

Factors of Micro Influencers Affecting Purchase Decision of Millennial Consumers via Electronic Word-of-Mouth (e-WOM)

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Abstract

This research aims to study factors of micro influencers that affect purchase decision of Millennial consumers via electronic word-of-mouth (e-WOM). The research objectives were: 1) to investigate the factors of micro influencers that affect purchase decision, namely: expertise, attractiveness, and trustworthiness; 2) to study the impact of e-WOM to purchase decision; and 3) to study the impact of e-WOM in terms of mediator that connects between micro influencers and purchase decision. The sample group was 400 people residing in Thailand and aged between 18-34 years old. The sample size was calculated by Cochran formula. The data were analyzed by SPSS computer program application. The statistics for data analysis were multiple regression analysis with tolerance level less than 0.05 at 95% confidence level and correlation analysis of interstitial variable by Andrew F. Hayes process with two additional paths in analysis. It was found that all factors affected purchase decision of Millennial consumers.

Keywords: Micro Influencers, Millennial Consumers, Electronic Word-of-Mouth (e-WOM), Purchase Decision

Introduction

The COVID-19 pandemic situation has changed consumers' way of life during the in past few years. Lockdown and Work From Home (WFH) policies have been forcing consumers to use electronic equipment for studying and working at their own homes. This caused marketing value of electronic products to increase 2-4 percent. Recent consumers also embrace modern technology and tend to frequently purchase electronic products to fulfill their requirements (Chakkrit Kiratichokechaikul, 2021). This situation has caused most electronic brands to expand their marketing channels via online media as a result in high competition in the market. Consumers always compare and evaluate products to support their purchase decision (Prachachat Business, 2021)

Recent behaviors of consumers living in the Internet era are researching information of products and services before making decision. Its content and presentation come in various forms including articles and videos that have been broadcasting on medias. This information has impacts on consumers' purchase decision and becomes major part in marketing

communication that can entrust consumers. Though brands can directly inform consumers about their products and services, consumers are tending to rely on review from other consumers instead. Because of these behaviors, there are new marketing strategies that depend on influencers. The consumers will research about products and services from influencers or bloggers that are expertise in related topics. There are 4 kinds of influencer marketing based on the number of followers: Mega-Influencer has more than 500,000-1,000,000 followers, Macro-Influencer has 50,000-500,000 followers, Micro-Influencer has 5,000-50,000 followers, and Nano-Influencer has 1,000-5,000 followers (Nittha Harunkasem, 2019). This research focused on micro influencers because of their outstanding and unique characteristics that are crucial for marketing tools (Krungsri PlearnPlearn, 2021). These micro influencers must have expertise in products that they are representing and must encourage and entrust customers to purchase products or services (Kulyada Chaempanyakul, 2021). Electronic Word-of-Mouth (e-WOM) is becoming popular because the customers believe that they could rely on information provided directly from genuine users. Capacity of trust is depending on the reliability of presenter that can lead to decision to purchase products and services (Cheung, Lee, and Rabjohn, 2008). Modern marketing communication and modern customers living in online communication era are relying more on influencers; therefore, businesses should study on how to choose proper micro influencers to suit the customers' requirements and to conduct e-WOM effectively.

Objective

- 1.To investigate the factors of micro influencers that affect purchase decision, namely: Expertise, Attractiveness, and Trustworthiness.
- 2.To study the impact of e-WOM and purchase decision of consumers in electronic products.
- 3.To study the impact of e-WOM in terms of mediator that connects between micro influencers and purchase decision.

Literature Review

Micro Influencers

Influencers on social media are people who earn their trust from social media by conducting contents that become viral on many platforms. Most of followers are teenagers and people in their working ages, who are convinced by sincere presentations from influencers that they can relate. Type of influencers can be divided by many methods, normally by the number of followers as per following: Celebrity, Key Opinion Leaders (KOL), Micro Influencer, Nano Influencer, for example (Nittha Harunkasem, 2020). KOL is similar to micro influencer in terms of expertise. Their presentation has a specific content that can educate viewers. If a brand can acquire KOL that suits its products, a brand can reach its target group preciously (Incwaran, 2020). Micro influencers are people that have 100 -10,000 followers (Boerman, 2020; p.201) and influence on a specific field, beauty blogger for example. Micro influencers tend to earn more trust from customers than macro influencers since the customers perceive more sincere responses from micro influencers (Tashakova, 2016; Tolij, 2018). Micro influencers are ordinary people that review products and services based on their actual use and motivate other people. Most of their followers are friends and acquaintances, so they can honestly review the products and services (Siriwan Sereerat, 1995). Since micro influencers have less followers, a brand can spend small budget on them. And even they can reach a small number of people

compared to the macro influencers, they can create more reliable content and commit more engagement from their followers. If the micro influencers have expertise, attractiveness, and trustworthiness, then consumers will perceive their sincere suggestion. The micro influencers could gain more followers and help promoting products and services for many businesses.

Expertise

Expertise is the way the presenter communicates with verified data such as knowledge, experience, and skill related to the products or advertisement. The representator might not be an expert, but consumers must acknowledge the information that was presented. Data from the expert will create better perception of product quality than data from ordinary people (Hovland, et al. 1953 & Ohanian, 1991). Product information from famous people or influencers can convince more purchase decision from consumers (Aaker & Myers, 1987). Expertise is a key component of successful influencer marketing. Influencers should have decent communication skill compared to other speakers or communicators (Daneshvary & Schwer, 2000). This is consistent with Ohanian (1991) stated that expertise of influencers can entrust consumers. It can be a major factor in purchase decision and valuable attitude toward image of a brand.

Attractiveness

Attractiveness of individual means physical characteristics that desired by social (Dion, Berscheid & Walster, 1972). Attractiveness of famous people is the way customers support products via marketing channels because they feel familiar with those famous people. Normally, a brand will choose good looking presenter (Homer & Kahle, 1985) that can effectively persuade consumers to make purchase decision more than ordinary looking people (Nugraha, 2017). Study of Thipayarat Handee and Praphimphan Limsuwan (2021) showed that attractiveness of influencer impacts purchase decision and interest of customers. Correlation to study of Kulyada Chaempanyakul (2021) showed that the sample group gave priority to attractiveness of influencers but as the least impacting factor.

Trustworthiness

Trustworthiness is a positive behavior that relies on individual or organization act or speech that customers can trust and perceive sincerity (Robbins, 2005). Trustworthiness is a core component of decent relationship that makes customers perceive and recognize positive image of a brand (McKnight, et al., 2002). Study of trust worthiness evaluation contains two 2 aspects as follows:

1. Belief in trustworthiness is what individual expresses one's belief to a person, subject, or situation. It consists of effectiveness, loyalty, and goodwill.

2. Trustworthiness will lead to customers' behavior. The customers who have gained trustworthiness in people or situation would be ready to follow any provided instruction. Rebelo' study (2017) showed that in order to honestly introduce products and services is to be sincere with customers. This can earn the customers' trust and belief. Trustworthiness is also a key factor in influencer marketing.

Purchase Decision

Purchase decision is a process that customers will evaluate products and services in detail, depending on their satisfaction in products and services. The customers will visualize their utilization and satisfaction after purchasing products and services. Using rational decision to obtain the most suitable products and services (Hawkins and Mothersbaugh, 2010).

Kotler (2000) stated about there are five steps of purchase decision as psychological fundamentals as follows:

1. Problem recognition is happening from both internal and external needs via any stimulation. Human needs are usually based on four primary factors.

2. Information search is when consumers recognize their needs and search for the information that can suit them.

3. Evaluation of alternatives is a process that a consumer evaluates choices based on their norms. Their norms can be marketing mix, product quality, etc.

4. Purchase decision is when customers satisfy with a brand and commit the most desired products or services leading to their intention of purchase.

5. Post purchase behavior happens after purchase when customers reach the final step and recognize their level of satisfaction.

A study of Kulyada Chaempanyakul (2021) showed that trustworthiness factor of influencers had positive correlation to e-WOM factor and e-WOM factor had positive correlation to purchase decision factor. Though it may be less effective due to current customers realize that micro influencers are hired from a brand.

Electronic Word-of-Mouth (e-WOM)

E-WOM is the connection in the communication system that consumers are both senders and receivers of exchanging information about products and services. These consumers may or may not know each other (Thomas W. Gruen, Talai Osmonbekov and Andrew J. Czaplewski, 2006). While consumers are utilizing e-WOM, reliability of information is based on sender's trustworthiness that will affect purchase decision of products and services via Internet. E-WOM had evolved from legacy Word-of-Mouth (WOM) since current society has been completely turning to e-commerce world. Most of the consumers can reach the Internet. There is a lot of information broadcast on the Internet making it a convenient and swift channel of communication (Pruden & Vavra, 2004). Many businesses make use of e-WOM potential to commit viral marketing (Arnaud De Bruyn, Gary L. Lilien, 2008). Kulyada Chaempanyakul and Pornphan Prajaknet (2021) conducted a study on "Purchase Decision via Internet e-WOM and Perception of Influencer Trustworthiness" which showed that influencer trustworthiness had positive correlation to Internet e-WOM. The factor that most affected influencer marketing was caring factor since customers can perceive an intention from the influencer while communicating with the consumers, followed by qualification factor and trustworthiness factor respectively. That is e-WOM had a positive correlation to purchase decision.

Hypothesis

H1a: Trustworthiness affects e-WOM of electronic products of Millennials consumers.

H1b: Attractiveness affects e-WOM of electronic products of Millennials consumers.

H1c: Expertise affects e-WOM of electronic products of Millennials consumers.

H2: e-WOM affects purchase decision of electronic products of Millennials consumers.

H3: e-WOM is mediator of correlation between property of micro influencers and purchase decision of electronic products of Millennials consumers.

Conceptual Framework

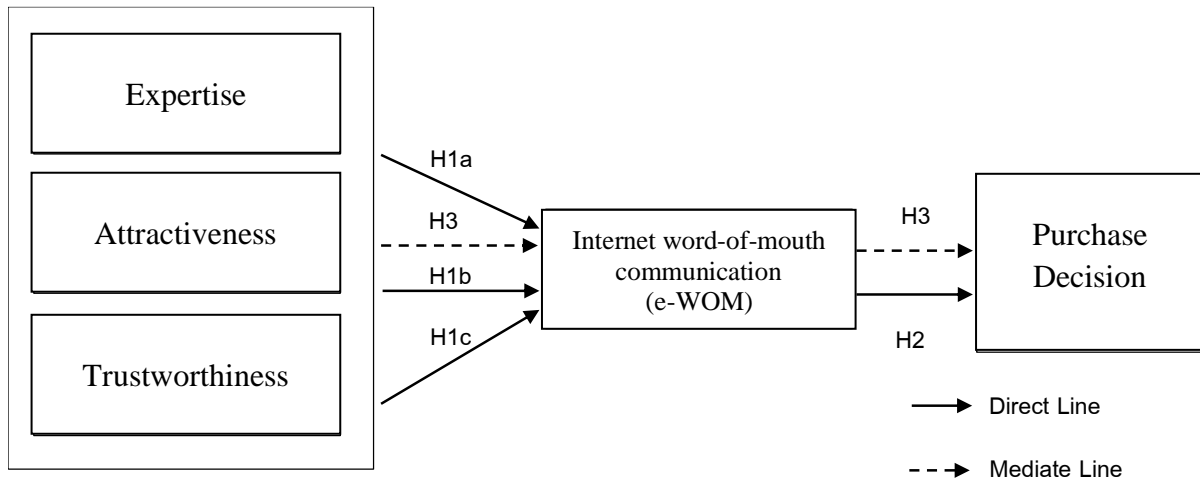


Figure 1: Conceptual Framework

Research Methodology

This research is a quantitative study on Mono Method quantitative collecting data in numbers and statistics, using deduction method under Positivism research paradigm. The researchers used a survey strategy using a questionnaire with close ended questions as a research instrument to collect required information from the sample group within limited time. The collected data were analyzed by SPSS computer application that can effectively evaluate the hypothesis.

Population and sample group

Population is Millennials consumers residing in Thailand, aged 18-34 years old who know and follow Micro Influencers. The sample group was calculated by Cochran formular since the exact population size is unknown. The sample group consisted of 385 people with tolerance level less than 0.05 at 95% confidence level. The researchers had spared 15 sets of the questionnaires, so the total number would be 400 samples to prevent data discrepancy in analyzing the data. The sample group was selected by non-Probability sampling method by Purposive sampling to reduce any bias that may occur. Properties of sample group had been determined before collecting the data to achieve the research's goal.

Research instrument

Questionnaire was conducted according to objectives and conceptual framework by referring to related literature reviews. This research had been tested with 40 people (10 percent of sample group) to evaluate. Using SPSS application which can effectively analyze statistical data for analysis tool.

Data analysis and hypothesis interpretation

Researchers had conducted online questionnaire via Google Form on Facebook and Instagram for 400 people. Data had been analyzed by SPSS. Data consisted of 5 level of Rating Scale, Interval Scale of Likert method, Mean, and Standard Deviation (S.D.). Data had been analyzed by Multiple Regression Analysis to evaluate the correlation between independent variables and dependent variables that affecting structural equation model to test Mediation.

Research Findings

General information of the sample group

This sample group consisted with 64.8 percent female, following by 25.5 percent male and 9.8 percent LGBTQ+, aged between 18-22 years. Their monthly income was less than 10,000 THB. Their education background was Bachelor' degree or equivalence, being occupation was students, and purchasing electronic products 2-3 times per year.

Table 1: Illustrating the characteristics and level of factors of Micro Influencers that affect purchase decision of electronic products via e-WOM of Millennials consumers

Variable	\bar{X}	S.D.	Level of consent
Independent variable			
Expertise	4.043	0.780	High
Attractiveness	4.035	0.857	High
Trustworthiness	4.030	0.821	High
Mediator			
e-WOM	3.975	0.831	High
Dependent variable			
Purchase Decision	3.982	0.837	High

Table 1 shows the mean and S.D. of factors of Micro Influencers that affect purchase decision of electronic products via e-WOM of Millennials consumers. In terms of independent variable, the most important factor was expertise that had mean score at 4.403 and at a high level of consent, followed by attractiveness that had the mean at 4.035 and trustworthiness at 4.030.

Conclusion of Hypothesis

Hypothesis was analyzed using Multiple Regression Analysis. It showed that all three aspects of Micro Influencers affected e-WOM (H1-H3). The e-WOM affected purchase decision of electronic product at statistical significance level 0.005 as per following:

Table 2: Conclusion of Hypothesis

Hypothesis	β	p-value	Conclusion
H1a: Trustworthiness affects e-WOM of electronic products of Millennials consumers.	0.259	0.000	Agreed
H1b: Attractiveness affects e-WOM of electronic products of Millennials consumers.	0.244	0.000	Agreed
H1c: Expertise affects e-WOM of electronic products of Millennials consumers.	0.298	0.000	Agreed
H2: E-WOM affects purchase decision of electronic products of Millennials consumers.	0.743	0.000	Agreed
H3: E-WOM is mediator of correlation between property of micro influencers and purchase decision of electronic products of Millennials consumers.	0.631	0.000	Agreed

*** At statistical significance level 0.005

Table 2 shows that H1c: Expertise affects e-WOM of electronic products of Millennials consumers had the most value, expertise factor of Micro Influencers had potential to e-WOM of electronic products of Millennials consumers with a regression coefficient of 0.298. Following by H1a: Trustworthiness affects e-WOM of electronic products of Millennials consumers, trustworthiness factor of Micro Influencers had potential to e-WOM of electronic products of Millennials consumers with a regression coefficient of 0.259 and H1b: Attractiveness affects e-WOM of electronic products of Millennials consumers had the least value, attractiveness factor had potential to e-WOM of electronic products of Millennials consumers with a regression coefficient of 0.244. In e-WOM aspects, H2 showed that e-WOM affected purchase decision of electronic products of Millennials consumers with a high level of regression coefficient of 0.743. H3 showed that e-WOM was mediator of correlation between property of micro influencers and purchase decision of electronic products of Millennials consumers with a regression coefficient of 0.631.

Table 3: Analysis of Mediation, Indirect and Direct

Hypothesis	Direct β Without mediation	Direct β With mediation	Indirection	t-value	Mediation type of observed
H3: MI \rightarrow e-WOM \rightarrow PD	0.674	0.196	0.435	15.806	Partial

An analysis of mediation that processed by Andrew F. Hayesshowed e-WOM as mediation between properties of Micro Influencers and purchase decision of electronic products showed two directions, namely: 1) direct correlation between properties of Micro Influencers and purchase decision of electronic products, and 2) direct correlation between e-WOM and purchase decision of electronic products.

Conclusion and Discussion

Properties of Micro Influencers

Expertise

Expertise of Micro Influencers is the most important factor affecting purchase decision via e-WOM of Millennials consumers. Expertise consists of the way the presenter communicate with verified data such as knowledge, experience, and skill that related to the products or advertisement. The presenter might not be an expert, but consumers must acknowledge the information that was presented. Micro Influencers with expertise factor will conduct quality communication that the consumers may rely on and become a major factor of purchase decision of the consumers. This is consistent with a study of Ohanian (1991) which states that expertise of influencers is a major factor that will entrust customers and create better image of a brand.

Trustworthiness

Trustworthiness of Micro Influencers is the second factor that affected purchase decision via e-WOM of Millennials consumers. Trustworthiness consists of a positive behavior relies on individual or organization act or speech that customers can trust and perceive sincerity (Robbins, 2005). It is another major factor affecting purchase decision of the consumers.

Attractiveness

Attractiveness of Micro Influencers is the least factor affecting purchase decision via e-WOM of Millennials consumers. Attractiveness of famous people is the way customers support products via marketing channels because they feel familiar with those famous people. The presenters that are friends or acquaintances of consumers have more potential to persuade the consumers than ordinary people. This is in line with a study of Thipayarat Handee and Praphimphan Limsuwan (2020), which shows ed that reliability of influencers in terms of attractiveness in physical characteristics can pursue consumers.

Electronic Word-of-Mouth (e-WOM)

E-WOM factor is connected in a communication process in e-commerce that consumers receive information via Internet. Reliability of the information is depending on trustworthiness of the sender, and it affects purchase decision of the consumers. According to a study of Kulyada Chaempanyakul and Pornphan Prajaknet (2021), it showed that trustworthiness of influencers had positive relation to e-WOM. Customers can perceive sincere communication from influencers.

Suggestion

Suggestion for Businesses

The findings from this research can be used for conducting marketing strategies that suit the needs of the target group as per the following details:

1. Consumers compose purchase decision of electronic products based on expertise factor of Micro Influencers via e-WOM. Businesses may focus on the expertise of Micro Influencers that may lead to e-WOM.

2. Micro Influencers must have expertise that consists of communication with verified data such as knowledge, experience, and skill. Businesses must verify the data that Micro Influencers communicate to ensure that they provide effective data to customers. Effective data will entrust customers, create e-WOM, and eventually conduct purchase decision.

3. Attractiveness of Micro Influencers can pursue customers. Businesses may choose attractive Micro Influencers to pursue customers to conduct purchase decision.

4. Trustworthiness of Micro Influencers affects purchase decision of electronic products via e-WOM. This can create solid relationship with customers. Businesses may choose Micro Influencers who have honest expressions and positive thinking that can entrust consumers, leading to e-WOM and purchase decision.

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