IMPACT OF SOCIAL MEDIA ON CONSUMER PURCHASES: AN EMPIRICAL STUDY

Author
KRISHNA CHAITANYA GUDAPATI

Co-Author
Dr RACHEL JOHN ROBINSON

Email: info@rachel-johnrobinson.de
Affiliation: Arden University, Berlin, Germany
ORCID: 0000-0002-1079-1358

Impact of Social Media on Consumer Purchases: An Empirical Study

Author: Krishna Chaitanya Gudapati

Price: Rs.

ABSTRACT

Social media has offered customers plenty of opportunities to adapt to various facts of life. The methods of contact and networking have been revolutionized by social media. In expanding the online transactions of users, Facebook, Twitter, and Instagram have played important roles. The methods of communicating and exchanging knowledge and desires have been revolutionized. In developing countries such as India, the exponential rise of social media and social networking platforms, in particular, offers a new avenue for advertisers to attract consumers. This study is an effort to examine the impact of social media on young people's buying decisions for apparel in the city of Hyderabad, India. The study found that social media is used more commonly for perceived ease, competition, and perceived reputation by data providers. Social media feedback and opinions often impact the buying decision process, but the urge to express their post-purchase impressions is surprisingly poor. The overall objective of this project is to investigate the effect of social media on purchasing decisions and identify if social media is affecting the purchasing decisions of young Indian consumers.

To achieve these objectives, we conducted a primary research tool, a questionnaire, to explore the effect of social media platforms on the evolving behaviors of consumers who choose to shop online. The results suggest that Instagram has made major improvements in the purchasing choices of customers to select certain items. In both philosophy and reality, this project has multiple consequences. The effects of social media on the method of shopping are affected by customers' personal characteristics. The importance of this research analysis is that, with the rise of the internet economy, marketing messages have taken on a new dimension: engaging in social media. Focused on a cross-sectional sample of 385 young adults from India, the thesis explores the effect of social media ads on young Indian individuals.

Keywords: Young Indian Consumers, Consumer Buying Behavior, Electronic Word of Mouth, Influence of Social Media Marketing, Post-purchase Behavior

Statement of Declaration: The authors declare that there is no conflict of interest in this writing.

CHAPTER 1

INTRODUCTION

Social media is being explained by many experts, researchers, and companies in various ways. Social media refers to online channels and resources used by people to communicate opinions and interactions with each other, including images, videos, lyrics, perspectives, and impressions, according to Turban E. Today, it is well known that social media plays an important role in enhancing the satisfaction of consumers as it affects the initial stages of information search, alternative assessment, buying decisions, and changing of opinions of consumers.

Businesses are trying to take advantage of the rising trend of shoppers who rely on social media for their purchases. Paying for advertising on the networks is now common practice for social-savvy firms in India. Ernst & Young surveyed 48 businesses with a large social footprint in the world and found that this year, 83% of respondents used social media ads. These advertisements were used by the majority portion of this audience (42%) to support an advertising advertisement or contest. General brand building was the second most common use of social advertising.

Because of communication technology in the last few years, social media has gotten a tremendous rise with the advent of many social networking sites (SNS) like Facebook, Twitter, Instagram, YouTube, and many more. This improvement transformed the ways in which individuals interact and share common interests. Individuals, however, use these platforms primarily for social networking, but users can also discuss and share their thoughts on the social media platforms regarding a product or service.

Consumers have access to various types of channels and apps for social media, with diverse functionality and possibilities that enable them to be associated and communicate together. On social media, word-of-mouth (WOM) plays a major role. It has been well known in the field of marketing for decades. But today, the WOM effect on customer buying decisions seems much more significant than ever (Brown and Hayes, 2008, p138–146).

Platforms for social media provide people with a user-friendly tool to invite and converse with others. This style of engagement has given voice to millions of customers who now have the freedom to speak to each other and can express their views and thoughts with little or no global audience cost (Trusov, Pauwles, and Buckling, 2009). The report also shows a major disconnection between the eagerness of advertisers and the attitudes of consumers to be promoted through social media. When it comes to social media advertisements, users still largely opt out, opting to adopt brands and products' peer reviews rather than clicking on advertising. They also use a highly selective approach to the general use of social media as a channel to interact with brands. It was important to notice that different social networks are common.

The success of ads on social media is due to the fact that social media is free of low costs and bias and helps advertisers gain visibility into markets. A huge volume of available information enables brands to mine data from social networks and participate in user targeting, resulting in stronger and more efficient market engagement campaigns (Kotler et al., 2010). Thus, social media gives advertisers the ability to conduct more emotional contact points in places where clients are able to communicate and share their interactions with each other. These contact points are highly emotional and give advertisers the ability to accurately communicate and engage with clients and build visibility for the products of the company.

1.1 SOCIAL MEDIA

With more individuals entering social networks like Facebook and Twitter, it is easy for companies to spread the news about them on the Internet, while users find it easy to communicate with each other by accessing these pages. Social media have changed the way. With the rapid and vast digital revolution, how we find partners, interpret news material, and rally to seek progressive change is transforming. Since 2004, the first social media network to cross a million monthly active users has been Myspace; see the dynamic map below (Figure 1), by website, monthly active users. This landmark was reached around 2004. It provides an online forum as a social networking site on which users can develop their profile, generate and exchange materials and knowledge, and interact with other known and unknown contacts. In recent years, SNS have also undergone extensive growth, leading to extensive usage by users. Although societies around the world respect their individual values, beliefs, and standards that make them distinctive, independent of discrepancies and regional borders, social media connects individuals around the world.
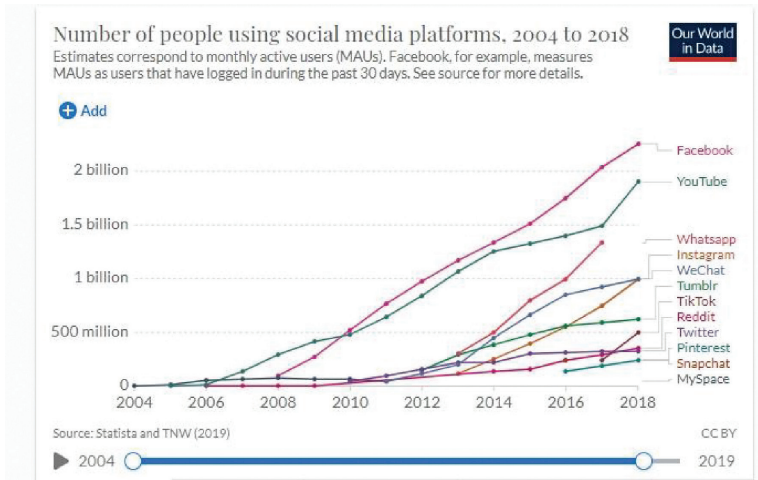
Figure 1. Number of social media monthly active users (MAUs).
Source: Monthly Active Users (Statisa and Tnw, 2019).

Many social networking platforms that have survived the past decade have vastly improved as well as what they offer users. In the beginning, Twitter did not encourage users to post videos and photos. This has been possible since 2011, and photographs and videos are used in more than 50% of the material shared on Twitter. Figure 2 shows that there are some major SNS, such as Facebook, YouTube, and Reddit, that have been running for 10 years or more, while some big sites are much younger.

The trend is booming as many businesses are going toward Social Media Optimization for their goods or services with the goal of growing knowledge of the business and the brand, attracting leads, and growing loyal buyers. At the roots of Indian culture, the Internet is now expanding. People are now getting more mindful of the Internet and its advantages. From easy emails and searches through upscale practices such as e-ticketing, online banking, e-retailing, and the popular social media, Internet use has now evolved. In India, social media is genuinely gaining new heights.

With more than 19 billion apps downloaded by Indian users in 2019, Indians are now downloading more apps than any other country, resulting in a 195% increase over data from 2016. In India, it is projected that there will be about 448 million users of social networks in 2021, a major increase from 351 million in 2019. In the world, the most popular SNS is Facebook. There are around 270 million Facebook users in India as of 2019, making India the nation with the largest Facebook user base in the world.

Social Networking Site	Monthly Visits	Mobile Traffic Share	Desktop Traffic share
Facebook	1.6 Billion	99.25%	0.75%
YouTube	1.2 Billion	59.96%	40.04%
Quora	215.8 Million	98.89%	1.11%
Instagram	191.1 Million	99.02%	0.98%
Twitter	125.2 Million	97.81%	2.19%
Pinterest	49.8 Million	98.40%	1.60%
LinkedIn	29.9 Million	90.97%	9.03%

Figure 2. Social networking sites traffic share in India.

Source: SEMrush, App Annie, Statista reports 2019.

Within seconds of engaging with each other, people around the world may send and receive texts. In the "world village," social media has brought people from diverse communities together. People use social media to learn about their host countries during intercultural adaptation, develop and sustain relationships, and keep updated about developments in their home countries. Contact and engagement are important influences affecting the effect of social media on culture.

Social networking marketing programs usually rely on attempting to create content that generates attention and encourages readers to share it with their social networks. A marketing campaign extends from consumer to user and, as opposed to the brand or company itself, probably resonates as it arrives from a reputable third-party source. Increased corporate coordination promotes brand awareness and increases customer support. Thus, social media acts as an accessible and comparatively inexpensive medium for marketing campaigns to be adopted by organizations.

1.2 CONSUMER BEHAVIOR AND PERSONAL CHARACTERISTICS

Consumer behavior is the study of when, how, and where a good is purchased or not purchased by individuals. It seeks, both personally and in groups, to consider the buyer's decision-making process. It also seeks to analyze market factors from groups like families, friends, comparison groups, and culture in general. According to the study, shoppers engage with retailers in numerous ways through social networks. Overall, 42% of online customers have proactively "followed" a retailer through Facebook,

Twitter, or the blog of a retailer, and the average person follows about six retailers. While the rationale of shoppers for following a retailer differs, the majority (58%) of respondents said they follow brands to locate offers, although almost half (49%) say they want to keep goods up-to-date (Figure 3).

Consumers proceed through various levels of intake, which together form the buying decision-making phase of the customer. In their purchasing decision process, both internal and external forces are also affected by consumers. In this sense, social media (represented by social networking and social shopping websites, blogs, Wikipedia, and video-sharing sites such as YouTube) use different user-generated content to create, initiate, and disseminate information within web networks through multiple social network channels.

Users of social media are allowed to partake in social trading, selling, comparing, endorsing, and exchanging product and service information in both online and offline marketplaces and in groups. They will also share knowledge about product variables and attributes that can assist in purchase decisions with their peers and families.

Consumer behavior is the study of when, how, and where a good is purchased or not purchased by individuals. It seeks, both personally and in groups, to consider the buyer's decision-making process. It also seeks to analyze market factors from groups like families, friends, comparison groups, and culture in general. Because of its distinctive attributes that differentiate it from conventional media such as newspapers, radio, television, etc., social media is seen to influence
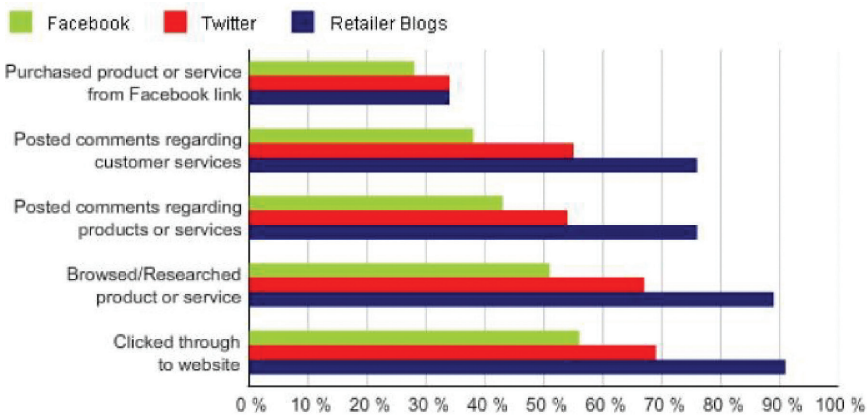

Figure 3. Consumer activities/purchases on social media.

Source: Social Commerce Study 2011, shop.org.

buying and consumption-related decisions. Any of the essential qualities are as follows:

- Reach: Social media is able to reach a worldwide audience because it is more decentralized, less bureaucratic, and defined by many points of utility and development.
- Accessibility: Social media platforms are usually open at little to no cost to the public.
- Usability: Much of the development of social media does not require advanced skills and abilities.
- Training: The means of social media development can be controlled by someone with Internet access.
- Immediacy: Rapid responses can be produced by social media.

This social contribution from consumers has an immense impact on marketing. As advertisers, our activities should be mindful of the factors that influence the decision of the customer to purchase (Court et al., 2009). There is a need for advertisers to invest in Internet marketing campaigns, and the purchasing decisions of customers are affected by social media ads (Evan, 2010). It deals with e-marketing (electronic marketing), social media, and the role of social media marketing in consumer decision-making. Social media, especially SNS, provide individuals with a virtual space to connect through the Internet and may also be a significant agent of customer socialization. In this review, we offer insights into the literature on social media and online customer activity, socializing, and engaging behaviors in consumers on a shared forum in general and online, which are interesting for both scholars and online marketing professionals.

In order to know their preferences, desires, and wishes and control their shopping choices, social media offers consumers with connectivity. Social networking is described as the platforms that bind millions of users who process the same desires, points of view, and hobbies from different places around the world. The best examples of a significant share of users online are the most popular social platforms such as YouTube, Twitter, and Facebook. They are then used to exchange opinions, ideas, and feedback of a certain product, service, or brand and coordinate the production of knowledge and ideas to make the necessary buying decision. Social media, thus, is one of the latest methods of digital marketing. These days, marketing through social media is the broadest, quickest, cheapest, and most powerful and productive marketing medium where the customer can easily discover details and characteristics of

interesting products without the need for the buyer to go to the place of goods and offerings.

The fact that the Internet has evolved into a knowledge economy that influences social, technological, business, and political life, where consumers are involved in ongoing interaction, is crucial to understand customer decisions (Peppard and Butler, 1998). Messages are continually filtered, posted to electronic marketplaces, and circulated to users who, in essence, process and forward these messages to peers and other private user communities, generating communication (Woerndl et al., 2008). The customers then measure certain degrees of happiness or disappointment after intake and determine the rationality of the decision taken in selecting the alternative. Satisfaction or dissonance arises from the possible effects of this point. The benefit of the alternative is diminished as the consumer's buying experience becomes ineffective. Consumers start searching, collecting information, and reviewing potential choices for possible purchasing decisions, leading to new actions.

This aspect of social media marketing is called the management of social customer relationships (social CRM). Marketing in social media is linked to marketing partnerships, in which businesses need to move from "trying to sell" to "communicating with customers." Organizations often need to get away from "large promotions" and stick to "small acts," so small campaigns will quickly attract a number of consumers and accomplish targets sometimes.

1.3 RESEARCH QUESTIONS AND OBJECTIVES

It is found that there is a substantial lack of research in decades of studies (Bourne, 1957; Howard and Sheth, 1968; Bearden and Etzel, 1982; Foxall, 2005), describing the basic role that social media plays in shaping the purchasing decisions of young Indian customers.

The purpose of this analysis is threefold: first, to determine the effect of social media on the purchase decisions of young Indian consumers; second, to define the relationship between personal characteristics of social media users and the impact of social media on their purchasing decisions; and finally, to analyze the relationship between personal characteristics and post-purchase behavior of social media users. This analysis reflects on the shopping perspective of customers who order their favorite goods via multiple social media platforms. The purpose of the study is to investigate why consumers use social media for shopping and how it influences their personal characteristics, to understand what kinds of customers use and are most influenced by social media, to understand which goods are most suitable for social media, and to

understand the most suitable social media for specific products and specific customers.

The thesis is therefore driven by one main research question: How does the increasing effect of social media affect the buying decisions of young Indian consumers?

This analysis reflects on the shopping perspective of customers who order their desired goods via multiple social media platforms. The objective of the analysis is to examine the effect of social media on various phases of the purchasing decision process and determine whether the process is dependent on social media. The effect of social media on the shopping process is influenced by the personal characteristics of consumers. Beginning with a list, this study will present many essential sections, including literature and related studies, methods, outcomes, interpretation and discussion, and, ultimately, drawbacks, potential targets, and expectations on the effects of social media on consumer buying behavior, informed by theoretical and practical contributions.

Social networking places consumers back at the forefront of the corporate world and introduces a modern range of opportunities for advertisers to engage with customers and incorporate them into creative approaches to products. Marketers ought to consider how social media has impacted customers purchasing decisions. The fundamental methodology in this study basically includes the development of the hypothesis, where the theoretical structure provides the basis for clarification, enables events to be anticipated, is supposed to exist, and thereby helps them to be regulated. The secondary data's theoretical structure is intended to respond to research goals and offer evidence to support secondary data. The primary data for this analysis were obtained from questionnaires of young people in Hyderabad, India. A systemic approach to buying has been shown by the analytical part of the stages and elements that make up the business decision-making process and personal characteristics, where individuals share in future pre- and post-purchasing retail activity. On the contrary, it has recognized the essence of social media marketing and made it obvious about the change in today's marketing tactics and their impact on purchase decisions for consumers.