Research Article

The Effect of Influencer Marketing on Consumer Engagement and Brand Loyalty

Sean Calvin Shin Ching Yong[1]*, Xing Gao[2], Wen Sern Poh[3]

[1]Marketing Department, Perdana University, 50490 Kuala Lumpur, Malaysia
[2]College of Fine Art and Design, Shenyang Normal University, 110034 Shenyang, China
[3]Graduate Student Services, Intown Design and Marketing Solutions Sdn. Bhd., 56000 Cheras, Kuala Lumpur, Malaysia

ABSTRACT

Companies spend their social media advertising on several platforms, including Facebook, Instagram, TikTok, and Xiaohongshu. The proliferation of technology and the increasing accessibility for individuals to establish careers on social media platforms have led to the emergence of influencer marketing as a strategy that can foster consumer engagement within these platforms and perhaps impact brand loyalty. This study examines the effect of influencers marketing approach in the Malaysian context, taking into consideration the growing prominence of this phenomenon. This study utilized descriptive analysis to offer generalizable recommendations for companies regarding the effect of adopting the influencer marketing approach as a strategic method. The findings of this study provide valuable insights for companies seeking to develop their marketing strategies and promote consumer engagement to expand their market position.

Keywords: *Brand Loyalty, Consumer Engagement, Influencer Marketing, Marketing, Social Media*

Introduction

Throughout history, the utilization of technological developments has been a steadfast and unwavering pursuit, with the overarching objective of augmenting the overall standard of living. The internet, an innovation that has become deeply ingrained in our society, has given rise to the phenomenon of social media. The emergence of social media may be traced back to the technological underpinnings of Web 2.0, a pivotal phase characterized by the advent of platforms facilitating user-generated content production and exchange, as opposed to just relying on content disseminated through official channels (Kaplan & Mazurek, 2018). Social media platforms such as Facebook, Instagram, TikTok, and Xiaohongshu have not only improved the availability of entertainment and information in our daily lives but have also opened up new career opportunities for individuals.

In contemporary society, individuals who have a natural talent for creativity and access to the internet have the chance to become famous online (Li, 2017). This depends on their ability to attract a large number of viewers or fans. In this regard, individuals commonly referred to as "online influencers" possess the capacity to shape consumers' perceptions regarding particular products or services.

Consequently, an increasing number of brands have begun to collaborate with diverse online influencers as a component of their product marketing approach. The practice commonly referred to as "influencer marketing", has been widely implemented across multiple industries. It involves leveraging individuals with significant online followings to promote products, services, or events to their audience or fans through "endorsements" or recommendations on social media platforms.

This phenomenon has been particularly evident in China, where the Chinese media – Sina Weibo introduced the "Superstars Award", thereby heightening public awareness of this emerging category of media personalities (Dippner, 2018). The prevalence of internet celebrities utilizing their fame and celebrity status as a means of generating income has experienced a substantial rise.

The increasing attraction of financial incentives has promoted a growing number of individuals seeking fame to engage in the phenomena of internet celebrity (Shen et al., 2016), and the number has exceeded one million in total. Influencer marketing has emerged as a noteworthy phenomenon that is being embraced throughout various communities. The efficacy of influencer marketing in facilitating the operations of companies is beyond dispute, and it is becoming prevalent as a marketing strategy, particularly given the rapid expansion of social media. Moreover, some scholars advocate for further examination of consumer engagement on various online social media platforms (Kang et al., 2020 & Kemp et al., 2021) from the standpoint of co-creation value. Thus, it is essential to enhance comprehension regarding the potency of influencer marketing across various social media platforms through diverse influencers.

According to a study conducted in 2018 by the Association of National Advertisers (ANA), a significant proportion of consumers (75%) were exposed to influencer marketing. However, the study revealed that a comparatively lower percentage of consumers (36%) were consciously persuaded of the effectiveness of influencer marketing. Taylor (2020) has observed a significant increase in the prominence and interest surrounding influencer marketing during the year 2020. Companies and influencers themselves need to possess the capacity to proficiently appreciate and evaluate the present market trends and inclinations within the domain of influencer marketing. Failure to do so may lead to unfavorable consequences. Moreover, companies that have not integrated influencer marketing into their marketing strategies are at a disadvantage compared to their competitors due to their limited understanding or awareness of the positive impact influencer marketing can have on their consumer base.

Objectives

The primary objective of this study is to investigate the effect of influencer marketing on brand loyalty within the context of Malaysia. In an alternative direction, this study also examines the utilization of influencers as a marketing approach for companies and how it affects customer engagement levels. Specifically, the following are the Research Questions of the study:

1. Is there a significant effect of the influencer marketing approach on brand loyalty?
2. Is there a significant effect of the influencer marketing approach on consumer engagement?

Literature Review
Influencer Marketing

According to Pride & Ferrel (2021), the primary emphasis of marketing lies in the cultivation and administration of products, with a continuous consideration of client requirements and the means to effectively fulfill them throughout the stages of creation and management. Marketing, in academic terms, encompasses the strategic development and presen-

tation of a product or service to satisfy and attract consumers. This process revolves around four fundamental variables: product, price, place, and promotion, which were initially conceptualized and formally introduced by E. Jerome McCarthy in 1960.

The development of the internet and social media has given rise to a novel marketing approach known as influencer marketing. This style of marketing capitalizes on the prominence and visibility that individuals can achieve through online and social media platforms. The concept of influencer marketing revolves around the strategic utilization of prominent individuals to effectively communicate a brand's message to a wider target audience (Byrne et al., 2017). According to Grafstrom et al. (2018), an influencer is seen as an opinion leader who promotes products or services by using their influential status and strong personal brand. Additionally, the reputation and promotion built by these influencers are factors that significantly affect consumer engagement and purchasing behavior (Yong et al., 2023) on online platforms. In contemporary marketing practices, influencer marketing garnered significant recognition due to its efficacy. This approach capitalizes on individuals who possess influencer status, as they are perceived as trustworthy and credible sources. In contrast, direct marketing through paid advertisements by the companies may not elicit the same level of trust and credibility (Abidin, 2018). Previous research has indicated that consumers tend to assign greater importance to evaluations made by fellow individuals in comparison to those made by advertisers. This preference stems from the perception that advertisers may possess biased viewpoints toward the products and services they promote, consequently diminishing the perceived credibility of their word-of-mouth communications.

Consumer Engagement

Consumer engagement encompasses various ideas, with a specific focus on the behavioral and psychological predisposition of consumers and their interactions with brands (Tafesse, 2016). According to Bianchi and Andrews (2018), it has been argued that consumer engagement in a retail context will have a behavioral aspect, which pertains to how customers shape their interactions with a particular brand of a product or service. As previously established, internet celebrities who function as influencers in the digital realm mostly utilize social media platforms.

Consequently, the evaluation and monitoring of consumer engagement in this context revolve around the level of interaction with a business post on the aforementioned social media platform (Oh et al., 2017) is critical. One way to assess consumer engagement is by examining the quantity of reactions generated by an advertisement, as well as the probability of a consumer clicking on the ad. This method serves as a means of observing consumer engagement, but it is important to consider that various social media platforms possess distinct characteristics (Coursaris et al., 2016).

The level of consumer involvement varies between influencer marketing posts and sponsored ads by companies. According to Kaplan and Haenlein (2010), consumer engagement levels become significantly higher when exposed to persuasive messages promoted through social media platforms. Our study primarily examines consumer engagement as perceived by the consumer. Consumer engagement can be assessed and quantified by examining the extent to which consumers willingly interact with content produced by a brand or business (Javornik & Mandelli, 2012). This encompasses a range of concepts, with a special focus given to the behavioral and psychological predisposition of consumers (Tafesse, 2016) and their engagement with a brand.

H1: There is a significant positive effect of the influencer marketing approach on consumer engagement.

Brand Loyalty

When discussing the act of consumers acquiring products or services from a particular brand, it is important to note that consumers are not solely motivated by the practical value of the product or service itself. In addition to the functional benefits, consumers also derive symbolic value from the brand. This symbolic value contributes to the formation of consumer identity and serves as a means for consumers

to express their personal goals and aspirations (Van der Westhuizen, 2018). The relationships between consumers and brands are subject to continuous evolution (Alvarez and Fournier, 2016). These relationships have become increasingly intricate, particularly due to advancements in information technology. This has provided consumers with a wider range of avenues to express their brand loyalty, while also enabling brands to offer their target consumers novel channels for expressing their loyalty to the brand.

The loyalty exhibited by consumers who follow influencers can be assessed by observing their inclination to make repeat purchases of products and services endorsed by these influencers. Graftrom et al, (2018) asserted that this loyalty is evident in their preference for the endorsed brand over others, even when the alternative brands offer superior quality options.

H2. There is a significant positive effect of the influencer marketing approach on brand loyalty.

Methods
Research Design
This study employed descriptive research methodology to investigate the effect of influencer marketing on consumer engagement and brand loyalty. This approach is considered non-experimental, as it focuses on analyzing the effects of the variables of this study. The primary objective of this study was to examine the effect of influence marketing on consumer engagement and brand loyalty within the specific context of Malaysia.

Participants and Sampling
The researchers employed the purposive sampling approach in this study. Purposive sampling is a sampling technique classified within the realm of non-probability sampling. The process involves the deliberate selection of individuals or respondents according to specified criteria or objectives. Researchers used this approach because they aim to include individuals who possess particular features or experiences that are relevant to the study. Despite its non-random nature and consequent lack of representativeness, purposive sampling offers distinct advantages in situations where the study requires a targeted sample of individuals who exhibit specific attributes or experiences. The population of this study will serve as a representative sample, reflecting the characteristics of the sample size. This study sample consisted of 120 respondents residing in the Klang Valley region of Malaysia. The establishment of a geographic standard of population is intended to mitigate potential challenges in data collection arising from geographical factors. Additionally, the researchers established the age range of the demographic to encompass those between the ages of 18 and 50. The imposition of an age restriction on the sample population is predicated upon the study's focus on online influencer marketing and its relationship with brand loyalty.

Procedures
The selection of the questionnaire approach as the data collection method was based on its suitability for our study. The structure of our questionnaire relies upon the fundamental principles governing the development of surveys. The questionnaire was divided into two sections, each section collecting its own set of data and labeled as Section A and Section B. The primary objective of Section A in our questionnaire is to collect demographic information from the respondents. Section B was about the variables of our study. In this section, we employed a 5-point Likert scale to elicit responses: 5 – Strongly Agree, 4 – Agree, 3 – Moderately Agree, 2 – Disagree, 1 – Strongly Disagree. The utilization of the Likert scale is a prevalent method for eliciting responses as it offers a relatively high level of precision in assessing the attitudes of individuals by gauging their level of agreement or disagreement (Awang et al., 2016) with a given statement.

Data Analysis
The data collected from the questionnaire were compiled, organized, and analyzed to facilitate the process of analysis and interpretation. Given the quantitative nature of our study, statistical analysis must be conducted on the raw data. The statistical analysis for this study was conducted using the IBM-SPSS version 28.

The selection of IBM-SPSS was based on its appropriateness for our study focus, as it provides researchers with valuable insights into the relationships and significance of variables.

Result And Discussion

The mean score of the survey, displayed in Table 1, represents the average value used to assess the level of agreement or disagreement.

Table 1. Scoring Range of Likert Scale of the Survey

Weight	Mean Score	Likert Scale Interpretation
5	4.21 – 5.00	Strongly Agree
4	3.41 – 4.20	Agree
3	2.61 – 3.40	Moderate
2	1.81 – 2.60	Disagree
1	1.00 – 1.80	Strongly Disagree

The sequential arrangement of the descriptive analysis and interpretation corresponded to the research objectives of this study. Table 2 illustrates the demographic profile of the respondents, based on their age, awareness of influencer marketing, and the social media platforms they most commonly use.

Table 2. Frequency Distribution and Descriptive Measures

Demographic Profile	Frequency	Percent
Age (Years)		
18 – 25	44	36.6
26 – 32	34	28.3
33 – 40	24	20.0
41 – 45	11	9.1
46 – 50	7	6.0
Awareness of Influencer Marketing		
Yes	103	85.8
No	17	14.2
Most Frequently-used Social Media		
Facebook	44	36.7
Instagram	37	30.8
Tiktok	26	21.7
Xiaohongshu	13	10.8

Based on the above statistical results, it was observed that among the 120 respondents surveyed, a significant majority of 103 respondents, including around 85.8% of the sample indicated their awareness of the influencers they follow who engage in marketing activities for various brands and businesses. A substantial portion of our survey participants demonstrated familiarity with the implementation of influencer marketing. These findings suggested that among our selected population, the utilization of influencer marketing by brands and businesses is widely recognized by consumers. Upon analyzing the statistics given by ANA (2018), it was observed that the obtained findings surpassed the percentile of awareness of influencer marketing. Undoubtedly, the proliferation of social media platforms has contributed to a heightened awareness and understanding of influencer marketing within the context of Malaysia.

Table 3. Regression Analysis

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	3.734	.632		5.906	.000
Consumer Engagement	-.363	.182	-.287	-1.995	.049
Brand Loyalty	.398	.133	.311	2.984	.004

    a.   Dependent Variable: Influencer Marketing

The coefficients of the testing of influencer marketing are presented in Table 3 above. These coefficients represent the impact of influencer marketing on the variables that are influenced by it. They provide insight into the extent to which each equation applies to each respective variable. The significance value (sig.) is employed to elucidate the significance of our proposed variables concerning the dependent variable.

Upon examining the coefficients presented in Table 3, it becomes evident that variables possessing a significance value below 0.05 are deemed meaningful and statistically significant. In this study, we analyzed two variables that have been identified as potentially influenced by influencer marketing. These variables include consumer engagement and brand loyalty.

Consumer Engagement

Based on the data presented in Table 3, it can be inferred that influencer marketing has a positive effect on consumer engagement, as evidenced by the T-value of -1.995 and the significance level (sig.) of 0.049. As a result, the acceptance of hypothesis H1 is established, indicating that influencer marketing has a favorable impact on consumer engagement. This finding confirms our hypothesis, which posits that influencer marketing is capable of eliciting greater consumer engagement has been supported. Based on the findings of our literature review, it has been observed that consumers display varying levels of engagement when exposed to different marketing approaches. This statement aligns with the conclusions drawn by Kaplan and Haenlein (2010) and Syed et. al. (2024), who contend that social media exerts a substantial influence on consumer engagement. Notably, consumers tend to perceive social media influencers and their posts as less apparent forms of advertising, which in turn fosters a positive inclination (Chen et al., 2021) toward engaging with their content.

Brand Loyalty

From the data presented in Table 3 above, it can be revealed that a positive effect accounts for influencer marketing on consumer brand loyalty. This finding is substantiated by the T-value of 2.984 and the significance level (sig.) of 0.004. Consequently, the researchers accept hypothesis H2 as it provides supporting evidence in favor of the proposition that influencer marketing has a positive effect on brand loyalty. Within the field of marketing, influencer marketing is the strategic utilization of individuals who possess a significant online presence and influence. These individuals, commonly referred to as influencers, harness their personal identity, reputation, and connection with consumers to exert a persuasive impact on the various elements that lead to brand loyalty. Several elements that can influence consumer behavior towards a brand include brand trust, satisfaction, and the attitudes displayed toward the brand. The importance of relatability of these influencers to the end consumer plays a significant role (Grafstrom et al., 2018) in this process.

Conclusion

Major findings of the study provide additional evidence that effective implementation of influencer marketing can enhance consumer engagement and foster brand loyalty. Based on the evidence gathered, it is apparent that a significant relationship exists between influencer marketing and both consumer engagement and brand loyalty. Consequently, our study indicates that marketers can gain valuable insights from the utilization of influencer marketing strategies. This technique not only improves engagement but also leads to an expansion of market presence. This facilitates marketers

from various brands and companies to enhance their marketing approach. Moreover, there is a rising need for brands and companies who have not yet embraced influencer marketing to consider its adoption, since it has notable benefits in terms of enhancing customer engagement and fostering brand loyalty.

Our study is limited by its narrow geographical focus. Given the possible diversity in consumer behavior across different geographical locations and cultural contexts, it is imperative to recognize that the results of our study may not offer a thorough depiction of consumer behavior in its entirety. Nevertheless, according to the analysis and findings, it has been concluded that influencer marketing has a positive impact on consumer engagement and brand loyalty. While acknowledging areas for potential improvement for future research, we maintain a strong conviction that our findings and results hold significant value for marketers and contribute to the existing body of knowledge on influencer marketing, as well as on consumer engagement and brand loyalty. It is vital to recognize that the utilization of consumer engagement can serve as a strategic approach to foster consumer satisfaction and trust, ultimately leading to the development of brand loyalty towards specific companies.

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