



**RAMAIAH INSTITUTE OF
MANAGEMENT STUDIES**

Gokula, Bangalore



“THE RISE OF INFLUENCER MARKETING”

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ABSTRACT:

Influencer marketing is a form of marketing that enables businesses to collaborate with individuals who have a following for increased brand exposure. Influencer marketing is considered as one of the most effective marketing strategies in this era. The prioritized reach that social media influencers provide is what that the companies look for i.e, to get the desired reach, to promote their products and to sell their product. This paper explores the rise in influencer marketing, the changing style of marketing and endorsements, how companies approach and partner with influencers and key points that need to be considered while selecting an influencer. Analysis of industry trends and several research papers is taken into consideration in making this research paper from which the effectiveness of influencer marketing, its scope and the potential challenges that may occur can be evaluated. We will also discuss why brands opt for influencer marketing and whether influencer marketing is right for all types of business. Influencer preferences i.e, what type of influences that brand mostly utilises in the year 2023 is discussed the growth of influencer campaigns and influencer marketing market size is discussed.

A questionnaire was sent to more than 100 individuals and the data regarding influencer marketing and their opinion on the same was taken. Data was further analysed and a Hypothesis test was made to see whether consumers who trust the influencers are most likely to purchase the product or not.

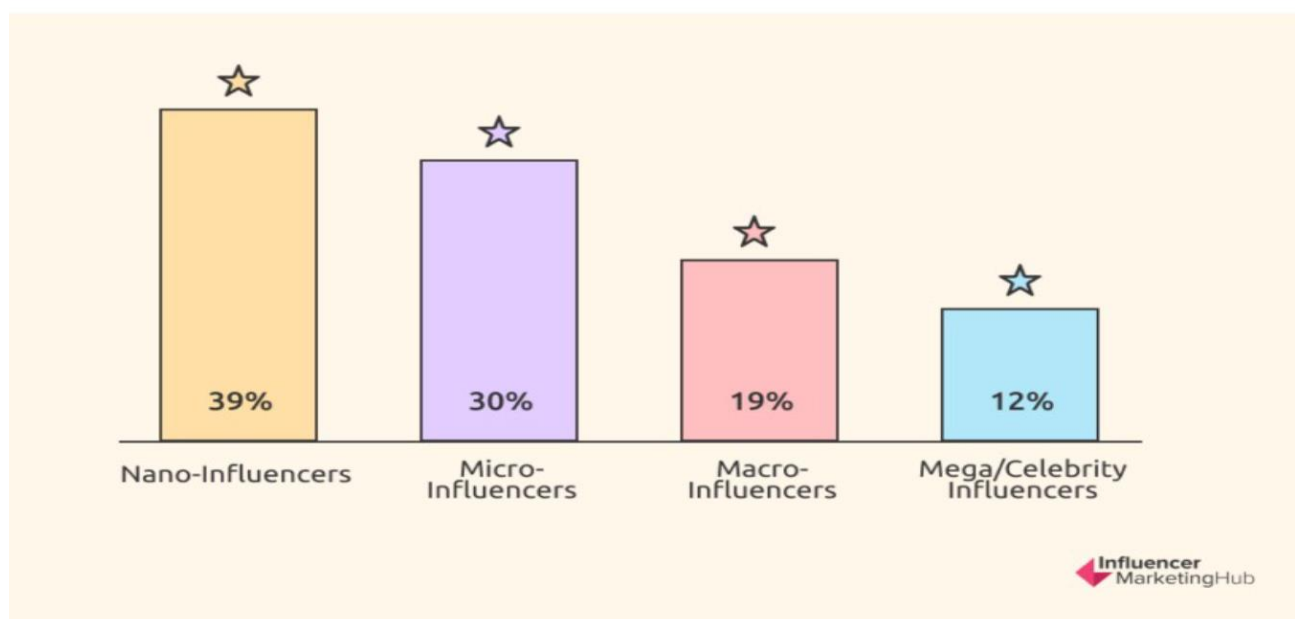
INTRODUCTION:

In the recent years, the rise of influencer marketing has shown a remarkable growth. According to a report, In India, Influencer marketing is expected to grow by 25% in 2024 crossing to 2344 crore and further rising to rs 3375 crore by 2026. Surveys also reveal that 12% of the influencers in India earn from rs 1 lakh to 10 lakh. Some of the Indian top influences are Bhuvan Bam, Slayspoint, Carryminati who are the faces of Youtube Indian Community and many individuals pursue content creation as a fulltime which helps them be an influencer and earn their livelihood from Instagram and other social media platforms. People also earn a passive income from this source. Social media platforms have become an integral part of an individual in his daily life. Influencers play a key role in entertaining or engaging with the audience. Companies use their content to promote their products therefore influencers have emerged as powerful ambassadors for brands and products. Because of this, the traditional marketing approach has been disrupted. This also gives companies a unique opportunity to connect with the target audience.

There are four types of influencers 1st in the pyramid is Mega influencer who has more than one million followers. Then comes the macro influencer who has a following of 1,00,000 people to one million people. 3rd comes the micro influencer where the following ranges from 1000 to 1,00,000. At last nano influencer who has a following of less than 1000 followers.

Influencer Preferences

What Types Of Influencers Will Your Brand Mostly Utilise In 2023?



Influencer marketing involves companies coming together with individuals who have a significant online presence and influence with a niche segment of people. Companies can use any type of influencer as per their requirement. Whether they need a sports influencer or a beauty product, it may come under a premium product segment or it might be in an ordinary segment, Companies can easily advertise or create awareness of their products to their targeted customers.

Brands often opt for influencer marketing as it increases brand awareness. It also improves credibility and provides higher customer engagement. The conversion rate in influencer marketing is higher as the followers trust the recommendations given by the influencer. It also increases the trustworthiness of potential customers.

Influencer Marketing might not be right for all types of business as in B2B industry where Products or services are directly sold to another business party without any intermediary. But in B2C Industries especially in FMCG and clothing beauty products and many more influencer marketing is essential it will be a very powerful tactic to increase the revenue for the businesses.

Influencer marketing has largely benefited small businesses as with less amount investment in marketing, small businesses can target the niche audience by promoting their product through nano influencers. According to a report, nano influences are mostly utilised by brands in 2023 after that micro influences are taken. Macro influences are chosen 19% of the time and mega/celebrity influences are taken 12% as they charge high prices and only big companies go with macro influencers or celebrity influencers.

Influencers use their social media platforms like Instagram, Tiktok, youtube or blogs to promote products or services to their followers younger generation is more likely influenced by these people. Some of the companies that use influencer marketing effectively are Airbnb, Boat, Sugar cosmetics and many more. Some of the possible demerits of influencer marketing is that it might create a negative publicity among the consumers. The outcome may not be as per the expectations of company and companies might also find difficulty in finding the right influencer and sole dependence on an influencer is risky.

Example of a company that made very well use of influencer marketing is Sugar cosmetics. It is an Indian skin care and makeup brand. Sugar Cosmetics has collaborated with a wide range of Micro - Influencers including influencers who have a niche following. This module of marketing has been very effective for sugar cosmetics in reaching specific customers and building a loyal customer base. Sugar cosmetics has also used Macro Influencing. In order to gain broader exposure and reach larger audience, sugar cosmetics has also collaborated with Bollywood celebrities and influencers. Influencers promote the product by using those cosmetics in their daily routine and posting it on social media which will connect to their followers.

Through such collaborations, sugar cosmetics has successfully increased its brand awareness particularly among the younger generation and urban consumers. It has also successfully achieved high engagement in online community. Further, it has helped sugar cosmetics in showcasing as a transparent and reliable brand in the competitive cosmetics market.

Popular influencers that sugar has used are Kubbra Sait, Shreya Ghoshal, Sanaya Irani and many others.

Literature Review:

(Fine F., Flora F and others 2022): The researcher here Focuses on the effectiveness, scope and potential threats of Online influencer marketing as most of the marketers lack proper knowledge of OIM. Components of influencer marketing and its unique features are explained thoroughly. Key strategies for effectively managing Online Influencer marketing are discussed here.

(Ehri Ryu, S. Venus Jin, Aziz Muqaddam 2019): In this paper, a comparison between the effectiveness, brand attitude, trustworthiness and envy of Instagram celebrities and traditional celebrities is made. A randomized comparison between two groups by taking the opinion of 104 people was done and the result was favoring Instagram celebrities.

(W. Paltimer, Jonathan Z and others 2022): Firms need to select the right influencer in order to sell their product to the influencer's followers. Choosing the right influencer and evaluating the campaign's effectiveness is not properly made against the cost. A communication model is prepared in this paper where the influencer, influencer's followers and influencer's posts determine the influencer's marketing effectiveness.

(Starley B, 2010)The paper discusses the importance of social media and how it has given power to every individual to raise their voice. It also states the advantages and disadvantages of influencer marketing. Additionally, it explores effective campaign mechanisms like measurement and identification of brand endorsers. This study will also provide an in-depth understanding of influencer marketing in the digital age thus boosting this chapter.

(Zdenka KÁDEKOVÁ – Mária HOLIENČINOVÁ 2018)
The importance of social media influencers is increasing day by day. Their opinions are heard out as people are following them and do not want to miss out on the trend. The impact of influencers on consumption behaviour of Generation Y and Generation Z is determined in this paper by conducting survey involving 459 respondents Slovak Republic.

(Martínez-López et al., 2020) Influencer marketing actions are mostly carried out on the platforms like Facebook, Twitter and Instagram. This research paper aims at finding essential factors related to a marketing program that is analysed in two different experimental studies for theoretical reason and methodological operability. The essential factors related to brand control over transmitted message and its commercial focus, influencer celebrity status and connection with goods or services they promote in the post.

(Ye et al., 2021) Influencer marketing is very efficient and cost-effective tool as it can reach wide number of customers with minimum cost. Many businesses will hire a social media influencer to promote their products to target market. This research paper provides the overview of current influencer marketing and insights into how influencer market affects the customer.

(Farivar & Wang, 2022) One aspect of social media that has major effect on the behaviour of social media users is social networking. This research paper aims at influencer marketing by taking on social identity theory. It also finds that how influencer's identity, interest and their opinion affect consumer purchase.

{Diederich Bakker,2018} The paper states that Social media has created important instruments for the business to build their brand. Influencer marketing has provided an effective way of engaging

with consumers on social media. Here businesses will hire social media celebrities to advertise their goods and services among their huge fan base. This study finds that Influencer marketing is associated with referral marketing, it does not have academic discussion.

(Lin, R. H., Jan, C., & Chuang, C. L. 2019) This research paper looks into how marketers are constantly looking for opportunities to forecast next big trends in the industry, whether it's for their brand or customer. As Web 2.0 has get recognition more activities are shifting from offline to online, which makes it necessary for firm to stand out from their rivalry.

Research Methodology:

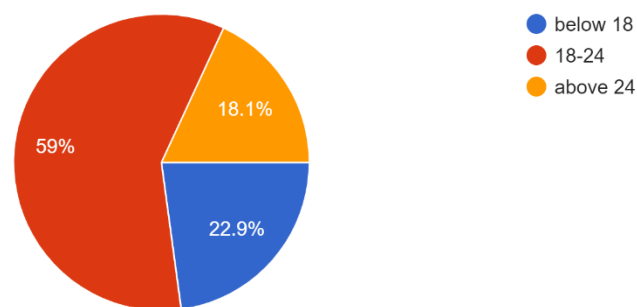
A questionnaire was sent to collect the primary data from the respondents. Data collected from the respondents are their age, gender, the social media platforms they most frequently use, and Their opinion on influencer marketing whether they believe it is an effective way for brands to reach consumers or not. Their purchase decision on a product or a service because an influencer recommended it and the factors that influenced for that purchase decision and the most engaging content they find of what influencers do and whether they ever had felt misled by an influencer's promotion. Further analysis of data considering secondary data was done to make a sound decision.

Data analysis:

Analysis and Interpretation:

Age

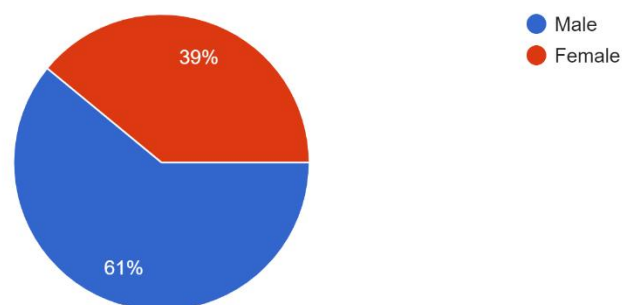
105 responses



Majority of people who participated in the survey are of the age group 18 – 24. But people participated in the age group are diversified.

Gender

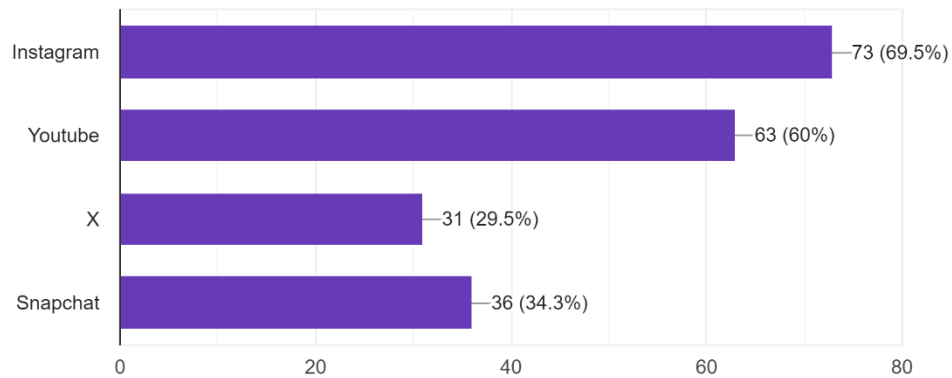
105 responses



Participants in the survey, Male respondents are 64 and female are 41.

Social media platforms you use most frequently: (Select all that apply)

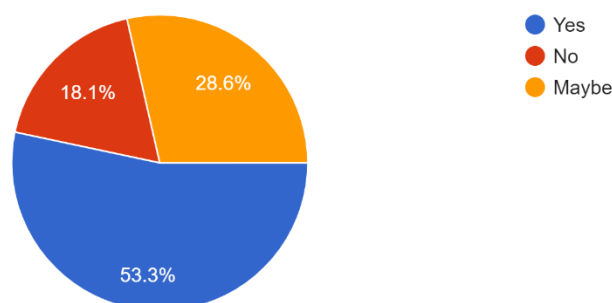
105 responses



Instagram is a famous social media platform and most of the influencer marketing takes here. 60 % of the People also use youtube. Further in the line is X (formerly known as twitter) and snapchat.

Do you believe influencer marketing is an effective way for brands to reach consumers?

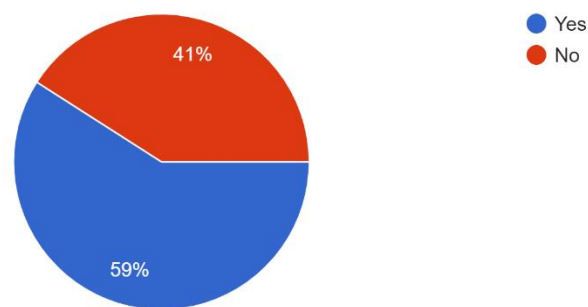
105 responses



56 members out of 105 members think influencer marketing is an effective way For brands to reach consumers. Only 19 members think that it is not an effective way to reach out.

Have you ever purchased a product or service because an influencer recommended it?

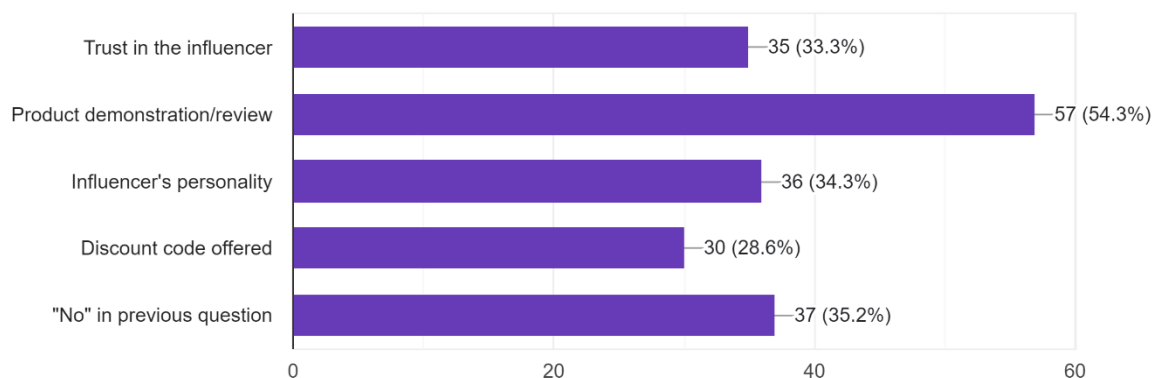
105 responses



62 participants who took part in the survey Have purchased a product or service before because an influencer recommended it. Hence, conversion rate is more in influencer marketing.

If yes , what factors influenced your decision to purchase? (Select all that apply)

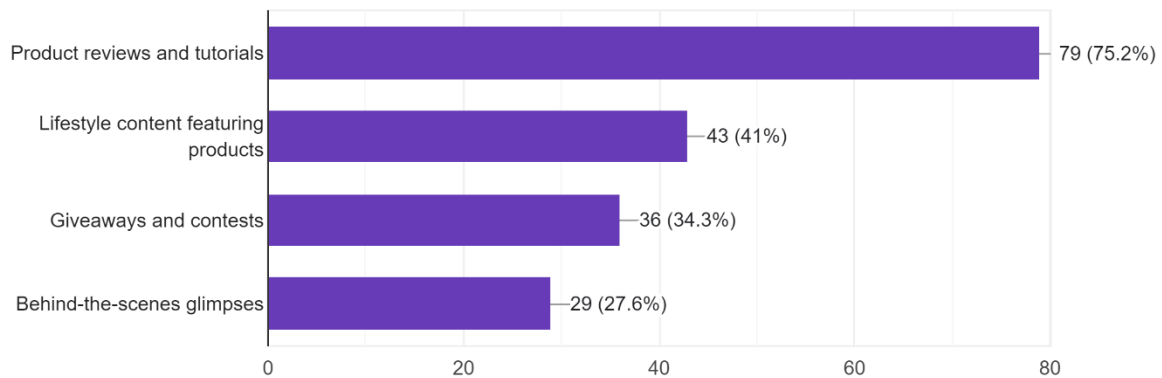
105 responses



Consumers, exclusively Indian consumers like to see a product demonstration or review before purchasing the product. Therefore, more than 50% respondents get influenced by such demonstrations or review given by the influencer. Influencers personality and the trust that a follower has in the influencer also plays a key role. exclusive discount coupons offered by influencers in the content in what a consumer benefit from.

What types of content from influencers do you find most engaging? (Select all that apply)

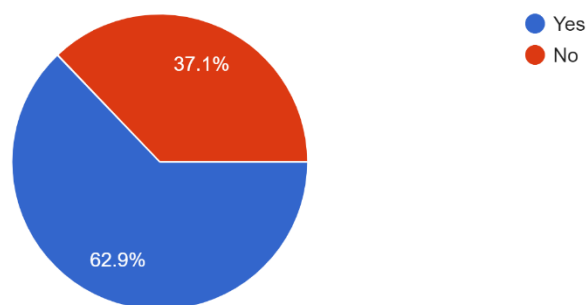
105 responses



75 % of the people who took part in the survey are most likely influenced by product reviews and tutorials given by the influencers they follow. Whereas in the beauty segment, lifestyle content featuring products gets reach. contests and Giveaways and also behind the scenes contents sell in the market.

Have you ever felt misled by an influencer's promotion?

105 responses



There are pros and cons of everything. Not every influencer can be right all the time. Therefore, more numbers of people felt misled by an influencer's promotion. Hence, blindly trusting an influencer is not recommended.

Regression Statistics								
Multiple R	0.343727425							
R Square	0.118148543							
Adjusted R Square	0.100857337							
Standard Error	0.468525309							
Observations	105							
ANOVA								
	df	SS	MS	F	Significance F			
Regression	2	2.999847756	1.499923878	6.832869208	0.001641222			
Residual	102	22.39062843	0.219515965					
Total	104	25.39047619						
	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	0.858327595	0.164484863	5.218277114	9.53414E-07	0.532072649	1.18458254	0.532072649	1.18458254
Effectiveness of influencer marketing	0.157306334	0.052532559	2.994454077	0.003450347	0.053108253	0.261504415	0.053108253	0.261504415
Misled by Influencers promotion	0.200911369	0.0946393	2.122916901	0.036180766	0.013194767	0.388627971	0.013194767	0.388627971

H0: There is no significant difference between Effectiveness of influencer marketing and mislead by influencers promotion and purchased a product by getting influenced by influencer.

H1: There is significant difference between Effectiveness of influencer marketing and mislead by influencers promotion and purchased a product by getting influenced by influencer.

R Square is 0.118 which states that 11.8% of variance in dependent variable is explained by independent variables.

Significance f is 0.0016 which is less than 0.05 (level of significance) hence the model is good fit.

P value for independent variable Effectiveness of influencer marketing is 0.00345 and mislead by influencers promotion and purchased a product by getting influenced by influencer is 0.0361 Which are less than alpha value 0.05

Hence, we reject the null hypothesis.

CONCLUSION:

Due to massive increase in usage of social media, influencer marketing has been go to form of marketing for every size of businesses. Making an engaging content and advertising it through influencers is the most common thing now. But influencers must also choose the ethical way and promote only those products which they genuinely use or feel it is good and not mislead the followers. Any sentiments of individuals must not be violated while promoting the brands by Influencers. While a company must make a thorough analysis before choosing an influencer.

By conducting Multiple Linear Regression, We come to conclusion that people who believe influencer marketing is an effective way of marketing and are mislead by influencers promotion have purchased a product suggested by or promoted by influencers.

Hence, In the future we can see more and more influencers but it needs to regulated. Certain rules must be added to ensure consumer protection.

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