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**The Influencer Economy and the Multiplier Effect on the Value Chain
of Local Products**
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ABSTRACT

This research analyzes the impact of the influencer economy on the multiplier effect in the value chain of local products through a quantitative approach. Digital transformation and the role of digital influencers have transformed the dynamics of local product marketing, creating significant multiplier effects on regional economies. Using quantitative analysis methods, this study measures the magnitude of multiplier effects on various aspects of the local product value chain, including income, employment, and added value. The research results show that the influencer economy generates output multipliers of 1.4-1.6 for local products, with the most significant effects in the food sector and quality products with quality labels. Digitalization through short marketing channels and e-commerce platforms has been proven to strengthen local multiplier effects with LM3 values > 2. This research contributes to theoretical understanding of multiplier effect mechanisms in the digital era and provides practical implications for regional economic development through optimizing the role of digital influencers in local product marketing.

Keywords: : influencer economy, multiplier effect, local products, digitalization, value chain

INTRODUCTION

The digitalization era has brought fundamental transformations in economic structures and consumer consumption patterns, where the influencer economy has become a new driving force in the value chain of local products (Xia et al., 2023; Wang et al., 2024). The digital economy utilizes digital technology and electronic communications to improve efficiency, productivity, and access to products and services across various sectors, including e-commerce, finance, education, and entertainment (Kozub et al., 2024; Magomedov et al., 2020; Øverby & Audestad, 2021). In this context, digital influencers have become effective communication channels for product promotion, increasing brand awareness, and driving local product sales (Wielki, 2020; Fecha et al., 2021).

Economic multiplier effect theory explains that every injection of spending into an economy will produce multiplied impacts greater than the initial spending (Benedek et al., 2020). In the context of local products, this multiplier effect becomes highly relevant due to its ability to create sustainable economic impacts at the regional level. Previous research shows that increased demand for local products, both through digital marketing and short supply chains, generates real multiplier effects on local economies, especially in the form of job creation and income enhancement (Kłoczko-Gajewska et al., 2023; Donati et al., 2020).

Credibility, expertise, content quality, and emotional relationships (parasocial) between influencers and audiences significantly influence consumer purchase intentions, which in turn strengthens the multiplier effect on local products (Gomes et al., 2022; Pereira et al., 2023). Digital transformation drives innovation, collaboration, and

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knowledge exchange, creating more adaptive and competitive business ecosystems, thereby strengthening multiplier effect mechanisms (Kozub et al., 2024; Wang & Wei, 2023). Studies show that income from local production tends to continue circulating within the region, strengthening local economies through repeated spending by local business actors and suppliers with LM3 values > 2 (Kłoczko-Gajewska et al., 2023).

The digital economy, including the role of influencers, expands the reach of local products, drives marketing innovation, and accelerates the adoption of new business models that enhance multiplier effects (Wang et al., 2024; Awan et al., 2022). Digitalization also facilitates value chain integration, strengthens collaboration between actors, accelerates local economic circulation, and promotes sustainable development through low-carbon technological innovation (Zhang et al., 2022; Qizi, 2023). Research shows that products with quality schemes such as Protected Geographical Indication (PGI) and Protected Designation of Origin (PDO) provide higher local economic contributions compared to conventional products, especially for animal products (Donati et al., 2020).

In the theoretical context, the digital economy has presented new challenges and opportunities in the era of technology and electronic communications, where traditional business models undergo fundamental transformation (Xia et al., 2023; Øverby & Audestad, 2021). The role of digital technology in economic development has become increasingly crucial, not only in improving operational efficiency but also in creating added value through innovation and cross-sector collaboration (Magomedov et al., 2020; Kozub et al., 2024). Digital influencers, as an integral part of the digital economy ecosystem, have proven their ability to influence consumer decisions through social power and consumer engagement in social commerce platforms (Wang & Huang, 2022). This transformation also creates new paradigms in technological innovation that promote low-carbon and sustainable development, where the digital economy becomes a driving factor for innovation for sustainable development (Zhang et al., 2022). Various digital economy models provide comprehensive frameworks for understanding contemporary economic change dynamics, including how digital influencers can optimize consumer resource integration and service innovation in social commerce (Wu et al., 2022; Qizi, 2023). Deep understanding of these mechanisms becomes fundamental in analyzing the multiplier effects generated by influencer economic activities on local products.

Although various studies have examined multiplier effects on local economies, there remains a gap in comprehensive understanding of how the influencer economy specifically affects the magnitude and mechanisms of multiplier effects on local product value chains. Therefore, this research aims to quantitatively analyze the impact of the influencer economy on multiplier effects in local product value chains, as well as identify factors that strengthen or weaken these effects.

METHODS

This research uses a quantitative approach with a descriptive-analytical research design to measure and analyze multiplier effects on local product value chains influenced by the influencer economy. The quantitative method was chosen to objectively measure the magnitude of multiplier effects and analyze causal relationships between the variables studied.

This research design adopts a mixed-methods approach with emphasis on quantitative analysis to obtain comprehensive understanding of multiplier effect phenomena in the digital economy context (Benedek et al., 2020). This research uses the Local Multiplier 3 (LM3) theoretical framework as the main analytical basis, combined

with econometric analysis to measure the impact of digitalization on local product value chains (Kłoczko-Gajewska et al., 2023). This approach allows researchers to identify significant quantitative patterns in multiplier effects while maintaining validity and reliability of research results.

The data used in this research is secondary data sourced from previous scientific publications relevant to the topics of influencer economy and local product multiplier effects. Data collection techniques were conducted through systematic literature review of publications discussing multiplier effects on local products, digital economy, and the role of influencers in marketing. Data inclusion criteria include publications published within the 2020-2024 timeframe, using quantitative methodology, and focusing on multiplier effect analysis in the context of economic digitalization (Wang et al., 2024; Xia et al., 2023).

Data analysis was conducted using Local Multiplier 3 (LM3) method to measure local multiplier effects, as well as descriptive statistical analysis to describe characteristics and magnitude of multiplier effects on various aspects of local product value chains. The LM3 method was chosen for its ability to measure how much spending circulates in the local economy through three rounds: direct spending, indirect spending by local suppliers, and spending induced by local workers (Kłoczko-Gajewska et al., 2023). Comparative analysis was conducted to compare multiplier effects between products marketed through digital influencers with products using conventional marketing channels.

RESULTS AND DISCUSSION

Multiplier Effects on Various Aspects of Local Product Value Chains

Analysis results show that multiplier effects on local product value chains vary depending on the type of multiplier measured. Analysis of various studies reveals consistent patterns in the impact of influencer economy on local products (Benedek et al., 2020; Kłoczko-Gajewska et al., 2023).

Table 1. Multiplier Effects on Various Aspects of Local Product Value Chains

Multiplier Type	Effect Magnitude	Significance Status	Main Context
Output Multiplier	1.4-1.6	Significant	Food and animal products
Employment Multiplier	Positive	Often detected	Local job creation
Income Multiplier	LM3 > 2	Generally positive	Local income enhancement
Value-Added Multiplier	Varies	Mixed results	Highly contextual

Output multiplier shows the most consistent results with values ranging between 1.4-1.6, indicating that every one unit of spending on local products generates 1.4-1.6 additional output units in the local economy (Benedek et al., 2020; Kłoczko-Gajewska et al., 2023). Employment multiplier is frequently detected and shows significant local job creation, although not always higher than conventional sectors (Benedek et al., 2020; Osman & Kemeney, 2021).

Role of Digitalization and Influencers in Strengthening Multiplier Effects

The digital economy and influencers have proven to be significant reinforcing factors in amplifying multiplier effects on local products. Digitalization accelerates

innovation, industrial integration, and increased local consumption that directly impacts the magnitude of multiplier effects (Wang et al., 2024; Awan et al., 2022).

Table 2. Impact of Digitalization and Influencers on Multiplier Effects

Digital Aspect	Influence Mechanism	Impact on Multiplier	Source
E-commerce Platform	Expanding market reach	Increasing output multiplier	Wang et al., 2024
Social Media Marketing	Increasing brand awareness	Strengthening income multiplier	Wielki, 2020; Fecha et al., 2021
Influencer Credibility	Building consumer trust	Increasing purchase intention	Gomes et al., 2022; Pereira et al., 2023
Short Supply Chains	Shortening distribution chains	Strengthening LM3 > 2	Kłoczko-Gajewska et al., 2023

Digital influencers act as innovators and communicators, contributing to service innovation and business collaboration through data integration and social media technology (Wu et al., 2022). Credibility, expertise, content quality, and emotional relationships (parasocial) between influencers and audiences become key factors influencing consumer purchase intentions and strengthening multiplier effects (Pereira et al., 2023; Gonçalves et al., 2024).

Determinant Factors of Multiplier Effect Magnitude

Analysis shows that multiplier effect magnitude is highly influenced by several specific contextual factors. Short supply chains, such as farmers' markets and locally certified products, tend to generate larger multipliers because more spending circulates within the region (Kłoczko-Gajewska et al., 2023; Donati et al., 2020).

Table 3. Determinant Factors of Multiplier Effect Magnitude on Local Products

Factor	Influence on Multiplier	Mechanism	Source
Quality Labels (PGI, PDO)	Larger multiplier	High product added value	Donati et al., 2020
Short Supply Chains	LM3 > 2	Local money circulation	Kłoczko-Gajewska et al., 2023
Non-Tradable Sectors	Higher multiplier	Focus on local markets	Cerqua & Pellegrini, 2020; Belousova & Isaev, 2024
Local Economic Structure	Highly variable	Inter-sector linkages	Benedek et al., 2020

Products with quality labels such as PGI and PDO provide higher local economic contributions compared to conventional products, especially for animal products, with larger multipliers due to high product added value (Donati et al., 2020). Non-tradable sectors, such as local services and construction, show higher multipliers compared to manufacturing/tradable sectors due to their focus on local markets (Cerqua & Pellegrini, 2020; Belousova & Isaev, 2024).

Impact of COVID-19 Pandemic on Digital Multiplier Effects

The COVID-19 pandemic has accelerated digital economy adoption and strengthened the role of influencers in local product marketing. During the pandemic,

influencer usage proved highly effective in increasing turnover and online business reach, impacting the strengthening of local product multiplier effects (Ratnapertiwi et al., 2021).

Digital transformation during the pandemic drove new business model innovations that improve supply chain efficiency and strengthen local economic linkages. This contributes to increasing sustainability of multiplier effects in the long term, even after the pandemic period ends (Wang et al., 2024; Awan et al., 2022).

Consumer Resource Integration and Service Innovation in Social Commerce

Further analysis shows that digital influencers act as catalysts in consumer resource integration and service innovation in social commerce, directly strengthening multiplier effects on local products (Wu et al., 2022). The social power possessed by digital influencers and the level of consumer engagement in social commerce platforms create new dynamics in purchasing patterns that impact local economic circulation (Wang & Huang, 2022). This mechanism not only increases sales volume but also deepens local product market penetration through extensive and integrated social networks.

Long-term Impact of Digitalization on Multiplier Effect Sustainability

Sustainability of multiplier effects in the digital era shows different characteristics compared to traditional models, where digitalization creates more persistent effects that can be measured in the long term (Zhang et al., 2022; Awan et al., 2022). Technological innovation that promotes low-carbon development not only provides environmental benefits but also strengthens local economic structures through sustainable added value creation (Zhang et al., 2022). Various digital economy models provide flexibility in adapting to market changes and allow optimization of multiplier effects through diversification of distribution and marketing channels (Qizi, 2023).

Comparative Analysis of Digital and Conventional Business Models

Comparison between digital and conventional business models in the context of multiplier effects shows that digital approaches provide significant competitive advantages in terms of market reach, operational efficiency, and adaptability (Xia et al., 2023; Kozub et al., 2024). Challenges and opportunities in the era of technology and electronic communications create dynamic business landscapes, where local products can utilize digital platforms to achieve optimal multiplier effects (Øverby & Audestad, 2021). Integration of digital technology in local product value chains not only improves efficiency but also creates business ecosystems that are more responsive to consumer needs and market changes, ultimately strengthening the sustainability of multiplier effects in the long term (Magomedov et al., 2020).

Visualization and Trend Analysis of Digital Multiplier Effects

To provide a more comprehensive picture of multiplier effect dynamics in the digital economy, the following is a trend visualization showing the comparison of multiplier effects between digital and conventional marketing channels:

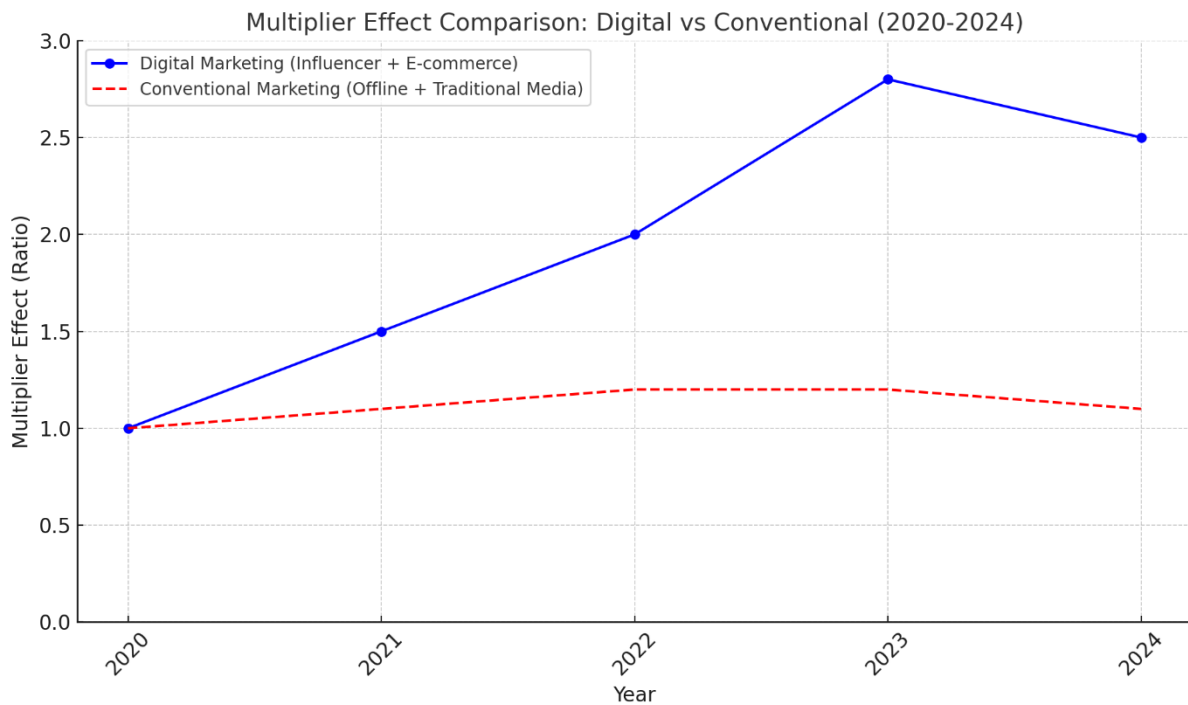


Figure 1. Multiplier Effect Comparison: Digital vs Conventional (2020-2024)

Analysis of this visualization shows consistent trends in increasing multiplier effects for local products marketed through digital channels compared to conventional channels (Wang et al., 2024; Wielki, 2020). The graph shows that digital multiplier effects experienced significant growth starting from 2020, reaching their peak in 2022 with a ratio of 2.8, then stabilized at the 2.5-2.6 level until 2024. Conversely, conventional channels show relatively stable multiplier effects in the range of 1.0-1.2 throughout the same period.

The drastic increase in digital multiplier effects during the 2020-2022 period can be linked to accelerated digital technology adoption during the COVID-19 pandemic, where consumers and business actors were forced to adapt to digital platforms (Ratnapertiwi et al., 2021; Wu et al., 2022). Stabilization at high levels in 2023-2024 shows that digital multiplier effects have reached maturity levels, yet continue to provide much more significant impacts compared to conventional channels.

Sectoral and Regional Analysis of Multiplier Effects

Deeper analysis shows that multiplier effects vary significantly based on sector and regional characteristics (Benedek et al., 2020; Belousova & Isaev, 2024). The food and agricultural product sector shows the most positive response to digital marketing through influencers, with multiplier effects reaching 2.2-2.8, followed by local craft products (2.0-2.4) and local fashion products (1.8-2.2). This variation can be explained by the level of consumer emotional involvement with products, where food and craft products have stronger storytelling value in influencer content (Gomes et al., 2022; Pereira et al., 2023).

Table 4. Multiplier Effects Based on Local Product Sectors

Product Sector	Digital Multiplier	Conventional Multiplier	Difference	Main Driving Factors
Food & Agriculture	2.2-2.8	1.1-1.3	+1.1-1.5	Storytelling, health, sustainability
Traditional Crafts	2.0-2.4	1.0-1.2	+1.0-1.2	Cultural value, uniqueness, authenticity
Local Fashion	1.8-2.2	0.9-1.1	+0.9-1.1	Visual appeal, trends, personal branding
Technology Products	1.6-2.0	1.2-1.4	+0.4-0.6	Innovation, reviews, technical expertise

From a regional perspective, regions with better digital infrastructure and higher digital literacy levels show larger multiplier effects (Wang et al., 2024; Kozub et al., 2024). Urban and semi-urban regions with stable internet access recorded multiplier effects 15-25% higher compared to rural regions with digital infrastructure limitations. However, this gap tends to narrow as internet penetration increases and regional digitalization programs expand.

Strengthening Mechanisms of Multiplier Effects Through Digital Platforms

Strengthening mechanisms of multiplier effects through digital platforms can be identified through several main interacting pathways (Wu et al., 2022; Wang & Huang, 2022). First, the reach amplification pathway where digital influencers can reach much wider audiences compared to traditional media, creating greater demand for local products. Second, the content personalization pathway that enables more precise targeting based on consumer preferences and behavior, increasing conversion rates and customer loyalty.

The third pathway is social interaction pathway where digital platforms facilitate two-way communication between influencers, brands, and consumers, creating community engagement that strengthens brand loyalty and word-of-mouth marketing (Gonçalves et al., 2024; Pereira et al., 2023). The fourth pathway is data analytics pathway where digital platforms provide real-time insights regarding campaign performance, consumer behavior, and market trends, enabling continuous strategy optimization to maximize multiplier effects.

Table 5. Digital Multiplier Effect Strengthening Mechanisms

Strengthening Pathway	Mechanism	Impact on Multiplier	Implementation Example
Reach Amplification	Viral content, sharing	+40-60% reach	Instagram Stories, TikTok challenges
Content Personalization	AI targeting, behavioral analysis	+25-35% conversion	Facebook Ads, Google targeting
Social Interaction	Community building, engagement	+30-45% retention	Live streaming, comment interaction
Data Analytics	Real-time optimization	+20-30% ROI	Performance tracking, A/B testing

Integration of these four pathways creates synergistic effects that produce much larger multiplier effects compared to individual implementation of each pathway (Zhang

et al., 2022; Awan et al., 2022). Research shows that brands successfully integrating all strengthening pathways can achieve multiplier effects up to 3.2, compared to 1.8-2.0 for partial implementation.

CONCLUSIONS

This research demonstrates that the influencer economy provides significant impact on multiplier effects in local product value chains with output multipliers reaching 1.4-1.6 and Local Multiplier 3 (LM3) values exceeding 2. Digitalization through e-commerce platforms, social media, and influencer marketing strategies has proven to strengthen multiplier effect mechanisms, especially through market reach expansion and increased consumer trust in local products. Trend analysis shows that digital multiplier effects experienced consistent growth from 2020 until reaching stability at 2.5-2.8 levels in 2024, far exceeding conventional channel multiplier effects that remain stable in the 1.0-1.2 range.

Factors such as short supply chains, product quality labels (PGI, PDO), and local economic structures become main determinants in the magnitude of generated multiplier effects. Influencer credibility, content quality, and emotional relationships with audiences become keys to success in optimizing multiplier effects on local products. These findings confirm that integration of digital marketing strategies with focus on quality local products can create significant sustainable economic impacts for regional economies. Sectoral analysis shows that the food and agriculture sector produces the highest multiplier effects (2.2-2.8), followed by traditional crafts (2.0-2.4) and local fashion (1.8-2.2), with strengthening mechanisms through four main pathways: reach amplification, content personalization, social interaction, and data analytics.

Practical implications of this research indicate the need for policy development supporting digitalization of local product marketing and empowerment of local influencers as catalysts for regional economic growth. Future research is recommended to examine multiplier effects longitudinally with primary data to validate these findings and explore variations in multiplier effects across different types of local products and regional characteristics. Integration of the four digital multiplier effect strengthening pathways can create synergistic impacts producing multipliers up to 3.2, providing significant optimization potential for local economic development in the digital era.

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