

Impact of Social Media Usage on Consumer Behavior

*Minal Waghchoure, **Piyul Walunj

**Assistant Professor-Dr Dy Patil Institute of Management Studies*

***Student-Dr. Dy Patil Institute of Management Studies*

Abstract

The objective of this paper is to analyze the effectiveness of the impact of the use of social media before purchase. Today, the Consumer is inclined to use various social media tools to stay connected with the outside world. Social media is consistently used to do online shopping these days.

There are many factors that influence the use of social media for shopping. One, today Companies are connecting themselves to potential and existing customers through this platform which lead to potential selling and buying. It also serves as a great platform to communicate, inform and promote the product or services.

With many reputed Companies making their presence felt on the social media sites, Customers are finding it convenient to seek information online to make their purchase decision. One may find two set of categories of customers who indulge in social media. A set of customers who will explore the products and services and its reviews online to finally make a purchase offline. And the other set of customers, who would purchase online looking at the reviews and exploring the variety of products and services offered. This paper analyzes the factors that are considered to use Social media while purchasing both online and offline.

The research was done among internet-savvy consumers in Pune area with a convenient sample size of 286. Based on data analysis, there is a significant impact of social media on consumer behavior. According to the data analysis done and its significant value in ANOVA table, it can be seen that the various parameters of social media like social proof, product awareness, promotions and offers and social influencers have an impact consumer behavior, thus Null Hypothesis is rejected & Alternative Hypothesis is accepted.

In social media, the factor that impacts the consumer behavior the most is reviews/ratings.

Keywords: *Social media, Consumer behavior, Product related awareness, Social proof, Promotions and offerings, Social media influencers.*

1. Introduction

With the advent of digital world, it can be observed through various news articles, research papers and blogs that both the business and consumers are using the social media platforms to stay linked. Everyone today wants to stay connected to the outside world. Businesses are using this platform to look for potential customers online. Companies want to promote their products and services online. Be it, by way of providing information of the product or service offerings or by sharing the attractive and informative content that will help create awareness and influence buying decision of the customer.

Customers are interestingly exploring the opportunity to seek all above mentioned information online before they decide to purchase offline or online. Gone are the days wherein, customer was inclined to buy only through the touch and feel appeal in physical stores or malls. Customers are taking cues and signs from the available content online on various social media platforms to make a purchase decision.

ISSN: 2233-7857IJFGCN

Copyright ©2020SERSC

Following are the factors that are considered in the use of social media that will influence consumer behavior:

1. Product related awareness through information/ content available on social media related to the elements of products/ services (like product/ service features, variety, branding, packaging, after sales service and services offered) - during problem identification and information search stage.
2. Social proof through likes, share, reviews, opinions, thoughts and comments- during the evaluation of alternatives stage
3. Promotions and offerings on the social media- during the evaluation and decision stage
4. Social media influencers- Decision and post cognitive dissonance stage

Above mentioned are the factors that influence the use of social media in the consumer behavior. These factors may not necessarily affect the decision-making process, but it triggers the purchase intention to some extent as per the secondary research.

The purpose of the study is to explore what are the factors that prompt willingness to know more about product or service which may lead to purchase intention or even lead them to buy or not to buy.

2. Literature review

There has been a great transformation in the way a shopper shops these days. The consumer has opted to stay at home and yet enjoy shopping virtually. There are ample of platforms to use to shop online. Consumers are not hesitating to explore these platforms to have a shopping experience. Data shows that the trend of online shopping has been increasing since a couple of decades. At the time when we have the increasing number of shoppers preferring online, we also have a huge number of customers who prefer to go to the mall to have a physical touch and feel the product -experience but, buy online in the end due to the lucrative offers and deals. The online shopping platforms have been increasing to a great extent. Be it, Social media or Company owned websites; they are using it all. This trend occurred due to many benefits attached to online shopping. This type of shopping mode can come in several names such as online shopping; online buying and e-shopping; all refer to the process of purchasing and buying. Companies can use the social media platform for various reasons ranging from research, surveys, creating awareness, lead generation, customer service and/ or relationship building.

It was observed in one of the articles namely, “How does social media influence consumer behavior?” the factors that influence consumer buying behavior by use of social media are availability of information pertaining to your products and services offered, opinion, reviews, comments and testimonials available on social media platforms, use of the platform to promote and provide deals, the presence of social media influencers who provide open and unfiltered opinion and recommendations neutral responses. The main area of question still exist as to what extent does all the social media parameters influence consumer behavior and the overall effectiveness of social media

Social media influences attitude towards promotions, brands and buying willingness. It does not lead to final decision making to buy or not to buy but, it influences the overall buying process to an extent.

Customers want to get a confirmation on what they are buying is the best, as per their expectations. To confirm this, they do prefer browsing through social media sites.

Companies are putting immense efforts to attract customer's attention and influence them to think of buying. That's not it; the Company uses various social media strategies to keep the customers engaged with its content.

According to one study, it says that the organizations may not directly ask customers to use social media to buy products or services, but they may find out ways to inform customers to seek daily offers and deals to check out on social media.

Business owners are increasingly associating with social media influencers to communicate on digital platforms. At the same time, social media influencers have a wider reach on such platforms and viewers do get swayed due to the unfiltered views given by them.

3. Objectives of the study

The objective of this study is:

- 3.1.To identify the social media influencing parameters which have an online influence on consumer behavior of respondents towards buying of products and services through survey questionnaire.
- 3.2.To study the impact of social media (Social proof, Promotions and offerings, Product related awareness and social media influencers) on consumer behavior of respondents.

4. Hypotheses

H1: There is a significant impact of social media usage (Social proof, Promotions and offerings, Product related awareness and social media influencers) on consumer behavior.

H2: There is a significant impact of gender on social media usage (Social proof, Promotions and offerings, Product related awareness and social media influencers) and consumer behavior.

5. Research Methodology

The data required for present study was collected through primary and secondary sources. A questionnaire containing 40 questions were administered to 286 respondents. Questionnaire contains social media related questions mainly based on impact of social proof, promotions and offerings, product related awareness and social media influencers on consumer behavior questions. A sample size of 286 respondents was considered. Based on finding of data, the analysis of data was further done.

6. Scope of the Study

The scope of the study limited to respondents from Pune in Maharashtra and may not necessarily show the findings of the whole Industry.

7. Sampling methodology

The respondents were given the questionnaire. Hence, a social media user is the population. In order to select the sample from the target population Convenience sampling technique have been used.

Data Analysis

Multiple Linear Regression Analysis is used to identify the relationship between social media and consumer behavior and make predictions out of the same.

Independent sample t-test is used to identify relationship between gender and consumer behavior.

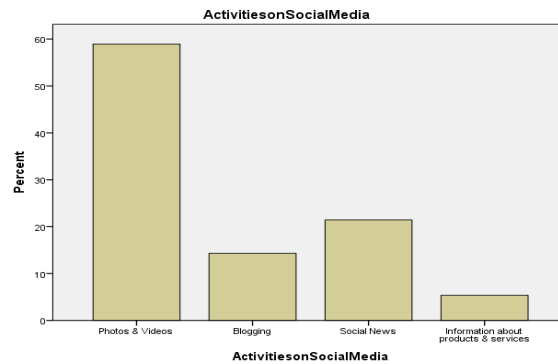


Figure 1: Activities on social media

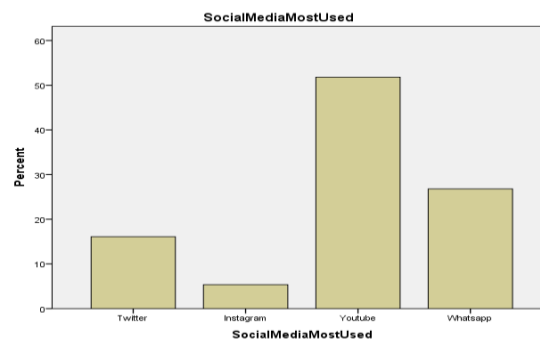


Figure 2: Social media mostly used

Case Processing Summary

		N	%
Cases	Valid	286	100.0
	Excluded ^a	0	.0
	Total	286	100.0

a. Listwise deletion based on all variables in the procedure.

Table 1: Case Processing summary

Reliability Statistics

Cronbach's Alpha	N of Items
.933	9

Table 2: Reliability statistics

The above table states that the questions in the questionnaire are valid for further analysis.

SPSS (Statistical Package for the Social Sciences) ANALYSIS

Multiple Linear Regression Analysis

Descriptive Statistics

	Mean	Std. Deviation	N
Consumer Behavior	3.9127	0.54567	286
Social proof	4.097	0.56172	286
Promotions and offerings	3.7091	0.72131	286
Product related awareness	3.4636	0.93717	286
Social media influencers	3.7758	0.70289	286

Table 3: Descriptive statistics

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.935 ^a	0.875	0.865	0.20041	1.832
a. Predictors: (Constant), Social media influencers, Social proof, Promotions and offerings, Product related awareness					
b. Dependent Variable: Consumer Behavior					

Table 4: Model Summary

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.071	3	3.518	87.584	.000 ^b
	Residual	2.008	282	0.04		
	Total	16.079	285			
a. Dependent Variable: Consumer Behavior						
b. Predictors: (Constant), Price, Impact of reviews/ratings, Impact of Advertisement, Quality						

Table 5: ANOVA

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	0.706	0.214		3.291	0.002		

	Social proof	0.303	0.058	0.312	5.236	0	0.704	1.42
	Promotions & Offerings	0.175	0.062	0.232	2.837	0.007	0.374	2.67
	Product related awareness	0.236	0.056	0.405	4.203	0	0.269	3.721
	Social media influencers	0.132	0.09	0.17	1.469	0.148	0.186	5.362
a. Dependent Variable: Consumer Behavior								

Table 6: Coefficient

Collinearity Diagnostics ^a								
Model	Dimension	Eigenvalue	Condition Index	Variance Proportions				
				(Constant)	Impact of reviews/ratings	Impact of Advertisement	Quality	Price
1	1	4.932	1	0	0	0	0	0
	2	0.042	10.835	0.12	0.06	0.01	0.19	0
	3	0.013	19.841	0	0.14	0.73	0.26	0
	4	0.009	23.729	0.87	0.58	0.03	0.14	0.02
	5	0.005	32.666	0	0.22	0.24	0.41	0.97
a. Dependent Variable: Consumer Behavior								

Table 7: Collinearity Diagnostics

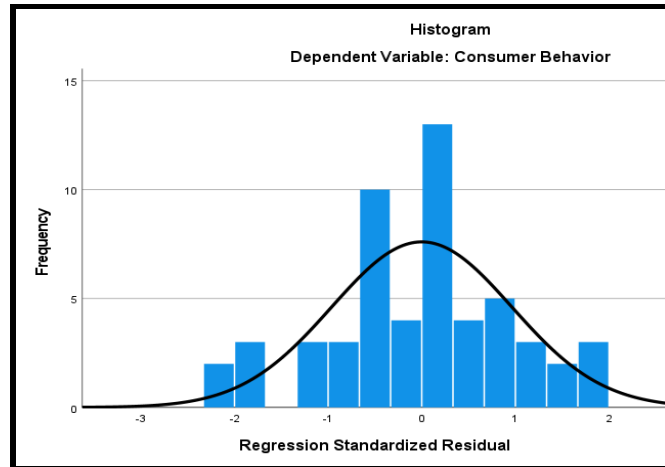


Figure: 3

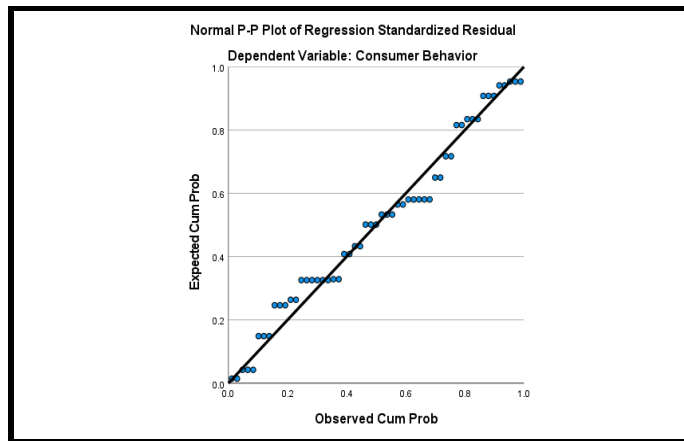


Figure: 4

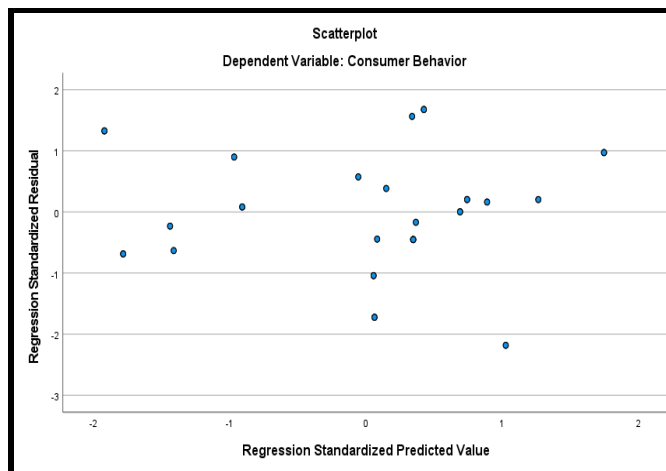


Figure 5

Independent sample t-test

Group Statistics					
	Gender	N	Mean	Std. Deviation	Std. Error Mean
Consumer Behavior	male	130	4.0156	0.49663	0.09067
	female	156	3.7893	0.58553	0.11711

Table 8: Group statistics

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Consumer Behavior	Equal variances assumed	0.952	0.334	1.551	53	0.127	0.22622	0.14588	-0.06638	0.51883
	Equal variances not assumed			1.527	47.326	0.133	0.22622	0.14811	-0.07167	0.52412

Table 9: Independent sample T- test for gender

Statistical Interpretation:

- The data collected for the analysis holds all the assumptions of multiple regression except normality condition. The details are as follows:
 - **Scale of measurement-** Data for the analysis is in interval scale.
 - **Outliers-** there is no significant outlier

- **Normality**- The score in the histogram table [Figure 3] is ≤ 0.05 in our case, which should be ≥ 0.05 to hold the condition. So it means that data is not normally distributed. Hence, this condition does not satisfy.
- **Linearity**- There is a linear relationship between the Independent variable and Dependent variable.
- **Assumption of Independence**- This assumption is justified by Durbin-Watson value in 'Modal Summary' [Table 4] of Regression. The value is 1.832 which lies between 0-2 which indicates positive autocorrelation among variables.
- **Homoscedasticity**- The variability in scores for one variable is approximately the same at all levels at other variable.
- The significant value in ANOVA [Table 5] is .000 which is less than 0.05, so as per decision rule, it has enough evidence to reject Null Hypothesis (there is no significant impact of social media on consumer behavior). Hence, Alternative Hypothesis is accepted. **It means that there is a significant impact of social media on consumer behavior.**
- Also, the adjusted R² value in 'Model Summary' [Table 4] is .865; it means the dependent variable (consumer behavior) is explained 86.5% by the independent variable (Social proof, Promotions and offerings, Product related awareness and social media).

Multiple regression equation

The output of a regression is a function that predicts the dependent variable based upon values of the independent variable.

The regression equation Y (consumer behavior) on X (social media) is:

$$Y(\text{Consumer Behavior}) = 0.706 + (\text{Social proof})0.303 \cdot x_1 + (\text{Promotion and offerings})0.175 \cdot x_2 + (\text{Product related awareness})0.236 \cdot x_3 + (\text{Social media influencers})0.132 \cdot x_4$$

Independent sample t-test for gender:

- The significant value of Levene's test of equality of variance [Table 9] is $0.334 > 0.05$, so both the groups have equal variances.
- The significant value of independent sample t-test with equal variance [Table 9] is $0.127 > 0.05$. So, it sufficient evidence to reject alternative hypothesis.
- Hence, Null is accepted. **It means that there is no significant difference of gender on social media usage and consumer behavior.**
- Mean Value: Male- **4.01**, Female- **3.78**

Key findings

1. YouTube is the most preferred social media platform in Pune city [Figure 2] and it is majorly used for social proofing in order to evaluate among the alternatives present. About 58% use social media social media is mainly used to browse and post photos and videos [Figure 1] which have created product awareness among the buyers through various promotional strategies opted by companies.

2. Nearly 23% use social media for social news and to get information about products and services [Figure 1] where social media influencers play a vital role in decision making stage.
3. Social proof, Promotions and offerings, Product related awareness and social media influencers have a significant impact on consumer behavior [Table 6] which means there is significant impact of social media on consumer behavior
4. Point increase in social media will impact the consumer behavior up to 0.303[Table 6].
5. The numbers of unexplained variations are comparatively low with maximum up to 0.062 for Promotion & offerings [Table 6].

Conclusion

After the data interpretation and a systematic analysis of the data which was taken in the form of questionnaire from the respondent's in pune area, The study indicates that a large amount of people uses social media, out of which it is mostly used for browsing and posting photos, and videos, which indicate that there is high consumer engagement for photos and videos on social media and thus advertisement and promotions on social media indulge consumers for products and services.

Also, the data in the anova table indicates that there is a significant impact of all the factors of social media on consumer behavior.

The high usage of YouTube which was observed in the data analysis supports evidence of social proofing impacting consumer behavior in order to prompt willingness to know more about product or service which may lead to purchase intention or even lead them to buy or not to buy. The analysis would help to note that YouTube being mostly used platform could be a marketplace for promotions and to convert prospects.

There is also a high degree of impact of social media as users use social media to a large extent for social news.

The outputs are satisfactory enough to state that there is an impact of social media on consumer behavior, and it is the most used platform.

Limitations and Future Research

There is low response rate for online surveys. Also, time constraint and area selection are certain drawbacks which could be further improved.

The research can be further done considering factors specifically pertaining to people shopping online only or offline only. Research to study seller's perception of the important factors influencing social media users can be done.

References

1. Lai, A. and McMahon, K. (2020). The Evolution of Social Commerce, Research News, Retrieved from <https://www.mytotalretail.com/article/the-evolution-of-social-commerce/>
2. Foreman, C. (2017) 10 Types of Social Media and How Each Can Benefit Your Business, Blog Article, Retrieved from <https://blog.hootsuite.com/types-of-social-media/>
3. How does social media influence consumer behavior? (Cloutrack) (n.d.) Retrieved from https://cloutrack.com/knowledge_base/how-does-social-media-influence-consumer-behavior/
4. Taining, Y. (2012) The decision behavior of facebook users. Journal of Computer Information Systems, 52(3), 50-59
5. Patarawadee, S. (2013) Does Social Media Affect Consumer DecisionMaking?

ISSN: 2233-7857IJFGCN

Copyright ©2020SERSC

- Johnson & Wales University ScholarsArchive@JWU, 8 retrieved from https://scholarsarchive.jwu.edu/cgi/viewcontent.cgi?article=1023&context=mba_student
6. Putter, M., Akhunjonov, U., Obrenovic, B. (2017) The Impact of Social Media on Consumer Buying Intention, *Journal of International Business Research and Marketing*, 3(1), 7-13 Retrieved from https://www.researchgate.net/publication/335500761_The_Impact_of_Social_Media_on_Consumer_Buying_Intention
7. Roesler, P. (2015), How social media influences consumer buying decisions, *The Business Journals*, Retrieved from <https://www.bizjournals.com/bizjournals/how-to/marketing/2015/05/how-social-media-influences-consumer-buying>
8. Barker, S. (2020), How Social Media Influencers Can Impact Your Customers’ Purchase Decisions, Retrieved from <https://www.socialmediatoday.com/news/how-social-media-influencers-can-impact-your-customers-purchase-decisions/569813/>
9. *Journal of advertising*, American academy of advertising
10. *Multidisciplinary Social Networks Research*
International Conference, MISNC 2014, Kaohsiung, Taiwan, September 13-14, 2014. Proceedings