determining how the social media affects or eases self-branding or how self-branding of influencers affects the perception of the audience or how influencer endorsements affect brand perceptions, purchase intention, and customer retention (Sinnig, 2019).

2.4.   Primary influencer platforms

Social media is a term used to describe multiple online platforms created for digital social interaction. The said platforms can be categorized into four zones: social communities, social publishing, social commerce, and social entertainment (Solomon & Tuten, 2014). Each of the zones consists of platforms with different features, however, some social media platforms fit in multiple zones e.g., Instagram is mainly focused on users sharing pictures and videos and thus can be assigned to social publishing zone, but it also allows users to communicate with each other and like, share, comment other users' contents, so it has characteristics of a social community platform (Sinnig, 2019).

Another way to classify social media is on the following six major social media platforms: (i) blogs; (ii) Instagram; (iii) Twitter; (iv) Facebook; (v) Pinterest; and (vi) video (Sammis, *et al.*, 2015).

The concepts of influencer marketing and social media are inherently linked: influencers need the exposure provided by the social media platforms and the platforms achieve their appeal due to the content posted by the influencers. Figure 3 provides an overview of the most important social media sites.

Figure 3: Comparison of Major Social Media Platforms

	Facebook	**Twitter**	**YouTube**	**Instagram**	**TikTok**
Characteristics					
Parent Company	Facebook, Inc.	Twitter, Inc.	Google LLC	Facebook, Inc.	ByteDance, Ltd.
Launch date	February 2004	March 2006	February 2005	October 2010	August 2018
Media format	Text, image, and video	Text	Video	Image and video	Video
Current usage					
Active users (April 2020, worldwide)	2,498 million	386 million	2,000 million	1,000 million	800 million
Session duration (September 2019, the United States)	4,8 minutes	3,5 minutes	13,2 minutes	3,0 minutes	10,9 minutes
Monthly sessions (September 2019, the United States)	160	45	52	69	46
Monthly sessions x Session duration	12,8 hours	2,6 hours	11,4 hours	35 hours	8,4 hours
Average age (May 2020, the United States)	40 years	42 years		34 years	27 years
Users posting weekly (2019, the United States)	53%	46%	16%	36%	
Satisfaction Index (2019, the United States)	63	-69	78	72	

	Facebook	Twitter	YouTube	Instagram	TikTok
Top 3 usage reasons (2019, the United States)	Keep in contact with friends and family; get entertainment; get news	Get news; get entertainment; keep in contact with friends and family	Get entertainment; get news; follow brands/companies	See shat friends/family are up to; kill time when bored; keep in touch with friends and family	
Change in user behavior					
Change in engagement (2017-2019, the United States)	-26%	+13%		+6%	+1,533%
Considered leaving (2019, the United States)	29%	11%	5%	12%	
Influencer marketing					
Cost per post (2019, the United States)	$395	$422	$6.700	$1.643	
Most effective content (2019, the United States)	23%	18%	56%	78%	
Plan to increase (2019, worldwide)	51%	35%	62%	69%	

However, due to the scope of this mater thesis, only Instagram and YouTube as significant for influencer marketing will be explained more thoroughly, while other platforms will only be briefly mentioned.

2.4.1. Instagram

With about 1,3 billion active monthly users, Instagram is one of the fastest-growing apps with the highest interaction rate when compared to other social media platforms. The application allows the user to snap a photograph, choose a filter to transform the image and post it on the application. Despite the initial skepticism about the benefits Instagram provides to marketers, today almost 95% of retailers have a presence on Instagram.

Some of the reasons why Instagram is suitable for influencer marketing, as suggested by them, are (Ha, 2015):

- Visual content on Instagram is easy to comprehend, which makes it popular. This makes driving engagement much easier;

- Instagram content consists mainly of photos which are a great way to represent products in a simple, yet effective way;

- Many tools for measuring the effectiveness of campaigns are available in the app, which makes measuring influencer successes almost effortless;

- Instagram has an extremely broad user base, which allows for flexibility in customer targeting.

2.4.2. YouTube

YouTube is a content community founded in 2005 which allows users to post, view, comment, and link to videos on the site. It is the third most visited website worldwide, with recording over one billion monthly visitors who watch more than 6 billion hours of video monthly, and are highly engaged in liking, sharing, and commenting on videos on YouTube (Bradshaw & Garrahan, 2008).

Using social media influencers present on YouTube (so-called YouTubers) is one of the best ways to conduct online promotional campaigns. YouTube features several video types, which could, in principle, feature the brand more centrally (Dehghani, *et al*., 2016). Popular content creators on YouTube can have millions of loyal viewers who continuously follow everything they do. Videos of such influencers can directly affect sales of brands, which made them attractive hires for agencies and agents and more expensive to hire for marketers and brands. YouTube and the quality of the content on it have skyrocketed where the creators post movielike videos as appealing as TV ads (Sammis, *et al.*, 2015).

YouTube has some of the most engaging digitally available content as youtubers can form an even more personal connection than Instagram influencers due to the length of the videos they can publish and thanks to the vlogging trend i.e. filming and posting day-to-day life.

Taking advantage of YouTube is more challenging since popular YouTubers are often booked and hard to get ahold of, which raises the need to pay close attention and hire new talented YouTubers. Additionally, marketers should maintain a steady balance between allowing the influencers to keep their creative freedom which allowed them to generate the backing they have while providing additional help and continuous communication needed to make a promotional campaign a resounding success.

2.4.3. Other platforms

Other social media platforms that are significant for marketing purposes are (i) blogs; (ii) Facebook; (iii) Twitter; (iv) Pinterest; and (v) Tik Tok.

Online journals on a narrowly defined topic or blogs were the first user-generated content that appealed to advertisers (Kotler & Armstrong, 2012). They allowed the creators to engage with the readers which has resulted in the creation of blogger communities. Despite being text-heavy at first, blogs have evolved into highly visual content over the years. Due to the broadness of topics that can be covered, easiness of measurement of traffic and activity, the longevity of content availability, and the possibilities of content creation, blogs remained popular in influencer marketing (Sammis, *et al.*, 2015).

Despite still being very relevant for advertisers, the household name Facebook is not as popular as it used to be. Due to the frequent changes in Facebook algorithms the developers perform, the app can be quite tricky to keep up with. However, two benefits of Facebook advertising: (i) using influencers with mastery over Facebook algorithms can ensure the highest possible reach on social media; (ii) Facebook allows for a different type of content publishing, and brands with content prepared for distribution can do it effectively, rather quickly (Sammis, *et al.,* 2015).

Twitter has changed the way people consume news. As a platform of social commentary available to users across the world, Twitter is great for chatting with a broad section of people who share common interest, distribution of information about new product or anything else newsworthy and brands interested in active engagement with their consumers since they expect fast responses. It is advised for brands who are not able to engage as fast with followers, to hire influencers to do it for them (Sammis, *et al*., 2015).

Pinterest is a platform for inspirational, educational and beautiful content that is highly useful for product-based brands. It drives more traffic to online retailers than any other site and it is good for influencer marketing for several reasons: (i) influencers love and are good at creating beautiful content which results in broad reach; (ii) Pinterest makes brands

think of their product in a visual way which makes it more successful; and (iii) posts on Pinterest live forever since they can be pinned and repined over and over again (Sammis, *et al.*, 2015).

TikTok is among the major online platforms blurring the line between content and commerce. It is the most effective for advocating impulsive, hedonic, and inexpensive purchases. The videos on TikTok can be curtailed by incentive mismanagement which occurs when an influencer promotes themselves rather than their product (Yang, *et al.*, 2021).

3.   INFLUENCER SELECTION

Before deciding on cooperating with an influencer, the marketer should set goals and define the indicators (metrics and measurements) of the successful cooperation to effectively monitor the implementation of the influencer campaign (Sammis, *et al.,* 2015). While defining the goals and indicators in question, marketers should keep the following in mind (Solomon & Tuten, 2014):

- Measurements within a defined context are metrics;

- Measurements require context to provide useful feedback;

- Metrics that are tied to objectives are key performance indicators;

- Objectives must be well-defined before we can identify key performance indicators.

Considering the above-stated, and to develop a framework for measuring the effectiveness and success of influencer marketing campaigns, marketers have created key performance indicators (KPI). Multiple KPIs should be used for measuring different goals of the social media campaigns and choosing one can be quite overwhelming. The most common and important ones for SMI-s are: (i) brand awareness; (ii) engagement and reach; (iii) sales conversion/call to action.

3.1.   Brand awareness

Growth of the popularity and user base of social media platforms like Facebook, Twitter and YouTube has paved the way for customers to share their experiences in an environment larger than ever before. Maintaining reputation in such an environment became a more difficult task of mitigating the risk of negative publicity arising from negative word-of-mouth spreading on social media (Sudha & Sheena, 2017). To prevent the stated from happening, and to affect the customer opinions and create a positive brand image, marketers are using SMIs.

Brand awareness is crucial for the early stages of the brand lifecycle in which the aim is the positioning in consumers' minds all while promoting new products or services. However, as brand gains on popularity and grows, metrics for measuring the results of influencer campaigns change and are replaced by more tangible metrics such as boost in sales (Solomon & Tuten, 2014). Moreover, brand awareness can be hard to measure since some results of the influencer work are not instantaneous, but rather observable only in the long-term. Despite the stated, ways to measure brand awareness do exist whereby one of the most popular ways is reach as an indicator. Higher number of likes, comments, shares, and feedback signifies high level of brand awareness and popularity. Hence, the following metrics can be used for the estimation of brand awareness (Sammis, *et al.*, 2015):

- Monthly impressions – aggregated number of monthly interactive visits of influencer posting space which was used for brand advocacy/promotion;

- Traffic – aggregated number of visits to the influencer posting space. Increasing traffic requires an increase in discoverability. Increasing discoverability is the aim of search engine marketing (SEM) which uses mechanisms for augmenting keywords in the search engine results to boost the traffic to a website. The said boost in traffic can be measured by comparing the traffic pre, traffic post, and traffic during the campaign being performed;

- Engagement – engagement or interaction with the online content is measured by the number of likes comments, shares, tweets, and retweets or pins, depending on the social media platform.

Furthermore, it is important to highlight the value of information in a form of qualitative data such as interactions and conversations that influencers have with their audiences in the comment section and which can lead to the generation of positive or negative mentions i.e. WOM regarding the brand or product.

3.2.   Engagement and reach

Reach is defined as the measure of the size of the online audience (Sudha & Sheena, 2017). The number of social media platforms used by the SMI directly affects the width and the diversity of the expected reach expected by the marketer when cooperating with the SMI in question. Some SMIs can reach millions of potential consumers due to the number of followers they have. Furthermore, in addition to their ability to drive action, some influencers have a wide reach in a certain market or niche targeted by the marketer looking to promote a brand and/or product.

Engagement or resonance is the measure of the activity generated by the influencer-made posts. It can be defined as the set of cognitive, emotional, and behavioral activities of the individual reacting to the influencer's activities (Hollebeek, 2011) The more creative and relatable the content influencer makes, the more engagement and love it receives from the audience. Though measuring the quantity of the interaction (impressions, unique viewers, page views, frequency of visits, etc.) is useful, it does not provide insight into the degree of engagement of people's feelings during and after the interaction and how that affects their feelings about the brand. Therefore, other diagnostic measures like brand likeability, brand image, brand awareness, and brand loyalty are to be considered.

Hence, engagement represents a complicated process that consists of several other steps as depicted by the Figure below. Different outcomes are desired depending on the level of the engagement with the brand being promoted (Solomon & Tuten, 2014).

Figure 4: The Engagement Food Chain
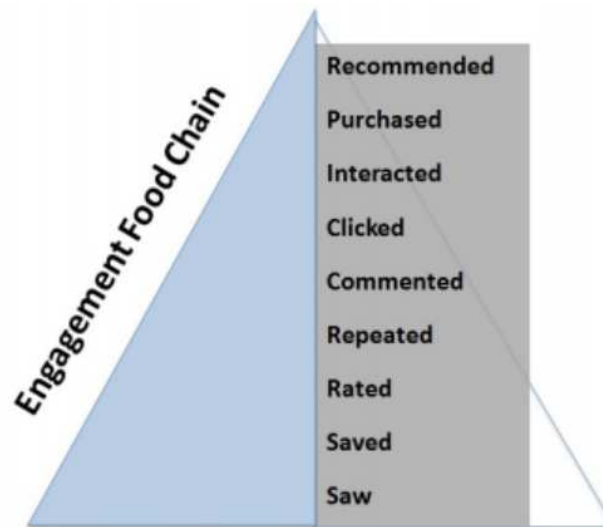
To measure engagement, the marketers have developed a measure called engagement rate. It is the ratio between the number of interactions recorded and the number of followers/fans reached, and it shows the number of interactions per follower/fan. Using the engagement rate allows for the comparison of the social media effort effectiveness across platforms.

Engagement rates in influencer marketing are as significant as sales conversions since some benefits of the influencer marketing are distinguishable only in the long-term. Hence, many brands are redefining their campaign goals and are striving to reach a certain engagement level instead of reaching a certain level of sales conversion. The number of interactions needed to calculate the engagement rate can be determined in many ways, namely by using the number of impressions or number of expressed thoughts in terms of likes, shares and comments (Kumpumäki, 2019). Moreover, sentiment exhibited in the interaction with the targeted individuals i.e. positive or negative attitudes shown towards the content shared is important to consider as it allows for more thorough assessment of the promotional campaign effectiveness. Brands can evaluate the sentiment manually and through external tools whereby external tools are used to derive general conclusions and are unable to provide quantitative measures in terms of a rate showing sentiment per campaign (Newberry, 2022).

Additionally, engagement rate (ER) in influencer marketing is used to measure levels of interaction per content posted by an individual influencer. ER is a crucial metric since it is additionally used in a selection of suitable influencers. It represents the percentage of activity of the influencer's audience and their reactions to the influencer's posts and thus serves as an indicator before collaborations, for brands to evaluate the potential of the influencer in generating a suitable return on investment. Therefore, ER can be used as a KPI and a benchmark in determining the success/failure of collaboration.

Moreover, ER is calculated through impressions gained on a collaboration post and the total number of influencer's followers (Brown & Fiorella, 2013; Kumpumäki, 2019), by using one of the following formulas (Worb, 2022):

$$ER1 = (Likes + Comments) \div Followers \times 100$$

$$ER2 = (Likes + Comments) \div Impressions \times 100$$

$$ER3 = (Likes + Comments + Saved) \div Impressions \times 100$$

The first method for calculating ER makes it easy to benchmark against other accounts since the data used is publicly available. The second option appears to be slightly more accurate since it considers all the people who saw the post and not just the number of followers. Lastly, the third method is a bit more detailed and includes the number of times people clicked on the "save the post" button (if an option is available on the social media being analyzed), but it is usually only visible to the user (Worb, 2022). Standard engagement rates prepared for Instagram influencers which can serve as benchmarks are depicted below:

Figure 5: Instagram Engagement Rate Classification

Account size (followers)	Good engagement rate	High engagement rate
Below 1.000	5-7%	Above 7%
Between 1.000 – 10.000	3%	Above 4%
Between 10.000 – 100.000	2,20%	Above 3%
Between 100.000 – 1.000.000	2,00%	Above 2%
Above 1.000.000	1,90%	Above 2%

Source: Dayana D, 2022

3.3. Sales conversion/Call to action

Marketers used to measure the success of influencer marketing by using the earned media value (EMV) which is the potential cost of acquiring the same amount of impressions and media attraction by using traditional advertising (Garland, 2018). However, it is evident that such a measure cannot provide enough insight into the performance of influencer campaigns and is outdated as such. Some of the tools that can be used for the purpose in question are as follows (Garland, 2018):

- Promo code – providing each influencer with a specific and unique promo code to share with their audience and tracking redemptions on the code to know the amount of commission that needs to be paid to influencers (code serves as stimuli for an influencer to promote it and have earned from sales);

- Tracked links – giving influencers tracked links and requiring them to include them in posts on any platform they use to direct people to click (this is also helpful in tracking click-through rate and engagement on influencers' content);

- Post-purchase survey – asking customers how they heard of a certain brand/company while including all marketing forms as well as influencer marketing, to keep an eye on trends and influencers who are driving the most sales (more conversions than tracked via promo codes and links can be revealed).

Despite the importance of the ER and sales conversion, the only true measurement of the success of any investment (including the investment in promotion) is the return on investment (ROI) and it can be calculated dependably only if the costs of the marketing program and its effects on sales are considered i.e. what % of the budget was invested in influencer marketing and how does it compare to sales results (Sammis, *et al.*, 2015). This is the only way to estimate the ROI in influencer marketing considering that a sale resulting from influencer marketing may occur offline as well (Sammis, *et al*., 2015).

In addition, some studies show that individuals are not likely to immediately react to the promotional messages being presented to them online, which causes the direct attribution to action of the influencer to be lost (Levin, 2020). Google Play has performed an analysis of 250 videos with 60 million total views, aiming to track whether users downloaded the app after seeing an influencer video and is the number of such downloads higher than the benchmark determined. The results show that "every person who is clicking a tracking link of an influencer video on YouTube, there are four more people who are not clicking but still downloading the game within four days after watching" (Levin, 2020). The study also showed that the second video of the same influencer promoting the same mobile game drove 3 times less installs than the first one, when published within 12 months (Levin, 2020).

Despite these results, creating multiple videos with the same influencer has its merits, as videos still have above-average ER-s, and using repeated videos could be a successful strategy for accomplishing other marketing goals like reactivating lapsed users.

As branding is about establishing a corporate/product/service personality and emotionally resonating with the customers, finding a suitable influencer for a brand can be a daunting task that is more than solely identifying influencers with the highest admirer base.

To ensure the success of an influencer marketing campaign and find the proper influencer to implement such a campaign, marketers use different approaches and tools which will be explained in the following section.

3.4.   Fisherman's Influence Marketing Model

The current widely accepted theories of influencer marketing suggest that influencers should be the vocal point of marketing strategies since customers deem them as a relevant source of information. As marketing is customer-centric in its nature and as a business philosophy, it is logical to conclude that influencers, brands, and messages should all be chosen with the targeted customer in mind.

One of the marketing models which incorporates the fact stated is the Fisherman's Model which places the marketing theory of influencers in the middle of marketing activities. The Fisherman approach aims to identify the influencers with broad reach within communities to whom certain topics are to be communicated. As stated above, such influencers are called macro and/or mega influencers. To be able to perform this selection, brands are expected to recognize the nature of the community they are communicating with, the opportunities, challenges, and the role of the influencer in such communication. Using this information, the marketer should be able to construct brand messages and tactics to be used. Moreover, the marketer should seek to educate, encourage, and incentivize the selected influencer to communicate positive brand messages using their social media channels. This model is called the Fisherman model as it is derived from the fisherman's strategy of catching a fish by selecting the right body of water and casting the widest net with the hope of a successful result (Brown & Fiorella, 2013).

Figure 6: Fisherman's Influence Marketing Model
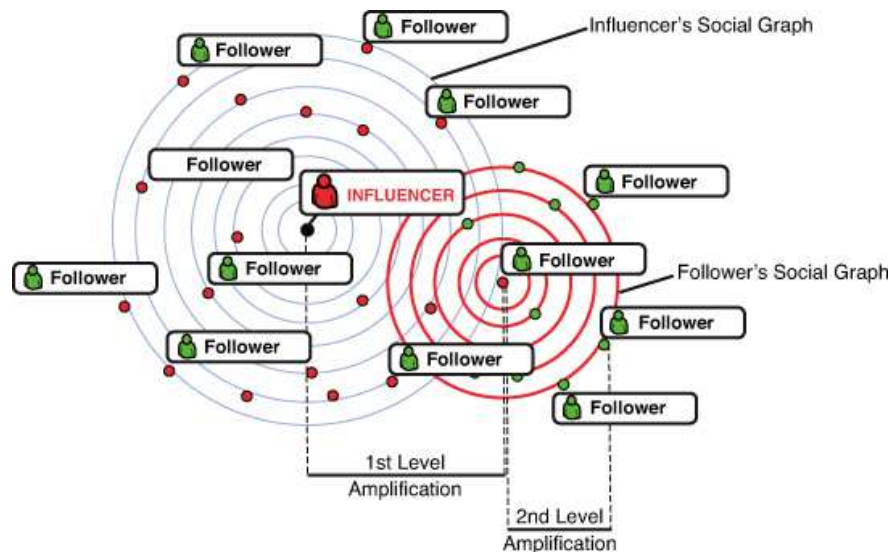
Source: Brown and Fiorella, 2013

This social-media marketing model proposes the use of influencers with the highest following and reach within larger communities, arguing that this will result in the highest brand awareness which will eventually lead to purchasing decisions. However, applying this concept in a campaign is a gamble, to say the least, as no efforts are being put into the

conversion of prospects to customers. Therefore, using Fisherman's model can be the first step in influencer market analysis which can serve to identify communities and influencers which are to be analyzed in an attempt to create a more targeted customer acquisition campaign.

3.5.   Customer-Centric Influence Marketing Model

Another model that can be used when determining on social media marketing strategy is the customer-centric influencer marketing concept illustrated below (Brown & Fiorella, 2013):

Figure 7: Customer-Centric Influencer Marketing Model
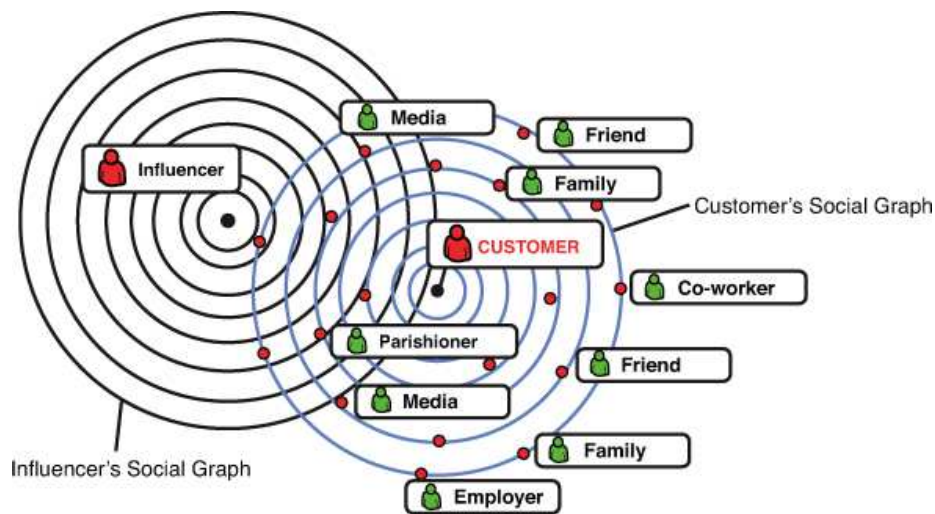
Source: Brown and Fiorella, 2013

Using a customer-centric influencer marketing model assumes recognizing customer decisions and investigating their causes. Both the Fisherman's model and the Customer-centric model assume the identification of the demographic characteristics of the target audiences and the communities in which they engaged. Unlike Fisherman's model, the Customer-centric model aims to pinpoint individuals who are connected with the target audience based on *specific topics*. The identification of such topics is performed by seeking trending topics and analyzing the sentiment of conversations led by the target communities. After the topic identification, individuals engaged in the conversations led within the communities are identified and selected. Those individuals are micro-influencers who are more closely engaged with customers and are within their social graph, which gives them a more direct impact on the purchasing behavior of the targeted customers (Brown & Fiorella, 2013).

Several external factors can affect, both positively and negatively, the engagement of customers with influencers no matter the social media used. The group of factors with potential impact on purchasing decision-making arising from the engagement of customers

with influencers is called situational influence. Situational analysis assumes the investigation of the essence of the communication occurring between the parties by means of recognizing the topics repetitively appearing and identifying the external influences on the interaction taking place. Once customer profiles have been identified, and the situational analysis has been performed, recognition of influencers and customers is considered to be completed. Then, brands should further research customer profiles and act with previously discovered data in mind if they are to make an informed choice of an influencer to cooperate with (Brown & Fiorella, 2013).

3.6. Brand fit

The success of social media marketing depends on the mutual relationships between SMIs, brands and customers i.e., them being fit with one another. Hence, the effects of these relationships can be explained by using the brand fit construct – the "subjective evaluation of a relationship between a brand and another image object" (Sinnig, 2019). The term fit denotes the level of similarity between an influencer and the product/service the influencer is endorsing, which means that the evaluation of this relationship means the evaluation of the subjective perception of congruence by the consumer, which is of paramount importance to the success of the advertising campaign (Kanungo & Pang, 1973). The term "match-up" is also used to depict the relationship between SMIs and targeted individuals, the rationale behind it being that the influencer should match the image of the brand in order to increase the effectiveness of the campaign and positively affect the brand evaluations and objectives, as confirmed by many studies (Sinnig, 2019). Furthermore, this match-up concept argues that the level of fittingness between brand and influencer should be as high as possible.

However, if an absolute fit between the two entities is achieved it is expected that the responsiveness of the targeted customer will diminish as no cognitive learning process is triggered which makes the individual less prone to the presented stimuli due to too much already familiar information. On the other hand, a very low to non-existent fit between influencer and brand leads to a high level of deviation and may cause an refusal of the individual to process information cognitively. Hence, achieving optimal social-media marketing results requires a moderate fit between social media influencer and the brand. The level of "fitness" can be determined by analyzing the factors explained below.

3.7. Relevance

Determining whether the follower base of the influencer belongs to the market targeted by the brand is crucial for the overall success of the social-media marketing campaign. Appropriate influencer will attract followers with the interest corresponding to the utilization offered by the products/services promoted by the brand, which will naturally cause a positive effect on the collaboration i.e., "fitness" as described above (Hahn, 2021).

3.8.   Engagement

Despite what one may think when first starting to plan a social-media campaign, the information listed above serves to support the claim that high number of followers does not equal high level of engagement. High engagement means that influencer has a follower base who feel comfortable with online social interaction (shown by number of impressions and comments). Hence, it is reasonable to expect that the followers who are comfortable with online social interaction will be more responsive to brand messages delivered through the influencer. Therefore, an ideal influencer to be used for social-media marketing purposes is the one who has created a genuine relationship with his/her followers, whereby such relationships can be observed through the level of activity of the said followers.

It is not rare that brands direct their focus on high follower count and ignore the value of engagement rate i.e. they choose to act without a thorough analysis of "fitness". To ensure the optimal results of their promotional campaigns, marketers should calculate engagement by comparing impressions on their posts to the total number of followers, before deciding on the cooperation with an influencer (Brown & Fiorella, 2013).

3.9.   Reach

Even though "fitness" is important to ensure the effectiveness of the social-media campaign, it is also important to ensure that campaign is applied to a wider audience i.e. that the campaign has a wide-enough reach. No reach means that there is no audience to advertise to, which diminishes the effectiveness of the campaign regardless of the level of the engagement rate. For instance, an Instagram post with a high reach and low engagement means that the post was seen but not interacted with, which is the equivalent of driving by a billboard without noticing what the billboard shows. Therefore, an optimal campaign has engagement and reach at similar levels (Kumpumäki, 2019).

3.10.   Frequency

To maintain their reach and hone the relationship from which "fitness" arises, influencers need to maintain their communication with their followers i.e., post regularly and engage with their audience on social media platforms. Without frequent updates and multiple posts in a time interval expected from them by their followers, influencers risk losing their visibility and reach. Frequency also yields increased traffic from both existing and new followers, which is an added value for marketers seeking collaboration with an influencer. Finally, influencers with high post-frequency tend to acquire more loyal followers who are expecting them to post regularly (Clarke, *et al*., 2015).

When it comes to frequency, influencers have to post regularly and engage with their audience on social media platforms to stay relevant. Frequent updates have to be made, multiple posts per week or daily, otherwise they risk losing the visibility and reach.

Another benefit that comes with frequency is increased traffic from both existing and new followers which is useful for brand awareness in case of collaborations. Additionally, influencers who post consistently tend to acquire more loyal followers who are expecting them to post on a regular basis.

3.11. Influencer marketing fraud and safety measures

The ease of access to social media brings certain challenges to appropriate implementation of the social-media advertising. These challenges include the existence of fake followers, bot traffic, and moral hazard exhibited by some influencers who are prepared to purchase followers in order to increase their reach and marketability to brands. The stated means that unsuitable people are incentivized to promote products and/or services to non-existing audiences which makes all investments in such campaigns nothing but sunk costs.

One way to combat this issue is to diversify monetary means into technology that will ease the differentiation between "real" and "fake" followers of the influencers certain brand is working with or considering working with. Another possible solution could be inspecting influencers profiles thoroughly and checking their engagement rates which show a clearer picture of the reality. Additionally, many websites are available for calculating ER and showing trends in influencers' careers that help identify sudden changes in numbers of followers (Hultgren, 2019).

4. RESEARCH METHODOLOGY

4.1. Research problem

The research problem articulation lies in the heart of any dissertation, whereby the problem statement explains why the research is being performed and why it is important. Research problem in qualitative studies should be defined in an open-ended and explanatory way (Bloomberg & Volpe, 2018).

Due to its popularity and effectiveness, influencer marketing has been a rising topic in both business and academic world. Enabled by an rapid advancement in technology and changes in consumer behavior resulting from the said advancements, influencer marketing conjoins the traditional marketing concepts with a new, modern social media twist. As more adjusted to the habits of individuals, social media marketing serves to enhance the brand visibility and can potentially have a greater impact than traditional promotional means. Moreover, it allows for the diversification of the promotion means portfolio and has the potential to fuel potential profits both online and offline.

As the digital successor of the opinion leadership marketing conducted in collaboration with celebrities, social-media marketing targets wide online audiences who are likely to purchase goods and services advocated by the relatable influencers with whom they have a greater feeling of closeness and authenticity than the one they have with traditional celebrities. Hence, social media influencers have a very high persuasiveness among their followers, despite even their legal obligation to mark the persuasive nature of their sponsored messages (typically using "#sponsored" or "#ad" underneath their posts) (Boerman, *et al.*, 2017).

Social media influencers are individuals with likeable personalities and popularity sufficient for them to be considered opinion leaders, who are regularly creating and posting content via social media on which they have accumulated a large number of followers (Swant, 2016; Lou & Yuan, 2019). They can be present on a single or on multiple platforms, whereby the most popular platforms are Instagram, YouTube, Facebook, Twitter, Pinterest, LinkedIn and so on (Sammis, *et al.,* 2015). Even though each platform of the platforms mentioned has a wide userbase and is used on a everyday basis, Instagram is considered the most important social network for influencer marketing (Geyser, 2022).

When deciding on using social media marketing, marketers should start by determining which social media source is the most beneficial for them and the ones where their targeted customers spend most of their time. After choosing the social media platform, marketers should perform an analysis of the available influencers to estimate their "fitness" with their followers and the brand/product/service they wish to market, and their current/potential reach.

At first, one might think that influencer marketing is easily manageable. However, the perceived simplicity of the social media and influencer marketer causes the marketers to take a relaxed approach to the analysis needed before deciding on the campaign and the influencer executing it, which diminishes the effectiveness of the campaign before it has even started. The brands that have the sensibility regarding the level of complexity of the social-media market often choose to outsource this promotional element and allow agencies to execute it for them.

Some of the challenges in social media marketing that incentivize the outsourcing of social-media marketing to agencies are described below:

-       Measurement of ROI (Return-on-Investment) on influencer marketing remains a concern for brands and marketers despite the general increase in the level of investment in this marketing tool (Conway, 2019). Moreover, any type of measure of the effectiveness of the social media campaign is questionable due to the existence of external factors (e.g. face accounts) which can significantly distort the results gained. To mitigate the risk associated with inaccurate measurement of influencer marketing KPIs, the marketer can consider using influencer marketing in conjunction with other complementary social media campaigns.

-       Choosing the right influencer to cooperate with is another important challenge set before marketers. The recognition and the perception of the brand can be significantly affected by the reputation and perception of the influencers who are promoting it. Moreover, the number of influencers available is high and a proper analysis of their demographics, communication style, content, authenticity of their follower base, etc. is needed to ensure that influencers will be the optimal advocates of the brand/product/service for the promotion of which they are being considered. The choice of the influencer also depends on the marketer's strategy, objectives, level of "fitness", etc. If an influencer is a good fit with a brand, the promotion performed by the influencer is likely to be perceived as regular communication without persuasive intention (Evans, *et al.*, 2017). Moreover, the connection that social media influencers have built with their followers allows for distortion of the relevance of the perceived fitness between the influencer and the brand. Therefore, the followers of such an influencer are likely to accept an incongruent brand as likable as well. On the other hand, a mismatch between the brand and influencer will result in a loss of reputation for both the brand and the influencer who is likely to be considered manipulative and untrustworthy (Koernig & Boyd, 2009).

-       Another challenge set before marketers attempt to use influencer marketing is mitigating the risk of influencer fraud. Namely, many influencers are purchasing their follower count in an attempt to boost their relevance up to the point at which they are chosen by marketers to execute social media marketing campaigns. This means that unsuitable individuals are leading promotional activities to fake audiences which cause losses for marketers as no return from such an investment is expected i.e., it is a sunk cost.

- Despite the challenges associated with the proper implementation of influencer marketing, this type of promotional effort has taken over nearly every industry and changed the way companies interact with their customers. Influencers with the ability to efficiently express their interest and passion for a certain product/service via social media channels greatly impacted brand awareness (Street, 2019). The fact has been recognized by companies worldwide who are more than prepared to enter business partnerships with influencers. As brands slowly change the tools used for promotion from traditional to digital ones, influencer marketing flourishes (De Veirman, *et al.,* 2017).

- On the other hand, the Balkan market is generally lagging in innovations and trends, compared to the other European countries. According to the abovementioned, the research problem is the lack of in-depth research on influencer marketing and understanding the relationship between agencies, brands, and influencers in the Balkan region. Hence, the main objective of this thesis is to provide deeper knowledge of the topic and practical implementation of influencer marketing in the open local and global markets. Furthermore, the aim is to investigate the current state of influencer marketing in the local market, how companies implement influencer marketing within their business, and how they plan to do in the future through agencies as mediators

4.2. Research approach

Deciding on the research approach includes deciding on the type of research that is to be performed: (i) qualitative research, or (ii) quantitative research. Qualitative research refers to gathering and analyzing data, while the quantitative analysis aims to quantify data in an attempt make it measurable and comparable. In other words, qualitative analysis methods are used to provide answers to questions like "what", "how", or "why" as opposed to quantitative analysis methods used to answer questions like "how many", or "how much" (McCusker & Gunaydin, 2015). Despite the stated, it would be oversimplified to say that *"qualitative research explores emotions, experiences and the personal perspectives of participants, while quantitative research examines facts and numerical trends"* (Daymon & Holloway, 2011, p. 105) because *"quantitative techniques can also provide the means to investigate attitudes and feelings, and there is no reason why qualitative research cannot deal with the perception of facts and things"* (Daymon & Holloway, 2011, p. 105).

Qualitative approaches allow researchers to be more innovative and allow for greater freedom and stimuli to pursue the topics of interest unlike the quantitative approaches that are more traditional and take advantage of carefully thought-out procedures and rules to be followed. Moreover, the qualitative studies usually present text-based findings. Furthermore, it is not rare for the research questions in qualitative designs to be reviewed and reformulated as it often explores phenomena not explored before. Hence, qualitative research needs to be flexible, and the researcher should strive to achieve objectivity by striving to be reflective in his/her philosophical stance related to the facts and context of their research (Creswell, 2014). This type of research is imperative in situations when the

researcher is making data and data analysis result interpretations (Wolcott, 1994). Through the application of qualitative research, researcher is allowing data to dictate the flow of research, while simultaneously having in mind research aims and questions.

Despite the flexibility one can achieve by using qualitative research methods, due to financial considerations and time, quantitative research is still predominately used by many researchers (McCusker & Gunaydin, 2015).

Some authors believe that achieving optimal research results assumes the use of both qualitative and quantitative methods, as advocative pro-qualitative or pro-quantitative tradition can possibly mean overlooking some important methodological questions and issues (Kelle, 2006; Creswell, 2014). The advocates of either of the two mentioned traditions tend to counter critiques of their own tradition by accentuating the issues of the other one, thereby neglecting the weaknesses of their chosen tradition. The mixed methods are result of the mentioned perception and a realization that all methods have limitations i.e. "that biases inherent in any single method could neutralized or cancel the biases of other methods" (Creswell, 2014, p. 18).

A method that is more appropriate for proving a hypothesis is determined on a case-by-case basis. Furthermore, one should note that a choice of research approach is problem or question driven i.e., it depends on the nature of the research being conducted. Hence, the methodology and methods used should be adjusted to the research aims stated, not the other way around (Thomas, 2003; Daymon & Holloway, 2011).

Most research on social media influencers (and other research in the field of marketing communication) are quantitative (Daymon & Holloway, 2011; Sudha & Sheena, 2017; Booth & Matic, 2011). However the "excessive use of quantitative methods" may limit the possibility of using critical thinking to reach a significant research breakthrough (Gummesson, 2007, p. 130) and lead to misinterpretation or disregard of "culture-specific local structures, patterns and social phenomena" (Kelle, 2006, p. 296), which can lead to issues in methodology development and hypothesis construction, resulting in misspecification of statistical models. Hence, in order to ensure the quality of the study being performed, the researcher is to evaluate the research approach chosen in an attempt to define limitations as to prevent the negative influence on the interpretation of the results gained. Moreover, the quality of raw data collected is essential (McCusker & Gunaydin, 2015) and its interpretations may lead different analysis to different conclusions depending on the analytic focus or perspective taken by the researcher interpreting them (Corbin & Strauss, 2015). The stated shows how rich and in-depth qualitative data can be.

Considering that the topic of social media influencers is not properly researched, an approach allowing for greater flexibility and critical thinking should be used. Thus, qualitative research has been applied in order to initially explore the topic and provide in-depth understanding of agencies' perspective and influencer marketing in the Balkan

region. To ensure the quality of this study, the research will utilize rich data explanations, discussions and theorizations.

4.3. Research aims

Qualitative research is characterized by (i) its aims, which should be in service of gaining a better understanding of certain aspects of social life, and (ii) its methods, which serve to generate words as data to be analyzed (McCusker & Gunaydin, 2015). Primary goal of qualitative studies is theory development. *„Theory is a set of concepts and ideas and proposed relationshipos among these, a structure that is intended to capture or model something about the world.* (Maxwell, 2015, p. 48)

Theory can be developed and positioned in two ways (Creswell, 2014): (i) developed during the study and positioned at the end of a project (Grounded theory), or (ii) positioned at the beginning of the project and developed/proven throughout the study (ethnographies, advocacy research).

In qualitative studies, development of theories and is an inductive process that includes gathering information, organizing and categorizing the information gathered, developing assumptions/patterns/generalizations associated with the categories of information gathered, and then comparing the theories with existing literature or personal experiences (Creswell, 2014).

This process is shown in the figure below:

Figure 8: The Inductive Logic of Research in a Qualitative Study

Step 1	Gathering information (e.g. interviews, observations)
Step 2	Asking participants open-ended questions/recording field notes
Step 3	Analyzing data and forming themes or categories
Step 4	Looking for broad patterns, theories from themes or categories
Step 5	Comparing generalizations or themes to past experiences and literature

Source: Cresswell, 2014

The purpose of this study is broadening the understanding of the influencer marketing in the Balkan region from the viewpoint of marketing agencies while examining the relationships between marketing agencies operating in the Balkan region, the influencers they use and the brands they represent.

Therefore, the principal objectives of the research performed can be defined as follows:

1. To provide a systematized overview available research on importance and popularity of influencer marketing in advertising;

2. To understand the relationships between marketing agencies, influencers and brands in the Balkan region;

3. To offer insights for marketing agencies, influencers and brands that could be used to enhance the effectiveness of influencer marketing implementation.

4.4. Research design

Research design can be defined as a plan for collecting and analyzing evidence to be used to provide answers to the questions posed (Ragin, 1994). Achieving optimal research design assumes the repeated construction and deconstruction and consists of interconnection and interaction of different design segments (Maxwell, 2015). Designs should be flexible rather than fixed (Robson, 2011), whereby "the activities of collecting and analyzing data, developing and modifying theory, elaborating or refocusing the research questions, and identifying and addressing validity threats are usually all going on more or less simultaneously, each influencing all of the others" (Maxwell, 2015, p. 2).

As depicted by Figure 9, four categories of research exist (Sanders, *et al.*, 2016):

(i)   Exploratory studies, which are aimed at gaining insights about certain topic of interest by asking and answering open-ended questions that usually start with "what" or "how";

(ii)   Descriptive studies, which seek to build a precise perception of a person, event or situation by asking questions that begin with "who", "what", "where", "when", or "how. They are often an extension to exploratory research and can be used as a tool to better describe phenomena before data collection;

(iii)   Explanatory studies, which aim to determine causal relationships between variables by asking questions like "why" or "how".

(iv)   Evaluative studies have a goal to examine efficiency and effectiveness of something by asking questions like "what", "how", or "to what extent". These studies are mostly used in business and management for assessing effectiveness of organizational strategies, policies and so on.

Using a combination of purposes withing research design is called a combined study.

Figure 9: Types of Research Design

Type of research	Usage	Questions asked
Exploratory	Open-ended questions, discovery and exploration	"What" or "How"
Descriptive	Detailed and accurate profiles of data	"Who", "What", "Where", "When" or "How"

Explanatory	Relationship between variables	"Why" or "How"
Evaluative	Evaluation of data	"What", "How" or "To what extent"

Source: Sanders, et al, 2016

Exploratory studies will be used for the purposes of this thesis as is its design is the most appropriate given the research questions. Moreover, exploratory research will aid in understanding and clarifying theories of influencer marketing and social media as a marketing tool especially since the information on influencer marketing in the context of social media is currently lacking.

No ethical dilemmas were uncovered before, during nor after the execution of research design. All respondents gave given their consent for the recording of the interview and for the use of their revelations for scientific purposes. The said consent was given on a master thesis form which included a confidentiality clause that informed the respondents about the anonymity of the research they are a part of.

Figure 10 provides an overview of the research design used within this thesis:

Figure 10: Research Design

ACTIVITY	AIM
Literature review	Getting familiarized with significant theories and research
Development of research questions and definition of sample	Determining direction of the research
Development of initial interview protocol	Preparing for collection of raw field data
Pilot studies	Testing and improving interview protocol from different perspectives
Development of final interview protocol	Preparing final interview protocol
Central data collection 1. Interviews with 7 participants 2. Collection of participants' demographic data 3. Collection of participants' consents 4. Taking field notes 5. Transcription of interviews	1. Collecting raw verbatim field data 2. Ensuring heterogeneity of sample 3. Adhering to ethical standards in social research 4. Collecting raw observational field data 5. Preparing verbatim field data for in-depth analysis

Source: The author of the master thesis

4.5. Research questions

Research questions are the cornerstone of the qualitative research as they serve to guide the data collection process and are the conceptualization of the research being conducted. Two types of research questions exist: (i) overall research questions which are broadly defined and as such serve to describe a certain state or a process that can be derived from the research title, and (ii) specific research questions which are more precise and as such are focused on "specific parts of the conceptual framework the study is trying to examine" (Flick, 2009 in Berberović, 2018, p. 88).

The role of overall research questions (central or general question) and specific research questions (particular questions or sub-questions) in qualitative research can be compared with the role of hypotheses in quantitative studies (Creswell, 2014). The central question is to be posted in the most general form as not to limit the study, whereas the sub-questions should be defined as more specific so as to direct the focus of the study while leaving room for questioning and elaboration. The researcher should be asking no more than two central questions and no more than seven sub-questions (Creswell, 2014).

Moreover, research questions should start with "What" and "How" and are supposed to be open-ended, flexible and correlated with the research problem and purpose (Bloomberg & Volpe, 2018). Additionally, they are influenced by the preliminary data collected and the experience of the researcher (both personal and professional), which makes them susceptible to constant change (Bloomberg & Volpe, 2018).

The following general research questions (GRQ) and particular research questions (PRQ) will serve to solve the research problem of this thesis:

GRQ1: What obstacles do agencies encounter when carrying out influencer marketing in the Balkan market?

PRQ1-a: What difficulties do agencies in the Balkan market face when implementing influencer marketing for brands?

PRQ1-b: What obstacles do agencies in the Balkan market encounter when implementing influencer marketing in their collaborations with influencers?

GRQ2: How do agencies in the Balkan market perceive the process of selecting influencers?

PRQ2: What criteria do agencies in the Balkan market take into account when evaluating and choosing influencers?

GRQ3: How do marketing agencies assess the effectiveness of individual influencers' performance in the Balkan market?

PRQ3: What metrics do agencies in the Balkan market utilize to evaluate the effectiveness of individual influencer performance?

4.6.   Sampling and procedure

Even though a number of opinions exist on the topic of choosing a proper sample size (Guest, *et al.*, 2006; Saunders, 2012; Braun & Clark, 2013), it can be said that choosing the size of the sample (especially when conducting in-depth interviews) depends on (i) the objectives of the research, (ii) research limitations, and (iii) the research instrument (Riley, *et al*., 2000)

When determining the size of the sample sufficient to prove the stated hypotheses (answer the stated research questions), one should note that the smaller the sample size the more time is available to analyze the data and thus obtain more detailed information (Saunders, *et al.*, 2016). Techniques used to obtain a desired sample are called sampling techniques and they can be categorized into (i) probability sampling, and (ii) non-probability sampling techniques.

Performing probability sampling requires knowledge on each case from the target population whereby each case has an equal chance at being selected for the sample.

On the other hand, non-probability sampling assumes that probabilities to be selected for the sample, associated to each individual case, are unknown. However, it is possible to assign the conclusions obtained from non-probability samples to the targeted population i.e. to make generalizations. For non-probability samples it is crucial to form a logical relationship between the chosen sample technique on one side, and the purpose and focus of the research on the other, whereby the sample size can be determined by the research author. When executing qualitative research, it is advised that process of data collection should be performed and repeated until the theoretical saturation starting point is reached i.e., until further data collection yields little to no new information. Theoretical saturation is defined as a period after which there will be no more discovery of information relating to research questions (Lowe, *et al.,* 2018).

Moreover, qualitative research is usually based on purposive or judgmental sampling. Purposive sampling is the type of sampling performed by the inquirer who does not pursue choosing the research participants randomly, and as such is particularly convenient for small samples (Bryman & Bell, 2011). For a general study, 5 to 30 interviews are to be conducted (Creswell, 2014).

Furthermore, qualitative research can also be based on snowball sampling as it allows for flexibility and adaptiveness to the research flow (Flick, 2009). Snowball sampling is a technique that utilizes volunteers as research participants as opposed to them being chosen (Saunders, *et al.,* 2016). It is mostly used in cases when it is difficult to classify the individuals belonging to the wanted population. The downsides of this technique are

difficulty in making the initial contact and difficulty in finding new cases. The stated increases the risk of bias as respondents tend to recommend participants belonging to their social circle (participants similar to the recommender), which results in a homogeneous sample (Saunders, *et al.*, 2016).

Finally, qualitative research can be based on another form of voluntary sampling called self-selection sampling. Self-selection sampling is a technique that utilizes volunteers which have stated a desire to participate in research about which they have been informed by the researcher. This technique requires either advertising through the media or directly asking potential participants to take part in the research and collect data from those who respond.

Sample used for the research conducted within this thesis consists of marketing agencies operating in the Balkan region which have been working with influencers and which have been involved in influencer marketing.

With the research question in mind, purposive sampling was chosen as a most-suitable method. Research participants were chosen using self-selection sampling (Flick, 2009; Creswell, 2014; Corbin & Strauss, 2015; Saunders, *et al.,* 2016). Purposive sampling was used so as to ensure that agencies were involved in influencer marketing i.e. participants of the research are communication professionals working in marketing agencies.

The sampling process consisted of two criteria that participants needed to conform to:

(i)   they had to be based in Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Montenegro, Albania, or Kosovo.

(ii)   they had to already have an experience with influencer marketing and an insight into the influencer market in the country in which their operations are based in.

Identifying the marketing agencies relevant for this research and contacts employed by the respective agencies able to participate in this research were gained (i) via online search, (ii) via mentor recommendations, and (iii) via referrals from the contacts obtained via online search.

At first, I reached out to the agencies in the region, which I found suitable as providers of digital marketing services, which amounts to approximately 200 companies. Afterwards, around 65% of agencies didn't respond, even after repeated attempts to make contact. This step led me to the total number of 70 companies. After approaching this sample, I discover that most of the agencies performed digital marketing but did not work with influencers previously, thus were consequently excluded from the sample.

The final sample numbered 7 research participants, which is in line with the following criteria derived from applicable literature:

(i)   5-10 participants are recommended for a semi-structured in depth-interview (Saunders, *et al.*, 2016);

(ii)   5-30 interviews highlight the importance of exploration and understanding phenomena (Creswell, 2014);

(iii)   6-15 interviews are fitting for a medium project (such as a master thesis) as a focused sample is helpful in identifying important themes (Braun & Clark, 2013).

4.7.   Data collection

Data collection in qualitative studies depends on the stated research questions and the aim of the research. Type of collectible data can be classified into two broad groups: (i) primary data, which is the data that has been for a specific research purpose by the researcher, and (ii) secondary data, which is the data that has been previously collected and compiled (Saunders, *et al.*, 2016).

One of the tools for data collection used in qualitative research is an interview, which can be defined as a "purposeful conversation between two or more people, requiring the interviewer to establish rapport and ask concise and unambiguous questions, to which the interviewee is willing to respond and to listen attentively" (Saunders, *et al.*, 2016, p. 388). Interviews are particularly useful in gathering data which can be explored and refined further in order to clarify the concepts for the analysis which research question and objectives were not yet completely formulated, and are often used in the field of marketing communications and public relations (Daymon & Holloway, 2011; McCusker & Gunaydin, 2015).

Despite them being interactions between two or more individuals (Olsen, 2012), in interviews the inquirer does not express his/her perceptions and opinions (Weiss, 1994). Furthermore, it is a complicated procedure that is difficult to manage as it allows for an evolving conversation based on the answers gained which can lead to exploration of new topics. One-to-one interviews are especially common in qualitative projects implemented by students (dissertations and theses) and may be conducted face-to-face or by using a communication tool (telephone, social media, online conference platform like Skype, etc.).

The primary goal of the interview process is exploring past and present experiences of participants, in order to reveal and understand their feelings, thoughts, and perceptions. Interview process allows for a natural dialogue to occur which makes each interview different, although specific common patterns are likely to appear in all interviews conducted for the research project in question (Daymon & Holloway, 2011).

The following types of interviews have been identified by the existing literature: (i) structured interviews, (ii) semi-structured interviews, and (iii) unstructured interviews (Daymon & Holloway, 2011; Saunders, *et al.*, 2016; Bloomberg & Volpe, 2018).

A structured interview follows a predetermined and standardized question set which is predefined and from which no deviation is allowed. Because of their strict structure, they are mostly used in quantitative research in order to gain quantifiable data but are not often used in qualitative research as they limit the flexibility of the researcher (Saunders, *et al.*, 2016).

Semi-structured interviews follow a interview guide which is defined with the focus of the research in mind. The questions defined in the interview guide should change with each participant and with respect to the interview process and the answers gathered. The interview guide helps the researcher to collect similar types of data from all participants in a way that allows for minimization of time spent and collection of irrelevant data. Although the interview guide may be long, detailed and filled with multiple questions, it is important to note that it does not need to be strictly followed (Daymon & Holloway, 2011).

Unstructured interviews are free-ranging interviews conducted as "everyday conversations" and without prior determination of questions (Bloomberg & Volpe, 2018). The only predetermined question is the first question asked, and as such is general in its nature and serves to guide the further interview process. When opting to use unstructured interviews, it is useful to prepare an agenda or a list of topics to be followed in order to prevent derailing the flow of conversation from its research aim (Daymon & Holloway, 2011).

In conclusion, it can be said that interviews are suitable for qualitative research due to their flexibility and are often chosen as a primary data collection method as they (i) allow for extraction of thick, rich descriptions; (ii) ensure a chance to explain statements and explore additional information. The interview should be 30 to 60 minutes long (Bloomberg & Volpe, 2018), questions asked should be open-ended as to allow in depth understanding, and should be general in the beginning and get more specific as the interview carries on (Weiss, 1994).

The successfulness of the interview depends on the (i) quality of the interaction occurring between the interviewer, and (ii) interviewing skills of the interviewer who is leading the conversation, setting the topic, asking the questions, and deciding on when the interview will be terminated (Bloomberg & Volpe, 2018; Brinkmann, 2018).

Finally, it is crucial to obtain a consent from the interviewees and avoid doing any harm to them throughout the interview. The interviews should be recorded with the least invasive record machine and transcribed afterwards with as much detail as possible (Flick, 2009). Audiotaping and transcription produce verbatim quotation which heavily influences the credibility of the interview data gathered.

This research uses the primary data gathered and analyzed from the online semi-structured interviews conducted. Online interviews as a mean of primary data collection were chosen considering the following criteria: (i) reaching geographically dispersed participants, (ii)

lower costs of conducting interviews, (iii) incentivizing participants to take part in the research by reducing stress and costs associated with participating interviews (Salmons, 2014).

Since this is exploratory research, semi-structured interviews as an option suggested by available research have been chosen for this research as well (Sanders, *et al.*, 2016).

Potential interviewees were contacted via email and asked for participation in the research. Interviews were held at times suitable for the respondents. A total of 7 interviews were conducted. All interviews were done online via Skype or Zoom applications and the duration varied between 35 and 50 minutes. The shortest interview lasted for 36,5 minutes and the longest one 48 minutes and 40 seconds. Six interviews were conducted in Bosnian/Croatian/Serbian language. Seventh interview was conducted in English.

The interviewer has started every interview with a concise recapitulation of research purpose, and a statement that all the data acquired from the interviews will be used only for scientific purposes. Respondents were reminded about the confidentiality and anonymity of the research, after which they were asked for a permission to audio-record the interviews.

Main part of the interviews consisted of general and introductory questions aimed at determining the previous experience of the interviewee with influencer marketing, their work with influencers, ethics of influencer marketing, benefits of working with agencies, social media platforms and brand fit of the influencer.

The closing of the interviews was aimed at collecting additional data by brining attention of the interviewees to other issues that have not been previously mentioned- and giving them opportunity to provide an input on matters they deem important for the research topic. Throughout the interview, the interviewer has been taking notes which were later used to create memos. Interviews were transcribed and analyzed at a later date.

Figure 11 shows the interview guideline used to ensure the desired flow of the interview for the purposes of data collection.

Figure 11: Interview Guideline

Opening of the interview	Central part of the interview	Closing of the interview
Respondents' backgrounds	Working with influencers	Closing thoughts
Previous experience with influencer marketing	Benefits of working with agencies	Additional issues which the interviewee finds relevant but have not been mentioned during interview
	Effectiveness of influencer marketing	

	Characteristics of influencer marketing in operation area	

Source: The author of the master thesis

4.8. Data analysis

Qualitative data analysis is a process of organizing, structuring, and bringing meaning to massive amounts of collected data (Bloomberg & Volpe, 2018). Data analysis represents the part of the thesis that shows the originality, creativity, and new insights of a research, and it should continuously occur throughout the research.

The lack of predefined variables makes the analysis process of the quantitative data difficult to determine, but generally it consists of the following:

(i)   Data management and organization i.e., making sense of data by analyzing it in manageable ways by using coding, memos and connecting similar information

(ii)   Asking questions on data i.e., answering questions like "What is going on?", "According to whom?", "Where is this happening?", "When is this happening?".

(iii)   Interpretating data i.e., associating meaning and insights to words by creating concepts and theories the aim of which is explaining the findings.

The first step is to get familiarized with data by listening to recording and reading initial memos, observations, and interview transcriptions. Ideally, the interview transcripts will remain true to original conversation i.e., it is not advised to paraphrase or summarize interviewee responses as data may be lost. In the next phase data is organized by use of cross-referencing, writing additional notes, and ensuring that all transcripts are complete. The organized data is then coded and categorized. Coding is crucial for the data analysis process as it eases the organization of huge chunks of data and has a defining effect on the findings researcher has derived from the data collected. Data coding and categorizing can be performed either manually, by using qualitative research software, or by the combination of the two options to ensure the most effective results.

Finally, every data analysis contains a research report i.e., findings constructed with the aim to convince readers of the quality and relevance of the research performed (Daymon & Holloway, 2011).

Through the research process the researcher should keep track of memos containing the chronology of the research performed i.e., notes taken, codes given, codes changed, category development, and other information deemed relevant for the research process *(Saunders, et al.*, 2016). Memos are useful for piecing together data as they contain concepts and categories reflecting the ideas and the thought process of the researcher

(Corbin & Strauss, 2015), and its content is not pre-determined but rather dependent on the preferences of individual researcher (Maxwell, 2015).

Referencing and organizing data is often performed with respect to recurring themes, and analysis of said themes is called thematic analysis (Clarke, *et al*., 2015, p. 222) and is often considered a foundational method and a good starting point for qualitative research. Thematic analysis can take various forms: (i) inductive i.e., analysis grounded in data, (ii) deductive i.e. analysis of data from a theoretical perspective, (iii) semantic i.e. directed at the surface meaning of the data, (iv) latent i.e. focused on meanings lying underneath the data surface, (v) descriptive i.e. describing patterned meaning in data, and (vi) interpretative i.e. aiming to uncover deeper meaning contained in the data.

Generally, thematic analysis consists of 6 phases (Braun & Clarke, 2006, p. 87):

(i)   Familiarization with the data – immersing oneself into data and gaining in-depth understanding of the data;

(ii)   Coding – generating and labeling significant features of the data with respect to the broad research questions directing the analysis:

(iii)   Searching for themes – discovering coherent and important data patterns relevant to research question (checking the codes);

(iv)   Reviewing themes – checking if potential themes are fitting to coded extracts and the whole data set, and making changes accordingly (merging and discarding candidate themes or splitting one theme into more themes);

(v)   Defining and naming themes – conducting and writing detailed analysis of each individual theme and defining a concise name for each theme;

(vi)   Writing up – developing an analytic narrative and vivid data extracts aimed at composing a persuasive story about the data collected.

It is important to note that qualitative analysis is not a "linear process moving from one phase to the next", but recursive process of continues movement throughout the phases. Therefore, one does not have to complete one phase to be able to proceed to the next one.

Inductive thematic analysis grounded in data has been used for data analysis in this thesis in an attempt to derive all possible conclusions in data gathered (Clarke, *et al.*, 2015).

The analysis performed consists of 6 phases depicted in Figure 12 below. Phase 1 was completed by reading and rereading the transcripts, listening to voice recordings, and noting initial analytical observations. Phase 2 was completed by performing open coding. Open coding consisted of microanalysis of transcripts which has resulted in attachment of in-vivo codes to interview transcripts in order to ensure minimum divagation from the field data while analyzing. No software was used during the coding process, and the data has

been organized in Word. Analysis of all units has led to the definition of 29 lower-level concepts and classification of categories into dominant and secondary (Boejje, 2010). After further examination, some concepts were labeled as irrelevant while others were further considered. The analysis resulted in definition of 10 final themes or high-level concepts which are displayed in the following section. Finally, one category that seems to explain all others was chosen to represent the findings. Extracts from transcripts were used in order to better illustrate, explain and ease the understanding of codes.

Figure 12: Six Phases of Data Analysis

PHASE 1: FAMILIARIZATION WITH THE DATA
- •Reading and rereading transcripts
- •Listening to voice recordings
- •Initial notes

PHASE 2: CODING
- •Microanalysis- open coding of syntagma
- •Microanalysis of first interviews

PHASE 3: SEARCHING FOR THEMES
- •Coding around themes
- •Developed intial 29 lower-level concepts
- •Back and forth analysis of transkripts
- •Merging similar concepts

PHASE 4: REVIEWING THEMES
- •Rereading all previous data
- •Refining and revising themes/categories
- •Discarding irrelevant themes/categories

PHASE 5: DEFINING AND NAMING THEMES
- •Defined and named final 10 themes/categories
- •Selecting extracts to present and analyze themes/categories

PHASE 6: WRITING UP
- •Selection of one theme/category that seems to explain all the others
- •Creating a diagram of themes
- •Conjoining all 10 categories and memos in one text to ease the explanation of themes

Source: Clarke, et al, 2015

4.8.1. Evaluation criteria

Two main concepts used to ensure trustworthiness and credibility of the research performed are analyzed in this section. These two concepts are validity and reliability and should be viewed as two different concepts since "reliability sets the limits to the potential

validity of research results, but reliability does not guarantee the validity of research results" (Dorussen, *et al.*, 2005).

Validity in qualitative research differs from the validity in quantitative research as it does not derive from reliability or generalizability but rather from the reliability in checking for consistent patterns in theory development process or in generalizing results to new settings, people, or samples. However, reliability and generalizability are not an imperative for qualitative studies.

This research did aim to achieve procedural reliability in terms of data collection via interviews, as previously explained (Flick, 2009). Consistency is a core feature of reliability although data can vary in richness and ambiance (Leung, 2015). Moreover, transparency in all research processes was explained in detail (research design, sampling, data collection, and data analysis) in an attempt to ensure further reliability.

To ensure validity of the research, two strategies were used: (i) rich and thick description, and (ii) constant comparison (negative case analysis). Qualitative inquiry has provided rich, detailed and insightful data that was summed up with respect to interview quotations with the aim to provide better explanation of categories and to preserve the originality of respondents' words. The cases contrary to themes (i.e., negative cases) were additionally analyzed using the constant comparison method since different perspectives that do not always align exist.

It is also important to note that one cannot guarantee ultimate validity with any method, especially in qualitative research as it is impossible to understand another person perfectly since that would mean entering his/her consciousness and experiences (Seidman, 2006). The stated would mean that any disagreements are generally impossible, and ultimately – we would be the person being interviewed.

4.8.2. Ethical considerations

The purpose of the interview and research were thoroughly explained to the interviewees prior to each interview in an attempt to ensure full understanding of the contribution they are giving and how it is going to be used. Said explanation has been presented in a document called participant information sheet which was either given or emailed to the participants. Moreover, each participant has either signed a consent or given their consent to the use of the information gathered from the information in scientific purposes. Participants were also reassured of the anonymity (therefore the names of agencies, their employees and names of the clients that were used as examples during the interviews are not shown. Finally, interviewees were clearly acquainted with the ability to terminate the interview or their overall participation at any time.

Overall, the study did not consist of any unacceptable behavior (illegal or deceiving actions that could have damaged participants in any way). No sexist or racist nor questions that could have resulted in any kind of respondents' distress were asked.

5.   RESEARCH RESULTS

This chapter consists of research findings discussed through developed categories (high-level concepts) that are grounded in data. Ten final categories were developed. All categories are related to situation in the Balkan market.

5.1.   Category – Definition of Influencers and Growth of Influencer Marketing

This high-level concept provides information on the growth of influencer marketing throughout years in the Balkan region and the ways that respondents define influencer marketing.

According to respondents, influencer marketing by using social media has been developing in the Balkan region for almost a decade, whereby it is evident that businesses in Macedonia rely on influencer marketing the least.

"Macedonia is a very small market and there are no more than 20 or so most popular influencers and they always rotate and are always the same people, same face (laughs). The scene is changing, and clients are increasingly aware that engaging influencers is not the best way for every campaign, at any cost. In essence, we are the ones who choose the influencers, in our opinion" (DIGIM1) *Code: Macedonian Influencer Market*

"…we managed to get fifty influencers to share the posts and do it absolutely free" (DIGIM2) *Code: Croatian Influencer Market*

"Influencer marketing is essential. Maybe there are some industries where it is not necessary, but it is important to have it in the strategy definitely, regardless of the branch, the industry. I don't think there is any current industry in which influencer marketing cannot contribute." (DIGIM3) *Code: Croatian Influencer Market*

"Žižka has been around for 6 years, but influencer marketing has been around a little longer than that." (DIGIM4) *Code: Serbian Influencer Market*

"it is unquestionable in itself, because in some cases you have a request from the client to do it because it brings results on the networks, and by the way it is very important because you are present that way. You're not actually doing it to have just the number of followers, but to achieve that people have a connection with the brand." (DIGIM5) *Code: Serbian Influencer Market*

"There are businesses where influencer marketing can contribute 50% of the profit, but again everything depends on the investment. In our country, influencer marketing contributes a smaller percentage, but much less is invested in it, compared to media buying. It was simply a necessity, because it is almost an indispensable part of the marketing mix." (DIGIM6) *Code: Slovenian Influencer Market*

Defining influencers is not simple. The definition varies from person to person. However, many insights appear when respondents' answers are analyzed.

Some respondents perceive influencers as additional part of marketing strategy, as an extended platform or a channel.

„*What I notice, and I've seen it for a long time, is that influencers are part of big marketing strategies and that in most campaigns, if not in the whole plan, influencers are almost always taken for collaboration. In general, influencers are people who, in their own, unique way, present to the audience something that is of interest to them and make a good story out of it for themselves and the client.*" (DIGIM7) *Code: Influencers from a marketing and non-marketing perspective*

„*I would say that an influencer is a visible person on the Internet. Eh now, that has been said at length. There are various definitions, such as being a famous person on the Internet or a person of influence and so on. That is no longer the case. So, this is currently a person who is recognized on the Internet and if you meet him/her on the street you say: "I know that person from Instagram". So, not necessarily a core influencer or an actor, it is absolutely irrelevant*" (DIGIM8) *Code: Influencers as a channel*

Other interviewees look at influencers as people who have enormous impact on other people and their purchasing behavior.

„*These are ordinary people who cooperate with brands, so that the brands together with them make some impact on a wide audience. It is important that they have influence, so I would say that they are influential people.*" (DIGIM9) *Code: Impacting opinions and actions of others*

„*Well, from my private perspective, it's anyone who, with their sharing of information, can influence me in various ways, not only in making purchasing decisions, but also in many other aspects, e.g. for education, dissemination of knowledge or interests. And from a business perspective, it is the one that can influence the consumer's attention and lead him to purchase, that is, this perspective is strictly commercial, and the private one is much broader.*" (DIGIM10) *Code: Impacting the creation of attitudes*

Subsequently, some agencies divide influencers in few categories, as following quotes show.

„*Influencers can be divided into a couple of categories, but two main ones. There are those who somehow live from something else, for example a singer, actor and the like, and use this income as additional income. And the second group is an older group of influencers, who are lifestyle teachers.*" (DIGIM11) *Code: Different types of influencers*

„*And many agencies make a distinction between influencers who have it as their primary or secondary occupation.*" (DIGIM12) *Code: Different types of influencers*

Even though influencer marketing as we know it today has not always been equated with marketing on social media, agencies in the Balkan region make the assumption when being asked about influencer marketing. Despite it being occasionally defined as another channel or an extended platform for advertising, most respondents view influencer marketing as cornerstone of the promotion strategy being implemented for their clients. All agree that influencers have a great potential to significantly affect the behaviors of their followers. Lastly, respondents divide influencers on the influencers whose main source of income is the influencer business and on the influencers whose profiles are considered side jobs.

Figure 13: Category of definition of influencers and growth of influencer marketing

Code	Quotation
Macedonian Influencer Market	DIGIM1
Croatian Influencer Market	DIGIM2, DIGIM3
Serbian Influencer Market	DIGIM4, DIGIM5
Slovenian Influencer Market	DIGIM6
Influencers from a marketing and non-marketing perspective	DIGIM7
Influencers as a channel	DIGIM8
Impacting opinions and actions of others	DIGIM9
Impacting the creation of attitudes	DIGIM10
Different types of influencers	DIGIM11, DIGIM12

Source: The author of the master thesis

5.2. Category – Reasons for using influencer marketing

This category explains why influencer marketing is useful for brands and what are its effects on brand image.

It appears that many factors affect the decision to include influencers in a campaign. Following lines show these factors.

„In the beginning, mostly influencers were in touch with the audience... they were that bridge/tool, which we lacked with every strategy to get that element of surprise no matter what it was about. Mostly, brands are the ones who like to collaborate with influencers, without or with a real need for it." (RUIM1) <u>Code: Client Preference</u>

„What I notice, and I've seen it for a long time, is that influencers are part of big marketing strategies and that in most campaigns, if not in the whole plan, influencers are almost always taken for collaboration. In general, influencers are people who, in their own, unique way, present to the audience something that is of interest to them and make a good story out of it for themselves and the client." (RUIM2) <u>Code: Importance of influencer marketing</u>

Some agencies started hiring influencers since they view them as an essential part of a marketing strategy:

„On the one hand, I think it's nothing new, because the advertising industry has existed for a very long time, starting with the fashion industry, cigarettes or many other industries. This is just a new medium of communication; with some new rules you work by. The very moment of connecting the character with the brand has been known for a long time, only now they are defined as influencers and here they have slightly more specific requirements." (RUIM3) <u>*Code: Well-established part of a marketing strategy*</u>

According to agencies, influencers are a great way for brands to get to the target market without having to develop their own social media.

„One of the reasons for their usage is the fact that they already have an established target audience. In other words, they have already built a following, which allows a brand without existing awareness to bypass the initial hurdle." (RUIM4) <u>*Code: Influencers having already developed target groups*</u>

Furthermore, influencers can significantly affect brand's image. Those effects can be positive and negative.

„And then there are certain types of influencers, who have an excessive number of sponsored posts, for example the promotion of drinks and real estate and sneakers and different brands from the same industry, and then it is questioned whether the posts of that influencer are credible." (RUIM5) <u>*Code: Positive and negative impact on brand's image*</u>

„…the audience will deliberately buy more because they are glad that their favorite person, influencer has achieved something, and in that case, it will have a positive effect on sales. The fact that it's sponsored can even push the video forward." (RUIM6) <u>*Code: Genuine recommendations bring positive results*</u>

Brands often times appear to hire agencies in order to have a buffer zone between them and the consequences that can possibly arise from hiring influencers. Therefore, the responsibility lays on agencies and not brands.

„…using an influencer can be a risk for the agency. Consider this scenario: If I were to hire someone today and they were arrested tomorrow, it would be extremely chaotic and irresponsible. That's why many clients or brands prefer to work through agencies, as it allows them to transfer the responsibility for any external actions to the agency. The agency becomes accountable for how the brand is portrayed externally." (RUIM7) <u>*Code: Big responsibility on agency*</u>

Incorporating influencer marketing into a marketing strategy can offer numerous advantages for brands. Certain agencies enlist influencers as per requirement, while others do so out of curiosity. Utilizing influencers proves to be an effective method for brands to

connect with their target audience without investing their own efforts into establishing a social media presence. Influencers have dedicated significant time to build a loyal following, earning credibility and trust from their audience. This becomes highly beneficial for brands, particularly those in the early stages, aiming to enhance brand awareness.

Influencers can serve as a powerful strategic asset for effectively representing a brand, provided that they are selected thoughtfully. However, it is important to acknowledge that influencers also have the potential to negatively impact a brand's image. If an influencer's values do not align with those of the brand, or if the influencer is involved in any incidents, it can have an adverse effect on how the brand is perceived by its target audience. Agencies primarily shoulder the responsibility in such situations, as they act as representatives of the brands.

Figure 14: Category of Reasons for using Influencer Marketing

Code	Quotation
Client Preference	RUIM1
Importance of influencer marketing	RUIM2
Well-established part of a marketing strategy	RUIM3
Influencers having already developed target groups	RUIM4
Positive and negative impact on brand's image	RUIM5
Genuine recommendations bring positive results	RUIM6
Big responsibility on agency	RUIM7

Source: The author of the master thesis

5.3.   Category – Social media platforms

The following data indicates the social media platforms that respondents consider the most effective for influencer marketing.

Social media platforms hold considerable importance in influencer marketing strategies. It seems that Instagram and YouTube are the primary platforms utilized for influencer marketing, demonstrating the greatest influence of influencers on their respective audiences.

„Well, you know how, Instagram gave birth to all influencers. This does not mean that we should stop and be limited on Instagram. We must not forget Tik Tok, which is a very important network, especially in recent years. I think he will be a big player next year." (SMP1) *Code: Instagram and TikTok the best platforms for influencer marketing*

„Right now, Instagram is definitely number one, but TikTok is definitely catching up and a lot of clients have been asking to integrate Tik Tok into their campaigns lately. Both channels are trying to catch up and gain an advantage." (SMP2) <u>*Code: Instagram and TikTok the best platforms for influencer marketing*</u>

"I would definitely say that Instagram is the strongest. Currently, Tik Tok is also pushing there, but again if we target an older group, it would be Facebook, and not coincidentally Tik Tok, because there is no generation X on Tik Tok. Hmm.. Youtube is strong but declining" (SMP3) <u>*Code: Instagram and TikTok the best platforms for influencer marketing*</u>

But I would definitely mention Instagram and Tik Tok in addition to that, with the fact that Instagram has already been developed, and Tik Tok is under development (SMP4) <u>*Code: Instagram and TikTok the best platforms for influencer marketing*</u>

"I worked at Samsung for two years, and around then Facebook was represented and that's when we started marketing with bloggers on YouTube, because then influencers didn't really exist" (SMP5) <u>*Code: Blog and YouTube not considered compatible with influencer marketing*</u>

While Facebook, blogs, and other social media platforms remain popular among various target groups, they do not appear to hold the same level of relevance for influencer marketing as indicated by the respondents. These platforms were only briefly mentioned, suggesting that their impact in the context of influencer marketing may be comparatively limited.

"Facebook, I have to admit, I don't know when was the last time I used it with my clients, although I know that for example political campaigns or campaigns that are more related to environmental protection or for some local government units still have a strong audience that likes to get involved and discuss in comments. For example, for some election campaigns, Facebook would be an excellent choice of communication channel. In other words, it's great for some daily distraction. And when we talk about younger people, Instagram and Tik Tok are number one." (SMP6) <u>*Code: Irrelevancy of Facebook for influencer marketing*</u>

"YouTube still lives there somehow, but I have the feeling that right now it's a phase when people are used to just pick up their phone and scroll through the content, and not at least look for a video and watch it for a period of time." (SMP7) <u>*Code: Irrelevancy of YouTube for influencer marketing*</u>

„We concretely use but rarely. Because when we look at the statistics, Generation X is strong on Facebook" (SMP8) <u>*Code: Older generations the most present on Facebook*</u>

In this section, the significance of social media platforms in achieving successful influencer marketing has been briefly discussed. While Instagram and TikTok are

identified as the most impactful networks, other platforms can be advantageous for targeting specific audiences using "unconventional" influencers, such as professionals with political interests, doctors, historians, and more. Additionally, adopting a cross-channel approach appears to be the most comprehensive strategy for maximizing the potential of social media platforms as effective advertising tools considering that other social media cater to different target customers and generations.

Figure 15: Category of Social Media Platforms

Code	Quotation
Instagram and YouTube the best platforms for influencer marketing	SMP1, SMP2, SMP3, SMP4
Blog and YouTube not considered compatible with influencer marketing	SMP5
Irrelevancy of Facebook for influencer marketing	SMP6
Irrelevancy of YouTube for influencer marketing	SMP7
Older generations the most present on Facebook	SMP8

Source: The author of the master thesis

5.4. Category – Communication with influencers

This section provides insights into the dynamics of communication between agencies and influencers and identifies the predominant initiators.

Agencies typically reach out to influencers when they recognize the need to involve them in a marketing campaign or strategy. They primarily contact individuals with whom they have previously collaborated, acting on behalf of the brand they represent. On the other hand, when influencers initiate contact, they often tag the brand directly in their social media posts to capture attention, or they send an email with their media kit attached.

„Basically, we come to them. Although we have a very good relationship with most of our influencers and we know some of them privately, in addition to knowing each other professionally, and that's a great moment. It's usually their livelihood and they're very dedicated to these campaigns for a reason." (CI1) <u>Code: Agency contacting influencers in the name of brand</u>

"First of all, research is done, but before that, the client sends a brief. We certainly have a database of influencers from before, in which we enter our collaborations and proposals for future collaborations. Sometimes we are also proactive, so we make suggestions. After the client confirms, we write them instructions and describe the cooperation, and our conditions, and then wait for their service prices. Then, if they are within the budget, we

continue the cooperation, if not, then we look for someone new. So far, no influencers have contacted us" (CI2) *Code: Agency contacting influencers in the name of brand*

"..there are also situations where influencers write to us that they are open to cooperation and offer themselves" (CI3) *Code: Influencers contacting Agency for work*

"When the brand is less popular, we take the initiative. But when the brand is more popular, it happens that clients ie. brands pickier. Influencers come forward, but they especially "court" and make an effort when they hear that it is about a popular brand. So there are both cases" (CI4) *Code: Agency usually contacts Influencers for work*

„It has happened, there are cases when influencers contact us, but they usually do not contact the agency, but contact the brands directly through messages. Then one of the more subtle ways, I can say, is to start tagging us, start using our products, start tagging us. We follow that, we see. It's one of the more subtle ways not to contact directly: "Hey, I want to work for you" but for us to pay attention to them. But it also happens that they contact us and say: "Here we are, I'm here, this that."- some more relaxed form of communication." (CI5) *Code: Influencers subtly contacting agency*

For agencies, analytics and research of influencers play a crucial role as it assists in assessing the compatibility of influencers' target audiences with the brand. Interestingly, one interviewee was surprised to discover that emerging influencers or those who artificially inflate their follower counts tend to initiate contact with agencies instead of well-established influencers. This highlights the significance agencies place on evaluating the audience alignment and authenticity of influencers when considering collaborations.

„It depends on what the goal is, but statistics are always important. This is where the problem arises when some influencers don't know what to send us exactly, some send some statistics from their profiles incorrectly and not in the right way, so we don't get very concrete results. If it's about clicks, we have our own database and links if it's combined with Analytics and then click-through-rate is done, for example. If it's about awareness, we look at reach and engagement." (CI6) *Code: Influencer Marketing Metrics*

"Generally, we do not measure the success of cooperation, but the success of the campaign. Then it is impossible to say exactly that one influencer is more successful by an exact percentage than another influencer. Recently, we promoted the Jaffa biscuit brand and activation was in question. The task for the influencers was to show how they eat Jaffa and we had five or six influencers who supported it. The point was to comment on a picture where followers were supposed to write how they eat Jaffa. For example, how in that case do I know which influencer brought the highest number of followers in the comments. On the other hand, we have either the number of views or engagement or the number of post shares and the like. These are the classic methods of quantitative analysis. But, when it comes to long-term cooperation, it is much more difficult to quantify the data, but we usually have conversations with the client. Then it's a bit of philosophizing and mostly it's

a matter of deciding whether to keep that influencer or maybe the audience is fed up so it would be preferable to change and the like" (CI7) <u>*Code: Influencer Marketing Metrics*</u>

Agencies appear to prioritize investing in analytical tools that enhance their decision-making process when it comes to selecting influencers.

„In 90% of cases we contact influencers. Žiška has a tool called Influencer tracker, which contains a large database of influencers, so there they are categorized according to the platforms on which they are active, such as YouTube, Tik Tok, Instagram and so on. They are also divided by style, for example gamers, mum influencers and so on." (CI8) <u>*Code: Influencer Market Analysis*</u>

Communication between influencers and agencies appears to be a two-way process. Agencies reach out to influencers when they identify a need to include them in a campaign, while influencers proactively contact agencies to increase their chances of being selected. When influencers reach out, they typically contact brands directly through social media direct messaging or by tagging them in posts, rather than approaching agencies directly. However, agencies are open to influencers initiating contact and introducing themselves, as long as it is done professionally and supported by relevant data showcasing their influence. It seems that a pattern emerges where emerging influencers are more likely to contact agencies first, driven by their desire to collaborate with multiple brands and build their portfolio. Conversely, established influencers tend not to approach agencies directly. This difference in approach may stem from emerging influencers seeking to establish themselves, but it can sometimes lead to an unfavorable impression if they contact too many brands indiscriminately, tarnishing their own image.

Figure 16: Category of Communication with Influencers

Code	Quotation
Agency contacting influencers in the name of brand	CI1, CI2, CI4
Influencers contacting Agency for work	CI3, CI5
Influencer Marketing Metrics	CI6, CI7, CI8

Source: The author of the master thesis

5.5.   Category – Cooperation with influencers

This section of the thesis outlines the factors contributing to both successful and less successful collaborations with influencers, as well as the methods employed to measure influencers' performance. Among the key elements identified by agencies for successful collaborations, thorough preparation, literacy, politeness, and timely communication emerge as the most common factors. These attributes are recognized as shared traits that contribute to positive outcomes in influencer partnerships.

„It was an atypical collaboration, in which they promoted Somersby. And the point was to spread optimism, which is generally the policy of Somersby in recent years. For example, the two shared a slightly longer reel on their profile, in which they encourage people to send a nice story and share it on the networks. And the reward was to get everyone together at the Muggles' apartment. In a short period, that is, in a month we achieved four hundred new followers, which was a success for our profile and for the first time it was done that the influencers had the initiative. Because in that case, Maglov called people who follow and love him, because the reward was hanging out with him, and along the way the brand was promoted and consumed. Primarily, the reason is very easy communication, but also an incredibly good choice. Their activation was very successful and the whole process was successful due to good research and selection." (CWI1) <u>*Code: Thrilling cooperation with an influencer*</u>

Successfulness of the cooperation depends mostly on the goal of the campaign.

„So if we're talking about the right way to choose an influencer for a campaign, number one, you need to know what your campaign goal is. Is it for the company to reach more people or to reach the right target group. For example, if I have a campaign for a supermarket, it doesn't matter to me what kind of influencer it is, the number of followers is important to me so that as many people as possible see the content, or if I have a brand for cosmetics or a hair or skin mask, I need a female influencer and that especially an influencer who spends a lot of time caring for his hair or communicating his health or routines and so on" (CWI2) <u>*Code: Successfulness depending on goal*</u>

In certain instances, when the objective of a campaign is focused on direct sales, the measure of success will be the quantity of products or services sold.

„If the goal is sales, we will measure with revenue metrics, and the metrics depend on what is included. It depends on whether we only had influencers or Google advertising in addition. Metrics are actually a very complex thing when you get into the details. For some clients it doesn't matter at all, for some it's important that they only get some click-through. Each campaign is individual, I say again" (CWI3) <u>*Code: Number of sold units*</u>

The more natural the content is communicated by the influencer the better the result seems to be.

„The audience will deliberately buy more because they are glad that their favorite person, influencer has achieved something, and in that case it will have a positive effect on sales. The fact that it's sponsored can even push the video forward. And then there are certain types of influencers, who have an excessive number of sponsored posts, for example the promotion of drinks and real estate and sneakers and different brands from the same industry, and then it is questioned whether the posts of that influencer are credible. Certainly, the audience is not stupid and there are rare cases when you are not sure if something has been paid for." (CWI4) <u>*Code: Native communication with audience*</u>

When it comes to not so successful cooperations, agencies point out the following things as a reason: influencer canceling cooperation one day before event, influencers being rude, especially when offered compensation as a means of pay, influencers' audience not having as strong purchasing power and other external, uncontrollable factors.

„ Here, we had an experience with a Youtuber who was 15, 16 years old and a high school student. We could not wake him up to follow our content. We also had a collaboration with one of the most popular influencers in Macedonia. The girl is over 30 years old and is not a child, she is more serious. It was about a food service and that food was supposed to be delivered to her and she was supposed to create content, but she just took that order and didn't create any content." (CWI5) <u>*Code: Unpleasant situation with influencer*</u>

The factors influencing the success or failure of cooperations between agencies and influencers seem to be similar. Agencies prioritize working with influencers who possess qualities such as literacy, professionalism, politeness, and adherence to deadlines. If an influencer lacks these qualities, the cooperation is deemed unsuccessful. Other factors that contribute to less successful cooperations include external and unpredictable elements, such as the simultaneous broadcasting of campaigns from other brands that may attract more attention, or when an influencer's audience follows their content but lacks the purchasing power to buy the recommended products.

Measuring the performance of influencers can be challenging, especially considering that the true impact of hiring influencers often becomes apparent in the long run. Agencies typically employ different metrics for different campaign goals. For instance, if the aim is to maximize product sales, the metric used would be the quantity of products sold. When collaborating with influencers, agencies have developed their own methods of measuring various goals, adapting to the specific market conditions. Some agencies even conduct their own "mini" research through Instagram stories to determine which influencer generates the most traffic for a particular brand's page.

Figure 17: Category of Cooperation with Influencers

Code	Quotation
Thrilling cooperation with an influencer	CWI1
Successfulness depending on goal	CWI2
Number of sold units	CWI3
Native communication with audience	CWI4
Unpleasant situation with influencer	CWI5

Source: The author of the master thesis

5.6. Category – Selection of influencers

This section highlights the essential factors that agencies consider when selecting the right influencer. From the agency's perspective, they highly value influencers who demonstrate

digital literacy, possess a deep understanding of their audience, possess eloquence, and skillfully convey a narrative through the images they post. Additionally, agencies prioritize influencers who are authentic, honest, and bring an element of fun to their content.

"So, if we're talking about the right way to choose an influencer for a campaign, number one, you need to know what your campaign goal is. Is it for the company to reach more people or to reach the right target group. For example, if I have a campaign for a supermarket, it doesn't matter to me what kind of influencer it is, the number of followers is important to me so that as many people as possible see the content, or if I have a brand for cosmetics or a hair or skin mask, I need a female influencer and that especially an influencer who spends a lot of time caring for his hair or communicating his health or routines and so on. So, I think the most important factor in the process of choosing an influencer is knowing what you want to achieve with that campaign. Number two is the audience, i.e., what kind of audience does that influencer have. It's a bit tricky, because we had a lot of cases where we had the task of communicating a product for men and then it went by default to go with a male influencer, which is completely wrong, because the chances are higher that women will see it and pass it on to their husbands, friends and the like, than that a man will see it from a man. It is very important to know what the audience and demographics are like, that is, whether they are teenagers, adolescents and the like. Another parameter is also included, which is how credible those audience figures are, that is, whether they are fake followers. If someone has tens of thousands of followers and tens of likes on posts, something is wrong. So that influencer research process is very important. Especially since your research will determine the success or failure of the campaign itself. The next parameter that is important is what is the influencer's relationship with the audience, that is, does that influencer only publish posts and does not have any interaction with the audience or only photos with brands and does not have a real feel, that is, he does not let the audience into his life and does not give no added value. I'll repeat myself, but what matters is what your product or service is and what your goal is. If you're looking for an influencer for kids or something like that and you see that influencer was hired for alcohol or cigarettes, that doesn't match your brand policy, that's also very important. These are some tasks for third parties (agencies) because you do that work and when a client asks you for this strategy or you decide for this strategy as a company, you are the one who should answer these questions and research all this, because at the end you will have to justify and present all the results. There is a high probability that if one of these steps is skipped, it will affect the result" (SI1) <u>*Code: Influencer selection step-plan*</u>

An influencer is deemed to be effective when he/she has an ongoing, two-way communication with his/her audience. Additionally, being influencer requires certain photography and modelling skills and talent.

„For an influencer to be effective, constant communication with their audience is crucial. Merely sharing content is not sufficient; they must actively engage in comments, discussions, and be present for their followers. It's a two-way communication where the

influencer establishes a group of engaged listeners who know that their opinions are valued and heard. This is one of the key factors for success. Another vital factor is talent. Being an influencer requires significant time investment and effort. While some may perceive it as merely posting a single picture or a single post, those who are experienced in the field understand the amount of time and effort invested in creating that perfect image. Finding the right shot, paying attention to lighting, and being a model in the photo all require craftsmanship. Photography itself is a challenging skill, and being a model adds another layer of complexity. Influencers need to possess a diverse set of skills and experiences, with varying levels of expertise in different areas. It is desirable for them to be articulate, well-read, and skilled in writing, knowing how to effectively reach their audience. All these factors contribute to shaping them as a well-rounded individual. It is important to understand that being an influencer is not just about taking a picture; it entails a significant investment of time and effort to create compelling content." (SI2) *Code: Efficient influencer characteristics*

When agencies select influencers, they tend to prioritize the level of engagement among the influencer's audience rather than solely focusing on the number of followers. However, brands that agencies represent typically emphasize the importance of hiring influencers with a substantial number of followers.

„In other words, they have already built a following, which allows a brand without existing awareness to bypass the initial hurdle. Maybe he doesn't have hundreds of thousands of followers but he has his audience which is very loyal and that circle of people. I once heard a quote and I agree "You only need one thousand true fans" to be successful. If you have a thousand people who are ready to buy and follow you, you can make a living from that business, and I think that people who don't primarily go into that business with the goal of making money, i.e. they do it as a hobby, they also produce natural content, and there are big differences." (SI3) *Code: Importance of number of followers to brands*

Influencers are increasingly attaining celebrity status, blurring the traditional distinction between the two.

„I would say that an influencer is a visible person on the Internet. Eh now, that has been said at length. There are various definitions, such as being a famous person on the Internet or a person of influence and so on. That is no longer the case. So, this is currently a person who is recognized on the Internet and if you meet him/her on the street you say: "I know that person from Instagram". So, not necessarily a core influencer or an actor, it is absolutely irrelevant" (SI4) *Code: Influencers viewed as celebrities*

Occasionally, despite an agency's expertise and experience in influencer marketing, campaigns may not yield optimal results. This can be attributed to a potential discrepancy that arises between what the influencer promotes and the purchasing power of their audience.

„We also had a negative experience with the results of one engagement. The influencer has good numbers and engagement, but we didn't hit a good influencer and didn't achieve the goal. So, just as there were a lot of positive surprises, where we did not believe that an influencer would present a project well, but we give it a chance, and we are surprised by the maximum results, there were also negative ones." (SI5) <u>*Code: The gap between influencers and their audience's purchasing abilities*</u>

For an influencer to be effective in engaging their followers, transparency and honesty are crucial, along with abstaining from endorsing competing products or services. Influencers are seen as an effective means for brands to reach their target audience. However, brands, as clients of agencies, often lack familiarity with the influencer market and tend to prioritize elements that may not be as significant when selecting an influencer for a campaign. One such example is the emphasis placed on the number of followers an influencer has. This can be problematic since the number of followers does not necessarily reflect the true quality of an influencer, especially considering that some influencers may resort to buying followers, thereby diminishing their value for a campaign. On the other hand, agencies possess the skills and expertise to discern the right influencer for a particular brand, but occasional irregularities may occur that are beyond their control.

When determining the appropriate number of influencers for a campaign, agencies base their decision on campaign goals, client preferences, and the nature of the brand in question.

Figure 18: Category of Selection of Influencers

Code	Quotation
Influencer selection step-plan	SI1
Efficient influencer characteristics	SI2
Importance of number of followers to brands	SI3
Influencers viewed as celebrities	SI4
The gap between influencers and their audience's purchasing abilities	SI5

Source: The author of the master thesis

5.7. Category – Influencer marketing in the Balkan market

This section provides an overview of the state of influencer marketing in the Balkan market, which is summarized into two sub-categories.

5.7.1. Challenges and Characteristics

This sub-category shows the traits of the influencer market in the Balkans and the most common challenges marketing agencies operating in the said area face:

North Macedonia: Influencer behavior and limited variety of influencers

"RE: (29:00) Great, that's exactly what I asked you. You told me that the biggest flaw of this strategy is the influencer's immaturity or irresponsibility, but more or less everyone encounters this problem. Are there any additional challenges on the Macedonian market that could be cited as relevant obstacles to this strategy or not?

IL: (29:10) Well it's definitely a smaller market and that means it's a bit boring because it's always the same people. The selection is smaller and we don't have a wide variety. On the other hand, we don't have any big other obstacles that I would single out." (IMB1) <u>Code: Inappropriate influencer behavior and limited variety of influencers</u>

Croatia: Influencer marketing campaign budget limitations, unregulated market and influencer behavior

"The challenge can be the budget, that is how inflation happens and influencers raise prices, sometimes it happens that it is difficult to find a suitable influencer for a certain budget. In essence, it is the agency that removes a lot of challenges, in terms of the right selection of influencers and direct communication, because the clients themselves are quite skeptical about paying so much money for something that might be the wrong choice. In Croatia, most companies, especially the lifestyle or food industry, as well as insurance companies or tourism, integrate this type of marketing in a great way, but there is always room for improvement" (IMB2) <u>Code: Influencer marketing campaign budget limitations, unregulated market and influencer behavior</u>

"To put it jargon, price gouging is a problem. Every influencer can choose the price he wants, although in every industry, every craftsman can choose his own prices. But that's how it is in marketing and people get used to it. Among other things, what makes it difficult is communication and irresponsibility. That is, the impossibility of reaching them, because they do not have a written contact of some kind. We also have a kind of blacklist, because we know that these influencers never come forward. And we avoid their profiles." (IMB3) <u>Code: Unregulated market and influencer behavior</u>

Serbia: Operative inefficiency, lack of planning and unregulated market

"I believe that the challenge of agencies is to communicate successfully with clients and that everything is explained in detail and carefully. Also, agencies should contract more long-term collaborations, because they are definitely the future. Collaborations cannot be too fragmented. The challenges are mainly the organization of everything on time, the clear determination of the budget and the whole process can be tiring. Because we, as an agency, often contact influencers with a request to participate with us, ask for prices and go to the client with that information. And then the client comes back to us with an answer, in which, for example, he does not accept those conditions. Then we contact the influencer again with negotiations, and if we can't make an agreement, we do research again to find someone new who fits the budget. To put it jargon, this way of talking is mostly market-

based, and none of it is regulated by law. Then the next challenge is that in our market the number of influencers is very small... and as much as it seems that there are many, there are actually not that many good ones." (IMB4) <u>*Code: Operative inefficiency and lack of planning*</u>

"I think they are legal challenges. I think that this is generally a problem in the Balkan market. It is a challenge because influencers are used to receiving cash and there is no invoicing through the company. The problem is that while the influencer is being educated, it cannot be done illegally. Also, I think that the prices of influencers are abnormal, so sometimes the budget can be much better used sometimes, when we compare with what was invested in the influencer and what was obtained" (IMB5) <u>*Code: Unregulated market*</u>

Slovenia: High influencer power, lack of influencer variety

I think the universal problem everywhere is that at one time influencer marketing was one of the best tools to get a good ROI. It means that you invest a little and get a lot. However, that has changed a lot, because at the beginning of building the channel, you have a lot of people who received gifts and promoted things for free, because their goal was only to promote themselves back then. Now, when the market is more developed, it is very difficult to find an influencer who will work for a smaller amount of money. It often happens that the product costs 5-10 euros, and the influencer's story costs 50 euros. So, in the beginning, for example, in order for the cooperation to be considered successful, he has to buy twice or three times more in the beginning for the cooperation to make sense. In general, the prices have risen rapidly for everyone, so this channel is also becoming much more expensive and it's a matter of profitability... I don't think so, this channel is still working and will work, but every decision must be carefully considered so that it is not wasted and that it has sense. And I have to say that compared to other markets, the Slovenian market is very small. And in that sense, the client would perhaps like to have new influencers every month, and you have dozens of them in the country. It used to happen that we were picky, so for example we couldn't find a client for a make-up brand, for example, who was not already hired for the promotion of another make-up brand. So they are of great importance to us. I must also emphasize that it is a real challenge for a small local brand to compete with big players with big budgets, and for example an influencer gives the same price to both a big and a small player. It is very difficult, because you cannot apply something like that because you have a local brand that you have started to build. (IMB6) <u>*Code: High influencer power and limited variety of influencers*</u>

One of the obstacles faced is the limited understanding or inadequate skills of influencers in strategically positioning themselves as a brand. This often results in them promoting competing brands, which has a negative impact on their own image as well as the image of the brands they collaborate with. Additionally, the influencer scene in the Balkan region (especially in North Macedonia and Slovenia) appears to be underdeveloped, characterized by generic content and a limited selection of influencers in niche segments. There is a lack of creative content distribution as well. Furthermore, conducting thorough analysis of

influencers' content and social media profiles is crucial in identifying fraudulent practices and avoiding the selection of inappropriate influencers for brands.

5.7.2. Future

Future of influencer marketing in B&H is summed up in this sub-category.

Some agencies believe that the future of influencer marketing lays in social media platforms such as TikTok and YouTube and that new faces will appear.

"Like this... all that energy around Instagram, Tik Tok doesn't come into it, because we don't have any option for control or budgeting there, I think it's still too early to talk about Tik Tok. Things are changing on Instagram. Last year it was all about where people eat, where they go, what they do and no one valued privacy. Rarely did anyone have a closed where you ask for permission to follow. In the last year, especially teenagers who make up 70% of Instagram, they respect their privacy a lot. All their profiles are closed. They talk on private stories, publish rarely, and everything is based on a narrow circle of society. Public display is not such a hit, that's why I think that in the future, micro-influencers who have a real audience on Instagram will have more influence. These are people who are fans of coffee, cosmetics, skateboarding, music or whatever and they will have the main say and they will have the main say in how the influencer's information will move. Influencers who were famous a few years ago, are now lost and are somehow like a sung song. I think influencers who have their own community of people will be the real thing. That would be my advice to future brands, to devote themselves to this type of influencer." (IMB7) <u>*Code: Growing importance of micro-influencers*</u>

"They absolutely will, especially when you see how much money is involved in the story. I also think that long-term cooperation will be contracted. I think that the agency can do badly in the future, if it does not have a long-term contracted cooperation. Because, for example, it happens that some influencer will do one collaboration with an agency, then another, and then a third, and the moment will come when he will become influential and famous. As a result, he will realize that he no longer needs to work for, to put it bluntly, small amounts of money, so he will only accept larger amounts of money. Until recently, influencers didn't really have a choice and refusal to cooperate wasn't that common, but now it happens more often" (IMB8) <u>*Code: Introduction of long-term contracts*</u>

"In my opinion, new networks will open. We have that Only Fans, for example, which is still under development. Because we see that on that network, it is not sponsored by those agencies, but by the audience. You have subscriptions to those profiles, and it seems that they are also introducing it to Instagram, where the influencer is actually financed by his viewers, that is, the audience invests in influencers, like in Netflix, for example. But I also see that in the future there may not be so much influencer work, because I notice that many influencers are also opening something on the side, or for example opening their own agencies, beauty shops, launching their own clothing line, that is opening their merch and

similar. Here, for example, I don't know if you have heard from Kristijan Iličić?" (IMB9)
<u>*Code: Introduction of new social media*</u>

Influencer marketing in the Balkan region presents several challenges that pose some difficulties for marketing agencies. One major challenge is the lack of education and understanding among both brands (clients) and influencers regarding the influencer market as a whole. Some influencers lack the knowledge and skills necessary to effectively represent themselves as a brand. Moreover, there seems to be an overabundance of influencers from certain industries like fashion and travel, while other niche industries such as camping, climate change, and plant cultivation are underrepresented or absent altogether. Agencies have also observed the need for more innovative and creative content distribution methods by influencers.

Looking ahead, the future of influencer marketing in Bosnia and Herzegovina (B&H) is expected to grow and develop in line with global trends. There is hope that influencers will play a more integral role in strategy development, working closely with brands and agencies, and possibly even collaborating on product creation with specific brands. Additionally, a shift towards platforms like TikTok is anticipated in the near future, along with the emergence of new faces on various social media platforms, contributing to further growth and diversity in the influencer landscape.

Figure 19: Category of Influencer Marketing in the Balkan region

Code	Quotation
Inappropriate influencer behavior and limited variety of influencers	IMB1
Influencer marketing campaign budget limitations, unregulated market and influencer behavior	IMB2
Unregulated market and influencer behavior	IMB3
Operative inefficiency and lack of planning	IMB4
Unregulated market	IMB5
High influencer power and limited variety of influencers	IMB6
Growing importance of micro-influencers	IMB7
Introduction of long-term contracts	IMB8
Introduction of new social media	IMB9

Source: The author of the master thesis

5.8. Summary of categories and codes (Figures 13 to 19)

Definition of Influencers and Growth of Influencer Marketing (Figure 13)

Code	Quotation
Macedonian Influencer Market	DIGIM1
Croatian Influencer Market	DIGIM2, DIGIM3
Serbian Influencer Market	DIGIM4, DIGIM5
Slovenian Influencer Market	DIGIM6
Influencers from a marketing and non-marketing perspective	DIGIM7
Influencers as a channel	DIGIM8
Impacting opinions and actions of others	DIGIM9
Impacting the creation of attitudes	DIGIM10
Different types of influencers	DIGIM11, DIGIM12

Reasons for using influencer marketing (Figure 14)

Code	Quotation
Client Preference	RUIM1
Importance of influencer marketing	RUIM2
Well-established part of a marketing strategy	RUIM3
Influencers having already developed target groups	RUIM4
Positive and negative impact on brand's image	RUIM5
Genuine recommendations bring positive results	RUIM6
Big responsibility on agency	RUIM7

Social media platforms (Figure 15)

Code	Quotation
Instagram and YouTube the best platforms for influencer marketing	SMP1, SMP2, SMP3, SMP4
Blog and YouTube not considered compatible with influencer marketing	SMP5
Irrelevancy of Facebook for influencer marketing	SMP6
Irrelevancy of YouTube for influencer marketing	SMP7
Older generations the most present on Facebook	SMP8

Communication with influencers (Figure 16)

Code	Quotation
Agency contacting influencers in the name of brand	CI1, CI2, CI4
Influencers contacting Agency for work	CI3, CI5
Influencer Marketing Metrics	CI6, CI7, CI8

Cooperation with influencers (Figure 17)

Code	Quotation
Thrilling cooperation with an influencer	CWI1
Successfulness depending on goal	CWI2
Number of sold units	CWI3
Native communication with audience	CWI4
Unpleasant situation with influencer	CWI5

Selection of influencers (Figure 18)

Code	Quotation
Influencer selection step-plan	SI1
Efficient influencer characteristics	SI2
Importance of number of followers to brands	SI3
Influencers viewed as celebrities	SI4
The gap between influencers and their audience's purchasing abilities	SI5

Influencer marketing in the Balkan market (Figure 19)

Code	Quotation
Inappropriate influencer behavior and limited variety of influencers	IMB1
Influencer marketing campaign budget limitations, unregulated market and influencer behavior	IMB2
Unregulated market and influencer behavior	IMB3
Operative inefficiency and lack of planning	IMB4
Unregulated market	IMB5
High influencer power and limited variety of influencers	IMB6

Growing importance of micro-influencers	IMB7
Introduction of long-term contracts	IMB8
Introduction of new social media	IMB9

6. FINDINGS

This chapter introduces a novel theoretical framework for the selection of influencers, which is then followed by the exploration and response to research questions. The chapter also highlights the potential contributions of this theory to marketing practices, while acknowledging certain limitations and providing recommendations for future research.

6.1.Recommendations

The subsequent section delves into a newly developed substantive theory concerning the selection of influencers within the Balkan region. This theory is built upon data obtained from primary qualitative research that focuses on influencer marketing from the viewpoint of marketing agencies. The interpretations of the findings are based on the insights gained from conversations with research participants, existing literature on the subject, and the utilization of thematic analysis methodology.

It seems that influencer marketing in the Balkan region has evolved by following global trends. Marketing agencies in this region have been actively involved in marketing practices from other countries and have adapted and implemented them within their own country.

When marketing agencies decide to engage influencers in their marketing strategies, they typically reach out to them directly, especially those influencers with whom they have previously collaborated. The contact is made either through email or, if the influencers' email is not available, via direct messaging on social media platforms. The email communication includes essential information such as the agency and brand name, contract details, project specifications, pricing, and budget. However, the responsiveness of influencers can be a concern. Many influencers do not respond to emails at all, except for a few exceptions of highly responsive influencers who reply promptly. Agencies perceive this lack of response as unprofessional since they expect timely feedback on their proposals from influencers who portray themselves as open to collaborations. Such unresponsiveness can influence the agencies' future selection of influencers and potentially eliminate certain influencers from consideration for future collaborations.

To facilitate smoother engagement in the future, agencies recognize the importance of building and nurturing long-term relationships with influencers. One respondent mentioned that their agency conducts a thorough analysis before reaching out to influencers. They start by identifying influencers within the relevant topic area and then assess their engagement rates. The subsequent phases of analysis depend on specific needs, such as evaluating the influencers' audience demographics and profile. The final phase involves contacting the influencers and requesting their analytics to compare them with the agency's own data. This particular agency invests regularly in analytical tools and research to ensure the selection of the best influencers and to provide their clients with top-notch service. As a

result, they possess insights into influencers' analytics that are more comprehensive than those provided by the influencers themselves.

Conversely, when influencers initiate contact with agencies, they often send a media kit, which is a PDF document that includes their self-presentation, interests, the product categories they promote, their portfolio of previous brand collaborations, their pricing, and specific questions about potential cooperation. Most agencies view this as a reasonable and professional approach, but only if it is executed properly and includes relevant information. Some influencers, however, contact agencies without understanding how to effectively present themselves or provide the necessary data. It is interesting to note that agencies have observed a pattern among influencers who reach out to them. Typically, these are influencers in the early stages of their careers who are eager to collaborate with as many brands as possible, aiming to build their portfolios and achieve greater success. They often contact agencies without carefully considering which agencies to approach, as long as they can secure some form of cooperation that may lead to future financial benefits. In contrast, more established influencers either do not contact agencies first or, if they do, they do so in a professional manner.

Another indirect method used by influencers to engage with agencies is by contacting brands directly, unaware that agencies manage the brands' social media accounts. Influencers may subtly tag brands in their posts, hoping to attract attention and be hired for collaborations.

Agencies encounter numerous challenges when making decisions about selecting influencers for specific brand campaigns, while influencers must possess a set of qualities and characteristics in order to be considered for these opportunities.

Based on their extensive experience working with various types of influencers, including traditional, celebrity, and social media influencers, agencies have gained valuable insights into the characteristics of successful influencers. Literacy is highly valued by agencies as it enables influencers to effectively convey brand messages to their audience. Particularly in the realm of visual content, such as Instagram posts, influencers must possess skills and talent, as capturing the perfect picture requires time and effort. It involves mastering elements like lighting and balancing the roles of both photographer and model, making it a true craft.

Authenticity is another crucial quality agencies seek in influencers. They expect influencers to be true to themselves and their values, not presenting a false image online. Agencies value influencers who are honest and genuine, even if it means turning down collaborations that don't align with their beliefs. Furthermore, agencies look for influencers who can have a positive impact on their followers. They appreciate influencers who are engaging, fun, and able to attract a significant following, as this often leads to more successful campaign outcomes.

Continuous communication with their audience is seen as essential by agencies. Merely sharing content is not enough; influencers must actively participate in discussions and engage with their followers to foster a two-way communication. This level of engagement serves as an indicator of the trust and connection between influencers and their audience, reflected in the number of comments and active participation in sponsored challenges, application downloads, or meetups.

Agencies prioritize punctuality and responsibility from influencers, but they are also open to flexibility when influencers face temporary difficulties. If an influencer communicates in a timely manner about challenges like unfavorable lighting conditions or the inability to capture high-quality images, agencies show understanding and collaborate with influencers to find solutions or make accommodations.

In summary, agencies have gained a deep understanding of the qualities and behaviors that lead to successful influencer campaigns. This knowledge empowers them to make informed decisions when selecting influencers for brand collaborations.

Social media platforms hold a significant role in influencer marketing, and agencies must consider them when selecting influencers. In the Balkan region, Instagram and TikTok are the dominant platforms for influencer marketing. Instagram, known for its picture and short video format, provides easily consumable content for the audience. On the other hand, TikTok captivates the attention of viewers with engaging and entertaining content, particularly popular among younger generations. Surprisingly, TikTok is gaining traction among older generations as well, with more people joining the platform. This was exemplified by one respondent's experience of discovering an older colleague on TikTok, motivated by the enjoyment of watching funny videos.

An interesting trend has emerged where creators popular on TikTok may not have a significant presence on other social media platforms. TikTok's appeal lies in its fun and effortless content creation, leading some influencers to even post pro-bono videos for agencies due to the ease and interest it offers. However, there are potential challenges associated with influencer collaborations on TikTok. Communication with minors, who form the majority of users on the platform, poses complexities as advertising to children through children is not acceptable. Additionally, extracting metrics from TikTok is a complex process.

While other platforms like Facebook, Snapchat, blogs, and Twitter have their own popularity among different target groups, they are not as effective for influencer marketing. Agencies may target specific influencers on Twitter who cover niche topics such as politics, education, or information sharing. Blogs were popular in the early stages of influencer marketing in the Balkans and served as the initial way for agencies to collaborate with influencers or bloggers. However, their usage has declined, although they remain useful for eMarketing, particularly for cooking influencers or those focused on written content.

Regarding Facebook, it is generally not extensively used for influencer marketing, unless influencers voluntarily share sponsored posts on the platform. Since Facebook predominantly attracts an older audience that may not align with agencies' target market, its potential lies more in word-of-mouth marketing through Facebook groups. However, the effectiveness of this approach is not as proven as with Instagram and YouTube.

Ultimately, a cross-channel approach is considered the most comprehensive, where influencers post sponsored content across all active social media platforms they own. This strategy allows for a broader reach and higher chances of success in targeting a diverse audience.

Despite the expertise and experience of agencies in working with influencers, there are instances where their efforts do not always lead to outstanding campaigns, even when there is a strong alignment between the influencer and the client. This can be attributed to external factors that have an impact on the results. One such factor is the existence of a gap between consumers who follow influencers for the sake of viewing aesthetically pleasing content, without having the purchasing power to act upon their recommendations. This stems from individuals' desire to perceive themselves as belonging to a higher social class than their current status. Additionally, there are cases where people follow influencers not because they like them or value their opinions, but solely for the purpose of engaging in gossip or discussions without any intention of purchasing the recommended products.

In conclusion, despite agencies' best efforts, various factors such as consumers' purchasing power, social aspirations, and motivations for following influencers can impact campaign outcomes, potentially leading to less favorable results. To address these challenges, agencies employ strategies such as seeking opinions from trusted sources and effectively navigating the social media landscape.

Another crucial factor in influencer selection is the trust and close relationship influencers have with their audiences. Influencers serve as credible sources of information about products and services, influencing individuals' purchasing decisions. These relationships are built over time, making influencers especially valuable for new brands seeking to raise awareness quickly. Influencers offer a shortcut to reaching a significant following that would otherwise take brands years to cultivate. They are particularly effective in targeting specific demographic groups, as brands may not have the same impact on consumers directly. Younger generations, such as Gen Z, are particularly susceptible to influencer influence, especially TikTokers whom they often idolize and emulate.

Initially driven by curiosity, some agencies started hiring influencers and continued doing so after witnessing the positive outcomes of influencer campaigns. Other agencies take a more strategic approach, selecting influencers based on their alignment with campaign goals and the desired customer engagement strategy. On the other hand, agencies focusing on public interest campaigns that tackle social issues often rely on influencers to effectively communicate messages to their target audience in a timely and credible manner.

These agencies typically first target the followers of influencers through social media platforms and then expand their reach to the general public through traditional media channels. However, agencies dealing with serious topics may encounter difficulties in gaining traction on popular social media platforms like Facebook, Instagram, or Twitter, as audiences tend to prefer lighter and more casual content in those contexts.

The selection of the right influencer is crucial due to their significant impact on a brand's image. Influencers have the power to either enhance or harm a brand's reputation, ultimately influencing its success. When an influencer genuinely uses and loves a brand's product, their endorsement in a sponsored post is highly influential, leading followers to trust and desire the product, resulting in increased sales and popularity. However, if an influencer engages in scandalous behavior or tarnishes their reputation, this negative perception can transfer to the associated brand, damaging its image. This can have severe consequences, as audiences may lose trust in both the influencer and the brand, impacting sales negatively. Therefore, ensuring a strong alignment in values and character between influencers and brands is of utmost importance. Some agencies proactively monitor influencers before collaborating with them, aiming to identify any inconsistencies in their posts or behavior that could potentially reflect negatively on their clients' brands. Agencies bear a high level of responsibility, which is why many brands entrust them with influencer partnerships, as agencies assume full responsibility for anything related to the brand, both positive and negative. Consequently, agencies must exercise extra caution in their selection process to safeguard their clients' brands.

In the Balkan region, agencies encounter numerous challenges in the field of influencer marketing. One significant challenge is the presence of financially illiterate influencers who lack knowledge about the industry and the market. They struggle to understand pricing standards and often fail to provide analytics to agencies, making it difficult for effective collaboration. Another observation is that many influencers lack the ability to present themselves strategically as a brand, hindering agencies' negotiation and business efforts. Additionally, the influencer scene in the region is underdeveloped, with a scarcity of influencers. It is not uncommon for agencies to provide ideas and guidance to influencers in order to improve the promotion of products. Moreover, there is a shortage of influencers in niche segments such as climate change, gardening, alternative lifestyles, skateboarding, hiking, and more. Most influencers tend to belong to popular categories such as beauty, lifestyle, travel, and food. The challenge lies in avoiding repetitive selection of the same influencers and continually exploring new emerging talents by closely monitoring the market. Multiple respondents specifically mentioned the limited number of influencers available in the region.

Agencies hold a positive outlook on the future of influencer marketing. They anticipate a shift towards the TikTok app and the emergence of new influencers across various social media platforms. Moreover, they hope for the establishment of content and legal regulations to guide influencer marketing practices and ensure its continued evolution. Furthermore, agencies express a desire for deeper collaboration between influencers,

agencies, and brands in the development of marketing strategies. They see the potential for influencers to have greater involvement in the creation of their own products through collaborations with brands.

The measurement of success in influencer marketing campaigns varies depending on the campaign's objectives. For agencies aiming to raise brand awareness for new brands, they often assess the number of people who follow the brand's Instagram page after the influencer's promotion, as well as the level of participation in social media challenges or sweepstakes. Measuring brand awareness for established brands is more challenging and often relies on approximate indicators, such as requesting campaign results from clients.

When the goal is sales conversions, agencies directly measure the impact by monitoring the number of units sold. An example was given of an influencer promoting jumpsuits, resulting in the complete sell-out of the jumpsuit collection. Regardless of the metrics employed, it seems that the more natural and authentic the influencer's advertising content, the more successful the campaign tends to be.

Agencies display expertise and resourcefulness in measuring the effects of influencer marketing campaigns, particularly in cases where it is difficult to distinguish between purchases influenced by the promotion or other advertising methods. Strategies such as selectively providing influencers with specific products or utilizing unique tracking links based on click-through rates help determine an influencer's effectiveness. Additionally, agencies may conduct mini online surveys, using Instagram stories to ask customers how they discovered a brand, thereby identifying the influencers who generate the most audience engagement. Monitoring comments and gathering people's opinions on the brand or product also serves as an indicator of campaign performance.

In certain cases, the return on investment may not be immediately evident or measurable, such as when building brand love and awareness. The impact of these efforts becomes apparent in the long run, as awareness gradually translates into future purchases. Some agencies have encountered unsuccessful collaborations with influencers due to inadequate content scrutiny, which can lead to fraud or partnering with influencers who have purchased fake followers and have weak engagement. Factors such as limited analytical skills, time constraints, and competing priorities can also contribute to challenges in evaluating campaign performance for agencies and brands alike.

Agencies play a crucial role in the collaboration between brands and influencers, benefiting both parties involved. Brands gain access to the agencies' expertise and extensive experience in influencer marketing, enabling them to select the most suitable influencers for their campaigns. This ensures that brands receive the best possible outcomes from their influencer partnerships.

On the other hand, influencers benefit from establishing long-term relationships with agencies. These relationships open up opportunities for collaborations with multiple brands

that they may not have been able to work with or reach directly otherwise. Agencies act as intermediaries, bridging the gap between brands and influencers and creating added value through their collaborative efforts.

Norms and regulations surrounding influencer marketing in the Balkans hold significant importance. The absence of clear laws and regulations pertaining to freelancing poses challenges for all parties involved in the industry. This lack of regulation hinders the progress of influencers and prevents market self-regulation, allowing for potential lack of transparency from brands or influencers who may fail to disclose sponsored content without facing legal consequences.

Agencies recognize the necessity of regulating content creation in order to promote ethical and responsible practices, free from hate speech, violence, and vulgarity. This is particularly crucial considering the increasing exposure of children to influencer content. Influencer marketing is a legitimate and substantial industry that warrants proper registration and regulation, which would also benefit the country as a whole. Establishing formal recognition and regulations for influencer marketing could potentially inspire more children to view it as a viable career path, with the support of their parents.

Influencers themselves often feel vulnerable and unprotected, as instances have arisen where promised salaries were not fulfilled, and content was created without their involvement. To provide influencers with a sense of security, agencies must not only establish regular contracts but also implement nondisclosure agreements to safeguard confidential and sensitive information from being leaked or made public.

Lastly, agencies have provided valuable advice for brands, influencers, and other agencies to maximize the benefits of influencer marketing. For brands, agencies recommend a careful selection process when hiring influencers, taking into account strategic alignment and shared values. They encourage brands to prioritize longer-term collaborations to foster authenticity and build trust among the target audience. Brands are also advised to consider outsourcing influencer marketing to agencies or individuals with expertise in the field to avoid engaging in deceptive or anti-advertising practices. Additionally, agencies emphasize the importance of educating brands about influencer marketing and its nuances, urging them not to solely rely on follower counts but instead conduct thorough analyses of influencer data, including demographics, engagement rates, comment ratios, and share ratios.

In terms of advice for influencers, agencies encourage them to be innovative, invest in their personal development, and promote positive messages. It is recommended for influencers to create high-quality content that is unique and meaningful, steering clear of generic and shallow material.

Furthermore, agencies offer guidance to other agencies, highlighting the significance of conducting thorough research and due diligence when selecting influencers. They

emphasize the responsibility that agencies bear when hiring influencers, emphasizing the need to prevent potential disasters by making informed decisions.

Overall, the advice from agencies aims to improve the effectiveness and ethical standards of influencer marketing, benefiting all parties involved.

Figure 20: Factors affecting influencer selection

Source: The author of the master thesis

6.1.1. Answers to research questions

In line with the research problem, following general research questions (GRQ) and particular research questions (PRQ) have been proposed.

GRQ1 What obstacles do agencies encounter when carrying out influencer marketing in the Balkan market?

Agencies encounter numerous obstacles while implementing influencer marketing in the Balkan region. These challenges include identifying appropriate influencers for their clients, managing interactions with impolite and unprofessional influencers, measuring the

outcomes of collaborations, navig   ating the absence of legal and content regulations, addressing the influence of external factors on campaign success, and assuming the substantial responsibility of maintaining positive brand images for their clients, among others.

PRQ1a What are the challenges of implementing influencer marketing that agencies face when working with brands?

The challenges agencies encounter when collaborating with brands primarily revolve around the brands' misunderstanding of influencer marketing. This often leads to resistance from brands who prefer to select influencers themselves, disregarding the expertise of the agencies they have hired for this purpose. As a result, agencies face the additional task of educating and convincing their clients to make informed decisions in order to achieve greater success.

PRQ2b What are the challenges of implementing influencer marketing that agencies face when working with influencers?

Agencies often have to take on the role of providing creative ideas to influencers in order to achieve the best possible brand promotion. This is because some influencers may struggle to effectively showcase themselves in a favorable way. Consequently, agencies invest additional time and effort into explaining and educating influencers on how to engage with brands and agencies more effectively. Furthermore, the prevalence of influencers who artificially boost their follower numbers by purchasing followers makes it difficult for agencies to accurately measure metrics, adding to the complexity of their tasks. Finally, the number of available influencers is limited which hinders their promotional effectiveness overall.

GRQ2 How do agencies in the Balkan market perceive the process of selecting influencers?

When agencies determine the need to involve influencers in a campaign, they initiate the influencer selection process by identifying several influencers who are relevant to the specific topic. These influencers are then assessed based on specific criteria that agencies analyze. Subsequently, the agency narrows down the number of influencers and proceeds to contact the chosen ones. The initial contact typically occurs through email, providing influencers with essential information such as the agency and brand names, campaign details, budget, pricing, and more. Additionally, agencies request influencers to submit their media kits, which are compared to the agency's data and serve as an indicator of the influencers' value. Throughout this phase, there is ongoing communication with influencers to ensure a clear understanding of the entire campaign process and the expectations placed upon them.

PRQ2 What criteria do agencies in the Balkan market take into account when evaluating and choosing influencers?

The primary criteria that agencies consider when selecting influencers include the influencers' analytics, particularly their audience engagement and their ability to influence purchasing behavior. Another important factor is the alignment between the influencers' audience and the target audience of the brands. Additionally, agencies value influencers who demonstrate literacy, professionalism in their approach to business, prompt responsiveness, responsible behavior, a strong sense of identification with the brands they collaborate with, consistent communication with their audiences, and a positive impact on them, among other qualities.

GRQ3 How do marketing agencies assess the effectiveness of individual influencers' performance in the Balkan market?

Depending on the campaign objective, agencies employ various metrics to assess its effectiveness. For instance, when the goal is to enhance brand awareness for a new brand through Instagram, agencies track the increase in followers on the brand's account facilitated by influencers. Additionally, influencers are provided with unique links to direct their audience to make purchases or visit specific pages. By analyzing these links, agencies can determine the number of people influenced by each particular influencer. In some cases, agencies conduct short polls on their clients' Instagram accounts to gather audience responses and identify the influencers with the most impact. When the objective is sales conversion, agencies may provide influencers with a limited selection of products, and by monitoring the sales of these products, they can gauge the effectiveness of each influencer. Manual examination of comments is sometimes necessary to gain genuine insights into the opinions of audiences towards brands and influencers.

PRQ3 What metrics do agencies in the Balkan market utilize to evaluate the effectiveness of individual influencer performance?

The primary metric of importance is the engagement rate, which compares an influencer's number of followers to the actual impressions generated by their posts. This metric indicates the level of engagement and influence an influencer has over their followers, reflecting the quality of their relationship and the trust they command. Some agencies initially calculated the engagement rate manually using formulas and examined the authenticity of an influencer's followers to identify any fraudulent or fake engagement. However, with the growth of social media, websites that analyze influencers' profiles have emerged, enabling agencies to obtain faster and more accurate results. Another significant metric is reach, which measures the number of people an influencer can effectively reach and impact. While the number of followers was initially prioritized by clients, the concept of reach has gained more prominence as it provides a more realistic representation of an influencer's influence and reach within their audience.

6.2. Limitations

The research approach undertaken in this thesis is acknowledged to be time-consuming and complex due to the extensive amount of data that needed to be organized and analyzed. However, through a systematic approach to data organization, patterns and relationships within the data emerged, leading to the identification of themes.

It should be noted that qualitative research is subjective in nature, and the researcher's immersion in the data could potentially introduce biases based on personal and professional backgrounds during interviews and data analysis. However, all procedures were conducted with care to ensure reliability and transparency. The limitations of the study also include limited resources and theoretical frameworks available for influencer marketing.

It is important to mention that small amount of respondents could represent the imitation of the thesis. Although the number of interviewed marketing agencies was sufficient for the research, it would be more convenient if the number of respondents was higher. However, having in mind that 65% of contacted companies in the region didn't respond to email invitation for the interview, there is a conclusion that this sample is convenient.

6.3. Managerial recommendations and recommendations for further research

This research will have practical benefits in the following ways:

1.   Deeper Market Understanding: As influencer marketing is an under-researched industry, this research will provide valuable insights and new information to brands, influencers, and agencies. It will contribute to a better understanding of the market and help stakeholders use influencer marketing more effectively as a strategy in the future.

2.   Brand Improvement: Brands will benefit from this research by gaining valuable information about areas where they can improve their business practices. It will highlight potential mistakes made in the past, such as selecting unsuitable influencers, analyzing influencers' profiles using incorrect data, and insufficient education on influencer marketing. The research will also enhance their knowledge of the market they operate in.

3.   Influencer Insights: The research findings will reveal agencies' preferences and perspectives on influencers and their characteristics. Influencers will gain important insights on how to approach agencies, communicate effectively, present themselves in the best possible way, and provide the most relevant data. They will also learn how to optimize their social media profiles and understand the qualities agencies value in successful influencers.

4.   Agency Best Practices: The research will benefit agencies by exposing them to different viewpoints and practices in influencer marketing. They can learn from other

agencies' experiences and identify new strategies and approaches to improve their services. This will result in more efficient collaborations with influencers and enhance the overall quality of agencies' offerings.

5.   Potential Collaboration Opportunities: The research may stimulate the organization of conferences or seminars where all stakeholders can share their viewpoints on influencer marketing. This platform will facilitate a deeper understanding of each party's needs and expectations, leading to more optimal results and creating added value together.

6.   Government Regulation: The research will provide insights for government organizations in developing laws and policies for influencer marketing. It will specifically address the regulation of freelancing as a business type to encourage entrepreneurship and contribute to the country's economic growth. Moreover, the research will highlight the importance of regulating content creation to mitigate the spread of negative, unethical, and vulgar behavior, which has a significant influence on younger generations.

Overall, this research will contribute to the development and improvement of influencer marketing practices, benefiting all stakeholders involved and guiding future policies and regulations in the industry.

In terms of recommendations for further research, given the perceived limitations of qualitative research, it is suggested that additional quantitative research or a different type of qualitative research be conducted to provide a broader and more objective perspective. For example, incorporating a survey into the research would yield more generalizable knowledge and a broader sample size. It would also be valuable to gather insights from other perspectives within influencer marketing, such as those of brands and influencers, and compare them with the findings of this research. This comparative analysis could serve as a guide for all parties involved in future influencer marketing endeavors.

This master's thesis primarily concentrated on the Balkan market, specifically North Macedonia, Croatia, Serbia, and Slovenia. However, there is a possibility to conduct a comparative study between influencer marketing in the Balkan region and other parts of the world, or even compare the influencer marketing practices within individual countries.

Finally, it would be beneficial to conduct an inquiry into the legal dimensions of influencer marketing, as there seems to be a lack of established legislation encompassing crucial aspects of the industry. These aspects include the selection of influencers, compensation practices, and the disclosure of collaborations on social media platforms. As a result, emerging influencers often have to rely on intuition and prevailing norms within the industry until they gain enough experience to make more informed decisions and value their services appropriately. Additionally, the absence of clear regulations may leave room for exploitation of influencers who are unaware of their rights and potential worth.

7. CONCLUSION

The increasing popularity of influencer marketing as a marketing strategy, known for its ability to engage niche audiences and produce authentic content, has generated interest in this study. The lack of available literature and research on this topic, prompted an investigation into this emerging phenomenon.

To examine influencer marketing from the perspectives of agencies in the Balkan region, a qualitative research approach was chosen. Thematic analysis in an inductive form was considered the most suitable method for analyzing the findings, as it is grounded in the data and aims to closely capture its meanings. In terms of data collection, in-depth interviews were selected as they offer extensive exploration of the issues relevant to this research. Snowball sampling was employed for its adaptability to the research process, and the interviews were recorded, transcribed, and analyzed.

The research findings indicate that agencies in the Balkan region encounter numerous challenges when it comes to selecting influencers and implementing influencer marketing. Making crucial decisions regarding the inclusion of influencers in the marketing strategy is a complex process. Additionally, agencies need to determine the appropriate social media platforms for message distribution and find influencers who align with their clients' values to represent them effectively. Selecting the "right" influencer involves considering multiple factors, and the choices made by agencies directly impact their clients' brand images. However, agencies rely on specific criteria to assist them in identifying the most suitable influencers.

Throughout the entire process, agencies face various obstacles, particularly when dealing with clients who have limited knowledge of influencer marketing. Consequently, agencies must invest additional effort in persuading clients of the benefits and relevance of influencer marketing for their businesses. Another challenge arises from inexperienced influencers who lack market awareness and understanding. Moreover, the small and underdeveloped nature of the market contributes to a scarcity of influencers in specific niches, further complicating the implementation of influencer marketing strategies. Additionally, the absence of freelancing regulations and specific influencer marketing guidelines poses a significant challenge for agencies operating in this region. Through a thorough analysis of data, this research has revealed several key issues associated with influencer marketing and its implementation in the Balkan region. The examination of emerging themes has provided valuable insights into the challenges and opportunities within this industry. Moreover, this study has identified potential avenues for future exploration, highlighting questions and dilemmas that warrant further investigation.

To gain a more comprehensive understanding of this relatively new field, it is recommended to explore different methodological approaches that can offer a broader perspective and deeper insights. By adopting diverse research methods, a more comprehensive and nuanced understanding of influencer marketing can be attained.

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APPENDICES

Appendix 1: Research participant consent

PROJEKAT: Influenser marketing iz perspektive marketinških agencija u regiji Balkana.

Poštovana učesnice/Poštovani učesniče,

ova saglasnost je pripremljena u cilju Vašeg informisanja o studiji, te kako bi Vam pomogla odlučiti da li želite učestvovati u istraživanju. Istraživanje se radi u sklopu master rada kandidatkinje (istraživačice) Hane Lukač, pod mentorstvom doc. dr Denisa Berberovića. Cilj rada je pružiti uvid i dublje znanje o trenutnom stanju influenser marketinga na regionalnom tržištu, te istražiti vezu između brendova, marketinških agencija i influensera. Radi se o kvalitativnoj studiji i podaci će biti prikupljeni kroz online intervjue sa zaposlenicima marketinških agencija u Sloveniji, Hrvatskoj, Srbiji, Sjevernoj Makedoniji i Sloveniji. Intervjui će biti snimani, a potom će se uraditi transkripcija.

Nisu poznati nikakvi rizici ili neugodnosti vezani za ovo istraživanje. Ipak, možete u svakom trenutku istraživanja povući svoju saglasnost, bez bilo kakvih posljedica za Vas. Ukoliko se tokom istraživanja pojave bilo kakva pitanja ili dileme, obratite se istraživaču. Također, možete biti sigurni da se Vaše ime neće povezivati sa podacima koje date tokom istraživanja. Samo će istraživač znati Vaše ime. Po okončanju istraživanja, bit ćete kontaktirani i saznat ćete rezultate istraživanja.

Potpisujući ovu saglasnost slažete se sa učešćem u istraživanju i dajete odobrenje istraživaču da koristi Vaše podatke u naučne svrhe. Molimo Vas da potpišete dva primjerka, jedan za Vas a jedan za istraživača.

Datum: _____

Mjesto: _____

_____   _____

   Hana Lukač, BSc (*istraživačica*)   (*učesnik*)