IMPACT OF SOCIAL MEDIA ON PURCHASE DECISION

Dr. Bhandari Jitendra[1], Amruta Kshirsagr[2], Sachin Kshirsagar[3],
Praful sarangdhar[4] and Vivekanand Gaikwad
MM's IMERT
profjitendra@gmail.com[1], amrutakshirsagar@mmimert.edu.in[2], sachinkshirsagar@mmimert.edu.in[3],
prafulsarangdhar@mmimert.edu.in[4], vivekanadgaikwad@mmimert.edu.in[5]

ABSTRACT

Internet based opportunities have given new avenues to buyers to take part in social interactions on the web. Today many buyers utilize web based opportunities, for example, on line networks, reviews, communities to produce content and to connect with different buyers. The proposed model in this study has been tested by Structural Equation Modeling SEM, showing the influence of web-based social networking in the development of web based business into social trade. The outcome of the study shows how online networking encourages the social cooperation among buyers, prompting improved brand image and intension to purchase. The outcomes also demonstrate that brand image has a huge direct impact on purchase decision. The buying interest created by social sites is additionally identified as a influencing variable.

Introduction

The progressions in the online technology have made new platforms accessible to sellers, for example web based opportunities like, online networks being social sites, E-commerce sites etc. (Lu et al. 2010). The general accessibility of the web has allowed people to grab and to utilize web based opportunities. From email to twitter and face book, which allow to collaborate without the requirement for physical presence (Gruzd et al. 2011). Web 2.0 has developed a customer friendly interconnectivity and support on the web to buyers (Mueller et al. 2011). With the increase of internet based opportunities and on the web networks people can without much of a stretch offer and access data (Chen et al. 2011a). Web based groups and their communication platforms are a compelling web innovation for social collaborations and sharing data (Lu and Hsiao 2010). It has become the dominant focal point in web based business in the present condition (Fue et al. 2009), where buyers make social associations and interact online (Mueller et al. 2011). The present buyers approaches various sites which have been encouraged by other buyers for information and uses it for buying their required product or services (Senecal and Nantel 2004). This is a critical point as buyer contribution through online networking which is a key factor in buying and selling (Do-Hyung et al. 2007). Web based

opportunities offer diverse qualities to firms, for example, increase in brand positioning/association (de Vries, Gensler &c Leeflang 2012), encouraging informal exchange or communication (Chen et al. 2011b), expanding deals (Agnihotri et al. 2012), sharing data in a business setting (Lu and Hsiao 2010) furthermore, creating social help for buyers (Ali 2011; Ballantine and Stephenson 2011). Likewise, the social networks of people through online opportunities gives reviews, prompting a positive effect on brand image (Wu et al. 2010). Today, with the extension of web-based social networking, buyers makes search on these sites as a first step of exploration (Liang and Turban 2011). On the grounds that internet based opportunities are probably going to create advertising techniques which helps in trust-building and influencing buyers intension to purchase items online. The purpose of this paper centers around looking at the influence of social factors on brand image, which can impact a buyers decision to purchase. A discussion on this issue can help in distinguishing factors that build up brand image and social trade through online sites. This paper works with three objectives. Initially study involves how web based opportunities in particular online discussions, networks, and surveys - can impact brand image in web based business. Second, it takes efforts to find at the connection among brand

image and interest to buy. Third, to find the association between brand image and purchase decision.

Literature review

With the advances in the internet technology and the advancement of Web 2.0, the interconnectivity between people has increased. This advancement empowers buyers and sellers to interact on the web (Füller et al. 2009). This has improved through online opportunities, which empower customers to produce content and have social communications online by means of social connects. There are various social sites that have encouraged data sharing, for example, Wikipedia, a free on the web reference book, is a standout amongst the most well known sites and has the platform for clients to work together on data sharing (Chen et al. 2011a). Other platforms with the capacity to create surveys and reviews, for example, Amazon, com, empower clients to survey and rate items. (Chris et al. 2008).

By utilizing web based opportunities, buyers can write their views and counsel to other people (Füller et al. 2009). This new advancement on the web networks is the one where individuals share data comprehensively and rapidly (Molly McLure and Samer 2005). With the increase in informal organizations, different types of content creation have increased, where people can undoubtedly share data and interacts with different users (Chen et al. 2011a). On the web networks offer a chance to associate & to have a superior client relationship. (Ridings and Gefen 2004). In addition, on those platforms where purchasers have social collaboration, individuals can get comfortable with each other, giving a conceivable platform of trust (Lu et al. 2010). This can incredibly impact buyer's intension to purchase (Gefen 2002). Thus, it is critical for organizations to have a plan of action adjusted to social business (Lorenzo et al. 2007; Liang &c Turban 2011). Social business is another stream in online business, which supports the social cooperation of purchasers through online opportunities (Hajli 2013). Internet based opportunities give chances to organizations to turn itself into increasingly appealing to buyers (Chen et al. 2011b). Albeit social business in

addition to, internet based opportunities are key factors in web based business and the content writing, reviews have helped analyzed the brad image and buyers purchase decision.

Effect of Social media:

The interconnectivity of buyers through internet, for example-social networks, surveys or reviews builds improved brand image in the internet based commerce. On internet based social sites, the social cooperation of buyers can helps their friends to create or destroy image of a brand and its seller. Through web based networks buyers socialization happens by straight forward social communication (Wang et.al. 2012).The social relationship of buyers produced through online networks altogether influence the apparent brand image of products (Pan and Chiou 2011). The association on these stages produces social help. Social help created through internet based networks subsequently impacts brand image (Weisberg et.al.2011). Also increasingly positive remarks and good reviews lead to a good image of seller in buyers mind. (Ba and Pavlou 2002). Reviews are seen to be helpful and influence brand image through the impression made about product or service.(Purnawirawan et.al.2012)
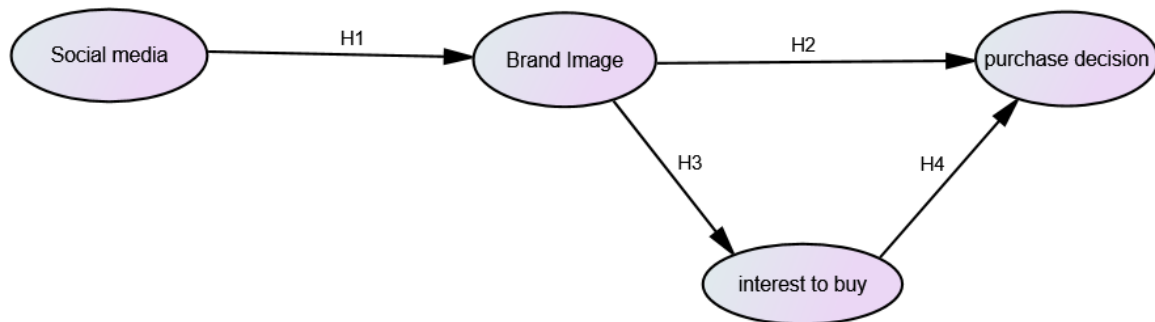
*Brand Image***:**

Buyers think about certain traits before purchasing a product. Brand image is the view of product which is in the mind of a buyer (Keller 1993). Brand is characterized as an image that can be recollected by prospects (Aaker, 1997). Good brand image can make profit to the organization in the long run (Cannon,Perreault, and Mccarty, 2009; Morgan and Hunt, 1994). Keller (1993) said about the image that brand is an idea that is expected by the buyer because of emotional reasons and their own feelings.

Interest to buy:

The first meaning of interest to buy (Davis 1989) is 'the degree to which an individual trusts that utilizing a specific information structure would upgrade his or her action. It is one of the primary reasons why individuals are responsive to new ideas (Davis 1989). These can likewise be utilized to foresee customer experience in web based business (Gefen and Straub 2000; Pavlou 2003). Technology acceptance model (TAM) is among the famous

hypotheses in Data Systems (DS) as it underscores expectation to utilize a system. Interest created to buy online any brand is an important concept baked by Technology Acceptance Model (TAM). Buyer's acknowledgment of online support was one of the underlying factors of this concept (Davis et al. 1989). The concept has since been based on work done by numerous researchers in various regions (Adams et al. 1992; Gefen and Straub 2000; Gefen et al. 2003; Pavlou 2003; Hajli 2013; Kim 2012). TAM implies that construct has a solid impact in the acceptance of system or service by a buyer (Pavlou 2003).

Research Model and Hypothesis:

Present study proposes following model to examine the interrelationship between four factors. These four factors are; Influence of social media, Brand image, Interest created to buy and the Purchase decision.

Following Hypothesis are tested for the study:
- H1: Social Media has a positive and significant impact on creation of Brand Image.
- H2: Brand Image positively influence Purchase Decision.
- H3: Brand image has a positive and significant impact on creating Interest to Buy.
- H4: Interest to Buy positively influence Purchase Decision.

Methodology

The study was made using a survey done on people buying online products so as to prove the proposed model. The study was conducted through field surveys. The respondents for the survey were from Pune Municipal Corporation (PMC) and Pimri Chinchwad Municipal Corporation (PCMC) area.

Collection of data:
A structured questionnaire was used for survey in PMC and PCMC area. The audience included the people who were members on social sites such as Facebook, Twitter and Linkedln. Total 396 usable filled questionnaires were used for data analysis . Respondents ranged from 18 to 35 years of age with composition as 68% men and 32% ladies.

Questionnaire Development:
This study built up a questionnaire utilizing a 5-point Likert-scale from 1 = strongly disagree

to 5 = strongly agree. The tems in the survey were evolved from past research. Brand image is one of the key elements of the model which has been examined in numerous past research papers. In this study social association estimates the action of people through online networks, discussions and surveys. Interest to buy, the other element of the study was estimated by the review done by the buyers on the site. Purchase decision is the dependent variable. This element measures the buyer's intensions and willingness to buy.

Research technique:
The present study utilized Structural Equation Modeling (SEM). SEM is a well known methodology in social science (Anderson and Gerbing 1988; Bandalos 2002). SEM is a decent technique to prove the reliability and validity of constructs (McLure Wasko and Faraj 2005). This study proposes a model to

build up a foundation for online business through different online commercial sites.

Data Analysis

The model is tested for reliability and validity; they are explained as below;
Reliability:

The reliability should be minimum 0.70 which is considered as best (McLure Wasko &c Faraj 2005). For the present study the estimated Cronbach's alpha is above 0.70. These result guarantee the reliability of study conducted (Naylor et al. 2012). This also confirms the internal consistency of the study. Table 1 shows reliability and overall quality of study.

Table 1: AVE, R square and Cronbach's alpha:

Construct	AVE	R square	Cronbach's alpha
Social media	0.660775	--	0.871111
Brand image	0.572564	0.232861	0.813728
Interest to buy	0.812750	0.312992	0.884904
Purchase decision	0.805093	0.394183	0.759360

Validity:.
For the present study both type of validity were checked i.e. content and construct validity. The structured instrument was reviewed by different experts in the field and the recommendations were considered for making of final questionnaire. Literature review also helped to increase the content validity which gave the substantial support to include those variables and constructs. The convergent validity was measured through AVE (Naylor et al. 2012) which is shown in the table 1 & 2. The AVE value is more than 0.50 (Wixom and Watson 2001; McLure Wasko and Faraj 2005)

for each construct which confirms the convergent validity. The discriminant validity proved using AVE and the square of the correlation between latent variables (Chin 1998). Also the factor loading for all the variables were checked. Varibles should have more factor loading on one factor than the other factor to prove the discriminant validity (Chin 1998; McLure Wasko &c Faraj 2005). Table 3 shows the cross loading of different items. The results show the factor loading of various items on the factor they belong is much higher than on other factor. Thus the validity for the study is proved to a satisfactory level.

Table 2: Square of correlation:

	Social media	Brand image	Interest to buy	Purchase decision
Social media	0.82			
Brand image	0.543682	0.81		
Interest to buy	0.413896	0.425689	0.87	
Purchase decision	0.428965	0.398654	0.412769	0.89

Table 3: Factor loading:

Indicators	Social media	Brand image	Interest to buy	Purchase decision
SM1	0.725322	0.279668	0.312312	0.225474
SM2	0.749338	0.427398	0.392947	0.317113
SM3	0.822127	0.310002	0.358269	0.327648
SM4	0.738668	0.405289	0.296945	0.355348

SM5	0.820088	0.234982	0.247973	0.285605
BI1	0.209901	0.814014	0.417561	0.305084
BI2	0.330553	0.730661	0.357840	0.314047
BI3	0.353838	0.782130	0.202961	0.232535
BI4	0.206008	0.749575	0.350549	0.380444
BI5	0.405138	0.802375	0.227314	0.250836
IB1	0.319940	0.344397	0.823894	0.365658
IB2	0.285849	0.411919	0.815937	0.216146
IB3	0.216587	0.330928	0.822547	0.336136
PD1	0.379567	0.328935	0.236245	0.859821
PD2	0.352163	0.398647	0.289654	0.894386

SM = social media; BI = brand image; IB = interest to buy; PD = purchase decision.

Structural model:
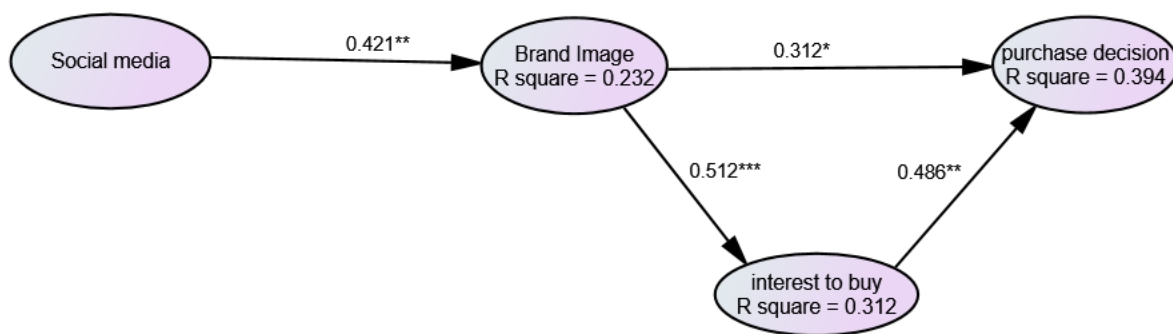
*p < 0.05; **p < 0.01 ; ***p < 0.001

Fig.2 PLS analysis result

This study utilized SPSS version 21. The validity of the structural model is evaluated using path analysis and R^2s values. (Chwelos et al. 2001). The path coefficients of the structural paths are significant at 0.05 levels. As indicated by the outcomes (Figure 2), the R^2 of purchase decision demonstrates that practically 39% of the variance in the purchase decision was accounted by brand image and interest created. This implies purchase decision was influenced by brand image and interest created by social media. The R^2 for Brand image implies that practically 23% of the variance in brand image was represented by social media. Furthermore, the R^2 for Interest created implies that practically 31% of the variance in this construct was represented by brand image. The coefficient indicates that brand image and interest created both have significant effect on purchase decision. In this manner H2 and H4 are proved.

The impact of interest created on purchase decision is higher than brand image (0.48 versus 0.31). This outcome indicates that the interest created by the social site influence the purchase decision of customers. Social media additionally affects brand image significantly (0.421) and this impact is solid. Thus, H1 is proved and indicates that the interactions of people through internet based platforms produce positive brand image in customers mind in online business. At last, brand image significantly affects interest creation in customer's mind (0.51). Hence, the results support H3.

Conclusion

Ongoing advances on the online business and the improvement of online networking have encouraged the interconnectivity of buyers. Buyers have social associations through internet, for example, buyers interact through online communities, networks, reviews and suggestions. These improvements have presented another stream in web based business, called social trade, which enables sellers to improve brand image and influence

others. These interactions give diverse qualities to both business and customers. The present study helped to look at the impact of internet based social interactions on online business. The model has been approved through SEM technique, demonstrating that web based social life influence the dimension of brand image in buyers and by doing so influence his/her purchase decision. The result showed that the interactions happed on online social networks among the peers influence the brand image which subsequently influence the purchase decision of buyers. More ever the good brand image created creates interest to purchase, which is another construct of the study which in turn also affects consumers purchase decision. The analysis confirms that the good brand image crated has a positive impact on interest created for purchase. Once the interest is created customers are likely to buy that product.

References

1. Aaker, D. A (1997), "Measuring Brand Equity across Products and Markets". *California Management Review* 38, (3).
2. Adams, D.A., Nelson, R.R. Todd, P.A. (1992), "Perceived usefulness, ease of use, and usage of information technology: a replication". *MIS Quarterly*, 16, 2, pp. 227-247.
3. Agnihotri, R., Kothandaraman, P., Kashyap, R. Singh, R. (2012), "Bringing 'social' into sales: the impact of salespeople's social media use on service behaviors and value creation". *Journal of Personal Selling & Sales Management*, 32, 3, pp. 333-348.
4. Ali, H. (2011), "Exchanging value within individuals' networks: social support implications for health marketers". *Journal of Marketing Management*, 27, 3/4, pp. 316-335.
5. Anderson, J.C. & Gerbing, D.W (1988), "Structural equation modeling in practice: a review and recommended two-step approach". *Psychological Bulletin*, 103, 3, pp. 411-423.
6. Ba, S. & Pavlou, P.A. (2002), "Evidence of the effect of trust building technology in electronic markets: price premiums and buyer behavior". *MIS Quarterly*, 26, 3, pp. 243-268.
7. Ballantine, R.W. Stephenson, R.J. (2011), "Help me, I'm fat! Social support in online weight loss Networks". *Journal o f Consumer Behaviour*, 10, 6, pp. 332-337.
8. Cannon, J. P., Perreault, W. D., & McCarthy, E. J. (2009), "Pemasaran Dasar - Pendekatan Manajemen Global. Jakarta: Salemba Empat
9. Chen, J., Xu, H. Whinston, A.B. (2011a), "Moderated online communities and quality of user-generated content". *Journal of Management Information Systems*, 28, 2, pp. 237-268.
10. Chen, Y., Fay, S. Wang, Q. (2011b), "The role of marketing in social media: how online consumer reviews evolve". *Journal of Interactive Marketing*, 25, 2, pp. 85-94.
11. Chin, W.W. (1998), "Issues and opinion on structural equation modeling". *MIS Quarterly*, 22, 1, pp. vii-xvi.
12. Chris, F., Anindya, G. Batía, W. (2008), "Examining the relationship between reviews and sales: the role of reviewer identity disclosure in electronic markets". *Information Systems Research*, 19, 3, pp. 291-313,
13. Chwelos, R, Benbasat, I. Dexter, A.S. (2001), "Research report: empirical test of an EDI adoption Model". *Information Systems Research*, 12, 3, pp. 304-321.
14. Cobb, S. (1976), "Presidential address - 1976. Social support as a moderator of life stress". *Psychosomatic Medicine*, 38, 5, pp. 300-314.
15. Davis, F.D. (1989), "Perceived usefulness, perceived ease of use, and user acceptance of information technology". *MIS Quarterly*, 13, 3, pp. 319-340.

16. Davis, F. D., Bagozzi, R. P. and Warshaw P. R. (1989), "User Acceptance of Computer

17. Technology: A Comparison of Two Theoretical Models", *Management Science*, 35, 8, 982- 1003.

18. De Vries, L., Gensler, S. Leeflang, ES.H. (2012), "Popularity of brand posts on brand fan pages: an investigation of the effects of social media marketing". *Journal o f Interactive Marketing*, 26, 2, pp. 83-91.

19. Do Hyung, E, Jumin, L. Ingoo, H. (2007), "The effect of on-line consumer reviews on consumer purchasing intention: the moderating role of involvement". *International Journal of Electronic Commerce*, 11, 4, pp. 125-148.

20. Fue, Z., Li, H. Wenyu, D. (2009), "Social factors in user perceptions and responses to advertising in online social networking communities". *Journal o f Interactive Advertising*, 10, 1, pp. 113.

21. Füller, J., Mühlbacher, H., Matzler, K. 8c Jawecki, G. (2009), "Consumer empowerment through internet- based co-creation". *Journal o f Management Information Systems*, 26, 3, pp. 71-102.

22. Gefen, D. (2002), "Reflections on the dimensions of trust and trustworthiness among online Consumers". *Database for Advances in Information Systems*, 33, 3, pp. 38-53.

23. Gefen, D. Sc Straub, D. (2000), "The relative importance of perceived ease of use in is adoption: a study of e- commerce adoption". *Journal o f the Association for Information Systems*, 1, 8, pp.1-30.

24. Gefen, D., Karahanna, E. & Straub, D.W. (2003), "Trust and TAM in online shopping: an integrated model". *MIS Quarterly*, 27, 1, pp. 51-90.

25. Gruzd, A., Wellman, B. Sc Takhteyev, Y. (2011), "Imagining Twitter as an imagined community". *American Behavioral Scientist*, 55, 10, pp. 1294-1318.

26. Hajli, M. (2013), "A research framework for social commerce adoption". *Information Management & Computer Security*, 21, 3, pp. 144-154.

27. Keller, K. L. (1993)," Conceptualizing, Measuring, and Managing Customer-Based Brand Equity". *Journal of Marketing* (57), 1-22.

28. Kim, J.B. (2012), "An empirical study on consumer first purchase intention in online shopping: integrating initial trust and TAM". *Electronic Commerce Research*, 12, 2, pp. 125-150.

29. Liang, T.P. & Turban, E. (2011), "Introduction to the special issue social commerce: a research framework for social commerce". *International Journal o f Electronic Commerce*, 16, 2, pp. 5-14.

30. Liang, T.P., Ho, Y.-T., Li, Y.W. Sc Turban, E. (2011), "What drives social commerce: the role of social support and relationship quality". *International Journal o f Electronic Commerce*, 16, 2, pp. 69-90.

31. Lorenzo, C., Constantinides, E., Geurts, P. Sc Gómez, M. (2007), "Impact of web experience one- consumer responses, e-commerce and web technologies, in Psaila, G. Sc Wagner, R. (eds)"*E- commerce and Web Technologies.* Berlin/Heidelberg: *Springer*, pp. 191-200.

32. Lu, H.P & Hsiao, K.L. (2010), "The influence of extro/introversion on the intention to pay for social networking sites". *Information & Management*, 47, 3, pp. 150-157.

33. Lu, Y, Zhao, L. Sc Wang, B. (2010), "From virtual community members to c2c e-commerce buyers: trust in virtual communities and its effect on consumers' purchase intention". *Electronic Commerce Research & Applications*, 9, 4, pp. 346-360.

34. McLure Wasko, M. & Faraj, S. (2005), Why should I share? Examining social capital and knowledge contribution in electronic networks of practice". *MIS Quarterly*, 29, 1, pp. 35-57.

35. Molly McLure, W. Sc Samer, F. (2005), "Why should I share? Examining social capital and knowledge contribution in electronic networks of practice". *MIS Quarterly*, 29, 1, pp. 35-57.

36. Morgan, R. M., & Hunt, S. D. (1994), "The Commitment-Trust Theory of Relationship Marketing". *Journal of Marketing*, 58, 20-38.

37. Mueller, J., Hutter, K., Fueller, J. Sc Matzler, K. (2011), "Virtual worlds as

knowledge management platform - a practice-perspective". *Information Systems Journal*, 21, 6, pp. 479-501.

38. Nambisan, S. (2002), "Designing virtual customer environments for new product development toward a theory". *Academy of Management Review*, 27, 3, pp. 392-413.

39. Naylor, R.W., Lamberton, C.P. & West, P.M. (2012), "Beyond the 'like' button: the impact of mere virtual presence on brand evaluations and purchase intentions in social media settings". *Journal of Marketing*, 76, 6, pp. 105-120.

40. Pan, L.Y. & Chiou, J.-S. (2011), "How much can you trust online information? Cues for perceived trustworthiness of consumer-generated online information", *journal of Interactive Marketing*, 25, 2, pp. 67-74.

41. Pavlou, P.A. (2003), "Consumer acceptance of electronic commerce: integrating trust and risk with The technology acceptance model". *International journal of Electronic Commerce*,7, 3, pp. 101-134.

42. Purnawirawan, N., De Pelsmacker, P. & Dens, N. (2012), "Balance and sequence in online reviews: how perceived usefulness affects attitudes and intentions", *journal of Interactive Marketing*, 26, 4, pp. 244- 255.

43. Ridings, C.M. ßc Gefen, D. (2004), "Virtual community attraction: why people hang out online". *journal of Computer-Mediated Communication*, 10, 1, pp. 1-10.

44. Senecal, S. & Nantel, J. (2004), "The influence of online product recommendations on consumers' online choices" .*journal o f Retailing*, 80, 2, pp. 159-169.

45. Wang, X., Yu, C. Wei, Y. (2012), "Social media peer communication and impacts on purchase intentions: a consumer socialization framework", *journal o f Interactive Marketing*,26, 4, pp. 198-208.

46. Weisberg, J., Teeni, D. 8c Arman, L. (2011), "Past purchase and intention to purchase in e-commerce: the mediation of social presence and trust". *Internet Research*, 21, 1, pp. 82-96.

47. Wixom, B.H. & Watson, H.J. (2001), "An empirical investigation of the factors affecting data warehousing success". *MIS Quarterly*, 25, 1, pp. 17-41.

48. Wu, J.J., Chen, Y.H. Chung, Y.S. (2010), "Trust factors influencing virtual community members: a study of transaction communities", *journal of Business Research*, 63, 9-10, pp. 1025-1032.