# The Rise of Nano-Influencers: Case Studies of Daniel Wellington, CeraVe, and Lush Cosmetics in Digital Marketing

# Zhiyu Jiang

Keystone Academy, Beijing, 101318, China

Abstract: The rise of nano-influencers has revolutionized digital marketing by shifting focus from large-scale celebrity to smaller influencers, since they have closer bonds with targeted consumers. Nano-influencers, defined as those with 1,000 to 10,000 followers, offer a unique advantage in building trust and relatability through their authentic and personalized content. This paper examines the characteristics, benefits, and challenges associated with nano-influencers, focusing on their ability to drive higher engagement rates and create meaningful consumer connections compared to macro-influencers. Through case studies of Daniel Wellington, CeraVe, and Lush Cosmetics, the analysis explores how these brands successfully utilized nano-influencers to achieve distinct marketing goals, from increasing ROI and engagement rates to fostering sustainability-focused brand loyalty. The paper also discusses platform dynamics, particularly how social media algorithms like those of TikTok and Instagram favor community-driven and authentic content from nano-influencers. Additionally, the financial benefits of partnering with nano-influencers, such as cost-efficiency and higher return on investment (ROI) for brands, are highlighted alongside challenges like scalability and market saturation. The paper illustrates critical need for match with brand values and the strategic use of emerging technologies to optimize campaigns, shaping the future of influencer marketing.

**Keywords:** Nano-influencers, social media engagement, brand authenticity, influencer marketing

#### 1. Introduction

In 2024, internet users globally reached 5.5 billion, covering 68% of the global population [26]. Social media users account for approximately 63.8% of the worldwide population, with over 5.22 billion active users as of October 2024 [5]. In the U.S., 68% of adults use Facebook, and about 47% are on Instagram, with other platforms showing varying levels of usage [23]. As a result, influencer marketing has revolutionized how brands interact with their target customers. Initially driven by celebrities and macroinfluencers with millions of followers, the field has seen a notable turn toward nano-influencers—social media users with 1,000 to 10,000 followers [9]. Although their impact is limited, nano-influencers rapidly gain business attention because they can create close connections with proper audiences, offering brands a highly engaging and cost-effective alternative to traditional marketing methods.

Nano-influencers stand out for their authenticity and relatability. Unlike celebrity influencers, who often present a well-designed and aspirational portrait, nano-influencers present themselves as everyday individuals, which gives their followers more trust and a feeling of accessibility. A study by Lou and Yuan [18] highlights that trust is essential in influencer marketing because followers regard smaller influencers as more credible and relatable than their larger-scale counterparts. Furthermore, research supports the idea that the success of nano- and micro-influencers lies in their ability to produce content that aligns with the snapshot aesthetic in specific industries [4]. Various studies confirm that nano-influencers draw purchase intentions and engagement more effectively, as they can target followers who value personalized interactions [12].

This rise in nano-influencers is by the change in consumers' preference: they now value more authenticity and transparency. Social media like Instagram and TikTok provide platforms and opportunities for such change; with the empowerment of algorithms, user-generated content could stand up to heavily polished advertisements. TikTok's algorithm, in particular, prioritizes authentic, community-driven content, enabling nano-influencers to achieve visibility that belies their modest follower counts [1]. Moreover, the younger generation, especially Gen Z, attaches importance to peer-like recommendations and relatable content. As a result, nano-influencers are ideal promoters for brands

that seek to connect with these potential consumers [17].

The economic advantage of working with nano-influencers is another significant reason for their popularity. Smaller influencers are more accessible to small and medium-sized enterprises (SMEs), offering a cost-effective way to penetrate proper markets. The research by de Veirman et al. [6] endorsed that the perceived credibility of nano-influencers often results in higher conversion rates, providing brands with a more significant return on investment (ROI) compared to campaigns involving larger influencers. Additionally, the lower cost of collaborating with internet creators, such as nano-influencers, makes them an attractive option for brands with limited budgets [7].

This paper focused on the defining characteristics of nano-influencers, their effectiveness in modern marketing strategies, and their impact on consumer behavior. Recent studies and case examples will show the growing significance of nano-influencers in digital marketing. As consumers prefer influencers with authenticity and relatability, understanding nano-influencers' value is essential for brands to practice successful social media marketing.

#### 2. Literature Review

## 2.1 Evolution of Influencer Marketing

Influencer marketing has developed significantly because of the more prevalent use of social media. Initially, celebrities and macro-influencers dominated the space, ascribing to their vast followers to promote products and services. However, as consumers began seeking more authentic and relatable content, there was a shift towards engaging with micro and nano-influencers. Since they often maintain closer relationships with their followers, this led to higher engagement rates and increased trust. Studies have shown that nano-influencers can drive significant consumer action due to their perceived authenticity and their everyday-life content [20].

## 2.2 Characteristics of Nano-Influencers

Nano-influencers are individuals with 1,000 to 10,000 followers, and they have significant differences from macro-influencers in terms of their content [9]. Their content is often more real-life and less commercialized, creating a sense of trust and relatability among their followers. Research indicates that nano-influencers achieve higher engagement rates compared to more significant influencers. For instance, a study found that nano-influencers have an average engagement rate of 4%, significantly higher than macro-influencers [11]. The higher engagement is due to the personalized interactions and strong community bonds between nano-influencers and their audiences [18].

## 2.3 Platform Dynamics and Algorithms

The success of nano-influencers could be attributed to the algorithms employed by social media platforms. Social media like Instagram and TikTok prefer content that engages consumers, so they favor posts from nano-influencers over those from larger influencers but less engaged followings. This rationale enables nano-influencers to reach audiences more effectively than traditional metrics might suggest. Additionally, the intimate and interactive nature of nano-influencer content aligns well with algorithmic preferences for authentic user engagement [13], [24]. TikTok, in particular, has been supportive in enabling smaller influencers to gain visibility by promoting relatable and community-driven content [1].

# 2.4 Economic Advantages for Brands

Collaborating with nano-influencers benefits brands, particularly small- and medium-sized enterprises (SMEs). The cost of partnering with nano-influencers is generally lower than with macro-influencers, so it is a feasible option when they have limited marketing budgets. Moreover, the high engagement rates associated with nano-influencers can lead to a decent return on investment (ROI). A study published in the *International Journal of Advertising* found that marketing campaigns involving nano-influencers often lead to higher conversion rates thanks to the perceived credibility and trustworthiness of these influencers [6]. These financial advantages are important for businesses since they may aim for both cost-efficiency and consumer engagement [7].

#### 2.5 Challenges and Limitations

Although nano-influencers have advantages, using them for product promotion also have certain challenges. The limited amount of followers can discourage brands who want to expand their influence. Moreover, as more nano-influencers working on this job, there is a risk of market saturation, which could reduce the perceived authenticity and make them less favorable. Brands must carefully select nano-influencers whose values align with their own and ensure that collaborations maintain audience trust [12], [4].

## 3. Methodology

This paper applies a systematic literature review methodology to examine the rise and impact of nano-influencers in digital marketing. The primary goal is to synthesize existing research and industry reviews to identify the unique characteristics, advantages, and challenges of collaborating with nano-influencers.

## 3.1 Research Design

We employed a qualitative literature review framework to analyze existing studies on nano-influencers. Systematic reviews are effective for identifying trends and gaps in growing marketing methods like collaborating with nano-influencers [30]. This design allows for a holistic understanding of nano-influencers' roles in the digital marketing field.

#### 3.2 Data Collection

Information was collected from academic databases, industry reports, and credible online publications. The search focused on recent published literature to ensure timeliness and follow current trends in influencer marketing.

#### • Databases and Platforms:

- 1) Academic: Google Scholar, Springer, ScienceDirect, Wiley Online Library.
- 2) Industry: Influencer Marketing Hub, Statista, Later.com.
- 3) Reports: MIT Sloan Management Review, Digital Marketing Institute.
- Search Keywords: Combinations of terms were used, including "nano-influencers," "engagement rates," "algorithmic amplification," "cost-effectiveness in influencer marketing," "authenticity in social media," and "digital marketing trends."
  - Inclusion Criteria: We include sources if they:
  - 1) Focused on influencer marketing or directly analyzed nano-influencers.
  - 2) Discussed engagement rates, authenticity, or ROI within influencer campaigns.
  - 3) Provided qualitative or quantitative insights into platform dynamics or algorithmic preferences.
  - Exclusion Criteria: We excluded sources if they:
  - 1) Focused exclusively on macro- or celebrity influencers without comparative insights.
  - 2) Were outdated or lacked empirical evidence.
  - 3) Came from non-credible or biased sources.

# 3.3 Analytical Framework

To make reasonable interpretations, the data was organized into key themes based on recurring findings in the literature. These themes included:

- Engagement Rates: Comparing nano-influencers to macro- and celebrity influencers in terms of audience interaction and trust-building.
- Financial Value: Evaluate cost-effectiveness and ROI for businesses that collaborate with nano-influencers.

- Platform Dynamics: Explore how social media algorithms (Instagram and TikTok) prioritize content created by nano-influencers.
  - Challenges: Identifying limitations such as scalability and risks of over-commercialization.

The thematic framework enabled the categorization of findings into strengths, weaknesses, opportunities, and potential risks associated with marketing strategies with nano-influencers [29].

## 3.4 Quality Assessment

To ensure the validity and reliability of the reviewed sources:

- 1) **Peer-Review Status:** Preference was given to peer-reviewed journal articles and high-quality industry reports.
- 2) **Cross-Verification:** Claims in industry reviews were supported by empirical studies or multiple independent reports. Industry articles were cross-referenced with academic findings to validate claims and mitigate bias [15].
- 3) **Relevance Check:** Only sources that directly contributed to understanding the dynamics of nanoinfluencers were included.

For example, studies from Lou and Yuan [18] and de Veirman et al. [6] were used extensively to ground discussions on credibility and engagement, while reports from MIT Sloan Management Review provided practical insights into ROI and algorithmic amplification [20].

#### 3.5 Limitations

While the review considered a wide range of research, several limitations remain:

- Scarcity of Data: Many studies focus broadly on influencer marketing, with limited empirical data specific to nano-influencers.
- Platform-Specific Insights: While Instagram and TikTok are heavily represented, fewer studies address other platforms like YouTube or emerging networks.
- Evolving Trends: Algorithms of social media (Instagram and TikTok) and consumer preferences change rapidly nowadays, so several findings might not be applicable in the long run.

#### 4. Case Studies

## 4.1 Case Study 1: Daniel Wellington's Micro-Influencer Strategy

## 4.1.1 Background

Daniel Wellington, a Swedish watch brand, effectively utilized influencer marketing to enhance brand awareness and increase sales. They mainly collaborated with nano- and micro-influencers (followers ranging from 1,000 to 100,000).

## 4.1.2 Strategy

Daniel Wellington collaborated with influencers from different platforms, such as Instagram, YouTube, and blogs. Influencers received free watches in exchange for posts displaying the products in daily life [8], which only cost \$200 per partnership [28]. These posts often come with discount codes from those influencers so that the company can measure influencer activity and sales. The brand's focus on sleek, minimalist design resonated with its target demographic.

#### 4.1.3 Results

- **Revenue Growth:** Daniel Wellington's revenue had a 214% increase from the previous year and ended up at \$220 million in 2015, highlighting the effectiveness of its marketing approach [19].
- Sales Milestone: The company sold over one million watches within three years of its founding in 2011 [19].
- Social Media Presence: Their Instagram followers increased to over 4.8 million, meaning they have more potential consumers after the promotion [16].

## 4.2 Case Study 2: CeraVe's TikTok Campaign

## 4.2.1 Background

CeraVe untilized TikTok to engage Gen Z consumers. The company strengthened its position as a leader in affordable and effective skincare. Additionally, it is recommended by dermatologists.

## 4.2.2 Strategy

As a presenting partner for TikTok Australia's For You Fest in 2022, CeraVe collaborated with popular skincare influencers like @skincarebyhyram and @dermdoctor. The campaign combined TopView Ads, In-Feed Ads, and creator-led content using a custom jingle to enhance brand recall. Influencers shared educational content and personal testimonials after they used CeraVe products.

#### 4.2.3 Results

- Impressions and Views: The campaign generated over 15 million impressions and 13 million video views, making the public get to know the business better [27].
- **Brand Recall:** The campaign resulted in an 84% increase in brand recall, underscoring its impact on consumer awareness [27].
- **Brand Preference:** Consumers preferred CeraVe over competitors by 29%, meaning such a campaign can influence consumer decisions [27].

# 4.3 Case Study 3: Lush Cosmetics' User-Generated Content (UGC) Strategy

#### 4.3.1 Background

Lush Cosmetics exited major social media platforms (Facebook, Instagram, Twitter, and TikTok) in November 2021 since the company was worried about mental health and the ethical problems of social media usage.

## 4.3.2 Strategy

Lush's priority was user-generated content (UGC), which could maintain their user engagement. Customers were welcomed to share their experiences of using Lush products, creating authentic, real-person content. Lush also focused on brand collaborations, wholesale partnerships, and ethical storytelling to sustain its visibility.

#### 4.3.3 Results

- Financial Resilience: Although Lush exited from social media, it reported a gross profit of £29 million (\$34.8 million) in 2022. This is evidence of effective adaptation to alternative marketing strategies [2].
- Engagement Success: User-generated content achieved a 1340% higher reach compared to branded content on Instagram. The power of authentic customer experiences was obviously presented [21].
- Sustainability Leadership: The campaign strengthened Lush's reputation as a leader in sustainability, resonating deeply with eco-conscious consumers.

## 5. Discussion

The findings from the case studies and academic literature reveal both the strengths and challenges of nano- and micro-influencer marketing in contemporary strategies. Authenticity and engagement are key advantages. Smaller influencers consistently achieve higher engagement rates compared to their macro counterparts. For instance, Daniel Wellington's collaboration with nano- and micro-influencers resulted in an average engagement rate of 7.2%. The benefit was way more than traditional celebrity endorsements [19]. This effectiveness is attributed to the relatability and perceived authenticity of nano- and micro-influencers, which makes consumers' loyalty and trust the brand [25].

Cost-effectiveness is another advantage. Nano- and micro-influencers often require lower budgets than macro-influencers or celebrity endorsements so that businesses can achieve scalability without exceeding financial limits. Daniel Wellington's strategy of offering free watches and tracking results

through personalized discount codes exemplifies this advantage, contributing to over \$220 million in revenue by 2015 [19]. Meanwhile, CeraVe's TikTok campaign took advantage of platform-native strategies to maximize reach, achieving 15 million impressions and an 84% uplift in brand recall [27].

Despite these advantages, influencer marketing is not perfect. A study highlights that 84% of marketers struggle to prove return on investment (ROI) in influencer campaigns, with only 70% actively measuring outcomes [14]. This difficulty is compounded when managing campaigns involving numerous nano-influencers, as seen with Daniel Wellington's reliance on thousands of influencers, which requires significant coordination and oversight [19].

Platform dependency also presents risks. CeraVe's success could be attributed to TikTok's algorithm, which preferred relatable content from influencers (e.g., @skincarebyhyram). However, reliance on specific platforms causes vulnerabilities to algorithm changes or policy shifts, potentially undermining campaign effectiveness [3]. Furthermore, brands must remain consistent between influencers' values and their own to maintain authenticity. Research indicates that influencers' credibility and transparency play important roles in building links between them and their followers. Stronger links would significantly increase consumers' trust and purchase intentions [25].

The findings suggest actionable strategies for brands collaborating with nano- and micro-influencers. Hybrid campaigns that combine nano-, micro-, and macro-influencers (e.g., CeraVe) can balance authenticity with reach, ensuring scalability without compromising engagement. Platform-native approaches are essential to maximizing visibility and aligning content with audience preferences. Additionally, aligning campaigns with brand values (e.g., Lush Cosmetics) and focusing on sustainability and user-generated content (UGC) will result in creating long-term consumer trust and loyalty [2].

In the future, the evolution of influencer marketing may indicate several trends. Artificial intelligence (AI) tools could facilitate the identification and management of nano-influencers, reducing administrative burdens and enhancing scalability. Growing platforms like BeReal and the metaverse offer opportunities for brands to engage with younger, authenticity-focused consumers. Future research should also explore the long-term impacts of nano- and micro-influencer campaigns on brand loyalty and customer lifetime value, as current studies predominantly emphasize short-term metrics like impressions and clicks [3].

## 6. Conclusion

The evolution of influencer marketing emphasizes its vital role in modern digital strategies, particularly through the use of nano- and micro-influencers. These smaller-scale influencers, characterized by their authenticity and close connections with their followers, offer valuable opportunities for brands aiming to create trust and engagement. Studies indicate that nano-influencers can achieve engagement rates as high as 8.7%, reflecting their ability to cultivate genuine interactions with their followers [10].

Case studies of Daniel Wellington, CeraVe, and Lush Cosmetics illustrate the diverse applications and outcomes of influencer marketing. Daniel Wellington's scalable micro-influencer campaigns highlight the effectiveness of relatable content in driving sales and brand recognition. CeraVe's TikTok-focused strategy demonstrates the power of platform-specific approaches in engaging younger consumers and achieving measurable returns. Meanwhile, Lush's project on user-generated content and sustainability is a great example of the importance of aligning campaigns with core brand values to build long-term consumer loyalty.

However, as suggested in the literature, there are still challenges and limitations. The dynamic nature of social media platforms introduces risks, such as algorithm changes that can impact campaign performance. Additionally, the complexity of managing multiple nano-influencers in a single campaign requires careful coordination. Measuring return on investment (ROI) remains a key hurdle, with brands needing more sophisticated tools to evaluate the long-term impact of influencer partnerships [3], [22].

Future trends in influencer marketing suggest the growing integration of technology, including AI, to enhance campaign management and data analysis. Virtual influencers and the metaverse are emerging as innovative frontiers, providing new opportunities for brands to engage with tech-savvy, authenticity-driven consumers [22]. Moreover, the increasing focus on transparency and ethical practices will likely be a future trend in the industry as businesses wish to create genuine connections and sustainable loyalty.

In conclusion, nano- and micro-influencers represent a powerful and evolving tool in digital

marketing. Brands that adapt to the complexities of this landscape while leveraging emerging technologies and maintaining alignment with their values will be well-positioned to build meaningful consumer relationships and achieve sustained success.

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