



The Impact of Social Media on Stock Market Performance: Premium vs. Non-Premium Stock Recommendations

Tucker Cashman

I. Introduction

Social media has become one of the most valuable assets for gathering information worldwide. While humans tend to use social media for ongoing events, entertainment, and communication, social media has begun to be beneficial when investing in stocks. For example, when a Reddit user famously known as “Roaring Kitty” promoted the stock Gamestop, it showed a tremendous increase, making significant funds for all who invested in the stock. Roaring Kitty single-handedly increased the stock performance of GameStop by 47%.¹ Following this increase, social media began to have a substantial impact on the stock market. This proves the importance of social media in the stock market and how creators like “Roaring Kitty” can help stock traders benefit from the market. While influencers can help traders make income in the stock market, it is important to note who to trust when picking stocks—specifically, premium vs. non-premium influencers. Premium influencers are compensated to assist stock traders with their investments, while non-premium influencers promote stocks without payment. This research is guided by the hypothesis that premium influencers provide greater returns and are considered more trustworthy in the stock market. This idea was formed by the assumption that people who require pay are more credible. I tested this theory by comparing the performance of stocks promoted by paid and non-paid influencers. I did this by reviewing the performance of a stock after an influencer said it would increase. The reason for this comparison is to discover whether paying influencers for stock market advice is worth it.

II. Methodology

Influencers were selected for this study based on three core criteria: social media platform, size and type of audience, and whether their offered content was premium or non-premium. Some platforms, like Reddit and X, provided both premium and non-premium influencers. Other platforms provided strictly non-premium or premium content, such as TikTok and TipRanks. The reason for the use of different social media platforms was to expand to all forms of communication. TipRanks, the app, operates through one-way communication, showing viewers which stocks an influencer has invested in. Similarly, TikTok primarily relies on one-way communication with creators posting videos and viewers responding only through likes or comments. In contrast, Reddit and X encourage ongoing dialogue, back-and-forth discussions, and deeper community engagement, making them ideal environments for observing how investment ideas are shared, debated, and acted upon. On Reddit, the influencers selected were LadeBackk,² a premium influencer who provides paid access to his stock portfolio through a subscription-based Discord channel, and u/Major_Access2321,³ a non-premium influencer who shares all of his investment opinions and trade ideas for free on the platform. From X, the selected influencers included Mike Investing,⁴ a premium account that links followers to a paid Discord community featuring stock picks and portfolio breakdowns, and

¹ McDade, Aaron. "GameStop Stock Soars 47% as 'Roaring Kitty' Schedules First Livestream in 3 Years." *Investopedia*. Last modified 1999.

² Huffman, Steve, and Alexis Ohanian. "LadeBackk." *Reddit*. Last modified June 23, 2005.

³ Huffman, Steve, and Alexis Ohanian. "U/Major_Access2321." *Reddit*. Last modified June 23, 2005.

⁴ Dorsey, Jack, Noah Glass, and Evan William. "Mike Investing." *X*. Last modified July 2006.

Kevin Svenson,⁵ a non-premium influencer who shares his stock analyses publicly and at no cost. On TipRanks, two influencers, John Freeman⁶ and Walter Spracklin,⁷ were selected based on their ranking on the app. John Freeman was selected due to his high ranking at number two, while Walter Spracklin was selected due to being a less-regarded stock trader at number 123. Finally, from TikTok, the two non-premium influencers selected were the accounts basicfinancialliteracy⁸ and Stas Serfes.⁹ These two accounts both have a large number of followers and provide daily insights on their current portfolios.

Two influencers in each category were selected for the platforms that offered premium and non-premium advice, Reddit and X. These two platforms were chosen to maintain a wide range of social media, with Reddit and X tending to be very interactive choices. To further diversify the pool, TipRanks and TikTok both added influencers who mainly communicate in a one-way manner. The table below provides information on all influencers selected:

Influencer - Data Selection				
Influencer	Platform	Prem./ Non-Prem.	Followers	Tenure
LadeBackk	Reddit	Premium	Unclear	6 months
U/Major_Access 2321	Reddit	Non-Premium	Unclear	1 year
Mike Investing	X	Premium	82.3K	2 years
Kevin Svenson	X	Non-Premium	153.4K	9 years
basicfinancialliteracy	Tiktok	Non-Premium	303.4K	5 years
Stas Serfes	Tiktok	Non-Premium	112.0K	6 years
John Freeman	TipRanks	Premium	Unclear	25 years
Walter Spracklin	TipRanks	Premium	Unclear	20 years

The table above provides a visual representation of the diversity among the selected influencers. This was done to provide insights into an influencer's experience, social media following, and platform to determine which influencers generate the most revenue. After the influencers were selected, their stock portfolios were compared based on the performance of the stock after the influencer promoted it. The stock performance was measured a day after the promotion, five days after, one month, three months, and a year after the influencer promoted

⁵ Glass, Noah, Jack Dorsey, and Evan Williams. "Kevin Svenson." X. Last modified July 2006.

⁶ Gruenbaum, Uri. "John Freeman." TipRanks. Last modified June 2012.

⁷ Gruenbaum, Uri. "Walter Spracklin." TipRanks. Last modified June 2012.

⁸ ByteDance. "basicfinancialliteracy." *TikTok*. Last modified August 2018.

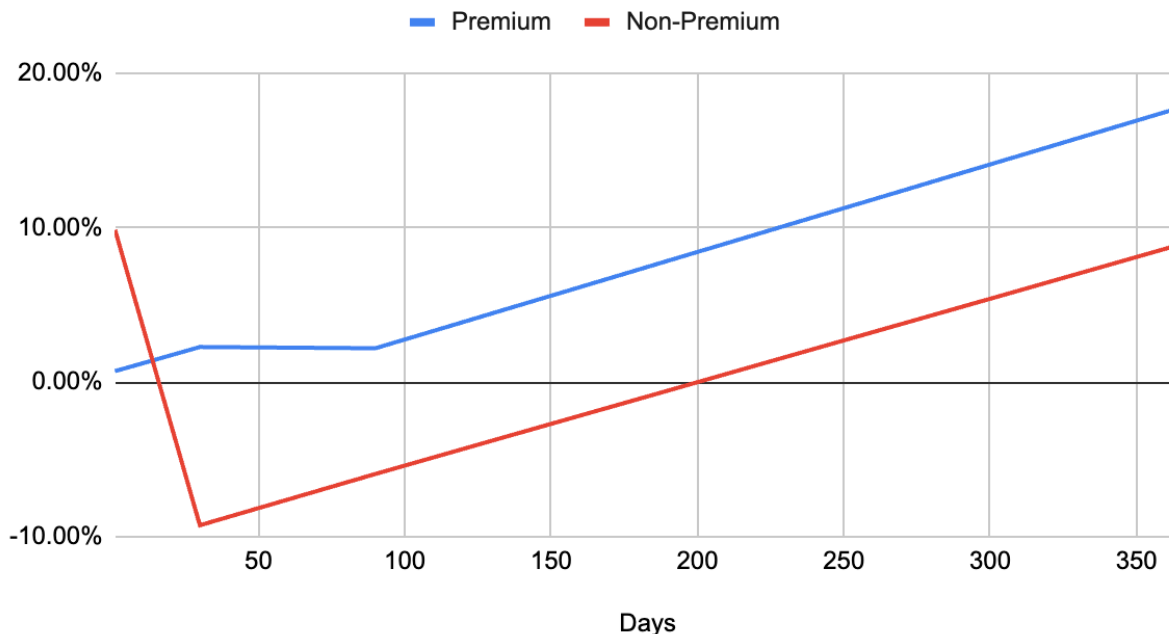
⁹ ByteDance. "Stas Serfes" *TikTok*. Last modified August 2018.

the stock. The reason for these intervals was to show which influencers provided short-term revenue gain and which allowed for long-term earnings. This method was consistent in tracking all influencers to maintain controlled testing, and also gave the ability to view how well stocks performed post-promotion. Stock performance was tracked through *Yahoo Finance*,¹⁰ an online website that displays the value of a stock throughout its history. Chosen stocks were also all bullish because influencers want to promote stocks that will make money, not ones that will lose the viewer money. To avoid giving more experienced influencers an advantage, the dataset was limited to ten posts per influencer, regardless of tenure. The data set collected the value of the stock at the 1-day close, 5-day close, 1-month close, 3-month close, and 1-year close. The data set also included the percent returns an investor would receive after each one of these closes. This data was then used to create a graph comparing the premium and non-premium influencers, as seen below:

III. Data Analysis

(Premium: Blue; Non-Premium: Red)

Premium vs. Non-Premium



Non-Premium influencers tend to produce greater short-term results, generating an average revenue gain of 9.85% by the one-day close. This early surge suggests that these influencers frequently promote stocks that receive heightened attention, also known as 'hype stocks'. However, this early outperformance is not sustained; the stocks quickly decline below 0% revenue, indicating that they perform primarily on the basis of enthusiasm. By the one-month mark, the average return reaches a low of -9.26%, highlighting the significant volatility and downside risk associated with following non-premium influencer advice. Following

¹⁰Yang, Jerry, and David Filo. "Stock Market." *Yahoo Finance*. Last modified January 19, 1997.

this decline, performance becomes increasingly erratic, with prices fluctuating substantially over the subsequent months. Despite this instability, the data shows a notable recovery over a longer period of time. After one year, non-premium recommendations rebound to 8.90% gain, demonstrating that while these stocks are often extremely volatile in the short run, they may recover if held long enough. This fluctuation suggests that non-premium influencers prioritize short-term, trendy stocks to gain following, rather than sharing consistent and stable growing stocks. While immediate gains are possible for quick traders, holding these stocks beyond their initial surge exposes investors to significant mid-term losses and volatility.

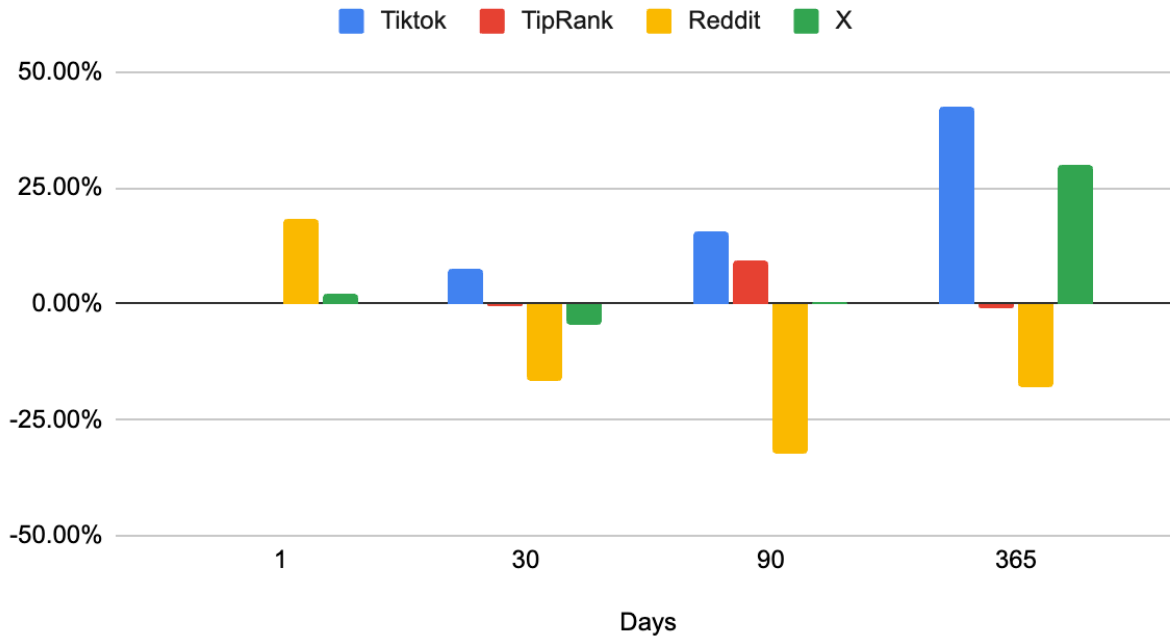
In contrast, premium influencers tend to exhibit more stable and reliable performance patterns, showing sustained growth rather than short-lived momentum. Despite premium influencers not producing flashy, quick-earning stocks, their picks are clearly research-backed as they maintain consistent returns over time. The data shows this with a slow 0.71% return after one day, indicating that these stocks are not selected based on hype or rapid price spikes. Instead, returns gradually increase to 2.27% after 30 days and remain relatively stable at 2.19% after 90 days, suggesting controlled growth and lower volatility. Over a longer period, the performance of premium influencer stocks becomes greater, with stocks having an average return of 17.76% after the one-year mark, further reinforcing the idea that these picks are research-backed rather than speculative. While this return is not extreme, it still exceeds the historical average annual return of the S&P 500, which is approximately 10%¹¹, indicating that premium influencer recommendations outperform the broader market. Although this data does not represent every premium influencer, it suggests that paid recommendations tend to be more reliable than non-premium alternatives. Because premium influencers depend on subscriber trust, they are incentivized to conduct deeper analysis and select stocks with sustainable growth potential. Nevertheless, investors should continue to perform independent research on both the influencers and the stock before investing. Overall, the data indicate that premium influencers offer a more stable and dependable investment strategy compared to non-premium influencers, particularly for investors seeking long-term growth rather than short-term gains.

While the graph demonstrates that premium influencers generally offer more effective insights than non-premium influencers, it is crucial to recognize that this is not the sole factor influencing the performance of their stock picks. The table below summarizes each influencer's return by platform. To assess how posting location affects outcomes, a second graph examines stock performance according to the app used.

¹¹ Cory Janssen and Cory Wagner, "S&P 500 Average Returns and Historical Performance," *Investopedia*, last modified 1999, <https://www.investopedia.com/ask/answers/042415/what-average-annual-return-sp-500.asp>.



Return Based on Platform



The graph above shows the platform of each influencer, as well as the % revenue they produced based on their picks. The blue line represents TikTok influencers, the red line TipRanks, the yellow line Reddit, and the green line X. The graph is divided into four quadrants, showing the return of each platform at each set return date (1-day, 30-day, 90-day, 365-day). The data reveals clear platform-based patterns in influencer recommendations over time, with short-term volatility compared with long-term consistent returns.

TikTok influencers (basicfinancialliteracy + Stas Serfes) demonstrate a clear pattern of increasing strength of return over time. Although the average one-day return is slightly negative (-0.27%), performance steadily improves at 30 days (7.70%), before reaching a staggering 42.73% after 365 days. This progression suggests that TikTok influencers tend to promote stocks with long-term growth potential rather than short-term, trendy stocks. While their picks do not generate immediate returns, the consistent upward trajectory implies greater trust for these influencers over time.

Despite TipRank influencers being premium (John Freeman + Walter Spracklin), their returns were relatively flat and monotonous across all time periods. Returns remain near zero at the one-day return (-0.05%) and turn negative at 30 days (-0.60%) and 365 days (-1.03%), with a positive spike at the 90-day return with 9.29% return. Although long-term performance levels off slightly at -1.03% after one year, the absence of extreme gains or losses reflects a more conservative approach, ensuring that losses are minimal. Rather than pursuing hype-driven trades, TipRank influencers appear to prioritize measured, fundamental-based recommendations that occasionally generate moderate returns. While this strategy may limit long-term gains, it offers followers consistent and downside-protective picks.

Reddit influencers (Ladebackk + U/Major_Access2321) consistently underperform across all checkpoints. Average return declines from 18.26% after day one to -16.58% after 30 days, -32.14% after 90 days, and remains deeply negative at -17.92% after one year. The great

inconsistency from Reddit returns indicates that these influencers follow hype driven stocks to increase viewership. While initial price spikes may occur, the rapid flip implies poor long-term trustworthiness for followers who do not exit swiftly.

X (Twitter) influencers (Mike Investing + Kevin Svenson) exhibit high short-term volatility but long-term recovery. Early returns are positive at one day (1.97%) but drop quickly at 30 days (-4.73%) before stabilizing at 90 days (0.53%) and surging to 30.03% at 365 days. This pattern suggests that while X-based recommendations may be subject to volatility in the short term, many picks ultimately produce positive returns in the long run. As a result, X appears to reward patient long-term investors rather than those seeking quick returns.

While premium status improves influencer performance, platform choice also significantly affects stock return outcomes. The data reveal clear differences across TikTok, TipRanks, Reddit, and X, with TikTok and X showing stronger long-term returns, Reddit exhibiting consistently negative returns, and TipRanks producing relatively stable returns. These patterns suggest that influencer credibility is not only shaped by status, but also by the platform through which investment advice is delivered.

IV. Literature Review

To better understand the broader implications of this research, it is important to examine other academic journals relative to the influencer world and how it affects their choices on the internet. *The Market for Online Influencer*,¹² authored by Itay P. Fainmesser and Andrea Galeotti, is an article that investigates influencer endorsements and how they balance ad campaigns with maintaining follower engagement. The authors conclude that influencers with higher credibility tend to offer higher fees per post to continue gaining revenue from ad campaigns while maintaining high follower counts. This connects to the research of premium vs. non-premium influencers by showing that premium influencers tend to be more conservative when making stock pitches, to minimize financial losses for their followers and maintain a credible stock account.

Another academic journal that is important to examine is *The Casual Impact of Media in Financial Markets*,¹³ authored by Joseph E. Engelberg and Christopher A. Parsons. This article attempts to address the question of whether media coverage causes investor behavior or just reflects it. What the authors found is that regions receiving earlier media coverage significantly increased local trading volume. They found that the timing of trading directly correlated to media production, as in when media coverage was delayed, so was the amount of trading. This study shows that media coverage causes people to trade stocks; this occurs because the media draws attention to key information. Though it is not just what is said, but rather who says it. Traders are more likely to trust influencers from the media with greater credibility, which connects to why premium influencers tend to outperform non-premium influencers, because they are always attempting to gain more status in the stock market world.

V. Counterargument

While the data reflects a clear trend of premium influencers outproducing non-premium influencers in % gain, it is possible that many premium influencers do not provide strong insights

¹²Itay P. Fainmesser and Andrea Galeotti, "The Market for Online Influence," *American Economic Journal: Microeconomics* 13, no. 4 (2021), <https://www.jstor.org/stable/27087464>.

¹³Joseph E. Engelberg and Christopher A. Parsons, "The Causal Impact of Media in Financial Markets," *The Journal of Finance* 66, no. 1 (2011), <http://www.jstor.org/stable/29789772>.

and rather promote hype or trendy stocks to create a false sense of trust among followers. This is possible because influencers still need to sell customers on their advice to gain subscriptions, leading to some promoting hot or trendy stocks to boost engagement. Though this claim is true, that premium status does not directly correlate with credibility, the data from this study still shows that, on average, premium influencers outperform non-premium influencers in long-term performance. This trend suggests that, while there still may be some deceptive paid influencers, the incentive to continue receiving money for pitching successful stocks motivates paid influencers to make research-backed picks. The results from this study support this idea, with premium influencers producing an average one-year gain of 17.76%, suggesting that premium influencers as a group are more effective. That said, this research does not claim that all premium influencers will produce a high return on investment, and individual research is critical prior to investing in stocks, as well as investing in influencers.

VI. Conclusion

This study set out to determine whether premium influencers outperformed non-premium influencers based on their stock recommendations. Across the data, on average, premium influencers outperform their non-premium counterparts over the long term, with a 17% average return compared with a 8% for unpaid picks. While non-premium influencers can still produce money-making picks, these picks are commonly based on trendy or hype stocks, leading to them being much more volatile. Not only is premium status critical to how picks perform, but the platform itself is as well, with influencers from TikTok and X generating the highest revenue.

Ultimately, this research shows the importance of careful influencer selection. Not all premium influencers are credible, so it's critical to do homework on them prior to investing in them. By focusing on influencers whose incentives align with their long-term success, investors can better navigate the effects of influencer activity on the stock market.

Future research could expand on these findings by incorporating a larger and more diverse dataset over an extended period of time. After speaking with Dr. Rasiel, director of the Duke Financial Economics Center, it is evident that long term data collection enables researchers to identify more consistent patterns and draw stronger conclusions about emerging trends.¹⁴ Ultimately, expanding the scope of this research would provide a more comprehensive understanding of the relationship between social media influencers and stock market performance.

¹⁴Duke, "Emma Rasiel," accessed March 22, 2026, <https://scholars.duke.edu/person/emma.rasiel>.

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