

Analysis of the Economic Model of Influencer Marketing in Social Media: The Case of Douyin

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Abstract: With the rapid growth of social media platforms, the number of influencers has proliferated. Influencers have become a key link between brands and consumers. Through their personal identities or social accounts, influencers use their influence to promote products or services for brands, and this Netflix economy model has been widely used in various industries. This paper aims to explore the specific forms of influencer marketing and analyse its application in different fields, focusing on the positive and negative impacts on brands and consumers. It has been observed that influencers across various sectors have implemented unique marketing strategies that can significantly enhance brand visibility and foster consumer confidence. However, issues such as false promotions and inappropriate personal remarks by influencers may also have negative impacts. In light of these findings, this study advocates for brands to exercise greater discernment in their partner selection and to motivate influencers to uphold authenticity in their promotional activities. The research significance of this paper lies in the fact that through the in-depth analysis of influencer marketing, it provides a reference for brands to optimise their social media marketing strategies, as well as a basis for further research on influencer marketing in different fields.

Keywords: Netflix economy, social media, douyin, influencer marketing theory, advertising.

1. Introduction

The rise of social media platforms has led to the emergence of short-format video platforms, which reflect the rapid tempo of contemporary life. [1, 2]. This has revolutionised the digital marketing landscape, most notably with Douyin, a social networking app developed by a Chinese company called ByteDance [2]. Since its development in 2016, Douyin has become one of the most popular social media platforms among Chinese millennials [3].

The Douyin platform has given rise to influencers who have progressively transitioned from merely sharing content to engaging in collaborations with brands. They leverage their own followers or those of their accounts to promote the products of the partnered brands, thereby driving a new economic paradigm known as the Netroots Economy. Chinese millennials have shown unprecedented enthusiasm for spending money on Douyin [3].

Influencer marketing can be articulated as a strategy wherein a business persuades individuals possessing a substantial social media following to disseminate information and advocate for their products. [4], thereby generating purchase intent [5].

With the popularity of influencer marketing, more and more brands and advertisers are becoming keen to work with influencers as a way to promote their goods.

This paper examines how influencer marketing strategies have emerged and developed in Douyin, and how different influencers achieve the purpose of promoting their goods in different forms, focusing on the most influential influencers in the Douyin platform as an example. It also discusses how this economic strategy of influencer marketing has problems and drawbacks.

2. Influencer Marketing

Influencer marketing is a new strategy that is increasingly being adopted by companies [5,6]. It can be characterized as the strategic engagement of prominent opinion leaders, including both celebrities and non-celebrities, who possess a substantial following on social media platforms. Their role is to foster favorable perceptions and behavioral reactions among their followers—who are considered consumers—toward a brand's objectives, achieved through carefully curated posts. This process also facilitates active collaboration between influencers and their followers in shaping the brand's identity within the digital landscape. [6,7].

With the growth of Douyin, more and more Internet users are present on Douyin and for many, creating and sharing content on social media has become a daily routine [3]. Some of these Douyin users have attracted a large number of followers and become influencers because of their quality video content. Influencers are characterized as individuals possessing a substantial social network of followers who serve as reputable authorities and trendsetters within a specific domain. [4].

In Douyin, there are about 6,000 influencers with more than a million followers. Influencers with substantial follower counts often exhibit exceptional communication capabilities and possess significant marketing potential and effectiveness. [8].

Many brands have noted the key role influencers play in shaping consumer perceptions and driving engagement on platforms like Douyin. The authenticity and relevance of influencers enables them to be powerful advocates for brands [9].

Brands and many companies have therefore followed the trend of abandoning traditional forms of advertising, such as banner ads or pop-ups [10], in favour of influencer marketing, a new promotional method [5], where they work with influencers to persuade them to spread the word about and endorse their products [4], and use e-word-of-mouth to make consumers intend to buy [5]. Research has shown that working with influencers can dramatically increase brand engagement and sales [4].

3. Video content Impact

In Douyin, the influencer types with the largest audiences belong to the Gaming and Entertainment categories. The next influencer types are Fashion & Lifestyle and Beauty & Cosmetics [11].

The influencer accounts can be classified into two primary categories: the first group utilizes video content as a tool to engage and capture followers, while the second group leverages their personal charisma to draw in their audience. Each group adopts distinct marketing strategies and promotional methodologies tailored to their specific follower demographics and audience segments.

3.1. The Role of Video Content in Influencer's Follower Acquisition

A representative example of an influencer who attracts followers through video content rather than personal image is a video clip account. Instead of sharing their own photos and videos, influencers with this type of account will use the narration and editing of films and TV series for the purpose of attracting users to watch and accumulating followers.

After accumulating a certain number of fans, influencers will choose to cooperate with brands to insert adverts into Douyin videos, which are usually raw and appear directly in the video without

padding, similar to TV adverts. The inserted advertisements are misaligned with the account's profile type, resulting in challenges for followers of influencers with such accounts to engage meaningfully with the advertisements and subsequently make purchases.

Influencers need to consider how to ensure that viewers will watch the advert in its entirety. As mentioned in [12], the "interstitial" advert in the middle of the video had the highest completion rate of 97%, while the "pre-interstitial" advert at the beginning and the "post-interstitial" advert at the end had completion rates of 74% and 74% respectively. The completion rates for "pre-insertion" ads at the beginning and "post-insertion" ads at the end were 74 per cent and 45 per cent, respectively. The intuitive reason for this is that viewers pay more attention to the video during the scrolling ads in the middle, which makes them more patient, so they have to watch the ads patiently, whereas viewers have the option to skip the ads at the beginning and the end of the video, which causes them to pay less attention to the ads at the beginning and the end.

Influencers therefore chose to insert the adverts into key plot parts of the video to promote the brand's goods.

An example of this is an influencer on Douyin called "Toxic Films". With 60,180k followers on Douyin and a cumulative total of 1.4 billion likes on his videos, he is one of the most influential influencers in film narration. His videos commence with a meticulously composed narration that skillfully captures the audience's curiosity and engagement. Following this initial intrigue, he deftly transitions the discourse towards the promotional merchandise requested by advertisers, subsequently accelerating the narrative tempo to introduce the products before progressing to the film's content. This strategic approach guarantees that his audience remains captivated by the video's substance.

3.2. The Role of Charisma in Attracting Followers for Influencers

Influencers, mainly in the fashion, beauty and cosmetics sector, have more ways of working with brands.

For influencers who leverage their personal brand or charm to gain followers, possessing advanced video editing skills is not a prerequisite. The content they share need not feature intricate and sophisticated narratives; instead, they often engage with their audience in a manner akin to conversational exchanges among friends, fostering a sense of intimacy in their interactions. This allows them to establish a quasi-social relationship with their followers [13], a quasi-social relationship in which the psychological connection between the viewer and the performer this intimacy is constructed through the viewer's imagination [14]. Following consistent interactions with the influencer, the follower or audience comes to view the influencer as a reliable and credible source of information regarding purchasing decisions.[15] .

There is a positive relationship between quasi-social relationships and follower interest [6]. Quasi-social relationships increase followers' trust and identification with influencers. As followers develop intimate connections with influencers, they come to regard themselves as having a deep understanding of these influencers, which prompts them to regard their opinions with great weight. This affinity fosters a belief in the products endorsed and marketed by these influencers, ultimately resulting in favorable consumer intentions and purchasing behaviors. [16].

For the trending live commerce events on Douyin, such influencers are the primary guests targeted by brands and advertisers.. According to Chen and Yang [16] mentioned, the combination of the influencer's own large number of followers and the powerful interactive engagement brought by live streaming resulted in a significant increase in consumers' purchase intentions.

Unlike video clips and film narration influencers, the followers attracted by the influencer's own charisma tend to be a specific range of people. For example, an influencer on Douyin called "Yixiaoqingcheng" has attracted a large number of followers in the middle-aged and older age groups by virtue of her simple yet approachable appearance. Another example is "Yimengling", an influencer

who mainly shares her OOTD (Outfit of the Day) and shopping on Douyin, so her followers are mainly young women or women in the fashion industry.

3.2.1. Influencers and Soft Advertising

Soft adverts play an important role in increasing product sales and seem more credible in the context of influencers whose followers are a specific range of people and have high spending power [17].

In order to gain more revenue, influencers try to put a variety of adverts being displayed at every corner. However, some of the followers feel cheated by the influencers when they see excessive and direct advertisements, which creates negative feelings towards the influencers and advertisers. In this context, an increasing number of influencers are attempting to disseminate soft promotional content devoid of traditional advertising characteristics. [17].

Huichao posits that soft advertising possesses a superior marketing value, offering deeper content and more diverse formats compared to other advertising types, while also delivering an unparalleled form of marketing communication. These features can communicate adverts in a more covert way, reducing the audience's boredom with adverts and making communication more effective and efficient. It is also possible to maximise the creation of multidimensional branded content touchpoints for the influencer's characteristics and fan base [17]. During this process, influencers highlight their attributes, maintain their existing clientele, and capture the interest of potential new customers. [8].

3.2.2. An example of an Influencer in the Beauty Category

In Douyin, beauty short-form videos are of particular interest. According to the 2022 Douyin e-commerce new beauty brand whitepaper, female users are the core group of beauty. They are distinctly defined by their youth, predominantly ranging from 18 to 25 years of age, and are typically drawn to the personas of influencers.[11][18]. Therefore, beauty influencers are also the main publishers of soft advertisements. Through their so-called "product recommendations" and "grass-raising", users can not only learn make-up techniques and get beauty information, but also accept product advertisements subconsciously [18].

Cheng Shian, an influencer on Douyin, is a representative example. Cheng Shian created a Douyin account on 15 February 2020, and she is positioned as a "good influencer". Positioned as an "influencer who is good at makeup," she shares "beauty tips" and recommends user-friendly and affordable beauty products. In merely one month, the follower count surged to 3 million. Through her own endeavors, her monthly impact and earnings have surpassed those of a publicly traded company. As of 2 July 2022, 135 videos have been posted, an average of about 4 to 5 per month, but they already have 28,437,000 followers and 130 million likes [18].

In the realm of marketing strategies, Cheng Shian leverages her refined aesthetic to captivate an audience, simultaneously optimizing the utility of her content videos. Her straightforward expression in the video caters to the consumer needs of the users and works well to stimulate their curiosity and desire to buy. Her sincere yet concise video content creates intimacy. Comments and messages such as "so practical", "very easy to listen to", "I left a comment praising the texture of your hair before, and this time I saw your tutorial video on how to maintain your hair" appear frequently [18]. Some netizens even commented under her videos, "I'll buy any product that Cheng Shian is using". So, even if she doesn't have a brand that she can emphasise on soft advertisement products, there are still followers who try hard to find them and buy them.

4. The Netflix Economy of Brand-influencer Partnerships still has Drawbacks

4.1. False Publicity

Exaggerated or false advertising terms can cause fraud to consumers and lead to financial losses. Excessive control of influencer video content by some brands can also cause influencers to lose followers.

Certain brands and advertisers may mandate that the influencers they collaborate with utilize the testimonials they supply. This stipulation can lead to the influencer's videos losing their aura of ease and spontaneity. Furthermore, influencer videos may become prolonged as they attempt to thoroughly convey the advantages of a product. And when followers perceive clear commercial motives of the influencer or perceive that the influencer is not free to express their true thoughts about the product, their attitudes may shift towards negative attitudes towards the brand and the influencer [19, 20].

4.2. Inappropriate Influencer Words

Influencers working with brands and advertisers who make inappropriate remarks may damage the brand's reputation due to their negative image, thus reducing or even reversing the effectiveness of communication [17].

For example, an influencer called "Li Jiaqi" on the Douyin platform. As one of the most influential influencers in Douyin's beauty category, he often sells products at a discounted price on Douyin's live broadcast. As a result, most of his followers are people who want to buy cosmetics at a discounted price. However, Li Jiaqi made discriminatory remarks against the poor during one of his live streams promoting cosmetics, causing his followers to recoil, seriously affecting the brand image of the cosmetics in question and dealing a heavy blow to his own status as a beauty influencer.

5. Conclusion

The rapid evolution of social media platforms, particularly short-form video platforms like Douyin, is significantly transforming brand marketing strategies, leading to the emergence of influencer marketing as a novel approach. Influencers, through different forms of content distribution, are both shaping their personal influence and bringing great potential for brand promotion. However, while this marketing approach presents opportunities, it also faces a number of challenges. Influencer marketing carries the risk of false advertising. Some influencers exaggerate the effectiveness of their products for compensation, or even promote unused goods, which can damage a brand's reputation. In addition, inappropriate personal remarks by influencers may also implicate the partner brand and have a negative impact. Therefore, brands need to be more careful when choosing influencers. To avoid these problems, brands can adopt a more flexible approach to co-operation, such as allowing influencers to freely express real product experiences rather than reciting product benefits in a rigid manner. Viewers are easily turned off by mandatory promotions, but honest sharing often earns a higher level of trust.

However, this paper presently focuses solely on the marketing strategies employed by video and beauty influencers, encompassing traditional print media, digital content, and live streaming modalities for product promotion. It does not yet explore alternative influencer marketing frameworks. For instance, influencers within technology, fashion, or gaming sectors utilize distinctive promotional techniques and methodologies. Consequently, forthcoming research should aim to examine a broader array of influencer marketing strategies to yield more holistic insights.

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