

A STUDY ON IMPACT OF SOCIAL MEDIA ON CONSUMER'S PURCHASE DECISION

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Abstract

Companies throughout the world have understood the importance of customer and are constantly looking for the new ways to reach their customers. People started using social media as platform to share their experiences about the products and services purchased by them. Social media is the latest tool of marketing used by the companies to connect with customers and to stay in touch with them. It is being considered as electronic –word of mouth as feedback of product and services can be communicated by one consumer to large number of people. It is a double edged sword where positive comments can enhance company's image and negative comments can tarnish its good image. The objective of this research is to explore how social media influence customers' on purchasing decision. A structured questionnaire was circulated to 115 customers out of which data was received from 100 samples which were used for the analysis. Hypotheses were formed and tested using Anova and Independent sample t test.

Key words: Social media, Electronic word of mouth.

Introduction:

The emergence of internet based social media has made it possible for one person to communicate with hundreds or even thousands of other people about products, services and the companies that provide them. Social media is a recent phenomenon. The world wide web over the last decade has seen a proliferation of user driven web technologies such as blogs, social networks and media sharing platforms, collectively called social media which has led to new ways of seeking and obtaining information on the different types of products and services available in the market (voramontri 2018).

The Merriam Webster dictionary defines social media as a “form of electronic communication through which users create online communities to share information, ideas, personal messages, and videos, other content”. Adding to it, Merriam has also defined networking as “the exchange of information or service among individuals, groups or institutions, especially the cultivation of productive relationships for employment or business”.

Electronic word of mouth through social media has very significant impact on purchasing decision of buyers with respect to product awareness, customer satisfaction and decision making.

Social media enables consumers to evaluate products, make recommendations to friends and link current purchases to future purchases through status update. In essence, the social media world is slowly

taking the place of product reviews and panels found in outlets such as “consumer Digest” in previous generations. Where consumers once patronized trusted retail outlets and relied on employee experts in each department, today’s consumers might often be relying on the recommendation and expert opinion of a friend or acquaintance found within their social media network. The companies are also trying to take advantage of increasing trend of customers relying on social media for their purchases.

REVIEW OF LITERATURE

SOCIAL MEDIA AS A MARKETING TOOL

Social media is used as one of the marketing tool, to make it easier for people to connect socially, posting comments or giving votes or recommending content to other user on the basis of preferences of people with similar interest and life style. Thus social media can be described as a broad term inclusive of activities where people create content, share it, bookmark it and network at a phenomenal rate. The increasing dependency on technology using social media for communication is influencing our daily processes. Customers now have the power to talk back at the brand and broadcast their opinions of the brand. Therefore companies have no choice but to treat them differently and with greater respect.

Al- Menayes (2015) examined motivations of using social media by undergraduate students. The data were collected through questionnaire and analysed using factor analysis. The study revealed that entertainment, information seeking, personal utility and convenience were motivations of using social media by the students.

Impact of the internet on consumer decisions

The plethora of information available online, has improved the ability of consumers to make better consumption choices (Aksoy and Cooil, 2006), and thus opened up new opportunities for faster information search with lower search costs (Jepsen, 2007). Results on search engines are now often dominated by user content and opinions (Smith, 2009). The impact of the internet varies on the various stages of decision-making. Initially, the internet supported only the information search stage (Karimi, 2013), but recent trends in social media, online decision aids and recommender systems have extended the internet’s influencing role to all the decision stages. For online decision-making quality, besides time costs and the cognitive costs of acquiring and processing information, other influencing factors include perceived risk, product knowledge and trust. Internet or web skills have also assumed importance: the higher the amount of internet use by consumers, the more likely they will use it for decision-making (Jepsen, 2007).

Impact of social media on consumer decisions

Mangold and Faulds, 2009, The Consumers use social media for the benefit of immediate access to information at their convenience, helping them to decide what to buy, to know more about new products or brands, when and where they want . Based on reviews and feedback given by the consumers about the products, it creates a impact on selection of the product and purchase behaviour of consumers (Yayli and Bayram, 2012). Social media has brought on a ‘participatory culture’ where users network with other like-minded individuals to engage in an endless loop of sharing information, monitoring updates, and requesting opinions and ratings on all kinds of products, services and activities (Ashman et al., 2015). The quality of online product reviews, characterised by perceived informativeness and influence, together with the perceived quantity of reviews, are found to have a significant positive influence on consumers’

purchase intentions (Zhou et al., 2013; Zhang et al., 2014). Social media is perceived as a more trustworthy source of information when compared to corporate communications and advertisements. Consumers are turning away from traditional media such as television, magazines, and newspapers as sources to guide their purchases (Mangold and Faulds, 2009). Social media with its sheer amount of information have led consumers to a state of analysis paralysis, making it difficult to navigate all the available information (Powers et al., 2012). The unique aspects of social media and its immense popularity have revolutionized marketing practices such as advertising and promotion (Hanna, Rohn and Crittenden, 2011) Social media has also influenced consumer behaviour from information acquisition to postpurchase behaviour such as dissatisfaction statements or behaviour about a product or a company. (Mangold and Faulds, 2009)

Consumer Behaviour

Consumers generally pass through different stages purchase decision-making process (Belch and Belch, 2003). Hoyer and MacInnis (2010), recognized five stages that are 'Need Recognition', 'Information Search', 'Evaluation of Alternatives', 'Decision Making' and 'Post purchase Evaluation'. In their purchasing decision-making process, consumers are often influenced by both internal and external influences (Belch and Belch,2003, p112-114).

Consumers can recognize new needs on Social Media when 'surfing' on some social networks where they can see friends displaying pictures of products they bought or using the 'like' button to mention brands that they like for example. The Need Recognition stage seems thus to be influence by Social Media.

Social Media, digitally empowered shoppers have access to a wide range of new tools to find and research products and they now consult with peers and experts (Wheat and Dodd, 2009,p4). These possibilities offered by Social Media seem to be influential at the Information Search stage of the consumer decision-making process.

Purchase decision

Purchase Decision refers to the final choice or selection made regarding which product to buy. The act of purchase is the last stage, with the consumer deciding on what to buy, where to buy, and how to buy. Purchase is a function of intentions, environmental influences and individual situations. Some of the influences that can affect the purchase action include the time available for decision making, information availability and the retail environment. The attitude of family and friends, and unanticipated circumstances such as product availability(size, colour) and stock- out may also force a re- evaluation (Kotler and Armstrong 2014). Consumers today want to be more informed about products before they make the purchase. Social media is capable of informing and influencing purchase decision as many users now trust their peer opinions more than marketing strategies.

Research objectives

- To identify the impact of gender on purchase decision using social media
- To identify the purpose of using social media and following brands
- To identify the age wise impact of social media on purchase decision.

Hypothesis:

H₀: there is no significant difference among age group with respect to purchase decision based on social media

H₀ : there is no significant difference between male and female with respect to influence of social media towards purchase decision

Descriptive analysis**Frequency distribution of demographic variables**

Demographic variables		Frequency	Percentage
Gender	Male	59	59
	Female	41	41
Age	18 – 25	35	35
	25 – 35	27	27
	35 – 45	26	26
	45 – 55	8	8
	Above 55	4	4
Qualification	SSLC	5	5
	HSC	11	11
	UG	37	37
	PG	35	35
	Others	12	12

The above table indicates that 59% are male and 41% are female respondents. From the above table 31% of the respondent's fall under the age category of 18 – 25 , 27% of respondent's fall under the category of 25 – 35, 26% of respondent's fall under the category of 35 -45, 8% of respondent's fall under the category of 45- 55 and 4% of the respondents fall under the category of above 55 years,5% of the respondents have completed SSLC, 11% of the respondents have completed HSC, 37% of them have cleared UG and 35% of them PG, while 12% of them have completed their professional courses.

Table 1 :Gender based influence of social media towards purchase decision using Independent sample T test

Factors	Gender				T value	P value
	Male		Female			
	Mean	SD	Mean	SD		
Gives information about new products that are available in the market	1.97	1.129	2.02	1.084	.258	.797
Helps to decide on shopping	2.24	.989	2.39	1.282	.643	.523

Gives information on latest trends	1.93	.980	1.88	1.100	.258	.797
Convenience	2.17	1.206	2.10	1.136	.300	.765
Predicts purchasing behaviour and suggests more products	2.12	1.100	2.20	1.188	.331	.741
Exclusive availability	2.36	1.079	2.29	1.055	.291	.772
Overall influence of social media	12.78	5.363	12.88	5.622	.088	.930

There is no significant difference between male and female with respect to influence of social media towards their purchase decision since p value is greater than 0.05. Hence null hypothesis is accepted at 5 % level with regard to purchase decision. Based on mean score the female respondents to have slightly high influence of social media towards their purchase decision when compared with male respondents. When compared to men, women are extremely value conscious and exert more bargaining during purchase process. Women rely heavily on social media while men still prefer physical shopping. Some of reasons influencing women's purchase decision by social media are instant availability of products information and consumer reviews, hassle free shopping, price comparison of products among various social media sites or apps, VR enabled technology, influence by their friends, suggestion of more products based on their search experience.

Table 2: the age wise impact of social media on purchase decision using one way ANOVA

	Age					F	P
	18-25	25-35	35-45	45-55	Above55		
Customer Reviews	2.23 (3.39)	1.67 (1.074)	1.96 (1.113)	2.25 (0.886)	1.25 (0.500)	1.836	0.128
Previous experience	2.09 (0.919)	1.70 1.103	1.35 (0.562)	1.75 (0.886)	1.00 (0.000)	3.350	0.013*
Advertisement	2.63 (0.910)	2.52 (1.014)	2.88 (1.071)	2.25 (0.886)	2.00 (0.816)	1.232	0.303
Packaging	2.77 (1.031)	2.59 (1.083)	3.15 (1.190)	2.50 (0.756)	2.00 (1.1414)	1.618	0.176
Pricing	1.97 (0.891)	1.59 (0.797)	1.88 (0.909)	1.75 (0.886)	1.25 (0.500)	1.217	0.309
Reputation	1.91 (0.781)	1.70 (0.823)	2.08 (1.197)	1.63 (0.916)	1.25 (0.500)	1.148	0.339
Discount	2.40 (1.063)	2.11 (1.188)	2.54 (1.272)	1.88 (0.991)	2.00 (1.155)	0.864	0.489
Quality	1.43 (0.608)	1.22 (0.577)	1.38 (0.804)	1.50 (1.069)	1.25 (0.500)	0.462	0.763

Note:1) the value within the bracket refers to SD

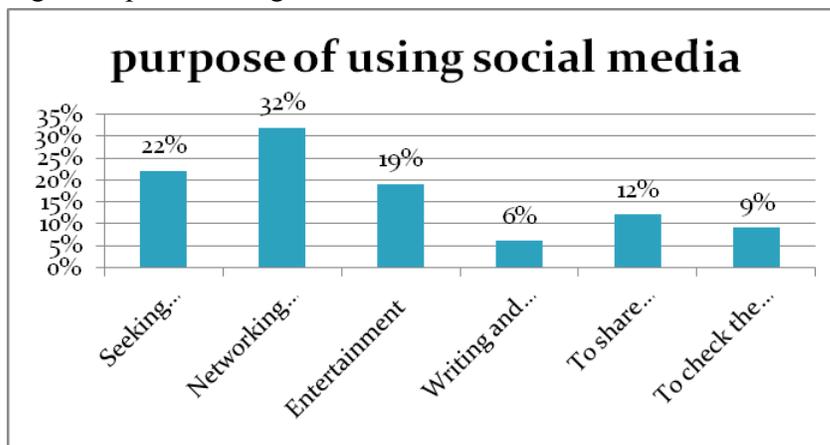
2) * denotes significant at 5 % level.

Interpretation:

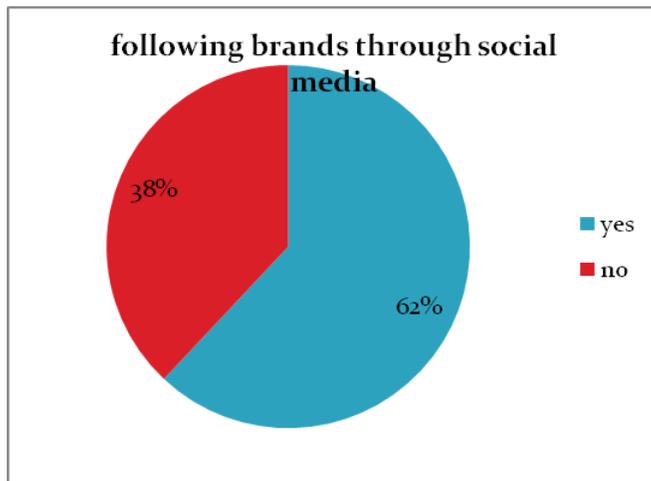
Since P value is greater than 0.05 null hypothesis is accepted at 5% level with respect to factors such as collecting information about new products, deciding on shopping, information on latest trends, convenience, predicts purchasing behaviour and suggests more products, exclusive availability. Hence there is no significant difference among age group with respect to purchase decision based on social media. Based on mean score social media has more influence on people under the age group of 18-25 and 35-45. People under 18 – 25 are influenced more on

* The null hypothesis is rejected at 5% level with regard to age group and influence of social media towards purchase decision.

Fig 1: Purpose of using social media



Social media helps people to connect with their friends. This is evident from the above fig 1 with 32% respondents in the survey using such platform to create a network with friends. While 22% respondents use social media to seek information on various products and services, So here the marketers have plenty of opportunity to communicate with their target customers and offer them their products or services to persuade them to transact and make loyal customers for them. Social media is one of the effective tools as it is the best way to reach out market segment without incurring huge cost. 19% respondents are using social media for their entertainment purpose such as watching movies, playing games etc. 6% of respondents in the survey are using this platform for writing blogs and sharing their experience which again helps people of same interest about products can refer to the other's experience. 12% of respondents prefer to use social media for sharing videos and photos.



(Abu bashar, 2012) The motivational factor for people joining/ following a brand page brand on social networking platforms vary from person to person. The main reason fans come to join a brand page or brand following is through brand invitation/ advertising followed by a friend invitation. The search factor (personal Research) plays an important role, thus it is crucial for brands to be found if consumers search for them. Brand loyalty also plays a role in motivation towards brand following on the social networking platforms. This is free word-of-mouth marketing for the brands and is often very effective. Social networking sites receive exclusive deals and offers, exclusive content where the consumer wants to feel exclusive. The attachment to brand is a key motivator to advocate the brands. Demonstrating appreciation for the brand, showing what you like, and supporting the Brand's values play an active role in generating advocacy. The desire to engage with the brand either through dialog with the brand's representatives or with other consumers reaches an interesting level.

Conclusion

There is no doubt that social media are now important sources of information for consumers in their purchase decision-making, especially in instances of complex buying behaviour. More and more people are turning to consumer opinions online due to the ease of access, low cost, and the wide availability of information. Peer recommendations on social media are viewed as an eWOM and as more trustable sources of information when compared to advertisements and other marketer-generated information.

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