



INSTITUTO
UNIVERSITÁRIO
DE LISBOA



**THE ROLE AND IMPACT OF THE INFLUENCER MARKETING STRATEGY
IN FASHION COMPANIES – FARFETCH CASE STUDY**

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Master in *Management*

Supervisors:

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Professor

ISCTE – Instituto Universitário de Lisboa
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Acknowledgments

Writing this dissertation has been a wonderful and very special project for me, for many different reasons but mostly because this is probably my last academic project. During the five years of my master's journey, I had the chance to go to two Erasmus exchanges and three international internships. I've faced many difficulties and successes, and the journey was full of opportunities, teaching lessons, and great surprises. My academic years made me the individual and the woman I am now, and I am really excited to finish this chapter of my life by delivering this project.

I would like to express my gratitude to all the academic institutions that I've studied in, as well as all the wonderful teachers and diverse lecturers that I had the opportunity to go to and learn from. I would like to particularly thank my two thesis supervisors Ms. Aleem and Mr. Oliveira who always continued to check on me and support me throughout this long journey. Since the first call I had with Ms. Aleem, I realized that she perfectly understood where I wanted to go with this project, and she gave me the best advice.

Writing a dissertation while working full-time in the marketing department of one of the most successful fashion companies has been a real challenge, but I would also like to thank my Farfetch team who understood that this was a very important project for me, and who was here to support.

Last but not least, I would like to thank my parents and my sister for their unconditional love and support. Thank you!

Resumo

Nos últimos anos, temos assistido a um ponto de viragem no marketing digital, com o crescente interesse por influenciadores digitais, cuja missão é partilhar as suas opiniões e pensamentos sobre diferentes marcas ou produtos com o que chamamos de "seguidores" em diferentes plataformas de redes sociais. No início, esta estratégia foi ferozmente contestada, e muitos anunciantes não tinham a certeza da sua eficácia. Ao ver cada vez mais empresas bem sucedidas a basearem inteiramente a sua comunicação nas redes sociais com estes influenciadores, que se tornou oficialmente uma experiência de marketing adequada.

Neste projeto, a estratégia de marketing de influenciadores do mercado de luxo online da empresa FARFETCH será analisada para entender a importância que esta estratégia pode ter nas empresas de moda. Uma revisão da literatura ajudará a identificar os aspetos e conceitos fundamentais desta estratégia das redes sociais. Além disso, um inquérito online sobre o uso das redes sociais e o marketing de influenciadores permitiu-nos reunir uma base de dados de opiniões sobre o assunto. Um total de 126 respostas foram recolhidas e analisadas.

Este inquérito ajudou a destacar áreas que a Farfetch ainda não explorou e que poderiam ser consideradas como soluções e direções potenciais para desenvolver a sua estratégia de marketing de influenciadores no futuro. Foram apresentadas quatro ideias nesta tese: (1) A Farfetch deve investir para desenvolver relações mais fortes com os influenciadores; (2) A Farfetch deve considerar o alargamento da sua estratégia de marketing de influenciadores a novas plataformas como o Tiktok; (3) A Farfetch deve considerar o trabalho com influenciadores sustentáveis; (4) A Farfetch deve igualmente analisar os benefícios de trabalhar/criar os seus próprios influenciadores virtuais.

Neste estudo, percebemos que o marketing de influenciadores é uma estratégia complexa nas redes sociais e que precisa de ser cuidadosamente estudada pelas marcas de moda para ser um grande sucesso.

Palavras-chave: Estratégias de Redes Sociais, Marketing de Influência, Intenção de Compra, Indústria da Moda.

JEL: M21 – Business Economics; M31 – Marketing; M37 – Advertising

Abstract

Lately, we're seeing a turning point in digital marketing, with the growing interest in digital influencers, whose mission is to share their opinions and thoughts on different brands or products with what we call 'followers' on different social media platforms. At first, this strategy has been fiercely contested, and many marketers were not sure of its effectiveness. It is by seeing more and more successful companies entirely basing their social media approach on these influencers, that it has officially now become proper marketing expertise.

In this in-company project, the influencer marketing strategy of the online luxury marketplace FARFETCH will be analyzed to understand the importance this strategy can have in fashion companies. A literature review will help to identify the key aspects and concepts of this social media strategy. Moreover, an online survey on social media usage and influencer marketing allowed us to gather a strong database about the subject. A total of 126 answers have been collected and analyzed.

This survey helped to highlight areas that Farfetch has not exploited yet and which could be considered as solutions and potential directions to further develop their influencer marketing strategy in the future. Four ideas have been presented in this thesis: (1) Farfetch should invest to develop stronger relationships with the influencers; (2) Farfetch should consider extending its influencer marketing strategy to new platforms such as Tiktok; (3) Farfetch should consider working with sustainable influencers; (4) Farfetch should also analyze the benefits of working with/creating their own virtual influencers.

In this study, we realized that influencer marketing is a complex social media strategy that needs to be precisely studied by fashion brands in order to be a great success.

Keywords: Social Media Strategies, Influencer Marketing, Purchase Intention, Fashion industry.

JEL: M21 – Business Economics; M31 – Marketing; M37 – Advertising

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1. Introduction

The popularity of social media has considerably increased over the past ten years. With millions of individuals using these platforms to search for advice, suggestions, inspiration, or recommendations, it makes total sense to see that many brands today are willing to exploit the power of social media for promotional purposes.

Influencer marketing is a type of advertising on social media that involves a combination of product placements and endorsements from online creators. The marketing environment is becoming more and more challenging and competitive, and brands are using these influencers more than ever because it allows them to reach larger new audiences. The popularity of this strategy is increasing in the entire world and it has been evaluated that the global market size of Influencer marketing is going to reach 22.2 billion US dollars in 2025, which is more than double what it was in 2020 (Statista, 2022a).

These days, influencer marketing is considered one of the most efficient and popular online marketing strategies. This rocketing success is also due to specific reasons, such as the fact that television, radio, and other traditional media are decreasing in popularity, especially for millennials and GenZ generations. It has become extremely difficult for brands to use these channels to reach these new generations of consumers, and that is why they have decided to look more into social media strategies. Another specificity of these two generations is the fact that they are looking to build a genuine connection with brands, and they do not like to see advertisement that is too obvious. Therefore, brands had to reconsider their strategies and use marketing techniques to almost 'hide' the ad. Here again, influencer marketing is a great solution to answer to that problem.

During the first quarter of 2021, Statista calculated that in Europe only, the leading fashion luxury brands have invested more than 1.4 billion US dollars in influencer marketing. This shows the importance that this influencer strategy has now in the fashion luxury industry (Statista, 2022b).

Since January 2022, I have the honor to manage the influencer marketing strategy for the French market at FARFETCH. The British-Portuguese retail platform is one of the world's leading online luxury marketplaces. I am very thrilled to present in this in-company project, a deeper understanding of how Farfetch excels in this expertise, but also what are the future possibilities for expanding the success of this strategy and what are the main challenges.

In this study, we will try to answer different questions that arise from Farfetch's needs and general assumptions around its influencer marketing strategy. These questions are:

Why fashion retail platforms and brands such as Farfetch have decided to build their brand strategy around influencer marketing? On what criteria the influencers are chosen? What are privileged social networks? How do we measure the profitability of this strategy? What are the objectives and what are the results?

This thesis can be divided into seven different parts. The first one is the introduction, to give an overview of the research problematic and structure. Then the literature review will be presented in the second chapter. It will provide a thorough overview of this social media marketing strategy, with its key concepts. After this literature review, a brief industry analysis will be presented as well as the chosen company, FARFETCH.

Then, the research procedures will be covered in the fourth chapter. For that purpose, interviews with a digital influencer and an influencer marketing executive have been conducted to have a better understanding of Farfetch's strategy from both sides (brand/talent). Most importantly, an online survey has been conducted and shared on social media. The results of the investigation are then presented in the fifth chapter. The sixth chapter will provide different recommendations and ideas to further improve and develop the Farfetch influencer marketing strategy. These different ideas are coming from the survey's results analysis. The final chapter of this thesis will then summarise the main findings and recommendations.

2. Literature Review

2.1. Fashion Marketing

Fashion marketing is the use of a variety of business strategies that puts customers and potential consumers of apparel and related products and services at the center of the organization's long-term objectives (Goldsmith & Clark, 2008). Fashion marketing is very unique and different compared to other marketing areas. The model below shows how marketing and fashion design are related and highly interdependent in order to have a successful Fashion marketing strategy.

Success can be reached if marketing employees and designers together realize how marketing can assist the creative process and how design within the fashion sector can both lead and respond to consumer demands. Marketers are able to provide data regarding buyers' desire for clothing, but they are unable to create precise stylistic guidelines. Successful fashion companies have established some systems to ensure that designers, manufacturing teams, sales teams, and marketers collaborate to enhance their fashion marketing strategy (Solomon & Mrad, 2022).

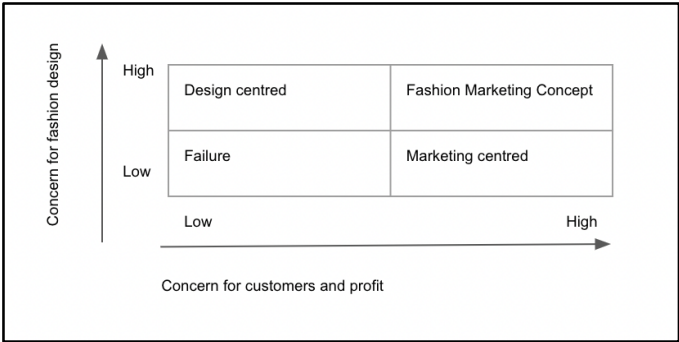


Figure 2.1. The Fashion Marketing Concept. Adapted from Solomon & Mrad (2022)

2.2. Social Media

For the past few years, social media has been everywhere; for personal or professional use, to both consumers and businesses. These new tools appeared at the end of the 1990s and since then they have experienced growing popularity and have revolutionized different fields such as marketing and communication (Silverman, 2018). According to Kaplan and Haenlein (2010, pp. 59–68), social media is a “group of internet-based technologies built on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content”. Social media can also be defined as digital environments where users can share large amounts of content, ideas, and thoughts, with known and unknown people (Kaplan & Haenlein, 2010). The evolution of the internet and web 2.0 has led to the creation of lots of social media platforms, of different types, including social networks, such as Facebook or LinkedIn. These are mainly used by people to associate with individuals or brands on the internet. Then we also have media-sharing networks like Instagram, Snapchat and Youtube, which are used to share, create, and find pictures and videos. Another category of social media platforms is bookmarking and content curation networks, such as Pinterest. These platforms are used to search for inspiration through large amounts of content. Other types of social media

platforms exist, such as discussion forums like Twitter, or consumer review networks like Tripadvisor (Tran, 2019).

Based on how each sort of social media satisfies human needs, Zhu and Chen (2015) have created a matrix to also classify the different social media. Their approach is focused on two of the main social media characteristics: (1) the type of connections, i.e., if they are profile-based or more content-based; and (2) the degree of message personalization, i.e., if they are customized or broadcast.

These two qualities together result in four different sorts of social media networks:

1. Relationship: Profile-based platforms & customized messages. These platforms help to communicate and build relationships (e.g., Facebook);
2. Self-media: Profile-based platforms & broadcast messages. These platforms are great to follow entities or celebrities (e.g., Twitter);
3. Collaboration: Content-based platforms & customised messages. These platforms are great to ask advice or questions from people with common interests (e.g., Quora);
4. Creative outlet: Content-based platforms & broadcast messages. On these platforms, users share their interests by posting photos and videos (e.g., Instagram).

That is the entirety of social media, which has turned everyone in the globe into a content publisher and content assessor. Social media has democratized the internet. (Zhu & Chen, 2015).

2.3. Social Media Marketing

Social media marketing (SMM) is the use of social media to enhance a brand image, boost profit and sales, and generate traffic to its website (Brown & Fiorella, 2013). Social media marketing offers businesses a way to interact with their current and prospects consumers. It also displays data analytics features that are specifically designed to help marketers monitor the effectiveness of the campaigns and find new opportunities for interaction. Marketing models established for years have been shaken by the rise in popularity of social media. Since this rise, marketing experts have been working on and questioning its relation to marketing (Brown & Fiorella, 2013).

The way Tuten and Solomon (2017) define social media marketing considers the application of social media technologies, channels, and software to create, share, and deliver, offers that have value for the business stakeholders” (Tuten & Solomon, 2017). Based on its

objectives, the company needs to choose a suitable social media to boost its marketing strategy to suit its short-term and long-term objectives (Carr & Hayes, 2015).

An important aspect of social media marketing is that advertisers need to achieve digital engagement from the consumers, through social media strategies. Digital engagement is an online behavior characterized by the fact that consumers interact with an organization or its community, by liking, commenting, or sharing their content, led by their thoughts, opinions, and emotions (Scheinbaum, 2016). A few years ago, we thought that the different social media platforms that are used by advertisers, influencers, and consumers to create content were neutral technologies that had no influence on whose content was more likely to be viewed, promoted, and shared. We know now that this is completely wrong. Each social media platform has its own benefits for advertising because of its differences. Therefore, marketers need to adapt the content to the platforms and make sure to select the more appropriate one to be aligned with their goals, missions, and message. For a few examples, it is said that Facebook is often used to share information and experiences with a large community, while Instagram is more used to entertain the community, and this is the reason why it has been proved that customers perceive advertising more positively on Instagram than on Facebook (Silverman, 2018).

2.4. Social Influence

We need to look at how individuals are persuaded in the real world, in order to understand how social influence operates. The concept of social influence is not new at all. Before the internet, people frequently consulted one another for advice before making purchases. When someone buys a product, they frequently encourage others to do the same, especially if the first customer raved about the item. Humans behave in this way, i.e., we are affected and inspired to act by others. We are social creatures, and part of social engagement includes disclosing information about our experiences. People consult one another for assistance; they discuss their decisions with friends and co-workers. People like to talk about their personal experiences (Ryan, 1982).

Numerous variables affect an individual's susceptibility to influence. The most crucial factor is the product itself. People rarely seek influence and are not easily swayed by others while making low-consideration purchases (those that carry a minimal level of risk). For instance, purchasing toothpaste is a low-consideration buy as they are all relatively inexpensive (Ryan, 1982). Therefore, even if you choose one that doesn't suit your demands, you won't lose much money. High-consideration purchases are more influenced than low-consideration ones.

Most shoppers are aware that considering the opinions and experiences of individuals who have made similar selections in the past can help them make more informed and confident decisions when making large purchases. Influence operates in this way (Ryan, 1982).

Simply said, social influencers are the individuals who have an impact on brand affinity and purchasing behavior. They may directly exercise this influence by reviewing products and leaving comments, or indirectly by sharing their thoughts and taking part in online discussions. Anyone can have an impact on another person's brand loyalty and purchasing choices by using social media, therefore anyone can be a social influencer (Wayne, 2019).

2.5. Influencer Marketing

Influencer marketing is the collaboration between influential people and firms with the goal to produce and share branded content with an appropriate audience on social media (Keller & Fay, 2016). Therefore, the goal of influencer marketing is to promote various goods and services to people who have the ability to influence the purchasing decisions of others. These people frequently gain their power from their reputation or area of expertise. In other words, we can also say that influencers have taken the place of role models and opinion leaders who shaped consumer opinions prior to the emergence of the digital era (Kádeková & Holienčinová, 2018). Keller and Kotler (2022) define an influencer as a person who informally offers advice or information about a specific product or category of products or services while indicating which one is the best or how it can be used (Keller & Kotler, 2022). Heiderich (2009) defines influencers as any person with skills in a particular field and actively participating in the creation of value-added content on social networks.

According to Yesilogu and Costello (2020), organizations use influencers in various ways, thus the relationship must be managed accordingly. Companies employ influencers in marketing, PR, and advertising, but they do so in various ways. Influencers may be employed in public relations to raise awareness while in marketing they may be utilized to boost sales. Because different corporate sectors employ various strategies and achieve various results, the strategic use of influencers should also vary (Yesiloglu & Costello, 2020).

IAB Europe (2021) states that even though "influencer marketing" was not even a thing, a few years ago, it is now an essential component of a company's marketing mix.

The content shared by these opinion leaders may be spontaneous, i.e., published without

exchange, or on the contrary, it may take place in the form of sponsored content and therefore be paid for by a company. In the latter case, influencers are subject to strict legislation, and they must indicate the nature of the publication via some rules. For example, this could be via the following hashtags: #sponsored, #ad, or #collab that need to be added to their content (Chen, 2020).

These days a lot of research shows that influencer posts are more effective than traditional ads; Most of the time they are made in the form of a “story” that integrates the point of view of influencers who have tested the product or service. While traditional marketing was aimed primarily at a mass audience, influencers have the unique ability to target a particular niche of the audience. The practice of influencer marketing on social media opens up a new channel of communication and allows brands to connect directly with consumers through influencers. Influencers promote products or services based on their personal experience and it is this element that makes them accessible to consumers (Chen, 2020).

In other words, an influencer is a user of a social platform who, thanks to his authenticity, has established his credibility and therefore his reputation, in a sector or a specific industry. This user has access to a large audience, he can persuade others and create trends on different social media. It is also called “efluencer” (Pophal, 2016). Through their frankness and their openness to their followers, opinion leaders have a high social weight and great credibility with their audience, which makes the phenomenon successful. Influencer marketing is therefore the new word of mouth, virtual word of mouth, also called electronic word of mouth (eWOM). This term was introduced in the mid '90s when the internet was starting to change the way people were communicating with each other. eWOM is defined as consumers discussing and exchanging thoughts and information about a product or a brand via the Internet, mobile communication, and social media. However, it is important to understand that eWOM and traditional word-of-mouth have a lot of differences. And this is what the authors Cheung, Lee and Thadini (2009) are demonstrating in the table below:

	WOM	eWOM
Credibility	The receiver of the information knows the communicator (positive influence on credibility)	Anonymity between the communicator and the receiver of the information (negative influence on credibility)
Privacy	The conversation is private, interpersonal (via dialogs), and conducted in real time	The shared information is not private and, because it is written down, can sometimes be viewed by anyone and at any time
Diffusion speed	Messages spread slowly. Users must be present when the information is being shared	Messages are conveyed more quickly between users and, via the Internet, can be conveyed at any time
Accessibility	Less accessible	Easily accessible

Table 2.1. Differences between WOM and eWOM (Huete-Alcocer, 2017)

For influencers, taking photos and videos of their daily life has become a real business, and sharing their thoughts and opinions through different brands' collaboration has become a proper job called also 'content creator'. They used to do it on blogs, but nowadays mainly on Instagram. Business bloggers are usually young women, between the ages of 18 and 35. Their followers are on average 70% women, aged 15 to 35 (Pophal, 2016).

Influencer marketing gives brands the opportunity to tell their story to consumers. Thanks to the creative formula and the naturally growing audience of an influencer partner, a brand can reach new consumers and thus encourage loyalty. This ability of influencers to engage their community is not found in any other traditional means of communication today. Influencers are advisers of choice and the content they publish is not without effect on the people who read it (Pophal, 2016).

2.5.1. Instagram

Instagram, which started in 2010, is a platform for sharing photos where users can leave comments, like photos, or get in touch with one another directly. Each user gets a personal feed where sponsored posts and content from the users or hashtags they follow are shown (Instagram website). In 2016, a new type of content was introduced: the stories. Stories are short videos that are not available anymore for the followers after 24 hours on the platform. Users can personalize the videos by adding text and various effects (Instagram website). In 2018, a new video format that allows for lengthier videos was introduced, and this is what we call IGTV (Lee & Kim, 2020). Meta acquired Instagram for one billion dollars in 2012, but the app has recently been estimated to be worth one hundred billion dollars (Campbell, 2022).

In 2020, Instagram was chosen as the most suitable social network for influencer marketing compared to the other social media (Statista, 2022c). On this platform, businesses try to present unique content to reach users and stand out from the competition. Businesses use Instagram to feature advertising campaigns as well as their new products on their account. Brand accounts try to publish coherent content, always by following the same common thread and by paying attention to the aesthetic of their Instagram feed. Companies use these strategies so that the public can easily recognize their content (Lee & Kim, 2020).

Today, it is difficult to miss the news of the influencers active on social media because it's everywhere on the app. Some brands specialize in collaborating with influencers on Instagram, to make themselves known to the public, ensure their sales, or boost the launch of their new products (Lee & Kim, 2020).

In 2019, a study was done by Influencer Marketing Hub, and more than 800 brand managers placed the social network Instagram at the top of influencer marketing, ahead of Facebook and Youtube (Influencer MarketingHub, 2019).

2.5.2. Referent, Expert, and Positional Influencers

Which social influencer customers trust when they decide whether to buy your product is the first question a marketer must answer when attempting to use social media marketing strategies. Referent, expert, and positional social influencers all play different and significant roles in brand affinity or purchasing decisions (Sundaram, 2017). These three different categories of social influencers need to be taken into account when planning marketing activities, even though the one that is most crucial varies depending on the purchase.

An expert influencer is an expert on the product category that the customer is thinking about buying (Singh, 2012), also known as key influencers. They usually don't personally know their audiences but they often have large communities on social media. They are trusted sources of knowledge and counsel who significantly influence consumer decisions.

Referent influencers are the ones that have a social link with the person who will be influenced, it's usually not a direct connection to the buyer, i.e., a co-worker.

Positional Influencers are the ones that are the closest to a particular user, and they often have a direct impact on purchasing decisions, i.e., family members. In influencer marketing strategies, it's the expert influencers that are targeted by the marketers (Sundaram, 2017).

2.5.3. Micro, Macro, and Nano Influencers

One of the ways to categorize expert influencers is to look at their numbers of followers. According to a study done by Campbell and Farrell (2020), there are four different types of influencers that are emerging. First, there are nano-influencers (usually below 10K followers). These influencers are described as very passionate and committed. They like to share their passion with their followers and give them honest feedback about the products and services they are trying/recommending. They usually have a very strong ability to engage with their followers. Most of the time these influencers are not paid for collaborations, but they can receive free products/services. Their audiences are considered to be niche. (Maheshwari, 2019).

The second category is the micro-influencers, which have between 10K-100K followers. They are very appreciated by the brands because they have succeeded to have a great community of followers in terms of quality and engagement on their part. This is mostly due to the transparency the micro-influencers are showing to their followers when giving their opinions. These influencers are not always paid for the collaboration, however from the moment they have more than 50K followers, they usually start negotiations to earn small fees in addition to the gifting they normally receive (Campbell & Farrell, 2020).

The third category is the macro-influencers, they have between 100K to 1 million followers. Very often, they start to have more opportunities and projects that bring them higher remuneration. However, it happens that they don't have enough time to spend on their social media, working on the bond they have created with their community, and the result is that this category has been recognized as being the one that generates one of the lower engagement rates (Campbell & Farrell, 2020).

The last category of influencers is the mega-influencers. These professionals have more than 1 million followers.. They have multiple collaborations every day with several brands and their fees are usually a few thousand euros minimum in order to post content on their social media. Their recommendations can have a strong impact on the brand because they are recognized in their community as a reference (Campbell & Farrell, 2020).

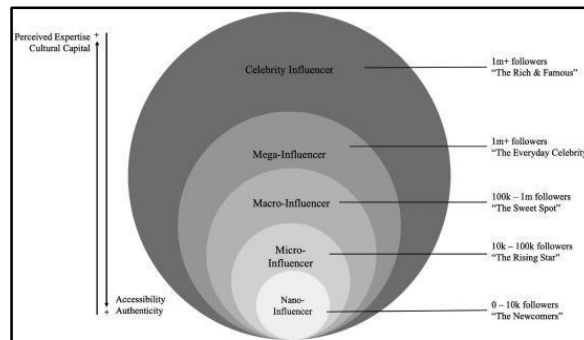


Figure 2.2. Different sizes of influencers (Campbell & Farrell, 2020)

2.5.4. The four M's of Influencer Marketing

The implementation of an influencer marketing strategy in a company can be described by four steps defined by Brown and Fiorella (2013) as the Four M's: Make; Manage; Monitor; and Measure.

The first M of the influencer marketing strategy is for *Make*. In fact, the first step of the process is to choose the right influencer for the campaign, by looking at a few different aspects. This is one of the most important parts of the process. They have to find out the audience of the influencer, namely their gender, their age, and their localization, in order to see to whom the message is going to be delivered to. They must know which platform or social media suits the best their target audience. They have to understand what their customers appreciate, by analyzing their posts, comments, and likes on social media.

Once all these aspects have been considered, and when the brand has chosen the correct influencers for its target audience, they have to *Manage* the relationship with them before the beginning of the campaign, but also after the campaign for potential future collaborations. The goal is to establish trust between the company and the influencers. There are different steps in the management stage: (1) the company has to be sure that the influencer knows about the product; (2) that they have all the tools that they need in order to promote the product; (3) that they have experience; and (4) they know how to talk about the product. They also have to adapt the message in order to be sure that the influencer is going to say all the important information at the same time by keeping their natural tone and language.

Although each influencer is different and should be handled differently, there are some established guidelines to facilitate the journey, as shown in the figure below:

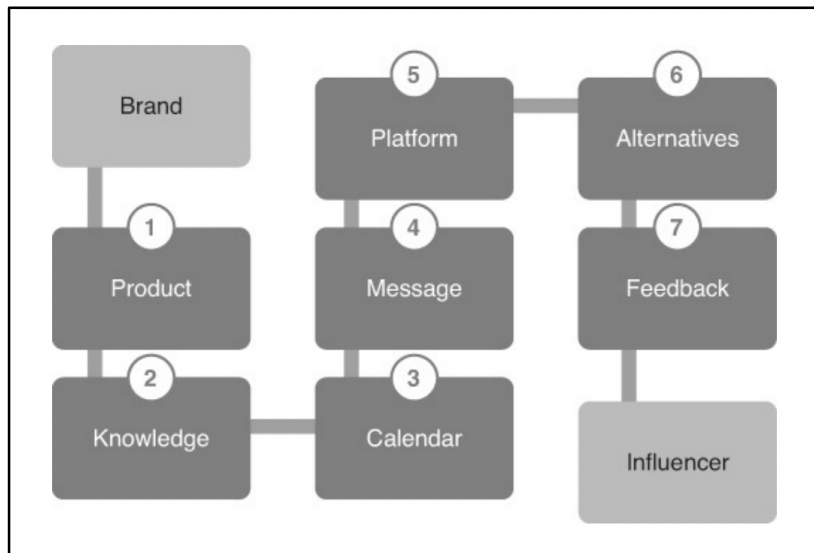


Figure 2.3. The Seven Steps for Influencer Management (Brown & Fiorella 2013)

The first step concerns the *Product*. It is crucial that both the brand and the influencer are aligned on this subject to avoid any misunderstanding. The second step is *Knowledge*, it is really important for the influencer to know a certain number of aspects, for example, the product features, but also the brand values, the conditions of the promotional code offered, etc. Then, the next step is *Calendar*. The collaborations should always be planned and scheduled. Then, the fifth step is *Platform*. It is important to choose the appropriate platform regarding the goal of the collaboration and the audience of the influencer. Then we have *Alternatives*. It is important to always have backup plans and solutions in case the collaboration takes a negative turn. And the last step of this model is *Feedback*. It is very beneficial for the brand to get feedback from what the influencer thought about the collaboration, but also to give feedback to the influencer. By asking for different feedback, the brand can learn from its mistakes and its successes, to adjust its strategy and make it more efficient.

The third M of the influencer marketing strategy is for *Monitor*. The company has to monitor the relationship between all the different parts, that is to say, customers, influencers, and platforms. And finally, the last M is for *Measure*. The final part of the process is to measure and see if the strategy was a success or not, if it was worth it or not. This step is about calculating how much the campaign, or the collaborations cost to the company, but also the required resources (number of people and/or time). They also have to look and measure how many leads the influencer brought to the company, how many people reacted to their post (views, shares, or clicks), or calculate the cost-per-engagement (CPE), measured as the cost per “like” in dollars (Brown & Fiorella, 2013).

2.5.5. Influencer Marketing Metrics

For many years, influencer marketing was not seen as a good strategy for a lot of marketers, partly because of the difficulty they had to monitor the success of the collaborations with the influencers. However, we now know that a lot of Key Performance Indicators (KPI) can help to measure their success, and easily compare the results to our expectations.

In social media marketing, metrics such as likes and follows are not enough to evaluate how well the content performed or how well the user experience was (Gräve, 2019). The engagement rate with the content and the conversion to purchase, are more important to consider. A high engagement rate indicates that people are liking, and commenting, but also sharing, saving, capturing, and mentioning the content. In other words, the engagement rate indicates the number of individuals connecting with the influencer’s content and the level of involvement that they have with it (Gräve, 2019). The potential reach of an account is significantly increased by a high engagement rate. This number is calculated by doing the sum of all engagements divided by the number of followers the influencer has, and then multiplied by 100. According to the majority of social media marketing specialists, an ideal engagement rate is between 1% to 5%, but a high engagement rate is harder to achieve when the influencer gains more and more followers (Mee, 2019).

Above 6%	Very High Engagement
3,6% - 6%	High Engagement
1% - 3,5%	Average/Good Engagement
Less than 1%	Low Engagement

Figure 2.4. Engagement Rate Ranking (Mee, 2019)

Five methods of measuring influencer marketing are presented by the World Advertising Research Center, also named, WARC. The first one is sentiment analysis, which analyses the

overall interactions with the content. Then conversion, which also takes into account the number of times followers used the promotional offer or clicked on the tracked links pages. Then, the engagement, which as we mentioned earlier, includes actions like shares, likes, reshare, or comments. The fourth one is corporate image measurement via survey results. The last one is awareness metrics, which includes analyzing where the audience comes from, and its demographics (Driscoll, 2019).

Brown and Fiorella (2013) consider the existence of three key areas that firms should measure, evaluate, and base their strategy on: Awareness; Reaction; and Action. Brands must create goals for each of these three areas, and monitor them to determine the campaign's success. Awareness includes potential blog posts, social media shares, media articles, interviews, and product mention for the brand. Reaction refers to measuring the number of reactions, by looking at a range of data like website traffic or growth in social media followers. And finally, action refers to factors of conversion and potential observable, tangible results that could be generated by the campaign.

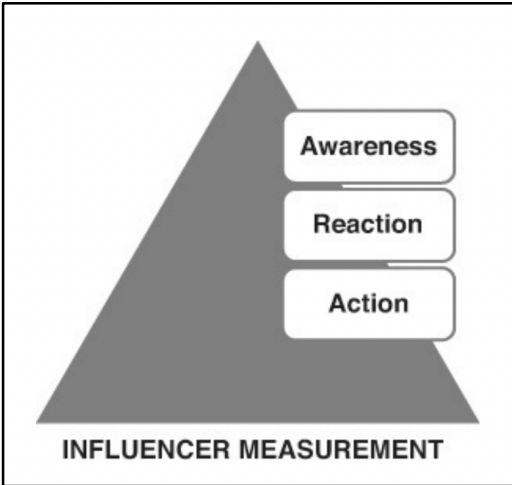


Figure 2.5. Influencer Measurement Factors (Brown & Fiorella, 2013)

AWARENESS	REACTION	ACTION
Blog posts about the campaign	Website visits	Downloads
Social shares	Newsletter subscribers	Webinar attendance
News articles	traffic to store	Affiliate sign-up
Media interviews	Increased search queries	Purchase
Mentions of the brand and/or the product	Peer recommendation	
	Increase in followers in social media channels	

Table 2.2. Performance metrics (Brown & Fiorella, 2013)

The IAB UK (Interactive Advertising Bureau) also classifies the most significant KPIs into three different groups. The first group is *Reach*. It indicates how many individuals have viewed the content and how much of these people might be influenced by the content. It is great for the firm to determine how much of the influencer's overall audience is specifically relevant to the campaign objectives. The second group is *Engagement*, defined as how many individuals comment, share, and like the content, and these statistics reveal what type of content is more appreciated. The last group is *Conversion*, which typically tracks an action that takes place outside of social media channels and necessitates users to leave the platform. Campaign-specific conversion metrics include things like newsletter subscriptions, purchases, and brand website visits (IAB UK, 2022).

3. Industry and Company Overview

3.1. The Online Luxury Fashion Industry

It was not an easy challenge, but we can finally say in 2022 that luxury fashion has established itself in the digital world after a tough start. These days, the majority of luxury brands communicate with their customers through both their own online stores and multi-brand e-tailers (Mekonnen & Lerner, 2021). Even though the market for luxury products is presently dominated by offline sales, this won't continue to be the case for very long. According to Statista and also to the website Luxe Digital, the online luxury industry represented 22% of the luxury market in 2021 (Beuloye, 2022). Also, it has been said that more than half of the decision of purchasing luxury items has been influenced by what the customers read and saw online, mainly on social media (Brouwer, 2017).

Luxury brands initially had concerns about exclusivity, service, and control while selling online, but they finally accepted that these channels cannot be ignored anymore. This is what the researchers called “the internet dilemma” (Baker, 2018). This term defines the fact that luxury brands are torn between preserving and maintaining the exclusiveness of their brand image, and the willingness of being present in digital places such as social media, marketplaces, or online communities. However, designer brands realized that by selling online, they can target various purchasing situations and consequently diverse client groups (Baker, 2018). Single-

brand websites have a more constrained potential for growth than multi-brand websites like Farfetch, therefore they are anticipated to take a larger share of the expansion in online luxury fashion. These multi-brand websites offer the possibility to the luxury brand to reach different types of customers, including those who don't have time to go on each mono-brand website for example, or those who are living in more rural areas and therefore do not have the possibility to visit the physical boutiques (Desmichel, 2020) However, by increasing the visibility to wider audiences, these websites create a risk of overexposure. To avoid that, most luxury brands closely control the products they include in multi-brand e-tailing, and the ones they prefer to keep only in-store (Baker, 2018).

Finally, it is interesting to mention that during the pandemic, it was very surprising to see that luxury fashion customers continued to shop heavily and spend even more than usual, and really easily switched and got used to luxury online shopping (Mekonnen & Larner, 2021). Even though in total, luxury brands had a few months deep in sales, they still came out stronger from this difficult period. According to two authors, the Covid pandemic induced some changes in the luxury fashion industry that leads to a more resilient market than it was in the past (Xie & Youn, 2020).

3.2. Farfetch Presentation

Farfetch is a British - Portuguese online luxury fashion retail platform, which sells products from more than 3000 brands and designers from all over the world. The website was founded in 2007 by José Neves, a Portuguese entrepreneur, and computer scientist, who has worked in fashion start-ups since the mid-1990s (Farfetch, 2022). In a 2013 interview for The Daily Telegraph, José Neves details the moment he realized the importance of giving a digital presence to independent luxury boutiques (Court, 2018). In the first years, Farfetch received different investments from other Fashion and tech companies. A major business milestone was reached in March 2015 when Farfetch secured another \$86 million investment round from a group of investors led by software company DST Global (Court, 2018). This same year, the famous magazine Private Eyes announced that Farfetch has become a Unicorn company (*Def: Unicorn is the term used to describe a startup company with a value of over \$1 billion.* (Aileen Lee, 2013). In 2018, Farfetch announced its IPO and made a successful entry on the New York Wall Street Stock Exchange (Farfetch, 2022).

Farfetch works on a commission system with its partner shops. The company divides its

fashion brands into two different categories: luxury brands that offer high-end products, and so-called “lab” brands. These include emerging and more experimental brands. A third contemporary department that offers more casual pieces was added to the lab category to make site navigation clearer for the customer. Farfetch derives most of its revenue from luxury brands such as Valentino, Saint Laurent, Prada, Dolce Gabbana, and Givenchy, but emerging and semi-luxury brands are also very important to Farfetch to be able to attract a wide variety of customers. If José Neves succeeded in convincing practically all the actors of the luxury fashion market, there remain three notable exceptions that are not present on the website which are Chanel, Hermes, and Louis Vuitton (Farfetch, 2022).

The company's headquarters are based in London, but the main branches are located in Lisbon and Porto. In total, Farfetch has established offices in 14 cities in several countries around the world: the United Kingdom, Portugal, Japan, Brazil, India, Russia, the United States, China, and the Middle East. These days, Farfetch has more than 4,500 employees (Farfetch, 2022).

3.3. Strategic Tools to Assess Farfetch's Business Model

3.3.1. Business Model Canva

The Business Model Canvas is a strategic tool used to better understand how a firm creates value. This model has been invented by Alexander Osterwalder, a Swiss business theorist. To offer a thorough understanding of Farfetch activities and operations, this paragraph includes a full study of each of the nine components that make up the canvas (Carter, 2020). Most of the information in the next paragraphs was retrieved from internal Farfetch decks and/or website.

3.3.1.1. The Value Proposition

The value proposition is the center of the canvas because it describes how a business creates value for customers by meeting needs or resolving issues. In our case, Farfetch provides a global marketplace that accounts for the client experience. This indicates that Farfetch seeks to meet the demand for a better customer experience by raising the bar set by established businesses. In fact, José Neves, the CEO of Farfetch, and his team assert that they can provide better service to online buyers by handling every essential customer service task, such as tracking purchases and returns, and by fusing the real and digital worlds to produce a seamless omnichannel

experience. In fact, the company aims to provide a more innovative and exciting shopping experience by combining those two dimensions. This merger has enabled the development of a few services, such as '*Same day delivery*', a service that is made possible by the cooperation of certain of the company's partners, offered in nine cities worldwide. Farfetch also has a special delivery program called '*F90 Store to Door*' in 90 Minutes, which allows certain products from certain brands to be delivered in 90 minutes. This service is available in 10 cities, including Dubai and Los Angeles. Finally, a few years ago Farfetch also had a Yacht Delivery Service, which relied on partner boutiques in 13 Mediterranean ports. The combination of physical and digital has been created to address customer needs, specifically a quicker and more customized delivery service, thanks to the support of partner stores that are physically close to platform users. Being a platform, Farfetch must concentrate on serving not just online buyers but also shops and brands. However, these ones are mostly happy that they can take advantage of the unique shopping experience offered by the platform and capitalize on the beneficial impacts implied by it, such as the great reputation of the business. This is especially true for the up-and-coming brands and emerging designers, who can benefit from the platform's worldwide scope to raise brand awareness throughout the globe (Farfetch, 2022).

3.3.1.2. Customer Segments

Farfetch targets two key constituents: (1) online buyers and (2) luxury brands and stores. First concerning the buyers, the business aims to attract elevated online shoppers who are passionate about luxury goods, as well as those who are interested in fashion and in the latest trends. Farfetch offers a broad and carefully curated selection, targeting consumers of all ages, and not just millennials. A large part of company's loyal clients are women over 50 years old, with high income and high educational levels mostly.

In terms of nationalities, Farfetch is present over 190 countries, giving consumers a complete access to its content in nine different languages, and letting them choose their local currency.

Luxury brands and stores are platform's second clientele. These days customers can purchase goods from around 1,400 partner boutiques' stocks, but this number is expected to increase by 2,000 units in the following years.

3.3.1.3. Customer Relationships

The company's business plan places a lot of emphasis on customer relationships since it wants

to give its customers a unique and enhanced purchasing experience. Farfetch builds bonds with its clients through automated services, adapted for each market by taking into account several factors, including location, language, currency, preferences in payment methods, and so on. Indeed, as mentioned previously, Farfetch has been expanding internationally, creating offices in 14 places to take advantage of local knowledge.

Moreover, Farfetch also provides a range of other personalized services to its Private Clients, who can enjoy the benefits of personal shoppers in cities like Moscow, Brazil, London, New York, Tokyo, Hong Kong, and Shanghai. This customized service is a pillar of Farfetch's aim to humanize the online buying experience, by creating interpersonal connections similar to those found in traditional physical stores.

3.3.1.4. Channels

Despite its goal of fusing physical and digital aspects, Farfetch is still fundamentally digital, and most of the interactions with its clients are online. Therefore, the two most important channels of the company are the website and the app. Other pertinent channels are essential to make sure that the platform is properly promoted as per awareness growth. Digital channels are being privileged by Farfetch to engage with its consumers and to offer users an interesting customer journey, with nice content, information, and interface.

Another channel encompasses delivery partners collaborating very closely with Farfetch. They are in charge of orders' distribution, which assumes a crucial role and can have a significant impact on the overall customer experience.

3.3.1.5. Key Partners

Partners have a big impact on the shopping experience and Farfetch chose its partners to make sure to deliver a coherent, original, and improved customer journey. The first partners are the luxury boutiques, which provide stocks of the goods sold on the website. Oftentimes, they are premium stores situated in well-known fashion areas, in cities like London or Milan. Farfetch's website has an entire section with all the partners, with a short description of the boutique, and with a focus on some new designers to look out for. Farfetch invests a lot of effort to choose reliable partners because they are accountable for the offer on the website.

Moreover, the website has direct partnerships in place with more than 200 brands that enable Farfetch to directly sell the products from those fashion houses without always having

to deal with multi-brand retailers.

As mentioned previously, another important group of partners are companies responsible for transportation logistics. Delivery is a key component of the customer promise as it significantly affects both the customer experience and the trustworthiness of the e-tailer. DHL and UPS are the primary partners when it comes to order delivery, as stated on the website. The business claims also that they make every effort to reduce potential delays or failures related to payment approval or customs.

3.3.1.6. Key Activities

The company's primary responsibilities include the development of the website, the mobile app as well as the customer service. The first category consists of a number of significant initiatives that are required to set Farfetch apart from its rivals by providing a user-friendly, modern platform aligned with Farfetch's values. To develop its platform Farfetch keeps updating the products they offer by looking closely at the news and trends in the fashion industry, and also by choosing new suppliers who share the company's principles.

Another important activity for Farfetch is to provide a customized experience, which it will do by gathering data and information about the clients to build customer profiles.

3.3.1.7. Key Resources

In his model Business Model Canva, Osterwalder suggests that we can categorize key resources into four categories: physical; intellectual; human; and financial.

The Farfetch business model is designed to avoid the high costs associated with having a warehouse, which must also be tailored to the size of the firm and can become a serious problem in cases of quick growth and global expansion, as it has been the case with Farfetch. Therefore, the majority of the resources in this first category are IT-related.

The intellectual resources, the customer database, the partnerships with the fashion brands and physical shops, and the technology that enables the company to track every partner's inventory in real-time, are the main resources in this area.

The VRIO (value, rarity, imitability, and organization) model states that if a company's resources are valuable, rare, not imitable, and well-organised around them, this may give a sustainable competitive advantage to the firm. Farfetch's growth demonstrates how valuable and scarce these resources are, but in the future, imitability might be a major problem. Indeed,

in order to own a collection of non-imitable resources, they should operate at the widest size possible while developing their algorithm and client database.

Farfetch works in an industry that requires a lot of knowledge and where human resources may really make a difference. For example, they specifically have an impact on the site's upgrading process as they consider all the new design and trend recommendations and manage the massive volume of data that needs to be handled. In fact, the organization is looking for employees with exceptional IT or data analysis abilities to handle any potential algorithmic mistakes.

Financial resources, which represent the final key resource, are a critical concern for startups. According to the First Quarter 2022 Results Press Release that Farfetch has on its website, revenue increased by \$29.7 million from the first quarter of 2021 to the first quarter of 2022, representing an increase of 6.1%, from \$485.1 million to \$514.8 million. However, it's interesting to mention that Farfetch hit EBITDA (earnings before interest, taxes, depreciation and amortization) profitability for the first time, 12 years after launching the website. Therefore, it has been a long journey for them to arrive at the financial situation where they finally are.

3.3.1.8. Cost Structure

Farfetch's cost structure is particularly interesting because of the absence of inventory, which makes the business more flexible and less risky. As a result, the main contributors to costs' component of the company's income statement are salaries and rent. Farfetch's business model includes a large number of expenses for personnel and offices, spread throughout nine cities.

3.3.1.9. Revenues Stream

Despite the fact that we lack official information on the company's revenue-generating strategy, a number of sources, including its CEO, have claimed that Farfetch uses a pure revenue-share model. There are no set costs for its partners; instead, they simply have to give the platform a share of the sales made through its channels. This proportion ought to be around 25%.

3.3.1.10. Business model canvas: the map

It is important to have the nine blocks compiled into a single map, to analyze Farfetch's business strategy:

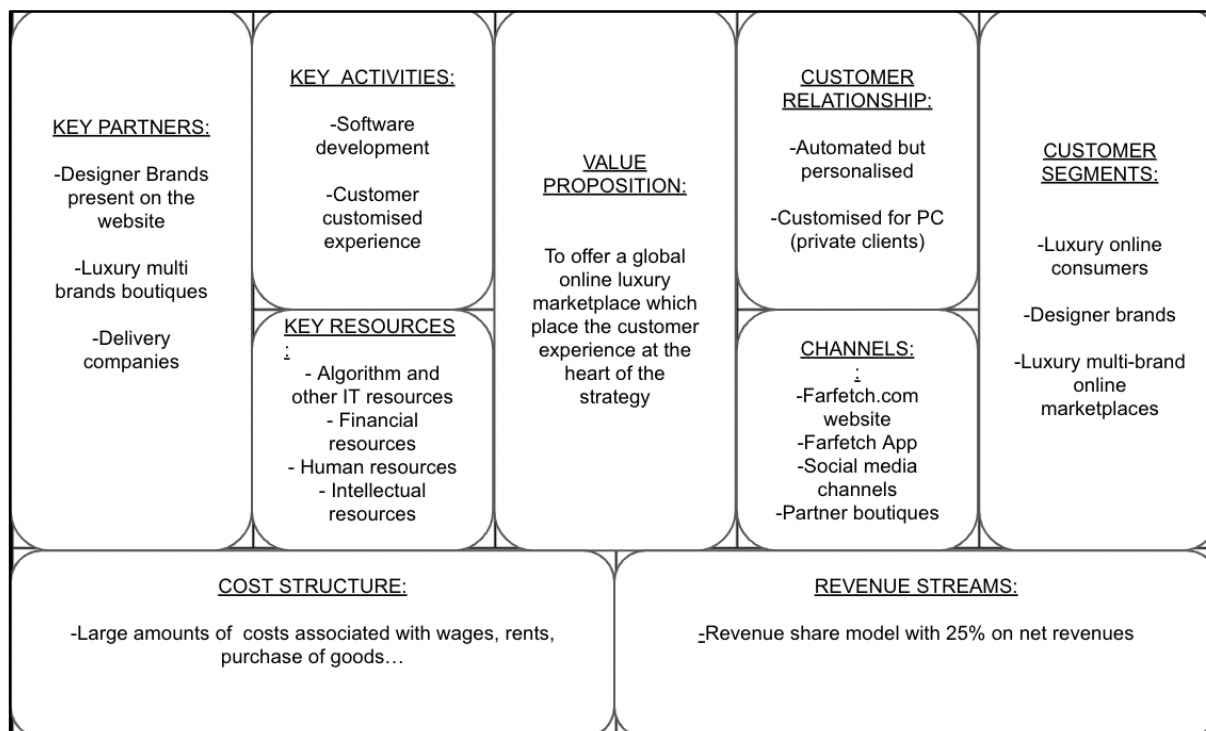


Figure 3.1. Farfetch Business Canva Model

3.3.2. Farfetch SWOT Analysis

A second effective method for mapping the key elements of strategic analysis, is the SWOT analysis. In fact, this will help to have a clear understanding of the internal and external aspects of Farfetch, by highlighting positive and negative elements about both, which will provide a full and accurate picture of the situation the organization is facing. The SWOT analysis was invented by Albert Humphrey (Teoli & Sanvictores, 2022) an American business and management consultant. Internal factors are analyzed with the strengths and weaknesses of the business, and external factors are the threats and opportunities. Most of the information in the next paragraphs is directly from internal Farfetch decks or the Farfetch website.

Regarding the strengths, we already learned from the Canva analysis that Farfetch offers tailored services, based on factors like nationality, preferred payment methods, or language. They also provide efficient customer service which is one of their main objectives as a business. Another strength for Farfetch is that thanks to their business model, and their well-organized logistic procedures, they don't have to stock goods because the business is well connected to a large network of boutiques. The large choice of products and brand partners, the high quality of the articles and the content on site, the interesting rewarding structure, and the wide geographic reach are also some of the main strengths of this business model.

Concerning the main weaknesses of the business, the level of dependency they have on the boutique partners is a critical aspect. Farfetch asks for a lot of control over its partners' inventories, and this plus the platform's expensive commissions can easily dissuade multi-brand shops from joining the business. Furthermore, the company has high fixed costs, with a lot of offices and employees all around the world, which makes it difficult to be profitable. Regarding the employees, the high turnover and high cost of replacing these experts can also be perceived as a weakness for the brand. Finally, the lack of belonging to the brand, and the weak relationship with the customers can also be some of Farfetch's main weaknesses.

The bottom side of the table maps the main external factors which can impact the Farfetch industry. Regarding opportunities, all of the studies on luxury e-commerce highlight the fact that it is a booming market with strong current performance. In fact, in addition to a rising amount of demand and online sales, the internet penetration on both mobile devices and computers is boosting the overall success of the industry. In addition, there are many more elements that can influence the performance of the sector, and the progress and innovations in customer service and customer journey these days are also great opportunities for Farfetch.

Concerning the threats that the business is facing, the fact that the market is growing also implies that they are more and more direct local and global competitors that are recently emerging, in addition to the other strong competitors that Farfetch already has (e.g. YNAP). The fact that there are low barriers to entry in this industry makes it easy for these new businesses to arrive in the market.

<p><u>Strength:</u></p> <ul style="list-style-type: none"> - Exclusive products and collection variety thanks to a huge number of partners - Well-organised logistics procedure. - Low inventory costs present chances for wiser financial decisions - Industry internal benefit of being able to sell year-round, cross-seasonal goods - Great alternatives for brands in terms of rich and personalised content - White label products and high-quality content curation - Long-lasting relationships with clients thanks to an interesting reward structure - Wide geographic reach - Effective customer service 	<p><u>Weaknesses:</u></p> <ul style="list-style-type: none"> - Lack of sense of community and belonging to the brand - Dependence on boutique partners - Weak relationships with customers comparing to what we're use to see in the luxury industry - High turnover of employees and high cost of replacing existing experts - Profitability and financial health
<p><u>Opportunities:</u></p> <ul style="list-style-type: none"> - New developments in customer journey and experience mostly through tech innovations - Growing online luxury demand - Luxury market performance 	<p><u>Threats:</u></p> <ul style="list-style-type: none"> - Growing market with the emergence of direct competitors - Lack of structural barriers

Figure 3.2. Farfetch SWOT Analysis

3.4. Farfetch Influencer Marketing Strategy

Transforming a fashion eCommerce marketplace into a unicorn company is not an easy journey, and this success story, Farfetch owes it to its business model and its strong social marketing strategy. A specific aspect of it is its influencer marketing strategy, which helped them to differentiate itself from its competitors, and achieve this status.

Over these last years, the influencer marketing department became more and more important for Farfetch. The team has grown from 3 influencer executives in 2019, to 16 executives in 2022. The team is divided per market, to ensure that each of us can better understand the specificities of our markets to offer tailored strategies for each country. The goal for each one of us is to contract around 30/40 influencers per month. The mission for them is to promote Farfetch on their social media, by showing their followers, for example, a new luxury bag, shoes, apparel, or accessories they have been able to order directly from our website. The goal is to increase sales by encouraging their followers to purchase on Farfetch's website, using a promotional discount code.

In addition to sales growth, these collaborations help Farfetch to increase its visibility, brand recognition, and reputation by being promoted in total by approximately 400 influencers per month all over the world. Each of these influencers have an audience that can go approximately from 25K to 10M followers. The potential new customer data base with these millions of followers is huge.

The process itself starts by reaching out to the influencer or its agency, offering them the possibility to collaborate with Farfetch. At the early stage of influencer marketing, most collaborations were only in exchange for free products on the website, and this is what we call a gifted collaboration. However, with the increase of brands using this specific marketing strategy, the influencers started to be more demanding. Most of them are now supported by influencer agencies and managers that are paid by the influencers to negotiate with brands to get as many fees as they can, on top of the free products. Once the fees, the deliverables, and the free products chosen have been agreed upon, the influencer's contract is sent for signature. Once the influencer receives its products, they need to create its content, send it to us for approval, and then finally share it with its followers on their channels, mainly on either Instagram or youtube.

This influencer marketing strategy that Farfetch has put in place is perfectly efficient and organized. The influencer department proved with some strong figures that compared to the other marketing channels at Farfetch, this is probably the one that has the most promising evolution in the future. However, in the business world, in order to stay on top of the market, 'future' means innovation, risks, and new challenges.

4. Methodology

One of the main goals of this dissertation is to analyze and identify areas that Farfetch has not exploited yet and which could be considered as solutions to solve current situations or interesting directions for the expansion and the development of their influencer marketing strategy to make it even more successful than it already is. To find these different areas, qualitative and quantitative studies have been conducted, mainly through interviews and online surveys. The idea was to gather different opinions and perspectives from different actors involved in the process: (1) customers; (2) influencers; and (3) brands.

The construction of the survey questionnaire for the quantitative study was grounded on theoretical information gathered while analyzing the state of the art on social media and influencer marketing. The online survey has been created using Google Surveys. To maximize the reach and to get as many responses as possible, the questionnaire has been shared through my personal social media, and relayed through my colleagues, friends, and fellow students on their social platforms, such as Instagram, LinkedIn, and by email. To efficiently collect data from this type of questionnaire, I've made sure that the questions were simple and straightforward, and that the form's structure is condensed and easy to understand. The analysis of the results will lead to the identification of the main areas that Farfetch should consider for development in its influencer marketing strategy to potentiate its success. The questionnaire was composed of 29 questions in total. The first questions were about the demographic of the audience to characterize the sample of this survey. Then, the questions were more oriented on the relationship they have with social media, influencers, and the overall influencer marketing strategy. At the end of the questionnaire, a few questions about Farfetch specifically were also included.

In addition to this quantitative analysis, a short qualitative analysis has also been conducted. I had the opportunity to ask a few questions to two different types of stakeholders related to influencer marketing. The first interview is with a micro-influencer who has already worked with Farfetch. The second interview is with the influencer marketing manager responsible for the US market at Farfetch. These interviews aimed to get feedback from the two sides in this type of collaboration, i.e., the brand, and the influencer. The two interviews are presented in the appendix.

5. Results

The goal of the online survey was to understand the different factors and aspects associated with influencer marketing strategies that might affect the purchasing decisions and behaviors of customers, especially in the Fashion Industry. A total of 126 answers have been submitted and analyzed with the aim of supporting this thesis with a quantitative survey.

Regarding the socio-demographic characterization of the sample (see *Figure 5.1*), 62.5% of the respondents are females and 37.5% males. Concerning the age of the respondents, 59.3% have between 23 and 30 years old, 33.3% from 18 to 23 years old with 33 while only 7.4% of

the respondents have more than 30 years old. We can surely say that the results that will come from this survey are mainly based on millennials' and Gen Z's attitudes towards influencer marketing. The respondents are mainly French, and this is an important factor to take into consideration because each country has a different vision of this strategy.

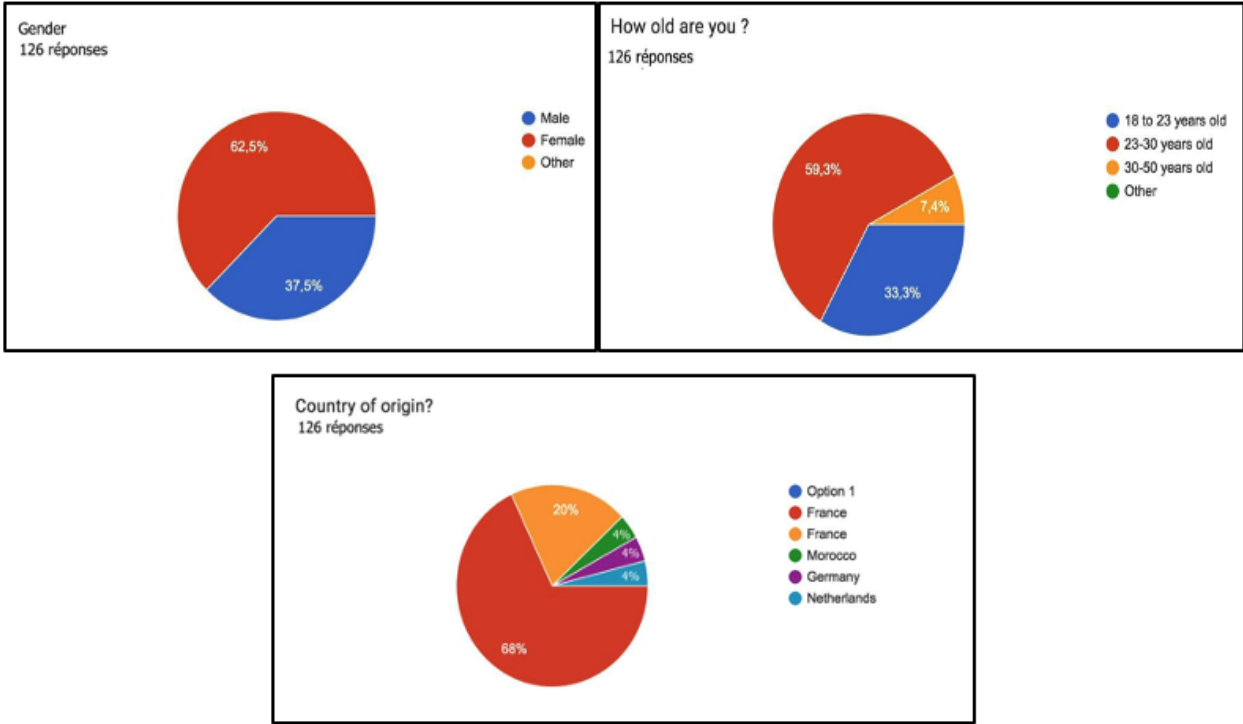


Figure 5.1. Online survey sample characterization

The respondents of this survey are all very familiar with social media (see Figure 5.2). 29.6% of them are spending more than 4 hours daily on these platforms. 48.1% said that they were spending 2 to 4 hours on them, and finally, 22.2% replied spending 1 to 2 hours. It is interesting to mention that out of the 126 total answers, absolutely no one replied 'less than 1 hour' to this question. Regarding the favourite social media platforms of the respondents, no surprise here by seeing that Instagram stands out being the most popular one with over 70%. It is interesting to see that Youtube occupies the second position with 11.1%, followed by TikTok and Twitter, both with 7.4%. Snapchat only got 3.7% of the answers, while Facebook and Twitch got none. To have a more precise idea of the popularity of the platforms, respondents were asked what their second choice would be as for the social media platform still. Tiktok got a higher frequency, with 40.7% of the respondents choosing this platform. We can presume that respondents that chose Instagram first, may also like TikTok a lot, because these are two quite similar platforms. As expected, Instagram comes in second with 22.2%, and then, equal results for Snapchat and Twitter (11.1% each).

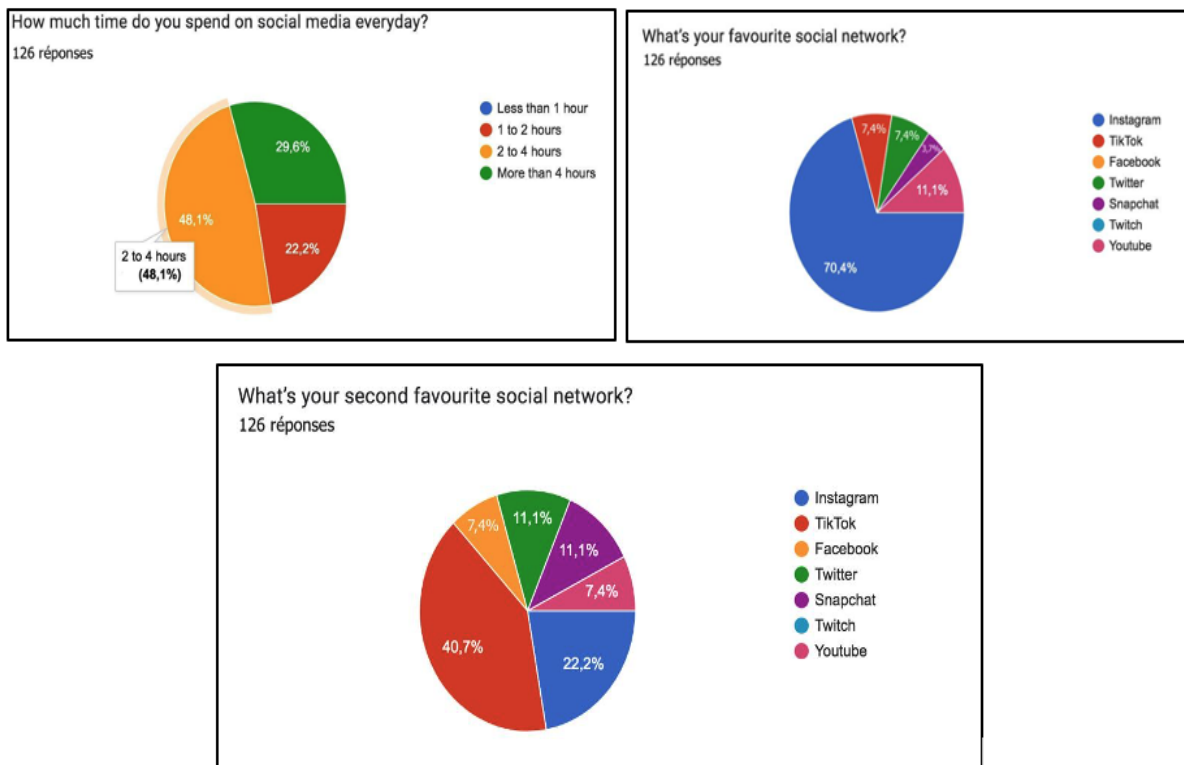


Figure 5.2. Sample's attitude towards social media

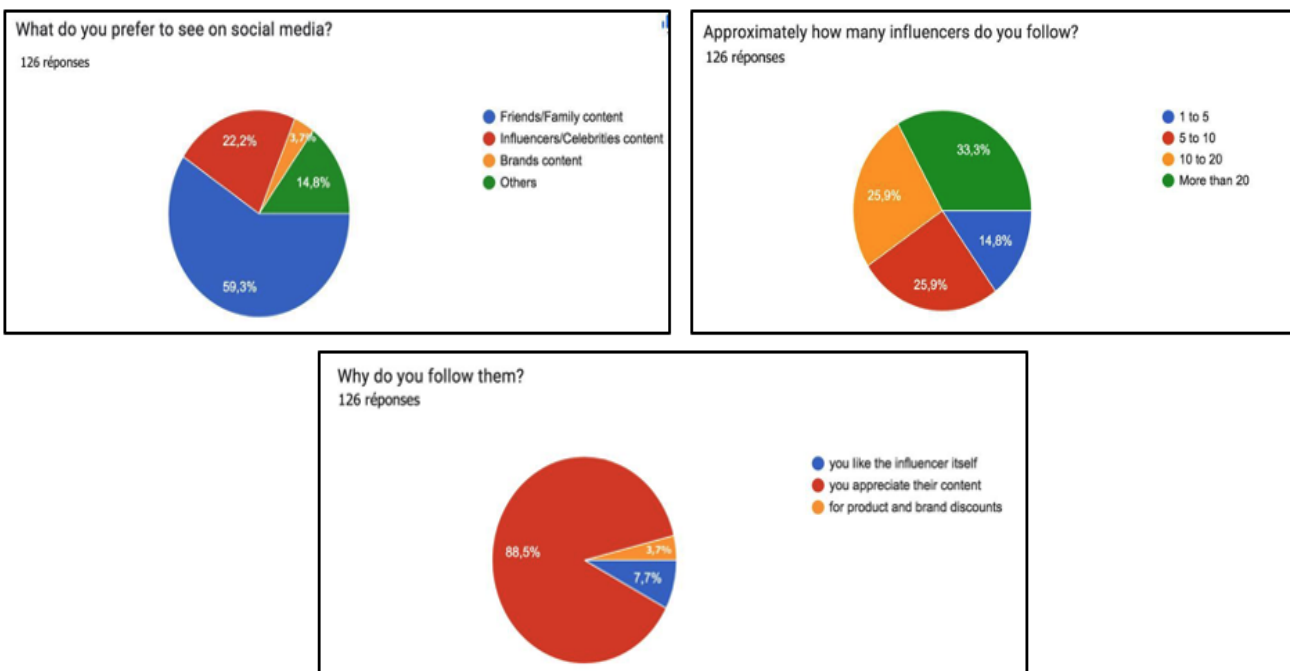


Figure 5.3. Content preference on social media

In Figure 5.3, we can see that more than half of the respondents claimed that what they prefer to see on social media is friends and family related content (59.3%), while 22.2%

answered Influencers' content, and only 14.8% brands content. Then, regarding the number of influencers that the respondents follow on average, it is interesting to see that 33.3% replied more than 20. Only 14.8% replied between 1 to 5. 25.9% of respondents follow between 5 to 10 influencers and 26% follow between 10 to 20 influencers. The main reason why the respondents follow these influencers is for the majority of them (88%) because they appreciate the content that influencers post on their social media. 8% follow influencers mainly because they like the influencers as an individual. And only 4% follow influencers for product and brand discounts.

When asked whether they prefer to see content published by the influencers or ads directly issued by brands (see *Figure 5.4*), 55.6% of respondents chose content published by influencer, and only 44.4% by brands. Surprisingly these numbers are quite close. As for purchase inspiration, 44.4% admit to often use social media with that purpose, while only 7.4% responded to never to so. A high percentage of respondents admitted to often use social media channels to search for information about products or brands quite often (33.3%), and 44.4% replied to do so sometimes, and less than 4% never.

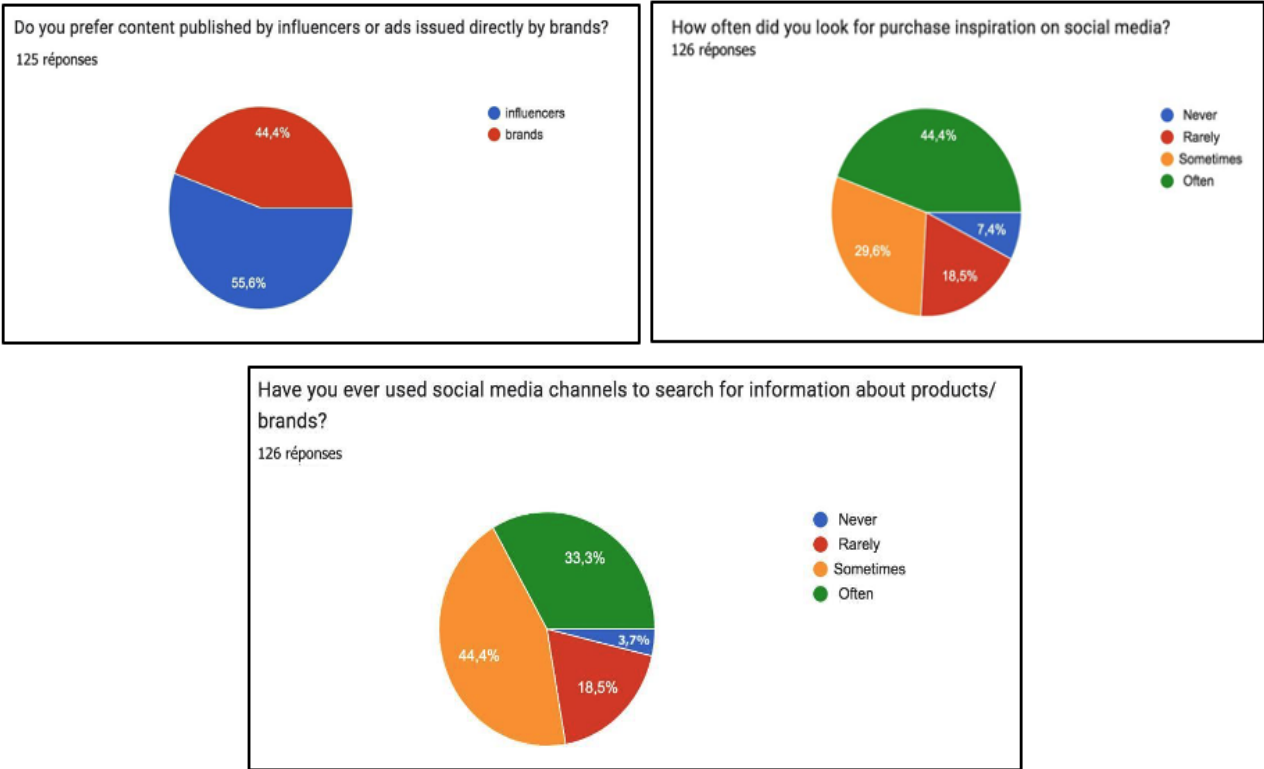


Figure 5.4. Social media usage to seek products/brands related information

When being asked if the trustworthiness of a company increases if it gets promoted by influencers they appreciate (see *Figure 5.5*), 14.8% answered often, 63% answered sometimes, and 22.2% answered rarely or never. However, the percentage of respondents who often visited a brand’s websites after seeing content published by an influencer is quite high at 33.3%, and more than 48.1% reply ‘sometimes’. But still, the conversion in terms of purchases is low. Only 14.8% of respondents answered that they often purchase from a brand, after seeing content published by an influencer, 29.6% answered sometimes, while 55.5% answered rarely or never. The percentage of those who have already used an influencer promo code is even lower, with almost 30% of “never” answers, 40.7% of ‘rarely’, and less than 30% revealed a positive answer towards promo codes usage.

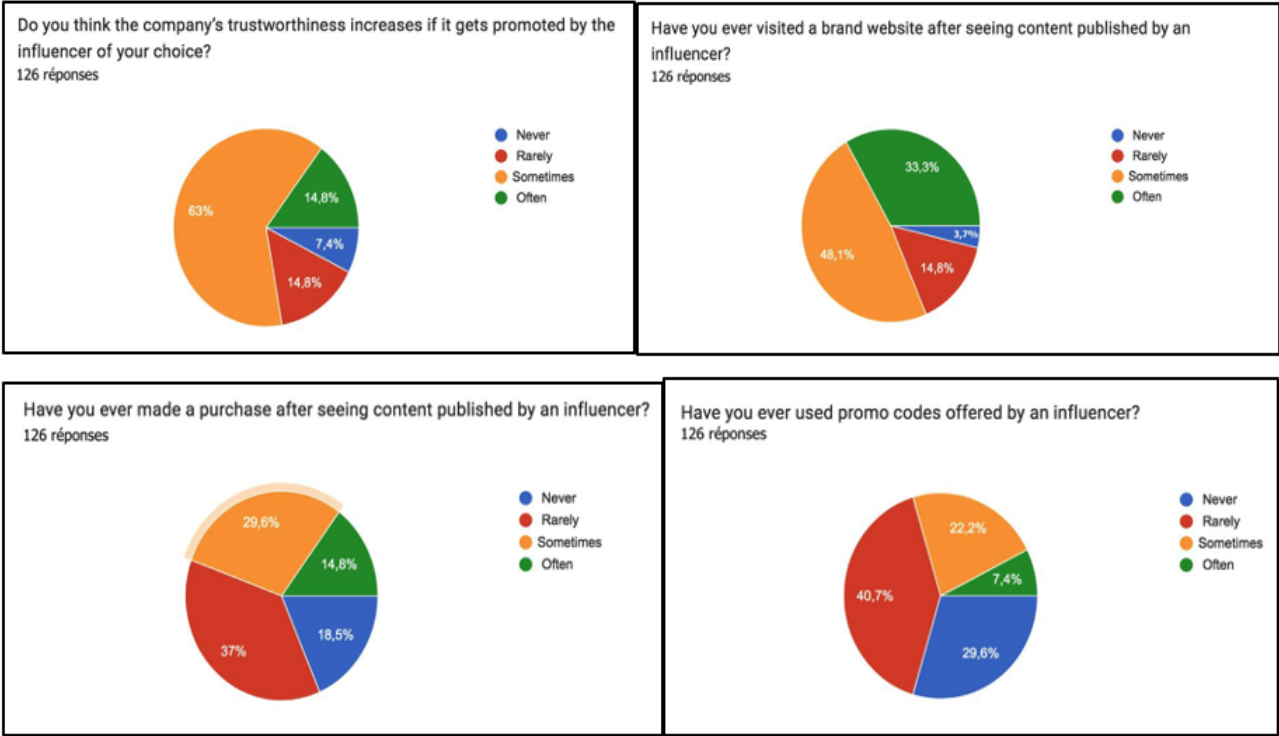


Figure 5.5. Attitude towards content published by influencers

Among the people who answered this survey, the percentage of them who would ‘absolutely’ consider working with influencers if they were opening a new business tomorrow is very high with 42.3% of them (see *Figure 5.6*). In general, the percentage of people that are positively interested, and chose the options ‘probably’ or ‘why not’ represents around 54%. Only 4% answered negatively to this question. Regarding the level of trust the respondents have in the influencers when they promote brands, the results vary a lot. About 52% replied

‘sometimes’ to this question, 29.6% replied “rarely” and 11.1% replied ‘often’. For 25.9% of the respondents, influencer marketing as it is right now, it is recognized as a sustainable and strong business. However, for 66.7% of the respondents, influencer marketing will have to change a lot in the near future to stay a stable business, and 14.8% have been even more radical by choosing the option ‘influencer marketing is dying’.

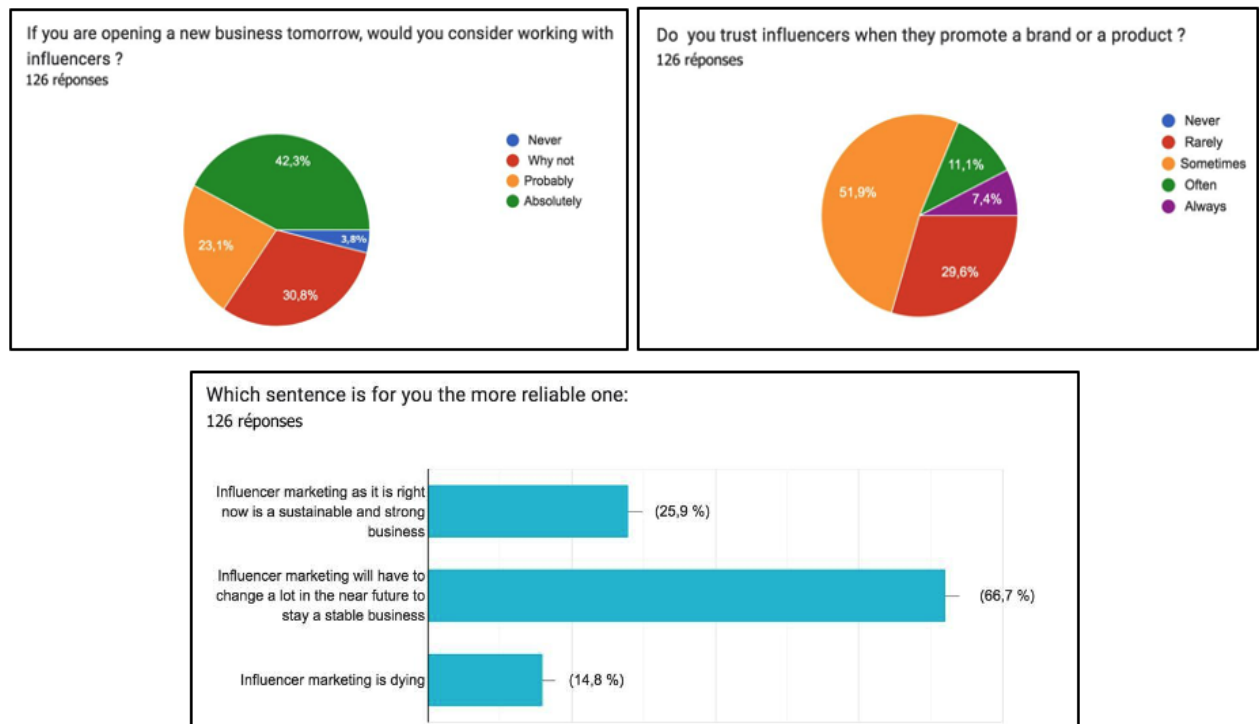


Figure 5.6. Attitude towards influencer marketing

When asked about what they think about influencers’ salaries (see *Figure 5.7*), more than 56% of the respondents think that influencers earn more money than what we could imagine, compared to 10% who think the opposite. The option ‘influencers are mostly receiving gifting items’ has been chosen by 26.7% of the respondents. Moreover, when asked about the job of the influencer itself, we have seen different answers. Almost 75% either agree or strongly agree that this is not an easy job and that it takes a lot of work, time, and creativity to create good content. However, 15% disagree with this sentence, while 11.1% are not sure about this subject. The survey also shows that most people (85%) are aware that lots of influencers are part of marketing agencies and are negotiating their contracts with the brands and organizing their schedules. Also, the majority of respondents (55.6%) consider influencers as ‘knowledgeable’ regarding their field, but less than 5% think of influencers as ‘experts’.

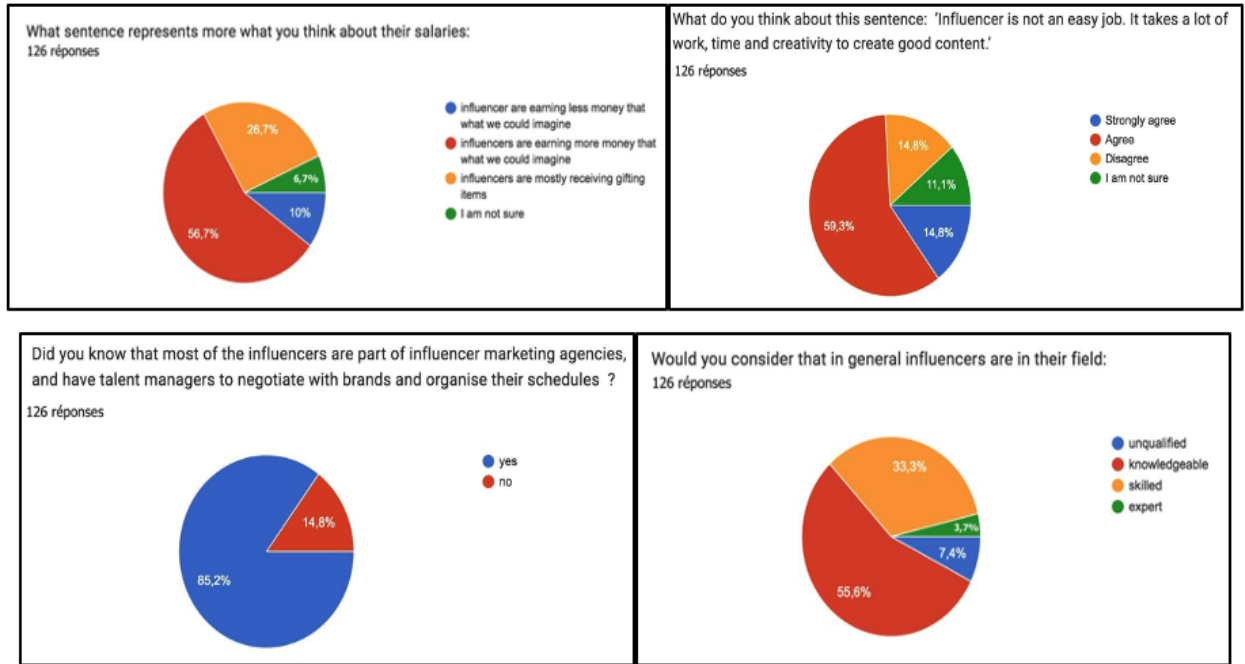


Figure 5.7. Knowledge about the influencer business

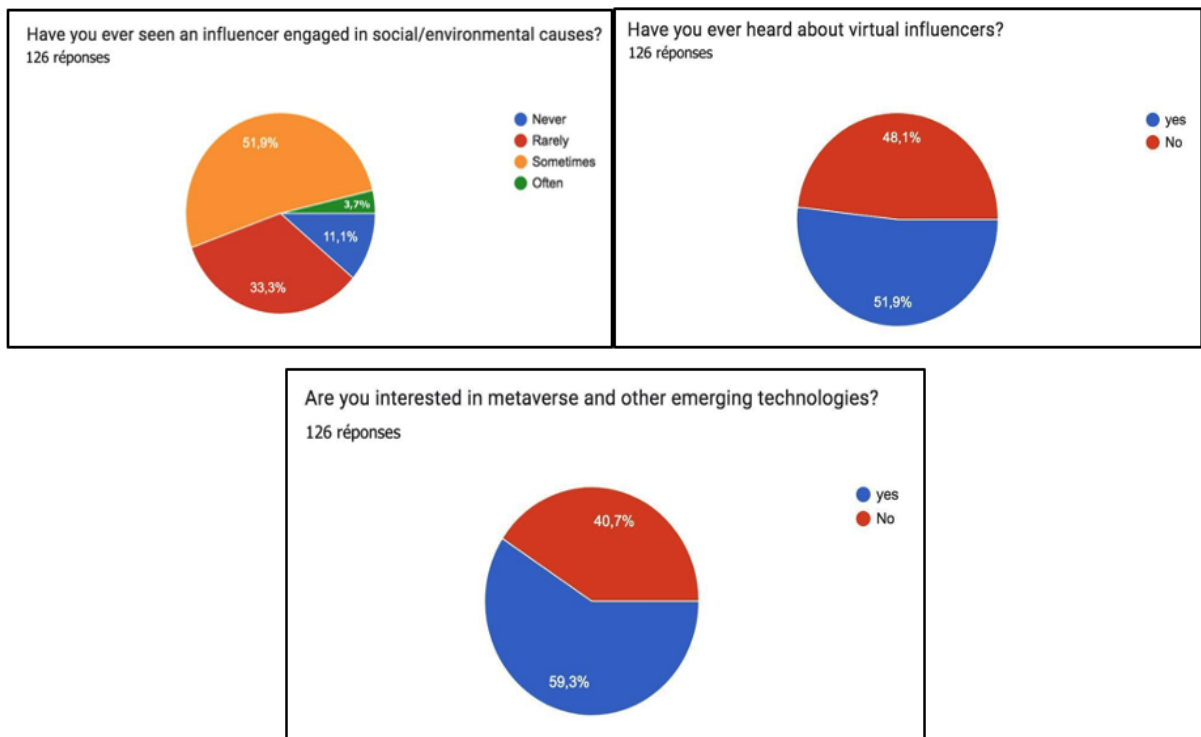


Figure 5.8. The future of influencer marketing

Regarding if the respondents have ever seen influencers engaged in social or environmental causes (see *Figure 5.8*), 52% replied ‘sometimes’, but more than 44% of respondents chose the options ‘rarely’ or ‘never’. Another subject that was asked to the audience of this survey is whether they have already heard about virtual influencers. The results are pretty even on each side. 51.9% answered yes and 48.1% answered no. Finally, for these respondents, when asked if they are interested in the metaverse and other emerging technologies, almost 60% of the respondents answered that they do.

The last part of this survey was more to assess Farfetch's popularity among the respondents (see *Figure 5.9*). The first question was about if they have ever heard about Farfetch. 70% replied that they know the brands and its concept. 15% replied that they heard about the brand but are not familiar with the concept. Finally, 15% replied that they don’t know Farfetch. The second question was about how they’d heard about Farfetch. Three answers stand out among the different options, all of them with a percentage around 30%. The first result with the highest percentage is ‘Social media’, followed by ‘Friends or Family’ and then ‘Website’. We notice here that traditional media represent a very small percentage, and that no one replied that they have heard about Farfetch through events promoted or organized by the company.

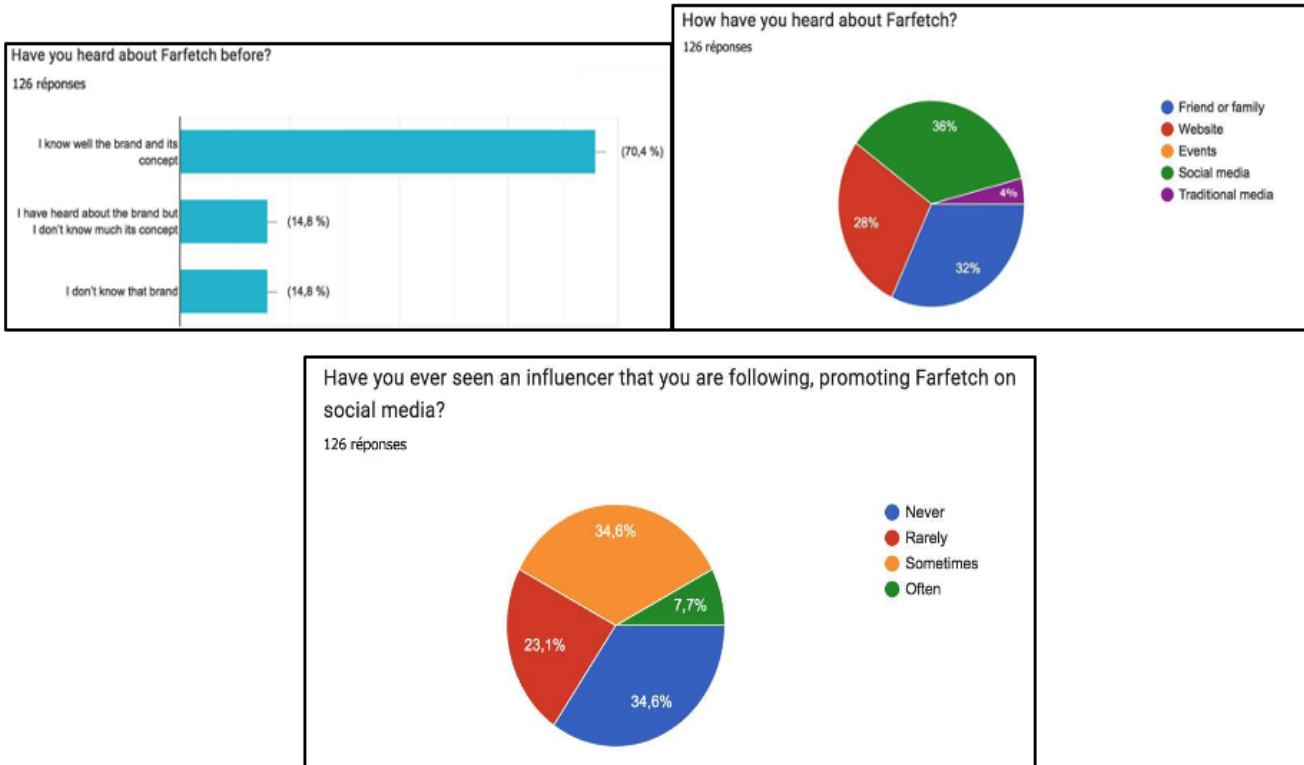


Figure 5.9. Awareness about Farfetch

6. Proposals and Implementations

Valuable information came out of these different interviews and surveys. This helped to highlight certain aspects of Farfetch which would be great to develop or adjust. This would result in avoiding potential future crises, but also bring new opportunities to make the influencer marketing strategy at Farfetch even more interesting, innovative, and efficient.

In this new chapter, a few project proposals will be presented. The idea is to ensure that Farfetch becomes the best company in terms of influencer marketing strategy within the fashion industry.

6.1. Influencer Events – Enhance Relationships between Brands and Influencers

One of the main things that were highlighted during both the interview with the influencer and the interview with the influencer marketing executive, is the fact that Farfetch is not giving enough resources to create and develop relationships with the influencers that they are working with. This lack of human interaction negatively affects the performance of the talents and the brand image of Farfetch. Many examples proved that when brands and influencers are working closely together by having less formal interactions, this benefits mostly the brand sales and the brand image (Yesiloglu & Costello, 2020). Organizing events, inviting influencers to the headquarters, meeting them for dinners, offering them gifts, or taking time to directly talk to them instead of just emailing them, are ways to enhance the relationships with them, and create this sense of belonging to the Farfetch community. Indeed, events make face-to-face discussions with the influencers easier, which results in having much more personal and intimate relationships than what is possible in the digital space

Influencers like to promote brands that they truly appreciate, and when they do, they would more likely to create and post organic content on their social media. From what was said by the influencer that I've interviewed, Farfetch needs to see the influencers as partners more than ads. This is not a secret that it has always been beneficial for businesses to share moments with their collaborators and try to have professionally-friendly relationships with them and this is something that Farfetch needs to consider doing with the influencers (Jílková, 2018).

Brands that understand the importance of coordinating social media marketing campaigns with traditional events and PR strategies are the ones that have more chances to be successful and reach their objectives. A really great example of this is the REVOLVE success story.

Revolve is an online clothing retailer founded in Los Angeles whose success has been driven by social media influencers. Revolve is one of the most well-known names in the industry and a pioneer in influencer marketing (Beale, 2021). The business is known for organizing around a hundred events per year for influencers, such as extravagant parties in hot spots like the Hamptons, London, Thailand, and Ibiza. Its biggest annual event is the Coachella music festival, which is one of the biggest events in the United States, where top influencers, models, and actors can mingle and enjoy musical performances from the most famous singers of our generation (Dhani, 2022). These initiatives became a crucial part of their Instagram marketing plan, resulting in the expansion of their brand recognition, organic reach, and revenue. This year in 2022, Revolve worked with more than 450 influencers during Coachella, by styling them with items that can be found and purchased only from their e-commerce platform. These influencers came from all around the world to enjoy the festival but mainly to be part of the Revolve community which is a big opportunity for them. During the festival's week, the pieces worn by the influencers appear to sell exceptionally well. According to CEO Michael Mente, every year, Coachella is their best week of the year, beating the sales period, Cyber Monday, and Black Friday (Dhani, 2022).

To sum up, it would be beneficial for Farfetch to change the relationship that the brand has with the influencers. More and more fashion brands are offering more than just clothes or remunerations. They are offering activities, experiences, or events, to build memories and personal connections between the talents and the brand (Yesiloglu & Costello, 2020). The purpose of this is to create more excitement from the influencers to feel “part of the brand”, and this excitement helps to make sure that the influencers are more positively involved in the content creation process, which therefore enhances the influencer marketing strategy, which always helps to boost sales.

Another reason why it would be beneficial for Farfetch to organize more events is that it would considerably help to build stronger brand recognition. We saw in the survey that none of the respondents have heard about Farfetch because of events. Throwing influencer marketing events would be a solution to solve this situation.

6.2. Tiktok – The New Favorite Influencer Marketing Platform?

In 2016, a Chinese organization by the name of ByteDance created a lip-syncing app named Douyin. After a year, the business introduced TikTok, a new version of the app, with the idea

to reach other markets outside of China. Since its release, this international version's user base has grown, with generation Z constituting the largest category (10-25 years old) (Muliadi, 2020). Currently, TikTok is focused on being a video-sharing software where everyone can create videos ranging in length from 15 seconds to 10 minutes on any subject. One of the things that sets TikTok apart from other comparable platforms is that it creates a virtual creative playground for the creators, by offering a large choice of audiovisual features and effects that encourage them to be imaginative while creating content (Herrman, 2019).

TikTok's algorithm-driven nature is also one of the key factors in its distinctiveness; for example, a video from a random person might quickly garner viewers when it appears in other users' feeds, even if they had no prior relationship at all. TikTok's content isn't simply chosen at random for the users, either. The choice is sharpened and based on what the algorithm thinks you're interested in, and it keeps being adapted every single second you are using the app (TikTok, 2020).

TikTok algorithms promote the emergence and growth of influencers and help them to reach potential engagement. With such a huge user base and an average daily usage time of more than an hour (Muliadi, 2020), there are definitely opportunities that arise for TikTok influencer marketing strategies. However, brands obviously need to have an in-depth knowledge of this social channel first. They should be aware of the fact that 60% of TikTok users are between the ages of 16 and 24 and make sure that this is aligned with their own target audience. This is what we call Generation Z – defined as those who were born between 1997 and 2009 (Armstrong & Kotler, 2016). We know thanks to a lot of recent studies that this generation does not believe in conventional advertising. They want genuineness and transparency, and companies need to pay attention while using Tik Tok influencers with that purpose in mind.

Farfetch's influencer department is currently working with Instagram influencers mainly and some Youtube influencers. Some campaign trials have been made with Snapchat in the Middle East region, and with Twitch in the DACH region. However, I believe that launching some influencer Tiktok campaigns on a multi-regional level would be a great way to attract new customers. According to the results of the survey, TikTok is most of the time considered as either the first or the second favorite social media these days, which proves the importance for Farfetch to start including the platform in their influencer marketing strategy.

More than that, this would also be a great way to ensure that our strategy doesn't depend only on one strong social platform, especially these days when the Instagram algorithm has been seriously questioned, leading to a decline in popularity. Very recently at the beginning of

July 2022, two of Instagram's biggest influencers in the world, Kim Kardashian and Kylie Jenner, publicly supported a trend on their social media, which was complaining about this new version of the app. The sisters, who together have 686 million followers on Instagram, both posted a message titled "Make Instagram Instagram Again," lamenting the fact that the social media network was trying to imitate TikTok with the number of videos they are seeing on the app rather than concentrating on photo sharing as they are normally supposed to. This post has been shared/liked by millions of users in a few hours only, in the entire world. The very next day, Adam Mosseri, Instagram's CEO, published a statement saying that the platform's shift is "not yet good". According to CNBC, it's Mark Zuckerberg, CEO of Meta, Instagram's parent firm, who's pushing for short-form video content, in order to regain the market shares that TikTok won these last few years. Moreover, many users say they are also dissatisfied with the fact that the accounts they follow no longer appear on their homepage, while those they don't follow are recommended in their feeds (again similar to what Tiktok is doing) (Kalley, 2022). A few years ago, the most followed woman on Instagram, Kylie Jenner, hurt other social media platforms with her endorsements or lack thereof. She tweeted in February 2018 that a redesign of the Snapchat app made her stop using the social platform. Following this tweet, Snap's stock dropped by 7%, costing the firm more than \$1 billion in market value (Kalley, 2022).

TikTok became the most-downloaded app of 2021 and is also the most-downloaded app in the first quarter of 2022 (Frederick, 2022). Therefore, even though TikTok is known as a social media platform for younger users, and this is not the target Farfetch is trying to reach because of their usual low level of income, launching some projects on this growing giant platform would be a great way to not rely only on one platform, in other words, to not put all eggs in one basket.

6.3. Sustainable Influencers to Inspire the World

Due to continuous environmental trends, there has been an increase in the debate about sustainability online, giving rise to a new type of influencer: the Sustainable Influencer.

A sustainable influencer is a person who takes part in influencer marketing campaigns that are expressly designed to promote goods that are viewed as sustainable, ethical, or environmentally friendly (Jacobson & Harrison, 2022). Although they actively promote ethically and sustainably produced goods, sustainable influencers fall short in a number of ways.

Greenwashing has become very frequent in influencer-based advertising as sustainability has become a trend, particularly among fashion firms. TerraChoice defines greenwashing as “the act of misleading consumers regarding the environmental practices of a company or the environmental performance and positive communication about environmental performance” (Netto, 2020).

Additionally, these influencers might not do enough research before agreeing to collaborate with or associate with a brand, which could lead to the accidental promotion of greenwashing. The majority of sustainable influencers eventually rely on the promotion of consumerism, which is also not a sustainable practice. The current level of waste in the fashion business is a result of the overconsumption of apparel products, and the overconsumption of ethical products does not lead to a more sustainable future either. Slowing down all parts of production is the only way to achieve a "slow" fashion future (Jacobson & Harrison, 2022).

At the intersection of sustainable development and social media campaigns, the sustainable influencer has power. By enabling a change in the sustainable influencer culture as a whole, these influencers can make a real contribution to sustainability practices. Instead of promoting the continued cycle of overconsumption, influencers should use their influence to support legislation that would support a more sustainable and ethical clothing sector (Jacobson & Harrison, 2022).

Leah Thomas, also known as @greengirlleah, is a great illustration of what a sustainable influencer does. She likes to promote firms that are completely transparent about their ethics, and she does so in order to educate her audience and use her influence to support sustainability-minded legislation (Johnstone & Lindh, 2022).

I believe that Farfetch, like any other individual or entity, has the power to support this trend and reward these sustainable influencers by giving them visibility thanks to simple collaborations or other important brand projects. Farfetch has also a wide range of positively conscious brands on their website, and there are some opportunities there to promote these brands and encourage the other brands to follow their steps. However, in my opinion, this is really important that in case Farfetch would like to go on this road, they have to do it with pure intentions, honesty, and transparency. It should not be a greenwashing strategy to make the brand look more conscious.

Influencers are actors in our society, and with the large visibility, and influencing power that they have, it would be great to see an increase in the number of influencers that are actually using their voices to fight for worthy causes. According to the results that emerged from the survey, almost half of the respondents claimed that they have rarely or never seen an influencer

engaged in an environmental or social cause. In my opinion, it would be an interesting direction for Farfetch to try to be more involved with these sustainable influencers. This would help the brand commercially, but this would mostly also be a way to show and prove Farfetch's brand's values through its influencer marketing strategy.

6.4. Moving to the Metaverse? The Rise of Virtual Influencers

The metaverse is a network of 3D virtual worlds. It is typically used to refer to virtual reality and digital worlds that can be accessed via the internet or via a headset and which enable real-time interaction between individuals and the possibility to access innovative experiences across these virtual worlds (Bendoni, & Danielian, 2019). The Metaverse is continuously offering new possibilities for content creators as it occupies a larger and larger portion of the social and digital environment. Influencer marketing in the Metaverse is a topic that is frequently unnoticed.

However, this trend has a strong potential to impact the future of marketing strategies, as it has the power to influence how brands interact with their consumers and how they advertise their products. Influencer marketing in the Metaverse is continuously evolving and many virtual influencers have now more than 1 million followers on Instagram. Virtual influencers are utilized in a variety of ways to advertise products and services, but also to build brand image, and attract new customers (Sands, 2022).

One of the most popular virtual influencers is LilMiquela. She started publishing content on Instagram in 2016 and since then, she became more and more famous and has now reached more than 3 million followers on Instagram. She was created by the Los Angeles-based start-up Brud that is also the creator of Blawko and Bermuda, two other virtual avatars, which are also Miquela's friends. The firm Brud has also imagined an entire story and background for each of its virtual influencers. For example, Miquela Sousa is a model and a singer who's based in California, and she is originally half Spanish-half Brazilian. Although she is fictitious and she says and recognizes that she is a robot, she expresses human emotions in her content and the conversations she has with her followers (Drenten & Brooks, 2020)

Popular virtual influencers have already promoted some of the biggest businesses in the world, especially in the fashion industry. According to recent studies, virtual influencers have engagement rates that are roughly three times higher than those of "human" influencers. HypeAuditor reports that this is particularly noticeable for accounts with more than one million

followers, where virtual influencers have an engagement rate of nearly 3% while human influencers of this size have an engagement rate of around 0.7%. (HypeAuditor, 2022). One of the main advantages for brands to create and use virtual influencers is that they can completely control the influencer's image to make sure that she/he is aligned with the brand values and that her/his look and personality match with the brand's customers.

Prada recently revealed the creation of their first virtual influencer to relaunch one of their most popular fragrances: Prada Candy. To better reach the tech-savvy generation Z, the brand has replaced its conventional celebrity and influencer marketing strategy with a virtual muse, which has the name of the perfume. The Prada Candy scent has traditionally been targeted to a younger audience, thus Prada's primary goal was to use the idea of digital muses to reach this generation (Drenten & Brooks, 2020). Moreover, it is not the brand's first time collaborating with a virtual influencer. Indeed, during Milan Fashion Week in 2018, Lil Miquela took control of the brand's Instagram account. The famous virtual influencer was invited to the Prada fashion show and uploaded behind-the-scenes footage and sneak peeks of the designs. For customers and for the fashion world, it has been seen as an interesting experience to observe the real and the virtual worlds, merging through a virtual person. Balmain or Louis Vuitton are other examples of big brands that've already collaborated with these types of new influencers (Drenten & Brooks, 2020).

As the interest in the metaverse grows every day, it would be an interesting opportunity for Farfetch to start looking at some potential projects they could implement in the influencer marketing department. As we have seen with the results of the survey, more than 60% of the respondents said that they are interested in the metaverse and more than 50% of the respondents have already heard about virtual influencers.

Collaborations with these virtual influencers would be a great way for Farfetch to differentiate itself from its direct competitors. This would also prove and strengthen the position and the brand image that the website is building around the idea that they are an innovative platform focused on new technologies. The brand can have two different options: The first one would be to completely create their virtual influencer from scratch, but this would for sure be much more costly, and the entire company would have to find ways and projects to have long-term plans with this virtual influencer. The second option, which looks much more accessible, would be to collaborate with this virtual muse, as part of the business-as-usual campaigns that the influencer marketing department is running. This would also help the department in terms of time efficiency, because working with virtual influencers is easier than working with human influencers, as they are always accessible, more flexible with brand strategy and marketing

activities, and free from 'real-world' scandals. As Jerry Soer said: 'It is easier than virtual influencers don't sleep, have off days, fall sick or be unavailable' (Jimenez-Castillo, 2019). Virtual influencers are likely to spread more widely in the upcoming years. One of the explanations is obviously as we mentioned before, the rising popularity of the metaverse and the acceptance of digital cultures but also the fact that the obstacles to the creative processes are nowadays much lower. These two elements will result in a new generation of virtual influencers that will have more and more power in this marketing field (Drenten & Brooks, 2020).

7. Conclusions

For several years now, influencer marketing kept on growing, as traditional media channels are less appealing to the new generations compared to social media strategies. This is particularly true in the fashion industry, and that is why I've decided to base this thesis on one of the most global and innovative brands in the fashion world: Farfetch. As we've seen in this thesis, the brand has developed a unique influencer marketing strategy thanks to a specific influencer marketing department of which I am part. The analysis of the industry, the presentation of the company and the influencer department, the SWOT and the Business Model Canvas helped us to highlight Farfetch's major resources and values.

The results of this research answered several questions as to why lots of fashion brands build their marketing strategy around influencers. On what criteria the influencers are chosen? What are privileged social networks? How do we measure the profitability of this strategy? What are the objectives and what are the results? The definition of several key terms and key concepts analyzed in the literature review, helped us to answer all these questions and understand the complexity of the influencer marketing strategy.

Individuals are now looking for product recommendation and inspirations, directly on their social media, and this is why brands decided to exploit the power of these online opinion leaders. This strategy allow them to reach large audience, but which still can be niche. In order to find the right influencers, brands need to define their goals first and analyse the different talents profiles. They also need to decide on which platform they want to operate. Instagram has become with the years, for both brands and followers, the favorite social media platform for influencer content. On top of reaching new audiences, influencer marketing strategy also

help to build brand awareness, brand image and trust. This is one of the outcome that we have seen in the results of the online survey. Indeed, a total of 126 answers have been submitted and analyzed with the aim of supporting this thesis with a quantitative survey. The goal of the online survey was to understand the different factors and aspects associated with influencer marketing strategies that might affect the purchasing decisions and behaviors of customers, especially in the Fashion Industry.

Furthermore, the accomplishment of this online survey helped to identify areas that Farfetch has not exploited yet and which could be considered as solutions to solve current situations or interesting directions for the expansion and development of their influencer marketing strategy. First of all, to stay in the game, Farfetch as a brand needs to be appreciated by the influencers. Organizing specific influencer events would be a possibility for them to build stronger relationships with their ambassadors, and this is a point that Farfetch needs to consider. Another point to consider is, to find solutions to not base their influencer strategy on one strong platform only, and to adapt to other social media. Especially Tiktok, which is considered the new favorite platform for the new and future generations. Then, another interesting area to explore for Farfetch could be to work with more social or environmental influencers. In addition to potentially being a nice brand campaign, this would mostly be a way to show and prove Farfetch's brand values through its influencer marketing strategy. Finally, because Farfetch is by nature a tech company that likes to describe itself as innovative and ahead of time, it could be an interesting idea to explore more the future of fashion in the metaverse and virtual influencer marketing opportunities.

During this amazing journey of writing this thesis, I became more and more confident that influencer marketing will keep on growing, and that more various types of influencers will continue to emerge. Some might be completely different from what we are used to seeing now in this field but I am convinced that this will make this strategy even more interesting, challenging, and successful.

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Appendices

Appendix A: First Page of Farfetch Q2-2022-Earnings-Release (Farfetch, 2022).

FARFETCH

Farfetch Announces Second Quarter 2022 Results

- Q2 2022 Gross Merchandise Value ("GMV") increases 1.3% year-over-year (or increases 7.6% year-over-year at constant currency) to \$1 billion
- Q2 2022 Digital Platform GMV decreases 3.3% year-over-year (or increases 1.6% year-over-year at constant currency) to \$883.1 million
- Q2 2022 Brand Platform GMV growth of 47.3% year-over-year (or 68.4% year-over-year at constant currency) to \$107.1 million
- Q2 2022 Revenue increases 10.7% year-over-year (or increases 20.7% year-over-year at constant currency) to \$579.3 million
- Q2 2022 Gross Profit Margin of 46.2% and Digital Platform Order Contribution Margin of 31.7%
- Q2 2022 Profit after Tax of \$67.7 million (includes non-cash benefit arising from impact of lower share price on items held at fair value and remeasurements)
- Q2 2022 Adjusted EBITDA of \$(24.2) million
- Cash, Cash Equivalents, and Short-term Investments of \$675.2 million as of June 30, 2022

LONDON, U.K. August 25, 2022 – Farfetch Limited (NYSE: FTCH), the leading global platform for the luxury fashion industry, today reported financial results for the second quarter ended June 30, 2022.

José Neves, Farfetch Founder, Chairman and CEO, said: "At Farfetch our mission is to be THE Global Platform for Luxury. This week we celebrated a major step towards that mission, with a transformational deal advancing our Luxury New Retail (LNR) partnership with Richemont.

"Since the acquisition of Browns, through the launch of F90 with Gucci, partnerships with Chanel and Harrods, our China JV with Alibaba, Richemont and Kering, and more recent signings of Neiman Marcus and Salvatore Ferragamo, to name just some of the milestones, we have built upon this vision relentlessly - year after year - and this week we celebrate a landmark partnership where we are partnering with Richemont to deliver LNR to their entire group, with their Maisons and YNAP adopting Farfetch Platform Solutions and also joining the Marketplace. This is our long-term vision coming to life.

"And while our eyes are fixed on our North Star, our feet remain planted firmly on the ground. We are navigating a volatile macro environment adeptly, continuing to post growth compounding on what has been a tremendous 3-year run for Farfetch, a period that saw our business double as measured by our GMV. This makes me extremely bullish for 2023, a year when we will lap our closure of our Russia operations, expect China to turn into a tailwind, and will start to see the fruits of large deals signed this year with Reebok, Neiman Marcus Group and Salvatore Ferragamo. These 2023 vectors of growth, combined with the rationalisation of costs we are implementing this year, make me very confident about our 2023 top line, profitability and cash generation.

"I look forward to discussing all of this as well as our longer term plans in an upcoming Capital Markets Day, which we expect to take place before the end of the year."

Appendix B: The Farfetch logo on the New York Stock Exchange building in 2018 to announce the IPO (source NYSE)



Appendix C: Examples of collaboration: French influencers x Farfetch

@sasabylopez
889K followers


@yanissaxoxo
1.1M followers

@dianeperreau
340K followers

@carolinereveur
4.9M followers

@charlottesine
661K followers

Appendix D: Collaboration Farfetch x @merylmgj



merylmgj
Paid partnership
Tallinn, Estonia

merylmgj I'm beyond excited to partner up with one of my favourites @farfetch to share some finds and also share a discount code that is valid for so long! Use the code "MERYL" for 10% off for 30 days! 🍷

#OnlyOnFarfetch #ad #farfetch
Edited · 14 w

dominikamolik Love 🍷
13 w · 1 like · Reply
— View replies (1)

farfetch 🍷
14 w · 1 like · Reply
— View replies (1)

🍷 🔍 📌

Appendix E: Interview A: Influencer Marketing Executive at Farfetch

For this first interview, I asked one of my colleagues to answer some questions about his position. His name is Rance China, we both work in the same department, and we both started on the same date in January 2022.

1. Can you present yourself and tell me about your previous jobs before Farfetch?

My name is Rance. I am originally from Hawaii, but I was living in Los Angeles for the past 8 years. I've been working as a stylist for more than 3 years, and during that time I've met a lot of celebrities: singers, actresses but also influencers. Then a great opportunity arrived and I accepted a new position in the influencer marketing department of one the biggest makeup brands in the world, MORPHE. The brand likes to launch makeup collections in collaboration with beauty influencers and other beauty celebrities, and I was in charge of these specific collaborations. Even though I really enjoyed working in the beauty industry, I've always been more interested in fashion so I was really keen to try a new challenge and start this new job for Farfetch and also move to Europe.

2. What is your exact role in the influencer marketing department at Farfetch?

My role is influencer marketing manager for the US region. 3 junior influencer marketing executives are working also for the US market and my mission is to make sure that we are aligned on the process. The US is the main focus region for Farfetch lately, and the sales targets the company has for this market are higher than for the other markets.

I believe that one of the reasons why they specifically needed a manager for this region is because the US is a difficult market with a lot of specificities. For example, we are very pop-culture oriented, more than in Europe. Also, it's a huge country and the influencers that are living in New York, Los Angeles, or Miami, are all very different from each other, and that's details that need to be taken into consideration when doing business with them.

3. What is for you the most important part of the job?

In my opinion, what's really important is to analyze the campaigns very carefully when it's over. With only one campaign we can gather a lot of data, that can be very useful once they're analyzed correctly. After each campaign, we have a monthly meeting with the US team, and we all analyze our campaigns. Who was in the top five of the influencers that generated the most sales within the month? What type of content they've posted (Mirror selfie/unboxing/vlog/product shot/ styled outfit)? What type of products they've presented (bags/shoes/apparel/accessories)? What type of brand they've chosen items from (luxury brands such as Gucci, Fendi, Prada / or premium brands such as The Kooples, Sandro, Maje...)? What was the size of the influencer? How old she/he was? And many more. By answering these questions, we are trying to see if there are some

similarities between the top influencers of each month to then be able to better choose the influencers we want to work with and also to then advise them better on what type of content/ products/ brands works the best.

4. What is your favorite part of the job?

One thing that I like about this job is that it makes you work on your emotional intelligence a lot. By working with influencers/celebrities, we need to be able to understand, use, and manage emotions to communicate effectively, empathize with others, overcome challenges and defuse conflict. For example, we need to be nice and friendly with the influencers, in order to create a great relationship with them, but at the same time, we also need to be very strict to make sure that people respect the deadlines and the instructions. It happens quite often to become good friends with some influencers or agents because of how much the social aspect is present in the job.

5. What would you change about the influencer marketing department at Farfetch?

Our influencer marketing department is very performance-oriented, and this was quite surprising for me when I arrived because I've always worked in influencer departments where the goals were more to raise brand awareness with creative social media projects that we were creating with influencers. Here at Farfetch, the main objective is very clearly to generate sales by pushing influencers to share their discount codes. I am very impressed by this strategy which clearly shows some great results in terms of numbers, with an amazingly low cost of sale for the influencer department, but I still believe that we should focus on more creative projects too. I think that influencer marketing should work more closely with the social media team and the brand team, in order to create bigger projects with the influencers that we're maybe not using as much as we could.

Appendix F: Interview B: Influencer working with Farfetch

For this second interview, I asked a micro-influencer in Estonia to answer a few questions. Her Instagram handle is @meylmg. She collaborated with Farfetch for the first time in April 2022.

1. You are what we call a micro-influencer. How did it start?

I've always been passionate about fashion and taking pictures. When I was a kid I was always organizing photoshoots with my friends, and then in high school, I had a blog where I was posting about my looks. I've started Instagram in 2015, and I saw the number of followers growing over time. The fact that I traveled a lot these last few years and that I've done a lot of professional photoshoots helped me to have better content, and that's probably the reason why I gained thousands of followers these last two years.

2. What are the reasons that make you accept a collaboration with a brand?

To accept a collaboration, I would say the first thing is that I need to make sure that I like the products and that I identify myself with the brand. I don't want to promote products that I will not consider buying as a normal consumer. I need to make sure that this is also something that my followers would most likely appreciate because I don't want to lose their confidence. They trust me, and the most important thing to me is to not jeopardize the honest and transparent relationship that I have with them. Then, if you want me to be honest, the second reason would be the offer. I've worked hard to get those followers and if I use my social media to promote a brand or a product, I need to have something in return. I usually only accept paid partnerships, but it can happen that if the gifting offered is something that I really like, then I can make some exceptions. The third criterion for me would be the sustainable impact of the brand. I believe that influencers have a certain power of making things change at our own scale, thanks to the visibility we get from our social media, and this is really important for me to use it wisely. To give you an example, I recently received a very interesting offer from a fast-fashion website named SHEIN.com. Even though I like their products, I did not agree to collaborate with them, because I've read a lot about their unethical manners, how bad they are for the environment, and their lack of transparency in their supply chain, and I do not want to promote a brand like this.

3. For you, what are the criteria to be a good social media influencer?

In my opinion, it has nothing to do with the number of followers that you have. What is important for me is to always be sincere with your community, and engage with them as much as possible, by replying to their messages and comments. Also, it's important to be creative with our content, try to think outside the box, and try to launch trends, instead of just following them. A good influencer is someone who puts a lot of effort into the content creation process. For example, when I see that two influencers received the same article, but one is only recording an unboxing of the item, whereas the other one is creating a Reel, and tries the products, and describing the fit of the product, I definitely see a huge difference and I consider the second one as a 'good influencer'. Lastly, to be a good social media influencer it's very important to adapt ourselves to the market and to what's in trend. For

example, at the beginning of the pandemic, I started to be more and more present on another social media platform which is Tiktok. At first, I had trouble understanding what was popular on this platform and what people wanted to see there, but I've worked a lot to improve my skills on Tiktok, and now I also have a great community there, and this has become one of my favorite social media platforms.

4. Has it ever happened that you have developed more personal relationships with the companies you work with?

Oh yes, you definitely develop relationships ! Especially with the brands that you have a long-term collaboration. I have so many cool acquaintances and friends thanks to social media from so many different professions and marketing firms! And the best part is when you finally physically meet a person that you were always exchanging emails with, at a brand event. These are always great times to bond with them and talk about life, and not only work-related topics.

5. You collaborated with Farfetch in April 2022. What did you think about this collaboration?

I was so happy to collaborate with such a famous platform. I have been a Farfetch client for many years now so I didn't even hesitate for a second when they reached out to me. The negotiations were a bit hard. I finally accepted to receive gifting only, so I haven't earned money from this collaboration, but anyway I was more interested in the fact that I was going to collaborate with such a luxurious website, than the pay itself, because now other luxurious brands are willing to collaborate with me. The rest of the process was quite smooth and easy. I have to say though, that the collaboration was really formal and I didn't have the chance to create a relationship with the influencer executive with whom I was exchanging. It was a great honor, and I will be really happy if they contact me again in the future.

Appendix G: Online Survey

The goal of this survey is to support the quantitative research of the dissertation that I am writing for my Master in Management at ISCTE Business School. The answers will help to understand the different factors and aspects associated with influencer marketing strategies, which might affect the purchasing decisions and behaviors of the customers, especially in the Fashion Industry. All answers are anonymous and used for academic purposes only. Thank you for your collaboration.

Q1) Gender?

- Female
- Male
- Other

Q2) How old are you?

- 18 to 23 years old
- 23-30 years old
- 30-50 years old
- Other

Q3) Country of origin?

Q4) What's your favourite social network?

- Instagram
- Tiktok
- Snapchat
- Facebook
- Youtube
- Twitch
- Twitter

Q5) What's your second favorite social network?

- Instagram
- Tiktok
- Snapchat
- Facebook
- Youtube
- Twitch
- Twitter

Q6) How much time do you spend on social media every day?

- Less than 1 hour
- 1 to 2 hours
- 2 to 4 hours
- More than 4 hours

Q7) What do you prefer to see on social media?

- Friends/Family content
- Influencers/Celebrities content
- Brands content
- Other, what?

Q8) Approximately how many influencers do you follow?

- 1 to 5
- 5 to 10
- 10 to 20
- More than 20

Q9) Why do you follow them?

- you like the influencer itself
- you appreciate their content
- for product and brand discounts

Q10) Do you prefer content published by influencers or ads issued directly by brands?

- influencers
- brands

Q11) How often did you look for purchase inspiration on social media?

- Never
- Rarely
- Sometimes
- Often
- Always

Q12) Have you ever used social media channels to search for information about products/ brands?

- Never
- Rarely
- Sometimes
- Often

- Always

Q13) Do you think the company's trustworthiness increases if it gets promoted by the influencer of your choice?

- Never
- Rarely
- Sometimes
- Often
- Always

Q14) Have you ever visited a brand website after seeing content published by an influencer?

- Never
- Rarely
- Sometimes
- Often
- Always

Q15) Have you ever made a purchase after seeing content published by an influencer?

- Never
- Rarely
- Sometimes
- Often
- Always

Q16) Have you ever used promo codes offered by an influencer?

- Never
- Rarely
- Sometimes
- Often
- Always

Q17) If you are opening a new business tomorrow, would you consider working with influencers?

- Absolutely
- Probably
- Why not
- Never

Q18) Do you trust influencers when they promote a brand or a product?

- Never
- Rarely

- Sometimes
- Often
- Always

Q19) Which sentence is for you the more reliable one:

- Influencer marketing as it is right now is a sustainable and strong business
- Influencer marketing will have to change a lot in the near future to stay a stable business
- Influencer marketing is dying

Q20) What sentence represents more what you think about their salaries:

- Influencers are earning less money than what we could imagine
- Influencers are earning more money than what we could imagine
- Influencers are mostly receiving gifting items
- I am not sure

Q21) What do you think about this sentence: 'Influencer is not an easy job. It takes a lot of work, time and creativity to create good content.'

- Strongly agree
- Agree
- Disagree
- I am not sure

Q22) Did you know that most of the influencers are part of influencer marketing agencies, and have talent managers to negotiate with brands and organize their schedules?

- Yes
- No

Q23) Would you consider that in general influencers are in their field:

- Expert
- Skilled
- Knowledgeable
- Unqualified

Q24) Have you ever seen an influencer engaged in social/environmental causes?

- Never
- Rarely
- Sometimes
- Often
- Always

Q25) Have you ever heard about virtual influencers?

- Yes
- No

Q26) Are you interested in the metaverse and other emerging technologies?

- Yes
- No

Q27) Have you heard about Farfetch before?

- I know well the brand and its concept
- I have heard about this brand and I have some knowledge about its concept
- I have heard about the brand but I don't know much about its concept
- I don't know what brand

Q28) How have you heard about Farfetch?

- Friend or family
- Website
- Events
- Social media
- Traditional media

Q29) Have you ever seen an influencer that you are following, promoting Farfetch on social media?

- Never
- Rarely
- Sometimes
- Often
- Always