

THE PENNSYLVANIA STATE UNIVERSITY
SCHREYER HONORS COLLEGE

DEPARTMENT OF SUPPLY CHAIN & INFORMATION SYSTEMS

An Analysis of Influencer Marketing and Supply Chains

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SPRING 2024

A thesis
submitted in partial fulfillment
of the requirements
for a baccalaureate degree
in Supply Chain and Information Systems
with honors in Supply Chain and Information Systems

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ABSTRACT

Social media has continued to sway consumer purchasing decisions as it grows on various platforms. When there is a change in consumer purchasing decisions, the supply chain is affected as a result of this. The growth of social media has caused the rise of influencers, who have the power to convince consumers to buy certain products. The platforms of TikTok, Instagram, and Pinterest have served as a vehicle for influencers to post promotional marketing material about products for brands that they are partnering with. As a result, product demand fluctuates, which causes unknowns in inventory management and the supply chain. Supply chain managers need to be adaptable in their strategies for planning and demand forecasting. The purpose of this thesis is to give recommendations to businesses for how to best handle the impacts that paid influencers will have on inventory management and the supply chain.

The research will consist of an in-depth background section pulled from outside sources due to the information being current. Case studies and an interview will also be used to illustrate certain examples of influencers posts, consumer reactions, and the resulting impact on the supply chain.

The research revealed that the type of campaign, the social media platform used, the popularity of the influencer, and the timing all play a role in how a business should prepare for the launch of an influencer marketing campaign. Measuring sales lift and ensuring the marketed product is on time and in full is key for influencer marketing campaigns that target specific products in the promotion. On the other hand, influencer marketing campaigns that target brand awareness have an impact on inventory and demand. However, it is more challenging to directly tie this to one event. In this case, attaining increased mindshare of consumers will help to spur

the halo effect and a return on investment. Maintaining a strong relationship between the supplier and retailer, collaborating cross functionally, and broadening supply sources are ways for a business to prepare its supply chain for the impacts of influencer marketing campaigns. Additionally, identifying the target demographic will help give the business direction for managing inventory and demand. Overall, influencer marketing will continue to impact inventory management and the supply chain, so identifying effective steps businesses can take to prepare for this will set them up for success in the future.

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ACKNOWLEDGEMENTS

I would like to thank the Smeal College of Business and the Schreyer Honors College for providing me with academic knowledge, extracurricular opportunities, research opportunities mentors, and friends. Attending Penn State is something that I will forever be grateful for because it has shaped me into the person that I am today. I would also like to thank Dr. Novack for all his guidance throughout my entire college career. He is the reason I am passionate about the field of supply chain management, and he has helped to prepare me academically, professionally, and personally for my career. His support through SCM 301H, SCM 404, Schreyer Honors Option projects, and my thesis has taught me valuable knowledge that I will use for the rest of my life. Thank you for always answering my many questions about business and life.

I would like to thank my family and friends for always motivating me to go after my dreams and aspirations. They have given me the support to achieve great things throughout college and my entire life. Thank you to my parents for always being there for me through everything. They encouraged me to apply to the Schreyer Honors College, and I am eternally grateful for that. Thank you to every single person that has been part of my college career because you led me to find my right path. I am beyond grateful for BTS, who gave me inspiration when I needed it most and showed me love every step of the way. Overall, I am thankful for every person that believed in me, which allowed me to finish a project of this magnitude.

Chapter 1

Introduction

Supply chain challenges have always been present, and there are new levels of challenge that are emerging due to the aftermath of the COVID-19 pandemic, inflation, geopolitical disputes, and weather issues. All of these challenges will affect the ability to acquire goods and how they reach their final destination. One specific challenge that will be increasingly relevant in 2024 is influencer marketing. Social media has been a significant factor in society for more than a decade. Influencer marketing is now treated as a regular type of online marketing. Influencer Marketing Hub reported that in 2022 influencer marketing grew to \$16.4 billion (Geysler, 2023). There are various social media platforms that influencers can utilize. This thesis will focus on TikTok, Instagram and Pinterest. Influencers have the power to sway consumer purchasing behavior, which creates a new set of obstacles for the supply chain.

TikTok has become largely popular since its launch in 2016, and it became even more relevant during the COVID-19 pandemic because millions of people downloaded it for entertainment. In 2023, TikTok reached over 1.6 billion registered users (Shewale, 2024). TikTok is an application used for sharing content in the form of short videos, and it is mainly used on mobile devices. When the user opens TikTok from their mobile device, content is refreshed each time the user opens the app. This keeps the user engaged because the user is getting exposed to new, short videos each time the application is in use. The user's interest also stays engaged due to the use of background music, filters, and other effects in the videos. Due to the high user engagement with the app, TikTok provides a solid platform for influencer

marketing, especially for a younger age demographic. Influencer marketing is wildly successful on TikTok because it resembles storytelling. An influencer has creative freedom to speak about their perspective on a certain product in a way that is different from a common advertisement (Geyser, 2024).

Instagram has similar characteristics to TikTok. However, there are distinct differences in how some of the content is shared. Instagram is primarily a photo sharing application, which allows users to share photos about their life with their followers. Instagram has added additional features such as stories and reels. Reels was created to compete with short videos on TikTok. Instagram has overall more users than TikTok with 2.4 billion users in 2023 (Shewale, 2024). The Instagram algorithm displays content from a user's followers, and there is also content from influencers and brands that the user might like based on their activity. Instagram is effective for influencer marketing because interaction with posts that feature products is high. TikTok has high interaction as well. However, it was found that Instagram has the highest interaction rate in comparison to other social media applications. An intriguing statistic to support this is that eighty percent of the brands that participate in influencer marketing utilize Instagram (Geyser, 2023).

The third platform that will be explored in this thesis is Pinterest. Pinterest is unique because its entire design is distinct from TikTok and Instagram. The first key difference of Pinterest is that it is comparable to a search engine. It is not largely follower based like Instagram and TikTok. On Pinterest, a user will search a topic, and a "board" of pictures on that topic is displayed as a result. If the user is pleased with the results of their search, then they can follow boards that they specifically searched and boards that are similar. One of the main goals of Pinterest is to serve as an inspiration source for people to find what they enjoy. Pinterest is essentially the reverse of TikTok and Instagram because the user puts (pins) pictures on a board,

and then they wait for others to interact with them. On TikTok and Instagram, the user is posting videos and pictures at a certain time for followers to see right away. Due to the unique nature of Pinterest, influencer marketing also takes a different form on this platform. For TikTok and Instagram, influencer marketing is mainly focused on who the influencer is that is promoting a product. The actual content is not as relevant as the following that the influencer has. In contrast, the content on Pinterest is the key part for influencer marketing because a high-caliber picture could be found months later from when it was originally posted to a board (Geysler, 2021).

Now this begs the question: how does influencer marketing impact supply chains? The promotion of products through influencer marketing on TikTok, Instagram, and Pinterest creates increased interest in the products that are being promoted, and consumer purchasing behavior is swayed. Consumers are more likely to purchase products that are being marketed because they feel there is a sense of trust and connection to what the influencer is promoting. This impacts both revenue and inventory of businesses. Most importantly, if a product becomes wildly popular because of influencer marketing, then the demand also explodes. This is a challenge for businesses because their supply chains are not adequately prepared to handle explosions in demand. This causes businesses to play catch up in their supply chains because they are trying to fulfill the increased demand for products. After businesses fulfill the demand for products promoted by influencer marketing, they face the challenge of how much inventory to order next.

The goal of this thesis is to examine the impact of paid influencers on inventory management policies on the platforms of TikTok, Instagram, and Pinterest and offer recommendations to businesses for how to best handle fluctuations in demand of products and other alterations that influencers cause in the supply chain.

The remainder of this thesis is structured as follows. The next section will cover background information on social media, influencers, Tik Tok examples, an Instagram example, a Pinterest example, sales lift, forecast error, and the bullwhip effect. After the background, the methodology & analysis will be discussed. Finally, the recommendations & conclusion will be covered.

Chapter 2

Background

Overview of Social Media and E-commerce

Social media and e-commerce have a close relationship with each other due to the nature of today's society. E-commerce is electronic commerce in which the buying and selling of goods occurs on the internet. E-commerce is easily accessible on multiple types of devices such as laptops, smartphones, and tablets. E-commerce is increasingly popular because it is fast and convenient, and it can be conducted from the comfort of people's own homes. There are various business models that e-commerce can operate under such as business to business, business to consumer, consumer to business, and consumer to consumer (Bloomenthal, 2024).

As more people engage in e-commerce, businesses are wanting to create captivating content for social media users on TikTok, Instagram, and Pinterest. By utilizing social media effectively there is improvement in marketing, purchase processes, and buyer interaction. In 2021, 91.9 percent of marketing professionals used social media in businesses with more than one hundred employees in the United States. Some examples of ways in which social media can benefit e-commerce are applying shoppable tags, livestreaming, reposting user-generated content (UGC), allowing customer reviews, and using social media targeting. To further explain, shoppable tags are a way for a social media user to purchase items by clicking on a tagged link in a post. Pinterest and Instagram are two platforms in which shoppable tags are prevalent, and there are other social media platforms that make use of them as well (Schaffer, 2023). One example of this is that people had increased home improvement projects during the Covid-19 pandemic because they were stuck in isolation at home. This ramped up the use of Pinterest

boards to gain inspiration for home projects such as setting up a home office or refurbishing a bathroom. The user searches key words that will reflect what they are looking for. The user can then click on a pin where items in the post will be tagged for the user to shop directly from (Fig. 1). This is advantageous because the user does not have to search all over the internet to find the specific products that they want.

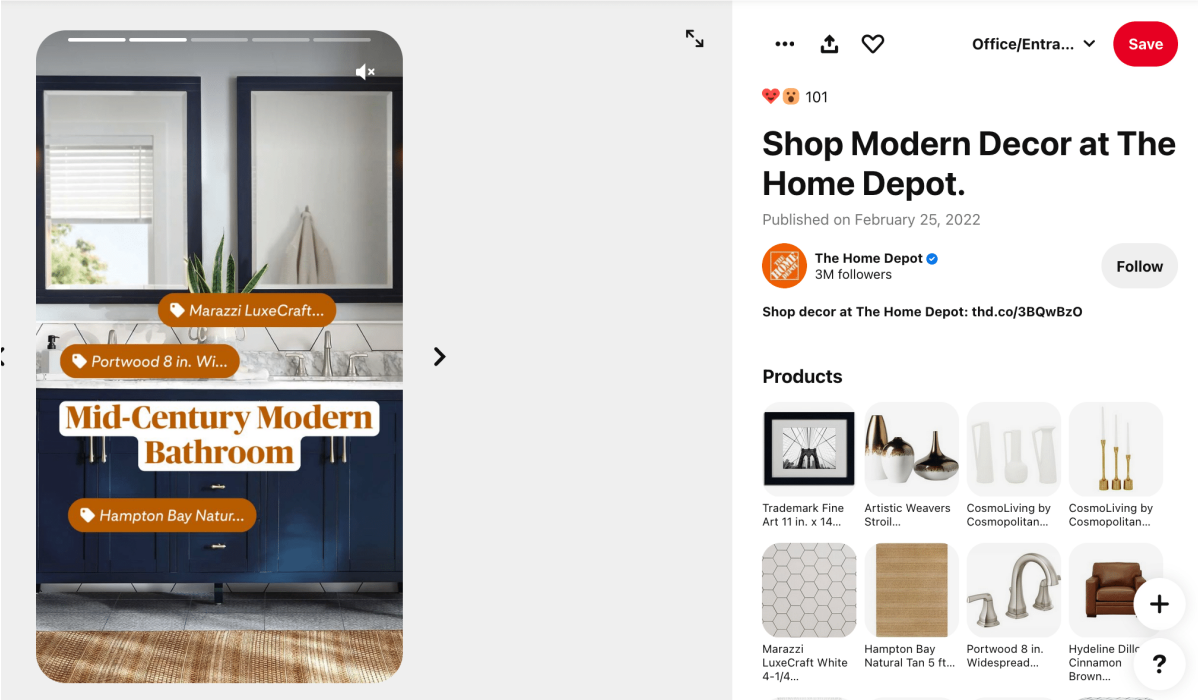


Figure 1: Shoppable Tags on Pinterest

In addition to shoppable tags, livestreaming is a way for influencers to showcase products to consumers on social media platforms. This allows consumers to feel realistic human presence while products are being promoted. Customer reviews are also beneficial to e-commerce because customers can get genuine feedback about a product from other people that have used it. Reviews are important to customers, and to exemplify this, ninety-two percent of consumers read reviews before buying a product (Schaffer, 2023). It is apparent that social media and e-

commerce have a connection, and this connection will continue to get stronger as advancements in technology and social media transpire.

Roles of Top Social Media Platforms

It is valuable to define social media in a broad sense. Social media allows users to share pictures, videos, ideas, and other forms of content through virtual platforms and networks. The original purpose of social media was to serve as a tool to connect with family and friends. However, social media has expanded to have different uses such as entertainment, buying and selling products, and sharing significant announcements (Dollarhide, 2023).

Social media can be grouped into different categories including interactive media, social networking, video sharing, photo sharing, and blogging. Two major interactive media examples are TikTok and Snapchat. Snapchat has many interactive features such as communicating with others through pictures and short videos. Filters, music, and text can be used when sharing pictures with others. There is the concept of snapchat stories where a user posts a picture or video for a twenty-four-hour period for all its followers to view. TikTok has similar interactive features some of which include sharing short videos, music, comments, and tagging shoppable links to products. Social networking social media platforms are some of the most traditional platforms. Facebook, LinkedIn, and Twitter are three examples of this. On these platforms, a user can connect and communicate with a specific person or a group of people. Facebook and LinkedIn have professional uses where a business can post updates, business hours, job openings, promotions, reviews, and products. This is a strategic marketing tactic for businesses to gain increased interest from consumers that use these platforms (Santiago, 2024).

YouTube and Vimeo exemplify major video sharing platforms. Video sharing platforms are significant for marketing professionals because video gives an effective return on investment (ROI). Videos are useful in marketing because product demos, instructions, and product testimonials can be covered. YouTube is typically for longer videos, while Vimeo has a range of short and long videos. YouTube is advantageous for advertisements because ads run before almost every video. On the other hand, Vimeo does not run ads before viewing a video. The main photo sharing platform is Pinterest. Instagram is also a photo sharing platform with short videos mixed in. Lastly, social media platforms used for blogging are Reddit and Tumblr. These platforms allow users to share posts about specific topics, politics, and current events. Blogging is helpful for users that want to get opinions on products and topics (Santiago, 2024).

Types of Influencers

As previously mentioned, influencer marketing is one of the leading forms of marketing due to its effectiveness and ease of accessibility. The ROI for influencer marketing is high. Influencers are broken down into groups by follower count and content. The four types of influencers based on followers are nano influencers, micro influencers, macro influencers, and mega influencers. Nano influencers have anywhere from 1,000 to 10,000 followers on their social media platforms. Their followers tend to be engaged with what they are posting, and the influencer will take the time to interact with their followers. Micro influencers have a following of somewhere between 10,000 and 100,000 people. Micro influencers can specialize in a certain kind of product, so brands can cultivate sponsorships with these influencers. Macro influencers fall into the category of having 100,000 to 1 million followers. Engagement can be lower for

macro influencers because the number of followers. However, macro influencers can bring recognition to brands that want to grow. Influencers that have over 1 million followers are mega influencers. Mega influencers usually have a large marketing budget and broad audiences. In addition to influencers that are categorized by follower count there are the influencers that are categorized by the content that they post about. Examples of some of the categories that influencers post about include fashion, beauty, photography, fitness, video games, and travel (Santora, 2024). Influencers are continuing to develop as time goes on, and they will continue discover innovative ways to persuade their audience to purchase products they are promoting.

Impacts of Influencers on Businesses

There is no hiding that various forms of social media advertisements are growing at rapid rates from year to year. In the United States in 2022, ad spending on social media was estimated to be over 173 billion dollars (McLachlan, 2023). Paid influencers fall under the umbrella of ad spending on social media. How will the accelerated growth of paid influencer marketing affect inventory management and the supply chain?

Shopping for clothes, shoes, beauty products, groceries, and home products is a common activity that people engage in regularly, and this will continue to happen due to the need for these products in people's everyday lives. However, there is a shift in how people approach recommendations for these products. During and after the Covid-19 pandemic, people started to turn to influencers for advice and reviews on products instead of searching for the help desk in stores. This allows businesses to reach a larger audience, and consumers can take advantage of online shopping. This new form of turning towards influencers for advice on products does come

with challenges that businesses face. Clothes, shoes, beauty products, and home products are often subject to promotions that coordinate with certain seasons. Businesses will utilize influencers to launch promotions during these seasons to increase sales and awareness of products. This is when a business can forecast for an increase in demand for the advertised products. There are also cases where an influencer impulsively gives a positive review for a product which causes an unplanned spike in demand for the product on the company website. This is made even easier for the consumer with shoppable links tagged in the influencer's post. If a business does not expect their demand for a specific product to increase rapidly, then this can result in missed sales for the business (Latham, 2022).

Forecasting is a challenge at all levels of the supply chain, and forecasts are almost always wrong. For inventory management policies, businesses can add additional stock-keeping units (SKUs) for products promoted by influencers to prepare their supply chain for the sudden spikes in demand. The use of previous sales data can be utilized as a starting point for creating accurate forecasts. In addition, continuous collaboration between the supply chain, marketing, and sales teams in the business are critical for making certain that influencer promotions are coordinating with the products in stock. Furthermore, outside factors make forecasting increasingly complex. Factors such as weather, high production costs, inflexibility, reduced productivity, and fuel shortages are some of the reasons why forecasting can be inaccurate. The business can run the risk of losing future customers when stockouts occur frequently because the customer could choose a competitor that can get the product to them quickly (Latham, 2022).

Another way that influencer marketing impacts businesses is that it has a good ROI. There is an average return of eighteen dollars for each dollar spent on influencer marketing (Lin, 2023). Measuring ROI can be a challenge that marketers face because ROI can be measured by

engagement, clicks, reach, or view. The way a business chooses to measure ROI depends on the goals of the business. Increased sales generation also results from successful influencer marketing campaigns, which is what business strive for. To illustrate this, fifty-six percent of customers bought a product after viewing an influencer using the product (Lin, 2023). Age and gender play a role in who is more easily persuaded by influencer marketing. Women and people between the ages of eighteen to forty-four are more likely to buy something marketed by an influencer. Influencers are forging a path for innovative marketing strategies that will continue to have newfound impacts on businesses.

TikTok Examples

There are various examples on TikTok of influencers that are paid to promote a specific product for a brand. While these brands are aware that specific products are being promoted by influencers, there is still difficulty in accurately forecasting how much of product they should have in stores and in stock. Brands ultimately want to be successful and sell as many of a product as they can. However, efficiently managing the supply chain to align with these goals can be challenging. One moment there may be a large spike in demand due to the influencer's promotions, and then, shortly after demand may dip. The key is for businesses to be prepared for fluctuations in demand and develop strong strategies for how to do this. An example of a brand that successfully uses influencer marketing is Gymshark. Gymshark has over 4.6 million followers on TikTok, and this number is continuing to grow. Gymshark is a fitness clothing brand that sells its products online. The target audience of Gymshark is younger people who are passionate about health and fitness. Gymshark is able to use influencer marketing to their

advantage by making use of ambassadors that are contracted with Gymshark. The ambassadors create social media content for Gymshark weekly and attend events. Additionally, Gymshark places an emphasis on long-term contracts with their ambassadors where the ambassadors promote exclusively Gymshark clothing. This has been successful because when consumers think of the ambassador, they also think of Gymshark. This has caused Gymshark to grow rapidly in their sales each year because the brand name is well-known on social media.

Consumers tend to trust ambassadors with long-term contracts more because the ambassador is choosing to only wear and promote Gymshark (Slosse, 2023). Gymshark takes a minimalistic approach to sales and promotions by only having two sales per year during Black Friday and the birthday of their brand. Due to the small number of sales, the marketing push for these two sales per year are huge (Lorincz, 2023). For the 2022 Black Friday sale, paid influencer Analis Cruz posted a TikTok promoting Gymshark's lounge wear and rest day outfits. Rest day outfits have an appeal to the Gymshark audience because the rest day outfits are meant for days when one chooses to rest from going to the gym or working out. This TikTok had 1.7 million views and 193.2 thousand likes (Fig. 2 & Fig. 3). This post drove consumers to the Gymshark Black Friday sale and increased the overall followers for the Gymshark TikTok account. Analis Cruz is an example of one Gymshark influencer, and there were many others that posted about the Black Friday sale on TikTok. As a result, various items on the Gymshark website sold out quickly. This shows the power of influencer marketing on TikTok in just one sale.

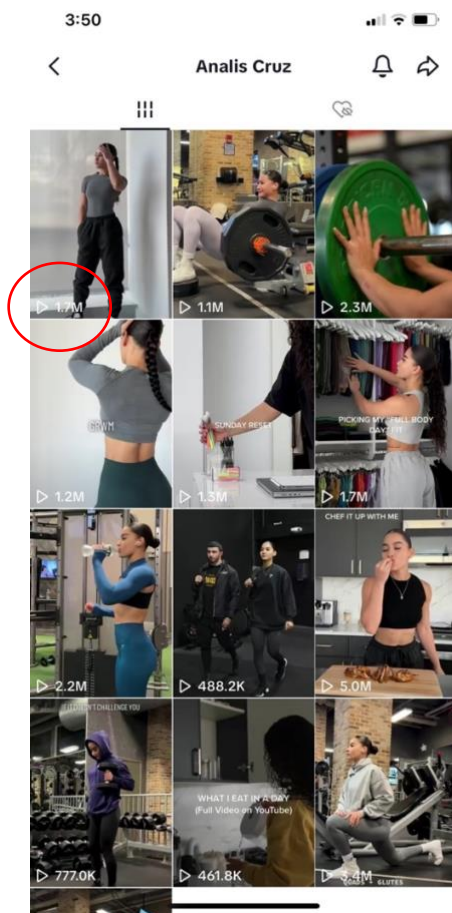


Figure 2: Number of Views on Analis's TikTok

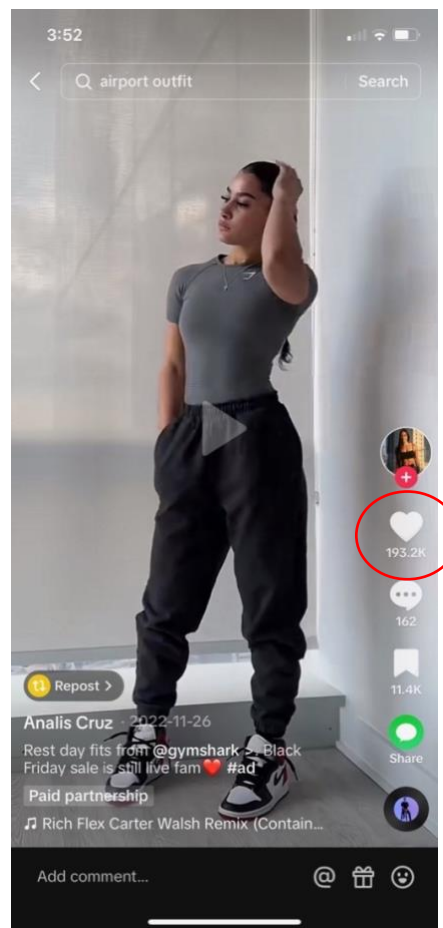


Figure 3: Gymshark Black Friday Sale TikTok

An additional example is when a paid influencer, Keke Palmer, partnered with UGG in September 2022. Keke Palmer is an actress and influencer with a large following on TikTok. She currently has 7.9 million followers on TikTok, and the number continues to grow. In her partnership with UGG, Palmer kicked off the #UGGSEASON campaign that was planned for the beginning of Fall 2022. Palmer helped to launch the campaign by posting a TikTok video explaining why she loves the UGG Brand. In the TikTok video, Palmer is wearing the Classic Ultra Mini Platform UGG boots. She explains that she plans on wearing UGG boots all Fall long

to various events (Lee, 2022). The TikTok video that Palmer posted has 11.9 million views and 561.6 thousand likes (Fig. 4 & Fig. 5). In addition to Palmer's TikTok, other influencers were also encouraged to share themselves wearing and styling UGG boots. Shortly after Palmer's TikTok and the launch of the campaign, the Classic Ultra Mini Platform UGG boots were stocked out everywhere in stores. The marketing on TikTok from Palmer and other influencers drove an increase in demand for the UGG brand, and in specific, the Classic Ultra Mini Platform UGG boots. To illustrate this, Nordstrom experienced a stockout in this style of UGG boots in Fall 2022. A retail associate for Nordstrom in New Jersey noticed that teenagers were rushing to the UGG section of the store, and then they would leave disappointed due to the stockout in Classic Ultra Mini Platform UGG boots. This also caused a secondary market to emerge where people were selling this style of UGG boots for a higher price compared to what they were listed on the UGG website. Nordstrom's executive vice president and general merchandise manager for shoes, Tacey Powers, said that customers were turning to other styles of UGG boots due to the stockout of the Classic Ultra Mini Platform UGG boots. She explained that for Fall 2023 Nordstrom would implement that strategy of stocking this style of UGG boots early in the summer of 2023 (Lieber, 2022). This example shows that influencer marketing pushes on TikTok can cause demand to be unpredictable for fashion items.

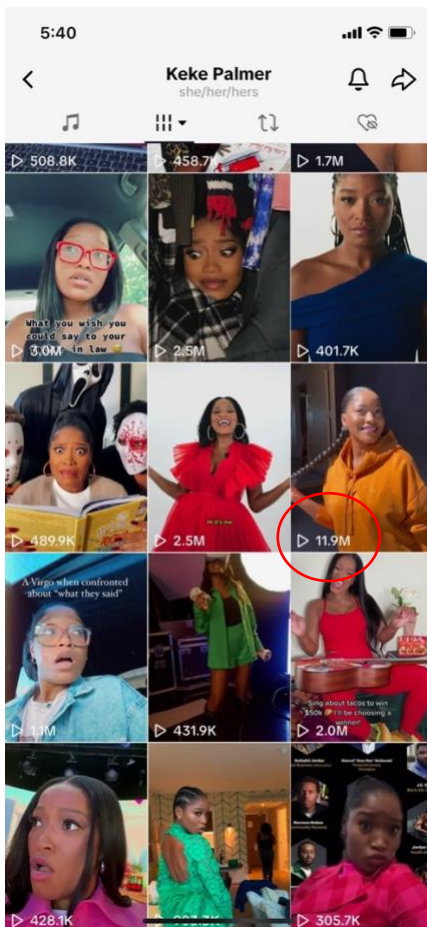


Figure 4: Number of Views on Keke's TikTok

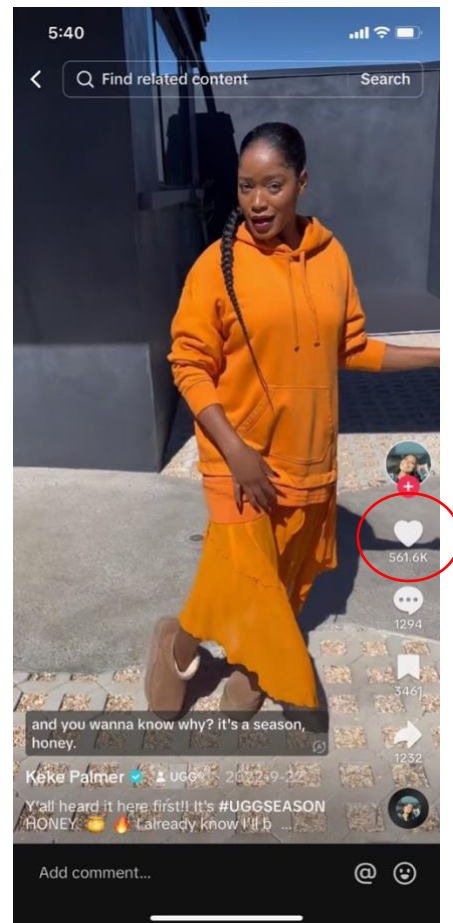


Figure 5: Keke's UGG Promotion TikTok

Instagram Example

An example of a company that is continuing to become increasingly popular due to the exposure of their products from influencers on Instagram is Lululemon. Lululemon has an affiliate program geared towards people involved with media, editorial publications, and blogging. The Lululemon Creator Network is meant for social media content creators and influencers. The

requirements to be in the Creator Network are that one must live in the United States or Canada, must have a minimum of 3,000 followers on a social media platform, and they cannot be a current employee of Lululemon. In addition, they must have a professional or creator account if Instagram is their main platform for posting (Malach, 2023). Two examples of influencers who are also part of the Lululemon Creator Network are Kristen Hollingshaus and Sydney Adams. Hollingshaus has 170,000 follows on Instagram, and she posts Instagram photos and reels about her favorite clothing items and accessories from Lululemon. In one of her recent posts from May 2023, she is wearing the Lululemon Align™ High-Rise Pant 25” and the Scuba Oversized Funnel-Neck Half Zip. This post has 4,555 likes (Fig. 6). These two Lululemon products both sell quickly, which can cause stockouts often in certain sizes and colors. As the number of influencers that have paid partnerships with Lululemon grows, brand awareness increases, and consumers are purchasing more Lululemon products. To illustrate this, there was a nineteen percent increase in total net revenue for Q3 of 2023 for Lululemon. Also, the CEO of Lululemon, Calvin McDonald, said that Black Friday 2023 was the single largest day in the history of the company (Safaya, 2023). In addition, Sydney Adams is another influencer who is part of the Lululemon Creator Network. She posts pictures and Instagram reels promoting Lululemon products. One of her posts from June of 2022 had over 24,000 likes (Fig. 7). With the increasing sales and popularity of Lululemon products, the supply chain must be resilient and agile. Lululemon utilizes suppliers in Southeast Asia and South Asia with a focus on ethical practices and high-caliber standards. The company places an emphasis on its direct-to-consumer channel because it allows products to be delivered quickly and on time. Lululemon is also exploring various forms of transportation and reducing its use of air freight (Daga, 2023). All these factors show how influencers promoting products is affecting the amount of inventory sold and product demand. As a result, the supply chain must adapt.



Figure 6: Kristen’s Instagram Post

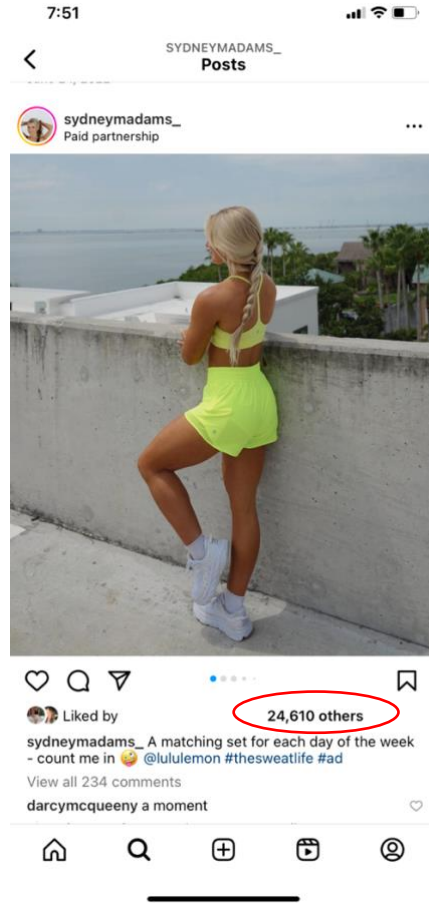


Figure 7: Sydney’s Instagram Post

Pinterest Example

Essie is a brand that was able to successfully launch a Pinterest campaign that led to increased sales. Essie had the goal of launching a seasonal campaign with nail polish colors that captures the essence of fall, back to school season, and the holidays. The 2022 Essie seasonal

campaign had the goal of increasing interest and awareness in the minds of consumers and increasing sales. Pinterest was the perfect platform for this campaign because its users search beauty tips and nail inspiration for upcoming seasons. Essie also had the strategy of launching the campaign in September to capture its audience's attention early in the fall season. Essie was able to make use of the Pinterest Trends tool to help seek out pertinent search trends for fall, back to school, and the holidays. This aided in the creation of ads in the campaign planning process. Essie crafted Idea ads for consumers who had already engaged with Essie before. The Idea ads were focused on nail design tutorials featuring the Essie nail polish colors in the designs, and these tutorials were based on trending search terms. Essie also partnered with influencers and content creators who generated these Idea ads. An example of this is Stephanie Stone. She created a pumpkin spice nail art tutorial for Pinterest with the Essie nail polish colors from the campaign (Fig. 8). This demonstrates the convincing nature that influencers and content creators have on their audience. The campaign had glowing results with a higher return on ad spend and sales from new customers being two times higher than expected. This demonstrates the impact that influencers and content creators were able to have on this Pinterest campaign due to their ability to sway the audience to purchase the product. Essie had a successful Pinterest campaign overall because they were able to generate sales and attract new customers (Pinterest Business, 2023). Pinterest campaigns involving influencers and content creators are continuing to gain more popularity. TikTok and Instagram are more heavily used by paid influencers, so these platforms have a greater impact on what happens to inventory levels of promoted products.

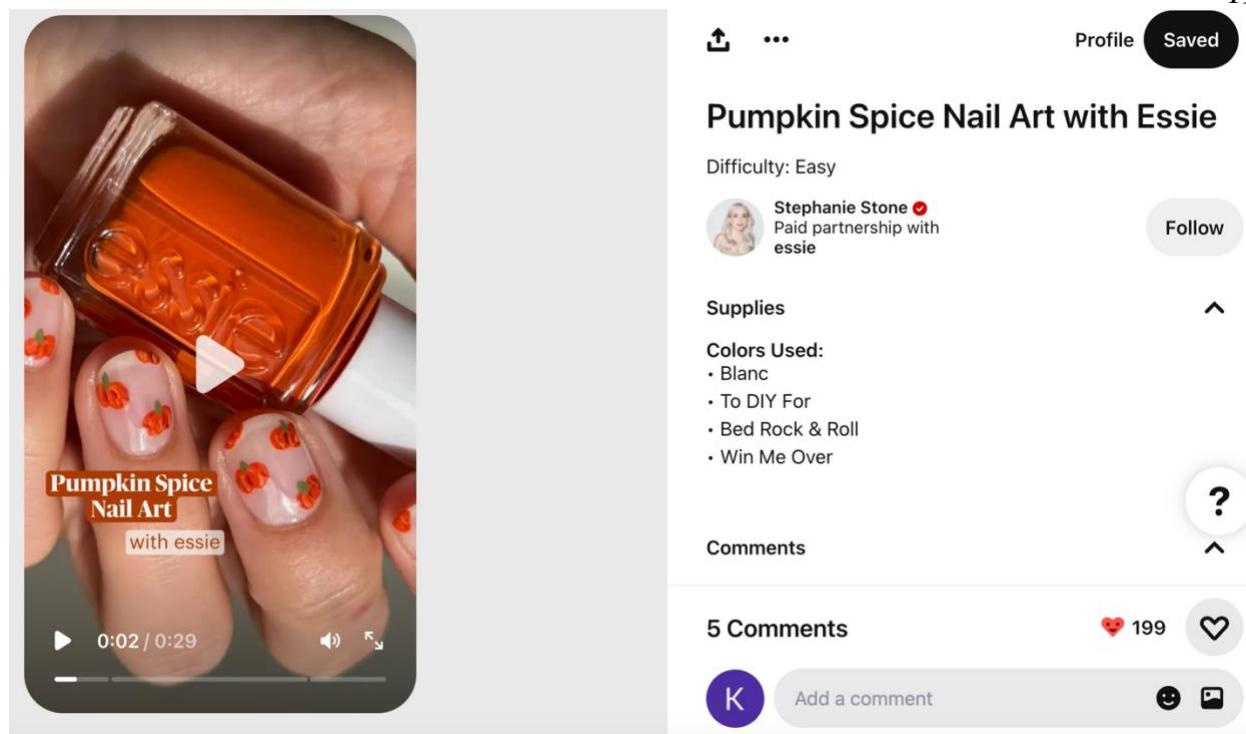


Figure 8: Stephanie's Nail Tutorial

Sales Lift: Metrics for Influencer Marketing Campaigns

Sales lift is an important topic to discuss because it relates directly to the actions of paid influencers on social media platforms. Sales lift is measuring how much sales increase when a brand launches a promotional campaign for a certain amount of time. This is compared to normal, everyday sales that occur without specific marketing promotions. When a company sees an increase in sales due to a specific promotional campaign, lift is created which allows the performance and effectiveness of the marketing efforts to be measured. If sales increase drastically due to certain marketing efforts, these efforts can be utilized in the future to drive sales for that brand (Indeed Editorial Team, 2022).

This raises the question of how can sales lift be measured in the context of influencer marketing and influencer campaigns? There are various key metrics for accurately tracking the

impact of influencer marketing on sales. The first key metric is conversion rate. This measures how many users interacted with an influencer's campaign and took action as a result. An example of action taken would be a user buying a product from the campaign. This is relevant because a company can analyze the audience's reaction to the influencer campaign and if that type of content will be successful in the future. This is essentially revealing what will drive users to make a purchasing decision. The second important metric is return on investment (ROI). This metric delves into the financial aspect of an influencer campaign. The total cost of the influencer campaign is considered, and it is compared to the revenue that the campaign creates. The analysis of this helps a company to determine if the campaign was financially worth it. The third metric is click-through rate (CTR). This measures how many users clicked on a link embedded in the influencer's campaign to see a company's website and additional products. If the CTR is strong, then this can create higher sales for the company (TIMA, 2023).

In addition to these key metrics, utilizing specific promo codes, links, and affiliate marketing platforms aide in tracking sales lift from influencer campaigns. When an influencer campaign is assigned a specific promo code or link, the company can accurately track which sales came from the influencer's campaign. The influencer's overall performance can be assessed for future campaigns. Affiliate marketing platforms are similar because they also serve to track sales created by influencer campaigns (TIMA, 2023).

Another thing to consider is sales lift in the context of brick-and-mortar stores versus online shopping. If an influencer's campaign is promoted through the social media platforms of TikTok, Instagram, and Pinterest, this can cause e-commerce sales to increase. In some cases, this could increase sales in brick-and-mortar stores as well depending on the product and company. This impacts inventory management policies because a company must forecast and be

prepared for a potential rapid increase in demand for the products promoted in the influencer's campaign.

Forecast Error

When forecasting inventory levels of a product for the next year or season, it is extremely difficult to forecast the exact amount of inventory that is needed. Forecast error is common even for professionals in demand planning and forecasting. Forecast error is when the actual demand for a product is different than what was forecasted. Risks and business impact increases when there is a great disparity between these two numbers. There are two major outcomes that can result from forecast error. These outcomes are stocking out of inventory or overstocking inventory. When inventory is overstocked, inventory holding costs increase, which can be expensive for a business. After a period of time, inventory could also become obsolete. When a business experiences a stockout, they experience potentially losing the business of multiple customers. Another potential result is an increase in lead time for backordered products (Blue Ridge, 2023).

Forecast error is typical for any business that produces a product with consumer demand. Adding influencer marketing campaigns into the mix creates an elevated challenge for demand planning and forecasting. Numerous factors can come into play when determining if an influencer marketing campaign will be successful such as target market, influencer's number of followers, price of the product, and current trends. From an inventory management perspective, demand planning and forecasting professionals have to take into consideration if more SKUs should be added or if more of one SKU should be ordered. Constant communication with sales and

marketing teams is key to make certain that an adequate amount of stock is being forecasted and aligns with products being featured in influencer marketing campaigns (Latham, 2022).

Bullwhip Effect

The bullwhip effect is when there are small-scale shifts in demand at the retail level of the supply chain, and it has a large effect when moving back through the supply chain from the retail end to the raw materials end. This can lead to the retailer increasing the amount of inventory it is ordering from the wholesaler due to the alteration of demand that happened or is forecasted to happen. An example of this is that the demand for snow shovels increases when it snows. This could cause the snow shovel retailer to acknowledge an increase in demand, and as a result, they inform the wholesaler to increase the order size of snow shovels from the manufacturer. The impact continues because the manufacturer will up its production amount as well. This effect can go on to the raw materials level (Reiff, 2023). When this effect builds up over time, it can have massive impacts on the supply chain of a business (Fig. 9).

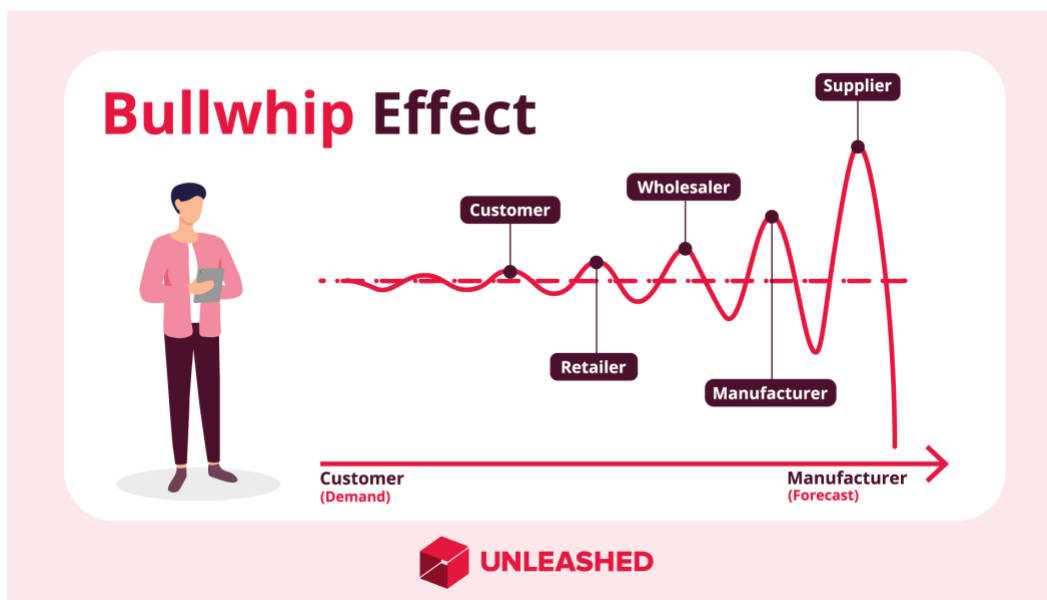


Figure 9: Bullwhip Effect

When looking at paid influencer campaigns on TikTok, Instagram, and Pinterest, the bullwhip effect has the possibility to impact inventory management strategies. When these influencer campaigns are launched on social media platforms, it is difficult to gauge the success of the campaign. If the campaign is wildly successful and demand increases exponentially for a product, the retailer could increase the order quantity from the wholesaler. This could be the onset of the bullwhip effect. This has the potential to cause issues in the supply chain if the increased demand for these products in the influencer campaign are not sustained. On the other hand, demand can be sustained which makes a prolonged increase in order quantity practical for the supply chain. This can be tied back to the UGG example on TikTok. When the UGG campaign with Palmer and other influencers was launched, there was no exact way to measure how much the campaign would cause demand to increase and for how long the increase would be sustained. In the case of the UGG boots, demand did continue to be at an increased level as consumers were influenced to continuing purchasing.

To summarize the topics covered in the background section, first an overview of social media platforms and e-commerce was explained to provide context. Next, influencers and their impacts on businesses were discussed. This information has the purpose of giving a deeper understanding of the rise of influencers and why this is important going forward. Then, examples of influencer marketing on TikTok, Instagram, and Pinterest are given. Lastly, sales lift, forecast error, and the bullwhip effect are expanded upon to show how influencer marketing can affect the supply chain and inventory management.

Chapter 3

Methodology & Analysis

This thesis is largely focused on modern topics and occurrences within the social media and supply chain space. Due to this, research stemming from case studies and publicly available information seemed to be most useful. Since this information is newly recent or current, it will lead to more valuable recommendations and conclusions. The use of various paid influencer marketing campaign examples on the platforms of TikTok and Instagram will help to serve the purpose of evaluating the increases or decreases in product demand, brand awareness, and revenue generation.

The research starts with an in-depth background section that dissects e-commerce, social media platforms, influencers, and specific examples of paid influencer marketing. This is then connected to supply chain impacts including an explanation of sales lift, forecast error, and the bullwhip effect. A variety of outside sources were utilized to provide pertinent background information that elaborates on the material from the case studies. The citations for the sources included in the background section are in the bibliography. After the background section, the case studies dive into the impact that paid influencer marketing campaigns have on inventory management and the supply chain. The case studies also analyze technologies that are being implemented to improve demand forecasting. In addition, there is supplemental information gathered from an interview with an industry professional at a large clothing manufacturer. The information collected in this interview is meant to enhance the information from the case studies. The information shared from the interview is limited due to confidentiality reasons. There is a sample interview guide in the appendix with questions that were discussed with the interviewee. This sparked a conversation about more details surrounding the questions. The connection

between the type of influencer marketing campaign, brand awareness, and sales lift was described. The interview helped to provide a deeper understanding of how the type of influencer marketing campaign causes the business to have different strategies for handling demand. This interview also revealed the close relationship that marketing and supply chain have in a business.

From the research in the background section, case studies, and interview with an industry professional, conclusions and recommendations were able to be made for other companies that will be experiencing fluctuations in demand from influencer marketing campaigns in the future.

Case Study: Levi's Influencer Marketing Strategy

Levi's is part of Levi Strauss & Co., and this brand is a prime example of the importance of innovation in marketing strategy. Levi's has continued to shape and change its product vision for the better since its creation in the 1870s. One way Levi's was able to do this was by leveraging the use of TikTok when other competitor brands were skeptical. This was a big win for Levi's because their customer base spans across various ages. Levi's use of TikTok started during the Covid-19 pandemic in 2020 when people were generally shopping less due to the lockdown mandates. It started with testing ads on TikTok, and then, it expanded by enabling the shop now buttons on their platform. This allowed viewers to purchase Levi's products directly from the links on TikTok. In addition, Levi's started to partner with influencers on TikTok and Instagram (Cucu, 2023).

As the world was starting to come out of the challenging time of the Covid-19 pandemic, Levi's wanted to continue to increase brand awareness and shed light on sustainability. In April of 2021, Levi's launched the "Buy Better, Wear Longer" paid influencer marketing campaign. One of the goals of the campaign was to encourage consumers to be more intentional about clothing consumption because Levi's products are meant to last for years. Over the last twenty years, consumers are buying clothing more frequently, and as a result, getting rid of clothing more frequently. This Levi's campaign aims to give consumers the push to take care of their garments and lengthen their life (Unzipped Staff, 2021). The activists and influencers that Levi's partnered with for this campaign were Xiye Bastida, Marcus Rashford, Melati Wijsen, Jaden Smith, Xiuhtezcatl, and Emma Chamberlain. It is also important to point out that this campaign was primarily targeted at Generation Z, which corresponds to a large percentage of the audience on TikTok and Instagram. Levi's started to post on its main TikTok and Instagram accounts as well with the hashtag #buybetterwearlonger (Fig. 10 & Fig. 11).

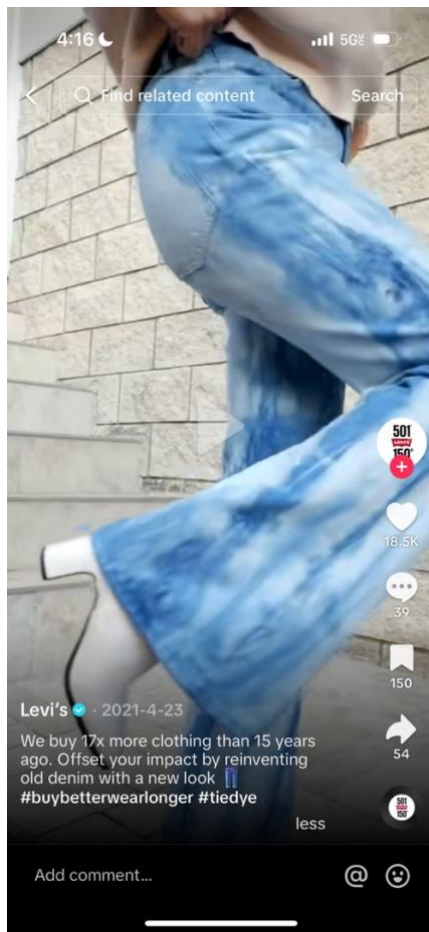


Figure 10: “Buy Better, Wear Longer” TikTok



Figure 11: “Buy Better, Wear Longer” Instagram

The message of the campaign was well received by consumers, and it was overall proving to be successful. Consequently, Levi’s launched the “Buy Better, Wear Longer” campaign for a second year in 2022. Karen Riley-Grant was the chief marketing officer for Levi’s in 2021 and 2022, and she wanted the brand to emphasize both sustainability and TikTok as a vehicle for marketing. She explains that being intentional about the type of content posted on each social media platform is key. She shares that in the last ten years, the “Buy Better, Wear Longer” campaign was the highest-scoring piece of copy for the target audience. This caused brand equity to increase with this audience (Faull, 2023).

The success of the “Buy Better, Wear Longer” campaign and influencer marketing on Levi’s social media platforms caused the brand to continue to partner with influencers. In May 2022, Levi’s launched another campaign in anticipation of the 150th anniversary of the 501 jeans. This campaign was called “Levi’s 501: The Number That Changed Everything”, and Levi’s partnered with five influencers and visionaries. These include Marcus Rashford, Peggy Gou, Hailey Bieber, Barbie Ferreira, and A\$AP Nast (Velasquez, 2022). In tandem with this, influencer, Emma Chamberlain was posting on her personal Instagram account and being featured on Levi’s TikTok account. With a following of over fifteen million on her Instagram, Chamberlain was increasing brand exposure to a younger audience and increasing sales for the brand. She was featured on the main Levi’s TikTok in May 2022 around the time when the “Levi’s 501: The Number That Changed Everything” campaign was launched (Fig. 12). She also posted on her personal Instagram account in August 2022 promoting the style of baggy dad jeans, and this post has 1.1 million likes (Fig. 13).

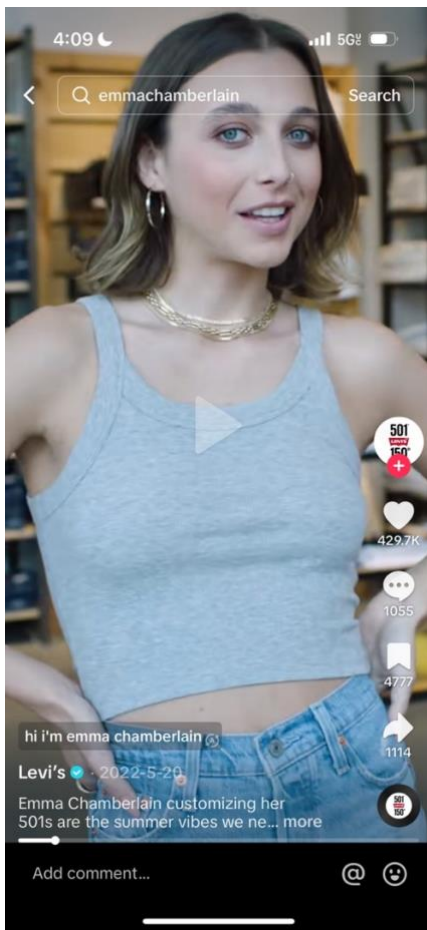


Figure 12: Emma on Levi's TikTok

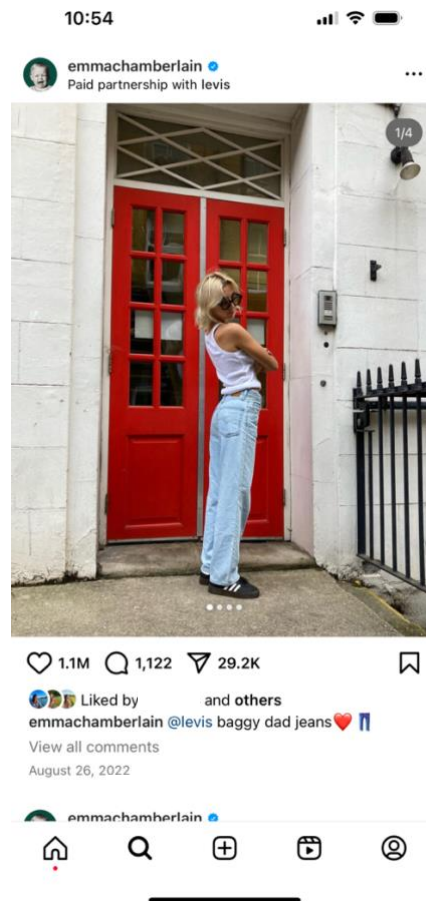


Figure 13: Emma Promoting Levi's on Instagram

The common trend here is that Levi's utilizes influencer marketing to increase brand awareness in younger ages, increase awareness for conscious consumption, and increase product sales overall. Levi's continues to put effort into adapting its marketing and content strategy to what viewers want to see. However, it is no secret that the retail industry was largely affected by the Covid-19 pandemic starting in 2020. Another common trend around this time in the retail industry was supply chain issues due to lockdowns across the world. The annual revenue for Levi Strauss & Co. in 2020 was \$4.453 billion, and compared to 2019, this is a 22.74 percent decline in annual revenue. As the company went into 2021, the goal was to return to pre-

pandemic sales. A large part of this initiative was the digital innovations, greater demand for denim, increased pricing, and influencer marketing campaigns. These proved to be successful as the annual revenue for 2021 was \$5.764 billion. From 2020, this is a 29.45 percent increase. This increase continued for 2022 because the annual revenue was \$6.169 billion (Macrotrends, 2023).

It is clear there was an increase in revenue from 2020-2022. There are several variables that led to this increase in annual revenue, and influencer marketing campaigns was one of them. How do influencer marketing campaigns impact consumer demand for Levi's products and what are the effects on the supply chain? Specifically at the beginning of the pandemic, the chief operating officer of Levi Strauss, Liz O'Neill, explained that the company was able to depend on and communicate with its supply chain partners to overcome the issues that the pandemic created. The longstanding relationships that Levi's has built with its vendors over the last ten plus years helped to establish trust, and this made the process of coming up with solutions for the supply chain disruptions easier. Levi's wanted to ensure that it was maintaining relationships with its suppliers by utilizing all the raw materials they had ordered and by paying for orders in full. This was not easy due to the demand being very low during the beginning of the pandemic, and then, demand increased from e-commerce and influencer marketing pushes. As mentioned previously, forecasting demand is extremely difficult, so having the correct supply is also a challenge. For Levi's, they are heavily reliant on a large supply of cotton for their products, so they started to seek other materials for their products due to cotton sourcing challenges. Levi's wanted to be able to deliver for its wholesale customers. Maintaining this view of the retailer and supplier being partners is crucial for overcoming external challenges that cause changes in demand. If the supplier wants the same level of success for the product as the retailer does, then large pivots can be done together. At the end of the day, the retailer will not have anything to sell

if the supplier fails to supply the materials needed. The pandemic caused Levi's to get creative, which led to change, and as shifts in the market will be ever present, change is necessary (Anderson, 2021).

Additionally, during the time of influencer marketing campaigns and the pandemic, Levi's was embracing the idea of digitization of various processes in the end-to-end value chain, which impacts the supply chain. One powerful move on Levi's part was the introduction of artificial intelligence and machine learning in their forecasting process (Anderson, 2021). These technologies serve two main purposes of deciding assortments for stores and letting customers upload pictures of well-liked products to the website. Products that are similar will pop up on the screen to give the customer options of other things they may like. Levi's also uses AI to help with financial predictions (Bora, 2022).

The various influencer marketing campaigns that Levi's introduced in 2021 and 2022 dramatically increased the amount of product views, and therefore, increased sales. This is the challenging part of inventory management because the choice of how much product inventory is ordered next must be made. In 2020, inventory levels were lower due to the pandemic and less shopping occurring. In 2021, the "Buy Better, Wear Longer" campaign was launched, and Levi's was trying to rebound from the pandemic slump. The inventory level remained lower in 2021. As pandemic aftereffects were clearing up and people were shopping more in 2022, Levi's continued to release campaigns and partner with influencers. In the third quarter of 2022, there was inventory growth of forty-three percent. A portion of this inventory increase was from orders that Levi's put in early to avoid facing supply chain disruptions. As the influencer campaigns were continuing, this early order of inventory could have been to anticipate product demand staying high. However, the demand was not correctly predicted because Levi's was left

with a surge of inventory. To manage this excess inventory, Levi's initiated markdowns and lowered the inventory order quantity for the rest of 2022 and into 2023 (Howland, 2022). In 2023, Levi's was working hard to get the inventory levels under control and to a point where they could be more easily managed. Levi's was not alone in this because other retailers experienced bare shelves in 2020 and 2021, and then, too much inventory in 2022 and 2023. Along with the push in their influencer marketing, denim was becoming trendy again after the pandemic because people were working from home more and dressing more casually when going into the office.

From an outside view, Levi's is an innovative brand that continues to try to connect with an audience of all ages through new marketing methods and products. Their launch into influencer marketing campaigns on TikTok and Instagram increased brand awareness and demand for products. Annual revenue did grow for the brand from 2020- 2022. However, there were inventory management issues and supply chain challenges. Levi's prioritizes maintaining good relationships with their suppliers and regularly assessing their inventory levels, which aided in improving inventory management tactics post pandemic.

Case Study: American Eagle Outfitters Influencer Marketing Strategy

American Eagle Outfitters (AEO) started in 1977, and its brands include American Eagle, Aerie, OFFLINE, Todd Snyder, and Unsubscribed. OFFLINE is by Aerie. The brands apart of AEO knew that in order to remain competitive against other brands, social media use in

marketing was crucial. American Eagle, Aerie, and OFFLINE are the brands that are popular among a younger target market spanning from the ages of 15-25. American Eagle and Aerie use various social media platforms including Instagram, TikTok, Snapchat, BeReal, and others. One goal of American Eagle and Aerie's social media presence is to project the message that customers can be their true authentic selves. Starting in 2020, their influencer marketing started to increase heavily. The first example of this is a paid campaign with Addison Rae in 2020 during the back-to-school season. Rae has 88.6 million followers on TikTok, and she wore American Eagle products for many years prior to the campaign. This was a motivating factor for the campaign because she truly liked American Eagle products. In the heat of the pandemic, this campaign served to bring attention to American Eagle products encouraging consumers to shop online. Tietjen stated, "Rae generated \$4.26 million in Media Impact Value for American Eagle over a six-month period, according to a new Launchmetrics report. The report found that the average MIV per post was nearly \$7,000 across 618 publications" (Tietjen, 2020). She posted on both TikTok and Instagram for this campaign (Fig. 14 & Fig. 15).

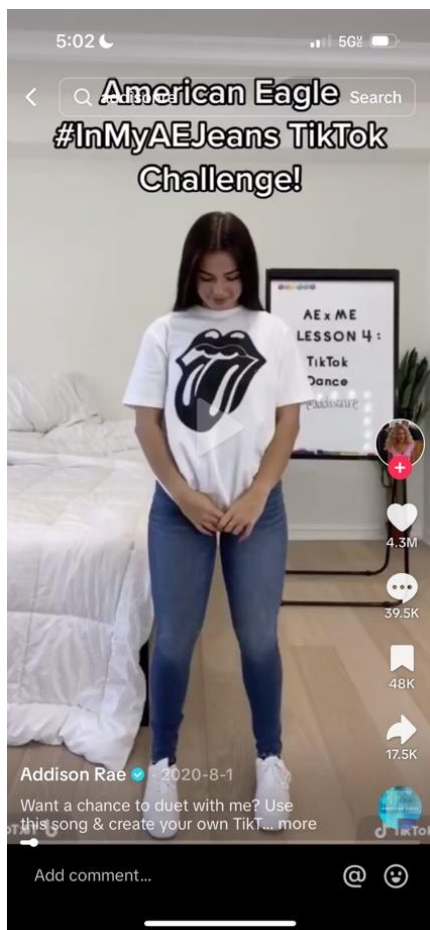


Figure 14: Addison's Post on TikTok



Figure 15: Addison's Post on Instagram

Another influencer marketing campaign that was released in the spring of 2021 was the “Jeans Are Forever” campaign with Chase Stokes and Madison Bailey. This campaign was meant to capture what a denim lifestyle looks like, and it was meant to be uplifting and positive for consumers, which reflects the personalities of Stokes and Bailey. Stokes and Bailey are main characters in the television show *Outer Banks*. This show was first released on April 15, 2020, during the beginning of the pandemic, and it quickly became very popular. As the show became

widely watched, Stokes and Bailey gained a following on Instagram and TikTok (Owens, 2021).

American Eagle also posted on their TikTok account for this campaign (Fig. 16 & Fig. 17).

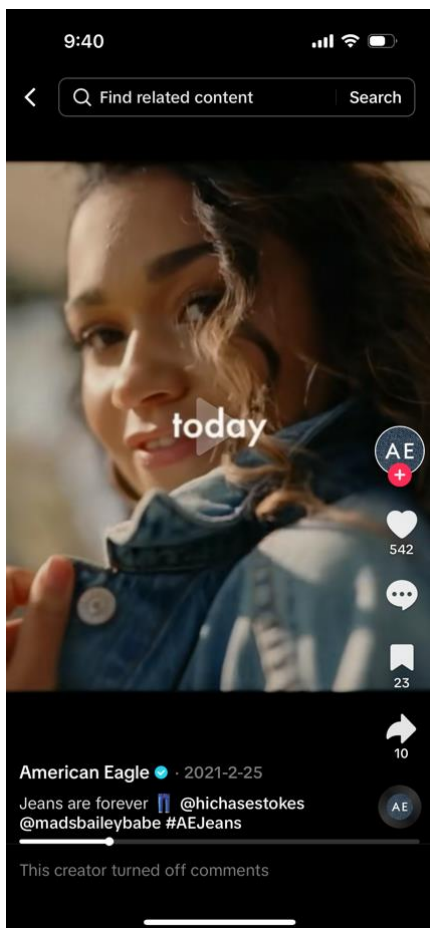


Figure 16: American Eagle TikTok Post

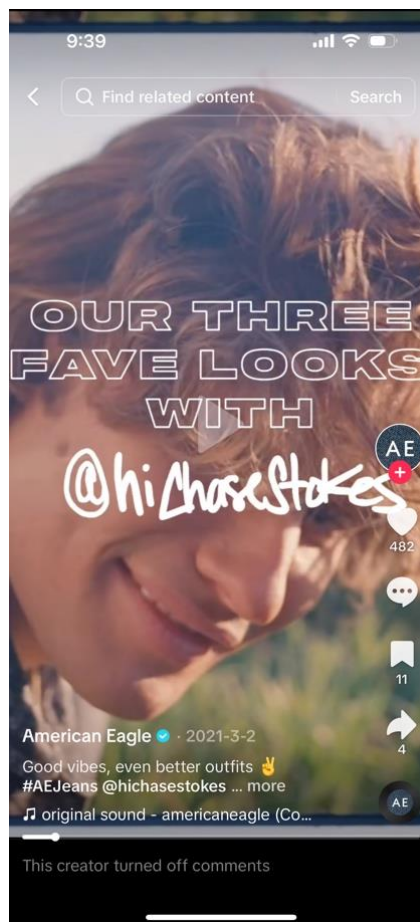


Figure 17: American Eagle TikTok Post

The influencer marketing campaigns did not stop there. American Eagle released another campaign in the summer of 2023 featuring Lola Tung, Christopher Briney, and Gavin Casalegno from the show *The Summer I Turned Pretty*. This campaign also included the “AE + The Summer I Turned Pretty” clothing collection, which is available on Amazon and American Eagle.

Customers also have the option to shop this collection while the episodes from season two are

playing through the X-ray tool on Prime Video (Margulis, 2023). The social media posts on Instagram and TikTok for this campaign performed well, and it seemed to resonate with generation Z. One post that has high engagement on Instagram is on Tung's account (Fig. 18).

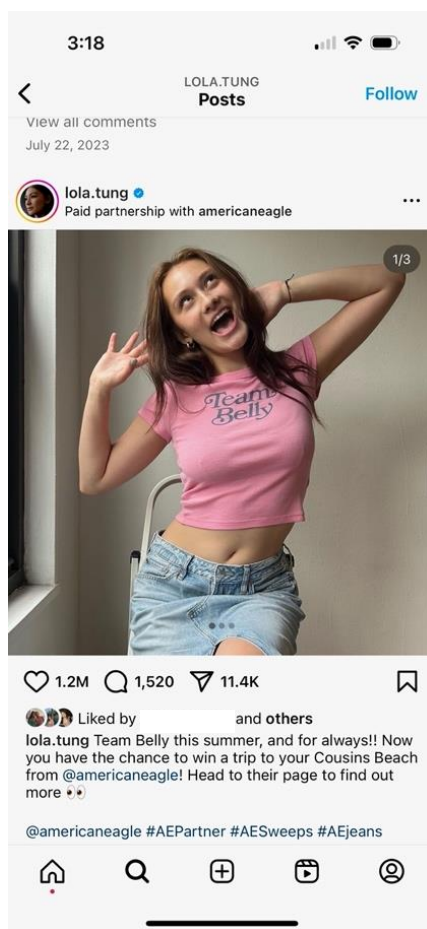


Figure 18: Lola's Instagram Post

In July 2023, Maddie and Kenzie Ziegler released a campaign right in time for back-to-school season. The “AE + Maddie & Kenzie” collection is inspired by ‘90s style clothing, and the goal of this campaign was also to connect with a generation Z audience. Maddie and Kenzie Ziegler first became popular when they were young children on the show *Dance Moms*, and they

have done other singing and acting projects in the last couple of years. Their presence on social media is large with Maddie having 6.2 million followers and Kenzie having 23.5 million followers on TikTok. Kenzie posted on her TikTok account several times during the campaign to increase awareness from social media users (Fig. 19). Additionally, the hopes of the campaign were to drive sales for the back-to-school season (Margulis, 2023).

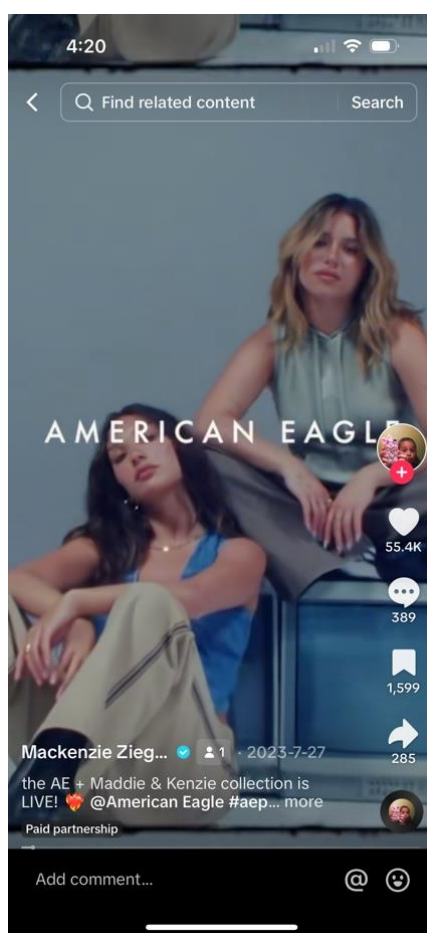


Figure 19: Kenzie's TikTok Post

In tandem with American Eagle's structured influencer marketing campaigns, the brand also partners with influencers to promote current product releases for each season. Two examples of

influencers that have done this are Olivia Dunne and Alix Earle. These two have done various posts on their Instagram and TikTok accounts promoting American Eagle products. Dunne is a gymnast at Louisiana State University, and she has promoted American Eagle products since 2021 (Fig. 20). Earle is a media personality with 6.4 million followers on TikTok, and she has posted about American Eagle products since 2022 (Fig. 21). These influencers and many others have increased product exposure and increased product sales for American Eagle. However, American Eagle's inventory management and supply chain has been challenged because of this.

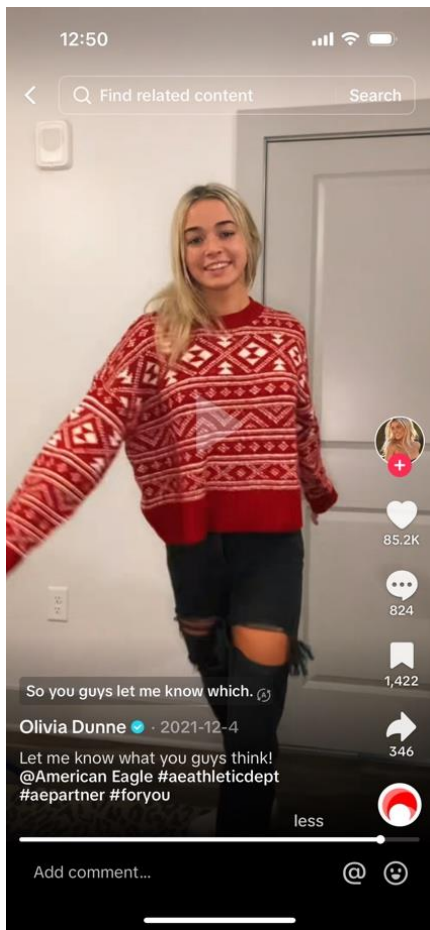


Figure 20: Olivia's TikTok Post

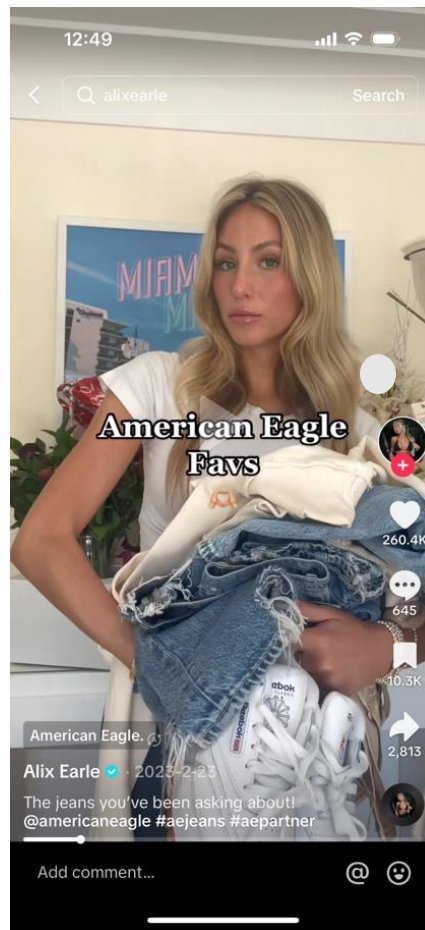


Figure 21: Alix's TikTok Post

To provide numbers to AEO's annual revenue, in 2020 the annual revenue was \$4.308 billion. The annual revenue dropped to \$3.759 billion in 2021. In 2022, it was \$5.011 billion. Finally in 2023, the annual revenue was \$4.990 billion (WSJ Markets, 2024). These annual revenue numbers show that there has been some fluctuation from 2020- 2023. There are many things that could have caused this such as the economy, inflation, customer preferences, and the unknown impact of influencer marketing on demand. Starting in 2020 when American Eagle did the campaign with Rae, jeans were flying off the shelves quickly, and this shows that even during the pandemic consumers were finding a way to shop. At the beginning of the pandemic,

sales were slower due to lockdowns. AEO hoped to increase demand with influencer marketing and more shopping done online. The “Jeans Are Forever” campaign, collaboration with Rae, and efforts from other influencers paid off because demand was increasingly exceptionally from 2020 to 2021. However, the increased demand caused inventory forecasts to be inaccurate for 2022 because AEO had a large excess of inventory, and they had to create a plan of what to do with it. A large amount of their excess inventory was summer and spring products, so they introduced markdowns on leggings, shorts, and other products. Introducing markdowns was not ideal, but it was needed to clear out the high amount of product. There were external factors affecting AEO’s performance as well, and this included things like higher transportation costs. This impacted distribution centers because storing the excess product caused them to be closer to capacity. This ultimately increases inventory holding costs. After this bloat of inventory, AEO wanted to improve inventory forecasts to have a more accurate assortment of product for the end of 2022 and 2023 (Barkho, 2022).

To keep up with these increases and drops in demand that come with influencer marketing campaigns, AEO worked to revamp its fulfillment and supply chain strategy. AEO was focusing mainly on its e-commerce sales during the early parts of the pandemic as this was the only way customers could receive products. At the end of 2020, AEO worked on implementing distribution nodes right outside of large cities such as Boston, Chicago, and Los Angeles. The goal of this was to ensure that customers would get their order quickly and on-time. With the unpredictability of influencer marketing campaigns, these distribution nodes allow inventory to be ready to meet consumer demand and shipments can be consolidated, which is more cost effective. The nodes are also good for decreasing the chance of setbacks from supply chain disruptions because products

are no longer being shipped from only two distribution centers. Overall, this is helping AEO to get its products available and in stock for its consumers as fast as possible (Stone, 2021).

Another improvement that AEO is implementing to combat the volatility of consumer demand is introducing artificial intelligence to help with inventory management and keeping accurate stock counts. The AI tool started being tested in various American Eagle stores in late 2022, and the tool was a success for giving insight about the placement and availability of inventory. This tool has aided in predicting inventory counts for retail seasons, and it has led to less excess inventory and less markdowns. This is great because it will allow American Eagle to focus on products that are in high demand. Other retail companies are seeing the importance of accurate inventory forecasts, so many are investing into AI and demand forecasting tools (Unglesbee, 2023).

With everything considered, it is clear influencer marketing campaigns, supply chain disruptions, and economic factors all have an effect on inventory management. Especially analyzing the years during the pandemic and post pandemic, AEO introduced stronger influencer marketing efforts to increase sales in a time of uncertainty for the retail industry. Influencer marketing can cause demand to be unknown, which causes inaccuracies in inventory forecasts leading to too much inventory or not enough. AEO was able to combat this by introducing a new AI inventory management tool and by making improvements to its supply chain. Additionally, a greater focus on e-commerce helped AEO to continue to be successful.

Analysis

Another topic that needs to be discussed in conjunction with the case studies is demographic. When considering television commercials versus influencer marketing, these two things essentially have the same purpose. The purpose is to increase brand awareness for a business, promote products, and increase sales. One main difference is the demographic that is targeted. The amount of people who watch cable television has fallen drastically in the last couple of years. The baby boomer generation is the largest audience that still watches cable television on a regular basis. However, young adults typically turn to streaming services and the internet for shows, movies, and entertainment (Keegan, 2023). This means that the target demographic for cable television commercials is mostly geared towards an older population. Influencer marketing has a completely different target demographic due to social media users being younger in age. Generation Z is the age group that is persuaded the most by paid influencer marketing efforts. Influencers are a main vehicle for product discovery in this age group (Dopson, 2023). The baby boomer generation is not well reached by influencer marketing efforts. This information is important because it shows why businesses have different marketing strategies to reach various demographics.

The payment structure of television commercials and influencer marketing campaigns is different as well. For a cable television commercial, a business will pay for a specific length of time, specific network, and specific time of day. Influencers have various payment methods. An influencer can be paid a certain amount of money to post promotional material for the length of a campaign, or they can also be paid for each post. Also, an influencer could be in a partnership with a business, and commission payments could make more sense in this case. This shows the contrasts in the payment structure for television commercials and influencer marketing

campaigns. Television commercials are aired on the network, and then, they are done. However, influencer marketing posts stay on the social media platform for users to view at any time.

It is also important to differentiate between the various purposes of influencer marketing campaigns. As described in the interview with a large clothing manufacturer, an influencer marketing campaign can have the purpose of being an energy moment where the goal is to increase overall awareness of the brand. On the other hand, an influencer marketing campaign can have the purpose of driving specific product sales. The “Buy Better, Wear Longer” paid influencer marketing campaign had the purpose of increasing brand awareness for Levi’s. The “Levi’s 501: The Number That Changed Everything” campaign is more geared towards specifically driving product sales for the 501 style jeans and jean shorts. The interviewee shared that from a supply chain perspective, making sure the product is available and on time is key when an influencer marketing campaign is released. The halo effect is another positive outcome where good brand perception can cause increased brand loyalty. This is a good outcome for the business because a positive view of one part of the company can cause the whole product range to perform better. This can lead to an overall better reputation for the business (Shopify Staff, 2023). Another inventory management tactic for fluctuating demand from influencer marketing campaigns is ensuring there is adequate safety stock. The interviewee also pointed out that for brand awareness influencer marketing campaigns, there is less pressure on the supply chain to deliver specific products to specific places. This is more of a brand elevation approach. With product specific influencer marketing campaigns, there is a greater supply chain push in conjunction with marketing. Knowing the distinction between these types of paid influencer marketing campaigns is crucial for managing inventory and forecasting demand. Furthermore, the point that each type of promotion drives a different lift in the business was made. In some

cases, the business will be paid back from an influencer marketing campaign with direct revenue, or the business is paid back through the number impressions they get. Having increased mindshare is a positive for the business because this can lead to more potential customers. This can be paralleled to sponsored sports venues. If a business gets the naming rights to a stadium, this increases the amount of mindshare the business has. This increased mindshare is how the business gets their return on investment.

Chapter 4

Recommendations & Conclusion

Recommendations

As illustrated in the research, paid influencer marketing does not have one straight path for a business. There are several nuances such as the type of influencer marketing campaign, the social media platforms utilized, the popularity of the influencer, and the timing of the campaign. For influencer marketing campaigns that target specific products in the promotion, measuring the sales lift on these products is key. When sales lift is measured consistently on this type of influencer marketing campaign, then these measurements can be used to guide future demand planning and inventory management. In addition, making certain the marketed product is on time and in full for the customers is important to strive for. For influencer marketing campaigns that target brand awareness, there will be an impact on inventory and demand, but it will be more difficult for this to be tied to a specific event. Gaining mindshare of consumers will help to drive the halo effect, which in turn will aid in getting a return on investment.

There are several other things that a business can do to prepare its supply chain for changes in demand resulting from influencer marketing campaigns. First, maintaining a strong relationship between the retailer and its supplier is important for remaining resilient when facing supply chain disruptions. When the retailer and supplier both feel valued and communicate often, it is easier to overcome unexpected challenges. Second, participating in collaborative planning cross-functionally within the business ensures everyone is on the same page within the business. This is especially key for the marketing, supply chain, and inventory management teams within a business. Marketing needs to communicate its plans surrounding influencer marketing

campaigns to ensure the supply chain and inventory management teams are adequately prepared for it. Lastly, broadening supply sources will help the business to continue production and sale of product even if a particular supplier faces issues. This ties into influencer marketing campaigns because the company can continue to have a supply of the products that are marketed.

Conclusions & Limitations

When writing this thesis, there were a few limitations that came up when gathering the research. One limitation was confidentiality restrictions on the information in the interview that was conducted. When executives were contacted for interviews, they were either not allowed to share any information in an interview, or the information they were able to share was limited. If more information in interviews was able to be shared, more recommendations could have been given. However, the research gathered in the background information and case studies was sufficient for strong recommendations and conclusions. The interview with an industry professional at a large clothing manufacturer did aide in giving an internal perspective, and this combined well with the publicly available information in the case studies. It is also important to identify that influencer marketing is a relatively newer concept that will continue to grow, so more research and information surrounding the topic will continue to be revealed as time goes on. The Covid-19 pandemic is another occurrence that should be noted due to its great impact on supply chains across the world. Companies were forced to be agile and adaptable with their supply chains due to disruptions caused by the pandemic, so this could have impacted inventory

management and supply chain responses to paid influencer marketing campaigns. This was mentioned throughout the thesis, and it is valuable to keep in mind.

Inventory management and supply chains are facing disruptions and challenges often, and paid influencer marketing is a factor that will need to continue to be analyzed. Influencer marketing especially on the platforms of TikTok and Instagram is an effective way to boost brand awareness for a business, popularize products, and increase sales. Identifying the type of influencer marketing campaign and the target demographic helps a business to navigate what steps to take to manage demand and inventory. Good supplier relationships, constant communication, collaborative planning, and broadening supply sources are ways to handle fluctuations in demand and manage inventory, which in turn will meet customer needs and drive growth for the business.

Appendix

Sample Interview Guide

1. What teams had to work cross functionally to handle the spikes in demand from influencer marketing efforts?
2. What is the inventory forecasting process when an influencer marketing campaign is planned to launch? Is there a large increase in the amount of product ordered?
3. How do you predict demand for products after an influencer marketing campaign is finished? Do you expect demand levels to stay the same?
4. Did influencer marketing campaigns cause other areas of the business to grow? If so, where was this growth?
5. Do you think influencer marketing campaigns are practical for the entirety of the business? Do you think influencer marketing will persist?

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