

IMPACT ANALYSIS OF DIGITAL INFLUENCERS ON E-BUSINESS: A CASE STUDY OF SNAPCHAT

Afnan Sami Al-saleem, Imam Abdulrahman Bin Faisal University

Mona Al-mansouri, Imam Abdulrahman Bin Faisal University

Mahmood Maqsood, University of Bahrain

Hoda Mahmoud AboAlsmh, Imam Abdulrahman Bin Faisal University

Ibrahim Tawfeeq Alsedrah, Imam Abdulrahman Bin Faisal University

Zahra Afridi, Imam Abdulrahman Bin Faisal University

ABSTRACT

Digital influencers are people (or things) having the ability to alter the purchasing decisions or quantifiable activities of others by posting unique, often sponsored material to social media platforms such as Instagram, YouTube, Snapchat, and other online channels. In addition, it is obvious that the impact of digital includes the extension of Brand's Reach, the connection between transmitted content and a specific individual, higher sales, cost-effectiveness, influencer-fraud-phenomenon, and the algorithm.

The following are suggested: To avoid "the influencer fraud phenomena," proper investigation must be undertaken on the prospective digital influencer. E-Business will be able to maximise the Algorithm if it conducts thorough study on the possible digital influencer.

Keywords: Digital Influencers, Snapchat, E-Business.

INTRODUCTION

Social networking, which originated online, has swiftly expanded to mobile platforms. Currently, mobile social networking is the primary driver of mobile internet usage. As mobile devices and wireless technology proliferate, mobile social networking services are becoming increasingly accessible. Mobile applications have become an integral part of daily life for hundreds of millions of people around the globe. A mobile social network is crucial for the spread of knowledge and influence via "word of mouth".

The number of sessions for apps with personalization capabilities, such as Android lock screens and emoji keyboards, has increased. With the proliferation of messaging programmes such as Facebook Messenger, WhatsApp, and Snapchat, users desire the ability to personalise their texts to pals. Social media advertising is no longer simply a buzzword (Spiegel et al., 2017).

It is a genuine, measurable source of leads and revenues, and marketing departments are boosting their social advertising budgets. Social media advertising aids firms in locating new prospective customers by identifying their interests based on information supplied by users (Spiegel et al., 2017). Instead of targeting people who conduct a search for a certain term, social media advertising targets relevant users before they even begin their search.

Due to the comprehensive targeting capabilities, dependable conversion monitoring, and presence on mobile devices, social networks are a fantastic option for advertisers.

This is evident in the situations of Facebook, Twitter, and other social networks that have engaged in advertising efforts and garnered tremendous rewards. Snapchat is an upcoming social

networking phenomenon. It is gaining popularity as more teens and young adults use it to keep in constant contact. This article examines the impact of digital influencers on E-Business using Snapchat as a case study.

Purpose of the Study

There have been several researches are done in the area; however, the purpose of this study is to analyse the impact of digital influencers on E-Business: a case study of Snapchat.

Research Questions

This study meant to answer the following research question:

- i. What are digital influencers?
- ii. What are the impacts of digital influencers on E-Businesses such as snapchat?

Significance of the Study

This study is significant in the following ways:

- It contributes to research around E-Business as it is related with digital influencers.
- It will be useful to both students as a source of reference.

LITERATURE REVIEW

The Definition of Digital Influencers

Digital influencers are people (or things) who can influence the purchasing decisions or measurable behaviours of others through the publication of unique, frequently sponsored content on social media platforms such as Instagram, YouTube, Snapchat, and other online channels (Srivastava, 2021). Influencer marketing is when a brand enlists social media influencers with an established audience and credibility to discuss or mention the brand in a social media post. Influencer content may be positioned as endorsement marketing (Srivastava, 2021).

The term "*influencer marketing*" refers to a subset of social media advertising that relies on recommendations and mentions of a product or service from "*influencers*," who are "*people or organisations widely regarded as having a high level of expertise in a particular sector or a significant amount of social influence among their peers*" (Lipiner, 2020). When providing original, regularly sponsored material to social media platforms like Instagram, YouTube, Snapchat, or any other online channel, an influencer has the potential to affect the purchasing decisions or quantifiable behaviour of others (Srivastava, 2021).

According to the report 'The State of Influencer Marketing 2018', 39% of the questioned organisations intended to boost their budgets for influencer marketing activities in 2018, deeming them effective. According to the aforementioned "*Influencer Marketing Benchmarking Report: 2019*", 86% of the questioned organisations planned to invest a portion of their 2019 expenditures on digital influencer-related initiatives. In 2017, the proportion was 37%.

In addition, 63% of the organisations questioned intended to rise their influencer marketing spending in the coming year. Subsequent studies anticipate a 66% increase in this tendency by 2020. This trend is also supported by the research conducted on the Polish market

with four hundred individuals representing several businesses. According to their findings, 46.2% of the organisations polled intended to increase their influencer marketing expenses in 2019 (Biegun et al., 2019). The results of a global survey done by eMarketer among 226 marketing managers (chief marketing officers) confirm this tendency.

Biegun et al. (2019) found that 30.5% of respondents said they wanted to put more emphasis on influencer marketing as a part of their advertising mix.

About E-Business and Snapchat

Recent research has examined how Facebook and other social media platforms are used to begin and maintain interpersonal connections (Mansson & Myers, 2011; Fox et al., 2013).

Mediated communication, as described by Seiler & Beall (2005), is defined as communication delivered via a mechanical medium, such as Facebook, a cell phone, or radio. It has been demonstrated that mediated communication increases the number and quality of interpersonal interactions (Parks & Floyd, 1996). Pierce (2009) found that young people are more likely to find and keep relationships through online social networks than in person.

Snapchat

Snap Inc. is an American app and service for multimedia instant messaging developed by Snap Inc., formerly Snapchat Inc. (Spiegel et al., 2017). Snapchat's photographs and messages are typically only accessible for a brief period before becoming unreachable to their intended recipients (Stefansky, 2016; Gillette, 2014). The app has grown from its initial emphasis on person-to-person photo sharing to now including users' "Stories" of 24-hour chronological content, as well as "Discover," which allows marketers to display ad-supported short-form content (Gillette, 2014). Snapchat is largely utilised for the creation of multimedia messages known as "snaps". Snaps can consist of a photo or a brief video and can be altered to include filters and effects, text captions, and drawings (Alba, 2012). It also allows users to save images in a "my eyes only" password-protected area. It also seems to have used end-to-end encryption in a limited way, with plans to use it more in the future (Gillette, 2014).

As of May 2012, 25 Snapchat photographs were exchanged each second (Gallagher, 2012), and as of November 2012, users had shared over one billion photos on the Snapchat iOS app, with 20 million photos shared daily (Ballve, 2014). Snapchat on Android was published on October 29, 2012 (Gallagher, 2012). According to Snapchat's official statistics, the app's users were transmitting 2 billion films each day as of May 2015 and 6 billion by November (Matney, 2015). Snapchat reached 10 billion daily video views in 2016 (Beck, 2016; Colao, 2012). In May 2016, Snapchat raised \$1.81 billion through an equity offering, indicating high investor interest (Anya, 2016). The app had around 10 million daily active users in the United Kingdom as of May 31, 2016 (Price, 2016). The corporation recorded 347 million daily active users in July 2022, an 18% growth from the previous year (Huang, 2022).

Only 1.6% of respondents in the research acknowledged using Snapchat primarily for sexting, while 14.2% admitted to sending sexual content over Snapchat at some point (Roesner et al., 2014). These results indicate that Snapchat users do not appear to share sensitive information. Rather, comical content like "dumb faces" was found to be the predominant use for Snapchat, with 59.8% of respondents claiming this as their primary use (Ballve, 2014; Roesner et al., 2014).

Additionally, the researchers assessed how Snapchat users do not utilise the application and the types of content they are unwilling to transmit. They discovered that most users are unwilling to submit content categorised as sexting (74.8% of respondents), images of documents (85.0% of respondents), communications containing legally dubious content (86.6% of respondents), or content deemed nasty or insulting (93.7%) (Roesner et al., 2014).

On October 19, 2014, Snapchat's first sponsored advertisement, a 20-second movie trailer for the horror flick *Ouija*, was presented to users. In January 2015, Snapchat shifted its focus from expansion to monetization. According to Chowdhry (2015), the company debuted its “*Discover*” feature, which presented short-form material from publishers and enabled sponsored advertising. Among the early launch partners were CNN, Comedy Central, ESPN, and Food Network. In June 2015, Snapchat revealed that advertisers could purchase sponsored geofilters for snaps; McDonald's was an early adopter of the service, purchasing a branded geofilter covering its U.S. restaurant locations (Tepper, 2015). After launching “*Live Stories*” in 2014, Snapchat tried to generate ad revenue in 2015 using the feature. A sponsor can pitch a live tale or sell ad space within a live story. It is believed that live stories reach an average of 20 million viewers every day (Tepper, 2015).

Snap purchased Placed, a Seattle-based ad tech business that specialises in monitoring offline sales attribution—that is, determining whether online advertisements actually result in shop visits and offline transactions. It is difficult to attribute an offline purchase to a single online ad, given the number of devices individuals use and the fact that they may not necessarily make a purchase immediately after viewing an online ad. The apparent hope for a company such as Snap is that marketers will spend more money if they can show that Snap advertisements result in actual sales. And Snap is not the only business with this objective. A similar strategy is followed by Facebook and Twitter, among other platforms that make billions of dollars in advertising revenue.

The Impact of Digital Influencers on E -Businesses

Influencer marketing occurs when a brand pays social media users with significant followings to post good reviews or otherwise promote the brand in exchange for monetary or other incentives (Srivastava, 2021). Influencer-created content may be repackaged as endorsements. Snapchat is popular among young people because it is separate from other popular social networking platforms. The percentage of young adults using Snapchat climbed from 40% to 70% between 2014 and 2016 (Gomez et al., 2018).

The following are the impacts of Digital Influencers on Snapchat users:

Expansion of Brand's Reach

The transient nature of Snapchat's content, coupled with the app's unique capabilities, makes it an ideal platform for businesses to connect with the generation currently entering their prime spending years. Snapchat's marketing potential has only lately been discovered. Consider that the app has more than 150 million daily active users, surpassing Twitter in size. It is by far the most popular app among teenagers today, but it's not only for them. In just one year, the number of users over the age of 35 has climbed by a staggering 224%. Considering all of this, marketing your brand on this platform seems obvious.

The Connection between the Content Transmitted and a Specific Person

The authenticity of the influencer's message inspires the recipients' trust and facilitates the development of relationships with them (Ewing, 2011). This is crucial in the current market environment. According to research by Nielsen, 92% of global customers trust user-generated content and word-of-mouth recommendations more than advertising.

Consequently, the activities of influencers result in the humanization of the brand and an increase in brand awareness (Ewing, 2011). The ability to disseminate content more easily to precisely selected groups of receivers is a critical aspect of activities involving the use of digital influencers.

Increased Sales

According to research conducted by Nielsen Catalina Solutions, initiatives engaging influencers contribute to greater product sales. Their findings reveal that respondents exposed to digital influencers purchased significantly more than the control group (Ewing, 2011). They validate an earlier study conducted by HubSpot and Market Force in 2012. 71% of consumers are more likely to make purchases based on social media referrals, according to one source (Ewing, 2011). According to the latter, 78% of consumer purchases are influenced by social media posts by businesses. In addition, research on global consumers conducted by Rakuten Marketing in the transition between December 2018 and January 2019 demonstrates the impact of influencers on product sales. The results (Olenski, 2012) show that 80% of the people who clicked on the link or image made the purchase that the influencer suggested.

Cost-effectiveness

The fact that they are exceedingly cost-effective in the context of using influencers in a company's marketing activities is a crucial factor. This is supported by other studies' findings. According to the *"Influencer Marketing Benchmarking Report: 2020,"* organisations with a solid grasp of influencer marketing operations achieve high earned media values of up to USD 18 for every dollar spent on influencer marketing. In 2019, influencer marketing generates a return of \$5.78 for every dollar invested.

In 2018, this increased from USD 5.20 to USD 7.40 (Olenski, 2012). Even more encouraging are the findings of a study conducted by Tap Influence, Nielsen Catalina Solutions, and one of the Fortune 500's largest food brands. According to their findings, digital influencer-based marketing strategies produce USD 23 for every dollar spent. It costs \$4.30 for the finest banners and \$2.15 for *"average"* banner ads.

A Fraudulent Influencer Phenomenon

Fraudulent Influencer Phenomenon is since some of the accounts or profiles that follow influencers do not belong to genuine individuals but are instead phoney accounts (fake followers) created by bots. Due to the prevalence of *"influencers,"* a significant portion of influencer marketing expenditures are squandered. According to a survey by the Points North Group, 102 million of the 744 million that marketers spent on influencer marketing in 2018 were lost on false followers (Olenski, 2012).

In the context of establishing influencers' credibility, which is crucial to their effectiveness, the phenomenon of influencers falsely claiming to participate in promotional activities for a particular firm is a very dangerous trend. At the core of such operations (false sponsored content) is the belief among influencers (or those aspiring to be influencers) that the more sponsors they have, the more trust they will garner. So pervasive that determining whether or not specific content is sponsored can be difficult (Lorenz, 2018). The findings of the study conducted for the Influencer Marketing Benchmark Report: 2020 indicate that respondents are more concerned about influencer fraud. More than two-thirds of them have encountered different types of influencer fraud.

The Algorithms

Updates in the algorithms' managing content delivery to users on social media platforms (social algorithm changes) pose a significant challenge to influencer marketing since they make the content presented by influencers less visible to the target audiences.

THEORETICAL MODEL

Digital Transformation Framework, by Corver and Elkhuizen

The Digital Transformation Framework is an additional framework that aims to comprehend the dynamics of digital transformation within an organisation.

While proposing this framework, Matt et al. (2015) predicated it on the notion that the digital transformation of an organisation must serve as a central concept that integrates the entire coordination, prioritisation, and implementation of digitalisation within the organisation.

This theory is appropriate to the extent that it relates to the dynamics of digital transformation within e-business organisations in terms of their digital marketing. Mobile applications have become an integral part of daily life for hundreds of millions of people around the globe.

A mobile social network is crucial for the distribution of knowledge and influence through “*word of mouth*”. This theory describes how e-businesses have grown to coordinate, prioritise, and apply the use of digital influencers.

Digital Enterprise Integrative Management Framework

From the standpoint of supply chain excellence, Bowersox et al. (2005) introduced the Digital Enterprise Integrative Management framework from the standpoint of supply chain excellence; they asserted that “*real supply chain excellence can only be accomplished through digital business transformation*” Bowersox et al. (2005).

This theory helps to explain how E-business transformation is achieved for real supply chain excellence. E-business transformation in terms of marketing strategies leads brands such as Snapchat to employ digital influencers in a bid to reach a certain kind of audience, increase sales, and strengthen customer relations in the most cost-effective way (Olenski, 2012).

Conceptual Model Development

The variables in this paper include digital influencers (independent variable) and E-Business (dependent variable).

The conceptual model is thus:

Independent variable

- Digital influencers

Dependent variable

- E-Business
- This model shows a direct cause-and-effect relationship between digital influencers and
- E- Businesses.

RESULTS AND DISCUSSION

What are Digital Influencers?

From the literature review, it is evident that digital influencers include are people (or things) with the power to affect the buying habits or quantifiable actions of others by uploading some form of original-often sponsored-content to social media platforms like Instagram, YouTube, Snapchat, or other online channels (Srivastava, 2021).

What are the Impacts of Digital Influencers on E-Businesses such as Snapchat?

From the literature review, it is evident that the impact of digital includes Expansion of Brand's Reach, the connection between the content transmitted and a specific person, increased sales, cost-effectiveness, influencer-fraud-phenomenon, and the algorithm.

Snapchat has more than 150 million daily active users, surpassing Twitter in size. It is by far the most popular app among teenagers today, but it's not only for them. In just one year, the number of users over the age of 35 has climbed by a staggering 224%. Considering all of this, marketing your brand on this platform seems obvious. 92% of global customers trust user-generated content and word-of-mouth recommendations more than advertising.

Consequently, the activities of influencers result in the humanization of the brand and an increase in brand awareness (Ewing, 2011). The studies show 71% of consumers is more likely to make purchases based on social media referrals, according to one source (Ewing, 2011). According to the latter, 78% of consumer purchases are influenced by social media posts by businesses.

In addition, research on global consumers conducted by Rakuten Marketing in the transition between December 2018 and January 2019 demonstrates the impact of influencers on product sales. In 2019, influencer marketing generates a return of \$5.78 for every dollar invested (Influencer Marketing Hub, 2019). In 2018, this increased from USD 5.20 to USD 7.40 (Olenski, 2012).

RECOMMENDATIONS

The following are recommended:

- Proper research must be conducted on the potential digital influencer to prevent “*the fraudster influencer phenomena.*”
- Proper research into the potential digital influencer will enable the E-Business to maximise the Algorithm.

- There are a limited number of empirical studies in the area of Snapchat users and businesses.

CONCLUSION

This study was undertaken to analyse the impact of digital influencers on e-businesses; Snapchat was used as a case study. Digital influencers are people (or things) who can influence the purchasing decisions or measurable behaviours of others through the publication of unique, frequently sponsored content on social media platforms such as Instagram, YouTube, Snapchat, and other online channels. In addition, it is obvious that the impact of digital includes the extension of a brand's reach, the connection between transmitted content and a specific individual, higher sales, cost-effectiveness, influencer-fraud-phenomenon, and the algorithm.

The following is suggested to avoid “*the influencer fraud phenomenon*” a proper investigation must be undertaken into the prospective digital influencer. E-business will be able to maximise the algorithm if it conducts a thorough study on the possible digital influencers. There is little empirical research on the relationship between Snapchat users and businesses.

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