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# WORD OF MOUTH AND INFLUENCER MARKETING IN GEORGIAN COMPANIES

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## **Abstract:**

Word-of-mouth marketing represents one of the oldest and most effective marketing strategies that organizations employ to attract customers and enhance their loyalty. WOMM is based on the phenomenon where satisfied customers share their experiences and impressions with others, generating interest and trust among potential new customers.

While Georgian companies often rely on traditional marketing methods such as television advertising, print materials, and internet advertising, the potential of word-of-mouth marketing is frequently underutilized. This is despite evidence that implementing such a strategy significantly increases consumer trust and loyalty, ultimately positively impacting company success and financial performance.

In recent years, influencer marketing has emerged as a prominent form of word-of-mouth marketing. This strategy involves collaboration with influential individuals whose shared content and recommendations substantially impact their followers' behavior. Influencers are often regarded as experts or leaders in specific segments, resulting in high consumer trust in their recommendations. This enables companies to reach broader audiences more efficiently and establish a positive brand image.

This research aimed to examine the impact of influencer marketing in two Georgian companies. The study incorporated observation and experimental methods. An experiment was conducted at "Nadimi," a company established in March 2024, focusing on their customer base. The experiment aimed to generate buzz through specified advertising channels to maximize product discussion among consumers.

Additionally, observations were conducted on the marketing activities of Dressarium, a major player in the clothing industry, to evaluate the effectiveness of their advertising channels. The study analyzed the company's marketing plan and annual budget, assessing the effectiveness of various promotional channels and activities - social media, influencers, YouTube, banners, SMS marketing, and events - across different target segments.

## **Keywords:**

Word-of-mouth marketing, WOMM, influencer marketing, digital marketing, consumer behavior, Georgian market, marketing strategy, social media marketing

**JEL Classification:** M00, M30, M31

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## Introduction

Investopedia, a prominent platform for investments and financial market information, defines Word-of-Mouth (WOM) marketing in its classical sense as a process wherein an interested consumer discusses a company's product or service in everyday dialogue.

Due to the topic's relevance, the preferences of Generations Y and Z concerning WOM marketing have become the subject of numerous scholarly investigations. Multiple studies have examined various forms of word-of-mouth marketing, the impact of different channels on consumer behavior, and the effectiveness of influencer marketing. To thoroughly investigate this research topic, we conducted a comprehensive analysis and comparison of professional papers, industry expert publications, and academic literature.

Currently, the majority of private organizations employ marketing instruments such as advertising, email marketing, and other digital channels to increase sales and improve their financial performance. Companies have a wide range of options in this direction and can utilize various marketing instruments to achieve their long-term and short-term objectives. Some of these tools are specifically focused on increasing sales, while others accumulate consumer data for subsequent targeted utilization.

Among the various marketing and advertising channels available globally, including in Georgia, influencer marketing has emerged as one of the most relevant mechanisms. The significance of influencing and influencers has substantially increased on social networks, where consumers spend considerable time and receive diverse information daily.

In their work "Influencer Marketing as a New Phenomenon," authors Kadekova, Z. and Holiencinova, M. discuss the opportunities and contemporary challenges of influence marketing. Their research revealed significant differences between Generation Y and Z representatives regarding the impact of influencers on their purchasing behavior. Social media influencer marketing has been identified as the optimal channel for reaching Generation Y and Z consumers. According to their study, 48% of respondents are familiar with who influencers are, 29% have no knowledge about influencers, while 22% have never heard the term. Contemporary influencers utilize various communication channels to reach their target audience and acquire new followers, including personal blogs, Pinterest, Snapchat, Instagram, Facebook, and YouTube. The researchers categorize influencers into four distinct types: bloggers, YouTubers, celebrities, and Instagrammers.

According to the same authors' research, an average consumer spends 2 hours daily on social networks, while teenagers spend approximately 9 hours. Social networks constitute an essential part of teenagers' daily lives. They obtain information about various events, issues, and products primarily through these channels. Consequently, information about products delivered by various influencers and brand online ambassadors is readily absorbed into their memory (Kadekova, Holiencinova, 2018).

Currently, influencer marketing ranks among the most popular business development strategies. Whether through Instagram or YouTube influencers, this strategy has helped numerous brands enhance their awareness, expand their reach, and increase sales. Given its popularity and effectiveness, it is not surprising that the global influencer marketing market volume has grown significantly over the past few years. In 2022, the influencer marketing industry was valued at 16.4

billion USD, representing an 18.8% average annual growth from 13.8 billion USD in 2021 (Oberlo, 2022).

As previously mentioned, the research aimed to analyze the practical application of influencer marketing, one of the aforementioned effective instruments, in the Georgian market and to examine the results achieved through this approach in Georgian companies.

The research was conducted in two phases. The initial phase involved exploratory research, which included analysis of thematic papers, reports, and existing industry studies. The second phase comprised descriptive research, incorporating qualitative research approaches: observation and experimentation.

Observations were also conducted on the marketing activities of Dressarium, a major player in the clothing industry, to evaluate the effectiveness of various marketing instruments. Operating in the retail clothing industry since 2018, Dressarium serves as the official representative of international premium brands including Karl Lagerfeld, Hackett London, Pepe Jeans London, Lion Of Porches, Mayoral, Marc O'Polo, and others. The company's mono-brand stores are located in Galleria Tbilisi and City Mall.

The research included analysis of the company's marketing plan and annual budget. The effectiveness of various advertising channels and activities - social media, influencers, YouTube, video advertising, banners, SMS marketing, and events - was evaluated according to the company's target segments.

The evaluation of achieved results was conducted using the following metrics:

1. Reach - total view count of utilized social media instruments
2. Content interactions
3. Number of followers
4. Link clicks
5. Number of likes
6. Sessions

To address the research questions and test the defined hypotheses, an experiment was conducted during the research process. The experiment was carried out with the assistance of "Nadimi," a company established in March 2024, with the brand's customers serving as the research audience. Nadimi's primary business activity is the distribution of thermal cups, targeting Generation Z and Millennials as their primary market segments.

Upon entering the market, the company identified social media and influencer marketing as their primary advertising channels to increase brand awareness and product demand. They utilized the country's most popular social networks: Facebook, Instagram, and TikTok. The company's objective was to generate buzz through specified advertising channels to maximize product discussion among consumers.

The marketing plan established long-term marketing objectives: members of the target segment who owned Nadimi products should independently share information about the product with others on their own initiative. To achieve this goal, the company set a short-term objective of having their

thermal cups in many people's hands, thereby generating interest in the product among potential customers.

The effectiveness of implemented marketing activities was evaluated using the following criteria:

1. Number of followers
2. Likes
3. Page engagement
4. Impressions
5. Reach
6. Direct messaging conversations initiated

## **Influencer Marketing in Georgian companies**

### **Dressarium**

Dressarium is a multi-brand company that has been operating in the retail clothing market since 2018. The company's portfolio currently encompasses eight premium clothing brands.

The company allocates 20% of its annual marketing budget to social media and 16% to influencer marketing. Among social networks, Facebook and Instagram are given priority.

The company has developed a strategy for selecting influencers for various activities based on the following criteria:

- Primary emphasis during influencer selection is placed on the quality rather than quantity of their followers, with monitoring conducted to ensure alignment between the target segment and the influencer's follower demographics
- The influencer must be authentic to the brand
- The influencer should not promote competitor companies
- The influencer should not engage in excessive promotional activities for multiple companies
- Long-term contracts (minimum six months) are established with influencers to effectively enhance brand awareness among their followers during this period

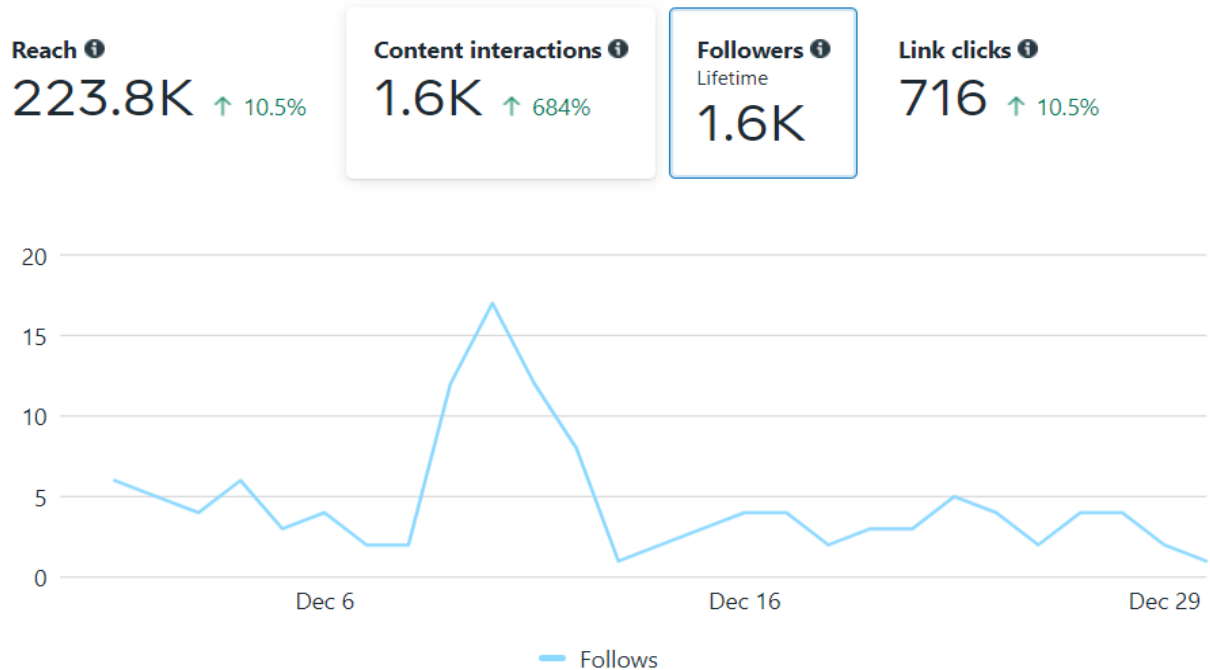
Company experience has demonstrated that long-term contracts are more cost-effective and generate greater trust in the brand among followers.

The company actively works on enhancing its Instagram social network presence, focusing on increasing engagement and page likes. Initially, the company's strategy involved boosting page posts and video content (reels); however, this approach proved ineffective, with daily likes remaining limited to 2-3 users even during paid promotion periods.

During this period, the company revised its approach and began collaborating with influencers to achieve its objectives. The graph below demonstrates how an active influencer campaign increased

Instagram channel followers during a specific time period (December). Following the campaign launch, the average daily follower counts increased sevenfold.

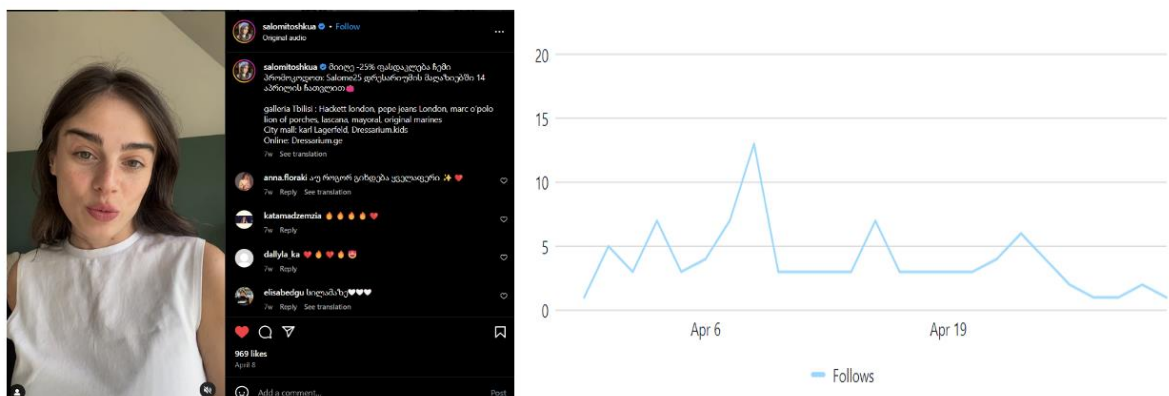
### Figure 1. Ad Results



Source: Meta

A similar pattern emerged during collaboration with a second influencer several months later (April). The company again partnered with an influencer, resulting in a fourfold increase in page followers.

**Figure 2. The influencer's post and the result achieved**



*Source: Meta*

## Nadimi

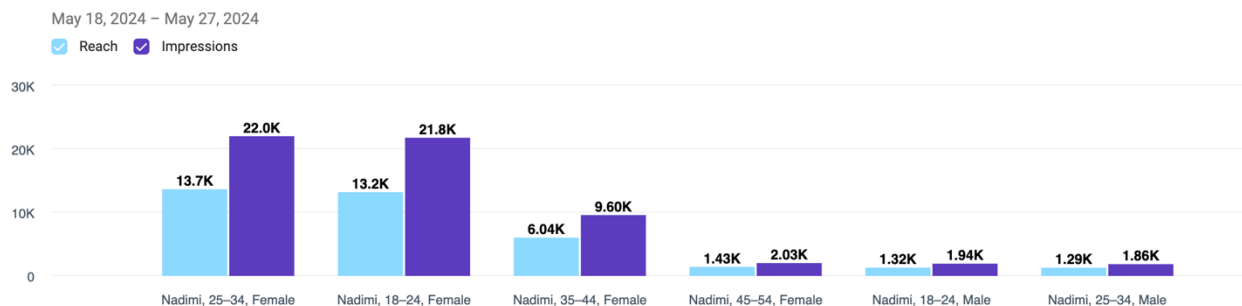
As previously noted, the research included an experiment conducted through Nadimi company, targeting Generation Z and Millennials as the focus group.

Nadimi is a brand established for the distribution of thermal cups, with its primary mission being to make globally demanded thermal cups accessible to Georgian consumers. Operations commenced in March 2024, following market research which revealed that these specific models of thermal cups were only available as imported stainless steel cups at above-average prices in the Georgian market. The company founders identified a manufacturing partner in China that produces high-quality thermal cups. Under the agreement, the cups are branded at the facility and imported to the Georgian market.

The company's primary sales strategy was developed with the following objective: to maximize consumer purchases of the cups to rapidly increase brand awareness and demand in the city, with a target of selling minimum 18,000 thermal cups within the year. Posts were placed on Facebook and Instagram, primarily promotional in nature, providing consumers with information about discounts and promotions. Since similar thermal cups were not yet popular in the city, the posts contained information about product characteristics, with the brand engaging in product-focused communication with consumers. The Facebook and Instagram advertising campaigns exceeded expectations and produced favorable results.

Below is the demographic profile of the audience reached through Meta's social media channels - Facebook and Instagram advertising:

**Figure 3. First ad result by segment, Nadimi**



Source: Meta

The results of two completed campaigns at this time are as follows:

**Table 1. First Campaign Report**

Campaign expenditure	USD 60
Ad reach (unique viewers):	38,979
Total impressions:	62,057
Direct messages received	128

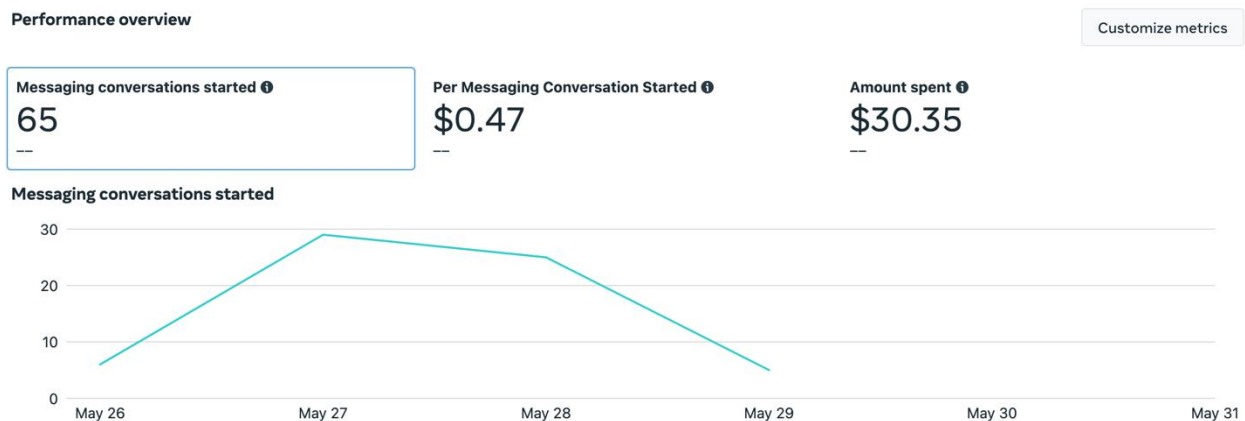
Source: Authors

The advertising campaign successfully converted target segment representatives into page followers, indicating that the experiment proved effective, with social media advertising demonstrating significant impact on the defined segment.

The second advertising campaign proved more efficient, reaching a broader audience with lower expenditure. Second Campaign Report:

- Total campaign expenditure: USD 30.35
- Ad reach (unique viewers): 51,848
- Total impressions: 84,092
- Direct messages received: 65

**Figure 4. Ad result Direct message, Nadimi**



Source: Meta

In addition to standard advertising placement, the company conducted another activity within the experimental framework: advertisements were placed in large Facebook groups, appearing as organic posts to group members who provided feedback. In a major Facebook group targeting female audiences - "Girls Corner" - the company organized a giveaway of one thermal cup, which



resulted in increased Facebook page likes. Furthermore, to boost sales and brand awareness, a discount post was published in the "Receptor" group (membership: 109,400 users). Additionally, the brand established a presence on another social network - TikTok. Notably, the product gained global popularity primarily through TikTok videos. The company's TikTok page features entertaining content aimed at attracting Generation Z audiences. Another significant promotional activity planned within the experiment's framework was influencer marketing. The company proposed barter collaboration to all major TikTok influencers, with the majority accepting the proposal. Under the barter arrangement, influencers reviewed the product in their TikTok videos and posted product photos in their Instagram stories with tags to Nadimi's page. The latter activity significantly stimulated sales growth.

**Picture 1. Influencer's posts, Nadimi**



Source: TikTok

## Conclusions and Recommendations

The research revealed several key findings. In response to the research questions, influencer marketing emerged as an effective channel for Georgian companies to attract customers. This was demonstrated through cases of both large and small companies, with Dressarium and Nadimi serving as prime examples.

The observational findings further emphasize the necessity of implementing flexible marketing strategies tailored to each generation's unique preferences. Quantitative results demonstrated significant improvements in engagement metrics, with follower growth increasing up to sevenfold during influencer campaigns. Additionally, barter collaborations proved to be cost-effective, particularly for emerging brands.

### Key Research Findings:

1. Social media engagement rates showed marked improvement through influencer partnerships
2. Cross-platform promotion (TikTok, Instagram, Facebook) yielded superior results compared to single-platform approaches
3. Long-term influencer collaborations generated higher trust and better conversion rates
4. Organic content in social media groups proved effective for community engagement

### Strategic Recommendations:

1. Segmented social media strategies tailored to specific demographic groups
2. Trust-oriented content development focusing on authentic influencer partnerships
3. Information channel optimization based on target audience preferences
4. Diversified content strategy incorporating both video and informational materials

### Future Research Directions:

- Long-term impact assessment of influencer marketing on brand loyalty
- Cost-benefit analysis of various influencer collaboration models
- Cross-cultural comparison of social media marketing effectiveness in different markets

This research contributes to the growing body of knowledge on digital marketing strategies in emerging markets and provides practical insights for companies targeting younger demographics through social media channels.

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