Impact of Influencer Marketing on Purchase Decision with Special Reference to Restaurant Industry

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Abstract - In recent years, influencer marketing has emerged as a prominent strategy for businesses to engage with consumers and influence their purchasing decisions. This research project aims to investigate the impact of influencer marketing on purchase decisions within the context of the restaurant industry. The study will explore how influencer-generated content affects consumer perceptions, attitudes, and ultimately, their decision-making process when it comes to choosing dining options.

Through a combination of qualitative and quantitative research methods, including surveys and interviews, this study will gather data from consumer's perspective only. By analyzing consumer behavior and attitudes towards influencer marketing campaigns, the research aims to provide valuable insights into the effectiveness and of influencer marketing in the restaurant sector.

The findings of this research are expected to contribute to the existing body of knowledge on influencer marketing and its impact on consumer behavior, particularly in the context of the restaurant industry. The results will have practical implications for restaurant owners and marketers, helping them to better understand how to leverage influencer partnerships to attract customers and enhance brand visibility. Additionally, this research will offer recommendations for future strategies and areas of focus for businesses looking to harness the power of influencer marketing in the competitive landscape of the restaurant industry.

Introduction - Over recent years, there has been a noticeable shift in how businesses approach marketing, transitioning from traditional methods to digital strategies. This shift is primarily attributed to advancements in technology and shifts in consumer behaviors. Digital marketing, encompassing various techniques such as influencer marketing, has emerged as a powerful tool for engaging with audiences on a personalized level.

Influencer marketing, a prominent aspect of digital marketing, involves leveraging the popularity and credibility of individuals on social media platforms to endorse products or services. This approach has proven effective in reaching target markets authentically, as influencers connect with their followers in a relatable manner. Businesses carefully select influencers whose values and audience align with their brand, leading to collaborations for content creation. These partnerships often result in sponsored posts, product reviews, or endorsements that resonate with the influencer's audience.

In India, influencer marketing has witnessed significant growth, largely fueled by the widespread usage of digital platforms. The country's vibrant social media landscape provides ample opportunities for brands to connect with consumers through influencer partnerships. As a result, the influencer marketing industry in India has experienced remarkable expansion, with projections indicating continued growth in the coming years.

When it comes to purchase decisions, consumers undergo a process of recognizing their needs, exploring various options, and considering factors such as reviews and recommendations. In this context, influencers wield considerable influence, as their endorsements can sway consumer perceptions and preferences. Authentic experiences shared by influencers contribute to shaping consumer choices, particularly in the restaurant industry. The restaurant sector, known for its diversity and dynamism, continuously adapts to evolving consumer trends, technological advancements, and sustainability concerns. In India, this industry holds significant economic importance, contributing substantially to the country's GDP. Factors such as urbanization and technological innovation drive growth in the restaurant sector, leading to an ever-expanding market.

Influencers play a pivotal role in the growth of the restaurant industry by reaching wider audiences, sharing genuine experiences, and creating engaging content. Their partnerships with restaurants enable effective marketing strategies, enhanced customer engagement, and the

cultivation of brand loyalty. As a result, influencers contribute significantly to the success and prosperity of the restaurant industry, serving as invaluable allies in an increasingly competitive market landscape.

Influencer Marketing: Influencer marketing is a modern digital advertising approach that uses the popularity of public figures like social media personalities to boost brand visibility. Unlike traditional marketing, it relies on these influential individuals to promote products authentically. Restaurants collaborate with influencers, choosing ones whose values match their target audience. They offer incentives for content creation and share sponsored posts, reviews, or tutorials. Influencers engage with their audience, and brands measure campaign impact to inform future strategies. Building strong relationships with influencers is key for successful marketing. Overall, influencer marketing connects with audiences in a more genuine and effective way than traditional methods.

Image1: From Sushivid Blog

Growth of Influencer Marketing: In 2022, India's influencer marketing industry was valued at over 12 billion Indian rupees, projected to grow by 25% annually for the next five years. By 2026, it's expected to reach around 28 billion rupees. StayBoard18 also observed a notable increase, with the industry surpassing 1,200 crore rupees and projected to grow at a similar rate, nearing 2,800 crore rupees by 2026. The pandemic boosted this growth due to increased digital platform usage, presenting both opportunities and challenges for the industry.
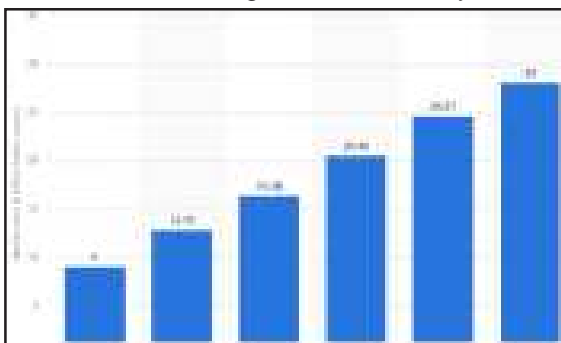

Fig1.1:Market Value of Influencer marketing in India, 2021-2026

Purchase Decision: Purchase decisions happen when individuals or businesses choose one option after considering factors like cost, quality, and brand reputation. Influences include personal preferences, recommendations, advertising, online reviews, budget, and time. Understanding customer decision-making helps businesses tailor marketing, products, pricing, and service, improving satisfaction and profitability.

Image 2: From GreekForGreek

Restaurant/ Food Service Industry: The restaurant and food service industry is diverse, offering various dining options from fast food to upscale experiences, including food trucks and catering services. It serves as a social hub where people gather for meals, offering a wide range of cuisines reflecting cultural diversity.

Recent changes in consumer preferences, technology, and socio-economic factors have impacted the industry. There's a growing demand for healthier food choices, leading restaurants to offer options like plant-based dishes. Technology, such as online ordering platforms, has become integral, along with a focus on sustainability.

In India, the restaurant industry is thriving, expected to reach $79.65 billion by 2028, driven by factors like rising incomes, urbanization, and digital platforms' popularity. Despite challenges like the COVID-19 pandemic, the industry remains resilient, embracing innovations like online ordering and delivery services.

The industry contributes significantly to India's GDP and cultural fabric, providing employment opportunities and culinary exploration. With its rich heritage and diverse offerings, India's restaurant industry presents opportunities for growth and success.

Contribution of Influencer in Growth of Food Service Industry: In recent years, influencers have significantly boosted the food service industry through marketing and brand promotion on social media. They leverage their large followings to increase restaurant visibility, attracting new customers. By sharing authentic experiences and recommendations, influencers build trust and excitement, driving positive word-of-mouth. Platforms like Instagram, YouTube, and TikTok serve as effective channels for showcasing dining experiences, driving customer traffic. Their engaging content tailored to specific interests

enhances restaurant marketing efforts, fostering customer loyalty and contributing to industry growth.

Literature Review

According to a study by Samsudeen Sabraz Nawaz and Mubarak Kaldeen, digital marketing has been shown to greatly increase customer engagement and the likelihood of customers wanting to buy a product.

In a study by Yodi H.P, Widyastuti S, and Noor L.S in May 2020 on The Effects of Content and Influencer Marketing on Purchasing Decisions of Fashion Erigo Company, it was found that influencer marketing increases the visibility of the brand by using influencers and their followers. This affects consumer trust and their decisions to make purchases.

According to the article by P. Ranjith, supervised by Mrs. K.R. Mahalaxmi, titled "A Study on Impact of Digital Marketing in Customer Purchase Decision in Trichy" (March 2016), the conclusion is that currently, digital channels do not significantly alter customers' opinions about buying a product. However, there is a growing acknowledgment among customers of the potential influence of digital channels on their purchase decisions in the future.

The research conducted by Jignesh Vidani, Dr. Siddharth Das, and Dr. Indra Meghrajani (2023) at L J University highlights that influencers help businesses connect with different social groups within their target audience by sharing their brand message. It is suggested that businesses can maintain a low profile while their message spreads rapidly through influencers.

As per the research conducted by Dr. Mukta Martolia (July-December 2022) on Influencer Marketing as an Emerging Tool for the Success of Local Businesses, particularly in the Hotel and Restaurant Industry, it is stated that teaming up with local social media influencers is highly effective. This is because customers primarily trust local influencers when discovering new hotels and restaurants.

According to the research conducted by Miss Sineemas Chantavoraluk in 2019 on "Factors That Influence Customer Buying Decisions Regarding Social Media Influencers (Food Bloggers)", the conclusion is that individuals often gather information or seek opinions on products and services they intend to buy from popular social media platforms like Facebook and YouTube.

According to an article titled "The Power of Influencer Marketing for Your Restaurant: Success Stories and Tips" by BuzzyBoost (August 2023), influencer marketing is essential for restaurants. Collaborating with food influencers helps eateries expand their audience, receive positive reviews, and stay competitive. Influencers create engaging content on different platforms, increasing brand visibility and building customer loyalty, leading to repeat business.

In a study named 'The Effect of Influencer Marketing on Consumers' Brand Admiration and Online Purchase Intentions: An Emerging Market Perspective' conducted by Jay P Trivedi and Ramzan Sama The researchers observed the impact of an expert influencer vis-à-vis an attractive celebrity influencer on brand attitude (AB), which further influences brand admiration (BA) and finally resulting in online purchase intentions.

Objective Of The Study:

1. Investigating the impact of influencer marketing on restaurant choices.
2. Assessing how influencer recommendations and excitement influence dining decisions.
3. Exploring trust levels and alignment of values between consumers and influencers.
4. Comparing the effectiveness of influencer marketing versus traditional advertising.
5. Analyzing whether influencer-generated excitement translates into increased restaurant visits and sales.
6. Identifying new strategies for leveraging influencer marketing to attract and retain restaurant customers.
7. Aiming to enhance understanding of influencer marketing's role in dining decisions for restaurant owners and marketers.

Hypothesis

Hypothesis 1:

H0: Influencer suggestions have no significant relation with consumers' decisions to dine out at restaurants.

H1: Influencer suggestions have a significant relation with consumers' decisions to dine out at restaurants.

Hypothesis 2:

H0: There is no significant difference in the impact of influencer endorsements compared to traditional advertisements on food choices.

H1: Influencer endorsements have a greater impact on food choices compared to traditional advertisements

Hypothesis 3:

H0: There is no significant difference in the likelihood of feeling let down after trying a food or restaurant recommended by an influencer compared to those not recommended.

H1: The likelihood of feeling let down after trying a food or restaurant recommended by an influencer is greater than that of trying one not recommended.

Hypothesis 4:

H0: Influencer marketing does not significantly influence food preferences; the perceived hype surrounding a place or food served there is independent of influencer recommendations.

H1: Influencer marketing significantly influences food preferences, contributing to the perceived hype surrounding a place or food served there.

Hypothesis 5:

H0: There is no difference in the likelihood of trying a new food or restaurant whether it is recommended by an influencer or not.

H1: The likelihood of trying a new food or restaurant is higher when it is suggested by an influencer compared to when it is not recommended.

Research Methodology: The primary data collection method for this study involves a quantitative research survey using a questionnaire to explore the factors influencing consumer purchasing decisions through food bloggers on social media. The survey targets individuals in Indore, aged between young adulthood and adulthood, who regularly watch food reviews on social media platforms. The study aims to understand the relationship between influencer marketing and consumers' decisions to buy food from restaurants, utilizing the chi-square test for analysis. This test examines factors such as suggestions, recommendations, beliefs, expectations, and new options, providing insights into the influence of influencers on consumer behavior. With over 50 respondents, the chi-square test is well-suited for analyzing both small and large datasets in this study.

The Formula for Chi Square is

$X^2 = \Sigma (O_i - E_i)^2 / E_i$

$X^2 =$ chisquared
$O_i =$ observedvalue
$E \bullet =$ expectedvalue
$E_i = (R.T * C.T)/G.T$
R.T: CorrespondingRowTotal
C.T: CorrespondingColumnTotal
G.T: GrandTotal

Calculations

We segmented our analysis into five parts based on key factors affecting consumer purchase decisions. Segment one addresses the null hypothesis (H0) regarding the influence of influencers' recommendations on buying decisions. We examine initial data through a contingency table focusing on suggestions.

Table 1- Contingency of factor Suggestion

Response/ Gender	Male	Female	Row total
Yes	23	30	53
No	10	8	18
Total	33	38	71

Application of Chi Square Test

To calculate the chi-square value, we apply a basic formula that requires determining expected frequencies based on the observed frequencies. Next, we construct a table displaying both expected and tabulated values. These values are derived from the data in Contingency Table 1.

Table 1.1- Calculation of Chi Square Value for Factor 'Suggestion'

Oi	Ei	Oi-Ei	(Oi-Ei)²	(Oi-Ei)²/ Ei
23	24.63	-1.63	2.65	0.10
30	28.36	1.64	2.68	0.09
10	8.36	1.64	2.68	3.11
8	9.63	-1.63	2.65	0.27

Findings: After analyzing the data, we found:
i.   Calculated chi-square value: 3.27
ii.   Tabulated chi-square value (at 5% significance level, df=1): 3.841

iii. Conclusion: Since the calculated value is less than the tabulated value, we reject the null hypothesis.

Thus, there's a significant relationship between influencer recommendations and purchase decisions in the restaurant industry.

In the second part, we focus on the second null hypothesis (H0).

Our aim is to assess if influencer marketing has a greater impact on consumer purchasing decisions compared to traditional advertisements.

Table 2- Contingency Table for factor Endorsement

Response/ Gender	Male	Female	Row total
Yes	15	10	25
No	10	5	15
May Be	13	18	31
Total	38	33	71

Application of Chi Square Test

We use a formula to calculate chi-square, deriving expected frequencies from observed ones. Then, we create a table with expected and tabulated values using data from Contingency Table 2.1.

Table 2.2- Calculation of Chi Square value for factor 'endorsement'

Oi	Ei	Oi-Ei	(Oi-Ei)²	(Oi-Ei)²/ Ei
15	13.38	**1.62**	**2.62**	**0.19**
10	11.61	-1.61	2.59	0.22
10	8.02	1.98	3.92	0.49
5	6.97	-1.97	3.88	0.56
13	16.59	3.59	12.88	0.56
18	14.40	3.6	12.96	0.9

Findings

From our analysis:
i.   Calculated chi-square value: 3.13
ii.   Tabulated chi-square value (at 5% significance level, df=2): 5.991
iii. Conclusion: Since the calculated value is less than the tabulated value, we reject the null hypothesis.

Hence, there's a significant relationship between influencer recommendations and purchase decisions in the restaurant industry.

In the third part, we investigate the third null hypothesis (H0).

Our goal is to determine whether customers feel disappointed after trying food or restaurants recommended by influencers.

Table 3- Contingency table for factor Expectation

Response/ Gender	Male	Female	Row total
Yes	16	16	32
No	10	13	23
MayBe	7	9	16
Total	33	38	71

Application of Chi Square Test

We calculate chi-square using a basic formula, deriving

expected frequencies from observed ones. Then, we create a table with expected and tabulated values using data from Contingency Table 1.3.

Table 3.1- Calculation of Chi Square value for factor 'Expectation'

Oi	Ei	Oi-Ei	(Oi-Ei)²	(Oi-Ei)²/ Ei
16	**14.87**	**1.13**	**1.27**	**0.08**
16	17.12	-1.12	1.25	0.07
16	10.69	-0.69	0.47	0.04
13	12.30	0.7	0.49	0.04
7	7.43	-0.43	0.18	0.02
9	8.56	0.44	0.19	0.02

Findings

i. Calculated chi-square: 0.27
ii. Tabulated chi-square (5% significance level, df=2): 5.991
iii. Conclusion: With the tabulated value higher than the calculated one, we reject the null hypothesis.

Hence, there's a significant relationship between influencer recommendations and purchase decisions in the restaurant industry.

Segment Four: Assessing the Impact of Influencer Marketing on Food Preferences. We aim to discern if influencer marketing authentically affects food preferences or if it's just an exaggerated trend.

Table 4 - Contingency table for Hype Created

Response/ Gender	Male	Female	Row total
Yes(hypecreated)	16	13	29
No(hypecreated)	3	4	7
MayBe(hypecreated)	14	21	35
total	33	38	71

Application of Chi Square Test

We calculate chi-square using a basic formula, deriving expected frequencies from observed ones. Then, we create a table with expected and tabulated values using data from Contingency Table 1.4.

Table 4.1- Calculation of Chi Square value for factor 'Hype Created'

Oi	Ei	Oi-Ei	(Oi-Ei)²	(Oi-Ei)²/ Ei
16	**13.47**	**2.53**	**6.40**	**0.47**
13	15.52	-2.52	6.35	0.41
3	3.25	-0.25	0.625	0.19
4	3.74	0.26	0.067	0.18
14	16.26	-2.26	5.11	0.31
21	18.73	2.27	5.11	0.27

Findings

i. Calculated chi-square: 1.83
ii. Tabulated chi-square (5% significance level, df =1): 3.841
iii. Conclusion: Since the tabulated value exceeds the calculated one, we reject the null hypothesis.

Thus, there's a significant relationship between influencer recommendations and purchase decisions in the restaurant industry.

In the fifth part, we explore the fifth null hypothesis (H0).

Our objective is to determine whether customers' purchasing decisions are impacted by influencer suggestions. To accomplish this, we create individual chi-square tables for calculation.

Table 5- Contingency table of factor recommendations for new options

Response/ Gender	Male	Female	Row total
Yes	22	29	51
No	12	8	20
Total	34	37	71

Application of Chi Square Test

We compute chi-square using a basic formula, deriving expected frequencies from observed ones. Then, we create a table with both expected and tabulated values.

Table 5.1 - Calculation of Chi Square value for factor 'Recommendations for New Option'

| Oi	Ei	Oi-Ei	(Oi-Ei)²	(Oi-Ei)²/ Ei
22	24.42	-2.42	5.85	0.23
39	26.57	2.43	5.90	0.22
12	9.57	2.43	5.90	0.61
8	10.42	-2.42	5.85	0.56

Findings and conclusion

After constructing the table, here are the key findings:

i. Calculated chi-square: 1.62
ii. Tabulated chi-square (5% significance level, df=1): 3.841
iii. Conclusion: Since the tabulated value exceeds the calculated one, we reject the null hypothesis.

Thus, the likelihood of trying a new food or restaurant is higher when recommended by an influencer compared to when not recommended.

We've analyzed the responses to our two descriptive research questions, and here are the findings:
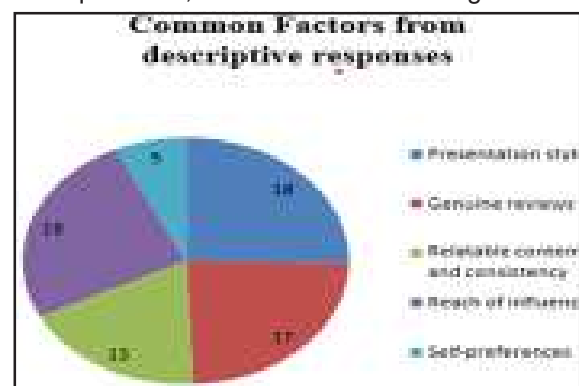
1. In our survey, we asked respondents about their reasons for trusting influencer recommendations for food or restaurants.
● Trust in influencer recommendations for food/ restaurants varies widely.
● Factors influencing trust include personal taste,

accurate information, honesty, excitement, local expertise, budget-friendliness, personal recommendations, authenticity, consistency, transparency, viewer comments, influencer reputation, passion, and expertise.

● Trust is influenced by presentation style, genuine reviews, relatable content, and influencer reach.

2. The opinions on the importance of influencer partnerships for food brands and restaurants vary widely.

Views on influencer partnerships vary: Some see them as vital for brand visibility and credibility, while others prioritize food and service quality. Benefits include wider audience reach and enhanced authenticity, but partnerships should align with a focus on high-quality products. Overall, their importance depends on individual perspectives and business strategies.

Conclusion: Our research shows that influencer marketing greatly impacts consumer choices in the restaurant industry. People tend to trust and follow influencers like Indori Zayaka, Indore Food Explorer, and Chirayu for restaurant recommendations in places like Indore. Authenticity and relatability are key factors for trusting influencer suggestions. Many prefer dining at places recommended by influencers they trust. Influencer marketing helps restaurants connect with their audience, increase visibility, and attract more customers. It's an important tool for restaurants to grow their businesses.

Recommendations: Based on our research on influencer marketing's impact on restaurant choices, here are some recommendations:

1. Restaurants should find popular influencers in their area or niche who have a large following and are trusted by their target customers.
2. Building genuine relationships with influencers can lead to authentic recommendations and partnerships. Restaurants can reach out to influencers for collaborations, like inviting them to dine or join in promotions.
3. To attract influencers and their followers, restaurants can offer unique dining experiences, special menu items, or exclusive promotions that are share-worthy on social media.

Limitations: Here are the constraints of our research project:

1. We surveyed only 100 people from Indore, which might not represent all consumer views from different regions. Also, the response rate of 71 out of 100 could introduce bias and affect our findings' reliability.
2. We focused solely on consumer perspectives, possibly missing insights from restaurant owners or managers about their experiences with influencer marketing and its impact on their businesses.
3. Our study looked only at the restaurant industry, limiting how much we can apply our findings to other industries. Different industries may have different dynamics with influencer marketing, so a broader analysis could give a more complete view.
4. We mainly asked about consumers' views on influencer marketing, overlooking important factors like food quality, pricing, and overall dining experience. Including these questions could have provided a more comprehensive understanding of influencer marketing's impact on restaurant choices.

Considering these limitations when interpreting our results is crucial, and future studies may need to address them for a more thorough and reliable analysis.

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