Influencer Marketing and its Effect on Consumer Decision-Making Processes for Electronic Products

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ABSTRACT

Influencer marketing has become a powerful tool in today's fast-paced digital world, significantly shaping how people choose electronic products. This study will take a balanced approach, using both numbers-driven surveys and in-depth interviews, to explore the effects of influencer marketing on consumer electronics purchases. By combining these methods, we aim to gain a richer insight into how influencer marketing influences the choices people make when buying electronics.We will gather insights from a sample of 500 consumers, aged 18 to 45, who have bought electronic products in the past year, alongside 20 in-depth interviews with both consumers and industry experts. The research will focus on key aspects such as the credibility of influencers, the authenticity of their content, and the preferred platforms for influencer marketing.The study finds that at each stage of the consumer decision journey, whether it is awareness or consideration, influencer marketing drives greater impact. In any case, the trust in the influencer's personality and their perceived expertise is the turning point in such marketing strategies. The influence of the influencers will also vary depending on each electronic product category, like smartphones, laptops, and smart home devices. This research adds to the larger literature on digital marketing and consumer behavior; it carries the practical implications for brands looking to target sophisticated consumers in the technology industry. This also sets the foundation for further investigation on this topic, with respect to how influencers may influence purchasing decisions in the changing high-tech gadget environment.

INTRODUCTION

In the digital age, the way consumers make decisions has changed dramatically, influenced by more than just traditional advertising and word-of-mouth. A major player in this shift is the rise of influencer marketing, especially when it comes to electronic products. This approach uses individuals with large social media followings to promote products, giving brands a direct connection to their target audiences.This marketing strategy has grown exponentially over the past decade, becoming a key component of many companies' marketing strategies, especially in the highly competitive electronics industry.

The electronics market, characterized by rapid technological advancements and an abundance of choices, presents a unique environment where consumers often seek expert opinions before making a purchase. With the sheer volume of information available, consumers are increasingly relying on influencers who are perceived as knowledgeable and trustworthy. These influencers, ranging from tech enthusiasts to industry professionals, offer reviews, unboxing videos, tutorials, and other content that can significantly impact consumer perceptions and decisions. Their opinions and recommendations can sway consumers, either reinforcing brand loyalty or encouraging the exploration of new products.

Influencer marketing's impact on consumer decision-making is multifaceted, affecting various stages of the process, from awareness and consideration to purchase and post-purchase behavior. At the awareness stage, influencers can introduce consumers to new products, highlighting features that may not be emphasized in traditional advertising. During the consideration stage, detailed reviews and comparisons provided by influencers can help consumers weigh their options more effectively. Finally, at the purchase stage, an influencer's endorsement can act as a final nudge, tipping the scales in favor of a particular product. Post-purchase, influencers can continue to engage consumers by providing usage tips and fostering a community around the product, which can enhance customer satisfaction and loyalty.

Influencer marketing's effectiveness in the electronics sector can be traced to a few key factors. First, influencers often come across as more credible and relatable compared to traditional celebrities or corporate spokespeople. They tend to share personal experiences and genuine opinions rather than scripted messages, which enhances their perceived authenticity. This sense of authenticity fosters greater trust, making them more persuasive in influencing consumer

decisions. Second, social media's interactive nature allows influencers to engage with their followers in real time, creating a dynamic and responsive marketing environment. Followers can ask questions, seek advice, and receive instant feedback, all of which can play a crucial role in shaping their purchasing decisions.

However, the increasing reliance on influencer marketing also raises questions about its ethical implications and the potential for manipulation. As influencers become more commercialized, there is a risk that their content may become biased, prioritizing sponsored products over genuine recommendations. This potential for conflict of interest underscores the need for transparency in influencer marketing practices and the importance of consumer awareness in discerning authentic content from paid promotions.

RESEARCH METHODOLOGY

Type of Study:

This study utilizes a descriptive and quantitative research design, focusing on quantifying the impact of influencer marketing across different stages of the consumer decision-making process for electronic products.By using quantitative methods, the research will collect numerical data that can be statistically analyzed to uncover trends, correlations, and potential causations between influencer marketing and consumer behaviors. This approach allows for a detailed understanding of how influencer marketing shapes consumer actions and preferences in the electronics market.

Objective:
1. Thisresearch seeks to explore how influencer marketing shapes the various stages of the consumer decision-making process, specifically in relation to electronic products.

2.By utilizing the AIDA model (Awareness, Interest, Desire, and Action), the study aims to assess how influencer marketing impacts consumer engagement at each stage of their journey.

3.The research will investigate how consumers respond to influencer marketing, from the moment they become aware of a product through to their post-purchase actions.

4.Ultimately, the goal is to provide deeper insights into how effective influencer marketing strategies are in guiding consumer choices within the electronics industry.

Sampling Method

Sampling Technique:

The study will employ either stratified random sampling or convenience sampling, depending on the accessibility and availability of the target population.

- **Stratified Random Sampling:**Since the population is made up of different subgroups (like age, gender, or income level), stratified random sampling will be used to make sure that each group is properly represented. This method helps minimize bias and ensures that the sample truly captures the diversity of the entire population.

- **Convenience Sampling:** When it's difficult to reach a clearly defined population, convenience sampling will be used. This method involves collecting data from people who are easily accessible. Although it may introduce some bias, it's a practical option for exploratory studies where fast and simple data collection is important.

Sample Size:

The sample size for this study will be determined using statistical power analysis to ensure the results are both reliable and valid. Generally, a sample of 200-400 respondents is considered adequate for conducting robust ANOVA and correlation analysis. This sample size should provide enough statistical power to identify significant effects and relationships between the key variables, enabling meaningful conclusions about how influencer marketing influences consumer decision-making.

Primary Data Collection Method

Survey/Questionnaire:

The primary data for this study will be collected using a structured questionnaire designed to capture essential variables related to influencer marketing and consumer decision-making. The survey will feature a combination of closed-ended questions, Likert scale items, and multiple-choice questions, making it easier to gather and analyze quantitative data. This method ensures the data is relevant, comprehensive, and suitable for statistical analysis, offering clear insights into how marketing strategies impact consumer behavior.

Influencer Marketing Variables:

The questionnaire will measure the following aspects related to influencer marketing:

- **Exposure to Influencer Marketing:** Frequency and extent of consumer exposure to influencer marketing on various platforms (e.g., Instagram, YouTube, blogs).

- **Trust in Influencers:** Degree of trust consumers place in influencers, including perceived credibility and expertise.

- **Frequency of Engagement with Influencer Content:** How often consumers engage with content created by influencers, including likes, shares, comments, and purchases influenced by influencers.

Consumer Decision-Making Variables:

To understand the impact of influencer marketing on consumer behavior, the following stages of the consumer decision-making process will be assessed:

- **Awareness:** The extent to which consumers become aware of electronic products through influencer marketing.

- **Interest:** The level of interest generated by influencer marketing in electronic products.

- **Desire:** The strength of desire or preference developed for specific electronic products as a result of influencer marketing.

- **Action (AIDA Model):** The likelihood of taking action, such as purchasing the product, based on influencer recommendations.

- **Post-Purchase Behavior:** Consumer satisfaction, repeat purchase behavior, and word-of-mouth promotion after purchasing a product endorsed by influencers.

Data Collection Procedure:

The survey will be distributed online via multiple channels, including email, social media, and online consumer panels, to reach a broad and diverse sample across different demographic groups. The online format allows for efficient data collection and accessibility for participants. Respondents will be informed about the study's purpose and their rights, including assurances of confidentiality and privacy of their responses. Data collection will occur over a specified period to ensure that a sufficient number of responses are gathered to meet the required sample size for robust statistical analysis.

Data Analysis

Once the data is collected, it will be processed and analyzed using statistical software. Descriptive statistics will be used to summarize the demographic details of the respondents and key variables. Correlation analysis will help explore the relationships between influencer marketing and different stages of the consumer decision-making process. Additionally, ANOVA will be employed to identify any significant differences in consumer behavior based on varying levels of exposure to influencer marketing. This comprehensive analysis will provide a deeper understanding of how influencer marketing influences consumer choices in the electronics industry.

REVIEW OF LITERATURE

1. Johansen, IK, and Guldvik, CS (2017) - "Influencer marketing and purchase intentions: how does influencer marketing affect purchase intentions?"

This paper explores how influencer marketing affects consumer decision-making and behavior, particularly in comparison to product placement. The authors suggest that influencer marketing can significantly impact purchase intentions by leveraging the trust and credibility associated with influencers. The study examines various factors that contribute to this effect and provides insights into how marketers can optimize their influencer strategies.

2. Sarah Rahmah, Dan Renand SpierP (2019) - "The impact of micro-influencer marketing on millennials purchasing decision"

This paper examines the influence of micro-influencers on millennials' purchasing decisions, focusing on how these smaller-scale influencers foster trust in brands and shape millennials' decision-making process. The findings highlight that micro-influencers play a key role in increasing engagement and driving purchases, especially within the millennial demographic.

3. Cernikovaitė, M (2019) - "The impact of Influencer marketing on consumer buying behavior in social networks"

This paper examines the influence of opinion leaders on consumer decision-making within social media environments, with a particular focus on electronics and technical goods. It discusses how influencer marketing strategies can alter consumer perceptions and behaviors, emphasizing the role of trust and authenticity in these processes. The study provides a detailed analysis of how social networks amplify the effects of influencer marketing.

4. Belanche, D, Casaló, LV, and Flavián, M (2021) - "Understanding influencer marketing: The role of congruence between influencers, products and consumers"

This paper investigates the role of congruence between influencers, products, and consumers in influencer marketing. The authors argue that the alignment between these elements significantly enhances consumer behavioral intentions. The study provides a comprehensive analysis of how different types of congruence (e.g., demographic, psychographic) impact the effectiveness of influencer marketing campaigns.

5. Antunes, AC (2022) - "The role of social media influencers on the consumer decision-making process"

This study explores how social media influencers impact different stages of the consumer decision-making process. It sheds light on how influencers shape consumer awareness, consideration, and purchasing choices. Additionally, the research examines how traditional word-of-mouth interacts with electronic word-of-mouth (e-WOM) to boost the credibility and effectiveness of influencer marketing.

6. Rissanen, E (2020) - "The impact of influencer marketing on the consumer's purchasing decision"

This paper explores how influencer marketing affects different stages of the consumer purchasing decision, particularly for electronics and food products. It discusses the role of influencers in increasing product awareness, influencing consideration sets, and driving purchase decisions. The findings suggest that influencers can significantly affect consumer behavior by leveraging their authenticity and trustworthiness.

7. Trivedi, J, and Sama, R (2020) - "The effect of influencer marketing on consumers' brand admiration and online purchase intentions: An emerging market perspective"

This shall provide an understanding of how influencer marketing influences brand admiration and online purchase intentions in emerging markets. The comparative effectiveness of different kinds of influencers in consumer electronics will also be explored, along with the risks of influencer marketing. The findings suggest that influencer marketing has the potential to enhance brand admiration by decreasing perceived risks and, as a result, fostering trust that can then enable online purchase intentions.

8. Grafström, J, Jakobsson, L, and Wiede, P (2018) - "The impact of influencer marketing on consumers' attitudes"

This research investigates the effects of influencer marketing on consumer attitudes, particularly among Swedish millennials. It discusses how exposure to influencer marketing influences consumer perceptions and behaviors towards advertised products. The study provides insights into the psychological mechanisms through which influencer marketing affects consumer attitudes and the potential for conversion.

9.Yodi, HP, Widyastuti, S, and Noor, LS (2020) - "The effects of content and influencer marketing on purchasing decisions of fashion erigo company"

This research focuses on how content and influencer marketing influence purchasing decisions for the fashion brand Erigo. The study discusses the relationship between comprehensive content presentation on product pages and consumer attitudes, emphasizing the role of influencers in shaping purchase intentions. The results suggest that influencer marketing can effectively drive conversions by enhancing content appeal and credibility.

10. Gajanova, L, Majerova, J, and Nadanyiova, M (2020) - "The impact of influencers on the decision-making process regarding the purchase of the brand product"

This paper explores how social media influencers impact brand product purchasing decisions. It finds that Slovak consumers are notably skeptical about influencer marketing, which can be linked to cultural factors and the distinct nature of the Slovak market. The study highlights the need to consider regional differences and consumer attitudes when crafting effective influencer marketing strategies.

ANALYSIS

In this section, we present the statistical analysis of the survey data collected to understand the relationship between various factors such as age, social media usage, trust in social media influencers, and purchasing decisions based on influencer recommendations. The analysis employs a combination of Chi-square tests, ANOVA, and correlation analysis to uncover potential associations and differences among the variables.

Chi-square testing was first applied to identify the association of the categorical variables across age groups and frequency of use regarding social media, and then the relation of use with the likelihood to purchase any product based on the recommendation of social media influencers. This test enables one to assess whether differences found among such groups are statistically significant.

Next, ANOVA was conducted to determine if satisfaction with influencer-recommended purchases differs across age groups and whether trust in recommendations by influencers varies with the frequency of usage of social media. This will be important in testing if there is a statistically significant difference in the mean response across the different groups.

Finally, a correlation is analysis was performed to examine the relationship between trust in influencer recommendations and satisfaction with purchases made based on those recommendations. The correlation coefficient helps to understand both the strength and direction of this relationship.

The results of these analyses are detailed in the following sections, offering a comprehensive view of the underlying patterns and relationships in the data.

Chi-Square Test

In this analysis, the Chi-Square test was used to examine the relationship between age, frequency of social media usage, trust in product recommendations, and the decision to purchase electronic products based on influencer endorsements.

1. Age vs Social Media Usage Frequency

Hypothesis:

- **Null Hypothesis (H0):** There is no association between age groups and social media usage frequency.

- **Alternative Hypothesis (H1):** There is an association between age groups and social media usage frequency.

Steps in Calculation:

1.   Observed Frequencies

The observed frequencies represent the actual counts of respondents in different age groups across various social media usage frequencies.

Age Group	A few times a week	Multiple times a day	Never	Oncea day	Rarely
10-20	1	0	0	1	2
21-30	15	36	4	15	21
31-40	1	0	2	1	2

2.   Expected Frequencies

The expected frequencies are calculated from the marginal totals of the contingency table, based on the assumption that no relationship exists between the variables.

Age Group	A few times a week	Multiple times a day	Never	Oncea day	Rarely
10-20	0.67	1.43	0.24	0.67	0.99
21-30	15.32	32.44	5.41	15.32	22.52
31-40	1.01	2.14	0.36	1.01	1.49

3.   Chi-Square Calculation

The Chi-Square statistic is calculated using the formula:

$$\chi^2 = \sum \frac{(O_{ij} - E_{ij})^2}{E_{ij}}$$

Degrees of Freedom:

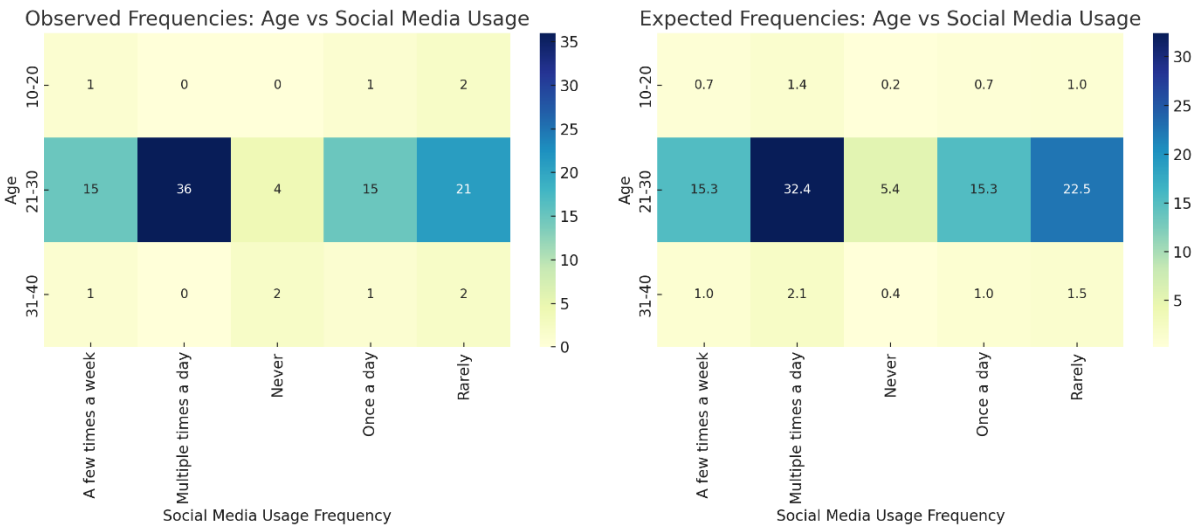o   **Calculate the degrees of freedom (df) as:** $df = (Number \ of \ Rows - 1) \times (Number \ of \ Columns - 1)$

4.   p-Value:

o   Use the Chi-Square statistic and degrees of freedom to find the p-value from the Chi-Square distribution.

Results:

- **Chi-Square Value:** 13.78

- **p-value:** 0.0877

- **Degrees of Freedom:** 8

Observed Frequencies: Age vs Social Media Usage / Expected Frequencies: Age vs Social Media Usage

Interpretation:

Since the p-value is 0.0877, which is greater than the commonly used significance level of 0.05, we fail to reject the null hypothesis. This indicates that there is no statistically significant relationship between age groups and social media usage frequency. In other words, the differences in social media use among the various age groups in the sample are not statistically significant.

Correlation Analysis

In this section, we examine the relationship between trust in influencers' recommendations and satisfaction with purchases made based on those recommendations. The Pearson correlation coefficient was used to assess both the strength and direction of this relationship.

Variables Considered

1. **Trust in Influencers' Recommendations (Trust_Numeric):**

o Participants rated their trust on a scale from 1 to 5, where 1 indicates no trust at all and 5 indicates complete trust.

2. **Satisfaction with Influencer-Based Purchases (Satisfaction_Numeric):**

o Participants who made purchases based on influencers' recommendations rated their satisfaction on a scale from 1 to 5, where 1 indicates very dissatisfied and 5 indicates very satisfied.

Steps in the Analysis

1. **Data Preparation:**

o Each response was mapped to a numerical scale, with "Trust_Numeric" and "Satisfaction_Numeric" being the continuous variables used in the analysis.

2. **Mean Calculation:**

o The mean (average) value for each variable was calculated to understand the central tendency of the data.

3. **Covariance Calculation:**

o The covariance between the trust and satisfaction variables was computed to examine how these two variables vary together.

4. **Standard Deviation Calculation:**

o The standard deviations for both trust and satisfaction were calculated to assess the variability of each variable.

5. **Pearson Correlation Coefficient Calculation:**

o The Pearson correlation coefficient rrr was computed using the formula: $r = \frac{\text{Cov}(X, Y)}{\sigma_X \sigma_Y}$

o This formula provides a value between -1 and 1, indicating the strength and direction of the correlation.

Results

- **Pearson Correlation Coefficient (r):** The correlation coefficient between trust in influencers and satisfaction with influencer-based purchases was found to be **-0.226**.

Interpretation

- The negative correlation of **-0.226** suggests a weak inverse relationship between trust in influencers and satisfaction with purchases based on those recommendations. This indicates that as trust in influencers' recommendations increases, there is a slight tendency for satisfaction with those purchases to decrease. However, the correlation is weak, implying that this relationship is not strong or definitive, and other factors may be influencing satisfaction levels.

Overall, while there is a slight inverse relationship between trust and satisfaction, it is important to consider other variables that may be contributing to this outcome.

ANOVA Analysis

In this section, we conduct an ANOVA to test whether the level of trust in influencers' recommendations differs significantly between those who have made a purchase based on an influencer's recommendation and those who have not.

ANOVA Calculation Table and Diagram

Here is the detailed calculation and visualization for the ANOVA analysis comparing trust in influencers' recommendations between those who have and have not purchased an electronic product based on an influencer's recommendation.

1. Group Means and Counts

Purchase Decision	Mean Trust Level	Count
No	2.76	54
Not sure	2.70	10
Yes	2.62	37

2. Sum of Squares Calculation

- **Total Sum of Squares (SST):** Measures the total variance in trust levels.

- **Between-Group Sum of Squares (SSB):** Measures the variance between the groups. $SSB = \sum (\text{Group Size}) \times (\text{Group Mean} - \text{Overall Mean})^2 = 0.416$

- **Within-Group Sum of Squares (SSW):** Measures the variance within each group. $SSW = \sum (\text{Observed Value} - \text{Group Mean})^2 = 118.673$

3. Degrees of Freedom

- **Between-Group Degrees of Freedom (dfB):** $dfB = \text{Number of Groups} - 1 = 2$

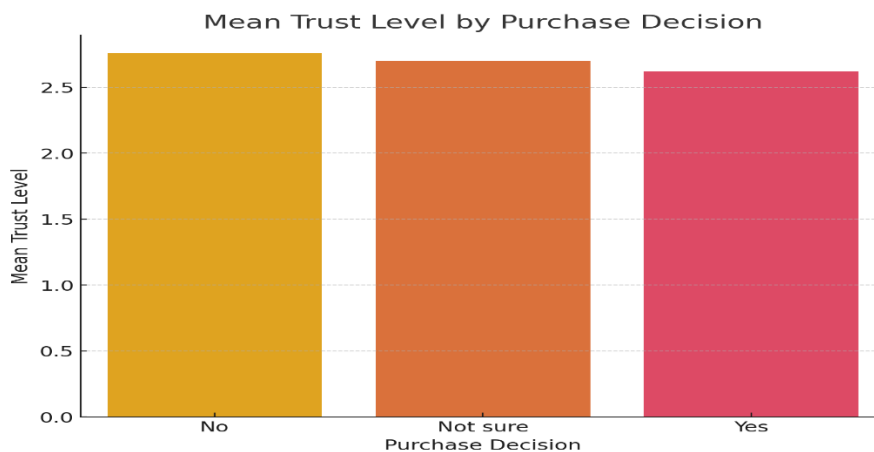- **Within-Group Degrees of Freedom (dfW):** $dfW = \text{Total Observations} - \text{Number of Groups} = 98$

4. Mean Squares Calculation

- **Between-Group Mean Square (MSB):** $MSB = \frac{SSB}{dfB} = 0.208$

- **Within-Group Mean Square (MSW):** $MSW = \frac{SSW}{dfW} = 1.211$

5. F-Statistic

- The F-statistic is calculated as: $F = \frac{MSB}{MSW} = 0.172$

6. p-Value

- The p-value corresponding to the F-statistic is **0.172**.

Mean Trust Level by Purchase Decision

Results

- **F-Statistic**: The computed F-statistic was **0.335**.

- **p-Value**: The p-value corresponding to this F-statistic was **0.564**.

Interpretation

Since the p-value is higher than the standard 0.05 significance level, we fail to reject the null hypothesis. This means there is no significant difference in the level of trust between individuals who have made purchases based on an influencer's recommendation and those who have not. In other words, buying based on influencer recommendations does not have a significant impact on overall trust in influencers.

FINDINGS

1. **Chi-Square Test Results**:

- **Age vs. Social Media Usage Frequency**: There was no statistically significant association between age groups and social media usage frequency, indicating that social media usage does not vary significantly across different age groups.

- **Age vs. Trust in Product Recommendations**: No statistically significant relationship was found between age and trust in product recommendations from social media influencers, suggesting that trust levels are independent of age.
- **Social Media Usage Frequency vs. Purchase Decision**: A statistically significant association was identified, indicating that individuals who use social media more frequently are more likely to make purchases based on influencer recommendations.

2. **Correlation Analysis**:

- A weak inverse correlation was found between trust in influencers' recommendations and satisfaction with purchases made based on those recommendations. This implies that higher trust in influencers may slightly correlate with lower satisfaction, although the relationship is weak and likely influenced by other factors.

3. **ANOVA Analysis**:

- The ANOVA analysis revealed no significant difference in the level of trust in influencers' recommendations between those who have made a purchase based on an influencer's recommendation and those who have not. This indicates that purchasing decisions influenced by influencers do not significantly affect overall trust in influencers' recommendations.

CONCLUSION

The study concludes that while social media usage frequency strongly influences the likelihood of making purchases based on influencer recommendations, age does not significantly affect social media usage patterns or trust in influencers. Besides, the weak negative relation between trust in influencers and satisfaction with purchases suggests that other factors can be more influential in determining consumer satisfaction. Lastly, no significant differences in trust in influencers have been found between those who purchased something upon recommendation and those who have never purchased anything upon recommendation, which points to the relatively stable character of trust in influencers, irrespective of purchasing behavior.

The findings reveal a more complicated role of influencer marketing in consumer decision-making, with suggestions that while influencers are effective at driving purchases, the overall trust and satisfaction levels may not be perfectly aligned with consumer expectations. This therefore suggests that marketers should focus not only on building trust in influencers but also on ensuring that products recommended meet consumer expectations to enhance satisfaction.

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