



Final Project Research Report

RMS

Topic: Impact of Influencer Marketing on consumer buying behavior

Submitted to:

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1.0 Introduction

1.1 Purpose/Background:

The purpose of the research is to investigate the "Impact of Influencer marketing on consumer buying behavior". Influencer marketing has become a significant strategy for brands to engage with their target Audiences in the digital era where everything moves through technology. This study aims to analyze the effectiveness of influencer marketing in creating a positive impact on consumer behavior by leveraging influencers' reputation, authenticity, and influence over their followers.

This Research and study will focus on how influencer marketing influences consumer awareness and perceptions, particularly in the factors of social media platforms. The study will utilize secondary data sources and quantitative research methods including online questionnaires, to gather and analyze data on the relationship between influencer marketing and consumer buying behavior.

The background of this research starts with that in recent years, influencer marketing has appeared as a prominent strategy for brands to engage with their target audience in the digital world. The use of influencers, basically celebrities and other internet personalities, has become a common practice to promote products and services or any subscription of a retail industry online. The impact of celebrity endorsement on consumer buying behavior has been a subject of interest, with studies focusing on relationships between variables such as gender, credibility, and endorsement type on consumer purchasing intentions.

Consumer behavior is increasingly influenced by online sources, with individuals actively seeking information and feedback before making purchasing decisions. Social media personalities and influencers play a significant role in shaping consumers' perceptions.

The format of the influencer content and the challenges related to transparency, authenticity, and disclosure in influencer marketing are key areas of interest in understanding how influencers impact consumer actions.

Overall the background of the research on influencer marketing and consumer buying behavior emphasizes the growing importance of influencers in shaping consumer preferences and purchasing decisions in the digital age. Understanding the dynamics of influencer marketing and its impact on consumer behavior is important for businesses seeking to leverage influencers effectively in their marketing strategies.

1.2 Significance:

The research on influencer marketing has become a common and important strategy for brands to engage with consumers, particularly through social media platforms. The study by Chen Lou and Hye Kyung Kim (2019) emphasizes the understanding of how influencers' recommendations impact consumer purchase intention and how various social media platforms influence consumer engagement and purchasing decisions. This highlights the need to investigate the effectiveness of influencer marketing in influencing consumer behavior. Secondly, the research is important because it sheds light on the role of influencers in shaping consumers' perceptions and preferences.

The study by Anjali Chopra, Vrushali Avhad, and Sonali Jaju (2020) underscores the significance of influencers in building relationships, empathy, and maintaining connections with consumers, particularly among millennials. Understanding the antecedents of consumer behavior influenced by influencers is essential for businesses to tailor their marketing strategies effectively.

Moreover, the research on influencer marketing addresses the credibility and authenticity of influencers in influencing consumer behavior.

1.3 Scope:

The scope of the research encompasses exploring the impact of influencer marketing on consumer buying behavior, focusing on variables such as product review, influencer recommendation and social media recommendation, influencer marketing, attractiveness, credibility, and endorsement type. The Study aims to understand how influencer marketing influences consumer awareness and perceptions, particularly in the context of social media platforms.

The research methodology involves utilizing secondary data sources such as journals, articles, research articles, and websites to gather information on the relationship between influencer marketing and consumer buying behavior. Additionally, the study utilizes a quantitative survey method, specifically online questionnaires to collect data on the influence of influencers on consumer behavior in social networks. The research also aims to identify challenges related to transparency, authenticity, and disclosure in influencer marketing.

1.4 Objectives:

following are the decided research objectives:

1. To examine the relationship of endorser's gender, attractiveness, credibility, type (celebrity vs non) and multiple endorsements on customer's buying intentions.
2. To analyze the impact, and effect, of influencer marketing on consumer buying behavior by determining which partnership opportunities are most relevant for brand audiences.
3. To understand the concept of influencer marketing and its prevalence.
4. To Elaborate the theoretical concepts related to influencer marketing.
5. To examine how influencer's recommendations affect consumer purchase intentions.

2.0 Literature review

In the domain of Marketing, celebrity endorsements have emerged as a powerful tool to enhance the effectiveness of advertisements and influence consumer behavior. Choi and Rifon (2007) highlight the significant role celebrities play in making ads more compelling and convincing, underscoring the Importance of understanding consumer perceptions about celebrity endorsements. Schlecht (2003) defines a celebrity as a key element in persuasive advertising strategies, emphasizing the need to identify the factors that influence consumer buying behavior through celebrity endorsements. Studies by Klaus and Bailey (2008) and Baker and Churchill (1977) delve into the impact of gender, attractiveness, and credibility of celebrity endorsers on consumer attitudes and purchasing intentions, shedding light on the complexities of celebrity endorsement strategies.

On the other hand, influencer marketing has gained traction as a modern promotional strategy, particularly in the realm of social media platforms. Yosra and Awobamise (2020) suggest that influencer marketing is effective in driving immediate sales, although its post-engagement impact may be limited compared to sponsored advertisements.

Guptaa (2021) emphasizes the significant impact of influencer marketing on consumer purchase behavior, particularly during the pandemic, highlighting its role in raising brand awareness, product information dissemination, and influencing consumer decision-making processes. Venkatesh and Meleet (2022) further underscore the broader reach of influencer marketing compared to traditional marketing methods, particularly through social media channels, in shaping consumer attitudes towards brands and products.

The effectiveness of celebrity endorsements and influencer marketing in influencing consumer

behavior has been a subject of interest in marketing research. A study by Caballero and Solomon (1984) explores the effects of model attractiveness on sales response, providing insights into the role of attractiveness in advertising effectiveness. Additionally, Deshpandé and Stayman (1994) discuss distinctiveness theory and advertising effectiveness, offering a theoretical framework to understand the impact of advertising on consumer behavior. The research by Amos, Holmes, and Strutton (2008) delves into the relationship between celebrity endorser effects and advertising effectiveness, highlighting the importance of aligning celebrity endorsements with advertising objectives to drive consumer engagement and purchasing decisions.

In conclusion, the literature review underscores the significance of celebrity endorsements and influencer marketing in shaping consumer perceptions and purchase intentions. Understanding the impact of celebrity endorsements and influencer marketing on consumer behavior is important for marketers to develop effective promotional strategies that resonate with target audiences and drive brand engagement and sales.

2.1 Theoretical background:

all the definitions, discussions, and theories related to the topic:

Influencer marketing is defined as "a type of marketing that focuses on using key leaders to drive a brand's message to the larger market". Influencers are considered influential individuals with strong personal brands who are trusted by their followers to spread product and brand awareness. This form of marketing leverages the social influence of these individuals to promote products or services to a diverse audience.

In the context of celebrity endorsements, the research explores the impact of variables such as gender, attractiveness, credibility, and endorsement type on consumer buying intentions. Celebrities are viewed as persuasive elements in advertising strategies, with their characteristics influencing consumer attitudes and purchase decisions. The study aims to analyze how these factors interact to shape consumer perceptions and behaviors in response to celebrity endorsements.

Distinctiveness theory is another theoretical framework that can be applied to understand the effectiveness of advertising, including celebrity endorsements. This theory suggests that the distinctiveness of an advertisement, such as using a celebrity endorser, can enhance its impact on consumer memory, attention, and purchase behavior.

Furthermore, the research delves into the challenges related to transparency, authenticity, and disclosure in influencer marketing. Maintaining transparency in sponsored content is crucial to ensure consumer trust and compliance with regulations. Understanding these challenges is

essential for marketers to navigate the evolving landscape of influencer marketing and build authentic relationships with consumers.

Overall, the theoretical background of the research encompasses concepts such as influencer marketing, social influence theory, distinctiveness theory, and the impact of celebrity endorsements on consumer behavior.

2.2 Empirical Findings:

The study by Malik and Qureshi (2017) found that the impact of celebrity endorsement on consumer buying behavior is significant, with variables like gender, attractiveness, and credibility showing positive and weak relationships, leading to the acceptance of the hypothesis. However, the variable of multiple product endorsements portrayed a negative but weak relationship with consumer purchasing intentions, resulting in the rejection of the hypothesis.

The research that was conducted by Vilnius Gediminas Technical University (2017) focused on the impact of influencer marketing on consumer buying behavior in social networks. The Study explored how influencer marketing strategies influence consumer behavior with the usage and impact of social media platforms.

The findings from the study on consumer behavior by Malik and Qureshi (2017) indicated that some variables were weak and some were moderately but positively related to consumer buying intentions. The study further emphasized why is it important to understand the different factors such as the endorser's type.

The Research on consumer behavior by the Society for science and Education (2017) highlighted the reliability of the instrument used in the study, with a Cronbach's alpha value of 0.701. This value exceeded the standard reliability threshold proposed by Nunnally and Moss et al. It indicated the instrument's reliability for conducting statistical tests and interpreting results confidently.

METHODOLOGY

3-1. Introduction:

In this chapter, the research method adopted to conduct the research includes the research design, population size, sample size, data collection method, and the data source explained. This

research examines the impact of Influencer marketing on consumer behaviour). Data was collected from the use of primary data by questionnaire usage of the questionnaire. By targeting people male and female aged between 10 and 50 years old who frequently use social media platforms. Data was collected from students and working professionals from different backgrounds who use Social Media platforms. The data collected by the questionnaire has been tested using SPSS software and using descriptive analysis that shows the impact of influencer marketing on consumer buying behavior.

3-2. Target Population/Audience:

This research target population is males and females from ages 10 to 50 years old, who use social media daily especially usage of social media platforms, like Instagram, Facebook, Snapchat, TikTok, YouTube Etc.

3-3. Data Collection Technique:

This research data was collected using a primary data collection method as the topic is new and fresh and is not researched in Pakistan yet, so we decided to use primary data collection like a Questionnaire. By making questions related to influencer marketing, social media networks, consumer behavior etc. Structured questions were organized, with a Likert scale response and close-ended questions were asked.

3-4. Instrument /Tool:

The instrument used for primary data collection was a questionnaire, in this research, the data collection tool is a researcher-made questionnaire and the number of items in the questionnaire reaches 14. The format of the five scale options on which the questionnaire questions are based is as follows.

Table (3-1) is an example

Elective Selection	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Value	1	2	3	4	5

3-5 Sample Size:

In determining the sample size for this study, we aimed to achieve a balance between statistical reliability and practical considerations. Given a confidence level of 95% and a margin of error of 5%, we initially considered a larger sample size based on standard formulas used in quantitative research. However, after considering the scope and resources available for this research, we have selected a sample size of 160 respondents. This sample size is deemed sufficient to provide meaningful insights while remaining manageable within the constraints of the study.

3-6 Sampling Technique:

The sampling technique used for this research is stratified random sampling. This method ensures that subgroups within the population, such as different age groups and genders, are adequately represented in the sample. The population will be divided into strata based on age and gender, and random samples will be drawn from each stratum.

3-7- Model Framework

The research will utilize a model framework based on the variables identified in the literature review and theoretical background. The framework will include the following variables:

Independent Variables:

- Product Reviews: reviews of products by influencers
- Influencer Recommendations and Social Media Recommendations: Product recommendations by influencers and online reviews
- Influencer Marketing: marketing efforts by influencers.

Dependent Variable:

- Consumer Buying Intentions: The likelihood of consumers purchasing a product based on the influencer's marketing efforts.

Research Model Framework

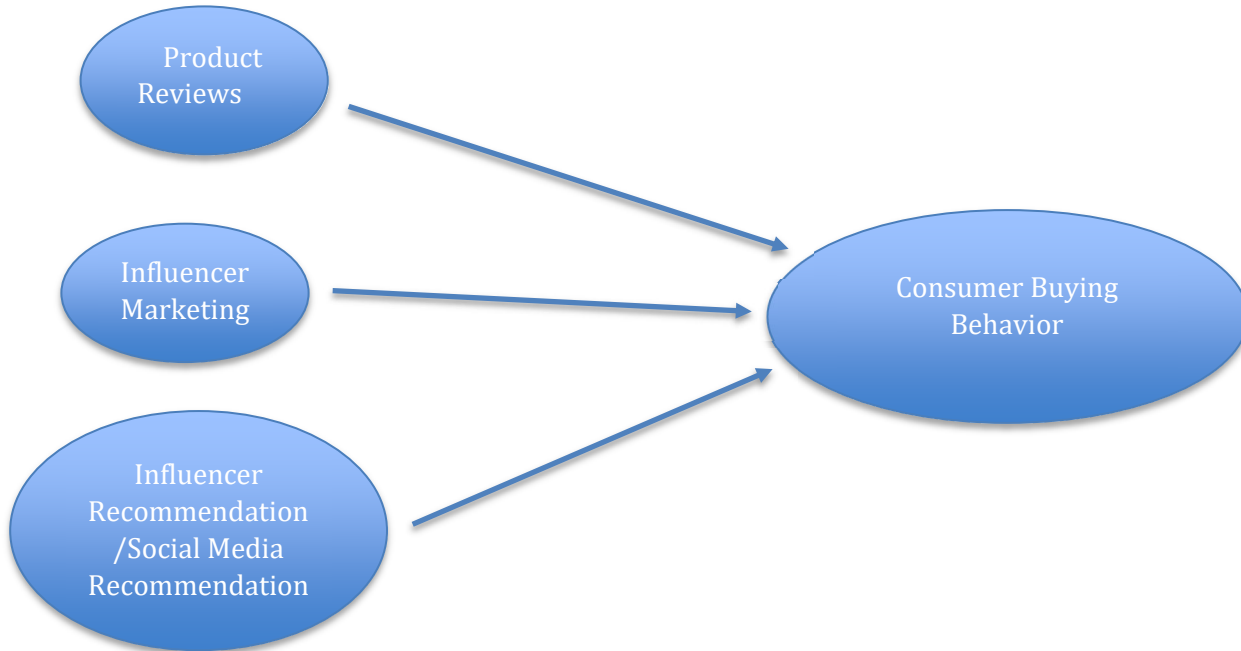


Diagram Explanation

1. Consumer buying behavior: The central theme connecting all the independent variables.
2. Arrows: Indicate the direction of influence from the independent variables to the dependent variable.
3. oval: Represent the variables. The independent variables are connected to the central concept of consumer buying behavior, which in turn influences consumer buying intentions.

3-8-Data Analysis:

Interpretation

Statistics

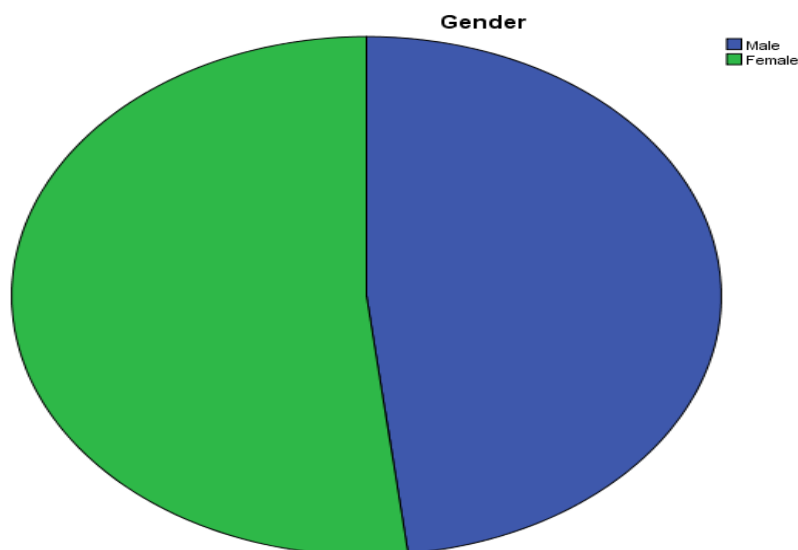
		Age	Gender	Education	Experience
N	Valid	160	160	160	160
	Missing	0	0	0	0

The data is collected from 160 respondents from which, all of them answered the question. While most of them were responded with the 1st option of the gender which was “Female”.

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	77	48.1	48.1	48.1
	Female	83	51.9	51.9	100.0
	Total	160	100.0	100.0	

This table shows 77 out of 160 respondents were male which were 48.1% of the total sample while remaining 83 were female which were 51.9% of the total sample. This can be graphically visualized as



For Ordinal Variables (Age, Education, Experience)
Statistics

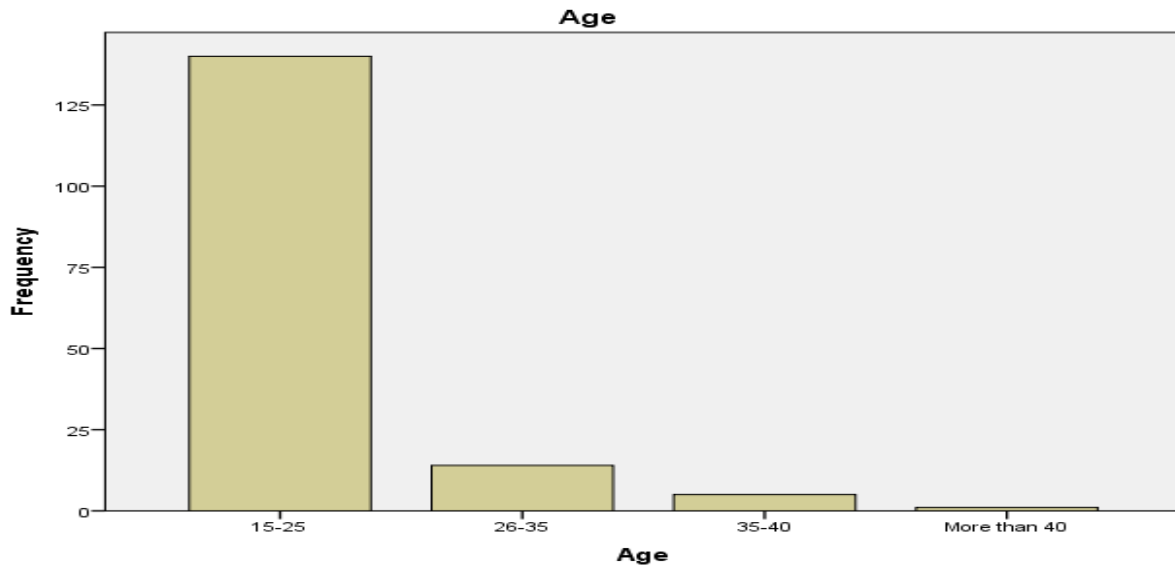
		Age	Education	Experience
N	Valid	160	160	160
	Missing	0	0	0
Median		1.00	3.00	2.00
Percentiles	25	1.00	2.00	1.00
	50	1.00	3.00	2.00
	75	1.00	3.00	3.00

The data was collected from 160 respondents from which 160 replied. All replied on education, on their experience, report their age and informed about their experience. In the age column, percentile 25% of sample data chose the first option Age 15-25 age bracket. For example, 25% of sample data are aged between 15-25 years and have Intermediate education and are fresh to having over 1 year of work experience. **The 40th Respondent is between age bracket of 15-25 years, having intermediate education background and with only fresh to 1 year of work experience.** 80th respondent is between age bracket 15 to 25 years of age, having Bachelor's education and has 1 to 3 years of working experience. 120th respondent is between age bracket of 15 to 25 years and having bachelor's degree and has working experience of 3 to 5 years.

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	15-25	140	87.5	87.5	87.5
	26-35	14	8.8	8.8	96.3
	35-40	5	3.1	3.1	99.4
	More than 40	1	.6	.6	100.0
	Total	160	100.0	100.0	

140 respondents of this sample belong to the 18-25 age category which is 87.5% of the total sample while 14 and 5 people belong to age categories 26-35 and 35-40 respectively which become 8.8% and 3.1% of the sample. While only 0.6% of sample are more than 40 years of age. This may graphically represent as.



Reliability Statistics

Cronbach's Alpha	N of Items
.521	9

Since Cronbach's Alpha 0.521 is greater than 0.5 therefore, we will consider "Influencer Marketing" as reliable variable.

Reliability Statistics

Cronbach's Alpha	N of Items
.373	5

Since Cronbach's Alpha 0.373 is less than 0.5 therefore, we will consider "Consumer Behavior" as unreliable variable. Now we must identify an outlier present in it. For this we must do reliability analysis again.

Item-Total Statistics

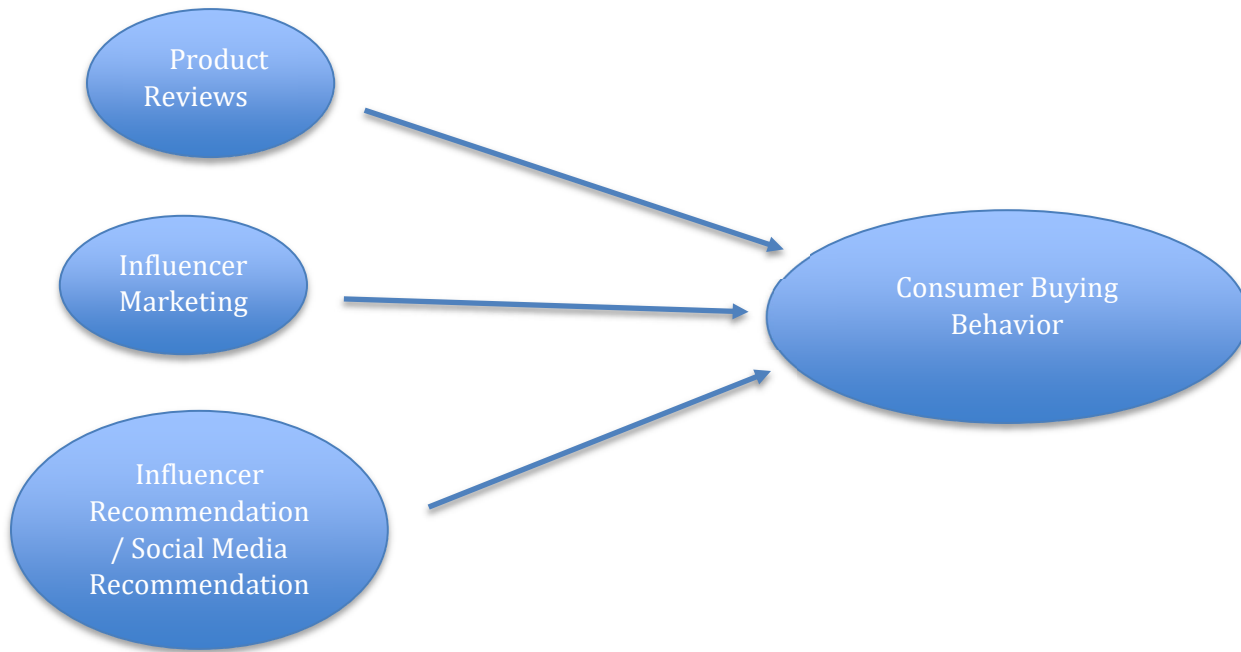
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
I often research products online before making a purchase.	14.06	8.934	.269	.249
I prefer buying products that are recommended by people I trust.	14.06	6.877	.421	.062
I am more likely to buy a product if I see it frequently advertised.	14.11	11.937	-.056	.491
Positive reviews significantly influence my decision to buy a product.	13.78	9.870	.232	.289
I trust product reviews from influencers more than traditional advertisements.	14.31	10.833	.089	.391

After investigation it is observed that CB5 is the outlier. So, we can make our variable (Consumer Behavior) reliable by removing CB5 from it. The reliability then will reach at 0.491, Following is visual representation of it.

Reliability Statistics

Cronbach's Alpha	N of Items
.491	4

3-9-Research Model Framework:



3-10--Research Hypotheses:

H1: There is a significant Positive effect of Product Reviews on consumer buying behavior

H2: There is a significant Positive Effect of Influencer Marketing on Consumer buying behavior

H3: There is a significant Positive Effect of Influencer Recommendation/social media Recommendation on consumer Buying Behavior.

Hypotheses testing:

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	46.070	3	15.357	129.362	.000 ^b
	Residual	18.044	152	.119		
	Total	64.114	155			

a. Dependent Variable: Consumer_Buying_Behaviour

b. Predictors: (Constant), Influencer_Marketing, Social_Media_Recomendation_and_Influencer_Recomendation, Product_Review

While the sig value is less than 0.5 the hypothesis will be accepted, in this case in H1 the hypothesis is accepted as sig value is less than 0.5.

Individual Hypothesis testing:

Coefficients ^a							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	.434	.195		2.223	.028		
Product_Review	.389	.040	.476	9.843	.000	.939	1.065
Social_Media_Recomendation_and_Influencer_Recomendation	.617	.061	.654	10.104	.000	.524	1.909
Influencer_Recomendation	-.131	.065	-.130	-2.004	.047	.518	1.929

a. Dependent Variable: Consumer_Buying_Behaviour

Since the sig. value/p-value of Product Review, Influencer marketing and influencer recommendation is less than 0.05 which refer to accept H1, H2 and H3 and conclude that there is an significant positive effect of these variables on customer buying behavior.

Checking of Multicollinearity:

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	.062	.173		.357	.722		
	Product_Review	.284	.039	.350	7.195	.000	.782	1.278
	Social_Media_Recomendation_and_Influncer_Recomendation	.460	.044	.489	10.334	.000	.828	1.208
	Influncer_Marketing	.239	.045	.281	5.380	.000	.679	1.473

a. Dependent Variable: Consumer_Buying_Behaviour

Multicollinearity is considered present if $VIF > 10$ otherwise your model will consider free from it. So, this model has $VIF > 10$ so it is free from it. Multi is considered a problem if $Tolerance \leq 0.2$, as this model has tolerance greater than 0.2 there is no multicollinearity problem in this model.

R-Square:

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.848 ^a	.719	.713	.34454

a. Predictors: (Constant), Influncer_Marketing, Social_Media_Recomendation_and_Influncer_Recomendation, Product_Review

b. Dependent Variable: Consumer_Buying_Behaviour

Since, the value of R is 0.848 which is showing strong strength relationship between social media recommendation and influencer marketing, product reviews, influencer marketing generating a fruitful regression result.

Adjusted R-Square

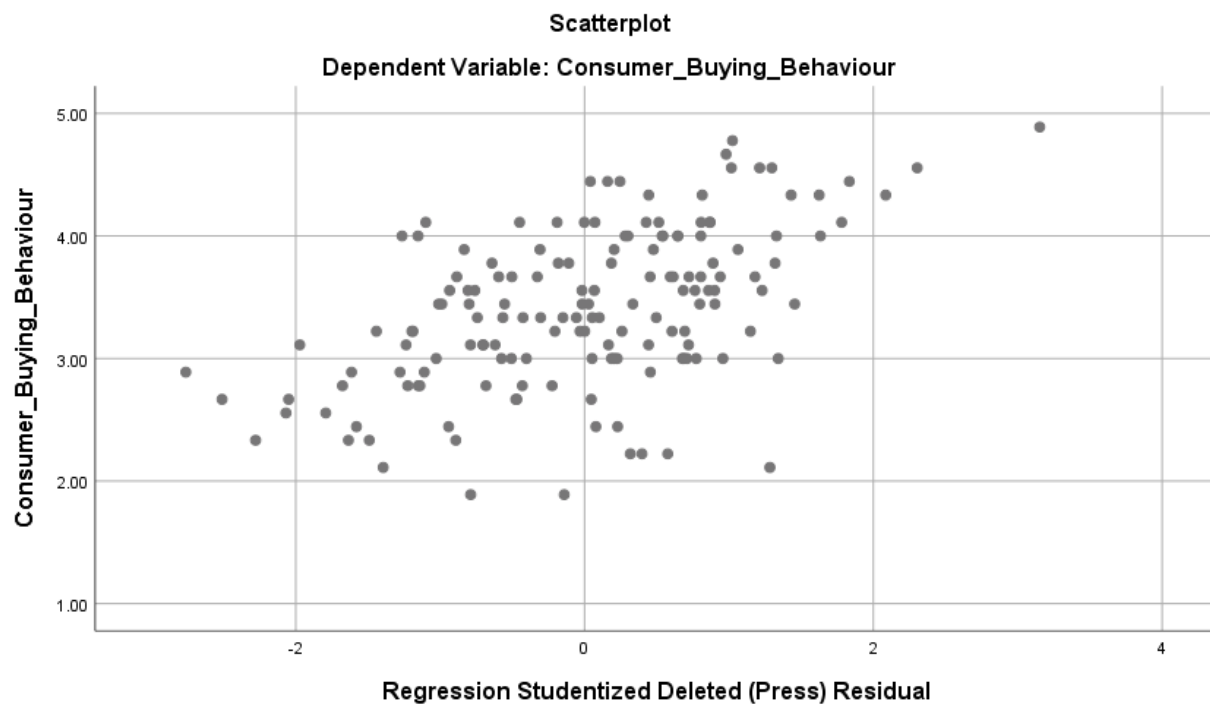
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.848 ^a	.719	.713	.34454

a. Predictors: (Constant), Influencer_Marketing, Social_Media_Recomendation_and_Influencer_Recomendation, Product_Review

b. Dependent Variable: Consumer_Buying_Behaviour

Here the adjusted r squared is 0.713 which means the unbiased accuracy of our regression model is 71.3%. The Adjusted R Square shows that our regression is 71.3 % correct. That means our independent variable Influencer Recommendation and social media recommendation, Product Reviews, Influencer Marketing explains our dependent variable consumer buying behavior 71.3% accurately.



Since the scatter diagram for the current research problem showing a pattern which refers to conclude that there exist a heteroscedastic and the 71.3% accuracy of the regression model is sufficient.

Standard Error of Estimate:

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.848 ^a	.719	.713	.34454

a. Predictors: (Constant), Influencer_Marketing, Social_Media_Recomendation_and_Influencer_Recomendation, Product_Review

b. Dependent Variable: Consumer_Buying_Behaviour

This tells the maximum difference of the predicted value and the actual/correct value to consider our prediction correct. That means any prediction of Customer Buying Behavior is within **0.34454** of the actual will consider correct.

Model Formation:

⇒ **General Form**

$$y = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4$$

⇒ **Specified Form**

Consumer Buying Behaviour

$$= a + b_1(\text{Product Review}) + b_2(\text{Influencer Marketing}) + b_3(\text{Social Media Recomendation and Influencer Recomendation})$$

⇒ **Estimated Form**

Coefficients ^a								
		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	.062	.173		.357	.722		
	Product_Review	.284	.039	.350	7.195	.000	.782	1.278
	Social_Media_Recomen- dation_and_Influencer_Re- comendation	.460	.044	.489	10.334	.000	.828	1.208
	Influencer_Marketing	.239	.045	.281	5.380	.000	.679	1.473
a. Dependent Variable: Consumer_Buying_Behaviour								

$$CB = 0.062 + 0.284(PR) + 0.460(SMR\&IR) + 0.239 (IM)$$

Adjusted R-Sq

71.3%

3.9%

4.4%

4.5%

Model interpretation:

- ⇒ This Model can predict consumer buying behavior at 71.3% accuracy.
- ⇒ Consumer buying behavior would be 0.713 units free from all independents.
- ⇒ The consumer buying behavior would increase by 0.284 units if product review will increase by 1 unit which is 3.9% of total effect on consumer behavior and it is significant.
- ⇒ The consumer buying behavior would increase by 0.460 units if Influencer recommendation and social media recommendation will increase by 1 unit which is 4.4% of total effect on consumer behavior and it is significant.
- ⇒ The consumer buying behavior would increase by 0.239 units if Influencer Marketing increased by 1 unit which is 4.5% of total effect on consumer behavior and it is significant.

Conclusion:

After carefully analyzing the data, we can conclude that influencer marketing significantly impacts consumer buying behavior in Pakistan. These findings reveal that marketers should strategically leverage influencer marketing for enhancing consumer engagement and drive purchasing behavior.

The Model Estimates that consumer buying behavior is 71.3% accurate. Key findings indicate that a 1 unit increase in product reviews results in 0.284 unit rising in consumer behavior accounting for 3.9% of the total effect. Similarly, a 1 unit increase in influencer's recommendations leads to 0.460 unit increasing which represents 4.4% of the effect. Moreover, influencer marketing contributes a 0.239 unit increase per unit, comprising 4.5% of the total effect.

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