

# Impact of Influencer Marketing on Consumer Behavior : An Analytical Study

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## Abstract

The phenomenon of influencer marketing has rapidly transformed consumer behavior, providing marketers with a potent means of effectively reaching their intended target demographics. In the realm of consumer behavior, it has been seen that influencer marketing exerts a notable impact, as evidenced by the findings presented in this abstract. In contemporary advertising, influencer marketing has emerged as a fundamental component. This marketing technique leverages the utilization of influencers who possess substantial social media and other online audiences. Influencers are seen as reliable authorities of knowledge, and their recommendations have the potential to significantly impact consumer conduct. The influencer marketing sector has grown to be worth billions of dollars in recent years due to its exponential expansion. For firms to successfully deploy their marketing dollars, it is imperative to comprehend the impact of marketing on consumer behavior. Reaching and interacting with modern consumers is becoming more difficult for traditional advertising approaches. Influencer marketing research enables marketers to use the power of social media and online influence while adjusting to the changing business environment. Influencers are frequently more relatable to and trusted by consumers than traditional advertising. Examining this authenticity and trust can reveal ways to strengthen the bonds between brands and consumers. Influencers play a crucial part in the decision-making process by introducing customers to new goods and services. Companies may enhance their marketing tactics by knowing how influencer recommendations affect consumers. Influencer marketing's interactive quality enables direct communication between companies and customers. Brands can improve customer connections and the customer experience by researching this element. Businesses can connect with their potential clients by using influencer marketing to target particular groups. Study aids in the improvement of targeting tactics. The main aim of the research is to analyse factors impacting influencer marketing on consumer behaviour. & to study opportunities & challenges in influencer marketing & how it impacts on consumer behaviour.

**Keywords:** *Influencer Marketing, Consumer Behavior, Brands, Business, Digital*

## Introduction

Influencer marketing is a method of marketing that exploits individuals who have a strong and active following on social media or in certain niches to promote products, services, or brands to their audience. These people, who are referred to as influencers, have the power to alter the perspectives and actions of their followers as a result of the competence, authenticity, and trustworthiness they are believed to possess. The first step for brands is to find influencers who are compatible with their ideal customers and the core principles of their company. There is a wide variety of sub-niches, audiences reached, and levels of reputation among influencers. Influencers can be broken down into a variety of different categories, the most common of which are celebrities, macro-influencers, micro-influencers, and nano-influencers. It is essential to build solid connections with those who hold positions of influence. Reaching out to influencers, negotiating collaborations, and ensuring that all sides are on the same page with regard to the terms of the collaboration, compensation, and content creation are all aspects that are included in this step (Srivastava., et.al., 2022).

Influencers are responsible for the creation of content that either features or discusses the products or services offered by a brand. This content may be presented in a variety of formats, such as blog posts, social media posts, videos, and other types of media. It needs to be interesting to the audience, genuine, and congruent with the messaging of the company as well as the style of the influencer. Many nations have enacted legislation that make it mandatory for influencers to reveal their affiliations with brands. This is done to ensure that audiences are provided with accurate information. Disclosures could consist of terms such as "sponsored" or "ad," or they could use particular hashtags such as #ad or #sponsored. Once the material has been developed, it is sent to the influencer's social media channels, blog, and any other platforms that the influencer uses. The effectiveness of influencer marketing is frequently determined by factors such as the content's reach and interaction. Brands utilize several measures to measure the performance of influencer marketing efforts, such as engagement rates, click-through rates, conversion rates, and return on investment (ROI). Using these metrics, one can determine whether or not the campaign was successful in achieving its objectives. In order to forge a relationship that is stronger and more long-lasting with their target audience, some brands enter into long-term collaborations with influential individuals (Abdollahbeigi, et.al., 2018). The establishment of trust and credibility can be facilitated more efficiently through the use of these partnerships.

## Influencers Marketing : Opportunities and Challenges

### Opportunities: Influencers Marketing

1. **Trust and Authenticity:** Many people have the impression that traditional advertising is less trustworthy and less authentic than influencer marketing.
2. **Reaching Specific Demographics or Interest Groups:** By collaborating with the appropriate influencers, brands may reach specific demographics or interest groups.
3. **Engagement:** Because influencer marketing makes it possible to communicate directly with the target audience, it tends to produce results that are both more engaging and interactive.
4. **Cost-Effective:** When compared to typical celebrity endorsements, micro-influencers and nano-influencers can be a more cost-effective marketing strategy option (Singh, A., et.al., 2022).

### Challenges: Influencers Marketing

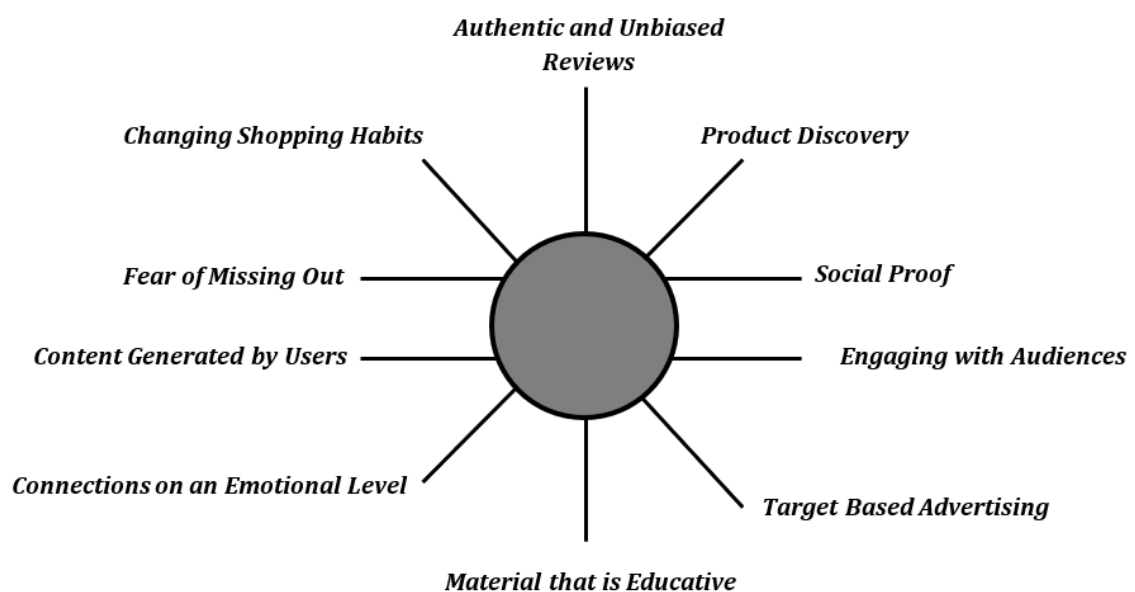
1. **Authenticity Issues:** It might be difficult to keep one's audience from becoming sceptical if they get the impression that an influencer is only in it for the money if one wants to maintain their authenticity.
2. **Regulations :** Compliance with advertising regulations and disclosures is absolutely necessary but might be difficult to achieve due to the regulations.

3. **Finding the ideal Influencers :** It can be a time-consuming process to find the ideal influencers for a company who are authentically in line with the brand's values and its target demographic.
4. **Measuring Return on Investment (ROI) :** It can be challenging to measure the performance of influencer marketing efforts, and the ROI may not always be obvious.

### Impact of Influencer Marketing on Consumer Behaviour

In recent years, influencer marketing has had a tremendous impact on consumer behavior, transforming the way in which customers learn about, assess, and acquire products and services.

Some of the most important ways in which customer behavior can be influenced by influencer marketing are as follows:



**Figure 1: Functions of influencer marketing**

- Consumers frequently place a higher level of faith in traditional advertising influencers than they do in traditional advertising. This trust is established on the assumption that influencers provide ratings and suggestions that are genuine and unbiased. When influential people suggest a product or service to their followers, those followers are more likely to view the endorsement as a credible recommendation.
- Influencers play a significant role in bringing new goods and services to the attention of consumers. A significant number of consumers look to influencers for product recommendations and reviews. This gives them the opportunity to learn about products that they might not have become aware of through conventional advertising.
- Influencers typically have a high number of followers; therefore, when an influencer endorses a product, it serves as social proof that the product should be taken into consideration. The quantity of likes, comments, and shares that material produced by influencers receives might provide more support for the notion that the product is well-liked and highly sought.
- Influencers interact with their audiences on a personal level by engaging with their audiences on a personal level through the use of comments, direct messages, and live streaming. Because of this engagement, customers are able to ask questions and get responses that are specific to them; this makes the process of purchasing something more participatory and interesting.
- Targeted advertising is possible thanks to the narrow audiences that influencers attract; this allows brands to communicate with certain demographics or interest groups. When it comes to influencing the behavior

of a specific group of consumers, this level of targeting can be more effective than more generalized advertising directed at the mass market.

- There are a lot of influencers who create material that is instructive and enlightening. This content includes in-depth reviews, lessons, and demos. This enables customers to make decisions based on accurate information, have a better understanding of the features of products, and become more proficient in their use.
- Those with a lot of influence tend to forge powerful emotional bonds with their followers, which can have an effect on consumers' purchasing decisions. A consumer may have the impression that they have a personal relationship with the influencer, and as a result, they are more likely to purchase the things that the influencer recommends.
- Influencer marketing is a form of marketing that fosters content generated by users since it drives consumers to share their experiences with items promoted by influencers. This user-generated content has the potential to sway the opinions of others, causing a domino effect in terms of customer behavior (Khanna, N., et.al., 2020).
- Influencers frequently highlight limited-time specials, exclusive offers, or products that are in high demand, which contributes to the phenomenon known as FOMO (fear of missing out). This might give customers a sense of urgency and FOMO (fear of missing out), which motivates them to make purchasing decisions more quickly.
- The influence of social media and influencers (Roy, A., et.al., 2017) has moved consumer behavior toward online shopping. This transition has been brought about by the rise of influencer marketing. The fact that customers are increasingly inclined to conduct product research and make purchases online, frequently on the basis of suggestions made by influencers, has ramifications for the retail industry.

### **Review Literature**

Influencer marketing has evolved as a popular and powerful tool for exerting influence on customer behavior. The purpose of this literature study is to examine the impact of influencer marketing on many aspects of customer behavior, including trust, product discovery, and engagement, among other characteristics. Consumers often perceive influencers as trustworthy and authentic conveyors of information, resulting in an increased level of confidence in their recommendations. The study conducted by De Veirman et al. (2017) suggests that the efficacy of influencer marketing hinges on the manner in which consumers perceive the legitimacy of influencers, a perspective that surpasses that of traditional advertising channels. The role of influencer marketing in the process of product discovery is of utmost importance. Consumers often depend on influencers to acquaint them with novel products. In their study, Bergstrom et al. (2020) investigate the function of influencers in the capacity of product discovery, whereby they serve as catalysts for increasing interest and awareness among their audience. Through establishing a personal connection with their audience, influencers facilitate the opportunity for consumers to ask questions and receive customized solutions. In their study, Jin et al. (2018) emphasize the importance of the interactive attributes of influencer marketing and its impact on customer engagement. Through the strategic use of influencer marketing, organizations have the ability to efficiently and precisely reach specific demographic segments or interest-based communities. Babin and Carder (2019) conducted a study that examines the efficacy of micro-influencers in the context of targeted advertising and its potential impact on customer behavior. In the context of influencer marketing, consumers are incentivized to provide content that pertains to their interactions and perceptions of endorsed items. In their study, Smith et al. (2020) undertake a comprehensive evaluation to examine the influence of user-generated information and its subsequent cascading effect on individuals.

### **Research Methodology**

The research has been used a descriptive convenience sampling approach. A range of businesses, the majority of which conduct the majority of their operations digitally, have reached out to a total of 75 business professionals, senior executives, and lead managers. These businesses perform the majority of their activities digitally. Both primary as well as secondary data were collected from various online sources & with the help of closed ended questionnaire. This research was done with the objective of highlighting the impact of influencer marketing on

consumer behaviour & for this reason multiple test applied such as reliability test, descriptive statistics, KMO test & correlation analysis.

### Objective of the Study

- To analyse factors impacting influencer marketing on consumer behaviour.
- To study opportunities & challenges in influencer marketing & how it impacts on consumer behaviour.

### Hypothesis

H1 : Factors of Influencer marketing do not having significant impact on consumer behaviour.

H1 : Factors of Influencer marketing having significant impact on consumer behaviour.

**Table 1: Reliability Test**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No. of Items	Mean	Std. Deviation
0.867	0.841	06	93.751	.1436

Cronbach's alpha was computed for this set of questions using SPSS, and the number that was obtained was 0.867, which is outstanding (a value of Cronbach's alpha that is more than 0.7). The mean score for the number of items set of six elements was 93.751, and the standard deviation was .1436.

**Table 2: KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.912
Bartlett's Test of Sphericity	Approx. Chi-Square	3126.011
	Df	73
	Sig.	.000

A survey was administered to a sample of 75 individuals, and subsequently, the data underwent analysis using the Bartlett test of sphericity. This statistical test was employed to assess the overall associations between the variables and to establish the statistical significance of the correlation matrix as a collective entity. The obtained Kaiser-Mayer-Olkin (KMO) value of 0.912 indicates a commendable outcome.

**Table 3 : Descriptive Statistics (No. of Respondents=75)**

S.no.	Statement	(HS)	(S)	(NL)	(DS)	(HDS)	Mean (M)
1.	Trust and Authenticity	27	19	10	11	08	3.86
2.	Product	22	31	08	09	05	2.82

	Discovery						
3.	Social Proof	26	37	03	07	02	3.97
4.	Engagement and Interaction	17	23	16	08	11	2.89
5.	Targeted Advertising	28	19	12	10	06	3.22
6.	Emotional Connection	33	21	07	08	6	3.71

Where,

Highly Satisfied (HS)

Satisfied (S)

Neutral (NL)

Dissatisfied (DS)

HighlyDissatisfied (HDS)

M (Mean)

According to table 3, the greatest mean value for the factor "Social Proof" is (3.97). Similarly, the mean value for "Trust and Authenticity" is (3.86). The criteria "Product Discovery" and "Engagement and Interaction" had the lowest mean values (2.82 & 2.89), respectively. It suggests that influencer marketing has a significant impact on customer behavior. As a result, the alternate hypothesis "Factors of Influencer Marketing Having a Significant Impact on Consumer Behavior" is accepted and the null hypothesis is rejected.

**Table4: Correlations**

		Influencer marketing	Consumer behaviour
Influencer marketing	Pearson Correlation	1	.797**
	Sig. (2-tailed)		.000
	N	75	75
Consumer behaviour	Pearson Correlation	.797**	1
	Sig. (2-tailed)	.000	
	N	75	75
**. Correlation is significant at the 0.01 level (2-tailed)			

The relationships influencer marketing&consumer behaviour are displayed in Table 4. Strong association exists between influencer marketing&consumer behaviour, as evidenced by the Pearson correlation coefficient of .797 ( $p < .01$ ). This indicates that influencer marketing&consumer behaviour have a strong positive link. There were 75 valid responses for each variable, hence, influencer marketing&consumer behaviour are strongly positively

correlated. Therefore alternate hypothesis “Factors of Influencer marketing having significant impact on consumer behaviour” is accepted & null hypothesis is rejected.

### **Conclusion**

In conclusion, influencer marketing is a growing and changing tactic with high payoff potential if done properly. In the right hands, it has the potential to help brands communicate with and interact with their intended audience on a more authentic and individual level. Remember that the success of influencer marketing depends not only on the business, but also on the influencer's credibility and the authenticity of the collaboration between the influencer and the brand. Because of its acknowledged power to shape and control customer behavior in the digital age, influencer marketing has grown into a significant component of the advertising strategies of many different brands. The field of consumer behavior has been profoundly affected by the rise of influencer marketing. Influencers have an effect on customer choices in a number of ways, including trust, product discovery, engagement, targeted advertising, user-generated content, and emotional relationships. Research on the subtleties and long-term effects of influencer marketing on customers is essential as this sector develops.

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