Impact of Influencers to the Selection of Certain Products and Services

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DIGITALNI AKADEMSKI ARHIVI I REPOZITORIJI

Impact of Influencers to the Selection of Certain Products and Services

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Abstract

Social networks such as Instagram, Facebook, YouTube, blog, and/or Twitter are already recognized as welcome starting points for influencers ready to start their business. "Influencer" refers to people with intensive activity on social networks, people with many followers but also candidates willing to pay for their influence and to promote some brands. This paper research goal is to determine to what extent the influencers on social networks affect the customers when selecting certain products and services. Within the theoretical background, it is elaborated as follows: (i) the relationship between "influencers" activities and the business sector, (ii) influencers' domain of affecting the business, (iii) influencers 'mode of doing business, and (iv) the predictions related to "influencers" business model development. The empirical part provides descriptive statistics of the impact-induced within one social network (i.e. Instagram) on the demand for particular products, namely tourist destination. The practical contribution of the paper derives from analysing of one social network „influencing potential" toward a particular market segment, while the academic contribution presents new insights into dynamics between business and influencers as phenomena.

Introduction

Social networks (Facebook, Instagram, Pinterest, YouTube, Twitter, Blog, etc.) are the online platform on which an individual, company or a third party presents itself to others but also platform to operate many businesses. Influencers in a social network are members that realize greater effect in the online community than the average member (Mallipeddi et al., 2018). The social networks are generally considered as a form of mostly free Internet service which enables creating a virtual community of users sharing similar values. Although as such already used for almost half of century their full collaboration potential has been just recently wide recognized (Mata & Quesada, 2014). Consequently, many individuals, groups and companies start to build their business, primarily marketing strategy right on social networks (Hartline et al., 2008; Oliveira et al., 2020; Vásquez, & Escamilla, 2014).

In such a context, the "influencers" set in with the potential to trigger the buying decisions of numerous (followers) in the virtual community. The influence occurs due to influencers' personality including their authority, experiences, ways of thinking, leadership tendencies, profane instincts for the *Zeitgeist*, promoted content or just due to the followers 'trust' to a particular influencer (Deges, 2018; Hwang & Zhang, 2018).

Evidently, the followers respect the influencers' opinions regarding particular products and take them into account as much as any expert (Lou & Yuan, 2019) Namely, they believe that the influencer (i) has previously checked the product he/she is promoting (ii) has used it for a longer time and (iii) has convinced of product's effectiveness and quality. Influencers are among the first ones to try new products and then share their impressions with their community, which faithfully follows them. People identify with influencers (Brown & Hayes, 2008). As mentioned by Cohen (2001) identification is an important mechanism to connect emotionally with people. On the same trace, the influencers put great emphasis on the community being able to relate to the influencer and her life. From the influencer's perspective, the stated means to post content that is not only about the products. The post should as more as transparently, invite the followers to see all aspects of influencer's life and living environment (Hsu et al., 2010). Here is essential that the influencer creates an honest and friendly relationship with the followers so that all those ready to follow recommendations become satisfied with the content and thus recommend further. The virtual community confesses noted online activities and follows influencers onwards. The process even more results by changing followers buying habits according to the behaviour of influencers (Eccleston & Griseri, 2008). This shift and change in behaviour have been reflected in an increase in demand for a particular product or service (Galeotti & Goyal, 2009; Grafström et al., 2018).

Following the above stated the research goal of this paper is to discuss the business model of influencer impacts on the market demand which consequently shape the market dynamics. The statistical data processing reveals to what extent the influencers on one social network, namely Instagram affect the visitors when selecting tourism destinations.

Referring to the paper structure, behind introduction, in the 1st section is elaborated the business potential of influencers *mode of doing* on social networks. The 2nd section refers to the empirical part and thus relies on the research methodology as well as the research results. The last section contains a discussion with concluding remarks, main research limitations and, finally, the influencer marketing perspectives.

Influencers as business partners

According to the literature, there is abundant evidence of a relationship between the effects of the "influencer" on the market; moreover, there is direct but also an indirect impact on the business (Gretel, 2018; Khalid et al., 2018; Lou & Yuan, 2019). It seems as indisputable that in recent years "influencers" have had a significant impact on business processes, in particular, marketing and promoting ones.

In retrospect, parallel with Internet development, the marketing processes have been significantly facilitated and improved (Brown & Hayes, 2008). It has enabled easier access to data and potential customers as well as customer's feedback. However, over time, the average customer has found himself overloaded with information and consequently begin to ignore them. Therefore, the companies have been faced with the challenge to find a way to retain "older" and attract "new" customers, in an innovative, attractive and unique way. Here appeared the room for influencers to reposition i.e. to define their role in, newly formed, *influencer marketing* field (Kadekova, & Holienčinová, 2018; Ranga & Sharma, 2014). Slowly, influencer marketing began to contribute the companies in realizing business goals like as (Baker, 2019): (i) increase brand awareness, (ii) reach new audiences and potential customers, (iii) generate sales, (iv) bring products closer to the audience, and (v) affect the masses by opinion-making.

In general, the *sine qua non* for being an influencer is to be online and active on one of the popular social networks as well as access the information of the interest to the wider population. The usual mode of doing is like follows: once a certain number of followers are reached, the business offers to the influencer begin to arrive, and what "until recently" was entertainment turns into a valuable business (Lou & Yuan, 2019). Since at the moment (i.e. May 2020) 49% of customers rely on influencers' advice and 94% of marketers perceive influencer marketing campaigns as successful marketing tool (Dobrilova, 2020) companies start to claim influencer marketing as the "*fastest-growing online customer-acquisition method*".

Furthermore worth noting that influencer's domain of doing business is up the size, i.e. vary upon a number of their followers. Thus, as far as influencers by size are considered, they should be categorized in few groups, as per Gómez (2019): Influencers that use specific platform or formats (Youtubers, Vloggers, Instafamos) micro-influencer, macro-influencers and mega-influencers. Two, among them, prevails, and rely on: (i) micro-influencers which presenting the largest group of influencers (app 1,000 to 10,000 followers) characterized by a strong link between with their followers and the close cooperation with specified brands; and (ii) macro-influencers groups referring those with app 10,000 to 100,000 followers, characterized by the collaborations with numerous brands. Latter is most frequent with announcements and communication with followers which also, in time, may become a pure challenge to influencer due to the size of their community.

In up to date practice, the followers more relate to micro-influencers as they feel easier to relate those who share more similar values and spend more authentic lives than macro-influencers often do. Besides, Fraser and Brown (2002) already claimed that consumers identify with influencers as they see them as role models. On the contrary, once the consumers no longer feel identification with the macro-influencer, he/she will not get affected by the products they endorse either.

Resuming the above enclosed, in favour of further business pillar, it seems the as predictable significant increase in investment in advertising through "influencer" and the rising number of new ones, but also the growth of existing "influencers" (Influencers Marketing Hub, 2020a). The stated is following Dobrilova (2020) as cited: "*90% of marketers have already planned an increase in their influencer marketing*

budgets, In terms of global influencer marketing budget rise, the same is expected to reach $5-$10 billion in 2020".

Methodology

The empirical part was based on the research question *"Whether influencers on Instagram affect the demand for tourist destinations and to what extent this has been achieved"?* The survey research consisting of 12 questions was distributed via social networks i.e. Instagram and Facebook. The total feedback was 110 fulfilled questionnaires. The survey questions were divided into two groups: the first refers to the respondents' demographic characteristics, while the second one refers to respondents' social networks preferences and their perception of influencers' effects on tourism destination choice. The majority respondents (56 %) were younger population (age 18-24) from the area of Split-Dalmatia County, 99 % of them use social networks, mostly Facebook (91%) than Instagram (85 %), and YouTube (58 %).

Results

The research results indicated that influencers affect the destination choice in a certain way; the respondents revealed the moderate confidence related the influencer's recommendations but mostly referring those influencers who were already known personally.

In particular, the survey revealed that 53% of respondents respect the recommendations of micro-influencers, as a more authentic and less known public figure than macro-influencers. Moreover, 65% of respondents confirmed that they had never visited a destination recommended to them by celebrities and macro-influencers. 45% of respondents follow the influencers constantly, and almost 30% periodically. 97% of respondents noticed sponsored ads about tourism destination, although the main part pays quite shortly related attention on them (48%).

Since most respondents (87%), perceive the future of advertising focused on Instagram, which already has been perceived as a rising tool for advertising which, according to Chadha (2018), should remain as so in near future.

Furthermore, the forms of advertising the respondents trust more are presented below (Figure 1). The results indicate the declining interest in macro-influencers and a tendency towards preferring micro-influencers.

Figure 1
Percentage of respondents who trust the particular form of advertising
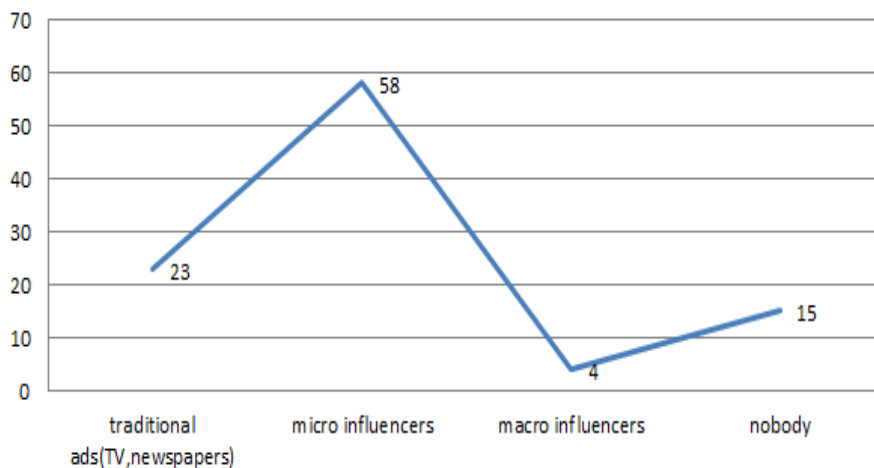
Source: Author research, N=110

Additionally, 55% of respondents already visited destinations due to the trust in influencer's recommendations. As far as prediction is considered, 56% believed that marketing in the future will be mostly based through Instagram promotion. Bellow, influencer characteristics relevant in the destination selection process, which should be considered as well as recommendation to influencers future doing, are shown in Figure 2.

Figure 2
Influencer characteristics relevant in the destination selection process (% of respondents)

Source: Author research, N=110

Based on the above findings, the content is pointed out as highly important and relevant issue (67%). This result is following Lou and Yuan (2019) research output indicating influencer - generated content as one of the values that positively affect followers' trust in influencers' branded posts, which further strengthens the brand awareness as well as purchase intentions.

Conclusion

The disclosure of social networks influencers as a huge potential for advertising has shifted the most marketing activities from offline forms like TV or newspapers do the digital ones. It seems that over time market dynamics significantly arise since, as elaborated previously; (i) the influencers become relevant business partner, (ii) the relationship between "influencers" activities and the business sector more intensive, (iii) the influencers' domain of affecting the business more global, and (iv)the influencers 'mode of doing business more frequent and acceptable to the audience.

Based on the state, the recommended strategy to the business side is to hire the micro or macro-influencer with the capacity to expand the offer to their followers. However, hiring a particular influencer should be carefully considered before any action. The latter refers on previously done the analysis of influencer's followers, but also the analyze of the influencers' authenticity before the influencer engagement (Chue, 2018). As long as people spend much time on social media, platform likes Instagram, will be perceived as a core marketing tool for many companies and brands. The stated is supplemented with Dobrilova (2020) perception of Instagram *"as the most present influencer marketing spends alone is expected to reach $8 billion in 2020"*.

Despite the relatively small sample, which is noticed as the limitation of the paper empirical analyses, the related findings indicate the follows: (i) particular impacts of

influencers on destination choice, (ii) the rising trust in micro-influencers, and (iii) the high importance of content quality. Therefore social media like Instagram are strongly recommended to tourism destination community management and the others to increase the effectiveness of their product/service promotion. Moreover, the latter platform should also become, if already not, the part of integrated marketing communication strategies in destination management (Chenini & Cherif, 2016), and wider (Kitchen & Burgmann, 2010; Šerić et al., 2015).

To resume, the above argued indicate the significant relation between influencer and business referring primarily on influencer marketing benefits for business. The same is also supported by the current influencer marketing trends (Influencer Marketing Hub, 2020b) which point out issues like the rising relevance of content marketing and influencers' platforms, increase in advertising investment through "influencer" business model, the existing "influencers" growth, as well as the close link between social media and influencer marketing. Last but not least, just such trends determine future related research directions.

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