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Digital Economy Evolution in The World of Innovation, Competition, and Growth

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October, 25th 2018

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Sub: Invitation to present research paper in the UGEFIC 2018

Dear Mr. Subagyo

Greetings from Jakarta!!!

This is with reference to your paper titled "Social Media Influencer: Marketing Strategy for SMEs" submitted to the UGEFIC 2018 - International Conference. The paper has been processed for the double blind review and the review process is now complete. I am pleased to inform you that on the recommendation of the reviewers, the paper has been accepted for oral presentation in the UGEFIC 2018 - International Conference to be organized in Jakarta (Indonesia) on 31st October 2018.

We invite you to join the conference and present your research work to the peers. I trust the delegates of the conference will be delighted to attend your presentation and there will be lot of learning from the discussions. Kindly follow the conference website for schedule updates http://seminar.gunadarma.ac.id/ugefic2018.

Best Regards,

(Dr. Lies Handrijaningsih) Conference Secretary



UG Economics Faculty International Conference 2018

Digital Economy Evolution in The World of Innovation, Competition, and Growth



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SOCIAL MEDIA INFLUENCER: MARKETING STRATEGY FOR SMEs

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Abstract

Organizing and advancing technology and information, changing changes in consumer behavior in product decisions. The tendency of Indonesian people, especially Millennial, generaly who is active in front of gadgets and interactive through social media, makes social media an effective strategy to market SME products, one of which is through social media influencers. Social media influencers provide benefits for consumers, new consumers, wider distances, can reach the expected target consumers and can determine targets to be directed.

Keywords: Social Media Influencer, Marketing Strategy, SMEs.

SOCIAL MEDIA INFLUENCER: MARKETING STRATEGY FOR SMEs

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Abstract

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Keywords: Social Media Influencer, Marketing Strategy, SMEs.

Introduction

Marketing plays an important role in business processes. As good as the quality of the product, without being supported by a good marketing system, the product is not known to consumers. Kurtz (2012) defines marketing strategies as a whole company program in determining the target market and satisfying consumers by building a combination of elements from the marketing mix; product, distribution, promotion and price. For this reason, every company needs to develop a good marketing strategy to increase sales volume.

At present we know two marketing systems, namely traditional marketing systems and digital marketing systems. Traditional marketing systems are carried out, among others, by distributing business cards, advertisements in newspapers, magazines, radio and television. While the digital marketing system use websites and social media. The traditional marketing system is now being abandoned by business people, because of the high cost and limited network, otherwise the use of social media is felt to be more efficient and effective, because it is cheaper but the market reach is wider which results in an increase in sales volume.

Every company is established with the aim of gaining profit, because with the profits earned, the business can exist and develop. Maximum profits can be achieved if the company is able to sell products according to plan. Sales results will be maximal, if you have a good marketing strategy. This applies not only to large businesses, but also to small and medium scale businesses (SMEs). Subagyo and Ernestivita (2017) said that one of the weaknesses of small and medium enterprises cannot develop is the limited funding for marketing costs and the lack of market access caused by being limited to traditional marketing systems.

Marketing will be successful if you understand consumer behavior. Kotler (2000) identifies 4 factors that influence consumer behavior, namely cultural, social, personal and psychological factors. Cultural factors related to culture, sub-culture and social class of buyers. Social factors are related to the reference group (reference group), family, and the role and social status of consumers. Personal factors related to personal characteristics, such as the age of the buyer and the stage of the buyer's life cycle, employment, economic conditions. lifestyle, as well as the personality and self-concept of the buyer. Psychological factors are related to motivation, perception, knowledge, and beliefs and attitudes.

Consumer behavior is dynamic along with cultural changes and technological progress. The birth of social media makes people's behavior patterns experience a shift in both culture, ethics and existing norms (Cahyono, 2013). At the moment there are changes in consumer behavior patterns, especially for consumers in Millennials. Millennials consumers are less interested in reading newspapers, reading magazines, listening to the radio, watching television. On the contrary, the Millennials focus more on social media through their gadget. For this reason the use of traditional media is no longer effective for consumers, especially the Millennials.

According to research conducted by We Are Social, a British media company in collaboration with Hootsuite, the average Indonesian spends three hours 23 minutes a day accessing social media. From a report entitled "Essential Insights Into the Internet, Social Media, Mobile, and E-Commerce Use Around the World" which was published on January 30, 2018, of Indonesia's total population of 265.4 million, social media active users reached 130 million with penetration 49 percent (Tekno Kompas, 2018). Statistics of internet users and social media in Indonesia in January 2018 quoted from (Detik.com, 2018) are presented in Figure 1.



Figure 1. The Percentage of Social Media Most Actively Accessed by Indonesian Social Media Users in January 2018

Source: Detik.com, 2018

When viewed from the type of social media used by the people of Indonesia, Figure 2 shows the ranking of the most active use of social media in Indonesia in January 2018.

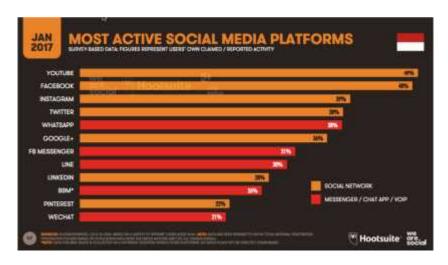


Figure 2. The percentage Of Social Media Most Actively Accessed By Indonesian Social Media
Users In January 2018
Source: Detik.com, 2018

One strategy that can be used in marketing products online is to apply marketing influencers. Marketing influencers are a method of digital marketing through someone who has influence or who can persuade potential customers with fame, usually a public figure. (Inc.com, 2017) in the survey got results that at least 84% of marketers said that they launched at least one marketing influencer campaign for the next year.

Marketing influencers are increasingly endemic in early 2018 along with the development of the era of social media, especially Instagram, where the digital platform has many users. Monthly Active User (MAU) Instagram breaks 1 billion users per June 2018, or grows by 5% from quarter to quarter (Kompas.com, 2018).

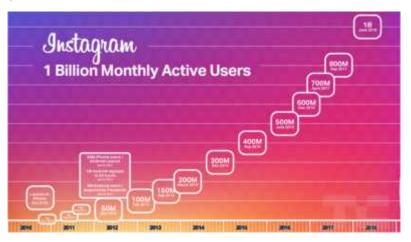


Figure 3. Instagram Active Users Source: Kompas.com, 2018

Some researchers state that social media plays a role in influencing consumer behavior and purchasing decisions. The results of research conducted by Cahyono (2017) stated that social media has an impact on changes in the culture of society, which with social media someone is easier to interact and share in an unlimited space. Mileva and Fauzi (2018), in their research concluded that social media has a significant effect on the decision of buyers of FIA UB students in Starbuck Malang. Similarly, the research conducted by Rangkuti and Sulistyawati (2018) in his research entitled The Influence of Social Influence and Lifestyle on Intention to Buy at Carrefour, concluded that social influence and lifestyle are partially and simultaneously having a significant and positive effect on intention to buy at Carrefour.

Based on the background of the above problems, the writing of this paper aims to describe how social media influencers can be used as marketing strategies for SMEs in Indonesia.

Discussion

Social Media

Social media is an online media, with its users able to easily participate, share, and create content including blogs, social networks, wikis, forums and virtual worlds. Blogs, social networks and wikis are the most common forms of social media used by people around the world. Mbulla argues that social media is an online media that supports social interaction and social media using web-based technology that transforms communication into interactive dialogue (Mbulla, 2014).

Kaplan and Haenlein (2010) define social media as a group of internet-based applications that build on the basis of Web 2.0 ideology and technology, and which enable the creation and exchange of usergenerated content.

Social media has the following characteristics:

- 1. The message is delivered not only for one person, but for many people
- 2. The message delivered is free, without having to go through a Gatekeeper
- 3. The message conveyed tends to be faster than other media
- 4. Message recipients that determine interaction time

Social media is an effective business promotion tool, because it can be accessed by anyone, so the promotion network can be wider. Social media is an indispensable part of marketing for many companies and is one of the best ways to reach customers and clients. Social media such as blogs, Facebook, Twitter and YouTube have a number of benefits for the company and are faster than conventional media such as print media and TV advertisements, brochures and leaflets.

Influencer Marketing

Influencer marketing (also influence marketing) is a form of marketing in which focus is placed on influential people rather than the target market as a whole. It identifies the individuals that have influence over potential customers, and orients marketing activities around these influencers. Influencer content may be framed as testimonial advertising where they play the role of a potential buyer themselves, or they may be third parties. These third parties exist either in the supply chain (retailers, manufacturers, etc.) or may be so-called value-added influencers (such as journalists, academics, industry analysts, professional advisers, and so on).

Methods of Influencer Marketing

Influencer marketing, as increasingly practiced in a commercial context, comprises four main activities (Wikipedia, 2018):

- a. Identifying influencers, and ranking them in order of importance.
- b. Marketing to influencers, to increase awareness of the firm within the influencer community
- c. Marketing *through* influencers, using influencers to increase market awareness of the firm amongst target markets
- d. Marketing with influencers, turning influencers into advocates of the firm.

Influencer marketing is enhanced by a continual evaluation activity that sits alongside the four main activities. Influencer marketing is not synonymous with word of mouth marketing (WOM), but influence may be transmitted in this manner. Thus WOM is a core part of the mechanics of Influencer Marketing. There are substantial differences in the definition of what an influencer is. Brown and Hayes (2008) define an influencer as "a third party who significantly shapes the customer's purchasing decision, but may never be accountable for it." Keller and Berry (2003) note that influencers are activists, are well-connected, have impact, have active minds, and are trendsetters, though this set of attributes is aligned specifically to consumer markets.

Exactly what is included in influencer marketing depends on the context (retail or B2B) and the medium of influence transmission (online or offline, or both). But it is increasingly accepted that companies are keen to identify and engage with influencers. As Keller and Berry note, "Business is working *harder* and paying *more* to pursue people who are trying to watch and listen *less* to its messages." Targeting influencers is seen as a means of amplifying marketing messages, in order to counteract the growing tendency of prospective customers to ignore marketing. (Keller and Berry, 2003)

Benefits of Social Media Influencer

The average person spends up to two hours on social media each day with certain demographics spending nearly every waking moment on their phones. In light of this, it's no wonder that influencer marketing, which leverages the popularity of social media stars to promote brands and their products, has emerged as one of the fastest-growing segments of advertising.

Today, businesses from almost every conceivable category are leveraging the power and potential of influencer marketing. According to a recent survey, 86% of marketers used influencer marketing in 2018, and of those, 92% found it to be effective (Linqia, 2018). Below, we've compiled a list of the top benefits of the influencer marketing that illustrate its effectiveness as an advertising strategy.

1. Return On Investment (ROI)

From large corporations to newly minted startups, all varieties of businesses are seeing positive returns from influencer marketing. Influencer marketing has been shown to produce up to \$11.69 in earned media value (EMV) per \$1 spent.

Its proven ability to generate enormous returns on investment has helped to make influencer marketing a \$1 billion industry on Instagram alone and has led nearly half of marketers surveyed to say they'll increase their influencer marketing budgets in 2018.

2. Influencers Impact Purchase Decisions

Numerous studies show that influencers have the power to impact the purchase decisions of consumers of all ages. In a joint survey conducted by Twitter and Annalect, 40% of respondents reported that they've purchased an item online after seeing a social media influencer use it.

Furthermore, 22% of marketers cite influencer marketing as the fastest growing customer acquisition channel, and more than 50% say they acquire higher quality customers through influencer marketing compared to other acquisition channels.

The results of these studies and more indicate that influencer marketing is a successful tool for attracting consumers with high purchase intent, and thus is an effective method for driving sales.

3. Access To Millennial & Gen Z Consumers

As young audiences leave TV behind in favor of digital media, influencer marketing is now a mandatory channel for reaching critical millennial and Gen Z audiences.

85% of Gen Z uses social media to learn about new products, indicating that young consumers in particular are highly receptive to receiving specific product information through social platforms.

Furthermore, 40% of millennial YouTube subscribers believe their favorite influencer understands them better than their friends, illustrating the trust, credibility, and deep personal connections social media influencers forge with their young followers.

4. Influencers Are Trendsetters

Influencers are often a go-to source of information about new products within their industry (beauty, fashion, tech, fitness, etc.). Influencers' followers respect and sometimes even idolize their opinions within their categories of expertise.

As a result, a product often gains "cool factor" when an influencer recommends it. In this way, influencers are trendsetters that social media users trust to identify and comment on the hottest products and trends.

Often, influencers are given access to new products before they are even available to the general public. For example, Huawei Mobile gifted top tech influencer Judner Aura (UrAvgConsumer) the new Mate 10 Pro smartphone prior to its US launch. Aura created a 13-minute YouTube video that provided viewers with an in-depth review of the phone, getting them excited about the new tech product in advance of its US release.

5. Authentic Messaging & Endorsements

Most large influencers are highly selective when choosing brand partnerships, adding a level of authenticity to sponsored influencer content.

By selecting sponsorship opportunities that are a good fit for their image and audience, influencers are able to partner with brands they genuinely love and deliver sponsored messages that feel relevant and organic.

6. Relatability & Credibility From Beloved Peers

Influencers are trusted by their followers, and their opinions have high value and reliability. On YouTube, 70% of teenage subscribers say they relate more to the platform's influencers than traditional celebrities.

Moreover, six in 10 subscribers say they're more apt to follow purchase advice from their favorite YouTube creator over traditional TV or movie stars. These statistics illustrate that many consumers perceive influencer endorsements to be substantially more credible than celebrity endorsements, likely due to the ability of influencers to relate with consumers.

7. Audience & Demographic Targeting

Influencer marketing campaigns can be as broad or niche as a brand desires and a variety of different methods can be used to help determine the most appropriate influencers to reach a desired audience.

Brands can work with influencers who specialize in a particular category of content, such as fashion, travel, or cooking. Additionally, when selecting influencers for a campaign, businesses can request access to information on their follower demographics. These factors can be instrumental in helping brands optimize their campaign to reach a specific target audience.

8. Optimization & Economies Of Scale

Proper strategy and planning of an influencer marketing campaign helps brands achieve the largest reach and highest engagement rates. Qualified professionals like influencer marketing agencies can also monitor and manage influencer marketing efforts from beginning to end, helping to optimize the entire resource-intensive process.

After the data from a campaign has been analyzed properly, content can also be relaunched or repurposed with messaging tweaks — or promoted by other influencers — to further help optimize KPIs and ROI.

9. Versatility Across The Most Popular Social Platforms

Influencer marketing allows brands to reach audiences on both web and mobile. Additionally, many influencers are active on multiple popular social platforms.

Depending on the influencer and campaign, the content created for brands can be cross-promoted on a variety of platforms, including Instagram, YouTube, Facebook, Snapchat, and personal blogs, in order to maximize a campaign's reach.

10. Shareability Across Both Web & Social

In comparison to native advertisements, social media users are more likely to share influencer marketing content with their own followers, expanding the reach of a brand's message to even greater audiences.

Because influencers are experts at creating content their followers love, influencer marketing campaigns often achieve a level of virality that many traditional advertisements lack.

11. Custom Tailored To Each Brand & Campaign

Influencer marketing is a fully-customizable. Campaign elements such as budget, number and type of influencers used, creative messaging, post frequency and scheduling, key performance indicators (KPIs), and a host of other variables, can all be tailored to fit an individual brand's needs.

12. Licensability Of Sponsored Influencer Content

Depending on the terms of the agreement between the brand and the influencer, content from influencer marketing campaigns can be reused to further a brand's marketing goals.

When pitted against the costs of content associated with a production company or traditional ad agency, influencer content presents marketers with immense value, and, if licensed, can be shared on a brand's social platforms or even used in traditional advertising formats such as print or television.

13. Longterm Influencer Relationships

Embarking on an influencer marketing campaign isn't just about metrics, it's about building positive relationships. By establishing rapport with influencers, brands can create strong and lasting partnerships that drive long-term results.

Additionally, having a relationship with a leading influencer marketing agency keeps a business up to date on new opportunities, as well as the latest industry trends and best practices.

14. Actionable Insights & Data

Influencer marketing campaigns can yield invaluable data for brands. From engagement information such as views, likes, comments, and shares, to click through rate (CTR), acquisitions, social sentiment, and other important KPIs, brands not only have the ability to reach new audiences through influencer marketing, they can learn about the behaviors of their own customer base as well.

15. Flexible Pricing

In contrast to celebrity endorsements, television commercials, and other forms of traditional advertising, influencer marketing is a highly accessible form or promotion that can meet the needs of

both large and small businesses. Due to its flexible pricing structure, campaigns can be designed to fit a wide range of goals and budgets.

16. Immense Reach and Visibility

Many social media influencers have audiences in the millions, with the 50 most followed Instagram influencer accounts totaling more than 2.5 billion followers. While influencer marketing certainly isn't about blindly following alluring numbers, marketers can build highly effective campaigns that reach millions of consumers with proper influencer vetting based on both qualitative and quantitative factors.

Furthermore, influencer marketing helps brands bypass obstacles many other online marketing mediums face today. With the mainstream adoption of ad blockers, as well as users' general disdain for overt advertising, influencer marketing offers brands a viable, proven way to interact with consumers in a natural and unobtrusive way.

Roles of Social Media Influencer

1. Connect

There are many different things that influencers do, whether or not they set out with these goals. We have already discussed the value of social media to connect disparate people to each other and to the brands and organizations they care about. These influencers, with their vast networks of followers and friends, serve as nodes to make these connections more smoothly and more effectively.

Once we successfully identify the audience with which we want to connect, we can use influencers to connect with them more easily. A social media influencer is not made overnight. No matter who the person or entity is, they all started with only a small number of followers. It took dedication and passion to amass the kind of a network over which they could wield considerable influence, but it also took an intimate knowledge of who those followers are. This means that social media influencers can connect their followers to those stories and products that they already know will be relevant and useful to them because they know whom their audience is and what they want.

This, however, is also a reason that we need to be diligent in understanding the audience of these influencers before we reach out to them as part of our social media strategy. They only want to connect their audience to messages that are relevant. If our message does not fall into this category, either the influencer will have no interest in spreading the idea, or the message will be broadcast to an irrelevant or unresponsive audience. Influencers have the ability to connect us to the right people. That is what we must make an effort to leverage. Find people who are connected to the people that you are trying to influence.

2. Inform

The Internet was started as a way to spread information efficiently across vast geographical distances. While the internet today is more sophisticated than a couple of computers on college campuses exchanging text, it is effectively still a network for spreading information. This is particularly true of social media platforms, which are increasingly used not just to share the news that has been generated from mainstream media sources, but to break its stories as well.

Social media influencers are an important part of this information network. They inform their followers of new products, new developments, and even breaking the news. Unlike advertisements that are designed to inform, the information that comes from individual influencers is organic and trusted. Indeed, one recent study found that among B2B decision-makers, bloggers are the most trusted source of information and the most influential in the decision-making process; even more so than tradeshows or word-of-mouth recommendation. Obviously these influencers should be an integral part of getting our messages out.

It is also important to note the way in which influencers curate information. In fact, many influencers have made a name for themselves simply for the relevant and compelling way in which they post and share information from other sources. We will discuss more this later on when we talk about Mass Connectors.

While it can be wonderful to have these "citizen journalists" spreading information and news in a genuine and fast-paced way that often is not possible with traditional media outlets, we have to understand both sides of the coin. When a social media influencer breaks a story, that news and information permeates the web instantly and stays there. Bloggers are not subject to the same ethical standards as

professional journalists and even though most of them make every effort to be accurate, misinformation can spread quickly. Having a good relationship with these influencers means that you can be a first line of defense and an important source before they broadcast any information about your brand.

3. Shape Opinion

While connecting and informing are both important parts of an influencer's experience, ultimately wielding influence is about shaping opinions. As communications professionals, we know that there are three important bars that must be met. The information being shared must be:

- a. Trustworthy
- b. Relevant
- c. Timely

Influencers have the advantage of being implicitly trusted by their audience. They have worked diligently to earn that trust. Therefore, as a company who wants to reach their audience, we must be able to provide them with relevant and timely information and to message that can be shared in a clear and simple manner. It is these types of messages that can work to shape opinions, which is our ultimate goal.

Now that you know the role social media influencers play, you can probably see why it is important to engage with influencers as part of your social media and inbound marketing strategy.

How to Choose Influencer

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When you're trying to identify social media influencers for your brand, you shouldn't go by follower counts alone. Instead, do a deeper dive into the kind of followers they have. If you come across follower profiles like the one above, run in the opposite direction. These are exactly the kind of people you want to avoid.

So, coming back to the question of who your ideal social media influencers are, they're the ones who have:

- a. A large number of followers on social media
- b. A decent number of posts
- c. Authentic stories in their content
- d. High-quality and aesthetic images or videos in their content
- e. A solid engagement rate on their posts

f.

Impact of Influencer in SME Business

.1. Minimizing wrong targets in targeting consumers

There are quite a number of SMEs who fail in the marketing they do. Their marketing is not able to boost sales value so that it becomes useless. This is of course due to errors during the process itself. Errors in marketing that can be said to be fundamental mistakes are wrong in targeting consumers. A businessperson must know who their customers are and what they want.

A social media influencer has quite a number of followers. This follower is not a random person, but they are truly passionate with the influencer himself. On social media, people will follow other people who they think have the same hobbies and love. For example, those who like to experiment will not hesitate to follow makeup artist accounts, those who like traveling will also follow other traveler accounts.

Here, the impact of social media influencers can be felt real. By cooperating with a social media influencer, you can get consumers according to the target. For example, MSMEs that sell skincare and

cosmetics products then collaborate with social media influencers in accordance with this field so you can get to know the right new people.

In general, anything posted by a social media influencer will look attractive in the eyes of his followers, so it does not rule out the possibility that followers will be attracted to the product and become consumers. Therefore, the more followers of a social influencer media, the greater the chance of a product to be known. Businesses no longer need to be confused about targeting consumers, because these followers are those who need the product posted.

2. Get More Customers

Social media influencer generally has more than one type of social media. He will try to hook as many followers as possible. Therefore, it is not surprising that a social media influencer can exist not only on one type of social media like Instagram, for example, but also Facebook, Twitter and Snapchat. Or for social media influencers who are vloggers, they will also try their best to attract more followers there.

From here it can be considered what happens if you work with social media influencers. Items that will be marketed will not only be known through certain social media, but also other social media. Of course this will save time and effort without having to do marketing one by one in each social media account which does not necessarily have more followers. What's more for those who have just introduced a new product. Using social media influencers can make your products known to netizens faster.

3. Attract New Customers

An influencer social media tends to get a lot of followers and will increase every day. People with one vision and mission will follow social media influencer accounts. This is a land for MSMEs to attract new consumers. As mentioned earlier, the impact of this social media influencer is related to the nature of a social media influencer who tends to have an account on several social media. Different social media accounts, the followers are different.

MSMEs can also get new customers. Usually, these followers will spread the products used by the account they follow by word of mouth to friends and people around them. Of course this increases product opportunities for wider recognition.

4. Build Customer's Trust

MSMEs will certainly have very little difficulty competing with large businesses. Using the services of a social media influencer can make it easier to demonstrate the superiority of MSME products.

Serengetee, a California garment and travel equipment startup, attracts several social media influencers for their marketing process. Serengetee works with social media influencers such as Eunice M from the Nerdy Talks Book Blog to promote its products and demonstrate the superiority of its companies.

In posting the social media influencer, he did not forget to include a caption informing his followers that part of the proceeds from the sale would be donated to countries where Serengetee products were made. The advantages of this product will get its own place in the hearts of consumers, so that it will build consumer confidence in the products sold.

Paying a top model or celebrity to promote a product is a good thing. This is certainly not a problem for business people who do have large capital, because it takes a lot of money to pay for models or celebrities. However, utilizing social influencer media services that are increasingly on the rise like vloggers or bloggers is a more appropriate step to do marketing with a more minimal budget, especially for novice businessmen, although it is also possible that many middle-class businessmen also take this method.

Social media influencers come from various backgrounds, ranging from celebrities, athletes, political figures, and those who don't come from all three. Those called micro-influencers can also be used for the marketing process carried out on social media. For beginner businessmen who are ready to compete in the market, it's good to work with these micro influencers to introduce products among the wider community. Over time, if the available capital is enough to do marketing at a more advanced level, it can work with influencers who are public figures.

Conclusions

Social media is an online media, with its users being able to easily participate, share and create content. All generations use social media to complement a variety of activities, such as educational activities, interactions and also trading activities. One of the activities of buying and selling that uses social media is to utilize influencers. Influencers are someone who has many followers on his social media account because of his reputation, existence or because the content is posted on his social media account, so this is very effective for SMEs to use as a promotional medium.

Marketing strategies using social media influencers as intermediaries have many advantages. Among them; Minimizing wrong targets in targeting consumers because MSMEs can choose influencers according to their business criteria, more consumers will get because more days the number of followers of influencers will increase in proportion to their existence, attracting new consumers because our products will be increasingly widely known along with the number of social users increased media, and builds consumer confidence because genuine reviews from famous people are able to convince consumers that their confidence increases.

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