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Social Media Influencers and Digital Economy: Moving Forward

Mohamad Hafiz Rosli1, Nor Azah Jahari2, Muzairihana Md Moid2 dan Nor Hazwani Hassan2

1Faculty of Accountancy, Universiti Teknologi MARA (UiTM) Cawangan Johor, Kampus Segamat, Johor
2Faculty of Business and Accountancy, Universiti Selangor (UNISEL), Shah Alam, Selangor.

*Correspondent: hafizrosli@uitm.edu.my

Introduction

Malaysia is committed to its aim to be a nation's digital economy. Malaysia's National Entrepreneurship Policy 2030 (NEP 2030) and Shared Prosperity Vision 2030 plan highlighted the strategies and initiatives towards achieving this aim and in the long term can transform Malaysia to be the heart of Digital ASEAN (Ministry of Entrepreneur Development and Cooperatives, 2019; MAMPU, 2019). From a business perspective, the digital economy has changed the world business landscape and has become a critical component of the business models of the world's largest digital companies such as Amazon, Alibaba and e-bay. Furthermore, digital consumption is becoming more permanently ingrained as a way of life. In 2021, more than 65% of consumers in Malaysia bought the majority of items they needed online instead of going in-store (Google, Temasek & Bain and Company, 2021; Narula, 2022). In today's digital economy, most digitally-powered businesses integrate the usage of social media as the medium of promotion and sales. Social media is the most assessable and convenient platform and is well accepted by Malaysians.

Facebook, Twitter, Instagram, YouTube, Pinterest and Reddit are among the social media platform in Malaysia (StatCounter, 2022). SEA-6 Digital Merchant Survey 2021, conducted by the Google-commissioned Dynata, depicted that 43% of businesses in Malaysia believe that they would not have survived the pandemic Covid-19 without using digital platforms like Facebook, YouTube, Instagram, Pinterest, Snapchat, and Twitter (Google et. al, 2021). The usage of social media is also associated with the influencer. An influencer is a person who uses and utilises social media to create their brand or influence their followers to buy products or services, support a brand and others' business agendas (National Geographic Society, 2021). In this context, an influencer is regarded as someone who has the power to affect or change people and their behaviour through social media and is known as Social Media Influencer (SMI).
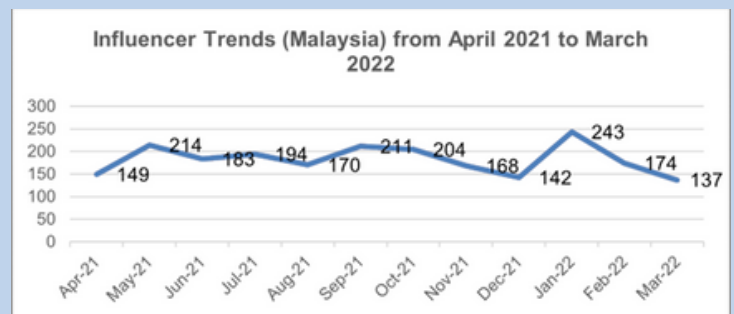

Figure 1: Influencer (Malaysia) Trends from April 2021 to March 2022
Sources: Google trends

With mutual partnerships with companies or enterprises, SMI uses its platform to promote products or services to its followers and potential consumers. The trends of influencers in Malaysia are evenly growing as illustrated in figure 1. Indeed, there is a need for more research on influencer marketing (Charles, 2020). With the even trends and current pandemic Covid-19 situation, the online platform is always attached to the heart of consumers. Prior research also discovered many about SMI (Google Trends, 2022; Schouten, Janssen, and Verspaget 2020; Charles, 2020; Ahmad & Bruno, 2021; Kim & Kim, 2022; Pop, Săplăcan, Dabija, & Alt, 2021). This trend leads to the question of whether SMI could influence business performance? This also leads to the model development that integrates the SMI and business.

Social Media Influencers

SMI is a new wave of independent third-party endorsers who use a range of social media channels to influence audience attitudes (Freberg, Graham, McGaughey & Freberg, 2011). Here, SMI generates content using social media platforms such as Instagram and YouTube that is generally focused on specific areas of interest such as fashion or beauty, fitness, and technology (Norris, Taylor & Taylor Jr., 2021). In other words, SMI is content creators who have a significant number of social media followers and can influence others. The majority of SMI are opinion leaders and are highly respected and used by their followers as an aid in decision-making in various situations in their personal lives, experiences, and opinions lead to the evolution of the study of these individuals. Campbell and Farrell (2020) show five categories of influencers are identified related to their number of followers (1) The celebrity influencer is an individual with more than one million followers and is publicly recognized; (2) Mega-influencers have more than one million followers but are only "internet famous."; (3) Macro-influencers have 100,000 to one million followers; (4) Micro-influencers have 10,000 to 100,000 followers; and (5) Nano-influencers have 10,000 or fewer followers.

Digital Environment and the role of Social Media Influencers

The pandemic Covid-19 has transformed the global business paradigm and Malaysia is also not an exception. Malaysia has gained 3 million new digital consumers since the beginning of the Pandemic Covid-19 in 2020 (Google et al., 2021). The increasing number of digital consumers is consistent with the Strategic Thrust 1 (restructuring business and industry ecosystem) of the Shared Prosperity Vision 2030 (MAMPU, 2019). With the tremendous demand of digital consumers, the traditional business model has been deemed inadequate to support the current economic landscape. The use of social media to promote and recommend products has become vital for all businesses. The popularity of SMI is indicated by the number of followers that are likely to be selected. The e-Conomy SEA Report 2021 indicates that Southeast Asia is entering its "digital decade" as the internet economy is expected to reach US$1 trillion in Gross Merchandise Value (GMV) by 2030 (Google et al., 2021). Bain Analysis points out that increased use of digital platforms such as social media in business transactions is expected to boost the gross merchandise value (GMV) of the internet economy by 8% for e-commerce and 22% for transportation and food in the next three years (2025) in Malaysia (Google et al., 2021).

With the phenomenon of SMI, the income generated from content creation is typically a new revenue stream and has become more versatile during the last decade. Most of these revenue sources are based on a contractual exchange between the creator and the social media in platform selection such as Instagram, TikTok and Snapchat (Geyser, 2021). Underlying all these incomes, most SMI is making money through a combination of advertisements, company-sponsored posts, and sometimes creating their brand of products. Many companies have identified SMI as intermediaries because they provide access to and might even influence hard-to-reach stakeholders, for example, teenage and young adult consumers or special interest groups (Enke & Borchers, 2019). Then, SMI can add advertisements to their pages, creating another way of making money using social media.

Conclusion

Undeniably, SMI plays a significant role in today's business environment, particularly in selling and promoting the products. In reality, SMI has been widely practised by businesses.With the emerging trends of SMI, policymakers need to ascertain the importance of SMI. The government also need to have proper guideline and policy to avoid unscrupulous SMI that can cause public disorder. Policy related to SMI is needed to strengthen their role as well as support the national agenda to be a hub in digital entrepreneurship. Businesses also may integrate SMI as one of their business strategies.

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