Influencer Marketing: An investigation to Determine the Degree of Efficacy in Promoting Goods and Services

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Abstract

In this digital era, rapid growth of social media user gives rise to the social media influencer marketing as a recent marketing tool to word-of-mouth promotion. Even organizations have also realized the power of influencers to create trustful relation between the brand and their potential customer to build brand identity using engaging marketing content to affect purchase decision. The current study brings to light the various aspects of influencer marketing and its degree of effectiveness in building trustful relation using creative marketing content to promote products and services in India. To meet the purpose exploratory research design followed by conclusive research design were used. Structured questionnaire has been developed and responses from 107 respondents were collected through online survey using convenience sampling technique. The study shown that Passion, knowledge of domain area, credibility, trust and care for followers are the attributes proven to be significant to cultivate positive attitude for influencers. Influencers play significant role in recognition of the need, information search and evaluation of the alternative in purchase making process. Influencers keep one up to date and increase the niche knowledge. The contents shared by influencer are perceived appealing and stimulating audience to take action (purchase decisions). Perceived associated risk is also low. This indicates favorable impact of influencer on the mind of the customer. Influencer marketing is overall effective in attracting potential customers and promoting a brand, conversion rate (audience to consumer) is high especially for beauty and fashion niche. Influencer marketing a brand engagement strategy has the potential to multiply the product sales by choosing right influencer to convey target audience with well- designed creative content.

Keywords: Influencer, Influencer marketing, innovative content, engagement marketing approach, prospective consumer, purchasing decision.

Adhyayan: A Journal of Management Sciences (2024); DOI: 10.21567/adhyayan.v14i9.09

Introduction

All facets of our life have been influenced by the digital revolution, from absorbing news and updates to ordering everyday items online. Contemporary consumers acquire all necessities with a little click. As consumers increasingly utilize social media platforms, the emergence of influencers arises—experts who command substantial, dedicated followings within specific niches and genres such as beauty, fashion, and lifestyle, capable of engaging their audiences as an extension of word-of-mouth campaigns.

The current landscape empowers customers to dictate the material they wish to view and hear. They anticipate enhanced personalized experiences

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supplemented with innovative creative material. This advocates for specialized enterprises to adopt influencer marketing strategies to engage customers in innovative manners. The influencer has established

an empire of followers centred on his passion, prompting corporations to engage influencers for content creation and promotional materials to enhance brand recognition, shape perceptions, ignite interest, and cultivate trust, so facilitating sustained business success. Influencers who have cultivated credibility and knowledge in the perceptions of their audience serve as trustworthy sources for their followers. This empowers influencers to shape the opinions and perceptions of their devoted followers by their expertise, involvement, status, or relationships with their audience. Individuals prioritize their opinions over those of marketers when making educated selections. Consumers' trust and belief in the authenticity of influencers stem from the perception that they respect their audience by promoting things they have meticulously vetted; otherwise, they risk losing their following in the long term. This conviction fosters the ascendance of influencers and the proliferation of influencer marketing.

The influencer marketing industry expanded from $1.7 billion in 2016 to $9.7 billion in 2020. In 2021, it ascended to $13.8 billion, signifying consistent growth. The market is anticipated to grow to an impressive $16.4 billion this year (Santora, 2022). In 2021, the social media influencer industry in India reached ₹900 crores and is projected to expand to ₹2,200 crores till the end of year 2025 (Economic Times, 2021).

The increasing popularity of influencer marketing in India prompts researchers to examine its effectiveness in establishing brand recognition and promoting products and services. Various factors will be identified that contribute to the rise of influencers and their ability to influence audience purchasing decisions, particularly within the Indian context. This paper will undoubtedly offer insights that will impact future marketing.

Objectives

Primary
- To ascertain the efficacy of influencer marketing in the promotion of products and services in India.

Secondary
- To investigate the reasons contributing to the expansion of influencer marketing,
- To examine the role of influencers and different associated aspects that influence purchasing decisions.
- To examine the impact of influencers in altering audience purchasing decisions.

Hypothesis

H0

Influencer marketing is ineffective in promoting products and services (informing, generating interest, persuading, influencing decision-making processes).

H1

Influencer marketing effectively promotes companies and services.

Review of Literature

Comprehensive research was conducted to enhance the comprehension of the existing body of knowledge pertaining to influencer marketing. This illuminated the diverse facets and significant elements of influencer marketing and facilitated the formulation of the study hypothesis to be conducted.

The Internet has altered consumers, societies, and organisations through widespread access to information, improved social networking, and greater communication capabilities. The rapid increase in social media platform users is prompting organisations to collaborate with influencers to effectively convey their messages and connect with potential customers. Prior to the pandemic, India had 400 million individuals utilising social media sites, and this figure has surged dramatically over the past 18 months. (Economic Times, 2021)

Influencer marketing has emerged as a potent strategy that leverages prominent figures to communicate a brand's message to a broader audience or larger market segment. It enables firms to market indirectly or intangibly, fostering trust and credibility, as influencers have established a loyal following that regards them as trustworthy sources for advice on fashion, food, and lifestyle. Smart Insights, 2017. Influencer marketing facilitated relationships between brands and influencers, hence reducing attention spans and enhancing brand identification.

The survey indicated that celebrities account for only 27 percent of marketing expenditures, whereas a substantial 73 percent is attributed to influencers. Approximately two-thirds of the Indian populace adheres to an influencer. (Economic Times, 2021)

The rapid expansion of influencer marketing, along with substantial returns, is prompting most marketers to augment their investments and budgets to enhance revenue generation. Influencer marketing offers the potential to engage high-quality customers, as social media users are more inclined to endorse products to their family and friends (Bloggers' Mind, 2019).

The implementation of influencer marketing encounters difficulties in selecting the appropriate influencer, crafting suitable content to align with the overarching marketing plan, and assessing the results. Brands collaborate with influencers to convey messages that align with customer expectations; yet, the term is often misapplied and misunderstood. Influence is a result, not a vocation—and the three primary mechanisms that possess the capacity to realise the complete potential of influencer marketing for the company. Expertise and credibility constitute the primary lever of persuasion. The second lever is the strength of the relationship (Engagement); the better individuals know each other, the more effective the relationship's strength will be. The size of the audience constitutes the third lever of influence. Influencers will significantly influence the purchase of apparel, footwear, cosmetics, and, unexpectedly, services. Individuals significantly depend on several aspects while purchasing food, jewellery, and electronics; nevertheless, influencer marketing may also impact their decisions (Zak & Hasprova, 2020).

This study elucidates the influence of marketing by social media influencers on consumer purchase intentions, examining its effectiveness in fostering trust and promoting products and services in India.

Research Methodology

An exploratory research design was employed, followed by a conclusive research design (descriptive research) to achieve the objective.

A structured questionnaire of 22 items was created, and responses from 107 participants were gathered using an internet survey utilising a convenience sample method. The targeted respondents were individuals who were technologically proficient, internet users, and active on social media.

The gathered data were analysed using SPSS software, employing both descriptive and inferential statistical approaches such as frequency analysis, chi-square tests, and correlation to achieve the research objectives and obtain findings.

Limitations of the Study

Each research study establishes a foundation for subsequent investigations. Every study possesses inherent limitations. The limitations of the current study that introduce uncertainty in the generalisation of results include an insufficient sample size due to time constraints, a continuously changing environment that may cause unexpected shifts in trends, and the

impact on human cognition and reactions, which complicates the accurate assessment of human thoughts and the prediction of human behaviour. The questionnaire was designed in English language; hence only urban respondents capable of comprehending and responding in English were selected. A demographic study, encompassing variables such as gender, income group, age, occupation, education, or urban tier, can elucidate the influence of demographic factors on perception, opinion, attitude, and decision-making. This analysis will undoubtedly enhance marketers' ability to target potential customers more accurately and efficiently through influential marketing.

Data Analysis and Results

Among 107 responders, 39 were male and 68 were female. Thirty-seven respondents are under 25 years of age, sixty respondents are between 25 and 40 years old, and ten respondents are beyond 40 years of age.

Instagram has the most number of users, with the majority of respondents utilising it, followed by YouTube, Facebook, and LinkedIn. Respondents allocate an average of 3 hours daily on social media platforms. Respondents allocate more time to Instagram than to other social media platforms, with YouTube following closely behind. The availability of audio-visual content may be a key factor, as respondents indicated a preference for video content on social media.

Approximately 60% of respondents utilise social media to monitor the newest trends. Approximately 82% of respondents have encountered influencer-promoted content on social media, regardless of their following status, illustrating the extensive reach of influencer marketing. Social media algorithms and interactions are providing them with content from the influencer.

68% of respondents follow influencers on social media platforms. The most prevalent niches of influencers that respondents follow on social media are fashion, travel, and food, followed by health and fitness, and beauty. This results in significant expansion of influencers within these sectors. Respondents concur that they are exposed to marketing content (promoting a brand or product) disseminated by influencers on social media.

The aforementioned table illustrates respondents' perceptions about influencer marketing. Sixty percent of respondents concur that information disseminated by influencers keeps individuals informed; indicating that influencer marketing can serve as a mechanism

Table 1: Shows the frequency of replies to the information disseminated by the influencer

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Maintain current information	5	6	31	54	11	107
Reliable	4	13	60	25	5	107
Attention to the followers	5	16	48	31	7	107
Relevant and significant	6	7	37	48	9	107
Attractive	7	5	28	57	10	107
Inspire to initiate action	7	6	41	45	8	107

Table 2: displaying the test numbers and conclusions

Test Statistics				
	Chi-Square	Df	P- Value	Inference (Difference exist in freq. distribution)
The material disseminated by the influencer Maintain current information	82.673a	4	.000	There exists a significant difference. The null hypothesis has been rejected. Influencer marketing is efficacious in endorsing products and services.
The content disseminated by the influencer is reliable.	100.243a	4	.000	
The material disseminated by the influencer is attentive to the followers' needs.	60.991a	4	.000	
The content disseminated by the influencer is pertinent and significant.	72.393a	4	.000	
The content disseminated by the influencer is captivating.	89.589a	4	.000	
The material disseminated by the influencer Inspire to initiate action	73.140a	4	.000	
I acquire the product endorsed by the influencer alone if it is necessary for me.	30.651b	3	.000	Significant
Evaluate your experience following the acquisition of a product endorsed by an influencer.	66.968b	3	.000	Significant
I unfollow the influencer that shares content that is irrelevant to my interests.	68.841a	4	.000	Significant
I have unfollowed the influencer that disseminates inauthentic content.	45.785c	3	.000	Significant
The content shared by influencer is misleading	151.832[a]	4	.000	Significant

a. 0 cells (0.0%) have expected frequencies less than .05. The minimum expected cell frequency is 21.4.

b. 0 cells (0.0%) have expected frequencies less than .05. The minimum expected cell frequency is 15.8.

c. 0 cells (0.0%) have expected frequencies less than .05. The minimum expected cell frequency is 26.8.

to enhance brand exposure and recognition. Respondents concurred that the content disseminated by the influencer is relevant, significant, impactful, and engaging. Well-crafted content undoubtedly attracts the viewer's attention, prompting them to explore the company's page or website, and if the product or brand aligns with their interests, it positively influences their purchasing choice.

The majority of respondents had a neutral stance regarding the trustworthiness of the content shared by influencers and their concern for followers. Only 28% and 35% of respondents concurred that content disseminated by influencers is trustworthy and demonstrates concern for their followers, respectively. The results indicate a deficiency of trustworthiness in the perceptions of the respondents. Influencers ought to bridge the divide by fostering meaningful connections and cultivating trustworthy relationships with their followers to develop an atmosphere of trust and devotion. Trust compels followers to purchase

Table 3: presenting the test statistics and conclusions for cross tabulations

Cross Tabulations	Pearson's Chi-Square	P-Value	T statistics	Pearson's R	P-Value	Inference
Approximate duration spent daily on social media platforms * You utilise social media to monitor current trends.	17.794	.122	3.618	.333	.000	Significant correlation exist
Approximate time spent daily on social media platforms * Do you follow any influencers on social media?	5.702	.127	-2.426	-.230	.017	Significant correlation exist
Do you follow any influencers on social media platforms? Have you encountered any content promoted by influencers on social media?	35.477	.000	7.217	.576	.000	Significant correlation exist
Do you follow any influencers on social media platforms? The material disseminated by the influencer Maintain current knowledge	9.001	.061	-2.070	-.198	.041	Significant correlation exist
Do you follow any influencers on social media platforms? * The content disseminated by the influencer is reliable.	6.809	.146	-1.897	-.182	.061	Not significant
Do you follow any influencers on social media platforms? The material disseminated by the influencer is Attend to the followers	12.095	.017	-1.354	-.131	.179	Not significant
Do you follow any influencers on social media platforms? The material disseminated by the influencer is Relevant and significant	6.057	.195	-1.763	-.170	.081	Not significant
Do you follow any influencers on social media platforms? The content disseminated by the influencer is captivating.	9.497	.050	-1.835	-.176	.069	Not significant
Do you follow any influencers on social media platforms? The material disseminated by influencer Motivate to incite action	3.859	.425	-1.325	-.128	.188	Not significant
Do you follow any influencers on social media platforms? The information disseminated by the influencer is deceptive.	8.024	.091	.753	.073	.453	Not significant
Do you follow any influencers on social media platforms? Have you ever acquired or intend to acquire any product endorsed or utilised by an influencer?	25.720	.000	5.764	.490	.000	Significant correlation exist
The content disseminated by the influencer is captivating. * Have you ever acquired or intend to acquire any product endorsed or utilised by an influencer?	17.535	.002	-3.625	-.333	.000	Significant correlation exist
The material disseminated by the influencer Motivate to incite action * Have you ever acquired or intend to acquire any product endorsed or utilised by an influencer?	14.410	.006	-3.451	-.319	.001	Significant correlation exist
Has the influencer you follow ever endorsed a brand or product in their content? * Have you ever acquired or do you intend to acquire any goods endorsed or utilised by an influencer?	30.421	.000	5.503	.473	.000	Significant correlation exist
You utilise social media to monitor current trends. * Evaluate your experience following the acquisition of a product endorsed by an influencer.	8.430	.751	1.513	.190	.136	Not significant

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items or services when the quality is unfamiliar to them. It enhances the credibility of the goods and services, prompting consumers to take action or make future purchases.

Respondents with a favourable disposition have acquired or intend to acquire products endorsed or utilised by influencers. Respondents have indicated interest in purchasing products recommended or utilised by influencers in the niches of fashion, beauty, food, health and fitness, and travel. However, a deeper analysis reveals that influencer marketing is most effective in the beauty and fashion sectors, with conversion rates influenced by recommendations from influencers at 76.1% and 74.3%, respectively (calculated).

Nearly 75% of respondents indicated that they only purchase products recommended by influencers when necessary, demonstrating that consumers in India prioritise financial considerations, resulting in a prolonged decision-making process and a low incidence of impulse buying, particularly in online transactions.

Respondents who purchased products advised by influencers were asked to evaluate their experience; the majority (75% of respondents) reported satisfaction. Chi-square value: 66.968; p-value: 0.000 (< 0.05) Statistical evidence which indicates that respondents who purchased products or brands recommended by influencers perceive their performance as satisfactory. This satisfaction fosters a belief in the influencer as a credible information source, thereby establishing a trustworthy relationship that encourages repeat purchases. Further investigation indicates that the Fashion, Food, and Travel sectors are where consumer expectations do not align with product performance, leading to unhappiness.

Primarily, respondents unfollow influencers that share irrelevant and inauthentic or unverified content. This diminishes the perceived risk among social media users by granting them direct control, so enhancing their sense of security, comfort, and confidence.

The respondents, regardless of their engagement with any influencers, were solicited to express their views on the misleading nature of content disseminated by influencers, accompanied by an optional open-ended inquiry regarding specific niches and rationale. Only those respondents dissatisfied with the purchased product's performance—specifically, when the product's quality fell short of expectations—concurred with the statement. They asserted that consumers should not place blind trust in influencer-promoted content, as influencers may receive compensation for endorsements; thus, consumers ought to conduct research and evaluate user reviews prior to making purchasing decisions.

Consumers are more inclined to purchase or engage with a brand when influencer material aligns more closely with their needs.

Cross tabulations have yielded comprehensive insights into the research subject area. Pearson's chi-square test has been employed to examine the dependency of the attribute, while correlation analysis has been utilised to determine the degree of correlation among the variables.

Some Significant Findings

As time spent on social media platforms increases, respondents are increasingly inclined to utilise these platforms to seek out the latest trends and follow influencers. Individuals who follow influencers on social media platforms are more inclined to encounter content advocated by those influencers. The majority of respondents have either acquired or express a desire to acquire products endorsed or utilised by influencers, while those who do not follow any influencers on social media exhibit little interest in such products. Increased exposure to influencer-promoted material substantially stimulates more engagement.

Expertise in the domain, trustworthiness, and concern for followers are traits that greatly contribute to the advancement of influencer marketing. Respondents who regarded influencers as leaders or possessors of domain knowledge, and whose behaviour demonstrated trust in the influencer, had a positive attitude towards them and began to follow them. These respondents regard influencers as a credible source of information that genuinely care for their audience by refraining from promoting inauthentic content and sharing relevant, meaningful material. Respondents said that the information published by influencers was interesting and motivated them to take action; these individuals have investigated the companies and items recommended by the influencer, and if they align with their requirements and budget, they have either made a purchase or will contemplate future purchases. The majority of respondents, regardless of their engagement with influencers, remain neutral on the misleading nature of the content disseminated by influencers; they express uncertainty on the matter. Influencers must exercise caution when collaborating with brands, as a satisfied consumer may transform into a loyal customer, leading to repeat purchases. Conversely,
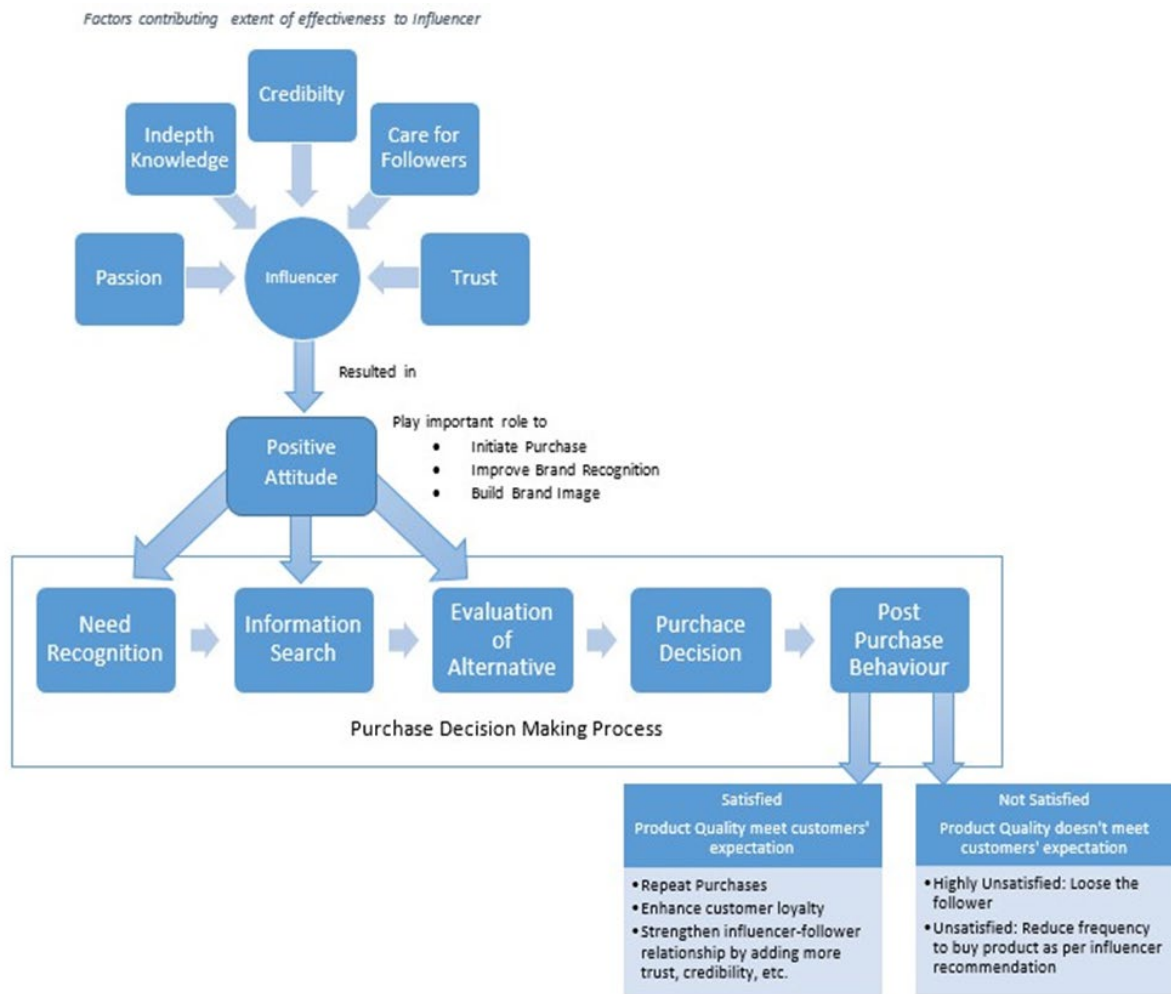
Figure 1: A model presented by the authors illustrating the operational mechanism of influencer marketing as a strategy for product promotion.

misleading content can diminish trust, credibility, and loyalty, potentially causing followers to switch to other influencers.

The product experience does not influence the utilisation of social media for monitoring current trends; however, it will significantly impact trust and the frequency of purchases based on influencer recommendations. Statistical evidence indicates that increased happiness correlates with a higher frequency of purchasing products endorsed by preferred influencers. Even extremely happy respondents strongly disagree with the assertion that content disseminated by influencers is false; this behaviour demonstrates a significant level of trust and loyalty. Occasionally, these responses may begin endorsing a product, business, or influencer. The product experience directly influences the trust in influencers, follower engagement, and purchase outcomes.

Based on the aforementioned findings, the researcher proposes a model illustrating the process of influencer marketing as a mechanism for product promotion.

Additional Findings

The younger generation allocates more time to social media, use it to monitor contemporary trends, while individuals over the age of 40 engage with it the least and exhibit minimal following behaviour. Respondents aged over 40 are more inclined to acquire a product solely when it is necessary, resulting in pleasure post-purchase. These respondents can endure irrelevant content that does not pique their attention but will unfollow influencers who share inauthentic material. Influencer marketing is more efficacious for the younger demographic, specifically those aged under 25 and between 25 to 40, as they engage more with influencers on social media platforms. They have demonstrated a

positive disposition. However, the younger generation has diminished tolerance for irrelevant and inauthentic information, leading them to unfollow influencers who engage in such practices.

Conclusion

Attributes including as passion, topic expertise, credibility, trust, and concern for followers are essential for fostering a positive attitude among influencers. These traits render influencers pivotal in acknowledging the demand, doing information searches, and evaluating alternatives in the purchasing process. Well-crafted content encourages followers to visit the business's page or website, and if the product or brand aligns with their interests, it positively influences their purchasing decisions. The influencer is not the sole determinant of the actual purchase; rather, the final purchasing decision results from a confluence of economic, functional, personal, psychological, and social factors, including affordability, alignment with personal interests, the influencer's traits as psychological and social elements, and the brand's perception and value associated with the product or brand. Influencer marketing can be employed more effectively to encourage customer purchasing decisions when other reasons are advantageous. Influencers that have cultivated credible and trustworthy long-term relationships with their followers can serve as effective promotional tools to enhance brand awareness, brand recognition, and conversion rates by motivating behaviours.

Social media users encounter influencer-promoted content daily, even from influencers they do not follow; nevertheless, respondents who do follow influencers are more likely to encounter such content on social media. Increased exposure to influencer-promoted material markedly stimulates more engagement. Instagram and YouTube should be the primary social media platforms for targeting influencers in the Indian market, as these sites are favoured by respondents across all age demographics. Fashion, travel, and food are the most prominent areas, with fashion leading, followed by beauty, food, health and fitness, and travel. Respondents have either purchased or intend to purchase products recommended by influencers, but the conversion rate is highest in the beauty and fashion sectors. Consumers exhibit lower satisfaction levels in the niches of Fashion, Food, and Travel, and

are encouraged to conduct research and evaluate user evaluations to make informed purchasing decisions.

Effective execution of influencer marketing as a brand engagement strategy can be achieved by marketers selecting the appropriate influencer (who is credible in providing authentic reviews as a field expert) to convey well-crafted content that persuades the target audience/consumer (investing their time, energy, and finances to make informed purchasing decisions) to feel confident in their choices.

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