

## **A Study on the Effectiveness of Influencer Marketing on Small Business Growth: A Quantitative Perspective**

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### **Abstract**

The popularity and credibility of influencers are utilised in influencer marketing tactics in order to promote goods and services to the vast and interested audiences that these influencers already have. The success of influencer marketing for the expansion of a small firm can be attributable to a number of important elements. The use of influencer marketing enables smaller enterprises to target specific demographics and enter previously inaccessible niche markets. Small businesses are able to effectively reach their target audience and raise awareness about their brand by forming partnerships with industry influencers who have a large number of followers in specific niches or industries. This strategy of targeting leads to improved conversion rates as well as increased sales potential. Second, influencer marketing helps build trust and authenticity in the brand. Many times, followers will look up to influencers and see them as reliable experts, and they will believe the suggestions that influencers give to be reliable and sincere. When a consumer figure of major significance recommends a good or service, it has the potential to greatly impact consumer behaviour and drive purchasing decisions. By cultivating trust with their target audience and establishing themselves as respected brands, small businesses can benefit from cultivating relationships with respectable influencers. In addition to this benefit, influencer marketing presents an economical alternative to more conventional forms of promotion. Because small firms frequently have restricted finances, it can be difficult for them to compete with larger competitors in terms of their advertising reach. However, engaging with influencers can provide access to a large audience at a relatively minimal cost.

**Keywords:** *Influencer Marketing, Small Businesses, Digital Age, Niche Markets, Target Audience, Conversion Rates*

### **Introduction**

Collaborating with influential persons on social media platforms in order to promote products and services to their loyal and active followers is an example of what is known as "influencer marketing." The capacity of influencer marketing to tap into niche markets, develop trust and authenticity, and give cost-effective advertising options are all factors that contribute to the positive impact that it has on the expansion of small businesses.

Influencer marketing is particularly effective at creating authenticity and trust in addition to its ability to target certain niche markets. Because followers view influencers as credible authorities, the recommendations that influencers make carry a significant amount of weight. When a well-known person promotes a good or service, it has the potential to have a significant impact on customer behaviour, which in turn drives purchasing decisions and loyalty to brands. Small businesses can capitalise on the trust and rapport they already have developed with their target audience by forming strategic partnerships with trustworthy influencers. This linkage strengthens the groundwork for developing long-term relationships with customers by improving their perception of the brand's authenticity and offering a solid platform on which to create those ties. The authenticity and one-on-one interaction that characterise influencer marketing provide a welcome departure from the conventional methods of marketing, which are coming under increased scrutiny from consumers.

Moreover, influencer marketing offers small businesses a cost-effective avenue for advertising and promotion. Traditional advertising channels, such as television or print media, can be prohibitively expensive. This cost-effective approach allows small businesses to compete with larger competitors in

terms of visibility and brand exposure, levelling the playing field and opening doors to new growth opportunities.

### **Literature Review**

Research takes into account a monopolistic corporation that sells two comparable goods to a stream of sequentially arriving customers who may be influenced by past purchases. The authors suggest three ways the company can better manage or make use of social influence. Consumers can be recruited as influencers through promotions, and the company can benefit from enhanced substitutability and lower production costs by narrowing its product offering prior to the realisation of demand. (Hu et. al., 2014). Another article investigated the attitudes of marketing professionals towards Instagram influencer marketing initiatives and digital influencers. It used a qualitative methodology that included semi-structured conversations with beauty industry professionals and a non-probabilistic convenience sampling of participants. The results highlighted the value of online influencers and the need for their legitimacy, authenticity, and creative freedom. This study's main advantage is that it details every step of the influencer marketing process while exposing the challenges and winning components of an influencer campaign. (Santiago & Castelo, 2020).

An article demonstrates how a psychological process called congruence might help influencer marketing initiatives succeed. Influencer marketing is a new type of persuasive communication. When influencer-consumer congruence is fixed and high, the study, which enrolled 372 followers of a well-known fashion influencer, found that high (or low) influencer-product congruence results in high (or low) consumer-product congruence. The best results from influencer marketing initiatives are obtained when the consumer and the product have a high degree of congruence. This results in more positive attitudes and better purchase and recommendation intentions. (Belanche et. al., 2021). In another piece of research, a framework for understanding the connections between marketing capabilities, marketing strategy, and marketing implementation is designed and tested. According to a self-administered survey of 296 small businesses in Kenya, the effectiveness of marketing plan deployment improves the impact of marketing competency on the market performance and economic success of small enterprises. This could aid managers in putting a marketing plan into action to boost performance for small businesses. (Lagat & Frankwick, 2017).

A paper offers a thorough knowledge of how parasocial relationships and opinion leadership impact the purchasing intentions of followers. The complementing effects of thought leadership and parasocial ties in influencer marketing are confirmed by empirical findings from 409 online followers of two Instagram accounts. These effects are controlled by post features, with storytelling posts enhancing both effects. The influence of a parasocial relationship is increased through correspondent inference, but the impact of opinion leadership is unaffected. By underscoring the importance of the social element of influencer marketing, these studies advance knowledge of and practise of influencer marketing. (Farivar et. al., 2020). In another article, the authors used a study they carried out in Ho Chi Minh City to look into the potential of social media influencer marketing. They found that influencers enjoy an excellent degree of customer trust and that four characteristics—consumer involvement, product relevance, content quality, and influencer trust—significantly influenced consumers' purchase intentions. (Nam & Dân, 2018).

A paper presents the findings of a secondary research study on the strategic marketing planning of SMEs in South Africa. It was shown that SMEs with greater performance levels are more familiar with strategic planning tools, compete with value-added products, and have positive buyer-seller relationships. The results imply that broad, small business marketing principles help SMEs succeed. (Scheers & Makhitha, 2016). Another piece of research sheds light on how people who work in advertising firms view and experience influencer marketing. The results show that the billion-dollar influencer advertising sector is mostly untapped and necessitates a modification to agency practises for successful adoption. Interviews were conducted with 19 US advertising agency professionals. (Childers et. al., 2018).

An article states that a type of marketing communication known as influencer marketing targets consumers by using influencers. This study's objective is to describe the theoretical foundations for how influencer marketing impacts consumers' daily lives. Influencer marketing significantly affects Slovak

consumer habits, especially for those under 35, according to a questionnaire survey of 410 Slovak consumers aged 15 and older. Its effective deployment within businesses is proposed. (Nadanyiova et. al., 2020). Another article presents a conceptual framework for entrepreneurial marketing, specifies its components, and contends that in SMEs, marketing is connected to other business practices and activities. It makes the case that understanding marketing in SMEs requires an understanding of its context, particularly with regard to consumer involvement, innovation, and entrepreneurial marketing techniques. (Jones & Rowley, 2011).

Research looked into whether an influencer's source traits—homophily, authenticity, expertise, and physical beauty—could serve as relational resources for building follower trust. The results demonstrated that the effects of homophily, authenticity, and knowledge on loyalty and marketing outcomes were modulated by trust. Interpersonal trust was not significantly influenced by physical appearance. Linkages between loyalty, trust, and authenticity were found to have strong relationships. The findings give us a greater awareness of persuasion mechanisms and their implications for influencer marketing. (Kim & Kim, 2021). Another piece of research looked at how adolescents' understanding and use of persuasion varied by age (early versus middle adolescence) and the information provided in sponsor disclosures in online influencer videos. The findings indicated that whereas middle adolescents merely displayed more unfavourable brand and influencer views, early adolescents just needed comprehensive material to activate their knowledge of persuasion. The disclosure has no effect on any adolescent's purchase intention. (Reijmersdal & Dam, 2020).

**Objective:**

To measure the Effectiveness of Influencer Marketing on Small Business Growth

**Methodology:**

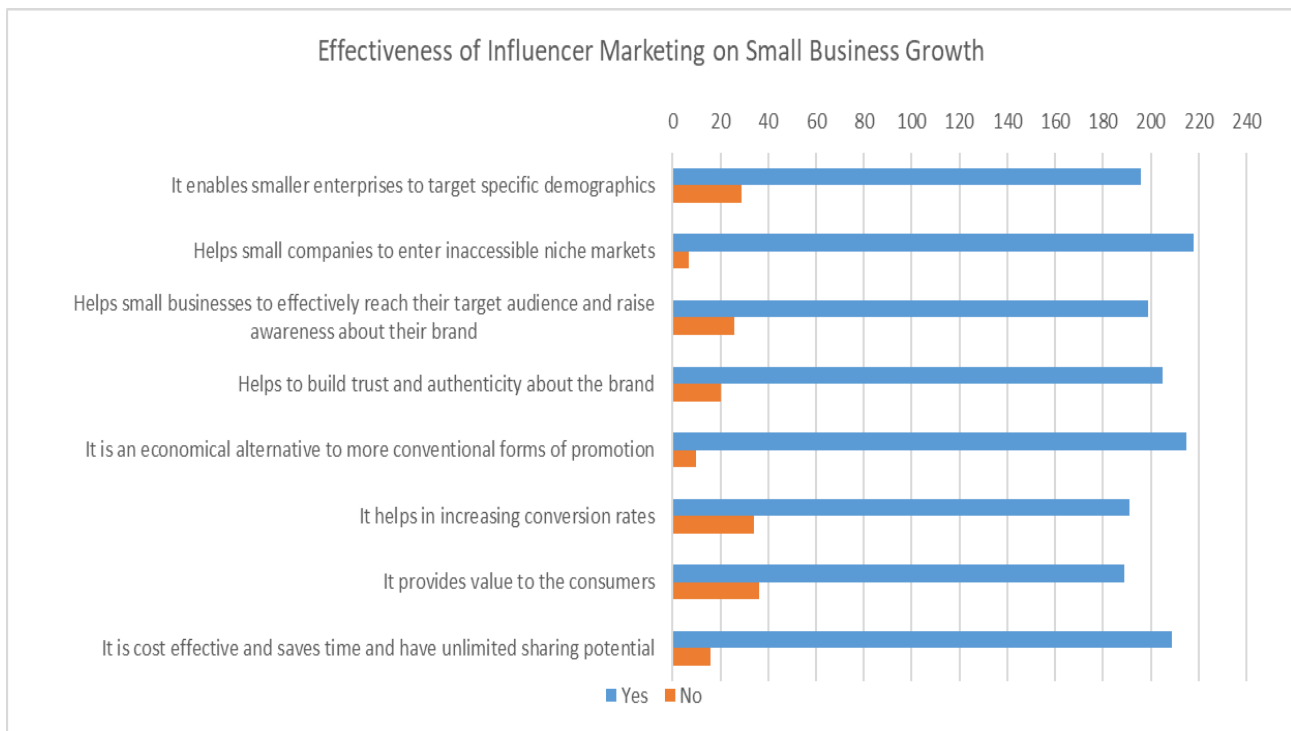
The nature of the study is descriptive where data as collected from the 225 respondents to examine the effectiveness of influencer marketing on small business growth. A checklist technique was used to examine and depict the data. In a checklist technique, respondents designate “Yes” or “No” for all the questions.

**Data Analysis and Interpretations:**

**Table 1 Effectiveness of Influencer Marketing on Small Business Growth**

SL No.	Effectiveness of Influencer Marketing on Small Business Growth	Yes	% Yes	No	% No	Total
1	It enables smaller enterprises to target specific demographics	196	87.11	29	12.89	225
2	Helps small companies to enter inaccessible niche markets	218	96.89	7	3.11	225
3	Helps small businesses to effectively reach their target audience and raise awareness about their brand	199	88.44	26	11.56	225
4	Helps to build trust and authenticity about the brand	205	91.11	20	8.89	225

5	It is an economical alternative to more conventional forms of promotion	215	95.56	10	4.44	225
6	It helps in increasing conversion rates	191	84.89	34	15.11	225
7	It provides value to the consumers	189	84.00	36	16.00	225
8	It is cost effective and saves time and have unlimited sharing potential	209	92.89	16	7.11	225



**Figure 1 Effectiveness of Influencer Marketing on Small Business Growth**

Table 1 and Figure 1 show the effectiveness of influencer marketing on small business growth. It was found that around 96.8% respondents believe that influencer marketing helps small companies to enter inaccessible niche markets, It is an economical alternative to more conventional forms of promotion (95.5%), It is cost effective and saves time and have unlimited sharing potential (92.8%), Helps to build trust and authenticity about the brand (91.1%), Helps small businesses to effectively reach their target audience and raise awareness about their brand (88.4%), It enables smaller enterprises to target specific demographics (87.1%), It helps in increasing conversion rates (84.8%) and It provides value to the consumers (84.0%).

**Conclusion**

In conclusion, it has been proven that influencer marketing is an exceptionally strong way to drive the expansion of small businesses in the digital age. This was done using many platforms, such as blogs, social media, and video platforms. Because of its ability to infiltrate specialised niches, develop trust and

authenticity, and give advertising options that are available at low or no cost to the company, it will be an excellent tool for small firms that want to increase their consumer base and enhance their reach. If they take the time to carefully pick important individuals and collaborate with them, small businesses have the potential to harness the power of influencer marketing to establish themselves as trustworthy brands and engage with their target audience on a deeper level. This is achieved through close collaboration and thoughtful selection.

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