Executive Summary

Among direct-to-consumer (DTC) firms the promotion of products and services through influencers is very popular (Shopify, 2023). Recently, there has been a growing interest in lower followership influencers, such as micro or nano influencers (e.g., Lanz et al., 2019). Following a call for further research by Hughes et al. (2019) to investigate the return on investment for influencer marketing, this dissertation intends to investigate the direct and long-term consequences of influencer marketing on DTC firm's profitability.

The first and main part of this dissertation is titled *"Revenue Generation through Influencer Marketing"*. We find that low-followership targeting outperforms high-followership targeting by order of magnitude across three performance (ROI) metrics. A mediation analysis reveals that engagement can explain the negative relationship between the influencer followership levels and ROI. This is in line with the rationale based on social capital theory that with higher followership levels of an influencer, the engagement between an influencer and his/her followers decreases. These two findings are derived from secondary sales data of 1,881,533 purchases and results of three full-fledged field studies with hundreds of paid influencer endorsements, establishing the robustness of the findings.

The second part of this dissertation is titled *"Echoes of Influence: The Sustainability Challenge in Influencer Marketing"* and discusses the sustainably relevant question of whether influencer marketing as a digital marketing instrument leads to higher product return rates. First, we find that this is indeed the case and show evidence for increased levels of regret of influencer-induced customers. Second, we demonstrate across two leading European DTC firms that product return rates increase with higher influencer credibility (followership). We explain this with the consumers' tendencies to engage in impulsive buying behavior when confronted with more credible influencers.

To sum up, this dissertation highlights two crucial, very related, yet under-researched topics, providing valuable insights for practitioners and marketing researchers alike. We recommend that the influencer marketing manager thoughtfully integrates influencer marketing into the overall marketing strategy, considering both its immediate and long-term effects. We do not only provide recommendations for the influencer marketing manager but also shed light on the societal impact of influencer marketing.