

Influencer Marketing in Russia



MARKET TRENDS, KEY PLAYERS,
PRACTICAL RECOMMENDATIONS

1ST EDITION (SUMMER 2019)

AMONG RESEARCH AND MEDIA PARTNERS

ABOUT EPICSTARS

Epicstars is an end-to-end influencer marketing platform that combines self-service marketplace and a boutique agency. Our solutions connect brands and influential creators for their mutual benefit. Having the largest opt-in community of creators in Russia, we enable brands to reach not only top-tier influencers but millions of mid/micro digital ones instantly.

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Key findings

- ★ Digital influencer marketing in Russia is lagging behind the USA and European markets by at least three to five years. The market is at its early stage of development, and it's on the rise. Catching up with the latest trends the market reached around \$75 million in 2018.
- ★ The rise of micro-influencers. Like the USA and Eastern Europe, mid- and micro-influencers will get more power at the expense of celebrities, whose relative influence might decrease.
- ★ Instagram along with YouTube is one of the most wanted channels for businesses promotion. YouTube is seen as the most rising online media for commercial purposes. YouTube's traffic in Russia is growing faster than in most other countries (for 2018 over 60% in Russia compared to 38% in the USA, 33% in France, etc).
- ★ Telegram is in high demand for influencer marketing in such segments as technologies and IT products. Despite Russian authorities' attempts to block the service in 2018, Telegram's daily audience has continued to grow rapidly, with an estimated increase of 50% in the course of the year.
- ★ Most Russian influencer marketing platforms, unlike the US or European, emerged in the last three years. Some of these platforms focus only on a specific channel like YouTube or Instagram.
- ★ Global brands like L'Oréal, Estée Lauder, Coty, Adidas, Pepsi Co, H&M, Xiaomi, Procter & Gamble, Kimberly Clark, Unilever are one of the most active brands and niche players working with Russian influencers for local marketing campaigns.

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What influencer marketing is all about



DEFINITIONS

INFLUENCER MARKETING

is a practice within the digital marketing field that utilizes the social influence of certain individuals (bloggers, opinion leaders, celebrities, industry experts, etc.) to impact consumer behavior. It involves identifying and building relationships with influential individuals who can sway customers' purchasing decisions.



AN INFLUENCER

is an individual (or even a fictional character, animal, or AI) with a substantial online/offline presence and who has the potential to influence people's opinions and behavior. This can be anyone within a particular field of interest with an "audience" (community) and one or several communication channels (typically via social networks like YouTube or Instagram) to share his or her thoughts with the audience.

WHY INFLUENCER MARKETING IS A 🔥 HOT TOPIC WORLDWIDE

Due to the massive development of social media and the proliferation of mobile devices throughout the world over the past decade, hundreds of millions, if not billions, of people are instantly exposed to the influence of a variety of online celebrities. In this context, influencer marketing has emerged as a powerful new form of marketing that allows brands to build or develop a relationship with their audience.

WHAT INFLUENCER MARKETING CAN BE USED FOR

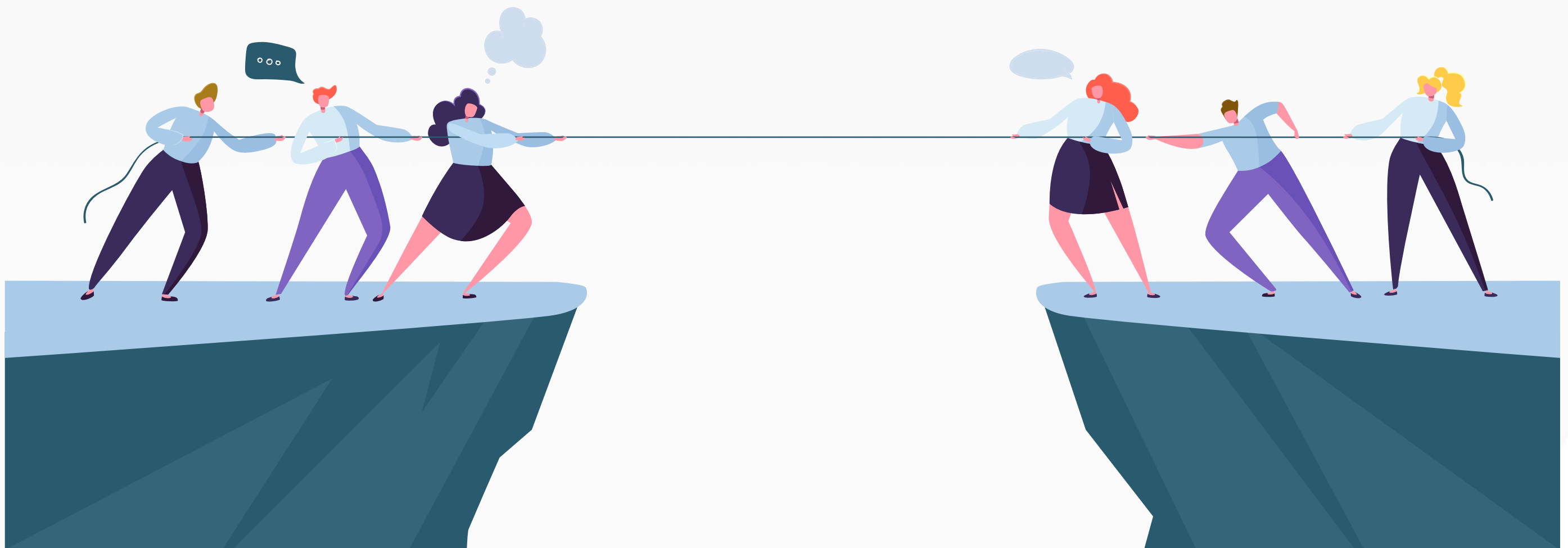
Influencer marketing campaigns are usually tailored to specific business needs. A wide range of business goals can be reached using various social media channels and types of content with the help of various kinds of influencers.

Companies are constantly seeking to expand brand awareness and reach their target audiences. This happens if the brand does not expect to boost immediate sales but rather plans to build its communication with the audience.

Lead generation and sales are also very frequent goals of influencer marketing campaigns, while, in some cases, campaigns can be used as a reputation and crisis management instrument.

INFLUENCER MARKETING SCENARIOS

Among the most common reasons for launching an influencer marketing campaign are content promotion, product launch (be it a product, a new line of product, or even a new brand or company), and event promotion.



WHO IS IN CHARGE FOR INFLUENCER MARKETING

Influencer marketing has traditionally been viewed as a PR tactic of working with media, most often to increase brand awareness and to reach out to audiences. However, as the industry matures, a clear shift in the field of responsibility is apparent. In very few cases are marketing communications and PR teams in charge of influencer marketing. More often, influencer marketing owners are on advertising/media teams and with different marketing teams.

Daniil Nikolaev, CMO at [PREX](#), underscores that the process of building relationships with influencers is close to that of working with the media. In both cases, you may either offer relevant content or agree to paid formats, such as native advertising or integrations. An important difference, however, is that unlike the media, which can reflect a plurality of points of view, influencers present only their own perspective. Thus, what you want to say through an influencer should be in line with his or her personal opinion and with the expectations of his or her audience.

In other words, when working with influencers you should spend more time preparing and adjusting the content for each influencer, both expert and blogger. But in general, from a PR perspective, it is always easier to “process” a dozen influencers than thousands of people from your target audience. It is more efficient, rational, and definitely faster to work with influencers.

INFLUENCER TYPOLOGY

To understand the world of influencer marketing in Russia, it is essential to distinguish different levels and mechanisms of influence, in general. Defining an influencer typology is key to identifying the best way to make use of influencers' capacities.

Mega-Influencer (Celebrities)

More than 1,000,000 followers

This is the highest-ranking category of influencers. Mega influencer marketing usually involve celebrities. They don't have to be experts in some particular subject to attract people and have a great reach. Typically they have more than a million followers, but the audience is very diverse with different interests. They don't tend to communicate with the audience very closely.

Mega-influencers are best for top of the funnel campaigns that increase brand awareness, but these campaigns don't have real converting power.

Micro-Influencer

Between 1,000 and 100,000 followers

Micro-influencers focus on a specific niche and industry. They are considered to be experts. They have an average number of followers between 1,000 to 100,000. Micro-influencers have strong relationships with their followers and usually have a great engagement rate.

Brands can benefit a lot from a micro influencer when their campaign is dedicated to the subject that made the micro-influencer famous.

Macro-Influencer

Between 100,000 and 1,000,000 followers

The best way to identify macro-influencers is to count the number of their followers, which should be somewhere between 100,000 and 1 million followers. They usually gain fame by featuring themselves, vlogging, and creating funny or motivation content.

This type of influencer fits well if you're looking to target a certain audience but want to reach the masses at the same time.

Nano-Influencer

Less than 1,000 followers

Nano-influencers are a relatively new type of influencers. They have a smaller number of followers (less than 1,000). The main idea of using nano-influencers is to get people from small communities to support a brand's product or service.

Nano influencers may have the highest level of engagement and they typically charge less than other types of influencers.

INFLUENCER MARKETING AND CUSTOMER SUCCESS MIX

The chart shows how influencer marketing and customer experience work together over the buyer's journey. The bottleneck can be transformed to reversed funnel that means influencer marketing works for consumer loyalty as well as new demand generation.

CX strategy	Buyers journey	IM strategy	Type of influencers mostly involved	Rewards
Create awareness and inspire storytelling	Awareness	Brand's content outreach to target audience	Mega	<ul style="list-style-type: none"> Promo codes Special offers
Generate demand	Consideration	Generate engagement	Or Medium	
Drive conversations	Decision	Drive brand offers	Micro	
Deliver customer delight	Adoption	Drive engagements with brand products services	Macro	<ul style="list-style-type: none"> Gift cards Testers Coupons
Inspire evangelism	Loyalty* love to a brand but not willing to share	Activate customer influencers	Micro + Brand ambassadors	<ul style="list-style-type: none"> Gift cards Coupons Thank you Badges Club sales
	Reference** passively share relevant content with FFF	Drive customer influencers		<ul style="list-style-type: none"> Feedback Opinions Referral links
	Advocacy*** passionate and willing to share	Educate and inspire customer influence		<ul style="list-style-type: none"> Exclusive events Premium membership Speaking opportunities Thought leadership

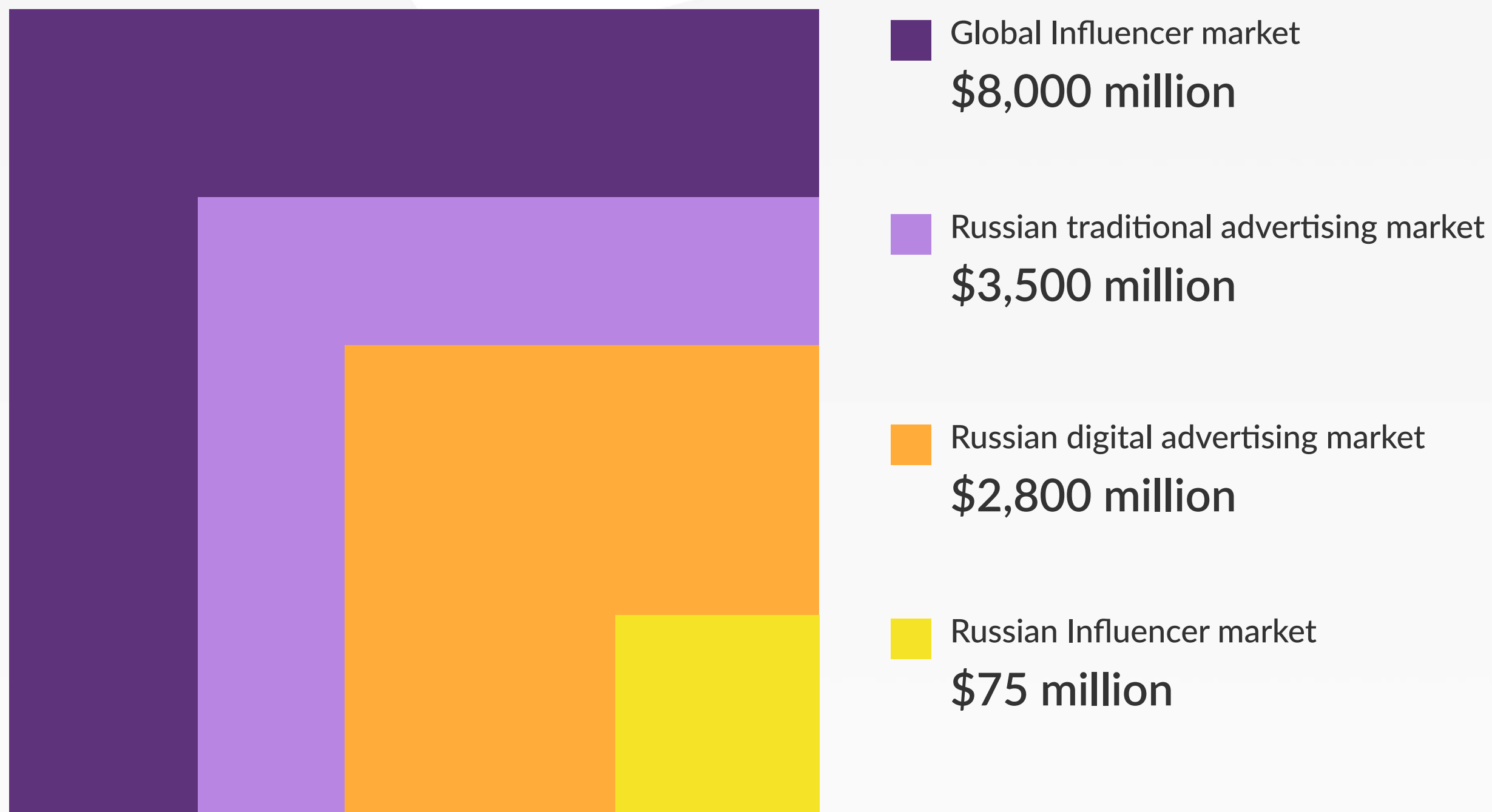
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Russian market overview



MARKET SIZE

Chart - Influencer marketing market size in Russia in comparison with global influencer marketing size and traditional Russian advertising market. Based on own EWDN estimation



Influencer market size can be estimated under various methodologies, but none of them is very precise. For example, one may base the calculations on such hashtags as #ad or #sponsored in social media. But this can be applied only to western markets, where such mentions are required by law as a way to ensure transparency, which is not the case in Russia at the moment.

Estimating the volume of the digital influencer market as a fraction of the overall digital advertising market is also possible, but this method ignores several types of transactions, e.g. direct deals between brands and bloggers, (ambassador contracts), transactions of non-specialized agencies, affiliate and referral programs, not to mention the so-called “gray” market involving casinos, bookmakers, etc.

Anyway, based on AKAR data for 2018 digital advertising campaigns budgets reached 203 billion rubles (roughly \$3.12 billion) and exceeded the amount of TV advertising which was considered to be the primary channel for a long time in Russia - 187 billion rubles (roughly \$2.88 billion). Moreover, about 5% of this amount in 2018 was invested in video advertising (Mediascope reported the growth of 43% for 1HY of 2018), which is replacing the classic television videos.

Based on these numbers and our own research, we estimate that the Russian digital influencer market may amount to 4-4.5 billion rubles (\$70-80 million) in 2018, and that this market is set to grow rapidly in the foreseeable future.

WHY INFLUENCER MARKETING IN RUSSIA WILL CONTINUE TO SOAR

- ★ Influencers are mobile oriented. Social media in Russia are getting new audiences year after year with average YoY 15-25%. And while the Russian internet penetration rate for most active social media users (young adults 16-45) is close to saturation based on GfK data, around 75% in 2018, there's still a high potential for mobile only users, in 2018 this channel doubled from 18% to 35%.
- ★ Video content growth. Social media encourage users to broadcast live videos. Video content becomes the most powerful type of content (in terms of engagement).
- ★ The competence for acquiring new customers for traditional channels is strong, that's why brands will continue to seek for new opportunities. Influencer marketing, for sure, will be one of the main directions.

TREND ANALYSIS

Digital influencer marketing in Russia is still at its early stage of development, lagging behind of the USA and European markets by at least three to five years. This translates into the following patterns:

- ★ Lack of transparency - there are no established standards for the form of contracts, terms, pricing, and payments. Relations between advertisers and influencers are particularly problematic when they work directly, without the assistance of an agency, the marketplace, or another intermediary. As a result, some influencers are literally going mad with pricing while payments from brands are not always guaranteed.
- ★ A poor understanding of digital influence specifics and campaign goals from the advertisers' side. The buzz around this form of marketing, which is relatively new and efficient, leads many brands to start undertaking campaigns with inadequate goals and expectations. Many Russian marketers are still more used to more traditional and direct methods to persuade their audience. At the same time, some brands and influencers find ways to cooperate harmoniously and creatively.
- ★ Difficulties with creating advertising content. Content should be created by the influencer himself with his own tone of voice. This is unusual for marketers who are used to working with other channels where they create or fully control content.



Nikita Dubinkin, Product Lead at PREX explains

"Working with influencers as well as other mass media content providers leads to uncontrolled communication channels. And in reality, that's a challenging method to convey your messages to an audience without any adjustments. Only prior preparation in creating the content can help to minimize the distortion of your initial messages.

In accordance with current PR practices PR-specialists should use their own media resources (like a newsroom or corporate blog) for more accurate and targeted distribution of their initial messages. Collaboration with influencers along with mass media will only amplify that effect."

- ★ There is a lack of metrics used for evaluating and measuring the effectiveness of campaigns and KPIs. Cheating attempts like bots, spam, etc., also provoke difficulties in ensuring effective measurement. The bad thing is that the methods are constantly changing and there's no 100% way to recognize them.

To making things worse, social media in Russia tends not to provide third-parties with relevant tools (like quality checks) or assistance to work with influencers. There is no open API to parse real data.



Vladimir Mirolubow, CEO at Epicstars states:

"Only certain market players available on the market are made by third-party services. In fact, we are doing what should be done by social media, and the bad thing is that they do not want to help us or even allow us to help them. Probably, they do not completely understand how this matters, and I hope the time will soon come to grow not only quantitatively but also qualitatively."

In this context, what to expect next for Russia's digital influencer market?

- ★ The market will expand at a fast pace, perhaps doubling every year. This is considering that influencer marketing is at its early stages in Russia and that the market has tremendous untapped potential, as in Western countries.

Ilfat Babanov, international expert in influencer marketing, has commented on this potential: "I do believe in the active development of influencer marketing in Russia because local consumers trust public persons and have high loyalty to western brands historically.»

- ★ Channels other than Instagram and YouTube are set to gain more influence. Telegram is now gaining momentum due to its combination of blogging and messaging formats.
- ★ Mid- and micro-influencers will get more power at the expense of celebrities, whose relative influence might decrease.



Sergey Lysyh, CMO at Epicstars comments on this:

"Celebrities can be a nice choice for brands targeting a wide audience. This is typically the case of major brands or computer game developers with large budgets. But for marketers who rely on performance campaigns or target a more specific audience, it's arguably better to work with mid- and micro- influencers. For example, you can find an Instagram blogger with only 5k subscribers that posts about rare coffees for true connoisseurs, and yet you never find this type of audience via Google Ads or Facebook.

Usually, the smaller a blogger's audience, the higher the audience engagement and the lesser the CPM. Small bloggers take less money for collaboration to reach their subscribers. Considering specific audiences, sometimes bloggers are the most effective way to reach the core of your audience."

- ★ Marketers will tend to adopt a multi-influencer approach, joining celebrities, bloggers and micro influencers to run campaigns, while also aiming to engage different types of audiences.



Yulia Magas, an experienced PR practitioner, comments on this:

"The majority of brands on the Russian market target their activities at the top of the funnel only, trying to involve as many new influencers with their audience as possible. But some international companies also focus on the so-called bottleneck, working with micro- and nano-influencers who can be current consumers or even employees. For instance, Amazon is quietly launching influencer-powered affiliate networks, as well as social media, e.g., Amazon Spark. There are some similar initiatives on the Russian market I hope we can identify soon."

- ★ Brands will begun paying more attention to analyzing the makeup of influencers' audiences: their gender, age, geography, engagement level, etc. They have also will start differentiating their campaigns and setting up clear goals: to raise brand awareness, to drive sales, etc.
- ★ As the online influence market will become more competitive, influencers and other opinion leaders will tend to be specialized by audience type, industry, and/or topic and then build their own niches.

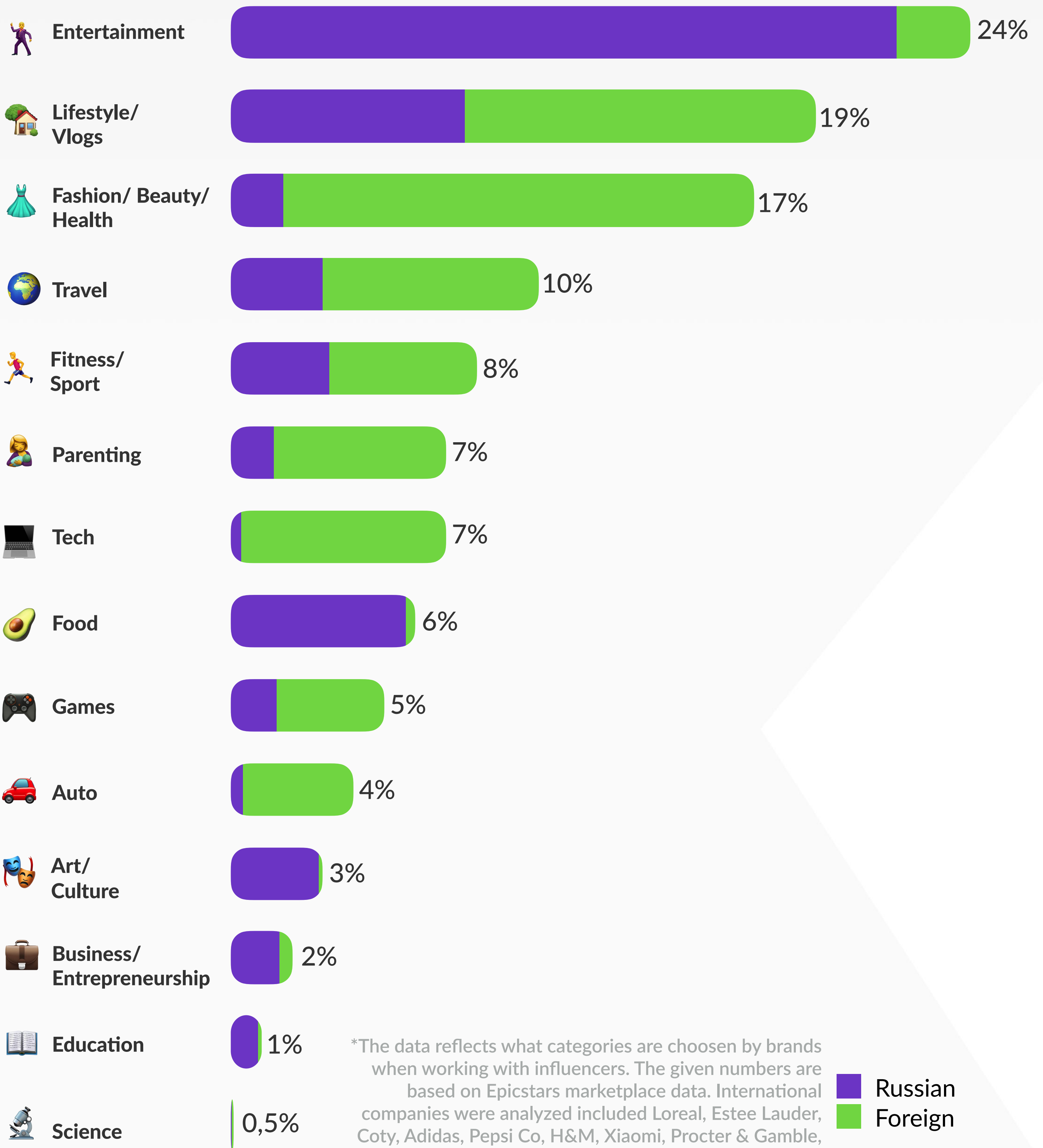


Thierry Cellerin, CEO and Founder of BuzzFactory, sums up:

"In my opinion, the Russian influencer marketing industry is pretty much focused on itself and still has tremendous growth potential. Slowly but surely, the market is getting better structured vertically, with specialized digital PR agencies, specialized media agencies, talent management agencies and market places."

CATEGORIES SPLIT

In most cases, influencers operate in a specific topic or industry. They may be categorized based on the subject matter. Here are the most popular categories:



Influencer marketing is not subject to any specific regulation in Russia. Legislation on advertising, adopted in 2006, defines and regulates advertising types, limitations and licensing. But it says nothing about influencer marketing, and there have been no legal precedents so far.

Common labor laws apply to the relationship between brands and influencers. Brands are required to sign a labor contract and pay the corresponding social contributions, while influencers are required to declare these revenues to tax authorities. However, influencers omit to do this in many cases, which constitutes a breach of tax legislation.

WESTERN LEGAL PRACTICES



US and European legal practice addresses the relationships between influencers and brands in a more specific way. First of all, parties are required to disclose their commercial relations. Thus, in the USA, the Federal Trade Commission requires that social media reviewers and influencers disclose connections with brands and provide different hashtags for effective disclosures, such as “paid,” “sponsored,” “ambassador,” etc. In the UK, according to the UK branch of the International Consumer Protection and Enforcement Network (ICPEN), businesses and individuals who enjoy an online influence should “tell their readers/viewers about any incentive that may have influenced or led them to post particular content.” The French advertising self-regulation agency, ARPP, provides recommendations for digital influencers: If an influencer enters into a commercial collaboration with an advertiser for the purpose of publishing content, the collaboration should be “explicitly identified” in a way that is immediately apparent to the public. Such identification can be made by any applicable means.



Some legal precedents have also been worthy of notice. In the Rosmann case, which took place in Germany in June 2017, an Instagram influencer with 1.3 million followers had advertised a drugstore chain, placing the hashtag #ad in second place the bottom of her posts. The court held that this constitutes an infringement of the German law against unfair competition since the posts, which were qualified as commercial actions, did not disclose the business relationship with sufficient transparency. The hashtag #ad at the end of the post might not be seen by average consumers, the court ruled.



Natalya Boreyko, marketing manager at VK Business, shares their view at the Russian influencer market development.

As Russia's leading social network, how do you feel about the rise of influencer marketing in Russia, including on VK?

Not only is influencer marketing developing fast on our website, but we also actively support it. One of the main tasks of VK is to help our users get relevant and exciting information from everything that happens on the Internet. VK tries to show the user what he or she can be potentially interested in, including native advertising.

Influencer marketing works with the same principles as targeted advertising. It allows brands to deliver advertising messages to the right person in a soft, acceptable form. This is a format of interaction that people really appreciate. Everyone benefits from it: the user, the influencer, the advertiser, and the media.

We also support the creators of quality content on VK through various internal mechanisms. Thus, we've launched two algorithms: "Prometheus," an artificial intelligence-supported program that finds users and communities who create unique and entertaining content, and "Nemesis," which protects authors from copies of their work and punishes those who make such copies.

In addition, our team is trying to spread knowledge among content creators and brands about non-standard advertising approaches.

Do you offer, or plan to develop any advertising tools for brands to search influencers and collaborate with them within the VK platform?

Vkontakte has its own specific content creation system: in most cases, influencers are community admins, and native integrations with brands is one type of influencer marketing. Back in 2017, we changed the rules for advertising in VKontakte, providing communities with the opportunity of placing native advertising. Then we launched a special app allowing communities to publish information about themselves in the catalogue and brands to look for suitable placements for their native advertising.

In addition to the catalogue, we use events and partner meetings to present influencer marketing opportunities at VK. We have numerous successful case studies, involving such brands as GK Pik, Megafon, MTS, Gazprombank and others.

Is any collaboration planned with other services for influencer marketing (platforms, marketplaces, analytics tools etc.)? If so, what's VK view on these possible integrations, what factors will affect?

We monitor this market and players and believe that there will be room for partners with different expertise.



Thierry Cellerin, CEO and Founder of BuzzFactory, shares his international expertise at the Russian influencer market development.

“The Russian influencer marketing industry is pretty much focused on itself and still has tremendous growth potential”

When and how did digital influencer marketing emerge in Russia?

Answering this question, let's first get back to the origins of influencer marketing. In reality, this type of marketing is nothing new. The first references to “influencer marketing” appeared in the USA in the 1920s; then a second wave took place from the 60s to the 80s with brands using massively celebrities and their image in TV commercials, in particular.

The third wave started in the mid-2000s with the rise of such blog platforms as Blogger.com. The US and European markets were pretty active in this phase and the first “digital marketing” budget where attributed to collaboration with bloggers.

The picture was very different in Russia where, at that time, Livejournal.com was the epicentre of the blogosphere. At that time, very few clients in Russia were ready to invest in influencer marketing: most brands regarded this new channel with mistrust or simply didn't understand it.

Starting from around 2014, the impact of social media rose considerably across the world, including Russia with nearly 100 million online users, out of which 75% are social media users. At that point, brands changed their attitude to digital influencers in Russia.

Is this form of marketing used in Russia in the same way as in the West?

Three notable characteristics still make the Russian influencer marketing landscape somehow different from the European or US ones. First, there is a huge knowledge gap between large international companies such as L'Oréal, Kimberly Clark, LVMH, and local businesses.

Thus, many players invest in influencer marketing because it is a hot channel right now, but don't have any strategy related to it. In many instances, we saw our client's competitors try to simply buy out the influencers we were working with in order to undermine or copy our campaigns. These little-successful tactics are a clear sign of a lack of influencer marketing know-how and strategy.

Another sign of lack of maturity is that brands tend to bet exclusively on top influencers. There are about 300 top social media influencers that everybody knows on the market and most brands are considering only those people for their communication campaigns. This is a pity if considering that no less than 300,000 people in Russia have more than 100,000 followers. Furthermore, the more commercial partnerships an influencer accepts, the more obvious it becomes for his audience that he is paid to promote products, damaging his credibility.

Another difference between Russia and more mature advertising markets is the absence, in most cases, of a long-term vision. For quite some time already, European marketers have understood that influencer marketing works way better when there is a genuine bond between an influencer and a brand. Unfortunately for the moment in Russia, most campaigns are one shot and it is not rare to see an influencer recommend a brand just one week after having promoted its direct competitor.

Differences between European and Russian influencers are even larger. In Europe, any influencer with more than 30,000 followers will have a rate card, a professional email, maybe a company and even template contracts. They will provide free access to their statistics and take commitments in terms of content quality and publication timing. In Russia, meanwhile, most influencers still don't have a legal entity, which makes things complicated when settling their services; the quality and the timing of their involvement must be controlled by a manager, otherwise, the campaign may not be delivered in time.

What's more, prices are completely deregulated and depend on each influencer's good or bad will: for example, they always rise in December when influencers prepare their new year holidays.

The last and perhaps even more problematic difference between the European and the Russian blogospheres is about data transparency. Most influencers having made it to the top (with more than 100,000 followers) use at some point bots or programs to boost their number of followers or their engagement rate. Our platform can track the number of bots and inactive accounts among any influencer's followers: in the large majority of cases, we find that such number exceeds 20% of the influencer's audience. In Europe, such game is dangerous since big companies and major influencer marketing agencies simply exclude influencers whom they found to have boosted followership or engagement rate artificially.

How do platforms manage these trends?

They are trying to take back control. In 2018, Instagram considerably reduced agencies' access to their API, making it more complicated for third-party data platforms (Traackr, Klear...) to access their stats. Platforms have also developed a special "Sponsored" mention for clients and agencies to get direct access to influencers' campaign stats.

However, while this "Sponsored" mention is becoming the norm in Europe and in the USA, it is still far from being accepted in Russia, where brands are generally reluctant to disclose the commercial side of their collaborations.

Do you see the differences between Russia and Western market deepen or being reduced in the future?

For the past two years or so, the gap between European and Russian influencers has been closing indeed, but not as fast as we would have liked to. I guess we'll have to wait another couple of years before clients will be able to develop relationships with digital influencers in a satisfactory way.

Do you expect brands to be more, or less willing to work with Russian influencers in the future?

A few years ago, we received a lot of requests from European brands -- mainly fashion, luxury and spirits companies -- willing to invite Russian influencers to take part in international campaigns. Over the past 2 years, such requests tended to become less frequent, or at most stable while the Russian influencer market increased dramatically. This may be related to brands' possible preference to keep their communication managed locally, or increased attention to return on investment in these costly international campaigns.

In my opinion, the Russian influencer marketing industry is pretty much focused on itself and still has tremendous growth potential. Slowly but surely, the market is getting better structured vertically, with specialized digital PR agencies, specialized media agencies, talent management agencies and market places.

Some agencies have already themselves as category leaders (Buzzfactory, Epicstars, Players, Wild Jam) while several dozens of smaller agencies are addressing the demand in a fragmented way.

If we analyze the USA and the European market we see that the future of influencer marketing everywhere in the world will rely on software technology (integrated platforms that allow to automate and optimize the influencer marketing processes and on the analysis of influencers' audience data).

What do you think are the biggest challenges and opportunities for the industry to develop further?

Taking into account the global industry trends and Russia's specific situation, I believe the industry is exposed to several risks.

A market risk lies in the disconnection between influencers' price hikes and the country's economic stagnation. Fueled by the high demand for top influencers, inflation is excessive. This bubble is very toxic: it looks like what happened in Europe at the end of the 2000s when brands were paying a lot for influencer marketing and realized at some point that ROI was low. The demand dropped dramatically between 2010 and 2014, throwing out of business such major agencies as BuzzParadise.

Russia's legal and political context also entails certain risks. The authorities could decide anytime to block foreign platforms such as Instagram, Facebook and Youtube in Russia. This might not be the most likely scenario, but it cannot be ruled out: suffice it to remember what happened to [LinkedIn](#) and [Telegram](#).

Another risk, not Russia-specific, lies in the huge influence of the platforms themselves. Facebook and Instagram can change their algorithm and the rules of the game anytime; thus, they're in a position to completely transform the influencer marketing industry, forcing players to adapt to their new rules. I would not be surprised if they already had a plan to take control of this market by offering clients exclusive tools to manage their relationships with influencers.

Meanwhile, this young industry evolves very fast, and it's hard to predict the future. SnapChat, which became the new darling of advertisers almost overnight, is now almost has been. TikTok is the new world phenomenon but still hasn't real influencers per se. New platforms are coming up and fragmenting (for good) the influencer marketing industry and make it more complicated to navigate. On the users' side, older audiences with higher purchasing power spend more time on messengers such as WhatsApp and Telegram.

All these changes may be challenging, but they open a range of new opportunities to go-ahead brands and smart marketers.



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03

Market players



A number of companies offer influencer marketing services in Russia, from assistance to search influencers, to content creation, to influencer relationship management. In most cases, these are digital marketing agencies that cover influencer marketing among a variety of other marketing offers.

INFLUENCER MARKETING INDUSTRY LANDSCAPE

This landscape shows the main digital influencer marketing service providers and marketplaces, the media channels (which are most commonly used for such campaigns), and related industry associations or committees that have organisational and coordination roles.

INFLUENCER MARKETING MAP

Platforms | marketplaces



Agencies



3rd party technologies



Committees



MARKETPLACES

These self-service platforms connect influencers and brands. They may considerably simplify and secure the relationship between brands and influencers.

Thus, marketplaces allow brands to browse an influencer database, using filters such as an influencer's number of followers, engagement rates, industry, etc. Brands may also submit tasks (campaigns), set up prices, make deals, track, and measure campaign results. Some of these marketplaces can also be involved in content creation.

- ★ In Russia, in contrast with the USA, for example, most Russian platforms emerged in the course of the last three years.
- ★ Some of these platforms focus only on a specific social media channel, such as YouTube or Instagram.
- ★ Marketplaces work with micro- and mid-influencers more often than with online celebrities.

AGENCIES

Russian influencer marketing agencies - or, more often, digital marketing companies offering influencer marketing services, among other services - tend to focus on working with a limited number of online celebrities. They use a "catalog" of top influencers who may be involved in specific campaigns. Agencies support the process of communication between the influencer and the brand. They can also track the performance of their influencer campaigns and collaborate on content.

- ★ Influencer marketing is an additional competence for agencies that aim to encompass all marketing methods.
- ★ Agencies have access to celebrities.
- ★ Campaigns followed by agencies usually have higher budgets.

INFLUENCER INDUSTRY ASSOCIATIONS (COMMITTEES)

Play a useful role in promoting influencer marketing development, establishing industry standards and studying the market.

3RD-PARTY TECHNOLOGIES

Standalone services for particular purposes (influencer' analytics, fake followers identification, social media statistics etc.).

INVESTORS ACTIVITY OVERVIEW

- ★ Insense, a creative platform that helps brands to get mobile-first video and image content, launched in 2015. After receiving an initial \$130,000 capital injection from Starta Accelerator, Insense secured \$1 million in 2017 from NP Capital and Venture Development Partners, as well as individual investors. These investors included Ilya Lagutin, Altarget founder and Alexey Marey, a member of the Alfa Bank board of directors.
- ★ LabelUp, which offers native advertising services on Instagram, received 20 million rubles (around \$350,000 at the 2017 exchange rate) from the E-Generator. It is set to be a part of the holding. They also received \$300k from private investors according to Spark.ru.
- ★ Epicstars, an online platform for influencer marketing campaigns automation, was launched in 2015 with a \$150,000 investment from admitad Invest, the venture arm of the major international affiliate marketing agency, admitad. The marketplace secured \$1.4 million in a second round in 2017. Investments were meant to strengthen the team and expand the analytical capabilities of the platform.
- ★ BuzzGuru, a service connecting brands and video bloggers, received \$1 million in total from an undisclosed source in 2017.
- ★ The Russian fund Guard Capital invested \$100,000 in the online platform GetBlogger in 2017. The founders of the service, Levon Hovhannisyan and Anna Shkirina (who also founded the the food delivery startup Delivery Club) put \$400,000 of their own money in the project.



Maksim Volohov, co-founder of admitad and head of admitad Invest shares their vision and perspective of the state of the market:

"Back in 2014, we clearly identified the trend for tech platforms and ecosystems development, while we also noticed the decline of the role of stand-alone services and even websites. The web traffic in Russia had been not reduced but relocated to new channels. Often, these new channels were social media channels. Yet, if web traffic flows there, the channels need the proper tools for webmasters to work with. To find a solution, we conducted in-depth market research and made some crucial decisions. One of them was to invest in Epicstars, a growing influencer marketing platform - and it is still growing. The trend is actively developing, so that the amount of web traffic from influencers will continue to grow, resulting in new advertising contracts with brands."

PRESENTS



E-COMMERCE IN RUSSIA

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04

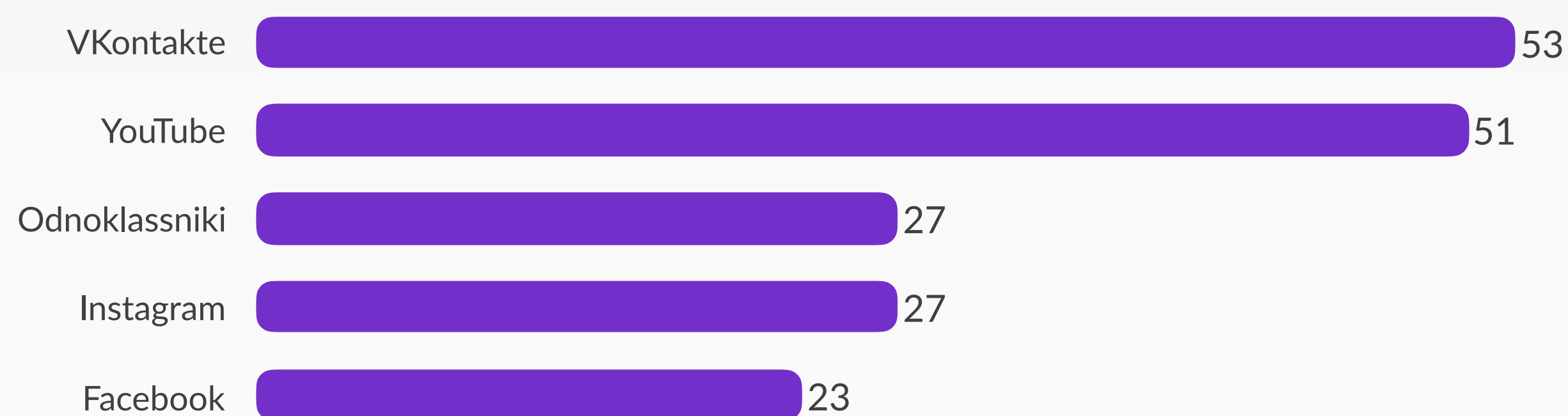
Russian social media landscape



THE POPULARITY OF SOCIAL NETWORKS IN RUSSIA

Social network usage has continued to grow along with the increase of Internet audience in Russia. According to Mediascope data, the Internet audience in Russia reached 90 million people (73% of the adult population). It continues to grow, though at a slower pace than before, at around 4% per year. 52% of Russian adults use at least one social network on a daily basis. Depending on their goals, influencer marketing campaigns require to involve different audiences. In Russia, several large and diverse platforms are available to reach them.

Social Media Profiles, number of users/mln (Mediascope, Nov. 2018)



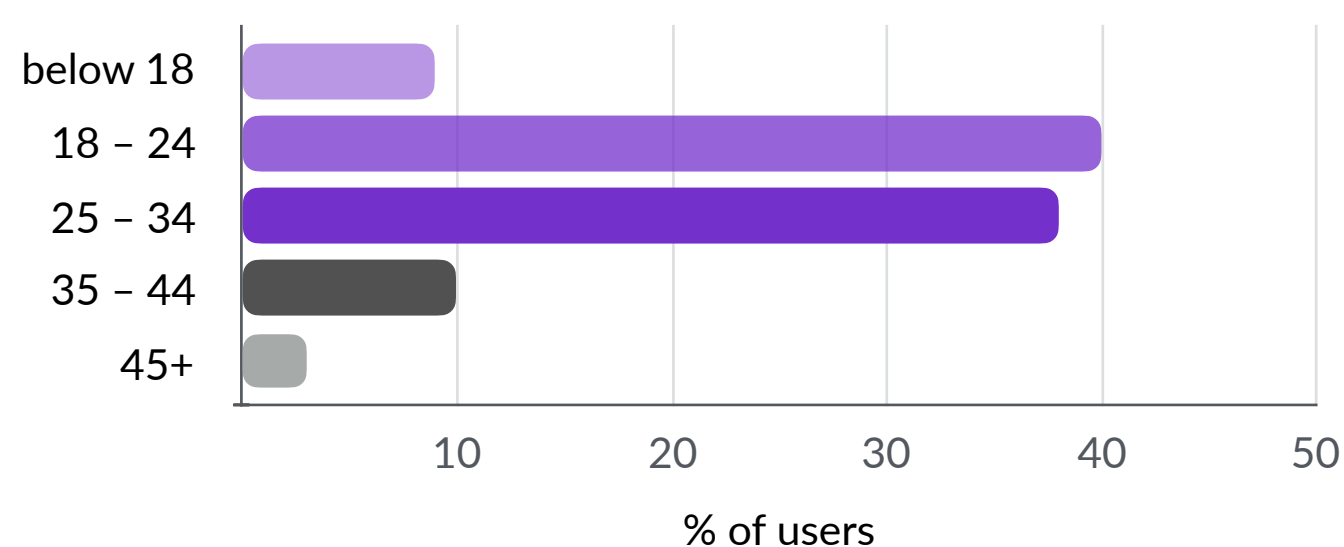
SOCIAL MEDIA PROFILES

Depending on their goals, influencer marketing campaigns require the involvement of different audiences. In Russia, several large and diverse platforms are available to reach them. Let's take a quick look.

Key findings

- ★ While remaining the leading social network in Russia, far ahead of Facebook, VK (a property of the Mail.ru Group) has seen its growth slow down over the past few years.
- ★ The audience is becoming older. It is no longer the “students’ social network,” which it once was.
- ★ VK is considered to be particularly suitable for small and mid-sized B2C businesses.

Age*



Gender*

Women form the majority of the audience of almost all social networks in Russia; VK is no exception.

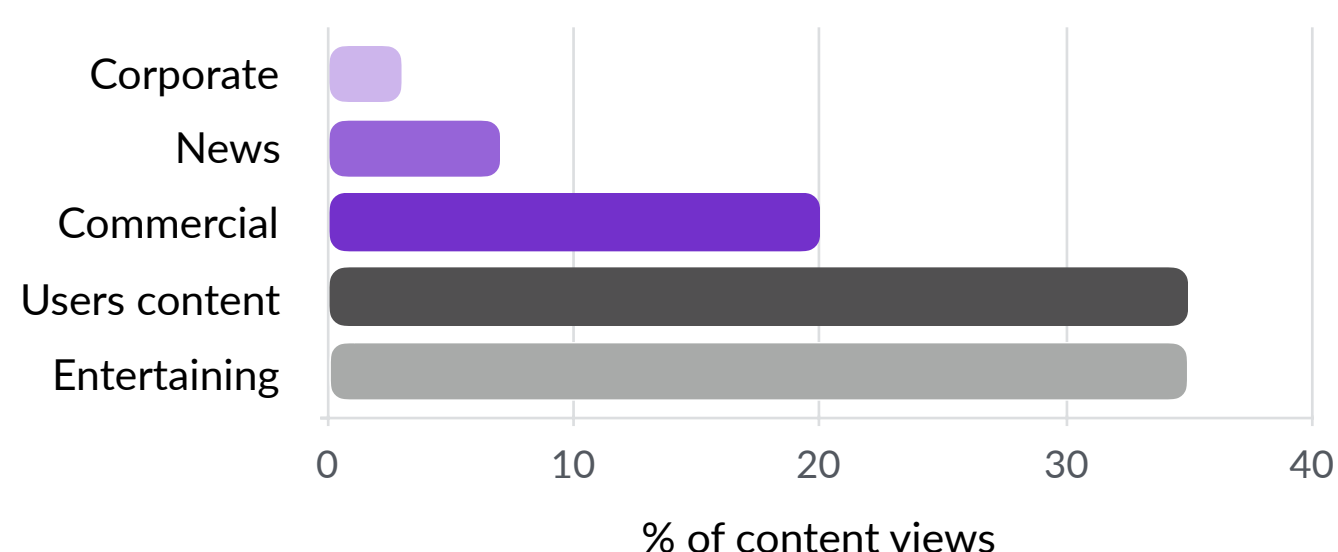


Geography*

VK’s penetration is particularly high in such areas:

- ★ St. Petersburg – 44.9%
- ★ the Murmansk region – 30.26%
- ★ Moscow – 28.43%
- ★ Other big cities – more than 1 mln citizens

Content**



Education*

- 60% - have a university degree or are students
- 40% - have a secondary education or graduated from school

Device*



Influencer marketing formats

Posts in communities / Posts on personal influencer page

*Different sources were used (Mediakix, Wciom, Mediascope etc.)

**Based on EWDN estimation and means number of content categories popularity.

***EWDN estimation is based on the average amount of advertising contracts (Epicstars’ data).

Interest for brands***

Low

Influencers concentration***

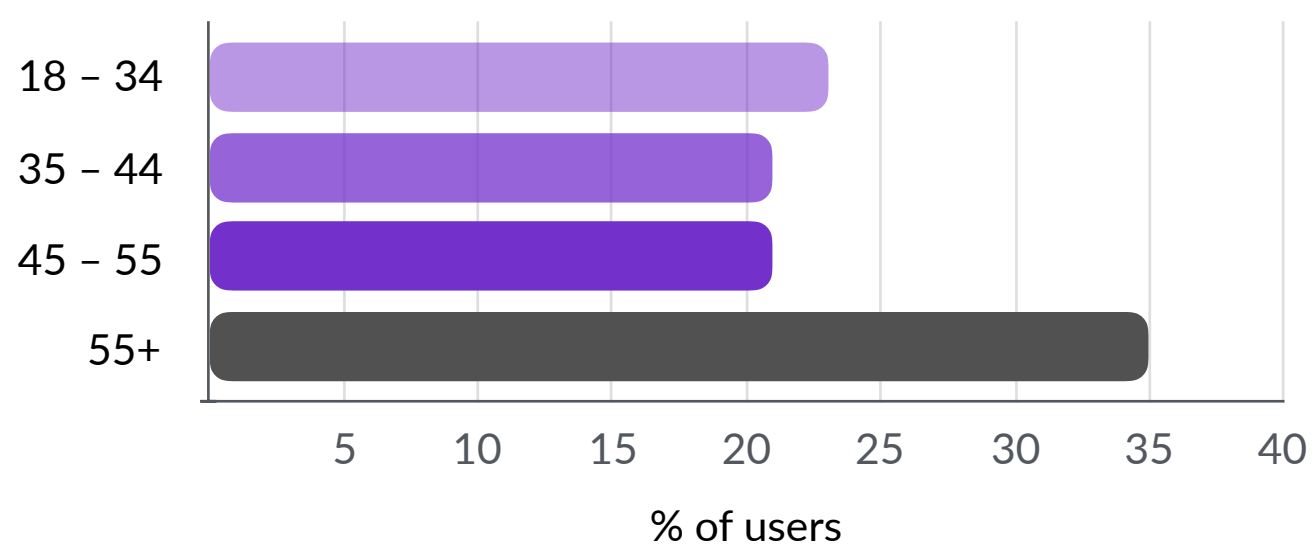
High



Key findings

- ★ A property of the Mail.Ru Group, Odnoklassniki is the second largest social network in Russia. Its audience is older than that of other popular social networks, which is important to keep in mind when planning a social promotion campaign.

Age



Gender

Women form the majority of the audience of almost all social networks in Russia; Odnoklassniki is no exception.

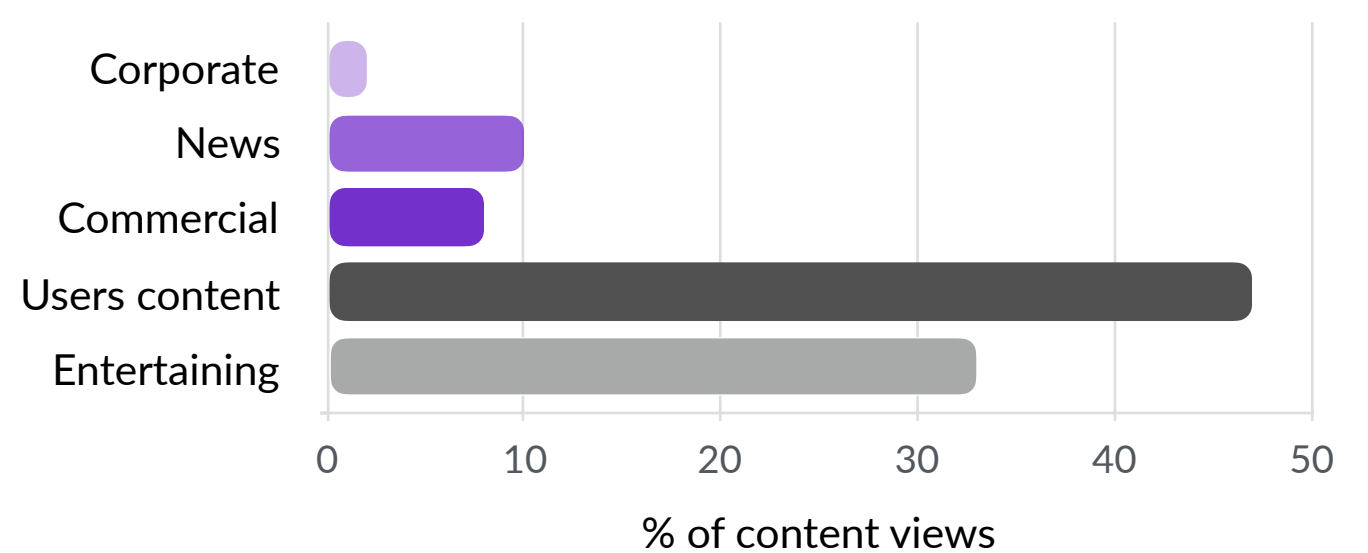


Geography

Odnoklassniki is not widely used in big cities.

- ★ About 43% of all the users live in small towns (less than 100,000 inhabitants) Murmansk region - 30.26%
- ★ Another 26% are from mid-size cities (from 100,000 to 500,000 inhabitants)

Content



Education

34% - have a university degree

66% - have a secondary education or graduated from school

Device



Influencer marketing formats

Posts in communities / Posts on personal influencer page

Interest for brands

Low

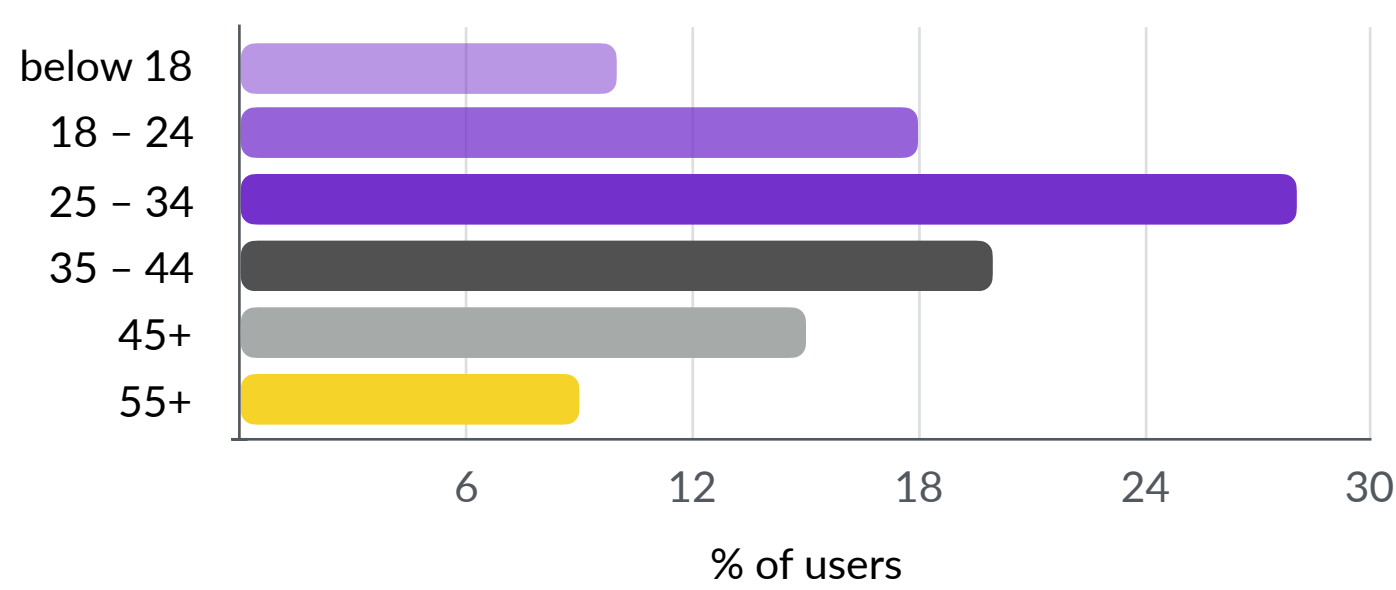
Influencers concentration

Low

Key findings

- ★ YouTube's traffic in Russia is growing faster than in most other countries (over 60% in 2018 in Russia compared to 38% in the USA and 33% in France, etc).
- ★ The demographics are changing. A growing percentage of young users as well as a substantial proportion of older users are looking for useful content.
- ★ About half of top YouTube-vloggers promote their own products/brands.
- ★ Fashion, technology/IT and beauty products are the most often promoted products.
- ★ YouTube is regarded as increasingly popular online media for commercial purposes in Russia.

Age



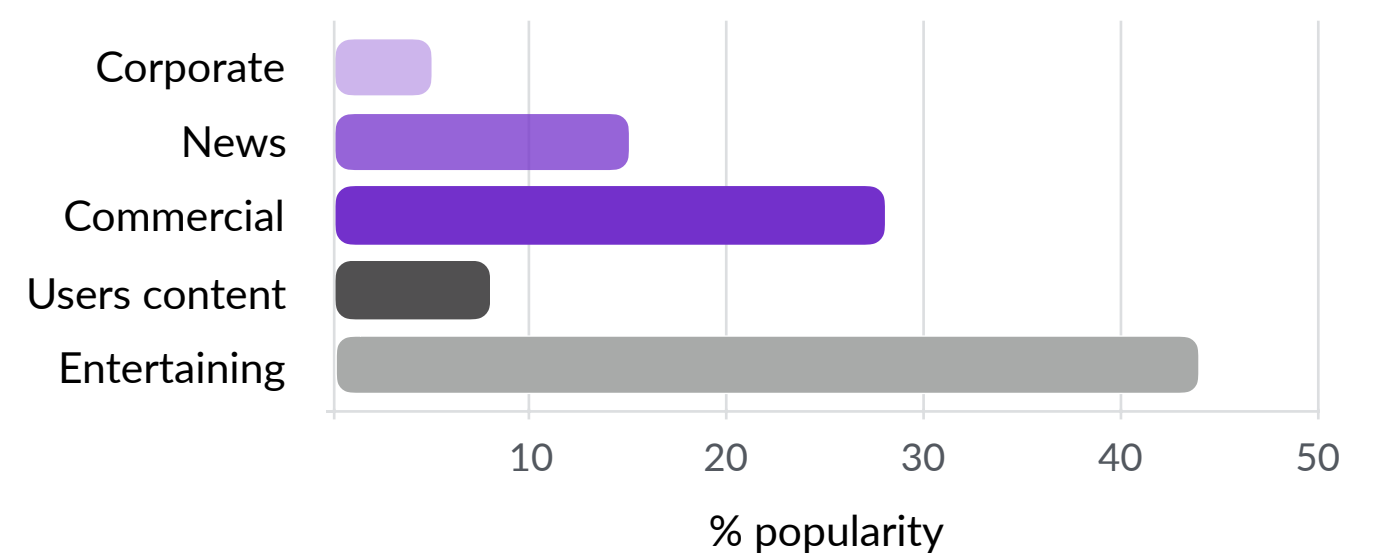
Gender



Geography

- ★ 65% of frequent YouTube users live in big cities (1 million inhabitants and more)

Content



Education

- 63% - have a university degree or students
- 37% - have a secondary education or graduated from school

Device



Influencer marketing formats

Pre-roll, Post-roll, TrueView in Stream

Interest for brands

High

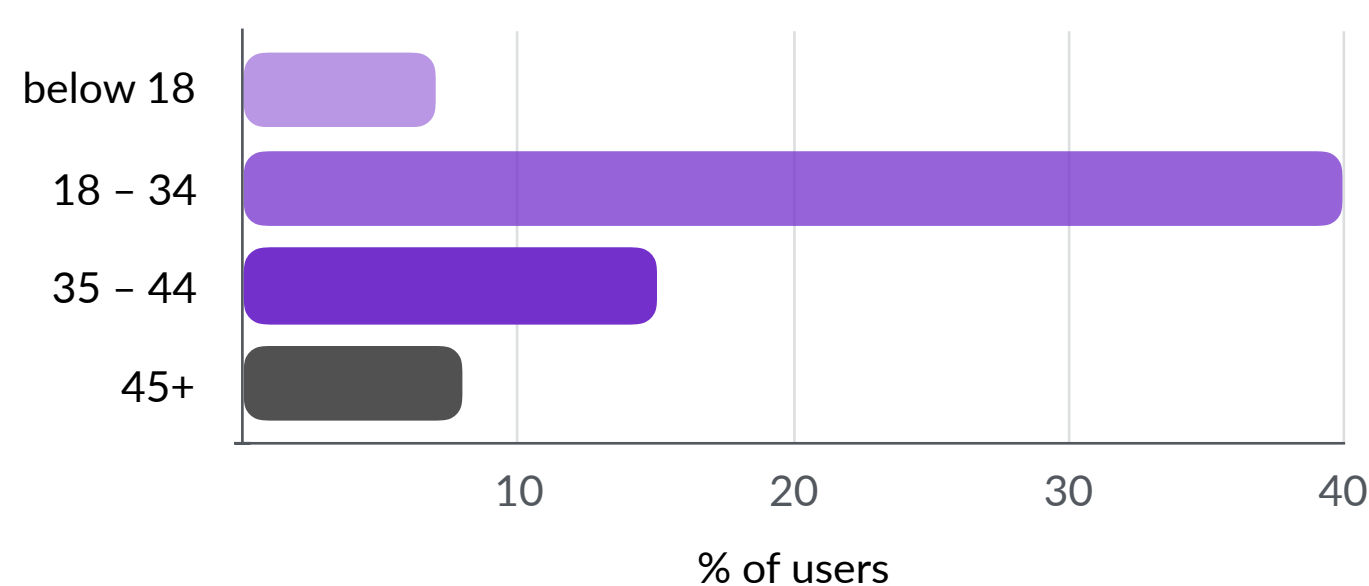
Influencers concentration

High

Key findings

- ★ Nearly half of Instagram influencers collaborate with brands in different ways (product promo, ambassador, etc.).
- ★ The most popular categories for advertising are fashion and beauty, followed by technology (including IT), travel, sports and fitness, and food.
- ★ Due to gender ratio, Instagram is considered particularly powerful when targeting a female audience.
- ★ Instagram, along with YouTube, are the most desired channels for businesses promotion.

Age



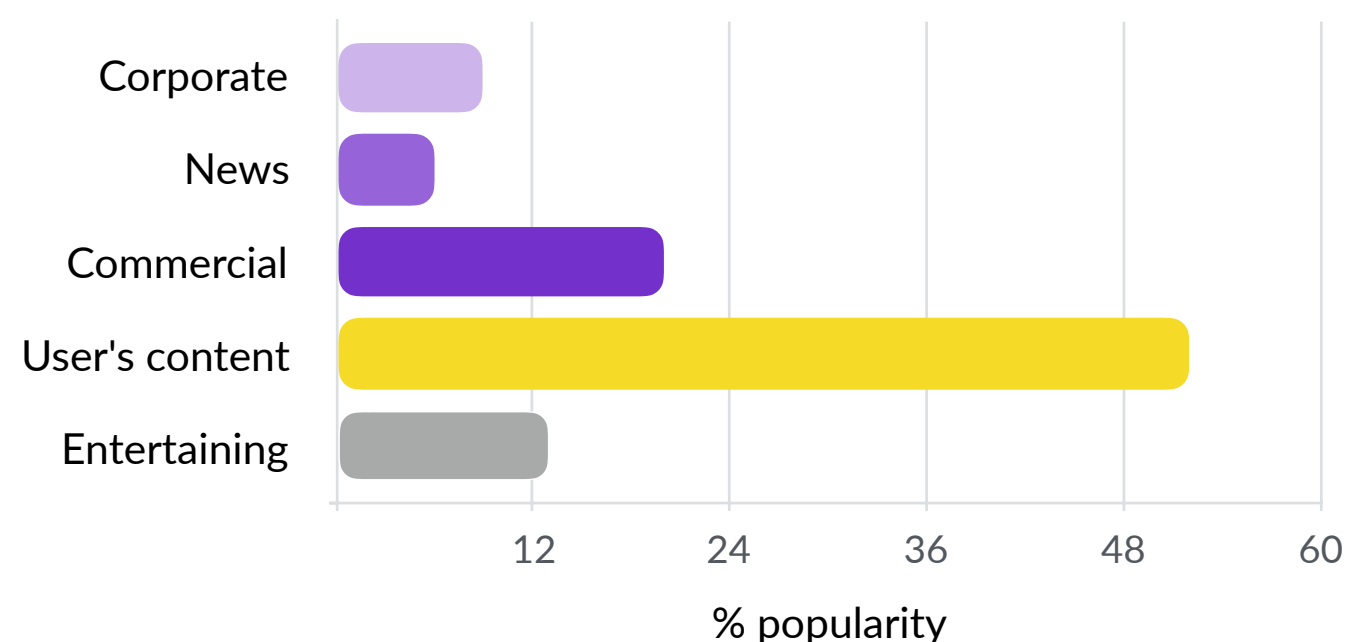
Gender



Geography

- ★ The vast majority of Instagram users live in Moscow, St. Petersburg, and the surrounding areas (about 52%).

Content



Education

- 67% - have a university degree or students
- 33% - have a secondary education or graduated from school

Device



Influencer marketing formats

Posts on influencers' personal pages

Interest for brands

High

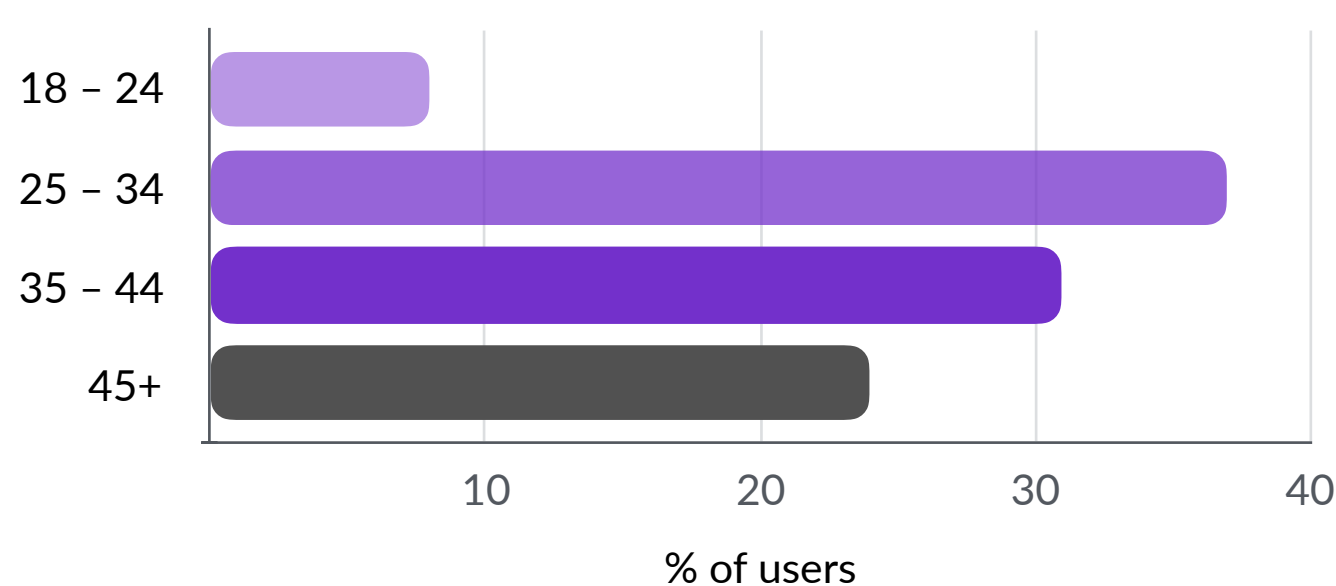
Influencers concentration

High

Key findings

- ★ With traffic of only 20 million monthly users - far behind VK and OK - Facebook in Russia tends to be the medium of a social “elite” rather than a massive audience. It may be used, in particular, to target certain professional communities as well as well-educated people with good jobs (somewhat like LinkedIn in the US and Western Europe).
- ★ Facebook is usually used as a secondary channel for B2C marketing campaigns, but it can be very beneficial for promoting B2B services. Thus, the majority of their advertising posts are reposts from social networks.

Age



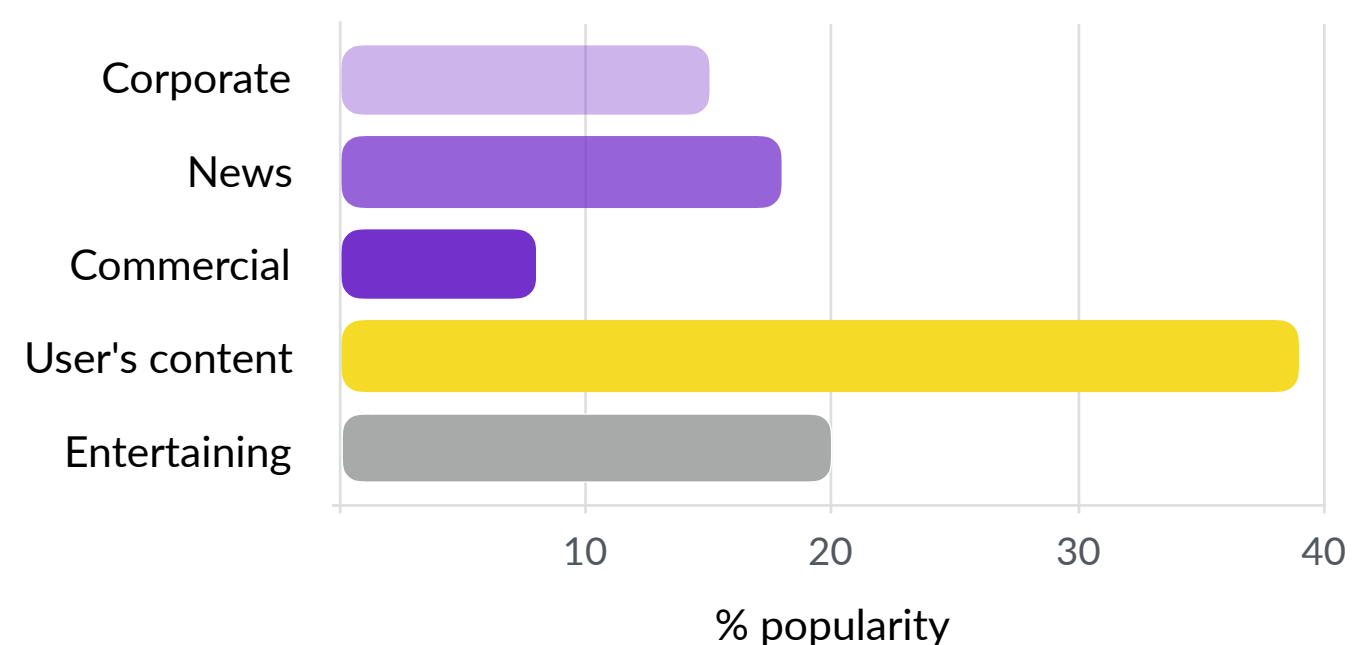
Gender



Geography

- ★ Around half of Facebook users live in Moscow and its surrounding areas. Others live in St. Petersburg and other big cities (1 million inhabitants or more).

Content



Education

Facebook attracts mostly an audience with higher education.

81% - have a university degree or students

19% - have a secondary education or graduated from school

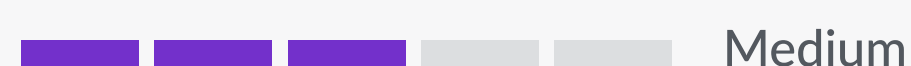
Device



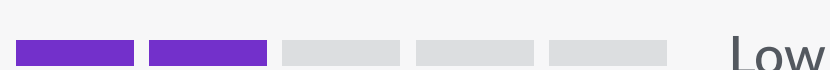
Influencer marketing formats

Posts in communities / Posts on influencers' personal page

Interest for brands



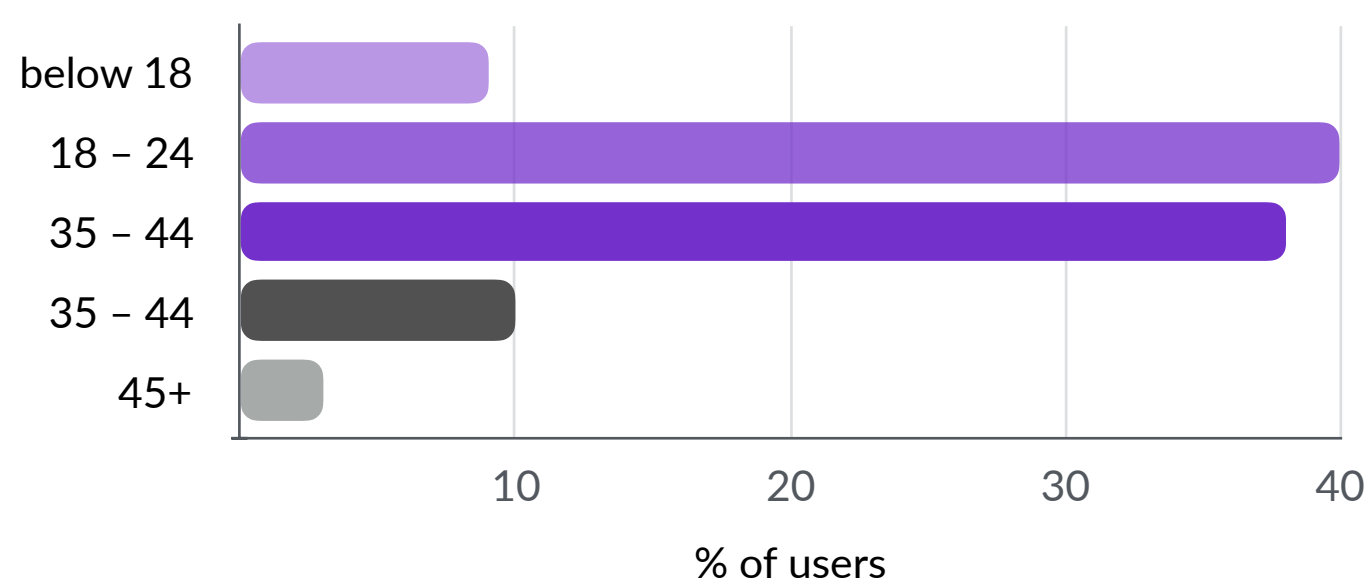
Influencers concentration



Key findings

- ★ Despite Russian authorities' attempts to block Telegram in 2018, its daily audience has continued to grow rapidly, with an increase estimated at 50% in the course of the year.
- ★ Telegram is in high demand for influencer marketing in such segments as technology and IT products.

Age



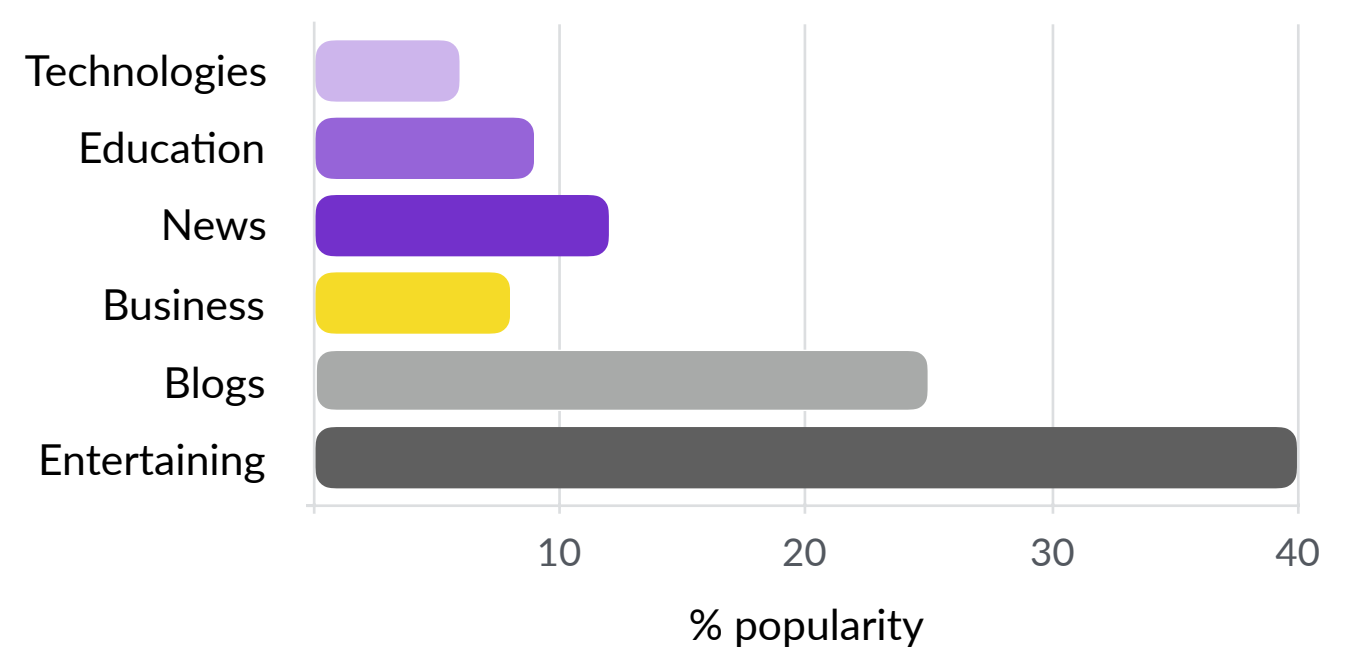
Gender



Geography

- ★ The vast majority of Telegram users are from Moscow region - 46% and Saint-Petersburg (about 16%).

Content



Education

- 67% - have a university degree or students
- 33% - have a secondary education or graduated from school

Device



Influencer marketing formats

Posts in topical channels / Posts on influencers' personal accounts

Interest for brands

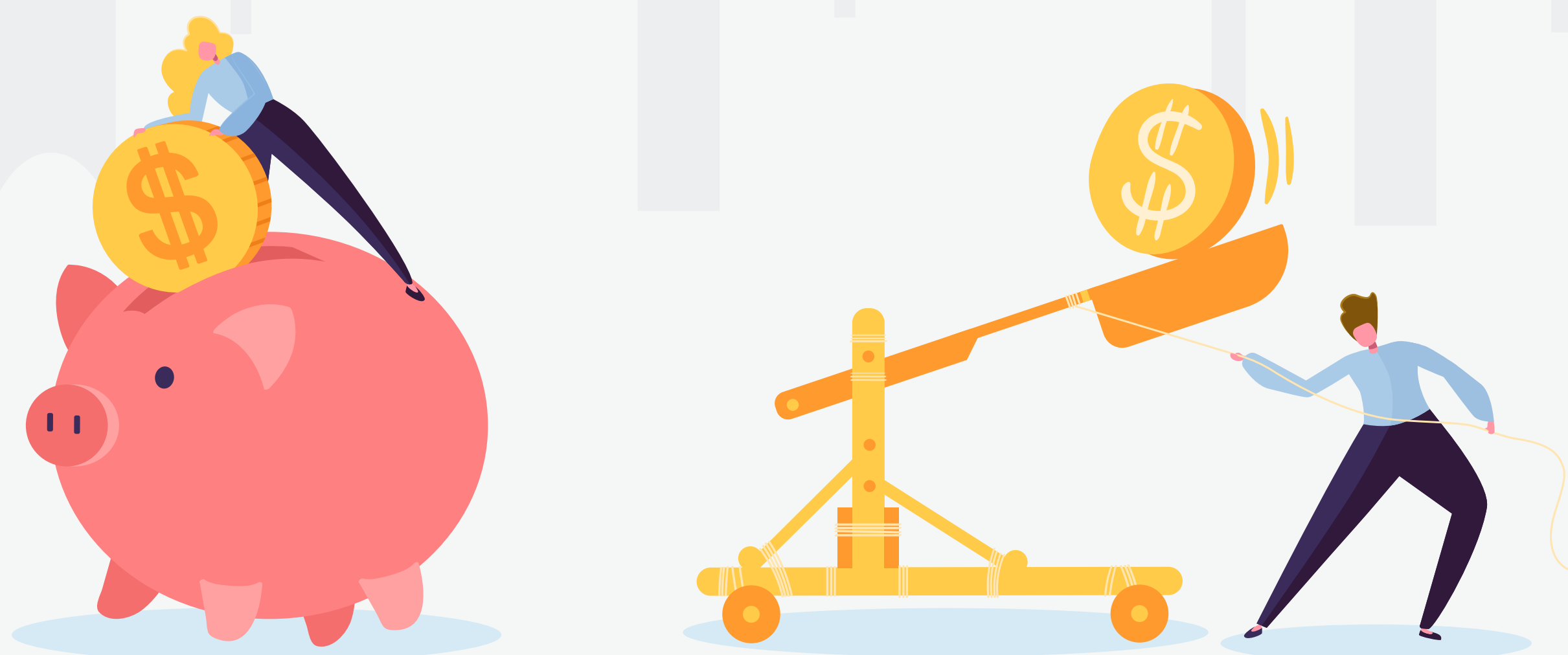
High

Influencers concentration

Medium

03

Case studies and practical recommendations



TIPS to effective influencer marketing





Vladimir Mirolubow, CEO of [Epicstars](#), shares his practical experience of working with influencers.

In this section, I'd like to focus on practical things that can truly help you understand influencers and enhance their performance.

★ Find true influencers and drive their loyalty.

That's easy to say for sure, but not easy to perform. But in the end, it's worth it. The influencers you plan to partner with should be aligned with your brand's identity and goals -- like a 'family member.' This means not only that you have a similar target audience, but that you speak to it in the right tone of voice, share your values, etc. It is essential that your products or services to be promoted by genuine users and fans as brand ambassadors. They will create authentic marketing messages that will ultimately bring the desired results in terms of sales or other goals.

With this perspective, keep an eye on current customers and even employees. If they are satisfied with your products and services, they will most likely make a recommendation to their FFF (friends and family circle). Some brands even have dedicated influencer marketing programs to activate and engage them in exchange for different rewards from a brand, such as coupons, discounts, etc.

Any true influencer is an expert in your products. That's an excellent source of customer feedback concentrated in one consumer/influencer. Invite them to the table, and use their knowledge for future customer development, product releases, advertising campaigns, etc. Not only will you get interesting ideas, but you'll also create and grow a community of true brand advocates.

★ Build long-term relationships, not ad-hoc campaigns.

Influencers are unlikely to deliver substantial results immediately after starting working with you. This does not mean you should stop working with them. Like a fruit, influencer marketing needs maturation. Brainstorm together on what can be done differently or how things could go better. Once you find the right formula, the partnership will last for a long period.

Also, in influencer marketing campaigns, brands cannot control each step of the funnel-like other channels. They must provide their influencers with freedom and let them be creative because they have a better understanding of their audience. At the same time, make sure that the brands' rules are followed.

★ Keep an eye on market changes.

In a hot market where competition is strong, existing partners and tools may evolve fast. Keep an eye on these novelties and test them: they may lower your costs and provide new growth prospects. Make sure your data is stored in a way that is secure and easy to export in case you would switch to another tool.

★ Respect digital advertising compliance rules.

There's no specific legislation on digital advertising in Russia at the moment. Only countries such as the USA, the UK, some other European countries have developed legal frameworks, which requires disclosure for all sponsored posts. This doesn't mean your marketing practice should be opaque while working with Russian audiences: in this country, like others, building a long-term relationship with your audience requires a certain level of transparency.

MINI CASE STUDIES SERIES: UPS AND DOWNS IN WORKING
WITH INFLUENCERS

01

Covering annual Apple event with LetyShops and Wylsacom



Letyshops

In September 2018, one of the most anticipated events of the year for Apple gadgets fans took place, the annual Apple presentation that brings the latest products and news.

Top Russian YouTube tech blogger Valentin Petuhov knows the annual Wylsacom event, and he comments on the presentation in real time on his YouTube channel. LetyShops cashback service has been the annual Apple broadcast partner on the Wylsacom channel since 2017. Supported by the brand, Wylsacom provides the giveaway of new Apple gadgets for channel viewers and subscribers.

In September 2018, Wylsacom had around 6 million subscribers in total. Petuhov's viewers are big fans of technology and the mobile device world. First of all, they want to catch up with tech news and get the new Apple gadgets for themselves. That is why they stay connected and watch the broadcasted event for all 5 hours.

The purpose of the particular project was not just to build LetyShops' brand awareness but also to show all the advantages of the service. To make this happen, they revealed to Wylsacom viewers the key benefits of the service, they broke the myths about their cashback

and they taught viewers how to use additional LetyShops products, such as a browser extension and a mobile application. To participate in the competition, viewers needed to register at LetyShops' website, install the Chrome extension, and then subscribe to the Wylsacom YouTube channel.

Participation in the competition involves registration on the LetyShops landing page: during a broadcast, Wylsacom announces a contest, viewers switch to the LetyShops landing page and sign-up, at the end of the broadcast Wylsacom names winners.

The video from last year's presentation got 4.5 million views, while 500,000 people watched the broadcast live (which was a record number for Russian YouTube), 88 000 people took part in the raffle of Apple gadgets from LetyShops. In 2018, more than 168,000 people took part in the draw of Apple gadgets from LetyShops.

MINI CASE STUDIES SERIES: UPS AND DOWNS IN WORKING
WITH INFLUENCERS

02

Promoting a leading Italian beauty brand



This project was to promote the online store of a leading Italian beauty brand, Kiko Milano, which offers decorative cosmetics and skin care products.

The campaign aimed to maximize the reach of advertising posts and get more traffic to the brand's website. Teenage and young adult girls interested in beauty topics could become potential customers.

The following approaches were used:

- ★ Giveaway products in return of reviews (a method frequently used by cosmetic brands);
- ★ 47 post placements with a click-per-action remuneration scheme;
- ★ 2 post placements paid with a fixed-fee arrangement.

The posts were to be displayed permanently, i.e. not to be deleted at the end of the campaign. This point is key: an agreement must be made in advance and valid for the duration of the project.

There were not many specific requirements to the influencer's profile: a teenager or young adult girl and a YouTube beauty vlogger. The number of subscribers was not specified (from micro to macro influencers). The brand selected the vloggers among 24 corresponding profiles from the Epicstars influencer base.

As a result of this campaign, the brand got almost 2,800,000 views from 49 advertising placements within the year. The campaign directly generated 250 purchases in total. These interim results encouraged them continue to invest in influencer marketing campaigns.

MINI CASE STUDIES SERIES: UPS AND DOWNS IN WORKING
WITH INFLUENCERS

03

Reebok, LinguaLeo Enhel water and Horsepower shampoo brand stories



Lingualeo is a famous Russian startup offering an online service for learning English. The campaign aimed to generate more traffic and sales via Lingualeo's website in 2018.

The communication with influencers prepared via Epicstars self-service marketplace and included a call to action: "Sign up at the website, keep your promise and win a trip to London! with a link for registration and participation!". The required blogger profile was lifestyle-oriented with a substantial audience. As a result of this campaign, the brand got 511,617 views and 18,320 clicks, which were converted into 2,400 leads. The click-through-rate (CTR) thus reached 3.58%.



Horsepower shampoo: a questionable marketing approach in working with influencers and their audience.

The composition and attributes of this product have nothing to do with its name. There are neither horse cells nor hormones. The history of the brand started during the 2008 crisis, when some women began buying shampoos for grooming horses at pet stores, believing them to be cheaper and of high quality.

This "horse power" was promoted by several Russian celebrities including Victoria Daineko, Andrey Malakhov, Kseniya Sobchak. These powerful opinion leaders, did generate sales, but without a long-lasting effect. The quality and value of the product had not been correctly addressed by the brand to the influencers, and consumers who tried the product did not make repeat purchases.

In addition to the implicit dubious analogy between women and horses, the chosen marketing approach was not arguably the right one: showing celebrities endorsing a product with weak characteristics is not enough to make its quality compelling to consumers. The brand invested a lot in advertising, while influencers lacked attention to the product and the way to communicate about it.



Mineral-rich water Enhel collaborated in 2018 with several Russian media celebrities. Not all campaigns were successful.

Not all advertisers and influencers manage advertising integration properly. This misfortune happened with the mineral water manufacturer Enhel, which had its product promoted in the blog of a Russian celebrity Ksenia Sobchak. In the publication, she told about the benefits of drinking this water and about the way to enrich it with hydrogen using an Enhel device. According to different experts, just 1.6 mg of hydrogen can be dissolved in a liter of water, which is not enough to have an effect on the body. As a result, users left negative comments to this publication, Sobchak replied that she was talking about water that "was additionally enriched with hydrogen molecules." After some time, she deleted the publication, but users continued joking about this post on Twitter.

Obviously, in this particular the brand mismanaged their marketing messages and the influencer did not realize it when transmitting them to the audience.



In early February 2019, Reebok initiated an advertising campaign called "Out of Hand," geared toward women.

It advertised Reebok products with feminist slogans, such as "Change from the male-approved needle to the male face" and "I'm not finished talking to you." The project is an adapted version of the American Reebok advertising campaign. Four accomplished women became the faces of the Russian Reebok campaign. Zalina Marshenkulova is the creator of "Breaking Mad" magazine and the "Women Power" telegram channel Isabel Magkoeva is a candidate for the master of sports in boxing. Yustyna Grachyk is a top-notch Mixed Martial Arts fighter. And Anzhelika Pilaeva is the European wrestling champion.

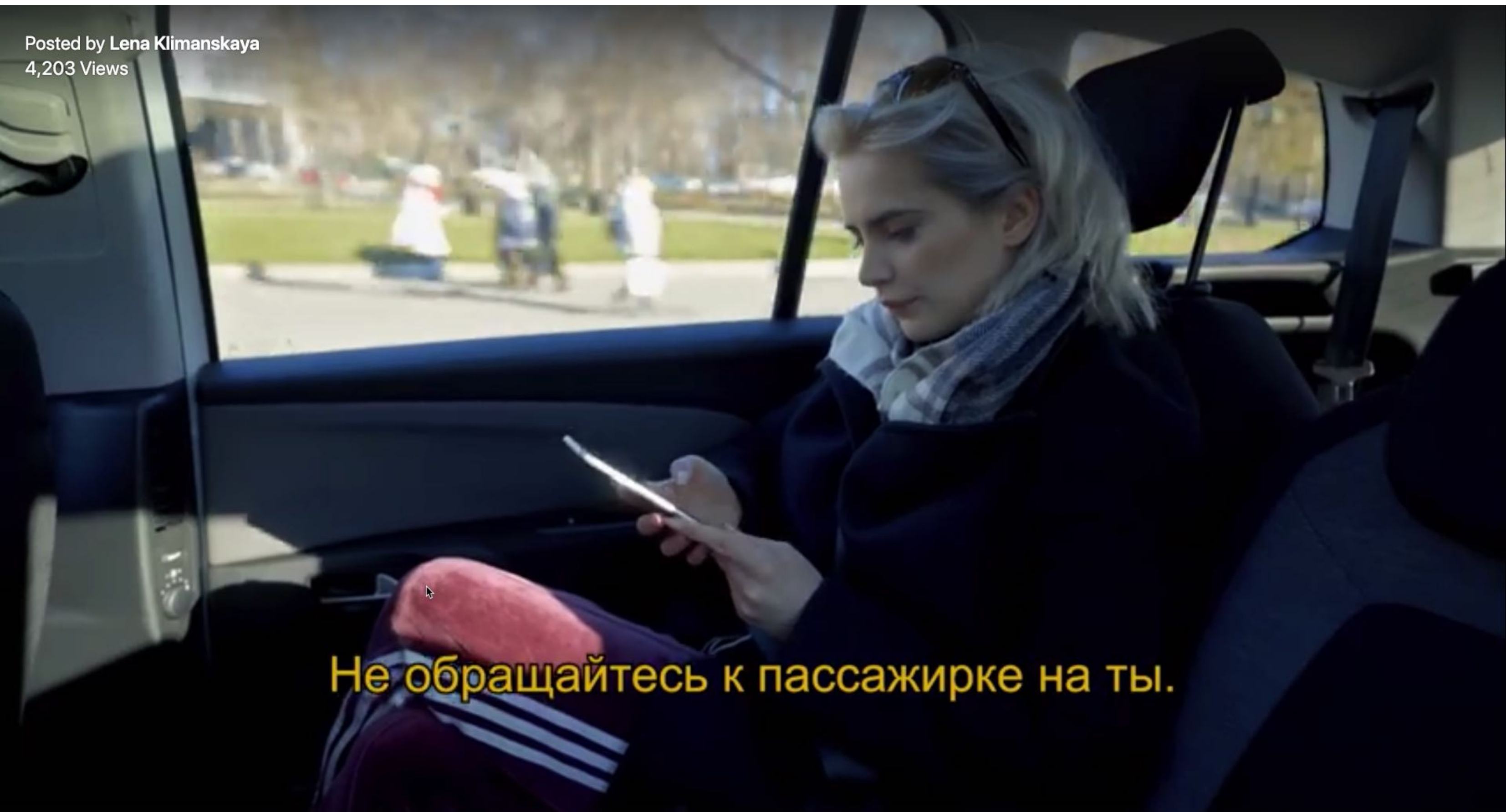
The slogans were harshly criticized by Russian social networks users. First of all, the topics of female domination and sexuality were irrelevant in a patriarchal society. Secondly, people perceived the advertising campaign as "insulting to men." And third, these slogans didn't reflect how Russian women thought because they were taken directly from the American campaign. As a result, Reebok deleted most of these posters from Instagram.

MINI CASE STUDIES SERIES: UPS AND DOWNS IN WORKING
WITH INFLUENCERS

04

Code of conduct with female passengers

Posted by Lena Klimanskaya
4,203 Views



In November 2018 the agency Left Hand was launched with the key idea to work with communities and throughout communities. The agency would do community marketing, supporting “nontoxic” communications and social responsibility.

In partnership with the taxi-hailing service Citymobil, Left Hand based its first campaign on a training video for taxi drivers on how to behave with female passengers. The main goal of this video was to educate taxi drivers; the second aim was to show Facebook audiences (active females, in particular) that the brand supports their values.

The agency invited girls who actively discuss gender topics to participate in this video. They are ordinary people rather than celebrities, which are less relevant to communicate with such communities where everyone knows each other. The agency also refused the idea of paid promotions because they would result in poor organic reach.

As a result of the campaign, all the girls who took part posted the video, which was then reported by Wonderzine (the main media in Russia covering the feminist agenda). The video reached approximately 35,000 people on Facebook (essentially all female users) with 14,000+ video views. It generated 752 comments in discussions and more than a thousand likes, posts and reposts.

Left Hand’s Liza Aprelskaya commented on the campaign: “Considering society’s clusterization and polarization, we believe that the future of communication lies in community approaches and the use of community influencers. On the one hand, there is a classic marketing model with a target audience, while on the other hand we’re talking about personalized, data-driven advertising. Community marketing already exists for all cases where there is a group of like-minded people who know each other within 1-2 handshakes.”

MINI CASE STUDIES SERIES: UPS AND DOWNS IN WORKING
WITH INFLUENCERS

05

Salo's communication agency experience



SALO is a Russian communication agency shared their experience in working with influencers.

Breaking Good

Involving bloggers, media and Shell, a special project took place in April 2018. The main goal was to make young audiences aware of the impact of using different types of energy sources on heat and power generation in cities. Thus, the campaign suggested that “gas cities” were cleaner than “coal-fired cities”.

Another goal was to test the reactions of different audiences (by age and location) and engage them in a dialogue.

Three well-known Russian travel bloggers ([Peter Lovygin](#), [Sergey Sukhov](#), and [Sergey Anashkevich](#)) were involved with SALO behind the scenes in the campaign. A visit to the cities of Samara, Omsk, and Yuzhno-Sakhalinsk was organized with the assistance of local research laboratories. Bloggers then shared their posts and videos on LiveJournal, Instagram, and YouTube.

The project resulted in more than 50 publications (14 posts and 37 stories on Instagram, 2 videos on YouTube, and 2 posts on LiveJournal); more than 1.3 million of visitors on the landing page; over 140,000 likes on Instagram posts; and over 42,000 views of YouTube videos. LiveJournal posts were read over 78,000 times. Posts were commented on more than 2,500 times on YouTube, LiveJournal and Instagram.

Bank account

The campaign aimed to highlight the simplicity of setting up a business bank account. The suitable influencers for this project were business bloggers who owned franchises and had at least 300,000 followers on YouTube.

In spite of the results (5 posts in business-related blogs), the campaign was very challenging at virtually every stage.

During the campaign, three out of five bloggers changed their ad placement managers. The consequences were serious, with video posts postponed and an urgent replacement of one of the bloggers, whose manager had forgotten about an exclusive contract with another bank.

Moreover, one of the bloggers changed managers four times during the campaign, as he did not pay his agents on time.