

Impact of Influencer Marketing on Consumer Purchase Intention: Effect of Word of Mouth, Opinion Leadership

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Abstract: As the smartphone and internet become a more significant part of people's daily lives, social media has become a more substantial part of people's lives. With these circumstances, influencer marketing is considered a new marketing strategy and reflects the trends that this new marketing strategy has gradually taken over the importance of traditional marketing strategy. Although influencer marketing is regarded as a new field, many studies already focus on this field. This essay will focus on two aspects of influencer marketing and analyze how consumer purchase intention has changed.

Keywords: influencer marketing, word of mouth, opinion leader, purchase intention

1. Introduction

Influencers have become an increasing trend with the emergence of Omni social platforms. Many businesses, even influencers, use marketing strategies to transform their fan base into cash flow. This article review will focus on how influencer marketing affects purchasing intention by analyzing how the Word of Mouth and opinion leaders change consumers' thoughts. WOM is the marketing strategy that implements by the influencers, and the Opinion leader is the influencers' role during the influencer marketing process. First, many people have the established opinion that WOM is the same as influencer marketing. However, WOM is communication and information exchange within the consumer discourse group, and influencer marketing is the process or strategy used to stimulate revenue. Second, consider that many influencers in the industry have much professional knowledge in some specific fields. Therefore, these influencers will distribute their professional expertise to the audience and gain trust as industry insiders. Hence, these influencers would build up a fan base who recognized the influencers as trustworthy information resources. In the process, the influencers have become opinion leaders.

2. Word of Mouth

Influencer marketing is the method, and WOM is the medium. Therefore, there is a link between WOM and influencer marketing [1]. Thus, the theory for WOM will explain the psychology behind influencer marketing later in the paper. We frequently turn to our friends or family for assistance, whether we need to discover a new dentist or a place to buy new curtains. The greater the risk associated with what we seek, such as the financial risk of purchasing a new car, the more we actively seek information [2]. Nielsen reports that 92% of people prefer referrals from friends and

family to all forms of advertising [3] [4] created a model that explains the reasoning behind WOM, while [5] detailed the psychology that underlies it, which will be discussed later in the paper.

2.1. Psychology Reasons Behind Word-of-mouth Marketing

2.1.1. Mere Exposure Effect

“The Mere Exposure effect is a psychological phenomenon by which people tend to develop a preference for things or people that are more familiar to them than others.” [6]. This effect supports the Word-of-Mouth development as the consumer accepted information from their acquaintance, family, or the influencers they followed and would reflect a preference while making their purchase decision. Nielsen reports that 92% of people prefer referrals from friends and family to all forms of advertising [3] [4] created a model that explains the reasoning behind WOM. The Mere Exposure Effect works on a single influencers scale and applies to all influencers on mass media. From a broader perspective, some businesses hire a lot of social media influencers to promote the same product. In this process, the potential customers are exposed multiple times while viewing the content of their followed influencers. Hence, contributing to contiguous exposure to a particular product, people will have a stronger preference when purchasing. A Chinese cosmetic brand, Perfect Dairy, has ideally practiced the Mere Exposure Theory. They constructed a pyramid model built up by many regular customers, bottom and middle-class influencers, top-class influencers, and celebrities. They used their mouth to promote the brand respectively to increase exposure. By implementing the Mere Exposure Effect, the revenue growth rate of Perfect Dairy in 2019, 2020, and 2021 were, respectively, 337%, 72.65%, and 11.6% [7].

However, sometimes the Mere Exposure Effect might be less effective. Some research shows that recognition memory is the primary constraint, significantly reducing the practical effect. [8] The result is highest when customers cannot identify the products they have been exposed to, which is the obvious inference. The development offers the possibility of "hidden persuasion," which contradicts conventional wisdom on the significance of attention, engagement, and memory in marketing communication [9]. Kunst- Wilson, and Zajonic define an impressive Mere Exposure as the customers exposed with conscious awareness of the situation and unable to form a memory. [10]. Considering the publication time of this paper, the theory might apply to traditional marketing. The extent to which the idea will spread to the digital influencer marketing needs further discussion.

2.1.2. Social Demand Satisfaction

Before Word of Mouth was considered a marketing strategy, psychologist Dichter studied how Word of Mouth can be applied in the marketing field. According to Dichter, if a customer mistakenly believes that advertising is a source of information rather than an advertisement, customers may feel threatened while facing the advertisement. Thus, the customer will easily accept Word of Mouth as a viable solution for purchasing decisions if the consumer perceives the advertisement as the atmosphere of Word of Mouth, which is friendly, authoritative, and unbiased. The consumer will unwind and have more tendency to embrace the suggestion. His theory can be applied to influencer marketing nowadays. Many influencers who have professional knowledge would always post content that seems unbiased and that they only want to share information with the audience. However, the consumer may ignore that the information they received is a new form of advertisement.

During the Word-of-Mouth process, people either become speakers or listeners. Dichter has divided speaker motivation into four involvement categories: Product- involvement, Self-involvement, Message-involvement, and Other-involvement; all of them are satisfied the social demand of humans. Product involvement: While consumers experience a stratifying or unsatisfying

experience with a particular product or service, they reflect a tendency of mental repetition through their words. Self-involvement: Consumers self-confirm and reassure themselves by speaking to show connoisseurship and gain more attention, making them feel like pioneers. Message-involvement: Especially to the ones who are more sensitive to the advertisements, once they have become the speaker, they have already accepted the entertainment value of such advertisements. Others- involvement: Involvement refers to the consumer needing a person to share the product's enthusiasm and feeling with another person. Sometimes, the dimension of participation will also transform into a way to convey and express love, care, and friendship.

2.1.3. Implantations of WOM

As Word of Mouth is considered a marketing strategy in which people show a more sensitive and resistant attitude, how transforming this type of advertisement into information exchange becomes the biggest problem. In 2010, Kozinets et al. examined how WOM communicates with the audience. They found four aspects for better implementing the WOM. The communication is first impacted by "character narratives," or long-lasting stories or specific stated character types. Regardless of how the levels vary, people tend to provide viewpoints on archetypal patterns that evolve through time. A blogger who describes herself as a devoted mother will write a story that emphasizes helpfulness, friendliness, and compassion. Second, WOM communication occurs inside a specific setting, such as a classroom, a social gathering, a bar, a website for social networking, and a blog. Third, social norms impact how a message is expressed, transmitted, and received and how it is understood. These standards vary depending on the size of the community, its members' interests, and socioeconomic status, among other things. Fourth, the content and significance of the WOM communication will be influenced by the promotional aspects of the WOM campaign, such as the type of product and its brand equity [1]. Implementing these four aspects through the WOM advertisements will transform communication from a commercial promotion to a valuable exchange of information.

2.2. Opinion Leadership

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2.3. The Psychology Behind the Opinion Leadership-halo Effect

The Halo effect refers to the tendency of the impression of a person, a brand, or a product to influence one's feelings in another related area. The Halo effect can be used to explain customer behavior in the influencer marketing field [11]. As mentioned, many influencers will have professional knowledge in some specific area and are perceived as industry insiders. Study shows people tend to do some research before the final purchase decision, mainly because they prefer to hear opinions or suggestions from people with more influence [12]. Therefore, the followers expected to get helpful information from the influencers while considering purchasing certain goods. Because people already have some opinion of the influencers, the followers are likely to have a bias based on the reviews from the influencers they endorsed while rating a product or service [13]. Thus, some opinion leaders, like celebrities, who can be considered influencers at the top of the influencer pyramid, will impact their followers' decisions and purchase intentions [14].

2.4. Limitation of WOD and Opinion Leadership

Although these two newly invented advertisement techniques perform better than traditional advertisements, they still have obvious limitations [1]. Previously, this essay suggested the positive effect that WOD and Opinion Leadership can bring to the company if the company practices the technique correctly and mentioned the circumstances in which WOD and Opinion leadership might not be that useful. However, WOD and Opinion Leadership can also have a drawback. Many researchers suggest that advertisements' intention has always been doubted, and consumers are frequently skeptical toward the source of advertising messages [15][16]. This condition is considered a negative impact as customers' attitudes toward certain brands will significantly affect their purchase intention, which will be mentioned later in this essay. Therefore, this suggests that to the consumer, WOD and Opinion can only be perceived as a source of information shared by others instead of an explicit advertisement to avoid the drawbacks of these two newly invented marketing techniques.

2.5. Purchase Intention

Purchase intention is a part of the purchase decision, which refers to the probability that a potential customer will purchase a product or a service within a defined period, typically 6 or 12 months. Research shows that understanding consumers' purchase intentions can benefit the business. Purchasing intention is highly related to the consumer's behavior, perception, and attitude. Therefore, the company can use the information to predict the buying process [17]. The buying process breaks down into five stages: Need recognition; Information search; Evaluation of alternatives; Purchase decision; post-purchase behavior [18]. In this process, the consumer will determine their need for specific products. Then, to satisfy their hunger, the consumer will search for information from an internal resource, their previous experience, or external help. After that, the consumer will evaluate the alternative product and form a different attitude toward it. In this stage, another consumer reflects other behaviors, which leads to different perspectives. Some consumers will analyze the advantages and disadvantages relationally; others will rely on their emotions. At the same time, to form attitudes, the consumers will ask their friends and family, read comments, review the opinion leader's suggestion, and listen to the salesperson. Theoretically, people are more likely to purchase from a brand or company they like, but sometimes preference does not lead to the final purchase. Therefore, uncertainty is the limitation of this theory. Finally, the consumer will evaluate the investment and decide whether to purchase again.

2.6. Theory to Predict Purchase Behavior

As the purchase decision is separated into five different stages, there are two theories to predict and analyze consumer purchase behavior in information search and evaluation of the alternative stage. In these stages, people always utilize external information resources to help them make a purchase decision.

2.6.1. Theory of Reasoned Action (TRA)

According to the Theory of Reasoned Action (TRA), a person's action is influenced by their intention to carry out the activity, which depends on their attitude toward the behavior and subjective norms. Personal philosophy is constructed based on all knowledge, attitudes, and prejudice, which consists of both positive and negative while considering the behavior. Subjective criteria consider how we perceive other people's perception of a particular habit, such as smoking.

2.6.2. Theory of Planned Behavior (TPB)

The theory of Planned Behavior is an extension of TRA. The third element in this paradigm is perceived behavioral control. This element considers how consumers may choose to engage in a particular activity but that external forces may constrain their ability [19]. Perceived behavioral control reflects how much we think we can manage our product which relies on how we perceive both internal, like our own capacity and resolution, and external factors, like resources and support around us. Because of the third factor, TPB is usually more accurate when predicting the consumer purchase decision based on the attitude toward the behavior. However, the TPB model consists of three dimensions, and not all three significantly influence purchase intention in every case. Research has focused on different sizes, which can dramatically affect purchase intention [20].

2.6.3. Comparison of TRA and TPB

Two theories are used to predict consumer purchase behavior: The Theory of Reasoned Action and The Theory of Planned Behavior. Research shows a strong positive relationship between attitude and purchase intention [21]. Another study demonstrates that, when implemented in the context of forecasting behavioral intentions toward influencers' owned businesses, subjective norms are a substantial contributor to the TPB's effectiveness, in accordance with prior findings and as expected [20]. The research shows that attitudes and social norms are the most significant factor affecting purchase behavior. Still, as the TPB model consists of another dimension, it usually leads to a more accurate prediction.

3. Discussion

Theory related to WOD proves how it will affect the purchase intention. As people hear more about the product through others' mouths, they get more familiar with it, and they will be more likely to purchase it. WOD communication sometimes satisfies people's social needs; people are willing to discuss the product, even facilitating WOD communication. The Halo effect makes people more likely to believe in an influencer's word will they are in the information-seeking stage in the purchase decision, and the theory of TRA and TPB explained.

The current theory on predicting the purchasing intention focuses on the information research and evaluation of the alternative part, which requires the consumer to gather much information. As attitude is proven to be one of the essential parts of the three dimensions, the Researcher divided attitude into explicit and implicit. Explicit attitudes are supposed to be more conscious since they involve conscious thought [22]. Conversely, implicit attitudes are thought to be more automatic

since they result from a more unconscious process [22]. According to Madhavaram and Appan (2010), explicit attitudes develop due to exposure to arguments and propositions, whereas implicit attitudes develop due to exposure to an object's stimuli. According to the marketing perspective, consumers' explicit attitudes might develop due to exposure to influencer marketing's persuasive arguments. After people are exposed to a brand or product through influencer marketing, implicit biases may develop. Thus, to achieve exposure, WOM and the opinion leader become the medium to help information exchange. In conclusion, information exchange through WOM and opinion leaders will influence consumers' purchase intention.

3.1. Research on the Correlation of Positive Brands and Product Attitudes on Purchase Intention

In the research field of consumer purchase intention, many researchers have found a positive relationship between brands and product attitudes on purchase intention. Parallel lines of study asserted a clear correlation between purchase intention and attitude toward consumer behavior [23]. Under the mass media environment, due to the Halo effect, most followers hold a positive attitude toward the people they follow. Therefore, the consumer is more likely to reflect a higher trust in the influencers they follow and listen to their recommendations. After establishing a royal follower base, the influencers will be more likely to be perceived as experts or industry insiders. Therefore, their advice will be more likely to be accepted by their followers [24]. Contributing to the result of the Halo effect, and based on this concept, people tend to have a better attitude toward the personal brand that the influencers own, based on people's positive perception toward the influencers [20]. This idea applies vice versa if the consumer has a negative attitude toward a specific brand.

4. Conclusion

While implementing influencer marketing, the Word of Mouth becomes the marketing strategy, and influencers become the Opinion leaders who distribute the information to the public and impact the purchase intention. At the same time, the business implements the Word of Mouth and successfully turn the influencer into opinion leaders. The consumer will implicitly be exposed to the product information, increasing their purchasing intention later while seeing the product. Meanwhile, as influencers are perceived as successful people, the Halo Effect explains that because of the excellent impression people have of the influencers, they tend to have a good impression of their brand or the product they recommend. Many companies in the field will use influencers as the opinion leader and their voice to practice the Word of Mouth to increase exposure and impact their purchase intention, achieving higher sales. However, the drawback of these two methods are also very obvious, so the companies need to find the balance while utilizing the technique. In the research field of consumer purchase intention, many researchers have found a positive relationship between brands and product attitudes on purchase intention. Parallel lines of study asserted a clear correlation between purchase intention and attitude toward consumer behavior [23]. Under the mass media environment, due to the Halo effect, most followers hold a positive attitude toward the people they follow. Therefore, the consumer is more likely to reflect a higher trust in the influencers they follow and listen to their recommendations. After establishing a royal follower base, the influencers will be more likely to be perceived as experts or industry insiders. Therefore, their advice will be more likely to be accepted by their followers. [24] Contributing to the result of the Halo effect, and based on this concept, people tend to have a better attitude toward the personal brand that the influencers own, based on people's positive perception toward the influencers [20]. This idea applies vice versa if the consumer has a negative attitude toward a specific brand.

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