

# INFLUENCE OF SOCIAL MEDIA ON PURCHASING DECISIONS

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## ABSTRACT

Social media has changed the way people communicate and share information and interests. The increasing use of social media & social networking sites, particularly in developing countries such as India, is providing marketers with a new channel through which to reach customers. Though institutions are increasing their social media spending, it is difficult to determine a true return on investment. This paper tries to examine the impact of social media usage on the purchasing decision procedure. The paper investigates the usage pattern and how it affects the five stages of the purchasing process. According to the research, social media is the most widely used data source because of its perceived ease, efficiency, and credibility. Also, social media reviews & opinions influence purchase decisions; however, the tendency to share their post-purchase experiences is surprisingly low.

**Keywords:** Social Media, Social Networking, Purchase Decision

## Introduction

According to Merriam-Webster, social media is a "form of electronic communication (as websites for social networking and blogging) in which clients create online groups to share info, ideas, personal messages, and other content (as videos)." Networking is also defined as "the information exchange or services among individuals, groups, or institutions; particularly: the cultivation of productive relationships for employment or business." Social networks have evolved over time to the modern variety that utilizes digital media.

With the introduction of numerous social networking websites including such Wikipedia, Facebook, Twitter, Yahoo!360, MySpace, LinkedIn, and Youtube over the last decade, social

media received a significant boost. This changed the way people interacted & shared mutual interests in music, education, sporting events, and friendship.

The growth of social media in India and around the world has been nothing short of astounding.

According to eMarketer, 1.61 billion people will log in to social networking websites at least monthly this year, using any electrical gadget. That's a 14.2% increase over 2012, and double-digit growth is presumed to pursue for another year. By 2017, 2.33 billion people will be using social media.

Through status updates and Twitter feeds, consumers can now evaluate products, offer suggestions to contacts or friends, and link current purchases to future purchases, which is an important business component of social media. Furthermore, the use of social media presents a valuable tool for businesses in that a satisfied user of a product (good or service) can recommend that product (good or service) to other potential customers. In essence, the social media world is gradually supplanting product reviews as well as panels found in outlets such as "Consumer Digest" in prior eras.

Companies are attempting to capitalize on the growing trend of clients relying on social media to make purchases. Paid ads on social networks are becoming standard practice for social-savvy businesses in India. Ernst & Young surveyed 48 companies in the nation with strong social media presence and found that 83% used social media advertising this year. The majority of this group (42%) used these advertisements to advertise an online campaign or contest. The most common use of social media ads after that was general brand building.

Companies are still likely to spend the majority of their social efforts on Facebook and Twitter. More than two-thirds reported posting more than twice per day on Facebook, and 62% said the same on Twitter.

Even as these companies have prioritized social media, they have been less efficient at tracking their achievement on the platforms. When asked how social media engagement impacted revenue changes at their company, the vast majority—78%—said they didn't know or hadn't evaluated.

### **Review of Literature**

Researchers and academicians are very interested in social media. As the use of social media grows at an exponential rate, and companies are allocating increasing budgets to social media to communicate and reach customers, the study of social media has become critical for all stakeholders (Tripathi, A. 2014).

Forbes and Vespoli (2013) investigate consumers who have made a purchase of a product based on the suggestion of a peer or contact via social media results imply that customers are buying either very affordably priced, or very expensive stuff, and are doing so on the advice from people they would not consider "opinion influencers or leaders". Furthermore, the results show a gradual shift away from more older styles of social media like Facebook and toward faster forms of social media like Twitter. Numerous respondents expressed a desire for information that was not even a day or two old, and this research indicates a shift toward that type of social media that is consistent with the general themes of today's social media.

Leerapong and Martjo (2013) investigate the factors that affect their online purchasing decisions via a social network, specifically Facebook. Customers ranked comparative advantages, trust, perceived risk, and compatibility as the aspects that encouraged or discouraged them from making a purchase through Facebook in order of importance.

According to Sharma and Rehman (2012), favorable or unfavorable information about a product or brand available on social media has a significant overall influence on consumer purchase behavior. Customers used social media to spread positive word of mouth.

Pietro and Eleonora Pantano (2012) investigate the extent to which social networks like Facebook influence consumer purchasing decisions. They discover that pleasure is a key indicator of social network usage as a tool to aid in purchasing decisions. They also contend that consumers' perceptions of the usefulness of recommendations and suggestions on products on Facebook, consumers' enjoyment of using the social network Facebook for information seeking on products and brands and perceived ease of use of the provided tools all influence consumers' attitude toward using the system as a supporting tool for their purchasing decision. They also recommend a coincidental positive connection between customer attitudes toward social media and behavioral intention.

Social media has also impacted customer behavior, ranging from information acquisition to post-purchase actions like discontentment declarations or behavioral patterns (Mangold&Faulds, 2009)

Themba and Mulala (2012) investigate the extent to which University of Botswana students engage in brand-related eWOM via social media, as well as the impacts of such interaction on their buying decisions. They report that interaction in brand-related eWOM via social media is fairly low and that engaging in brand-related eWOM overall, and particularly opinion seeking, has a significant and beneficial impact on purchase decisions.

The majority of research performed reports that social media influences users' purchase decisions; however, it is necessary to investigate whether the impact varies across different stages. This will assist marketers in strategically setting their social media communication goals and better planning their social media budget allocation (Tripathi, A. 2019).

### **Research Methodology**

The current study started with problem identification, and in this particular instance, it relates to a comprehensive understanding of how social networking is influencing the purchasing decisions of social media users in the city of "Mumbai".

A series of probing research questions were used to address the following topics in particular:

- How frequently does the customer use a social media service?
- Which social media platform is the most popular?
- What type of product was recommended to the consumer (size, type, nice or service, color, cost, etc.)?
- How much did the suggestion influence the buyer's purchase decision?
- Was the recommender's status as a friend/stranger influential in the consumer's purchase?

The following are the research objectives and hypothesis:-

#### **Objectives of the Study**

1. To evaluate the effect of social media on Indian consumers' buying decisions.
2. To investigate the links between social media users' personal characteristics and the impact of social media on their purchasing decisions.
3. Determine social media users' post-purchase behavior.
4. To examine the link between personal attributes and social media users' post-purchase behavior.

#### **Hypothesis**

1. There is no correlation between social media users' personal characteristics and the influence of social media on their purchasing process.
2. There is no considerable relationship between social media users' personal characteristics and their post-purchase behavior.

#### **Measurement and Research Instrument**

Because the measurement scales were newly formed, the accuracy of the scales used is measured to assess the constructs' internal consistency. Cronbach's alpha with a minimum of 0.70 indicates reliability (Cronbach, 1970; Nunnally, 1978).

### **Data Gathering and Sampling**

This study was carried out using primary research, which entailed gathering original data through field research. From September to November 2013, information was collected directly from respondents via the internet, and the data were analyzed quantitatively.

An exploratory study is used to provide insights into the effects of social media on purchase decisions and social networking site usage patterns. We used convenient sampling, which implies non-probability sampling, as a sampling technique.

### **Data Analysis Research Goals**

**Objective 1:** To evaluate the effects of social media on Indian consumers' purchasing decisions.

Approximately 75% of people have regularly used social media to gather information about their purchases. This reflects the increasing use of social media as an information tool.

In addition, 127 (94.78%) of the 134 respondents have searched the internet for information about various purchases.

We can quickly see that the majority of information is sought for electronic appliances, followed by entertainment, and finally travel.

According to the information, social media has a high effectiveness and ease of information search, but low credibility. This suggests that, while social media is becoming increasingly popular due to the ease and speed with which information can be obtained,

From the information, it shows that Indian customers do not have a high proclivity to seek out information from friends or strangers.

The goal is to learn how clients view social media as an information source.

The data is not thought to be very reliable.

User purchasing behavior appears to be influenced by social media reviews. These reviews have a larger effect when the sources are friends. Social media is thought to be more impactful than traditional media. Positive reviews can persuade users to buy, whereas negative reviews can discourage them from doing so. Social media appears to play an important role in purchasing decisions.

**Objective 2:** To investigate the relationship between social media users' personal characteristics and the impact of social media on their purchasing decisions.

Social media has an impact on both graduate and postgraduate purchase decisions; however, it has the least impact on postgraduate users.

**Objective 3:** Determine social media users' post-purchase behavior.

The social media user exhibits neutral tendencies when it comes to sharing opinions or writing reviews.

**Objective 4:** To investigate the relationship between personal attributes and social media users' post-purchase behavior.

### **Hypothesis:**

- There is no considerable relationship between social media users' personal characteristics and the impact of social media on their purchasing process.
- The hypothesis testing exposes that the buyer's demographic profile has no significant impact on the purchase decision.
- Conclusions and Marketing Implications:
- A large proportion of web users have looked for information about their buy on the internet. The most searched purchases are electronic appliances, entertainment, and

travel. The ease of searching and the perception of users as an effective option for browsing are the major contributors to information search. Social media is also regarded as a reliable source of information. As a result, marketers can very effectively use social media to achieve their awareness goals. Users of social media appear to trust online reviews, and remarkably, reviews from friends and strangers are almost equally trusted.

- Social media reviews can either encourage or discourage purchases. Customers can thus be encouraged to share positive perspectives on social media by marketers. Customers are also encouraged to file complaints & concerns on the company's official web pages. Marketers must also address these concerns quickly and communicate effectively via social media. Social media does not appear to have a different influence on multiple demographic sections of customers. As a result, demographic variables may not be appropriate for segmenting social media customers, particularly in terms of purchase behavior.
- Positive reviews on social media increase the likelihood of a purchase. As a result, creating positive WOM on social media will boost sales. Users' proclivity to share positive or negative opinions and reviews appears to be moderate.

#### **Restrictions and future scope of the research**

- Because the survey is carried out online, it is subject to the limitations of online surveys.
- The study's scope is limited to the demographic profile of users of social media. Even so, it will be interesting to investigate buyer psychographic factors and how these factors may influence the purchase decision process.
- Though information on social media influences the purchasing process, why there is such a low willingness to share such data is an area for future research.

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