

# AN INVESTIGATION OF THE ROLE OF INFLUENCER MARKETING IN THE GROWTH PERFORMANCE OF FMCG BRAND

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**Abstract**— In today's dynamic marketing landscape, influencer marketing has become an important driver of growth for Fast-Moving Consumer Goods (FMCG) brands. This study focuses on the role of influencer marketing in enhancing FMCG brand growth, particularly in the Malaysian market. Influencers develop authentic connections with their followers, establishing trust that enhances brand reputation, which is a critical factor for FMCG products where quick decisions are based on trust. Influencers skilled at targeting specific demographics, ensuring the brand's message reaches its intended audience, optimizing return on investment (ROI). Their original and engaging content effectively highlights FMCG product features, benefits, and usage, enhancing consumer education. This research identifies the impact of influencer marketing variables on FMCG brand sales, aiding marketers in optimizing strategies. A quantitative survey method was used, collecting data from active social media users. Variables examined include Number of Followers, Originality of Content, and Follower-Brand Fit. Results reveal that Originality of Content has the most significant positive impact on campaign success, followed by Follower-Brand Fit, while the Number of Followers has a minor or negligible effect. These findings provide marketers and researchers with valuable insights, highlighting the importance of content originality in influencer marketing success for FMCG brands. In summary, influencer marketing remains an important tool for FMCG companies to boost brand awareness and sales, with content originality as a key driver of success.

**Keywords**—Influencer, Marketing, Performance

## I. INTRODUCTION

The impact of border closures and travel restrictions stemming from the global COVID-19 pandemic has rippled across numerous sectors, with the Fast-Moving Consumer Goods (FMCG) industry being no exception. Since the initial outbreak of COVID-19 in January 2020, countries around the world have implemented a range of measures aimed at curbing the virus's spread. These measures, while essential for public health, have had profound implications for both businesses and consumers.

During the Covid-19 pandemic, countries are in lockdown, shops have imposed various restrictions, and governments are actively encouraging people to stay at home to contain the spread of the virus. When the Covid-19 outbreak in Jan 2020, nearly all countries imposed restrictions on the movement of people to contain the COVID-19 pandemic. The restriction measures include border closures, country lockdown, quarantine requirement, discouragement of in-person shopping, and suspension of closed contact in-store promotion activities. Consumers are reluctant to shop in person; therefore online channel became the alternative to crowded stores and in-person shopping. Even though online channels have grown in popularity and sales growth has been steady over the past decade, mass consumer acceptance only happened after the arrival of Covid-19. The Organization for Economic Co-operation and Development (OECD) reported that almost all countries experienced a fall in services imports and exports with the outbreak of COVID-19. The drop was unprecedented in magnitude and more pronounced than during the global financial crisis (OECD. 22 Jan 2021).

Businesses that continued to rely on traditional distribution model and traditional marketing media were hit hard during Covid-19, but those that noticed this online trend and quickly adjusted and adapted to this new shopping model managed to regain sales. As reported in Influencer-Marketing-Hub by Werner Geysler in 23 Nov 2022, total global retail ecommerce sales was \$1,336 billion in 2014. It was doubled to \$2.982 billion by 2018. And this was nearly doubled again to an estimated \$5.542 billion by 2022 despite the Covid-19 pandemic. Some well-known FMCG brands have taken note of this online trend and have partnered with influencers to create content to encourage consumers to purchase products online, in an attempt to regain sales and market share. This has encouraged more companies to explore influencer marketing as one of their key marketing strategies to drive brand growth. As reported in Influencer-Marketing-Hub on 07 Feb 2023, the market size of influencer marketing which was at \$1.7 billion in 2016, has grown to \$9.7 billion in 2020 and expected to reach \$16.4 billion in 2022. That is over 960% growth in just 6 years.

The research gap in the context of social media influencer marketing in Malaysia is particularly noticeable when considering the shortage of studies focusing on Malaysian FMCG (Fast-Moving Consumer Goods) brands and their growth under the influence of influencer marketing. While there is a growing body of research on this marketing trend from an international perspective, the unique dynamics of the Malaysian market remain largely unexplored in this context. The existing studies referenced, such as Vrontis et al. (2021), Moghimi (2024) and Leung et al. (2022) provide valuable insights into influencer marketing practices and outcomes in diverse global settings. However, these studies may not fully capture

the nuances of the Malaysian consumer landscape, the specific behaviors of Malaysian social media users, and the distinct strategies employed by Malaysian FMCG brands.

The significance of this research gap becomes clearer when considering the cultural, linguistic, and socio-economic factors that shape consumer behavior and preferences in Malaysia. These unique contextual elements can have a profound impact on how influencer marketing is executed and its subsequent effects on FMCG brand growth within the Malaysian market. Moreover, the FMCG sector in Malaysia presents its own set of challenges and opportunities, influenced not only by factors like competition, pricing strategies, and consumer loyalty. Understanding how influencer marketing interacts with these dynamics is vital for both marketers and researchers seeking to optimize marketing strategies in the region.

Therefore, this study aims to fill this gap by conducting a comprehensive analysis of how influencer marketing influences several key factors related to FMCG brand growth in the Malaysian market. Specifically, the study seeks to explore the impact of influencer marketing on three critical aspects: (i) Number of Followers, (ii) Originality of Content and (iii) Follower-Brand Fit. Addressing this research gap in the Malaysian context helps to refine and customize influencer marketing strategies to better meet the unique needs and expectations of both Malaysian consumers and FMCG brands, promoting more effective and culturally resonant marketing practices in this region.

## II. LITERATURE REVIEW

Fast-moving consumer goods (FMCG) are also called consumer packaged goods (CPG). These products, which are typically found on the shelves of retail establishments (such as supermarkets/grocery stores/convenient stores), fast selling and at affordable prices. FMCG products generally have a short shelf life and are regularly purchased and consumed rapidly (Lacy et al., 2020). FMCG companies invest heavily on advertising to market their brands and products in order to influence consumer behaviour and raise brand awareness (Malhotra, 2014; Farmer, 2013).

Traditionally, FMCG brands have relied on traditional advertising channels such as television, radio, print media, and billboards to reach their target audiences. However, the emergence of influencer marketing represents a paradigm shift in how these companies connect with consumers.

Influencer marketing is a dynamic and rapidly evolving form of marketing that has gained immense popularity in recent years (Deges, 2018). It involves utilising the influence and reach of social media influencers to promote products, services, or brands to their loyal followers. Influencer marketing has

emerged as a powerful strategy due to the increasing impact of social media platforms on consumer behaviour and the rise of individuals who have amassed large online followings.

For the past decade, influencer marketing has been an active marketing strategy in the fashion, travel and fitness industries. As a result of the Covid-19 pandemic, FMCG companies are also aggressively using influencers to drive consumers to buy their products. Many FMCG brands are even shifting their marketing spend towards influencer marketing to drive their sales and awareness campaigns. According to Geysler (2022), FMCG go hand in hand with influencer marketing. The Influencer Marketing marketplace (Zefmo), found that the FMCG category was the highest spender on influencer marketing in 2021, increasing their spending by more than 62%, compared to an average of 40% across all sectors.

In the conference paper, Title: The possibilities of Influencer Marketing in FMCG sector, written by professor Ákos Varga PhD, stated that “Influencer marketing, originated from Word of Mouth, is a way of persuading people to buy a product using endorsements.”

Into the era of modern marketing, as Geysler (2022) pointed out that influencer marketing grew out of sponsorship marketing. Case in point is Michael Jordan, the world-renowned American former professional basketball player known for his Nike and Coca-Cola commercials in the 80s and Gatorade commercials in the 1990s. However, Michael Jordan is considered a “celebrity influencer”.

Many marketers agree that the beginnings of online influencer marketing can be traced back to the early days of social media when bloggers and YouTubers began to gain large audiences and followers and influence over their followers' purchasing decisions (Jin et al., 2019). These digital personalities offered a more intimate and interactive way for brands to engage with their target demographics, challenging the conventional advertising methods. Brands quickly recognized the value of collaborating with these online influencers to promote their brand and products because they offered a more personal and engaging way to connect with target audiences online compared to traditional advertising methods (Taylor, 2020).

As social media platforms like Facebook, Instagram, YouTube, TikTok, and Snapchat expanded in popularity, the number and variety of online influencers also grew rapidly, making it an integral component of modern marketing strategies, particularly in the FMCG sector. This evolution underscores the necessity for detailed research and analysis, such as the study outlined in the opening context, to understand the subtleties of influencer marketing's impact on fast moving consumer goods businesses and brand in specific markets such as Malaysia.

**III. RESEARCH METHODOLOGY**

The research method for this research is quantitative survey method (questionnaire) among a group of active social media users to obtain primary data.

*A. Conceptual Framework*

Based on the literature review the following research framework was developed

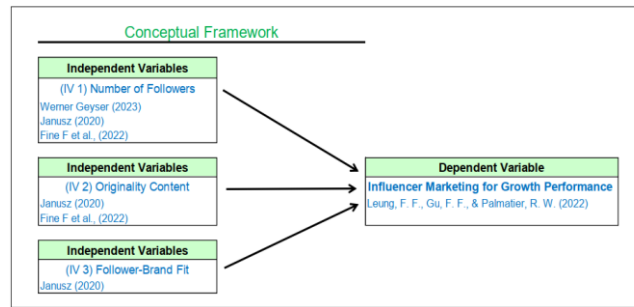


Fig. 1. Conceptual Framework

*B. Data Analysis Method*

Smart PLS 4 software is used to generate the structural model and to test the proposed hypotheses. The partial least square structural equation modelling (PLS-SEM) will be used to evaluate and interpret the reliability and validity of the variables in the conceptual framework, with the assistance of Smart PLS 4 software. The PLS-SEM is used to assist in the calculation and evaluation of composite reliability, average variance extracted and discriminant reliability of the measurement model. PLS-SEM is often considered more suitable for smaller sample sizes, making it a valuable option in cases where collecting a large dataset is challenging. It is more robust in situations with limited data.

**IV. RESULTS**

The data collected from the surveys were analysed and interpreted using SMART PLS 4 Software. This study applied the partial least square structural equation modelling (PLS-SEM) analysis to validate the measurement model and the structural model.

*A. Outer Model*

The outer model focuses on how well the observed variables reflect the underlying constructs they are intended to measure. The outer model typically involves tasks such as assessing the reliability and validity of the measurement model. The outer model in SmartPLS is a critical part of the SEM analysis process.

A total of 87 respondents were collected in the survey. The Outer Model based on research framework is shown in Fig. 2. Based on the result of the analysis for reliability, all constructs of the outer loadings

have a value that is greater than 0.7, except for two of the items are slightly below 0.7, with 0.632 (NF5) and 0.614 (IM3). Overall results showed that the indicators reliability is sufficient.

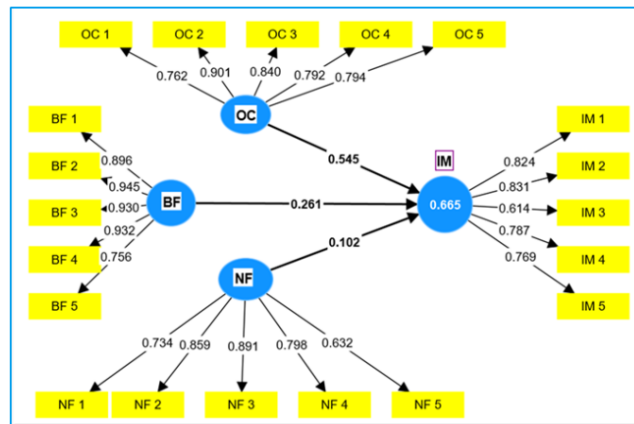


Fig. 2. Outer Model

B. Path Coefficient

Path Coefficients are used to assess the model’s validity to evaluate the relationships between the variables. Path coefficients are also referred to as standardized regression coefficients or beta weights.

TABLE I. PATH COEFFICIENTS (CONSTRUCTED BY AUTHOR)

		Path coefficients
Follower-Brand Fit	-> Influencer Marketing	0.261
Number of Followers	-> Influencer Marketing	0.102
Originality Content	-> Influencer Marketing	0.545

In Table 4.1, there are three variables: Follower-Brand Fit, Number of Followers, and Originality Content, which are all independent variables (predictors), and a dependent variable: Influencer Marketing. The path coefficients indicate the strength and direction of the relationships between each independent variables and the dependent variable.

In summary, the path coefficients indicate how three independent variables (Follower-Brand Fit, Number of Followers, and Originality Content) are related and influence the dependent variable "Influencer Marketing" in the framework of influencer marketing campaigns. These coefficients provide insights into the strength and direction of these relationships, the higher the value of the path coefficient, the stronger the effect of the independent variable on the dependent variable.

C. Construct Validity and Reliability

Construct validity and reliability are two important concepts in research and measurement. They are important in ensuring the research measures are reliable and valid. Reliability refers to the consistency

and stability of a measurement. A reliable measure should achieve consistent results when administered repeatedly under similar conditions or circumstances.

TABLE II. CONSTRUCT VALIDITY AND RELIABILITY (CONSTRUCTED BY AUTHOR)

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Follower-Brand Fit	0.936	0.944	0.952	0.800
Influencer Marketing	0.824	0.834	0.877	0.591
Number of Followers	0.843	0.866	0.890	0.621
Originality Content	0.876	0.881	0.910	0.671

Based on the results in Table II, all of the constructs in this data have Cronbach's Alpha values greater than 0.7, showing high internal consistency reliability. In addition, all composite reliability values in the table are greater than 0.7, generally very high (close to 1), suggesting strong internal consistency reliability for all constructs. For convergent validity, AVE values of 0.5 or higher are generally considered acceptable. All the constructs in this data have AVE values above 0.5, indicating good convergent validity.

*D. Coefficient of Determination (R<sup>2</sup>)*

R-square (R<sup>2</sup>) and R-square adjusted (R<sup>2</sup> adjusted) are statistical measures commonly used in regression analysis to assess how well a statistical model fits the data. R-square (R<sup>2</sup>) also known as the coefficient of determination, represents the proportion of the variance in the dependent variable (DV) that is explained by the independent variables (IVs) in the regression model. It is a value between 0 and 1, where 0 indicates that the independent variables have no explanatory power, and 1 indicates a perfect fit, meaning that all the variance in the dependent variable is explained by the independent variables. R-square adjusted (R<sup>2</sup> adjusted) is a modification of the R-square value that adjusts for the number of independent variables in the regression model. It adjusts for the potential overfitting that can occur when inclusion of unnecessary variables that may not truly contribute to explaining the dependent variable.

TABLE III. R-SQUARE AND R-SQUARE ADJUSTED (CONSTRUCTED BY AUTHOR)

	R-square	R-square adjusted
Influencer Marketing	0.665	0.653

An R-square value of 0.665 means that approximately 66.5% of the variance in the Influencer Marketing variable can be explained by the independent variables (IVs) included in the model. In other words, the independent variables (Follower-Brand Fit, Number of Followers, and Originality Content), account for about two-thirds of the variability observed in Influencer Marketing.

An adjusted R-square value of 0.653 means that after accounting for the number of predictors in the model, approximately 65.3% of the variance in the Influencer Marketing variable is explained. This

adjusted value provides a more conservative estimate of how well the model fits the data. The value of R-square adjusted is slightly lower than the R-square. The idea is to prevent overfitting, making it a helpful measure when evaluating the model's overall goodness of fit.

*E. Hypotheses Testing*

The P-value, also known as the probability value, is a statistical measure used in hypothesis testing to determine the strength of evidence against the null hypothesis. The null hypothesis (H0) is a declaration that there is no effect, difference, or relationship between variables. In other words, the P-value is used to determine the statistical significance of the relationships between the predictor variables and the dependent variable. Smaller p-values indicate stronger evidence against the null hypothesis and suggest a significant relationship between the predictor variable and the dependent variable. A larger P-value suggests weaker evidence against the null hypothesis, indicating that the observed results are more likely to be consistent with random chance.

TABLE IV. P VALUE (CONSTRUCTED BY AUTHOR)

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ((O / STDEV)	P values
Follower-Brand Fit -> Influencer Marketing	0.261	0.250	0.117	2.232	0.026
Number of Followers -> Influencer Marketing	0.102	0.125	0.111	0.919	0.358
Originality Content -> Influencer Marketing	0.545	0.538	0.097	5.628	0.000

The p-value 0.026 is less than the common threshold for significance level of 0.05, suggesting that the relationship between Follower-Brand Fit and Influencer Marketing is statistically significant. In other words, Follower-Brand Fit has a significant effect on Influencer Marketing.

The p-value 0.358 is greater than the common threshold for significance level of 0.05, suggesting that the relationship between the Number of Followers and Influencer Marketing is not statistically significant. In other words, there is no strong evidence to conclude that the Number of Followers variable in influencer marketing is different from what would be expected by random chance.

The P-value for Originality Content is 0.000, which is very close to zero. This indicates that the relationship between Originality Content and Influencer Marketing is highly statistically significant. This means that Originality Content has high significant effect on Influencer Marketing.

In summary, these statistics help to assess the significance of the estimated path coefficients in the model. A low P-value suggests that the relationship is likely not due to chance and is statistically significant, while a high P-value suggests that the relationship may not be statistically significant.



## V. CONCLUSION

In today's dynamic marketing landscape, influencer marketing is an important driver of growth for FMCG brands. Fast-moving consumer goods (FMCG), which are known for their frequent purchases and low price points, benefit from the particular advantages that influencers can offer. Influencers build authentic connections with their followers, building trust that translates into brand credibility. This trust is especially crucial for FMCG brands, where consumers often make quick decisions based on familiarity and trustworthiness. Moreover, influencers can efficiently target specific demographics, ensuring that the brand's message reaches its intended audience, maximizing ROI. Influencer's original content, often visual and interactive, effectively showcases FMCG product features, benefits, and usage, enhancing consumer education. Influencer marketing is a powerful tool for FMCG brands, fostering growth through trust-building, effective targeting, and engaging content. As this marketing strategy continues to evolve, its role will continue to be essential for FMCG companies to drive brand awareness and sales.

This study found that among the factors being studied, Originality Content has the most substantial and positive influence on the success of the influencer marketing campaign, followed by Follower Brand Fit with a moderate positive impact. Contrary to what is traditionally believed, it is discovered that the number of followers has a relatively little or negligible positive impact, suggesting that it may not be the most important component in deciding the influencer campaign's success. These findings can help marketers and researchers understand which aspects of their influencer marketing strategy are most influential and where they should focus their efforts for improvement. FMCG brands investing in influencer marketing campaigns should pay particular attention to the quality and originality of the content that they produced, since "Originality Content" is discovered to have a very substantial impact on influencer marketing. The effectiveness of the influencer marketing campaign will be significantly improved through enhancing the originality of the content, which will result in higher brand awareness, engagement, or conversion rates.

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