Impact of Social Media Influencers on Online Purchase Decision - An Empirical Study

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ABSTRACT:

Today's business scenario is all about a consumer-centric approach. Every business is trying to attract more and more customers through digital and social media marketing. Social media influencer is a boom word in the field of social media marketing. During the last decade, the number of social media users crosses 3.4 billion, which is around 45% of the world's population. The growth rate is showing the dependency of people on the internet for every minute of information and decision. Indirectly, these people are looking forward to social media influencers for further guidance. Social media influencers are experts on a specific topic. They directly or indirectly influence the purchasing decision of consumers through their regular posts on social media. Social media influencers are considered as the trend and brand creators as they create brand awareness and its need among people.

Indore city, well-known as SMART CITY, is also known for its adaptation of fashion and brands. This research study is an attempt to know the role of social media influencers on the online purchase decision of consumers. In view with the previous mentioned objective, various dimensions related with social-media influencers have been found out. Primary data was collected from 419 respondents through structured questionnaire. The result of EPIC model used to analyse the data came with four dimensions namely, Empathy, Persuasion, Impact and Communication.

Keywords: Social-Media, Social Media Influencers, Online Purchase Decision

INTRODUCTION:

Technology has not only affected the process of production and manufacturing but also affected the lifestyle of a layman also. The time has gone when everyone was shopping under one roof. With the increase in responsibilities, people are losing time for themselves too.

Because of the increasing usage of technology, online shopping has become an integral part of the life of people. It not only provides options for shopping but also provides monetary benefits to consumers. These factors drive consumers from offline or physical shopping towards online shopping. (Rose and Samouel, 2009). Although, there is no major difference between the decision process of online and offline consumers. The only difference is found in the indirect interaction between consumers and the shopping environment and social media influencers (Kotler and Armstrong, 2012). According to Nisar & Prabhakar (2017), technological advancements and increasing internet usage have majorly affected consumer behavior.

To understand the impact of social media influencers, it is essential to know what exactly social media influencers are and how they affect the purchasing decisions of consumers. Social media influencers are the people, brands, and personalities that exist online followed by people's trust. They create a spark through their discussion and inspire consumers to take

action. Social media influencers are sharing symbiotic relationships with consumers and spread messages of sellers to consumers.

Types of social media influencers

There are numerous types of social media influencers and can be categorized on the basis of the number of followers, types of content, and level of influence. One of the important criteria is the group of niches to which they belong.

As far as the number of followers is concerned, social media influencers are mega-influencers, macro-influencers, micro-influencers and nano-influencers. Mega-influencers are having large number of followers on social media. Many of them are celebrities namely sportsperson, movie stars, musicians and so on. Macro-influencers are one phase down from the mega-influencers, but they are more accessible as influencer marketers. The macro-influencers are large in number then the mega influencers, that's why they are easily accessible by the brands.

Micro-influencers are the ordinary people who are famous for their knowledge on specific topic. They have followers from that specific niche. These influencers are famous in the Generation Z group. In real words, these influencers are the influencers of the future. The latest influencer-type is nano-influencer. In spite of having small number of followers, they are followed because of having expert and technical knowledge in highly specialized field. They are considered as small fish in big pond. That's why they are preferred by the firms who are producing technical product.

The second group of social media influencers are categorised on the basis of type of content. These influencers are followed for the content or knowledge they share. The most common under this category are bloggers, YouTubers, Podcasters

Bloggers are the social media influencers as they share a very strong and active bond with their followers. They have the power to influence their follower in at least trying the particular product. They can be the representative of any particular sector like finance, healthcare, cosmetics and so on. Video content is prevalent among Gen Z, that is mostly accessed through YouTube. This medium is mostly used by the established brands. Podcasting is the recent form of spreading online content through audio files. According to one survey, 51% of Americans have a regular practice of listening to a podcast at least once.

The third classification of social media influencers is on the basis of level of influence. Under this category celebrities and key opinion leaders came. Celebrities are considered as original influencers. This medium is adopted by established and well-known brands and companies. They have a gigantic group of fan followings. The next category is key opinion leaders who are industry experts and thought leaders like journalists, academicians, professional advisors and so on. They share a trustful relationship with their followers because of their profession.

In the crux, it can be said that all the above mentioned social-media influencers are enjoying an enormous group of followers because of two characteristics, one is their name and fame and other is their expert knowledge and quality of their content.

Role of Social-Media Influencers

It is very clear that social media is playing a vital role in boosting the sales of the brands, but without the influencers its role is incomplete. The influencers play different roles in influencing the decision of consumers. In the real world, social-media influencers act as connector, informer and opinion shaper. With large fan following, social-media influencers serve as nodes who make networks between product and consumer more smoothly. Before selecting influencers, it is very important to select the audience first. As target audience affects the content and selection of social-media influencer.

The second role played by social-media influencers is informer. Social-media platforms are not only used for spreading news or information but also for breaking the stories as well. Social-media influencers inform their followers about new product, new trend, its characteristics and create cravings for the product among followers.

There is no doubt that connecting and informing are two important functions performed by social-media influencer, the ultimate goal of them is to shape and build the opinion of consumers. Being professional communicator, the social-media influencer has to fulfil three important bars in their shared content, namely trustworthy, relevant and timely.

RATIONALE BEHIND THE STUDY

Due to increase in technology and number of internet users, the importance and role of social-media influencers is clearly visible. Yet, it is vital to how social media influencers influence the decision of consumers in online buying.

LITERATURE REVIEW

The present research covers the concepts related to social media marketing, social media influencers, and online buying decision. In the literature review, the researchers have tried to extract important previous studies that cover all these three aspects.

According to Lou & Yuan (2019); Marwick (2010); and Turner (2006) social-media influencers create their own digital persona and have the power to attract and boost the sales of specific products. In the studies by Hearn & Schoenhoff (2016); Marwick (2016); and Ruiz-Gomez (2019), social-media influencers share specific and important information through their social-media posts, pictures and content and influence the decision of buyers.

Pöyry et al. (2019) concluded that not only social, social-media influencers are one step further as they deal with the pressure of being likeable, credible and interesting for their fans, at the same time they have to economically profitable and integrate and adapt to the dynamic digital platforms.

In the words of Enke and Borchers (2018); Freberg et al. (2011) and Gorry and Westbrook (2009), digital content creators are skilled in influencing, persuading and shaping the opinions, attitudes and behaviours of their followers through regular content production and distribution and ongoing interaction on social media.

Francesca et al. (2018) stated that the social media influencers are used for endorsement purposes since they exert a huge influence on their followers and can affect their buying decisions.

Sudha and Sheena (2017) conducted study on the impact of social-media influencers in consumer decision making in the fashion industry and concluded that around 57.5% of the population buy cosmetic products based on celebrity endorsement of those products. The researchers also concluded that opinions of social-media influencers has a positive impact on the consumers' decision making.

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Chu and Kamal (2008) concluded that for having long and strong relationship with followers, the bloggers and other social-media influencers should earn credibility through their content. This study was supported by Silvera and Austad (2004). They stated that there is a direct positive correlation between credibility and consumer purchase intention.

To overcome the challenge of diverting consumers, firms should earn reliability by engaging in online and repetitive buying. In context with this Ling et al. (2010) proposed that trust is the important element in influencing the decision making of an online consumer. Hong and Kim (2011) emphasized that consumers' trust level for a product helps them to determine whether to make a purchase or not.

OBJECTIVES OF THE STUDY

1. **To find out the causal relationship between social-media influencers and purchase decisions of consumers.**
2. **To find out the mediation effect of social-media influencers between the age and online purchase decision of consumers.**
3. **To find out the mediation effect of social-media influencers between the income and online purchase decision of consumers.**

RESEARCH METHODOLOGY

The current research study is exploratory and descriptive, with a mediating research design. The survey was conducted on the respondents aged 15 to 45 years old from Indore city. Primary and statistical data were collected over a four-month period from June 2022 to September 2022. The study is the first of its kind to assess the effectiveness of social media influencer from June 2022 to September 2022.

The research study uses a large sample size to establish causal explanations and cause and effect relationships between influencer and the respondents online purchase decisions. For primary data collection in the research study, a survey method with a closed-ended, structured, non-disguised questionnaire was used. To obtain the sample, the stratified sampling technique was employed. Strata were created on the basis of distinct categories such as Age and Gender and Income. The sample size was determined using proportionate sampling. The sample frame consists of citizens residing in Indore city of age between 15 to 45. The sample size for the research study was 500, but only 419 responses were considered for analysis.

Research Design

Hypothesis testing research design is used for this study.

Sample and Data Collection

SPSS 25 is used for data analysis. The sample size should be 10 to 20 times the number of items, according to statistical recommendations of the software. So, although data was collected from 500 respondents using a well-designed questionnaire based on a 5-point Likert scale (strongly agree, agree, neutral, disagree, and strongly disagree), only 419 are considered for further study due to incompleteness.

Statistical Analysis

SPSS 25 and Sobel's calculator were used to analyse the data. In this study, mediation model was used. The analysis was used to explain the mediating effect of social media influencers between independent and dependent variables, in direct and indirect effects, and to determine the role of mediation (Asher, 1983).

Reliability

Chronbach's alpha reliability statistics was used to check the reliability of data.

Reliability Statistics	
Cronbach's Alpha	N of Items
0.858	18

The value of Chronbach's alpha was found to be 0.858, which suggested that the data is reliable.

Research Problem

Q.1. Do social media influencers mediate between the age and the online purchase decisions?

Q.2. Do social media influencers mediate between the Income and the online purchase decisions?

Instruments of study Variables

Social media influencers were used as a mediating variable in this study. The EPIC Model, developed by Nielson, is used to assess the influence of social media influencers (2008). It consists of four components: empathy, persuasion, impact, and communication. Each dimension has two items, for a total of eight items used to measure this variable. All of the items exceeded the threshold factor loading of 0.50. The extracted average variance (AVE) and composite reliability of each dimension are also close to / above the recommended values of .5 and .7, respectively.

Table 1 Instrument description

Variable	Dimension	Items
Social Media Influencers	Empathy	Social media influencers are a source of brand attractiveness for connecting with consumers.
		Influencers on social media aid in connecting the advertising message with the consumer's personality.
	Persuasion	Influencers on social media persuade people to buy.
		Influencers on social media ads may convert consumers' views or trust into a desire and attitude to seek out the advertised product.
	Impact	Influencers on social media encourage impulsive product purchases.
		Social media influencers may involve consumers in the messages they deliver.
	Communication	Social media influencers aid in increasing consumers' ability to remember the primary message Brand Communication message.
		Influencers improve the effectiveness of brand communication by increasing consumer comprehension of messages delivered.

Data Analysis and Interpretation

To obtain a complete representation in proportion to all of the study's objectives, data was tabulated with analysis and interpretations. For data collection, the Likert scale was used, and descriptive statistics were used for data summarization and analysis. The study is based on the online purchase decisions of Indore residents via social media influencers. The study seeks to determine whether social media influencers influence online purchasing decisions or not.

Sample Description

The sample description of the respondents is presented in terms of demographics factors as below

Age

Table 2 Age wise description of respondents

Age	No. of respondents	Percentage
15-25 Yrs	362	86
25-35 Yrs	24	6
35-45 Yrs	33	8
Total	419	

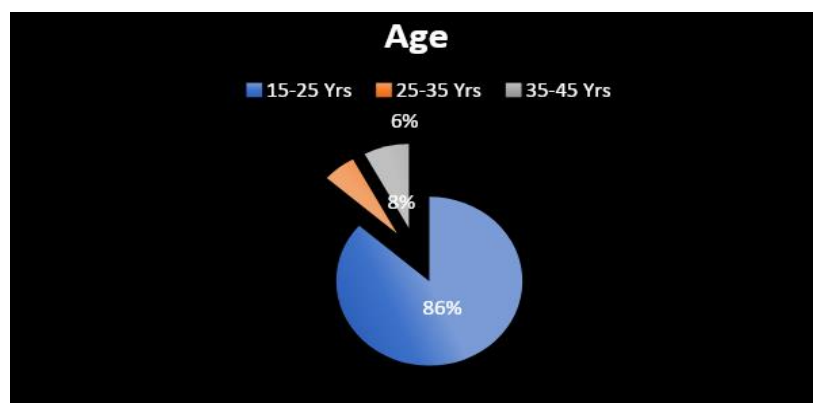
Fig. 1 Age wise description of respondents

Gender

Table 3 Gender wise description of respondents

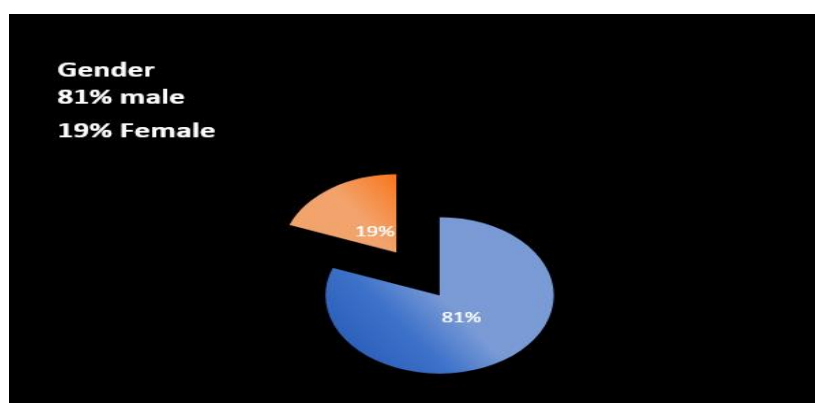| Gender	No. of respondents	Percentage
Male	214	51
Female	205	49
Total	419	100

Fig. 2 Gender wise description of respondents

Income

Table 4. Income wise description of respondents

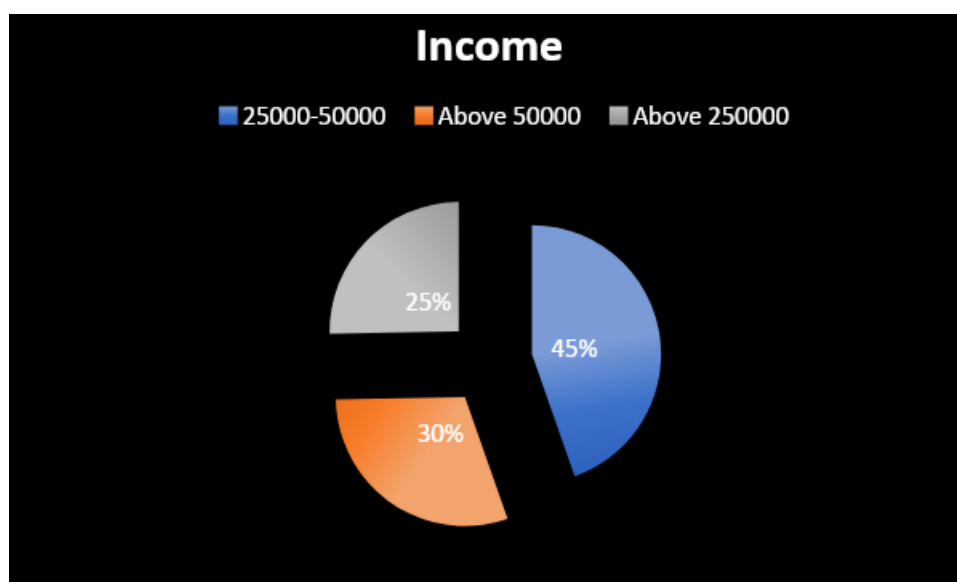| Income	No. of respondents	Percentage
25000-50000	187	45
Above 50000	126	30
Above 250000	106	25
Total	232	55

Fig. 3 Income wise description of respondents

Mostly used Social media platforms

Table 5 Mostly used Social media platforms

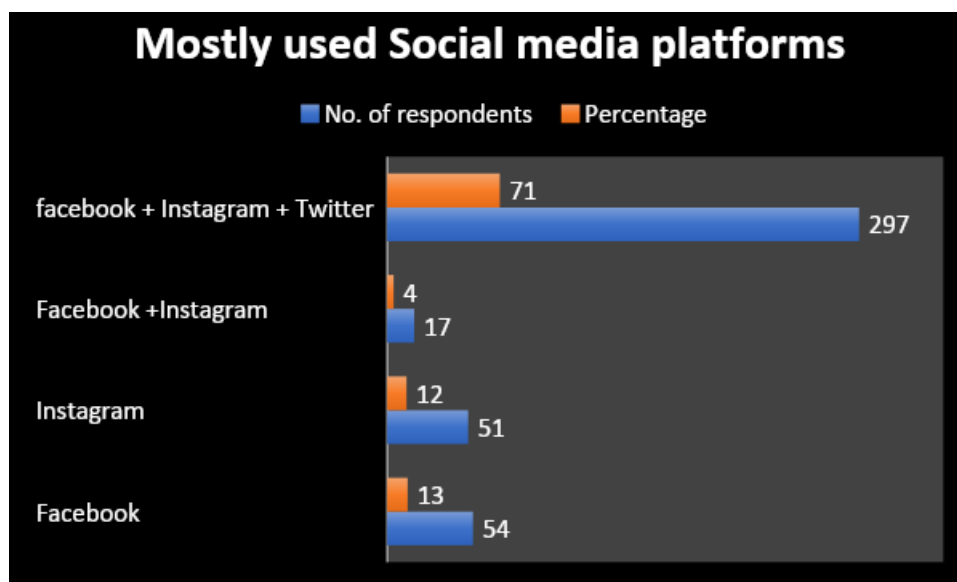| Mostly used Social media platforms	No. of respondents	Percentage
Facebook	54	13
Instagram	51	12
Facebook +Instagram	17	4
Facebook + Instagram + Twitter	297	71
Total	419	100

Fig. 4 Mostly used Social media platforms

Regression and Mediation Analysis and Hypotheses Testing

This analysis is divided into two parts: without and with a mediator. The analysis is conducted between explanatory variable social media Influencers on outcome online Purchase decisions in the part without mediator (direct relationship).

Direct Relationship – Regression Analysis

H1 – Age has a significant impact on online Purchase decisions.

Coefficientsª						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	18.436	0.612		30.138	0.000
	Age	-0.442	0.038	-0.508	8.771	0.000
a. Dependent Variable: Online purchase decision						

Table above shows that the independent variable age has a significant impact on the online Purchase decisions (t value= 8.771, p= 0.000) in the direct relationship.

As a result, Hypothesis 1 is fully accepted.

H2- Income has a significant impact on online Purchase decisions

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	9.438	0.544		17.338	0.2
	Income	0.202	0.049	0.205	4.961	0.2
a. Dependent Variable: Online purchase decision						

Table above shows that the independent variable income has a significant impact on the online Purchase decisions (t value= 4.961, p= 0.200) in the direct relationship.

As a result, Hypothesis 2 is fully rejected.

Indirect Relationship

H3 Social media influencers significantly mediates the relationship between age and online purchase decisions

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	4.938	0.548		9.019	0.000	3.862	6.015
	Social Media Influencers	0.240	0.037	0.314	6.234	0.000	0.166	0.313
	Age	0.033	0.069	0.031	0.630	0.529	-0.092	0.179
a. Dependent Variable: Online Purchase decision								

Table above shows that while controlling for the independent variable Age, the mediating variable Social Media Influencers is a significant predictor of the dependent variable Online Purchase decision (t = 6.234, p <.05). That is, "b" (Unstandardized coefficient = 0.033) is statistically significant.

Inputs		Test Name	Test Statistics	P Value
A	0.311	Sobel's Test	3.0073	0.0015
B	0.043			
S_a	0.092	Aroian Test	2.9661	0.0018
S_b	0.069			

The findings of the Sobel test also confirmed that Social media influencers significantly mediates the relationship between age and online purchase decisions. ($p<.005$).

H4 Social media influencers significantly mediates the relationship between income and online purchase decisions.

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	6.562	0.610		10.752	0.000	5.362	7.761
	Social Media Influencers	0.344	0.042	0.390	8.222	0.000	0.262	0.427
	Income	0.119	0.077	0.074	1.555	0.121	-0.032	0.270
a. Dependent Variable: Online Purchase decision								

Table above shows that while controlling for the independent variable Income, the mediating variable Social Media Influencers is a significant predictor of the dependent variable Online Purchase decision (t = 8.222, p <.05). That is, "b" (Unstandardized coefficient = 0.127) is statistically significant.

Inputs		Test Name	Test Statistics	P Value
A	0.311	Sobel's Test	3.188	0.0022
B	0.119			
S_a	0.092	Aroian Test	3.144	0.0028
S_b	0.077			

The findings of the Sobel test also confirmed that Social media influencers significantly mediates the relationship between income and online purchase decisions. (p<.005).

CONCLUSION

The Internet of Things Influencer is widely regarded as a trustworthy, factor because people imitate Influencers for motivation of their own volition. The influencer is a pro-consumer who, in his or her own unique way, spreads the company's message to their followers in order to increase and influence purchase decision.

Social media is quickly becoming one of the most influential tools in corporate marketing strategies and also a factor to be considered before making an online purchase. According to data, influencer mediates the online purchase decisions. The results suggested that age being an independent factor has a direct as well as indirect effect on online purchase decisions whereas Income when mediated with social media influence affects the online purchase decisions. Both hypotheses confirmed that influencers have an impact on both age and income in shaping their minds to purchase products. The endorsement of an influencer creates a positive attitude toward to the consumer's purchase intention. Empathy, persuasion, impact, and communication are a few of the factors that determine an Influencer's impact.

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