

“Effectiveness of Influencer Marketing on Social Media”

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ABSTRACT

With the rise of the Internet, social media has become an integral part of today's lifestyle. Nearly 86% of people use social media at least once a day, mostly to stay in touch and to tackle boredom. With the rise in social media usage, many content creators have amassed huge followings and are looking for ways to monetize that following. When brands have noticed this trend, they started hiring these content creators to promote their products. Such content creators can be called Influencers and this type of marketing can be called Influencer marketing.

With the rising number of influencers and the increasing number of options the selection of the correct influencer to promote the product plays a crucial role. Different factors regarding the Influencers have different unknown effects on the reach and conversion rate of the consumers, which when predicted can help the brands in the selection of correct influencers or the correct category of influencers to promote the product. Influencer marketing is set to reach a value of Rs.2,200 Crores (according to a Financial Express news article) negotiating the right price with the right influencer at a fast pace would prove vital to a brand.

During the course of this research, we plan to find out how the influencer factors affect the reach and the conversion rate of influencer marketing. We would also look at factors such as frequency of promotion, number of posts, and other related factors.

PROBLEM DEFINITION

With the low internet cost combined with the wide availability of smartphones and laptops, people are consuming content through the internet. This has led to a decrease in the number of people watching conventional televisions, which inevitably led to a decrease in the number of people watching traditional advertisements. At the same time, content viewership in online social media platforms such as Instagram, Twitter etc. has exploded, which made many ordinary people amassed huge followings, comparable to the craze of many celebrities. These people are called as Influencers. When brands realized this, they started to associate themselves with these influencers to promote their products. This type of marketing is called as Influencer marketing.

Influencers are often regarded as a stark contrast to regular celebrity endorsers, such as actors or famous personalities. Where celebrities can generate a positive image by incorporating the brand into their movies or concerts whereas influencers have to rely solely on their social-media channels to reach their audience. Their actions and content on social media are crucial for amassing new followers and keeping existing ones engaged with their content. Factoring in the novelty of the usage of social-media influencers means that few studies have analysed the impact, reach and the association of influencers versus traditional endorsers or celebrities to the brand so as to advertise effectively. Research results are important for the brands to select the right influencer to achieve maximum reach.

With the vast number of influencers present and celebrities still having a huge demand, our research tries to answer the question, are influencers and influencer marketing better than celebrities, if so, what factors of the influencers influence the success of an advertisement campaign.

Based on the above problem statement, we conducted literature review and found out the following

LITERATURE REVIEW

1. Influencer marketing: An exploratory study to identify antecedents of consumer behavior of millennial, Chopra, A., et.al. (2021), Consumer Behaviour, Attitude, Perceived Behaviour Control, Personal Relevance, Trust, Inspiration, Perceived Risk, Influencer, Strategic insights to marketing practitioners to help reach the relevant target audience by using the right kind of influencer with the right content distribution strategy. Consumers today are more aware and informed and are able to tell the difference between an endorsement and a genuine recommendation, restricted to urban millennial consumers. focus on studying the personality traits of the most followed influencers. Map personality of influencer to the brand personality
2. Influencer advertising on social media: The multiple inference model on influencer-product congruence and sponsorship disclosure, Kim, D. Y., and Kim, H. Y. (2021), influencer-product congruence, Product Attitude, effective motive, advertising recognition, Brand,

influencer advertising delivers a marketing message in personal content, both affective and calculative motives can be inferred by social media users simultaneously explore additional positive attributes that can be attributed to affective motive inference and enhance marketing outcomes. Another practical implication is how to indicate sponsorship but avoid its negative effect on consumer attitude.

3. How Consumers Consume Social Media Influence, Scholz, J. (2021), Influencer effectiveness, perceived credibility, similarity, reliability, Influencer, By utilising the influencer marketing dashboard as a conceptual and managerial tool for this task, marketers can better serve their customers and increase their brands return on influencer ad spent, Since the article is defined in a theoretical context, the context and the usage changes as time passes.
4. Influencer Marketing from a Consumer Perspective: How Attitude, Trust, and Word of Mouth Affect Buying Behaviour, Singh, K. (2021), Buying behaviour, Buying behaviour, Product – Brand – Influencer, confidence in influencer marketing looks different depending on how people's attitude towards the phenomenon looks like, further research in influencer marketing, consumer behavior in relation to influencer marketing and SMI and how they affect consumers.
5. Social media influencer marketing: A systematic review, integrative framework and future research agenda, Vrontis, D., et.al. (2021), Theoretical Implication, Since the article is defined in a theoretical context, the context and the usage changes as time passes.
6. Celebrity vs. Influencer endorsements in advertising: the role of identification, credibility, and Product-Endorser fit, Schouten, A. P., et.al (2020), Advertising effectiveness, perceived similarity, wishful identification, purchase intention, Influencer-Celebrity, Influencers are deemed more trustworthy than celebrities, and that people feel more similar to influencers and identify more with them than celebrities, Distinguish between informational and transformational or utilitarian and hedonic good.
7. Behind influencer marketing: key marketing decisions and their effects on followers' responses, Martínez-López, et.al. (2020), Followers' responses, Trust in the influencer, post credibility, interestingness about the post's content, willingness to search for info related to posted product, Type of influencer, If high congruence non-celebrity has higher followers than celebrities, Classic advertising endorsement literature has scope to extend their usefulness to the new context of influencer marketing.
8. What Is Influencer Marketing and How Does It Target Children?, De Veirman, M., et.al. (2019), Persuasiveness of children, Celebrities' vs real life peers, Cartoon fictional characters, Influencer, influencers are regarded as highly popular and admired peers, how can children differentiate normal content from advertised or promoted content ?
9. The Effect of Influencer Marketing on Consumers' Brand Admiration and Online Purchase Intentions: An Emerging Market Perspective, Trivedi, J., & Sama, R. (2020), Brand attitude, Expert influencers, Attractive celebrity influencers, Brand admiration, Influencer, consumers give more weight to an expert influencer's opinion compared to that of an attractive celebrity influencer while choosing electronics products, Effect of influencer marketing on Gen Z,

cross functional study comparing influencer effectiveness in emerging and developed markets

10. Influencer Marketing: How Message Value and Credibility Affect Consumer Trust of Branded Content on Social Media, Lou, C., & Yuan, S. (2019), Perceived Trust, Awareness of advertised brands, Purchase intention, Influencer's content's informativeness value and entertainment value, credibility, Influencer content, social media users' trust in influencer branded content plays a significant role in brand awareness and purchase intentions, influencers' trustworthiness's negative effects on brand awareness and purchase intentions has to researched further.

Dependent Variables

Based on our research topic we have chosen the following dependent variables

Perceived purchase intention – means whether the audience perceives a positive attitude towards buying the product.

Independent Variables - Based on our research topic we have chosen the following independent variables

Para-social Relationship – Whether the influencer and the subjects relate on a psychological level

Wishful Identification – How the audience identify their favourite influencer

Intention to Continue – Whether audience are expected to continue following the influencer

Trustworthiness of the Influencer – Whether or not the audience trust the influencer

Credibility of the Influencer – How credible and knowledgeable is the influencer

Intention to recommend – whether the influencer has expertise or familiarity with the product and brand type

HYPOTHESES

H1 – A positive para-social relationship between the individuals and influencer will have a significant positive effect on Influencer Effectiveness

H2 – A wishful association between brand and person will have a significant positive effect on Influencer Effectiveness

H3 – A wishful association will have a positive effect on intention to continue using the product endorsed by the influencer.

H4 – A higher trustworthiness of an influencer will have a significant positive effect on Influencer Effectiveness

H5 – A higher credibility of an influencer will have a significant positive effect on Influencer Effectiveness

METHOD

We identified the variables that aid in the formation of influencer effectiveness, nevertheless it is a celebrity influencer or social media influencer. With our research, we are planning to find out, are influencers better at promoting a product compared to a celebrity? This research will help the brands when trying to identify the best fit for their promotional campaign saving their time and effort by narrowing the options of potential influencers. Based on the above theoretical background a survey is conducted. This study would help identify the cause-and-effect relationship between the dependent and the independent variable. A conceptual model will be developed based on the analysis from the survey. The data collected was tested and validated using Structural Equation Modelling (SEM).

Overall, the results will show if the masses identify more with influencers than celebrities, feel more similar to influencers than celebrities, and trust influencers more than celebrities or vice versa. In terms of advertising effectiveness, similarity, wishful identification, and trust mediate the relationship between types of influencers and their effectiveness.

DATA COLLECTION

We identified the variables that aid in the formation of influencer effectiveness and the results of the reliability tests are as follows. Refer appendix for the questionnaire and the data collected is attached.

I: Dependant Variable:

1. Intention to Purchase

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.657	.661	3

II: Independent Variables:

Particulars	Reliability Statistics		
Item	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items

1. Para-social Relationship	.666	.678	4
2. Wishful Identification	.804	.812	5
3. Trustworthiness	.839	.839	3
4. Intention to continue	.893	.893	3
5. Intention to recommend	.880	.884	4

RESULTS

Model used to understand the relation between dependent and independent variables:

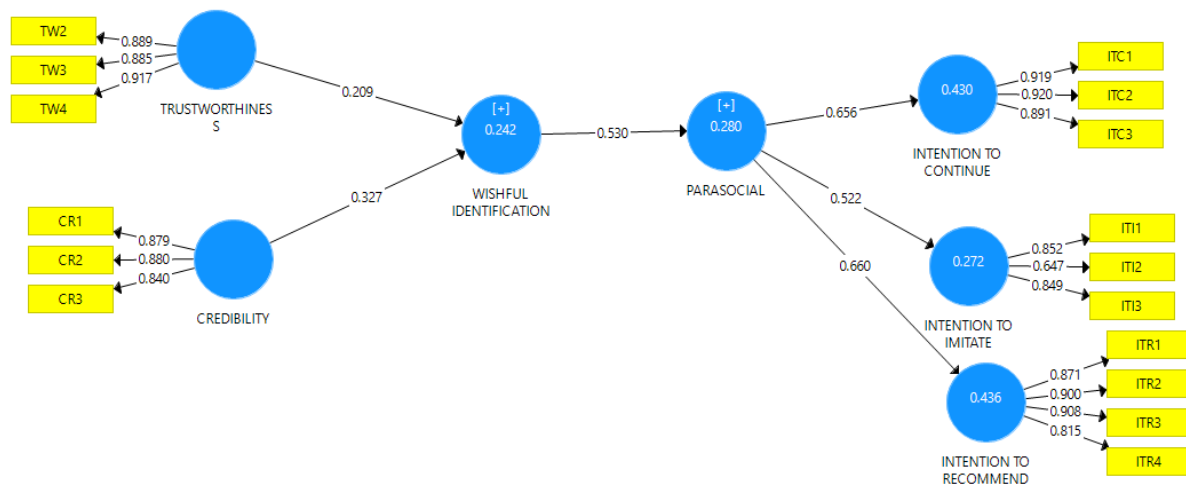


Table 1: Classification of Demographics data

<i>Sample size:</i>	<i>204</i>	
Gender	Male- 124	Female- 69
Age group	< 18 years	7
	18-24 years	60
	25-34 years	112
	35-50 years	20

This table shows the demographics data collected with 204 sample records. It contains the division of respondents with respect to the co-variates used in the study -> male and female, and also respondents in different age groups. The table also shows the breakdown between the number of people following their choice of influencers are Social Media Influencers or Celebrities.

Descriptive statistics, items and Convergent validity measures

Variables	#Item	Question	Mean	Median	Min	Max	Stand ard Devia tion	Excess Kurtos is	Skew ness
Credibility	CR1	If my favourite influencer would appear live in another video, I would watch that video.	4.141	4.000	1.000	5.000	0.880	0.939	- 0.948
	CR2	I would miss my favorite influencer when he/she was on vacation.	4.126	4.000	1.000	5.000	0.924	1.113	- 1.062
	CR3	I find my favorite influencer's broadcast to be attractive.	4.312	5.000	1.000	5.000	0.876	1.078	- 1.196
Intention to Continue	ITC1	I see my favorite influencer as a natural, down-to-earth person	4.191	4.000	1.000	5.000	0.994	2.093	- 1.443
	ITC2	My favorite influencer is the sort of person I want to be like myself.	4.075	4.000	1.000	5.000	1.042	0.935	- 1.120
	ITC3	Sometimes I wish I could be more like my favorite influencer	4.126	4.000	1.000	5.000	0.961	0.452	- 0.973
Intention to Imitate	ITI1	I would like to have the same job as my favorite influencer.	3.769	4.000	1.000	5.000	1.011	-0.131	- 0.581
	ITI2	I'd like to do the kinds of things my favorite influencer does in his/her life.	3.563	4.000	1.000	5.000	1.171	-0.542	- 0.455
	ITI3	My favorite influencer is someone I would like to emulate.	3.558	4.000	1.000	5.000	1.101	-0.307	- 0.467
Intention to Recommend	ITR1	My favorite influencer is dependable	4.095	4.000	1.000	5.000	1.010	0.488	- 0.988
	ITR2	My favorite influencer is honest	4.065	4.000	1.000	5.000	0.930	0.682	- 0.886
	ITR3	My favorite influencer is reliable	4.020	4.000	1.000	5.000	1.027	-0.125	- 0.770
	ITR4	My favorite influencer is	3.709	4.000	1.000	5.000	1.119	-0.379	- 0.554

		sincere							
Para-social Relationship	PSR1	My favorite influencer is trustworthy	3.854	4.000	1.000	5.000	1.233	0.109	- 1.014
	PSR2	My favorite influencer is expert on the topic	2.744	3.000	1.000	5.000	1.449	-1.312	0.206
	PSR3	My favorite influencer is experienced	3.849	4.000	1.000	5.000	1.097	0.221	- 0.848
	PSR4	I have the intention to continue following this influencer account in the near future	4.101	4.000	1.000	5.000	1.032	1.242	- 1.226
Trustworthiness	TW2	I predict that I will continue following this influencer account	4.131	4.000	1.000	5.000	0.870	0.912	- 0.903
	TW3	I will probably look for new content published on this influencer account	4.060	4.000	1.000	5.000	0.854	0.263	- 0.652
	TW4	I would feel comfortable using the product as shown by the influencer	4.131	4.000	1.000	5.000	0.852	0.210	- 0.696
Wishful Identification	WI1	I would not hesitate to take into account the suggestions about the product I find in the content published by this influencer	3.688	4.000	1.000	5.000	1.136	-0.585	- 0.505
	WI2	I would rely on the recommendations about the product made by this influencer	3.513	4.000	1.000	5.000	1.264	-0.872	- 0.450
	WI3	I would recommend the influencer's account to other people	3.126	3.000	1.000	5.000	1.477	-1.367	- 0.115
	WI4	I would say positive things about the influencer's account to other people	3.472	4.000	1.000	5.000	1.251	-0.873	- 0.379
	WI5	I would be likely to recommend the influencer to friends and relatives	3.447	3.000	1.000	5.000	1.180	-0.623	- 0.372

		interested in the respective domain							
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- It shows descriptive statistics of different independent variables along with dependent variable.

Table 3: Variation Inflation Factor (VIF) values and Heterotrait-monotrait ratio (HTMT)

VIF values:

	VIF
CR1	1.819
CR2	2.109
CR3	1.981
ITC1	3.546
ITC2	3.525
ITC3	2.148
ITI1	1.393
ITI2	1.311
ITI3	1.549

	VIF
ITR1	2.715
ITR2	3.139
ITR3	3.089
ITR4	1.925
PSR1	1.549
PSR2	1.221
PSR3	1.504
PSR4	1.279

	VIF
TW2	2.267
TW3	2.400
TW4	2.696
WI1	2.347
WI2	2.566
WI3	1.399
WI4	1.812
WI5	2.226

Heterotrait-monotrait ratio (HTMT) values:

	CREDIBILITY	INTENTION TO CONTINUE	INTENTION TO IMITATE	INTENTION TO RECOMMEND	PARA SOCIAL	TRUST WORTHINESS	WISHFUL IDENTIFICATION
Credibility							
Intention To Continue	0.698						
Intention To Imitate	0.523	0.617					
Intention To Recommend	0.622	0.767	0.717				
Parasocial	0.671	0.803	0.690	0.818			
Trustworthiness	0.765	0.554	0.575	0.620	0.579		
Wishful Identification	0.536	0.465	0.629	0.548	0.657	0.490	

- VIF values shows that there are no multicollinearity issues with the variables as the values are less than 5 for all.
- HTMT ratio is also acceptable for the factors making it acceptable.
- There is no discriminant validity present in this case as the values in the given table is less than 0.75
- Between two reflective conceptions, discriminant validity has been proven.

Table 4: Structural Model Results- Hypothesis

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Valu es
CREDIBILITY -> WISHFUL IDENTIFICATION	0.327	0.327	0.079	4.142	0.00 0
PARASOCIAL -> INTENTION TO CONTINUE	0.656	0.658	0.053	12.439	0.00 0
PARASOCIAL -> INTENTION TO IMITATE	0.522	0.527	0.062	8.471	0.00 0
PARASOCIAL -> INTENTION TO RECOMMEND	0.660	0.663	0.043	15.222	0.00 0
TRUSTWORTHINESS -> WISHFUL IDENTIFICATION	0.209	0.214	0.078	2.679	0.00 7
WISHFUL IDENTIFICATION -> PARASOCIAL	0.530	0.535	0.052	10.106	0.00 0

We have concluded the following from the analysis:

According to the aforementioned table, it is evident from the p-values that all the variables are significant in this scenario.

Credibility of the influencers strongly influence the ability of wishful identification between the influencer and the individual

Wishful identification of the individuals with the influencer lead to para-social relationships

The para-social relationship then leads to intention to imitate, continue and recommend the product endorsed by the influencer

A positive para-social relationship between the individuals and influencer will have a significant positive effect on Influencer Effectiveness

A wishful association between brand and person will have a significant positive effect on Influencer Effectiveness

A wishful association will have a positive effect on intention to continue using the product endorsed by the influencer.

A higher trustworthiness of an influencer will have a significant positive effect on Influencer Effectiveness

A higher credibility of an influencer will have a significant positive effect on Influencer Effectiveness

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APPENDIX

Questionnaire

1. Trustworthiness

Attractiveness, trustworthiness and expertise Klaus-Peter Wiedmann and Walter von Mettenheim (2021)

1. [Name of social influencer] is reliable
2. [Name of social influencer] is sincere
3. [Name of social influencer] is trustworthy.

2. Parasocial Relationship

Shupey Yuan & Chen Lou (2020): How Social Media Influencers Foster Relationships with Followers: The Roles of Source Credibility and Fairness in Parasocial Relationship and Product Interest, Journal of Interactive Advertising, DOI: 10.1080/15252019.2020.1769514

- a. If my favorite influencer would appear live in another video, I would watch that video. *
- b. I would miss my favorite influencer when he/she was on vacation. *
- c. I find my favorite influencer's broadcast to be attractive. *
- d. I see my favorite influencer as a natural, down-to-earth person *

3. Wishful Identification

Shupey Yuan & Chen Lou (2020): How Social Media Influencers Foster Relationships with Followers: The Roles of Source Credibility and Fairness in Parasocial Relationship and Product Interest, Journal of Interactive Advertising, DOI: 10.1080/15252019.2020.1769514

- a. My favorite influencer is the sort of person I want to be like myself. *
- b. Sometimes I wish I could be more like my favorite influencer *
- c. I would like to have the same job as my favorite influencer. *
- d. I'd like to do the kinds of things my favorite influencer does in his/her life. *
- e. My favorite influencer is someone I would like to emulate. *

4. Credibility

Attractiveness, trustworthiness and expertise Klaus-Peter Wiedmann and Walter von Mettenheim (2021)

- a. My favorite influencer is expert on the topic *
- b. My favorite influencer is trustworthy *
- c. My favorite influencer is experienced *

5. Intention to Continue

- a. I have the intention to continue following this influencer account in the near future *

- b. I predict that I will continue following this influencer account *
- c. I will probably look for new content published on this influencer account *

6. Intention to Recommend

- a. I would recommend the influencer's account to other people *
- b. I would say positive things about the influencer's account to other people *
- c. I would seldom miss an opportunity to tell others interested in the respective domain about this influencer
- d. I would be likely to recommend the influencer to friends and relatives interested in the respective domain