

Influencer compensation: How money moves within the Nigerian influencer industry

By [Gbenga Sogbaike](#)

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Fascinating is one word that could be used to accurately capture everything about the influencer marketing industry. To the average outsider, there are very high expectations of the online influencer space given how it is portrayed as a goldmine, and for a growing industry, it does live up to the hype sometimes.



Image by [mohamed Hassan](#) from [Pxabay](#).

According to a survey by the Influencer Marketing Hub, Instagram is the preferred channel of most global influencers, but not only is it their favourite playground, to onlookers, it is also the closest they get to see what life is like for an influencer. The platform is a treasure trove of evidence to prove that life as an influencer is posh. Regular updates about trips to the nicest destinations, newest gadgets on display and a hint of exclusivity all round, have made the role of online influencer quite attractive.

Earning millions

For brands, the attraction comes from the monetary returns that investing in influencers brings to their business. The same survey from Influencer Marketing Hub shows that brands earn above \$5 for each dollar they spend engaging the services of an influencer, and in industries such as the fashion industry where visual appealing content helps drive more sales, the return is even higher. About 70% of influencers the report surveyed understand their worth which is why they say they are in the space to earn revenue, and some of them, especially YouTube video creators have been known to earn millions.



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Here in Nigeria, the story follows a very similar pattern. [Plaqad's 2020 Influencer Compensation Report](#) shows that 100% of influencers in the country are in the business to earn from the content they create for brands. In the 2019 edition of the report, there was a tiny 8% who were willing to work for free, but given how much space has grown in the last few years, all practitioners in the space now want some share of the value they create according to the report.

Nigerian influencers have been able to drive a good increase in terms of investment return for brands given that 55.4% of those who come across influencer recommendations for a product agree that it has some impact on their purchase decisions. Globally positive audience sentiment is at about 91% among millennials, meaning that a huge amount of product sales are tied to the work influencers do, and this explains why more brands are opting for online influencers over traditional celebrities, and willing to increase what they spend on influencers.

In 2019, only 22% of Nigerian brands spent below N5m. The rest spent as high as N50m on influencer campaigns, with the bulk of them planning to spend even more in the coming year, as they are already seeing positives using influencers during this pandemic, and expect them to get even more useful.

Product compensation

Now, given the fact that most brands still struggle with measuring the impact of their influencer campaigns, a good portion of their spend goes to agencies who help them manage influence relationships, while the rest goes to content creator compensation. Sadly, this part of the Plaqaad report throws up a little disappointment as it shows that only 10% of influencers surveyed made N1m and above in 2019. Expectations are that a lot of influencers earn millions from content creation to be able to afford the lifestyle they display, but the report also explains how this is possible.

While 10% represents just the ratio of those who earned over a million in cash value, product compensation is also a key part of what takes up some of the influencer spendings from brands. From trips to Ibiza, and gifts of the latest gadgets to exclusive access to the biggest events around the world, nearly 20% of influencers are open to getting compensated with products or services, mostly if they are from a high-end brand or seem to have equal value as what they would have charged. A good working relationship, long term contracts and other strategies make product compensation possible and an easier conversation between brands and influencers.



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Seeing how much has changed about consumer behaviour globally due to the coronavirus pandemic, brands know they will be needing influencers more to gain direct access to audiences no matter how niche they seem. This is what is driving increased budgets for influencer marketing. Influencer Marketing Hub's survey estimates an increase from 63% of global brands who already invest in influencer marketing, and in Nigeria, Plaqaad's survey shows the average is 70%.

One thing is for sure, and that is the steady growth of influencer usage in marketing. Despite cases of fraud and tracking issues, brands have experienced good returns, and will only try to be more strategic with how they spend and measure their activities within the space. For influencers and agencies who manage them, their focus will remain on creating and

structuring the industry in a way that helps them earn more.

ABOUT GBENGA SOGBAIKE

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