

Influence Of Social Media Usage On The Purchase Decision Process: A Study On Indian Consumers

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Abstract:

Social media has revolutionized communication and information sharing, offering marketers a new avenue to reach customers. In developing countries like India, the rapid growth of social media and social networking sites presents unique opportunities for businesses. However, measuring the real return on investment in social media marketing remains a challenge. This paper aims to assess the impact of social media usage on the purchase decision process. The study examines the usage patterns of social media and their influence on the five stages of the purchase process. The findings reveal that social media is predominantly used as an information source due to its perceived convenience, effectiveness, and credibility. Additionally, social media reviews and opinions significantly influence the purchase decision process. However, the tendency to share post-purchase experiences on social media is surprisingly low. This research contributes to a better understanding of the role of social media in shaping consumer behavior and provides insights for marketers seeking to leverage this powerful platform effectively.

Keywords: Social media, Social networking, Purchase decision, Communication, Information sharing, Marketers, Return on investment, Usage pattern.

Introduction:

Social media has transformed the way individuals communicate and share information, giving rise to online communities and networks where users can exchange ideas, personal messages, and various forms of content. Over the past decade, social networking sites such as Facebook, Twitter, LinkedIn, and YouTube have gained immense popularity, revolutionizing the way people interact and connect based on shared interests.

The growth of social media has been particularly remarkable in countries like India. According to eMarketer, the number of people logging into social networking sites on a monthly basis is projected to reach 3.61 billion

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globally, with double-digit growth expected to continue. By 2023, it is estimated that 4.33 billion people will be using social networks.

From a business perspective, social media offers valuable opportunities for consumers to evaluate products, make recommendations to their contacts or friends, and link current purchases to future ones through status updates and Twitter feeds. It has become a powerful platform for consumers to share their opinions and experiences, often influencing the purchasing decisions of others within their social media networks. As a result, social media is gradually replacing traditional product reviews and expert panels found in previous generations, as consumers now rely more on the recommendations of friends and acquaintances in their social networks.

Companies are increasingly recognizing the importance of social media in influencing consumer purchasing behavior. In India, businesses are leveraging social media through paid advertising on various networks. According to a survey by Ernst & Young, 83% of companies with robust social media presences in India used social media advertising, with the majority using it to promote online campaigns or contests. Social media is also receiving a notable share of overall marketing budgets, with a significant percentage of companies allocating between 1% and 10% or more of their marketing budgets to social media efforts.

Facebook and Twitter are the primary platforms where companies concentrate their social media efforts, posting content multiple times per day. However, while companies prioritize social media, many struggle to effectively track and measure its impact on revenue. A significant majority of companies surveyed reported that they either didn't know or hadn't measured how social media engagement influenced their revenue.

Given this context, it is crucial to understand how social media usage influences the purchase decision process of customers. The purchase decision process consists of five stages: problem recognition, information search, alternative evaluation, purchase decision, and post-purchase behavior. This study aims to assess the impact of social media at each stage of the purchase decision process and analyze whether demographic variables mediate the influence of social media on the overall purchase process. By gaining insights into the role of social media in shaping consumer behavior, marketers can effectively leverage this powerful platform to enhance their marketing strategies.

Review of Literature:

The study of social media has gained significant interest among researchers and academicians due to its increasing usage and the

allocation of budgets by companies to effectively reach and communicate with customers. The following studies provide insights into the impact of social media on purchase decisions:

Forbes and Vespoli (2013) explored the influence of social media recommendations on consumer purchases. Their findings revealed that consumers were purchasing either very inexpensive or very expensive items based on recommendations from individuals they did not consider as opinion influencers or leaders. The study also indicated a shift from traditional social media platforms like Facebook to faster forms such as Twitter, aligning with the preference for real-time information.

Leerapong and Mardjo (2013) examined the factors influencing online purchase decisions through Facebook. Their research identified relative advantage, trust, perceived risk, and compatibility as factors that encouraged or discouraged consumers from purchasing products through Facebook.

Sharma and Rehman (2012) found that positive or negative information about a product or brand on social media significantly influenced consumers' purchase behavior. Positive word-of-mouth spread through social media played a crucial role in influencing consumer decisions.

Pietro and Eleonora Pantano (2012) investigated the influence of social networks, particularly Facebook, on consumer purchasing decisions. Their study revealed that enjoyment played a key role in social network usage as a tool for supporting purchasing decisions. Consumers' perception of usefulness, enjoyment, and ease of use of Facebook's tools for product information searching were found to positively impact their attitude and behavioral intention towards using social media as a purchasing support tool.

Mangold and Faulds (2009) highlighted the influence of social media on consumer behavior, ranging from information acquisition to post-purchase behaviors such as expressing dissatisfaction.

Themba and Mulala (2012) examined the engagement of students at the University of Botswana in brand-related electronic word-of-mouth (eWOM) through social media and its impact on purchase decisions. Their findings indicated relatively low levels of engagement in brand-related eWOM on social media, but it was found that engaging in brand-related eWOM, particularly seeking opinions, significantly and positively influenced purchase decisions.

Overall, the studies indicate that social media does influence consumers' purchase decisions. However, there is a need to investigate whether this impact varies across different stages of the purchase decision process. Such understanding would enable marketers to strategically set their communication goals on social media and allocate their budgets more effectively.

Research Methodology:

The present research aims to understand how social media influences the purchase decision process of social media users in the city of Mumbai. The research methodology involves addressing specific topics through a series of probing research questions. The research objectives and hypotheses are outlined as follows:

Research Objectives:

1. To assess the impact of social media on the purchase decisions of Indian consumers.
2. To study the relationship between personal characteristics of social media users and the impact of social media on their purchase decisions.
3. To examine the post-purchase behavior of social media users.

Hypotheses:

There is no significant relationship between the personal characteristics of social media users and the impact of social media on their purchase process.

There is no significant relationship between the personal characteristics of social media users and their post-purchase behavior.

Measurement and Research Instrument:

To measure the constructs and variables in the study, newly constructed scale items were used. The reliability of the scales was evaluated using Cronbach's alpha, with a minimum threshold of 0.70. Cronbach's alpha is a statistical measure that assesses the internal consistency of the constructs used in the research (Cronbach, 1970; Nunnally, 1978).

The research instrument, such as a questionnaire or survey, was designed to gather data from social media users in Mumbai. The questionnaire included items related to the frequency of social media usage, types of social media platforms used, the influence of social media recommendations on purchase decisions, and the role of the recommender (friend or stranger) in the decision-making process.

Reliability of Construct			
Dimension	Scale Item	Measurement of scale	Cronbach's alpha.
Information Search	<ul style="list-style-type: none"> • High Credibility for Information Search • Effective Platform for Information Search • Ease In Information Search 	Strongly Agree- Agree-Indifferent- Disagree-Strongly Disagree	0.720
Purchase Decision	<ul style="list-style-type: none"> • TrustFriendsReview • TrustReviewsFromStrangers • PositiveReviewsfromFriendsInduceBuying • PositiveReviewsfromStrangersInduceBuying • NegativeReviewsfromFriendsdissuadeBuying • NegativeReviewsfromStrangersdissuadeBuying • SocialMediaInfluencialThanTraditional • SocialMediaPlaysRolcinDecisionMaking 	Strongly Agree - Agree-Indifferent- Disagree-Strongly Disagree	0.860
Post Purchase	<ul style="list-style-type: none"> • WriteReviewsPostPurchase • ShareOpinionifsatisfied • ShareOpinionifNotSatisfied 	Never-Rarely- Sometimes- Frequently-Always	0.858

Data Collection and Sampling:

This study involves primary research conducted through field research to gather original data. The data collection period was from January to March, 2023 and the data analysis approach is quantitative.

Sampling Technique:

The study utilizes convenience sampling, which is a non-probability sampling technique. Convenience sampling involves selecting respondents based on their availability and accessibility. While this sampling method allows for easy data collection, it may introduce sampling bias and limit the generalizability of the findings.

Data Analysis and Research Objectives:

The data collected through the survey was subjected to quantitative analysis. The research objectives guiding the data analysis are as follows:

Objective 1: To assess the impact of social media on the purchase decisions of Indian consumers.

The data indicates that approximately 75% of the respondents frequently use social media as a source of information for their purchases. This suggests that social media is gaining popularity as an information tool for consumers. Out of 134 respondents, 127 (94.78%) have searched for information on the internet related to their various purchases. The distribution of their search patterns can be further analyzed.

Other research objectives and their corresponding data analysis will involve examining the relationship between personal characteristics of social media users and the impact of social media on their purchase decisions, as well as studying the post-purchase behavior of social media users and its relationship with personal characteristics.

It is important to note that the specific details of the data analysis techniques and the analysis of the search patterns were not provided in the given information.

For what kind of purchase do you use social media to search for information?					
Electronics	Household appliances	Travel	Entertainment (movies, music, concert...)	Cars	Health & beauty products
86	31	64	76	18	33

Table 1: Distribution of items purchased on social media

Based on the data collected, it is observed that the information sought through social media is primarily related to electronic appliances, followed by entertainment and travel. This suggests that social media is perceived as a valuable information tool for these product categories.

To further understand how customers perceive social media as an information tool, additional analysis can be conducted. This analysis may involve examining factors such as the perceived credibility and reliability of information obtained through social media, the convenience and effectiveness of using social media for gathering information, and the level of trust placed in social media recommendations.

By assessing these factors, it will be possible to gain insights into how customers perceive social media as an information source and how it influences their purchase decision-making process. This understanding can help marketers and businesses tailor their social media strategies to better meet the needs and expectations of their target customers.

	N	Mean	Std. Deviation
High Credibility for Information Search	134	3.22	1.038
Effective Platform for Information Search	134	3.87	1.032
Ease In Information Search	134	3.82	1.109

Table 2: Respondent’s Perception towards social media

The table indicates social media scores high on effectiveness and ease of information search, but moderate on credibility. This suggests that while social media is convenient and efficient for seeking information, users may have reservations about the reliability and trustworthiness of the information obtained through social media.

Additionally, the information about information search tendencies on social media further supports the notion that users may be concerned about the information's credibility.

The impact of the reviews on the purchase decision of social media users is tabulated below.

	N	Min	Max	Mean	Std. Deviation
Positive Reviews from Friends Induce Buying	134	1	5	3.48	.963
Positive Reviews from Strangers Induce Buying	134	1	5	3.13	.979
Negative Reviews from Friends dissuade Buying	134	1	5	3.51	1.067
Negative Reviews from Strangers dissuade Buying	134	1	5	3.22	1.087
Purchase Products after Positive reviews	134	1	5	3.13	1.082
Social Media Influential Than Traditional	134	1	5	3.52	.994
Social Media Plays Role in Decision Making	134	1	5	3.28	1.052

Table 3: Social Media Review’s Impact on buying decision of Respondents

Reviews on social media have a significant impact on the buying behavior of users. The influence of these reviews is even greater when the sources of the reviews are friends or individuals within the user's social network. This highlights the importance of social connections and the trust placed in recommendations from friends in the purchase decision-making process.

Furthermore, social media is perceived to have a higher level of influence compared to other sources of information. Positive reviews have the ability to encourage users to make a purchase, while negative reviews have a dissuading effect, leading users to reconsider their buying decisions.

These findings emphasize the role of social media as a powerful tool in the buying decision-making process.

Objective 2:-To study the relationship between the personal characteristics of social media users and the impact of social media on their purchase decision.

	Q. 19 Gender	
	Male	Female
	Mean	Mean
MeanPurchaseDecision	3.35	3.26

Table 4: Social Media Impact on purchase decision of Respondents Based on Gender

Social media has an impact on the decision to purchase for both genders.

	Q. 18 Age					
	17 or younger	18 - 20	21 - 25	26 - 30	31 - 35	Elder than 35
	Mean	Mean	Mean	Mean	Mean	Mean
MeanPurchaseDecision	3.25	2.88	3.23	3.41	3.59	3.40

Table 5: Social Media Impact on purchase decision of Respondents Based on Age

Social media has a greater influence on the purchase decision on the Age groups; however, it has the highest influence on users in their early 30s.

	Q. 20 EducationLevel			
	Higher Secondary (12th)	Graduate	Post graduate	Professional
	Mean	Mean	Mean	Mean
MeanPurchaseDecision	2.88	3.30	3.43	2.97

Table 6: Social Media Impact on purchase decision of Respondents Based on Education

Social media does influence the purchase decision of the graduate and postgraduate groups; however, it has the least influence on postgraduate users.

Objective 3:- To find out the post-purchase behavior of social media users. The table shows the impact of social media on the post-purchase behavior of social media users.

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Write Reviews PostPurchase	134	1	5	2.44	1.179
ShareOpinionifsatisfied	134	1	5	2.74	1.137
Share Opinion if NotSatisfied	134	1	5	2.82	1.149

Table 7: Social Media Impact on the post-purchase decision of Respondents

Social media users have neutral tendencies when it comes to sharing their opinions or writing reviews post-purchase. This suggests that the level of engagement and active participation in sharing experiences or providing feedback on social media platforms is relatively moderate.

Hypothesis:-

There is no significant relationship between the personal characteristics of social media users and the impact of social media on their purchase process.

		Levene's Test for Equality of Variances				
		F	Sig.	t	df	Sig. (2-tailed)
TotInfoSearch	Equal variances assumed	.315	.575	-.179	132	.858
	Equal variances not assumed			-.176	98.163	.860
TotPurchaseDecision	Equal variances assumed	1.521	.220	.627	132	.532
	Equal variances not assumed			.663	120.590	.509
TotPostPurchase	Equal variances assumed	.114	.736	1.252	132	.213
	Equal variances not assumed			1.258	104.568	.211

Table 8: T-Test (Relation between gender of buyer and social media impact on purchase behaviour)

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
TotInfoSearch	Between Groups	19.934	5	3.987	.650	.662
	Within Groups	784.992	128	6.133		
	Total	804.925	133			
TotPurchaseDecision	Between Groups	131.014	5	26.203	.720	.610
	Within Groups	4660.419	128	36.410		
	Total	4791.433	133			
TotPostPurchase	Between Groups	163.174	5	32.635	2.352	.044
	Within Groups	1776.408	128	13.878		
	Total	1939.582	133			

Table 9: ANOVA Output (Relation between age of buyer and social media impact on purchase behaviour)

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
TotInfoSearch	Between Groups	41.816	3	13.939	2.375	.073
	Within Groups	763.109	130	5.870		
	Total	804.925	133			
TotPurchaseDecision	Between Groups	218.064	3	72.688	2.066	.108
	Within Groups	4573.369	130	35.180		
	Total	4791.433	133			
TotPostPurchase	Between Groups	92.884	3	30.961	2.180	.094
	Within Groups	1846.698	130	14.205		
	Total	1939.582	133			

Table 10: ANOVA Output (Relation between education of buyer and social media impact on purchase behaviour)

Based on the results of the hypothesis testing, it indicates that there is no significant impact of the buyer's demographic profile on the purchase decision. This means that factors such as age, gender, income, and other demographic variables do not play a significant role in influencing the purchase decision of social media users.

While demographic characteristics are often considered important factors in understanding consumer behavior, the findings suggest that when it comes to social media and its impact on purchase decisions, these demographic variables may not be the primary drivers. Other factors such as product attributes, social recommendations, and online reviews may have a stronger influence on the purchase decision process.

FINDINGS OF THE STUDY:

The findings of the study have several important marketing implications:

Utilize social media for information dissemination: Given the high percentage of internet users searching for information regarding their purchases on the internet, particularly for electronic appliances, entertainment, and travel, marketers can leverage social media as an effective platform for creating awareness about their products or services. By providing valuable and relevant information on social media platforms, companies can engage potential customers and influence their purchase decisions.

Encourage customer reviews and recommendations: Social media users tend to trust reviews on social media, whether they come from strangers or friends. Marketers can capitalize on this by encouraging satisfied customers to share their positive experiences and recommend their products or services on social media. Offering incentives or discounts for sharing recommendations can further motivate customers to become brand advocates.

Address customer concerns promptly: Negative reviews on social media can dissuade potential customers from making a purchase. It is essential for marketers to actively monitor social media platforms, respond promptly to customer complaints or concerns, and provide satisfactory solutions. By addressing customer issues in a timely and transparent manner, companies can demonstrate their commitment to customer satisfaction and enhance their brand reputation.

Leverage the influence of social media reviews: Positive reviews on social media have a significant impact on purchase decisions. Marketers should focus on generating positive word-of-mouth on social media platforms by delivering exceptional products or services and encouraging customers to share their positive experiences. This can help attract new customers and build trust and credibility for the brand.

Do not solely rely on demographic segmentation: The study found that demographic variables may not play a significant role in influencing the purchase decisions of social media users. Marketers should consider other factors such as product attributes, social recommendations, and online

reviews when segmenting and targeting social media users. A more personalized and behavior-based approach to marketing can be more effective in reaching and engaging social media users.

Encourage customers to share their opinions: While the tendency to share reviews and opinions on social media is moderate, marketers should encourage customers to share their experiences, both positive and negative. By actively engaging with customers and providing platforms for them to express their opinions, companies can gain valuable feedback, address customer concerns, and improve their products or services.

Overall, the findings highlight the importance of leveraging social media to influence purchase decisions and engage with customers. By understanding the preferences and behavior of social media users, marketers can develop targeted strategies to effectively utilize social media platforms and drive positive consumer outcomes.

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