

## IMPACT OF SOCIAL MEDIA ON BUYERS' INTENTION – AN INDIAN PERSPECTIVE

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### **ABSTRACT**

*Popularity of social media in India is increasing day by day. Consumers are making connections through different social media and posting comments, recommendations and suggestions which other customers can use. Even the companies are using it as platform to communicate to customers by posting related information. Sellers have strategically integrated social media tools to their existing communication repertoires to build and maintain relationships with customers. Now firms need to focus on social media to develop trust building mechanisms and affect the intentions of the consumers. In this context the present paper is an attempt made to identify those factors which establish trust and social commerce intentions through social networking sites in India. A sample of 250 social media users who regularly read information online were chosen and a prestructured questionnaire as administered them to know the social media factors that establish trust and intention to buy. The results of the study imply that trust and perceived usefulness are the key for the success in e-commerce and social networking sites.*

**KEYWORDS:** *Consumer Behavior, Intention To Buy, Perceived Usefulness, Trust, Social Media*

### **INTRODUCTION**

The availability of internet has provided an opportunity to use social media for common Indians. India has become the second largest country in terms of Facebook users. YouTube, Facebook and WhatsApp are the most popular social networks in India with a reach of 30% Indians. Growth of online communities and social media made it easy for the individuals to share and access information. Twitter, LinkedIn and Instagram are the other popular social networking sites in India. As consumers are making connection through these social networking sites (SNS), they are becoming the center stage in e-commerce in the current digital environment (Zeng F et al. 2009). The information shared by other customers, the recommendations, suggestions and comments made by the other customers is becoming the source of information for the consumers (Senecal & Nantel 2004). And customer involvement through social media has become the key factor in today's digital environment. (Park et al. 2007). Social media has transformed the way in which consumers and marketers communicate (Park et al. 2007). The consumer decision making and product evaluations have been altered by the availability of information. Social media enhanced the consumer through acquisition of information through peer communication (Kozients, 1999). According to the Merriam-Webster dictionary social media is "a form of electronic communication through which users create online communities to share information, personal messages, ideas, and other content." Social networks are the websites that link

millions of users across the world with same views, interests, and hobbies. Present generation consumers are using different online platforms to exchange their views, ideas and other information about different goods, services and brands, and these are perceived as more objective informational sources (Kozinets, 2002). Consumers are using social media to express their satisfaction or dissatisfaction with respect to a company, brand or product (Mangold and Faulds, 2009). The other side companies are using these social media as platform to interact with customers and potential customers and build long lasting relationships (Mersey, 2010). Social media also helps the companies to look for competitors' moves (William and William, 2008). It was observed in the United States that 62% of consumers frequently read consumer generated online reviews where as 98% felt that these reviews are reliable enough to make a decision. It was also observed that 80% of the consumers altered their decisions based on the online reviews (Pookulangaran, 2011). The information posted on social media either by company or consumers help to create an image about the company or brand by the potential users which in turn affect their decision making. The messages are perceived differently by consumers of different types, depending on the message that is conveyed by the target brand or company on social media (Shin, 2008). The money that the consumers are ready to pay for the product and perceived risk associated with product determine the consumers to think about the utility of the product as well as quality (Ioanas, 2014). Studies have shown that any small amount of negative information could have considerable impact on the attitudes of consumers (Schlosser, 2005). One of the attractions of using social media in sales is the way authentic online personas can be leveraged to provide more genuine and meaningful communications. (Nunan et al. 2013). Sellers have strategically integrated social media tools to their existing communication repertoires to build and uphold relationships with customers. Utilizing the affordances of social media such as manual search, and visibility to others, sellers sequentially select media to build and to strengthen their external relationships(Weber and Haseki 2019).

## LITERATURE REVIEW

### Trust

Trust plays an important role in consumer purchases. Social trust reduces the transaction cost in buyer and seller relationships as it reduces the tendency to monitor interactions of other parties and makes the system reliable. (Mutz, 2005). So we can believe that establishing trust between the parties will boon the economic growth. It is believed by many researchers and practitioners that social trust is the key component among online transactions and e-business (Mutz, 2005). Trust facilitates the coordinated actions in the society and improves the society's efficiency (Putnam 1993). Many researchers observed that trust is a crucial thing when the perceived risks are high (Putnam 1993 and Mutz, 2005). The level of social trust differs among different countries Advancement of social commerce and Web 2.0 can mitigate the risk and boost social trust (Hajli, 2014). The Indian consumers have diverse preferences towards local website over foreign websites. To impart the trust among consumers in India, the companies can adapt localization practices. (Kindra, G. and Dash, S. 2008)

## **Perceived Usefulness**

It is obvious that people tend to use an item or application when they believe it is going to help them in executing a certain job better. Perceived usefulness is one important construct of Technology acceptance model (TAM) (Davis 1989). The concept of Perceived usefulness has been tested and validated by different researchers at different times (Hajli, 2014). It has been observed that the user intentions are being affected by perceived usefulness (Geffen and Straub, 2000; Lee, Park, and Ahn, 2001).

## **Social Media Platforms**

A large number and wide varieties of social media have been designed and introduced for the sharing of information and generate content (Chen et al. 2011). Social media like Facebook, WhatsApp, Instagram, Twitter, LinkedIn and YouTube etc are popular social media platforms in India. Individuals can interact with others on these social media platforms and the interactions are in the form of sharing the content, writing reviews, posting comments about their experiences with e-business and websites. Individuals are fascinated to the information that is exchanged online and tend to receive social support (Ridings & Gefen 2004). The customers reviews are generating greater value to companies as well as potential customers (Nambisan 2002). And companies encourage their customers to review their purchases and rate the product (Bronner & de Hoog 2010). Customers are also forming online communities to share their experiences and views with respect to different websites, and to interact with the other customers. These interactions reduce the perceived risk and also increase the trust (Hajli, 2014).

## **PURPOSE OF THE STUDY**

It has been observed from the past studies that social media offers different values to firms like brand popularity enhancement, enhancement of word-of mouth popularity, information sharing, generating social support, and trust enhancement along with growth in the overall sales. Now firms need to focus on social media to develop trust building mechanisms and affect the intentions of the consumers. In this context the present paper is an attempt made to identify the factors that establish trust and social commerce intentions through social networking sites in India.

The major drive behind this paper is to observe the influence of influence, direct as well as indirect, of social media on trust and intentions to buy among Indians. The four objectives are;

- To study the influence of social media sites on the trust in e-commerce.
- To observe the relationship between trust and intention to buy.
- To examine the relationship between trust and perceived usefulness, and
- To observe the social media influence on trust and intention to buy in the Indian environment.

## RESEARCH METHODOLOGY

The research tests the model proposed by MN Hajli (2014) to examine the relationships between the social media, trust, perceived usefulness and intention to buy in Social Networking Sites in Indian context.

### Proposed Hypotheses

H1: There is a positive effect of social media on the user's trust.

H2: individuals' trust in Social Networking Sites has a positive effect on intention to buy.

H3: Trust positively affects Perceived Usefulness

H4: The perceived usefulness of social networking site has a positive effect on the user's intention to buy on social networking sites

The study was conducted using an online questionnaire. The participants were chosen from Hyderabad, Warangal and Bangalore. Convenience sampling technique was adopted for the study. The questionnaire developed by MN Hajli (2014) was used for the study. A Google form was created to send the questionnaire to the respondents. A total of 605 potential respondents were identified and the questionnaire link was sent to their mails. The study considered the first 250 responses only. Data has been collected from the members of social networking sites such as LinkedIn, Facebook and Twitter. The data has been collected by sending a questionnaire through social networking platforms. Data has been analyzed using SPSS 21.0 version.

The questionnaire consists a 5 point Likert Scale where 1 = strongly disagree and 5= strongly agree.

Trust in social networking sites, and peers in the sites is considered as Trust for the model, and social interactions measure the individuals' activity through different online communities, forums, reviews, reviews and suggestion and recommendations. The effectiveness of the site's technology was used to measure the Perceived usefulness. Willingness to buy and the intention to buy on social networking sites were also measured.

## RESULTS

At 0.05 level of significance, the path coefficient models are correlated positively. The  $R^2$  of intention to buy has revealed a variance of 35% in intention to buy which was accounted for by perceived usefulness and trust. It is almost near to the results published by Hajli N (2014). It means that the intention to buy was affected by social media and perceived usefulness. The  $R^2$  for trust showed social media caused 22% of the variance in trust, and the  $R^2$  for perceived usefulness gives an indication that 32% of the variance was accounted for trust. The statistical findings of the path coefficients revealed that intention to buy was influenced by trust (0.284) and perceived usefulness (0.571). It also interpreted that Intention to buy is more influenced by perceived usefulness than trust. At the same time perceived usefulness encourages the customers to buy. There is a significant impact of social media on trust (0.462). There is a significant impact of Trust on perceived usefulness (0.48). The results have supported the hypotheses (H1, H2, H3 and H4) at 0.05 level of significance. The results

supported the model designed by Hajli (2014)

The results revealed that the participants are empowered to generate content through reviews, recommendations and online communities. Online social support is generated for the consumers through social networking sites. The study supports that trust positively affects intentions to buy. Customers are encouraged to make purchases on social networking sites if their peers suggest the particular vendor. The study has also shown that trust positively affects perceived usefulness.

## DISCUSSIONS

The results of the study have revealed that social media empower the users by generating the large amount content through online communities, in the form of reviews and recommendations. Social media acts as a platform where the consumers generate the social support to their peers online. Consequently, trust is established by these interactions in the networks used. The results revealed that intentions to buy is significantly affected by trust, encouraged by social media. The potential consumers are more likely to buy from different social networking sites and also trust these social networking sites through their peers, as these peers encourage the potential customers to trust the vendors. It confirms that intention to buy is positively affected by individuals' trust in Social Networking Sites (Hypothesis 2). It has also been found by the study that perceived usefulness of social networking site has positively affected the potential customers' intention to buy. The study has found that the key factors for the success of social networking sites and ecommerce include trust that has been created by peers and perceived usefulness of the product. The trust building mechanism in e-commerce sites is enhanced by Networking on social media. Networking also supports the trust building mechanism in social commerce adoption. To develop the trust e-vendors can encourage their consumers to use social media to share their views and recommendations which develops trust. Instead of value creation for customers, e-vendors can co-create the value with the customers. Though the study is a replica of existing model the application of the existing model to Indian perspectives have been observed. Future research can be done in the areas of specific social media impact on consumer intentions and social media impact on specific product/service category.

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