



## Growing Levels Of Influencer Fraud Swindling Brands' Ad Dollars

### Introduction

The convenience of readily available, yet "estimated" scraped data in influencer marketing has come at the expense of accurate reporting. These cheaply available metrics do not effectively reduce ad-spend waste or assist in identifying and driving ROI. Without independent, third-party verification, information transparency used to make key business decisions for brand marketers will remain a challenge.

Solutions that reduce errors in reporting for brand marketers were explored in the following research analyzing more than 5,000 influencers' social media accounts in the U.S., Latin America, U.K. and Canada. Analysis showed audience and engagement validation is only achievable through continuous, real-time monitoring of verified metrics.

### Key Findings

- Metrics produced through scraping, such as "Fake Followers" or "Bot Percentages," were not indicative of influencer fraud activity, and were inaccurate by as much as 129 percent from a channel's verified performance metrics.
- Analysis revealed that 30 percent of influencers in fourth-quarter 2019 campaigns purchased engagement on their content.
- Marketers can reduce influencer fees by up to 60 percent by paying for reach, not follower counts.





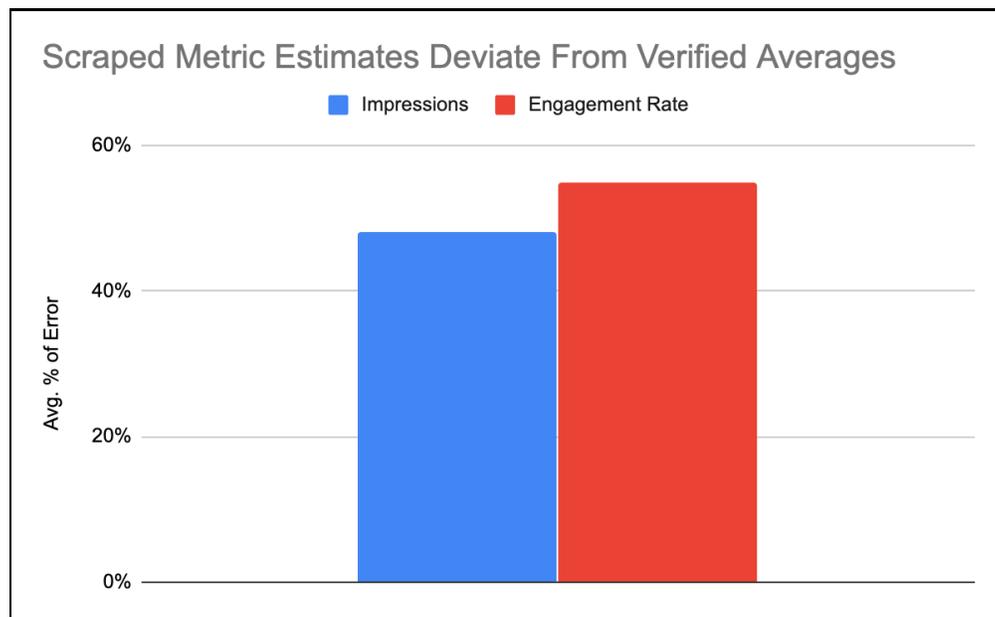
## How to Avoid Waste and Improve Campaign Content Performance: Three Steps

### 1. Look for Authenticated + Real-time Analysis vs. Scraped Analysis

The majority of influencer marketing companies operating a marketplace to purchase influencers provide metrics using scraped data without influencer consent. This scraped data provides cheap data access, unverifiable, inauthentic audience percentages and estimated insights.

In 2018, after purchased followers came into the public eye, influencer networks started offering “Bot Percentage” as a means of addressing the problem. In this study, scraped output from a popular influencer network used by brand marketers and advertising agencies for auditing on numerous influencers accounts was compared against authenticated, independently verified data collected directly from the social platforms’ API, with consent from the influencer, in real-time.

- Influencer network reported a “Fake Follower” rate of 23 percent to be within the normal range, implying that a typical influencer purchases nearly-a-quarter of their audience, and that this activity should be expected.
- Influencer network engagement was off by an average of 55 percent from verified data.
- Influencer network impressions were off by an average of 48 percent, and up to 129 percent from verified data.



Influencer networks do not have the ability to ingest metrics in a rolling, real-time process; most social platforms throttle page loads or calls made to their apps to deter this infringing technique resulting in high level, static, and sporadic (inaccurate) data collection. As a result, the metrics and conclusions reached through the use of scraped data are estimated and speculative. To accurately assess an influencer’s audience or engagement, it’s necessary to monitor consistently in real-time.

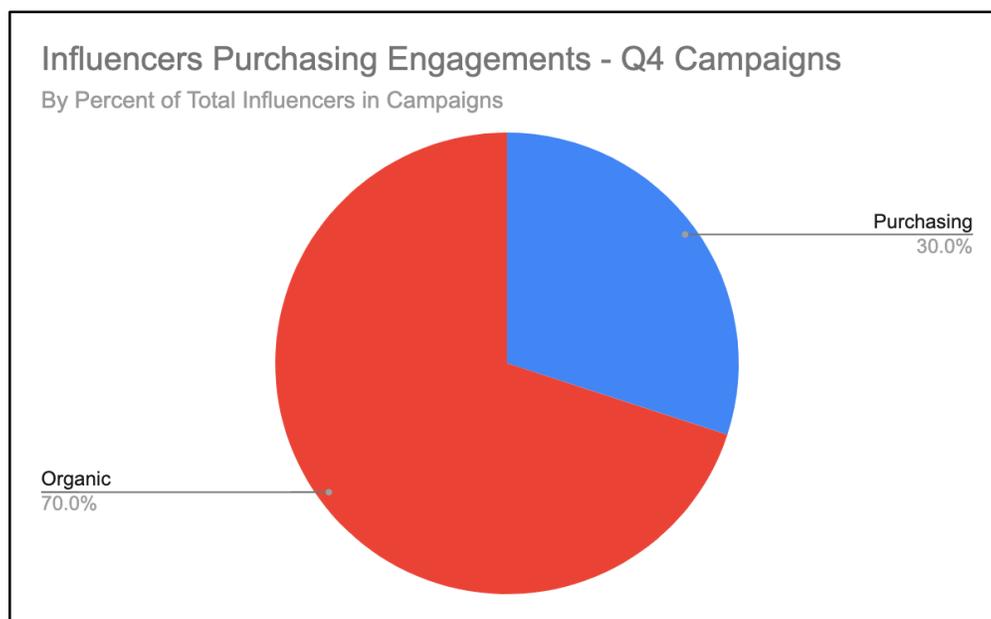
There are two key metrics that support this conclusion: follower counts and likes.



## 2. Analyze Audience Activity and Engagement Consistent with Purchasing

Analysis of influencer follower and engagement patterns, only possible with access to verified data collected in real-time, revealed:

- Only 11 percent of monitored influencers displayed audience activity consistent with the purchasing of inorganic followers.
- More than 12 percent of influencers had activity on their content consistent with the purchasing of engagement.
- Fourth-quarter 2019 campaigns saw 30 percent of influencers generate flags for engagement purchasing; this is a higher rate than previous reports and could support the prevalent theory that Instagram hiding likes would exacerbate the problem.



Marketers that do not have access to continuous, real-time data could easily see large portions of their budgets spent on inauthentic audiences, and potentially more so going forward with indications that the problem could be evolving and expanding with changes to the Instagram platform.

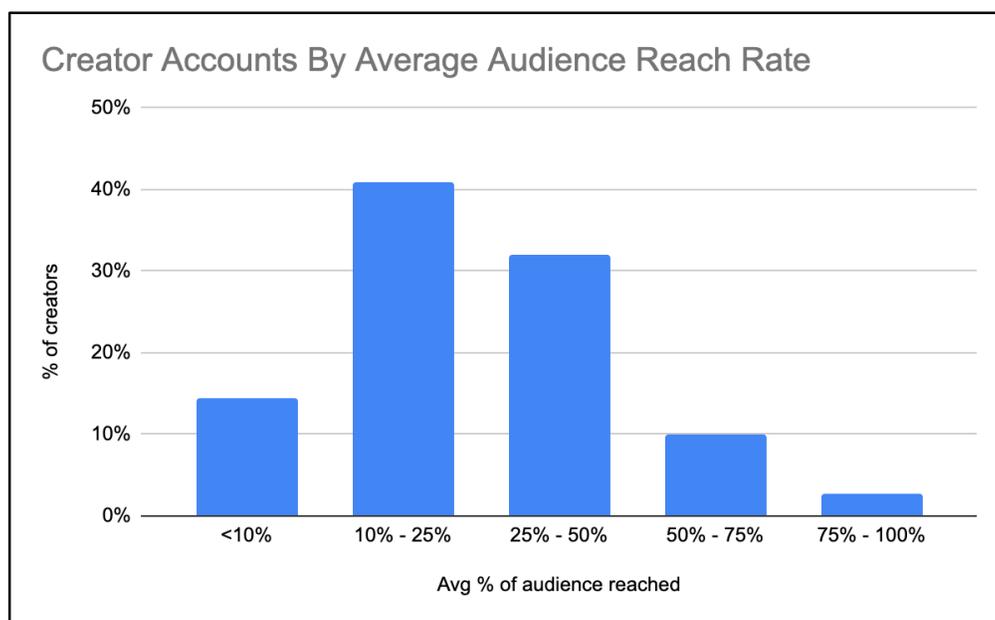
These levels of observed invalid traffic are a prominent area of waste in the influencer marketing industry, but marketers are also likely overpaying for their influencer inventory even when it is authentic.



### 3. Leverage Reach (not Follower Counts) to Determine Inventory Pricing

Follower counts are still one of the most widely used factors to determine influencer advertising rates. According to Mediakix, influencers with over 1 million followers can command over \$100,000 for social media posts. This study examined the effectiveness of using follower counts versus reach to determine ad-spend. Reach is the number of followers that actually view an influencer's post. Analysis found:

- Dramatic performance differences regardless of follower size.
- Close to 90 percent of influencers reach less than half of their audience.
- Over 50 percent of influencers reach less than 25 percent of their audience.



To assess the impact of this disparity, the return on ad-spend of each of the influencers was calculated by looking at the rates they would charge per follower (from Mediakix), and converting that rate to the price per account reached. This rate was much higher than that charged by follower for almost every account, but there are many influencer channels that are more effective in reaching their audience than others, and observed a much smaller change in those influencers converted rates.



To account for this, a benchmark rate of reach was set to compare accounts that fell on either side of that standard. Influencers that exceeded the standard benchmark consistently outperformed those that did not, and the value that these groups of influencers delivered using the influencer pricing found by [Mediakix was compared](#). Consequently, 50 percent of influencers that fell below standards were charging more than 60 percent more per follower reached than those that exceed these normalized benchmarks.



Marketers could greatly increase their return on ad-spend by shifting their pricing strategy away from follower counts, but access to verified channel benchmarks is necessary to accomplish this.

**Conclusion:**

The research outlined above indicates that there are inefficiencies in the influencer marketing industry that we have the means to improve upon. By shifting away from ineffective practices and pushing for transparency in the form of verified data and unbiased analysis, marketers can reduce their risk, avoid wasting their ad-spend on invalid audiences, and improve their ROI by 5-10X.

**About Sylo:**

This study was conducted by Sylo (<https://meetsylo.com/>), an unbiased third-party verification and measurement platform for influencer marketing. Sylo's solutions deliver definitive, real-time data straight from the source – creators – setting the new standard for negotiating the best rates, calculating ROI and providing sourced creator data.