

Social Media Advertisements and its Impact on Consumers

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Abstract

Social Media Marketing is very eminent and it is among the most successful tool and technique in the field of every type of advertising. The main aim of this study is to examine social media preferences of consumers, the perception of consumers towards the content on social media and how social media advertising affects the consumers buying behaviour. This study will also determine why social media advertisements are better than traditional advertisements.

Keywords: Social Media, Social Media Marketing, Advertisements, Consumer Behaviour

Technology evolved various modes of communication, which enable people to communicate their feelings, ideas, expressions and record individual learnings, experience and perceptions and pass it to future generations to make them even more advanced than today. With the inception of Internet in 1960s to today it has become manifold easy and better experience of communicating with each other. Social media is one such boon of internet to humans. People spend hours on social media that shape their thoughts, lifestyle, relationships and psychology. Just as some social media outrage affects sane, likewise a product most liked and appreciated on social media platform sneaks in individual's wardrobe unknowingly. This is because social media marketing is a powerful tool today to expand the sales quotient of all, from the big giants to small companies.

Literature Review

Social Media Advertising

Social media is largely considered by modern business as promising platform to conduct the promotional activities as to effectively communicate with the targeted customers (*Popp and Wretches, 2016; Harrigan et al., 2016; Gao and Feng, 2016; Kohli et al., 2016*). As reported by *Facebook (2014)* itself, Facebook was able in 2014 to generate more than 5.4\$ billion from advertising with growing percent up to 58%. Furthermore, Facebook revenue from advertising has grown by 59 per cent during the past year to over \$5.4 billion in 2014 (Facebook, 2014), which is testament to the shift from traditional media advertising to digital interactive media advertising by organizations. Such growing interest could be returned to the high level of attractiveness and interactivity existing in social media platforms (*Swain et al., 2016; Wu, 2016*). In the line with this thought, *Mangold and Faulds (2009)* assured that social media should be integrated by firms as an essential part for a promotional campaign. Indeed, promotional campaign conducted via social media could lead to reach different

marketing goals (i.e. customer experience, perception, awareness, knowledge, preferences, intention to buy, and actual purchasing) *Duffett (2015)*. In the light of the importance of social media in the advertising area fair number of studies (about 18 articles) that have addressed the associated issues of promotional activities are conducted on the social media platforms. In fact, most of these articles (89%) have supported the role of social media in enhancing the impact of promotional activities on the customer's perception and awareness.

Consumer Buying Behavior

Lee (2005) carried out study to learn the five stages of consumer decision making process in the example of China. The researcher focuses on the facts that affect the consumer decision making process on purchasing imported health food products, in particular demographic effects such as gender, education, income and marital status. Analysis of five stages of consumer decision making process indicate that impact of family members on the consumer decision making process of purchasing imported health food products was significant.

Five Stages Model of consumer decision making process has also been studied by a number of other researchers. Although different researchers offer various tendencies towards the definitions of five stages, all of them have common views as they describe the stages in similar ways. One of the common models of consumer decision making process has been offered by *Blackwell et al (2006)*. According to him, the five stages of consumer decision making process are followings: problem/need recognition, information search, evaluation of alternatives, purchase decision made and post-purchase evaluation.

Each stage is then defined by a number of researchers varying slightly but leading to a common view about what each stage involves. For example, according to *Bruner (1993)* first stage, need recognition occurs when an individual recognizes the difference between what they have and what they want/need to have.

In the next stage, consumer searches information related to desired product or service (*Schiffman and Kanuk, 2007*). Information search process can be internal and external.

Once the relevant information about the product or service is obtained the next stage involves analyzing the alternatives. *Kotler and Keller (2005)* consider this stage as one of the important stages as the consumer considers all the types and alternatives taking into account the factors such as size, quality and also price.

Backhaus et al (2007) suggested that purchase decision is one of the important stages as this stage refers to occurrence of transaction. In other words, once the consumer recognized the need, searched for relevant information and considered the alternatives he/she makes decision whether or not to make the decision. Purchasing decision can further be divided into planned purchase, partially purchase or impulse purchase as stated by *Kacen (2002)*

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Impact of Social Media Advertisement on Consumer Buying Behavior

Fauser, Weidenhofer and Lorenz (2011) conducted a research study regarding the impact of social media during the consumer's purchase decision journey. In their analysis and conceptual model, *Fauser et al. (2011)* wrote that whilst communication was the core of any social media platform, information sharing, collaboration and relationship building was necessary to support ongoing communication. The study (*Fauser et al., 2011*) concluded that social media marketing is an essential tool for marketing brands and products due to the rapid development in social media and changes in consumer behaviour. The results proved that social media can be effective in influencing consumers during all stages of the consumer's purchase decision journey. *Cuming (2008)* conducted a research study in the United States of America (USA) to explore consumer's relationships on social media platforms. The analysis revealed that overall online information played an influential role in the consumer's final purchase decision. The study concluded that consumers who frequented social media platforms were more likely to be influenced in their final purchase decision (*Cuming, 2008*).

Methodology

Exploratory design of research was used. Population consists of all the active social media users all over India of any age group, income level and education level. Convenience sampling method was considered for data collection. It is because data collection is a resource intensive activity of any research, which was a limitation in the case of this study. So, the respondents approached in contact and reach. A structured questionnaire was developed to collect the data. Possible constructs of the questionnaire were extracted from different literature sources. Prior to its final implementation, questionnaire was tested on 5% of sample and contextual changes have been made. Final questionnaire was circulated to 250 respondents to record their responses their preferences and impact of social media advertisements on their buying behaviour. All the incomplete questionnaires were not considered. Finally, a sample of size 150 was entered into the analysis. For statistical analysis,

Analysis and Result

Descriptive Analysis

Descriptive characteristics expresses that 52% and 46.7% respondents are male and female respectively. Of the total 150 respondents 47.3% are graduate, 32.7 are post graduate, 12.7% are under graduate and remaining 7.3% are other than these. Occupation wise, 50% are students, 29.3% are fully employed, 6.7% are part time employed, 6% own a business, and rest 8% are occupied in other activities. Frequency analysis shows:

1. 70% of respondents agreed that analytics are better for social media.
2. 66% of respondents agreed that engagement level is more with social media advertisements.
3. 70.7% agreed that targeting is better with social media advertisement.
4. 62.7% agreed that reach is better with social media advertisement.
5. 62% agreed that Involvement is better with social media advertisement.
6. 70.7% agreed that social media advertisements are more economical.
7. 67.3% agreed that communication is more effective with social media advertisements.
8. 54% believed that they better recall a brand displayed by traditional advertisements.

Table 1: Presence on Social Media Platforms

<i>Social media platform</i>	<i>Count</i>	<i>Percentage</i>
WhatsApp	139	92.7%
Instagram	128	85.3%
YouTube	119	79.3%
Facebook	112	74.7%
Telegram	101	67.3%
LinkedIn	94	62.7%
Twitter and Snapchat	82	54.7%
Others	15	10%

Analysis revealed that Instagram, WhatsApp and You Tube are most favourite social media platforms (Table 2).

Table 2: Most Preferred Social Media Platforms

Rank	Social Media Platform (most favourite to least favourite)	N
I	Instagram	62
II	WhatsApp	34
III	You tube	25
IV	Telegram	09
V	LinkedIn	07
VI	Facebook	05
VII	Snapchat	03
VIII	Twitter	02
IX	Other	03

Table 3 exhibits the perception of social media content based on the listed parameters. More than 50% people feel social media content is highly creative, relevant, popular, fresh, and promotes social causes. 38% respondents will quit social media platform if it shows too many ads and 24% will not quit social media platforms, rest 38% respondents say maybe they will quit social media platform.

Table 3: Impact of Social Media Advertisements

Need Recognition	38% of respondents agree that SM ads makes them realize the needs and buy a product or have positive buying behaviour while 42.7% respondents disagree and 19.3% have neutral stand.
Information search	38% of respondents agree that SM ads helps them in searching information about available products to satisfy their needs while 29.4% respondents disagree and 32.7% have neutral stand.
Evaluation of alternatives	59.4% of respondents agree that they read reviews and ratings on SM platforms before making the purchase while 23.3% respondents disagree and 17.3% have neutral stand.
Reviews	56% of respondents agree that SM ads makes it easy to buy products online and it is very convenient for them while 28.7% respondents

	disagree and 15.3% have neutral stand.
Convenience	55.3% of respondents agree that SM ads helps them in evaluating the available options easily while 21.3% respondents disagree and 23.3% have neutral stand.
Feedback	50% of respondents agree that they post feedback for the product consumed on SM while 32% respondents disagree and 18% have neutral stand.
Redressal	45.3% of respondents agree that issues raised on SM platforms are addresses while 22% respondents disagree and 32.7% have neutral stand.
Influencers	40.7% of respondents agree that SM influencers instigate them to buy a product while 33.3% respondents disagree and 26% have neutral stand.
Promotion of social causes	45.3% of respondents agree that if brand promotes social causes, they are more likely to buy that product while 24% respondents disagree and 30.7% have neutral stand.
Ad frequency	26.7% of respondents agree that if SM ads are very frequent, they will buy that product while 52% respondents disagree and 21.3% have neutral stand.
Connections	36.7% of respondents agree that their connections on SM platform instigate them to buy a certain product while 29.3% respondents disagree and 34% have neutral stand

Inferential Analysis

1. Social media advertisements vs. traditional advertisements

Social Media advertisements and Traditional advertisements both are not equally preferred and one is preferred over other. Frequency analysis concludes social media advertisements are preferred more by the respondents.

H₀: Social media advertisements and traditional advertisements both are equally preferred

H₁: Social media advertisements and traditional advertisements both are not equally preferred

	Parameter	P Value	Spearman Correlation	Interpretation
1	Analytics	0.001	0.447	Reject null hypothesis and analytics have significant correlation with social media advertisements
2	Level of engagement	0.001	0.580	Reject null hypothesis and level of engagement have significant positive correlation with social media advertisements
3	Targeting	0.001	0.522	Reject null hypothesis and targeting have significant positive correlation with social media advertisements
4	Reach	0.001	0.615	Reject null hypothesis and reach has high positive correlation with social media advertisements

5	Involvement	0.001	0.683	Reject null hypothesis and involvement has high positive correlation with social media advertisements
6	Economical	0.001	0.434	Reject null hypothesis and feasibility have significant positive correlation with social media advertisements
7	Efficiency of communication	0.001	0.381	Reject null hypothesis and efficiency of communication have low positive correlation with social media advertisements
8	Brand recall value	0.001	0.637	Reject null hypothesis and brand recall value has high positive correlation with traditional advertisements

2. Preference of social media platforms

It has been tested at three levels:

- 1) Whether or not each platform is equally preferred by respondents to have at least one account.
- 2) Whether or not there is equal favouritism for each platform
- 3) Whether or not respondents spend equal proportions of time on each platform

Frequency distribution of respondents on each platform shows mostly people are present on WhatsApp, Instagram, and YouTube. Presence on WhatsApp, Instagram, YouTube, LinkedIn, Twitter, Facebook, Snapchat, Telegram and others are tested against Age, education qualification, gender, occupation, annual income and marital status to determine if there is significant relationship between them.

Ho: All social media platforms are equally preferred by consumers.

H1: All social media platforms are not equally preferred by consumers.

P value is greater than 0.05 for all variables therefore null hypothesis can be assumed that there is no significant association between other SM platforms and demographic profile of respondents.

3. Most used Social Media Platform

Some SM platforms like WhatsApp, Instagram and YouTube are used daily by most of the respondents. Facebook, LinkedIn and Snapchat are mostly used weekly by respondents. Twitter is used less often by respondents.

Rank	Platform	Score	Ratio
I	WhatsApp	714	0.952
II	Instagram	624	0.832
III	YouTube	583	0.777
IV	Facebook	406	0.541
V	LinkedIn	382	0.509

VI	Snapchat	359	0.478
VII	Twitter	344	0.458

4. Buying behaviour of consumers with respect to social media advertisements

To check the extent of correlation between various parameters and positive buying behaviour Chi Square test produced the results as shown in the table below:

Factors	P value	Spearman Correlation	Interpretation
Need recognition	0.001	0.697	High positive association
Information Search	0.001	0.658	High positive association
Evaluation of options	0.001	0.528	Significant positive association
Reviews	0.001	0.425	Low positive association
Convenience to purchase	0.001	0.559	Significant positive association
Feedback	0.001	0.577	Significant positive association
Redressal of issues	0.001	0.393	Low positive association
Influencers	0.001	0.584	Significant positive association
Promotion of Social causes	0.001	0.582	Significant positive association
Ad frequency	0.001	0.577	Significant positive association
Connections	0.001	0.617	High positive association

Table : ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	24.570	11	2.234	24.037	.000 ^b
	Residual	12.824	138	.093		
	Total	37.393	149			

A. Dependent Variable: Buying Decision
B. Predictors: (Constant), Connections, Reviews, Convenience, Redressal, Needrecognition, Feedback, Adfrequency, Evaluation, Influencers, Socialmotives, Information

63% of buying decisions can be explained by these factors. $F(11, 138) = 24.037$ and $p < 0.005$ suggests that regression is good fit of the data and independent variables significantly determine dependent variable. Need recognition has highest impact on buying decision followed by convenience to purchase, feedback, information search, evaluation of alternatives, influencers, promotion of social motives and connections which have significant impact on buying decision of consumers.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
		1	(Constant)	-.646			.091	
	Needrecognition	.114	.030	.299	3.863	.000	.056	.173
	Information	.039	.036	.089	1.083	.281	-.032	.110

Evaluation	.037	.030	.091	1.228	.222	-.022	.096
Reviews	-.020	.027	-.053	-.731	.466	-.072	.033
Convenience	.063	.023	.180	2.787	.006	.018	.107
Feedback	.071	.025	.197	2.866	.005	.022	.120
Redressal	-.035	.028	-.083	-1.236	.219	-.091	.021
Influencers	.041	.030	.105	1.344	.181	-.019	.101
Social motives	-.012	.032	-.032	-.395	.693	-.075	.050
Ad frequency	.058	.026	.158	2.192	.030	.006	.110
Connections	.034	.035	.079	.982	.328	-.034	.102
a. Dependent Variable: Buying Decision							

The coefficient of need recognition is 0.114, which means for 1 positive buying decision 11.4% is the contribution of need generated by social media platforms.

Factors	Beta value	% Impact	P value	Interpretation
Need Recognition	0.114	11.4% positive	0.001	Reject null hypothesis, it has significant impact
Information Search	0.039	3.9% positive	0.281	Accept null hypothesis does not have significant impact
Evaluation	0.037	3.7% positive	-0.022	Reject null hypothesis, significant impact
Reviews	-0.020	2.0% negative	-0.072	Accept null hypothesis, no significant impact
Convenience	0.063	6.3% positive	0.018	Reject null hypothesis, significant impact
Feedback	0.071	7.1% positive	0.005	Reject null hypothesis, significant impact
Redressal	-0.035	3.5% negative	-0.091	Accept null hypothesis, no significant impact
Influencers	0.041	4.1% positive	-0.019	Reject null hypothesis, significant impact
Social motives	-0.012	1.2% negative	0.693	Accept null hypothesis, no significant impact
Ad frequency	0.058	5.8% positive	0.006	Reject null hypothesis, significant impact
Connections	0.034	3.4% positive	0.328	Accept null hypothesis, no significant impact

Need recognition, evaluation of alternatives, convenience, feedback, influencers and ad frequency have significant impact on buying decision of consumers. Need recognition is the greatest factor amongst all that determines positive buying decision. Information search, redressal, reviews, connection and promotion of social motives do not have a significant impact on buying decision. Reviews, redressal of issues and frequency of ads has negative impact on consumers buying decision.

Social media advertisements are preferred by consumers because they believe it is good for analytics, has better reach, targeting, is more economical, has more level of engagement and involvement and efficiency of communication is also better as two-way communication is

possible. While they also believe they better recall a brand if it is displayed on traditional media. WhatsApp, Instagram and YouTube are three most widely used social media platforms, liked by most of the consumers and people spend more time on these platforms as compared to other platforms. Content on social media is perceived to be highly relevant, creative, popular, fresh and significantly obscene. Also, consumers believed that they are less reliable and have high fraudulent information. Consumers believed that there is high promotion of social motives on social media and they are aware of the brands who promote these causes. It also positively impacts their buying decision. Consumers face high privacy concerns and addiction, while significantly envy others, loss of individualism and materialism. Only a small proportion of consumers will quit social media platform for showing too many ads. But frequency of ads does have a positive impact on buying decision of consumers. Buying decision is highly determined by the ease of buying behaviour model through social media, connections. Influencers, frequency of ads and promotion of social causes. Customer feels that marketers generate needs by social media platforms and this influences them to buy a product.

Conclusion

Consumers feel that social media advertisements have better analytics that is a marketer can analyse the success of advertisements more efficiently than traditional advertisements, which is factual. These analytics can also be assessed by viewers easily which makes it easy for consumers to assess the likeability of product being advertisements in real market simply by looking at views and likes on SM platform.

Consumers feel targeting and reach is better for social media. Targeting is better because SM platform has access to private information of consumers therefore, they can show what is relevant to consumers because content is personalised on social media rather than on traditional media which is a more generalised way of advertising. But reach is actually low because statistically only 32.3% of Indian population uses social media so reach is more for traditional advertisements, therefore not everything on social media has larger impact on larger audience. Consumers have misconception that SM advertisements are more economical/cheap than traditional advertisements which is not true. There are economies of scale that makes traditional media a little cheaper option while social media content becomes obsolete really fast so to create fresh, personalised and creative content in shorter durations a competitive price is paid. Still consumers feel brand recall value is high for traditional media which is a fact and to compensate low brand recall value SM advertisements needs a bigger investment.

WhatsApp, Instagram and YouTube are the most popular, used and liked SM platforms. These can be used to promote products and services for the maximum impact. People are aware of brand hashtags on SM platforms therefore it is good marketing strategy to create them in order to create maximum impact to increase brand recall value. SM content is more acceptable owing to the factors like popularity, relevance, creativity and promotion of social causes and significantly because content is fresh and reliable. Therefore, SM advertisements should primarily be relevant, creative and should promote a social cause to create a better impact. Significant levels of obscenity and misrepresentation of information is also a concern which makes SM advertisements less reliable. Ease of need recognition, information search, and connections have strong positive influence on buying behaviour while ease of evaluating, convenience to buy, feedbacks, influencers, promotion of social causes through ads and ad

frequency have moderate influence on buying behaviour and reviews and ratings or redressal of issues on SM platforms have weak positive influence on buying behaviour. The ones with strong influence should be paid more attention because they drive the customer towards making a positive buying decision.

The interpretations of demographics as compared to use and preference of SM platforms can be used to analyse which platform can be used to target which audience and which platform has greater impact on which demographic profile so that strategies could be designed in that way. Privacy, addiction and materialism are major ethical issues faced by consumers. Whereas all three are good for business perspective because private information will be required to create personalized content and addiction keeps the consumer stuck as explained in bait and switch model while increasing materialism will make him buy more and more stuff. This is the ethical dilemma. Similarly, a fraction of people are also affected of envying others and loss of individualism which do not have a direct impact on business.

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