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INFLUENCER MARKETING: AN EMPIRICAL STUDY ON ITS IMPACT AND CHALLENGES

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ABSTRACT

Purpose: *The rise of social media has given birth to a new marketing paradigm, influencer marketing. This strategy leverages individuals with significant online followings to promote brands and products. While its popularity has surged, the empirical evidence regarding its effectiveness and the challenges it poses is still emerging.*

Design/ Methodology: *The study's information collected from secondary sources like magazines, books, and journal papers that were found using search engines like Google Scholar, Researchgate, and others.*

Results: *The findings indicate that influencer marketing significantly affects consumer purchasing decisions, particularly among younger demographics. Trust and relatability of influencers were key factors driving this impact. Brands endorsed by influencers were generally perceived more positively, with increased brand awareness and loyalty reported.*

Originality Value: *This study aims to investigate the impact of influencer marketing on consumer behavior and brand perception, and to identify the primary challenges faced by businesses in implementing influencer marketing strategies.*

Paper Type: *Review paper*

KEYWORDS: *Influencer Marketing, Consumer Behavior, Brand Perception, Social Media, Marketing Challenges*

INTRODUCTION

Influencer marketing, or using social media influencers to promote products and companies, has grown in popularity as a means for businesses to connect with new consumers. According to (De Veirman *et al.*, 2017), social media influencers are individuals who have amassed a sizable following on social media through their postings. These influencers make the perfect group for product placement and endorsement because they frequently have a trustworthy relationship with their followers and play a crucial role in keeping them engaged (Farivar & Wang, 2022). Influencer marketing gives advertisers the opportunity to interact more directly, naturally, and widely with customers. Additionally, they can entice their target audience while amplifying their messages. The term "influencer marketing" is still relatively new, but despite its lack of academic support, a number of marketing and public relations firms have conducted research and found compelling data supporting the concept (Johansen & Guldvik, 2017). The manner that around one-third of the population uses social media and the internet has altered how consumers behave. Customers should be able to see these modifications when they shop and look up item information. As a result, there is growing recognition that marketing practices must adapt (Gambhir & Ashfaq, 2021). It has become increasingly popular as a result of the pandemic's widespread distribution over the world, changes in consumer behaviour in the previous year, technical advancements, and increased use of the Internet for the marketing and selling of goods and services. The purpose of this essay is to examine the influence, efficacy, and prospects of influencer marketing (Dimitrieska & Efremova, 2021).

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LITERATURE REVIEW

Sl. No	Focus/Area	Contribution	Reference
1	Effectiveness of the influencer marketing and its mechanism	The popularity and beauty of influencers are established by the authors as cognitive indicators that help determine the effectiveness of influencers. Furthermore, it has been demonstrated that followers' dependence on these heuristic cues is moderated by category involvement and altruistic motivations for cooperation.	Hugh Wilkie *et al*., (2022).
2.	Costs of influencer marketing	The results demonstrate that postings announcing the launch of new products reduce efficacy, whereas influencer uniqueness, follower number, and sponsor salience all increase it.	Leung, et al., (2022).
3	A social Identity perceptive on influencer marketing	The study looks at how social media influencers' ubiquitous use of storytelling functions as a moderator in strengthening the relationship between social identity and purchase intention.	Farivar, S., & Wang, F. (2022).
4	The impact of influencer marketing on Consumers' attitudes	The overall outcomes of the study show that influencer marketing has an impact on the attitudes of millennials for a number of reasons, including the alignment of the promotions an influencer presents, the degree of credibility and trustworthiness of the messages, and the influencer's style shift.	Grafström, *et al*., (2018).
5	The impact of disclosing sponsorship compensation justification on sponsored content effectiveness	The research provides empirical evidence that the justification of sponsorship income enhances source and message credibility and produces more favourable consumer perceptions toward influencers who receive sponsorship compensation.	Stubb *et al*., (2019).
6	Purchase intention of influencer marketing	The findings demonstrate that influencer marketing is not a more effective marketing tactic than standard web advertising and has no direct impact on customers' purchase intentions.	Johansen, I. K., & Guldvik, C. S. (2017).
7	Mediating roles and characterisation of influencer Marketing	The study discovered that PSR was significantly correlated with the three personal traits and that it had a significantly positive impact on purchase intentions when compared to other characterizations.	Masuda *et al*., (2022).
8	Impact of influencer marketing on the decision-making	It is shown in the analysis and survey results that using influencer marketing in Slovak businesses' marketing communications to target Generation Z has several advantages, including fostering relationships with the group, boosting customer loyalty, and enhancing brand perception.	Nadanyiova, M., & Sujanska, L. (2023).

OBJECTIVES

1. To study the consumer view towards the influencer marketing.
2. To know the customer purchasing factors on influencer marketing.

METHODOLOGY

Secondary sources of data were used in the study. Research publication, journals, magazines and books, some of the international sources and other websites served as secondary data sources.

Influencer Marketing

Influencer marketing has dramatically reshaped the landscape of digital advertising, bringing about notable impacts on brand engagement, consumer trust, and marketing strategies. Study expressed as Influencer marketing is the practice of using social media influencers to promote goods and services to followers in an effort to increase brand recognition, increase buyer interest, and yield favorable results (Chopra, A *et al*., 2021). Influencers can affect clients' purchasing intentions, thus while analyzing their impact on influencer marketing, we must take into

account both the emotional and rational assessments that the influencer may cause. Furthermore, we define emotional assessment as people's perception of being confronted with an emotional advertisement that causes them to evaluate it emotionally and rationally as well as individuals' perception of being confronted with a rational advertisement that they evaluate using rational features (Müller, L *et al*., 2018).
Consumer behavior has shown that the influence of influencer marketing and content marketing is both directed in the same direction and significantly influences consumer purchasing decisions (Yodi, H. P. *et al*., 2020).

Impacts of Influencer Marketing

1. Consumer Behaviour

Social media has transformed the way in which marketing was traditionally done as it brought with it a new trend of "Social Media Influencers" (SMIs). These SMIs are people who are capable of using their online proficiency to generate a dedicated large and loyal following of people who are enthralled by their posts, trends and videos pertaining to certain topics. This new marketing phenomenon has altered the mind-sets of traditional marketers. (Moodley, M., & Machela, T. 2022).

2. Increased Consumer Trust and Authenticity

One of the most significant impacts of influencer marketing is the enhanced consumer trust and perceived authenticity. Influencers often have a loyal follower base that views them as credible sources of information and recommendations. This trust can translate into higher engagement rates and more meaningful interactions compared to traditional advertising methods (Glucksman, 2017).

3. Marketing and Advertising Strategies

Opportunities for marketers to efficiently reach customers, engage with them, and use word-of-mouth (WOM) to generate impact for their products and services have arisen due to the rapid expansion in social media usage worldwide and the steadily growing number of followers (Jayasinghe, D. 2021).

4. Enhanced Brand Engagement

Influencer marketing has also been shown to significantly boost brand engagement. By leveraging the reach and influence of social media personalities, brands can engage with a broader audience in a more interactive and engaging manner. Influencers can create content that resonates with their followers, leading to increased likes, comments, and shares, which in turn enhances brand visibility and awareness (De Veirman, Cauberghe, & Hudders, 2017).

5. Shift in Marketing Strategies

The rise of influencer marketing has led to a shift in marketing strategies, with brands increasingly allocating portions of their budgets to influencer partnerships. This shift reflects a broader trend towards more personalized and targeted marketing efforts. Brands are now focusing on collaborating with influencers who align with their values and target demographics, creating more tailored and effective marketing campaigns (Gretzel, 2018).

6. Cost Effectiveness

It creates a range of scenarios by altering the product's nature and the customers' interest, and then use the conversion ratio and customer acquisition cost as a unit economic to assess the effectiveness of various influencer types. (Doshi, R *et al*.,2022).

7. Measurement Challenges

The lack of resources has an impact on the design of the influencer marketing measurement process, even while businesses are aware of the goals, KPIs, and measurement tools they use most frequently in influencer marketing. (Jover Rodríguez, J. 2022).

8. Content Creation

Customers are far more likely to pay for a recommended product when they see an endorsement from influencers who show that they are genuinely driven and have creative control over their content as credible and authentic. (Kapitan, S *et al*., 2022).

Challenges

1. Finding the Right Influencer

One challenging aspect of influencer marketing is selecting a suitable fit for the brand. This is a strategic choice that has a direct impact on consumers' attitudes and behaviours regarding the product and brand. (Ozcelik, A. B., & Levi, E. 2020).

2. Measuring ROI

Businesses struggle to establish a connection between influencer marketing and increased sales, which makes ROI measurement tricky. (Jover Rodríguez, J. 2022) Businesses who conducted business with other businesses directly or sold their goods through retail establishments faced particular difficulties.

3. Maintaining Brand Consistency

There are many different kinds of influencers in the world of influencer marketing, such as celebrities, micro-influencers, and nano-influencers. (Okonkwo, I., & Namkoisse, E. 2023). While nano-influencers have hyper-local, engaged groups, micro-influencers engage particular specialty audiences, and celebrities have a wider following but may not have a personal connection with the brands.

4. Budget Management

It is very difficult that identifying the group of people for the promotion of the product with the fixed budget. For the purpose of promoting a target product, budget identify a group of relevant influencers who are able to produce and publish posts of different kinds (such as text, images, and videos) (Lopez-Dawn, R., & Giovanidis, A. 2022).

5. Cultural and Market Differences

Highly popular influencers may become less likeable if they follow few accounts themselves. Additionally, working with influencers that have large followings may not be the best marketing strategy for promoting products that are viewed as different, since this may lessen the perceived uniqueness of the brand and, in turn, brand attitudes (De Veirman, M *et al*., 2017) [24].

FINDINGS

- Based on this research paper, compared to traditional advertising, influencer marketing frequently yields higher engagement rates.
- Purchase intentions are significantly influenced by influencers' reliability, appeal, and relatability.
- Influencer marketing contributes to a healthy consumer-brand relationship.

SUGGESTIONS

To meet their marketing challenges, different case studies of effective campaigns to identify tactics that increased brand awareness. Marketer should identify the methods to gain the trust of their followers and the effects this has on how people view brands. They should analyse the impact of authenticity on customer behavior and its function in influencer marketing. Investor should know how well influencer marketing is influencing consumers' intentions to buy and their actual purchases. Marketer has to calculate the conversion rates from influencer campaigns, use surveys and sales information to find out how customers feel about brands that influencers support, hold focus groups or interviews.

CONCLUSION

Through social media content, the barrier between the customer, the brand, and followers has been broken down via the use of social media influencer marketing in lifestyle public relations (PR) initiatives (Ahuja, Y., & Loura, I. 2020). Influencer marketing has seen a tremendous growth when it comes to selecting a channel for strategizing marketing for any brand (Agarwal, S., & Damle, M. 2020) [26]. It has helped consumers get aware of many brands, products, and options of products to buy from while also giving them incentives in the form of discounts and deals (Guptaa, M. 2021). Even though working with influencers might be challenging, if done well, the returns on investment are unmatched. Customers could anticipate seeing a significant increase in influencer marketing in their feeds in the foreseeable future due to advertisers' booming yields (Woods, S. 2016). Influencer marketing has undeniably transformed the way brands interact with consumers, offering unique benefits in terms of authenticity and engagement. However, it also comes with its own set of challenges that brands must navigate carefully to ensure the effectiveness and authenticity of their campaigns. As the digital landscape continues to evolve, influencer marketing is likely to remain a crucial component of modern marketing strategies.

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