



## **IMPACT OF SOCIAL MEDIA ON CONSUMER BUYING DECISIONS W.R.T PUNE CITY**

**Prof. Deepali Surana**

MBA Department, Rajarshi Shahu College of Engineering, Pune University, India

### **ABSTRACT**

*Social Media have given plenty of opportunities to consumers in adapting different aspects in life. Facebook, Twitter ,etc. have played significant role in increasing consumers' online purchases. Though some areas in Pune city do not make maximum utilization of these sites efficiently, there is substantial evidence of its use. This paper aims to understand which consumers are mostly influenced by online purchasing, reasons that influence the consumer to purchase online, types of products that are mostly purchased using Social Media and types of Social Media that are mostly used by consumers in Pune City.*

*To achieve these objectives, primary data collection methods - questionnaire to investigate the impact of Social Media sites on users' changing behavior who aim to purchase online were used. The findings show that Facebook has made significant change in consumers' buying decision towards choosing particular products. This study has many implications on both theory and practice.*

**KEYWORDS:** CONSUMER BUYING DECISIONS, SOCIAL MEDIA, ONLINE SHOPPING

### **INTRODUCTION**

By the few past decades, people's way of shopping has significantly changed and improved. Going to the routes of each word, social media can be defined as an instrument that helps to communicate and interact. Media is a tool used for communication, like TV, newspaper, radio etc. Social media are media for social interaction, using highly accessible and scalable communication techniques. Social media is the use of web-based and mobile technologies to turn communication into interactive dialogue.

Social media is not only about communication, it includes as well interaction between users.

The most important characteristics that social media has are:

- Participation of the users – everybody is continuously involved in this contribution process – to share news, to give feedback
- Discussion – the barriers are small; the content is reachable and open to discussion
- Source to pass on the information – the dialog is really important; you offer information but as well receive feedback or/and other information
- Communities – common interests, hobbies, passions are creating groups where you can share all these
- Connection between users – permanent connection, links between people, resources, life styles etc.

The main benefit of adding social media to overall marketing communication strategy is to create a platform that attracts the attention of clients and prospects of products, services and capabilities, or prompts them to share their views on a topic of common interest.

Companies are using social media in marketing, advertising, sales, innovation, customer service and problem resolution, information technology, human resources and also for driving cultural change. Indian companies and brands are using social media in recent times to enhance their brand image. They are planning the use of traditional media and social media to reach out to more prospective consumers, thus creating a bigger market for themselves.

### **Objectives of the Study**

1. To study the factors affects the buying decisions of consumers.
2. To study the prospective customers utilize the power of social media in making buying decisions.
3. To analyse the usage of social media as an important tool to for customers to take a buying decision wrt Fashion products (Tangible products)

### **Literature Review**

Consumers used to shop at physical stores like large shopping malls and many still applying the same method while purchasing (Hsiao, 2009). However, with the help of IT and modern

communication technologies, consumers are able to shop via Internet using several Social Media and different websites (Toomey and Wysocki). This type of shopping mode can come in several names such as *online shopping*, *online buying behavior* and *Internet shopping* all refer to the process of purchasing and buying products or services via the Internet using several Social Media and different websites (Li and Zhang, 2002).

Social Media (SM) are web-based services which are also known as "Social Networking Sites" refer to network of relationships and interactions among different users (groups or individuals) (Kempe et al., 2003). Social Media such as Facebook, Instagram and Twitter enable users to maintain great connections among themselves as well with others (Ellison et al., 2007) by achieving more than one task and facilitating the way of communication and sharing different information (comments, thoughts, videos and images) (Kietzmann et al., 2011).

Social Media is playing significant roles in different aspects of our lives. What is interesting in Social Media is that it supports users in several sectors, such as, business, marketing, advertising and education (Hennig-Thurau et al., 2010). From business perspective, businesses and buyers can interact directly by SM with each other, and thereby find whatever products and services are looking for (Parson,2013).

Consumers today are progressively utilizing technology and particularly Social Media as an effective tool in their *online shopping* process. This process can be defined as is an electronic process that allows consumers to deal with business people and meet their purchases' needs. Social Media have played important role in spreading this phenomenon faster (Hennig-Thurau et al., 2010).

Interacting with consumers on Social Media may result in increasing potential consumers and the probability of turning potential consumers into real shoppers. In addition to changing existing potential consumers into buyers, SM encourage those buyers to promote and share their purchases experience among their friends by giving their positive or negative opinions towards a purchased product (Parson, 2013).

A study indicated that Social Media enable 25% of all consumers to post links about products and services information in their retail sites to update other users about the purchase process (Pookulangara and Koesler, 2011).

Another study of Miller (2010) stated in his research that social marketing has made very important role in persuading consumers to buy online. He found that 70% of consumers are visiting Social Media to get useful information, 49% of them made the decision to buy certain product and 60% of consumers prefer to share their information about the products with others online. However, the actual transactions of purchasing processes occur for only 7% of consumers (Miller and Lammas, 2010).

Online shopping is growing everywhere and different categories of consumers are influenced by this phenomenon. For instance, the percentage of online buyers is increasing in India, China, Japan and Australia for about 87%, 85% (North Asia and Europe), 83% (North America), 81% (South and Latin America) and 53% (Africa and Pakistan) (Solorzano, 2011).

The overall online purchasing process has enabled 875 million consumers to boost the percentage of other online shoppers to 40% in the recent two years due to the recommendations posted in different SM about products. For instance, 41% of users buy books, clothes, accessories and shoes (36%), videos, DVDs and games (24%), airline tickets (24%) and electronic equipment (23%) (Achille, 2008).

### **Understanding which type of consumers are influenced mostly by Social Media**

Nowadays, consumers are playing a significant role on the marketplace phase. Simply, they can be defined as individuals who purchase or consume products and services either online or physically. One of the variables that have been reported as significant variables influencing consumers is demographic variables. For example, the number of male and female users has dramatically increased during the last years (Park and Jun, 2003). In term of online segmentation, there is a slight difference. This is because there are two main online segments we can refer to which are "*Online Insiders*" and "*Social Clickers*" (Riegner, 2007).

### **Consumers who actually buy online (Online Insiders)**

Online Insiders are very active users on internet and highly influential online shoppers in using different Social Media to buy and sell (Pookulangara and Koesler, 2011). Usually,

consumers' choices are influenced heavily by online brands and consumers can influence each other. This kind of event usually affects the repurchases process as a result. Therefore, Consumers are increasingly turning to Social Media in order to get more information on which to base their decisions (RAMSUNDER, NOVEMBER, 2011).

For instance, it can be noticed that most of the online shoppers tend to be younger, wealthier, better educated, more computer literate and more likely to spend time on internet, and shop online (Levin et al., 2005).

### **Consumers who browse the internet without buying online (Social Clickers)**

Social Clickers are daily active people who tend to use the internet for different purposes, such as, getting news, doing different researchers for different subjects, sharing information and communicating with other users and from other cultures (Lee, 2013).

They are heavy online communicators, but the most participatory ones tend to be younger and less affluent. These younger Social Clickers may not be influencing purchase decision today, but could become strong influencers in the future (Vinerean et al., 2013).

### **Understand why consumers use Social Media to purchase**

The important elements of visiting websites are to help consumers to communicate with other users in order to accomplish their purposes. Interaction with other users can affect buyers by many factors which play a critical role in enabling consumers to have clear ideas about unfamiliar products (Constantinides, 2004).

Using Social Media becomes one of the necessities these days that affects consumer by several factors. These factors can be classified as Design Factors, Information Factors, Product Factors, Psychological Factors, and Cultural Factors (Constantinides, 2004):

*1. Information Factors:* Consumers will be willing to buy online if variety of products and information are provided sufficiently. Also, offers, warranties and guarantees that are provided along with products will encourage consumers to shop online (Limayem et al., 2000).

*2. Design Factors:* Usually consumers are affected by the design characteristics of a web page. If the website is well designed and frequently updated, consumers will be more

attracted to buy online. In addition, the way of designing is affected by detailed information provided about several products and the display of sites' themes (e.g., colours, icons, links, images, etc.)

3. *Psychological Factors*: these factors affect consumers' attitude towards online buying. For instance, if consumers build a trust on a website, they will be willing to buy online comfortably and reduce uncertainty towards a product. Moreover, consumers may be influenced by their friends and relatives who affect their attitudes to use Social Media.

4. *Cultural Factors*: consumers can be affected by other cultures in choosing and making decisions about certain products. Also, it can affect consumers' lifestyle in interacting and communicating with new technologies (Pookulangara and Koesler, 2011).

### **Most suitable products for Social Media**

Many studies have made lots of analysis to recognize and predict the relationship among the product and shopping behavior. Their analysis helped them to make a list of products which would be suitable to be sold via the internet. The list as following (Miller and Lammas, 2010):

1. *Intangible Products (Information) Category*: products that provide information to consumers, such as, online videos, music, computer software, stock market, financial reports and weather information.

2. *Tangible Products (High Differentiation) Category*: products that have variety classes, such as, automobiles, electronic devices, books, clothes, accessories, flowers, and jewelleryes.

### **Type of Social Media mostly used by consumers**

The most common SM that are mostly used by consumers for different purposes are: *Facebook, Twitter and Instagram*. A study of Miller (2010) has found out that over 11 million consumers use more than 70% of many SM to purchase different products and services, to provide rich information about certain product and to share comments with other consumers (Miller and Lammas, 2010).

Facebook has more than 6 million consumers who registered to buy and share information about products (Scott, 2013). A study showed that 60% of Facebook users say that they are more able to recommend a product or service to their friends after following that brand on SM (Parson, 2013).

Facebook has reached 51% of users who buy different products through it (Kunkel, 2013).

Twitter has recorded 800,000 followers who showed their appreciation to the provided services about the products. The same study has indicated that written blogs has increased from 54% to 77% in two years, and watching several videos related to different products has increased from 32% in 2006 to 83% in 2008 (Miller and Lammas, 2010). Another study indicated that 79% of Twitter users say they are more able to recommend a product or service to their friends after following that brand on SM (Parson, 2013). Also, 64% of users use Twitter to buy different products (Kunkel, 2013).

Instagram is spreading widely in the recent two years because of active users who share and upload different kind of photos. Based on the activities provided by users who use Instagram, the results showed more than 16 billion photos were shared among users (Krieger, 2012). Phil Gonzalez, the founder of Instagrammers (Instagram users) was interviewed to recognize the increasing of Instagram users. He stated in the interview that number of users who login into Instagram increased in less than two years to 100 million users in more than 60 countries around the world. (Gonzalez,2013). Because of the new adoption of Instagram, there is a lack of information about the use of Instagram as a tool in online purchasing.

### **Research Methodology**

Despite the fact that some areas in Pune city is running in the same route with other development cities, it is still not making maximum utilization of the technological resources efficiently. Based on the culture in Pune City, there is a low confidence of people towards any actual online transactions. Because of these issues, the research is used to expand the understanding of consumers' buying decisions towards utilizing Social Media. This study concentrates on collecting data through structured questionnaire to investigate the impact of Social Media on changing the decisions of users who aim to purchase online.

### **Observations & Findings**

#### **General Information of Respondents**

**Table 1: Table showing the number of males and females covered under this study**

<b>Gender</b>	<b>No. of Respondents</b>	<b>% of Respondents</b>
Female	<b>261</b>	<b>76%</b>
Male	<b>83</b>	<b>34%</b>
Total	<b>344</b>	<b>100%</b>

**Table 2: Table showing the occupationwise distribution of respondents covered under this study**

<b>Occupation</b>	<b>No. of Respondents</b>	<b>% of Respondents</b>
Student	213	62%
Employed	69	20%
Entrepreneur	7	2%
Others	55	16%
Total	344	100%

**Table 3: Table showing agewise distribution of respondents covered under this study**

<b>Age</b>	<b>No. of Respondents</b>	<b>% of Respondents</b>
18 -25	283	84
26 -35	45	13
Above 35 years	16	3
Total	344	100%

**Table 4: Table showing social status of respondents covered under this study**

<b>Social Status</b>	<b>No. of Respondents</b>	<b>% of Respondents</b>
Single	261	76%
Married	79	23%
Divorced	4	1%
Total	344	100%

**Table 5: Table showing areawise distribution of respondents covered under this study**

<b>Areas Covered</b>	<b>No. of Respondents</b>	<b>% of Respondents</b>
Aundh	120	35%
Kothrud	55	16%
City area	76	22%
Hadapsar	93	27%
Total	344	100%

Total no. of respondents interviewed were 344.

### **Factors influencing Online Insiders and Social Clickers in purchasing process**

1. From the questionnaire results, it was found that the percentage of Online Insiders (online shoppers) was 58%; half of them tend to buy at least twice per month.

Similarly, Social Clickers (regular online users) shaped 52% of total respondents. Most of them are young consumers aged from 18 to 25 years-old (response rate = 84%) and from Kothrud and Aundh.

2. As the respondents were interviewed regarding the factors that influenced them to buy online, 39% of them said that they are affected mainly by information factors associated with the products.
3. 15% respondents found that the products are cheaper when purchased online because part of their prices in the shops comes from the staff's salaries, taxes, rent and electricity provided in the shops.
4. In addition, 13% of the Online Insiders are affected psychologically in term of trusting Social Media sites. They judge these sites are designed to have higher security in term of protecting their accounts and personal information so that they will feel more comfortable and secured.
5. In addition, culture factor played an essential role in influencing Online Insiders' buying decisions. 12% of them are influenced by this factor in term of relying on their friends and relatives who provide reviews and feedbacks from their past experiences.
6. 21% respondents agreed that they are not willing to purchase online. This is because they strongly believe that there is no security associated with websites and therefore they do not trust in the quality of the products.

### **Types of products suitable for Social Media**

Products were classified into tangible and intangible products.

1. In most circumstances, 63% of the respondents prefer to buy fashion related products (tangible) through Social Media. For example, they prefer to spend much more time on buying accessories, cosmetics and clothes. It is recognized that fashion products are preferred to be bought online because they cannot be found easily in local market and they are less risky in term of prices.

2. 22% of the respondents prefer to buy intangible goods such as online hotels' booking, airline tickets, trainings and computers software. This is due to the low cost associated with these products like shipping costs and not waiting for long time to receive the product.
3. 15% of the respondents tend to buy both tangible and intangible products. These few participants agreed that the reason behind buying both types of products is due to the reliance on Social Media rather than the traditional purchase.

### **Social Media mostly used by consumers to shop online**

The results showed that there is a focus on listing more than three sites in the survey to give respondents the opportunity to choose the suitable one. However, this study focuses on two common Social Media sites Facebook and Twitter. This is because the collected data showed that they are the most common and popular sites used among people in Pune.

1. The questionnaire results stated that 59% online shoppers selected Facebook as a most common site visited to take a buying decision.
2. Results also indicated that 13% of them utilize Twitter as a tool to shop online. In contrast, 28% of users shop using other websites such as Amazon, e-bay and Snapdeal. The reason behind this high percentage is because people tend to depend more on familiar websites that the users had past experience with.

Social Media has impact on both consumers' choices and products' presentation. From the above analysis, Facebook has great impact on fashion products because it has features of displaying products in fashionable images and videos which as result attract more young consumers, especially females who are affected mostly by informational, design, psychological and cultural factors.

In addition, Social Media Facebook has built a strong relationship among products (fashion) and young consumers. Respondents believe that Facebook is the best and suitable tool to buy fashion products online.

### **Scope for further research**

Future studies could make deeper research regarding the impact of the buying decisions on financial aspects of marketers. It would be interesting to select a larger sample business

houses and assess their relative involvement with social media features and then to draw cost and revenue data from period of time before and after the introduction of social media.

## **Conclusion**

Studying and analyzing consumers' buying decisions and using Social Media for the process is an important factor as purchasing can be a significant process for both consumers and businesses. This research tries to understand the consumers' orientation, expectation, requirements and interests towards utilizing specific Social Media for making a buying decision. By this research, businesses and consumers understand the importance of Social Media. It would be a better idea to recommend consumers about the best Social Media to be utilized so they can benefit from them to enhance the purchasing process and products to satisfy consumers' needs.

It has been seen that majority of consumers in Pune city use Social Media to take a buying decision. The consumers are mostly affected by informational and design factors which lead them to take the best decision in choosing the most suitable Social Media site i.e. Facebook to buy their preferred product (Fashion) online. Although the above fact presents a positive sign toward relying on Social Media to buy certain products, there is still a gap wherein some prospective customers still doubt the Media sites in terms of security associated with them.

## **References**

1. ACHILLE, S. J. 2008. World Statistics on the Number of Internet Shoppers [Online]. U.S: Sante J. Achille Available: <http://blog.webcertain.com/world-statistics-on-the-number-ofinternet-shoppers>
2. CONSTANTINIDES, E. 2004. Influencing the online consumer's behavior: the Web experience. *Internet research*, 14, 111-126.
3. ELLISON, N. B., STEINFIELD, C. & LAMPE, C. 2007. The benefits of Facebook "friends:" Social capital and college students' use of online social network sites. *Journal of Computer-Mediated Communication*, 12, 1143-1168.
4. HENNIG-THURAU, T., MALTHOUSE, E. C., FRIEGE, C., GENSLER, S., LOBSCHAT, L., RANGASWAMY, A. & SKIERA, B. 2010. The impact of new media on customer relationships. *Journal of Service Research*, 13, 311-330.
5. HSIAO, M.-H. 2009. Shopping mode choice: Physical store shopping versus e-shopping. *Transportation Research Part E: Logistics and Transportation Review*, 45, 86-95.
6. KEMPE, D., KLEINBERG, J. & TARDOS, É. Year. Maximizing the spread of influence

- through a social network. In: Proceedings of the ninth ACM SIGKDD international conference on Knowledge discovery and data mining, 2003. ACM, 137-146.
7. KIETZMANN, J. H., HERMKENS, K., MCCARTHY, I. P. & SILVESTRE, B. S. 2011. Social media? Get serious! Understanding the functional building blocks of social media. *Business Horizons*, 54, 241-251.
  8. LEE, E. 2013. Impacts of social media on consumer behavior: decision making process.
  9. LEVIN, A. M., LEVIN, I. P. & WELLER, J. A. 2005. A multi-attribute analysis of preferences for online and offline shopping: differences across products, consumers, and shopping stages. *Journal of Electronic Commerce Research*, 6, 281-290.
  10. LI, N. & ZHANG, P. Year. Consumer online shopping attitudes and behavior: An assessment of research. In: Eighth Americas Conference on Information Systems, 2002. 508-517.
  11. MILLER, R. & LAMMAS, N. 2010. Social media and its implications for viral marketing. *Asia Pacific Public Relations Journal*, 11, 1-9.