

Strategy Development for use of Influencers in Communication of Small and Medium-Sized Enterprises (SMEs) with Consumers

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Abstract: - In order to retain existing consumers and acquire new ones for the company, one of the basic tasks is to understand their needs and to create a dialogue with them. Effective consumer information and communication with them is important for successful business and for ensuring the company's competitiveness. Effectiveness means getting maximum effect with less resource consumption. Within the framework of this study, the authors investigate the use of influencers - digital content creators - for communication with consumers for the successful development and competitiveness of small and medium-sized enterprises (SMEs). This research has identified factors that should be taken into account when using influencers in the dialogue with the consumer. The research uses both secondary data analysis and consumer surveys. The study describes the situation regarding the use of influencers in small and medium-sized companies. It was found that influencers are an effective means of communication with consumers. To achieve the goal of the research, three tasks were set: 1) to analyze the theoretical basis of the use of influencers; 2) to describe the use of influencers and their contribution to communication with consumers; 3) to study consumers' assessment of the activity of influencers. The monographic or descriptive method was used to analyze the theoretical aspects, the analysis of secondary data was used to describe the situation, and a consumer survey was conducted to study the opinion of consumers about the activities of influencers and their contribution to effective communication with consumers.

Key-Words: - Influencers, consumers, communication

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1 Introduction

Influencer marketing is a relatively new discipline in marketing to interact and engage with stakeholders on social media. Marketers have recognized the growing importance of social media influencers. Actions with influencers are developed in a synergistic way with other advertising and public relations actions, both on and offline. In terms of

their approach, they follow Marston's strategic planning model, which consists of four phases: research, planning, execution, and evaluation. In this sense, its particularities include the decision-making based on data, as well as the empowerment of the user and the brands' agents, [1]. Despite the growing importance of this social media marketing tool, the literature to date has paid limited attention to the

effectiveness of influencer marketing in delivering strategic social media marketing communication outcomes, [2]. This study examines the use of digital content creators or influencers in small and medium-sized enterprises (SMEs) for their effective communication with consumers. These emerging opportunities require communication professionals who strive to continuously engage with target customers through various social media channels. On the other hand, the positive reaction of consumers to the offer is the basis of the company's success, ensuring its competitiveness. The aim of the study is to develop guidelines for the strategy of using influencers for small and medium-sized companies to ensure their competitiveness. To achieve the goal of the research, three tasks were set: 1) to analyze the theoretical basis of the use of influencers; 2) to describe the use of influencers and their contribution to communication with consumers; 3) to study consumers' assessment of the influencer activities. The monographic or descriptive method was used to analyze influencers and the theoretical aspects of their use, the secondary data analysis was used to characterize the situation, and a consumer survey was conducted to study the opinion of consumers about the activities of influencers and their contribution to effective communication with consumers.

The research period is from June 1, 2022, to January 1, 2023. Based on the theoretical knowledge that will be discussed in the theoretical chapters on the advantages of using influencers, the development of a strategy for their use, and the study of consumer attitudes toward influencers, recommendations will be developed for the selection of influencers and the development of a strategy with them, which will allow SMEs to more effectively use the communication budget to achieve business goals and increase competitiveness.

2 Theoretical Aspects

Influencer marketing is all about interacting and engaging with stakeholders on social media. Marketers have recognized the growing importance of social media influencers. Despite the growing importance of this social media marketing tool, the literature to date has paid limited attention to influence marketing and the effective delivery of social media marketing communication results, [2]. Influencers or digital content producers are perceived as reliable and unbiased source that acts in the interests of their followers. Therefore, their followers also often choose the mentioned products/services making them in demand. They also provide

consumers with relevant and useful information that can influence their opinion of brands. Also referred to in the literature as social media influencers, digital influencers are considered opinion leaders online and are characterized by their knowledge, specialization, and power of influence, [3]. As the activity of influencers developed, their power over the perception of the brand and the company grew significantly, so it can greatly affect both the company's operation and its reputation, [4]. Influencer marketing has a stronger impact on consumers than any other form of marketing communication. People follow influencers on their social media profiles and are interested in the content they create. Over time, the consumers' trust is gained and people will be interested and often inspired to look at and explore information posted by influencers, which often cannot even be recognized as paid advertisements by a company. This direct form of communication, in contrast to advertising prices, is relatively cheaper and allows for dialogue with the consumer, and mainly promotes engagement, [5]. Consumers trust those influencers whom they have been following for months or even years. In their turn, companies choose and pay, for example, for publications to online influencers - individuals, groups of persons, or even virtual avatars who have created networks of followers on social media, [6]. A large number of companies have noticed how effective influencer marketing is when compared to other forms of consumer engagement that are rapidly losing their value these days.

Influencer marketing can require a significant amount of resources, that are rather difficult to evaluate. Companies must consider the criteria by which the effectiveness of a certain marketing campaign will be evaluated. A proper strategy must be created, which will determine the corresponding budget and expected results. If influencer marketing has already been used before, the previously obtained data and effectiveness should be evaluated. Formation of the budget also depends on the chosen influencers, the number of their followers, as well as their popularity in society. The followers' engagement in the influencers' activities and publications should also be measured, for example, the number of comments. The influencers with a lower number of followers can even bring more benefits to the company. Often, the influencers with a larger number of followers post a lot of business ads, which followers may be used to. If the digital influencer posts ads very infrequently, then posting a new ad to the account can attract more attention from followers.

3 Benefits of Influencer Marketing for Business

Influencer marketing is one of the most effective ways for businesses to attract customers, especially today. The authors of the current paper looked at several benefits for brands of using influencer marketing, as summarized by Gordon Glenister:

1. Authenticity – a brand can create a real resonance through its audience, allowing them to convey its brand message;
2. Trust – the consumers are less responsive to advertising than they used to be.
3. It helps convey the brand story in a unique way and with the help of different people (influencers);
4. The influencers can be a great resource for the community.
5. It can generate a higher return on investment than other forms of advertising
6. It helps in improving the search engine optimization (SEO) of the brand.
7. Relevance – a company can tap into a vertical market that matches its brand.
8. New businesses – this is great for new businesses to tap into an already established target audience.
9. Industry opportunities - with so many interests, it is easier to find a narrower segment of the industry.
10. Immediate impact – unlike many large campaigns, including video and location filming, the influencers are often able to create content very quickly, which means that they can also respond faster and even can change the direction of the campaign if it is necessary.
11. "Evergreen" content - many influencers who successfully work with organizations will continue to actively create content for publications, meaning that the brand value lasts longer than the original campaign intended.
12. Ability to use different influencers with different audiences.
13. Profitable influencer marketing can be an ideal marketing tool for all types of organizations, especially smaller startups with limited marketing budgets.
14. Knowledge and perspective – it is possible to get instant access to influencers' unique perspectives and diverse skills.
15. Influencers can help create new products with their brand line, [7].

4 Creating an Influencer Marketing Strategy

When choosing to use influencer marketing, the first thing to do is to determine the goals. Brands using influencer marketing aim to reach ever new customers. This makes sense because the influencer campaign extends the reach to that person's followers. The goal is to reach new customers, not necessarily to make an immediate sale. Sales promotion is the third most common goal of influencer marketing campaigns after brand awareness and marketing mix. It is necessary to think about how the influencer marketing plan will fit into the social media marketing strategy, and then to create measurable goals that can be tracked, [8]. By setting a goal to reach new customers, the sales will also be increased at the same time.

Secondly, it is necessary to understand the object of influence. An effective influencer marketing strategy requires providing information according to the target market, using appropriate tools and influencers. So the targeting is important. Determining the target audience ensures that the content of the information will be received and understood. Once determined, an appropriate set of influencers is created. This helps to understand what qualities to look for in the influencers, [8].

Before delving into influencer marketing, it is important to understand the rules for using influencers to communicate with consumers. In Latvia, fines can be applied for not specifying advertising in the publications, especially if such a violation is repeated regularly. If the publication looks like an advertisement, but it is not sponsored, then it is recommended to indicate this as well, so that the responsible persons cannot in any way consider it a violation of the rules.

A reach is the number of people who can be reached through an influencer's follower base. A small audience can be effective, but it is necessary to make sure to have enough followers to fit the according business goals. It is also important to determine what proportion of followers have engaged with the content creators' publications. Resonance is the potential level of engagement an influencer can generate with a brand-relevant audience. The bigger is not always the better. As mentioned earlier, a large number of followers does not matter if the followers may not be interested in what the company has to offer. On the other hand, the influencers in certain industries can have very loyal and active followers, [8]. When creating a marketing strategy, a short list of influencers should also be drawn up. When thinking about who one

wants to work with, the main thing is trust. The audience must trust and respect the influencer's opinion with whom the company works.

Researching what the company's potential influencers are posting is of prime importance. How often do they post sponsored content? If there are relatively many paid publications, the level of follower engagement may not last long. Plenty of natural, unpaid content should be sought out to keep the followers interested, enthusiastic, and engaged. This should be kept in mind when also thinking about what the company will ask the influencer to post. Asking for too many posts in a short period of time will make it difficult for the influencer to accept the offer, even if it comes with a high salary. In-demand influencers get a lot of offers. When a business first approaches an influencer, it's important to show that they've taken the time to learn what they do. One should make sure to know exactly who the influencer channels are and what the audience is, [7]. It is worth looking into how much advertising is published, as too much-published engagement with brands can distract followers from engaging in the content. The influencers should be contacted privately. Communication with a new potential partner should be started slowly, organically interacting with messages. If necessary, write comments. One has to be patient. When ready to partner, a direct message is a great way to start. If one can find an email address, it should be used as well. But sending a mass email or general private message is not recommended. Writing a personal message for each influencer may take a little longer. But it will show that serious thought is being given to the potential partnership. This in turn will increase the chances of closing the deal. It is important to provide as much information as possible about the brand and what the company hopes to accomplish with its Instagram campaign. It should be clearly stated what benefit the influencer will get, without talking about payment. One of the main things to keep in mind during this process is that one should not use the word "influencer" when communicating with potential partners. The influencers prefer to be referred to directly as content creators, and "influencer" can be seen as an insult that belittles their work, [8].

The next step is collaboration with the chosen influencer in developing effective content. The social media influencer who has worked hard to build a following won't accept a deal that makes their brand seem inconsistent. After all, the influencers are content creation experts. Therefore, they prefer to be called content creators. The company will get the most value from their work by allowing them to

demonstrate these skills. Of course, it's a good idea to provide some guidelines on what to look for. But a company cannot expect to manage the entire campaign, [8]. Usually, companies make a lot of points that they want to see in advertising, but often the influencer approach works more effectively because he/she knows the interests of his/her followers better.

The final step in developing a marketing strategy is to measure results. When starting an influencer campaign, it can be tempting to focus on likes and comments. If the influencer has a lot more followers than the brand, one might be pleasantly surprised by the high number of likes. However, to measure the effectiveness of the campaign, one must understand its value in terms of the return on investment. There are many ways to measure the success of a campaign. UTM ("Urchin" Tracking Module) parameters are one way to track visitors that an influencer sends to a company's website. They can also help to gauge how much engagement the campaign is getting. By giving each influencer their unique links with tracking module codes, one can get a clear picture of the results. This allows the impact on profits to be calculated, [8].

Influencer marketing initiatives require companies to recruit and incentivize online influencers to engage their followers on social media to promote the company's offerings. Influencer originality, follower size, and sponsor visibility increase effectiveness, while news announcing new product launches decrease it. Several tensions arise when companies select influencers and manage content: influencer activity, follower brand congruence, and postpositivity create an inverted U-shaped moderating effect on influencer marketing effectiveness, suggesting that companies that take a balanced approach across these dimensions can achieve greater effectiveness, [9].

5 Influencer Marketing Campaign Process

Given that brands are increasingly investing in influencer marketing practices, there is a need to plan these campaigns in a structured way. Based on what the authors wrote, [10], the process of using digital influencers to promote the brand products or services consists of five steps:

1. Planning – setting the goals for the marketing campaign, defining the target market, drawing up a budget;

2. Identification – identification of the relevant influencer leaders. It is necessary to determine the criteria by which to identify them;

3. Alignment – to align Internet opinion leaders with the products to promote. Defining the content of the advertising message;

4. Motivation - to reward influencers according to their social role. Determination of the duration of the campaign;

5. Coordination – conducting negotiations, and supporting the online opinion leaders. Evaluation of the campaign and the influencer himself.

During the process of creating a campaign, it is necessary to evaluate and take into account all existing conditions - difficulties and challenges, success factors, etc.

Digital influencers know better the language and content that best resonates with their audience, so brands need to communicate campaign guidelines and goals without restricting influencers' creative freedom to create authentic and original content that is perceived as appealing, [11]. By limiting the influencers' freedom too much, the content may not be created according to followers' wishes and interests. Be sure to look at the content of the influencer's account and understand that the brand's product or service will also be promoted similarly. Also, a decision must be made whether this type of publication would be in line with the company's values and the goals of the influencer marketing campaign.

6 Research

When studying consumer attitudes and buying behavior, surveys of the population or users of the industry are used. In the framework of this study, to directly and indirectly find out the influence of the influencers on consumer decision-making when choosing a product/service, a traditional method was used - an organized survey with the help of a questionnaire, [12]. The survey was conducted to identify the factors of customer satisfaction and to rank them according to their importance. Preparing to use this method involves six steps.

1. Determining the degree of standardization and openness of the questionnaire. Questions were selected with one answer option according to the 5-point Likert scale and other answer options in the system.

2. Determination of the survey method. The authors chose the following option - the survey was created on the website "Google Forms" and was sent to the respondents via e-mails using the non-probable Snowball method, [13], using the personal

contacts of the authors, who, in their turn, shared this link below. The answers of 673 respondents were recognized as valid for conducting the research. The population of Latvia in 2022 was taken as the general population. At a 95% confidence level and 5% margin of error, the minimum size of the sample set was calculated – 385 respondents, [14].

3. Determining the acquisition of the necessary information. Previously conducted focus group pilot studies on consumer recommending factors and factors influencing the choice of purchase/service facilitated the formulation of questions so that the respondents have the necessary information to answer the questions raised, they have sufficient information, and are interested in providing the necessary and true information.

4. Formulation of the question. The recommendations of specialists were followed, which stipulate using simple words and sentences, avoiding ambiguous words and questions, avoiding leading questions, avoiding hidden alternatives, avoiding hidden assumptions, avoiding evaluations and summaries, and making sure of the specificity of the question, [15].

5. Order of questions. The authors of the paper followed special recommendations: simple the interest raising questions were asked at the beginning, followed by the general questions, and then the specific questions were asked; the relatively difficult questions were placed in the second half of the questionnaire; the questions regarding one topic were finished before moving on to the next topic; the socio-demographic questions were asked at the end of the questionnaire.

6. Determining the form of the answer. To be able to provide a quantitative assessment and perform a corresponding analysis in the case of one possible answer, the authors of the paper used a five-point Likert scale, where 1 is very low and 5 is very high.

7. Statistical methods of processing and analyzing consumer survey ratings. For the scored questions given, it is possible to perform an extensive statistical analysis using the SPSS computer program. For the multiple-choice questions, the percentage of responses out of the total number of response options was calculated, while for the open-ended questions, responses were summed.

Summarizing the results of the survey, it can be concluded that the majority of respondents are aged 18 to 24, which is 28%, 27% of respondents are aged 25 to 30, 18% are aged 31 to 40, and aged 41 to 50 are 16% of respondents. The smallest group of respondents are minor respondents under 17 years of

age, which make up 2%, and respondents over 51 years of age - 9%.

Looking at the habits of using social networks on a daily basis, it can be found that 82% are active on Facebook, 59% of respondents also use Instagram, 35% use TikTok, and 4% - Snapchat. Most 74% of respondents use more than one social network. Also, the majority, or 91% of all respondents, follow an SME company profile on social networks, while 43% follow an influencer's profile. 94% of respondents mostly get information about goods/services from Internet resources, including social networks. Regarding the question of whether a product/service was purchased during the last month based on information provided by an influencer on social networks, 37% answered affirmatively.

Table 1. Evaluation of the activity of influencers in Latvia

Evaluation of influencer performance and use in SMEs.	Mean	Standard error of Mean	Median	Mode	Standard deviation	Skewness	Range
Credibility rating for the content provided by the influencer	3.21	0.04	3.00	3.00	0.85	0.72	0.06
Evaluation of content quality of international influencers	4.15	0.05	5.00	5.00	1.07	1.14	0.06
Content quality assessment of Latvian Influencers	3.55	0.05	4.00	4.00	0.99	0.97	0.06
Evaluation of the digital content of enterprises (SMEs) using influencer marketing	3.05	0.05	3.00	3.00	1.04	1.09	0.08
The company's ability to use influencers in product/service presentation	3.94	0.05	4.00	5.00	1.09	1.19	0.06

Analyzing the results obtained in the survey, it can be seen that the credibility of the content published by influencers was evaluated by the respondents with an average of 3.45 points out of 5 ($\bar{X} = 3.21$; Me = 3.00; Mo = 3.00). This is an average indicator that indicates the need to build more credibility. Comparing the ratings of international

and Latvian influencers, they are very similar ($\bar{X} = 4.15$; 3.55; Me = 5.00; 5.00; Mo = 4.00; 4.00). Of course, the activity of Latvian influencers is rated a little lower (see table 1).

The respondents were also asked to evaluate the overall quality of the Latvian SME influencer usage in marketing, which also includes the selection of an appropriate influencer and the relevance of the content to the company's image and communication style. As can be seen, the result is average ($\bar{X} = 3.94$; Me = 4.00; Mo = 5.00) (see table 1).

In the open-ended question, they were asked about the main problems in communication between companies and consumers. The main answer was that the companies choose inappropriate influencers, the content and style of communication do not match the company's communication style and the corporate image, as well a lack of familiarity with the influencers' product/service is sometimes observed.

7 Conclusions

1. influencer marketing is a modern communication tool with a target audience that is relatively cheaper than traditional communication tools. The influencers, or the digital influencers, can act as promoters of goods/services in the market, as a symbol of the company's corporate identity, and also have many other positive benefits. It is the lower cost of influencer marketing that creates its advantages over other communication principles, but this does not eliminate the need to calculate its profitability.

2. 94% of respondents obtain information about goods/services from Internet resources, including social networks. When asked whether a product/service was purchased in the last month based on information provided by the influencer on social networks, 37% of respondents answered affirmatively, which indicates the possibilities and importance of influencer marketing.

3. The use of influencers in SME communication with consumers should be created in synergy with other types of marketing communication, which will increase the effectiveness of all marketing communication.

4. The study shows that the content provided by the influencers is trusted and estimated at 3.21 points out of 5, while the company's quality in using influencers is rated 3.94 points out of 5. These evaluations can be considered false positives, which indicate the possibility for companies to adopt influencer marketing in Latvia.

5. Summarizing all the information, it can be concluded that influencer marketing can be a

significant and effective tool for SME communication with consumers and product/service promotion, as well as a tool for ensuring their competitiveness.

6. The companies, especially the SMEs, to achieve the desired results and avoid mistakes, have to follow the influencer marketing strategy developed by scientists, As well as accurately define the influencer marketing campaign process, including the campaign planning, the influencer selection, and motivation, as well as harmonizing and coordinating the entire process.

7. In order to gain a deeper understanding of the effective selection and use of a specific influencer in SME communication with the target audience, it is essential to continue research in this direction.

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