

## **AFFECT OF SOCIAL MEDIA ON CONSUMER DECISION-MAKING**

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### **ABSTRACT**

*Social media has now emerged as an important communication tool which is used by people to be connected to organization or other people. Social media users share their experiences, information, reviews, tips, warnings, advice and/or any kind of issues with other users in general or specifically with their "connection" or friends. Such information on social media site may influence consumer's decision-making. Research has shown that information on social media is used by internet users as the guideline for their future purchase or for planning their vacation trip. Because of this, social media is used as an advertising platform by marketers to gain more customers. Facebook, Twitter, Instagram, LinkedIn, Myspace are the most popular social networking sites on which the users share their lifestyle, stories..., or even where they went for vacation. Posting such information can influence their contacts/ friends to do the same thing or use their information to make their decisions because People tend to believe in what their friends recommend. The goal of this research paper is to determine the influence of social media on decision-making of travellers for their future vacations, through a review of selected literature on social media.*

**KEYWORDS:** *Social Media, Decision-Making, Marketing, Behaviour, Advertising, Influence, Consumer.*

### **Introduction**

The social media has now become an essential part of an individual's life. Approximately over 500 million people are using social media now days and the number of the user on social networking sites such as Facebook, Twitter, Instagram or LinkedIn keeps growing every day.<sup>1</sup> The growing number of users on social media has attracted marketers and social media marketing has emerged as an important part of their business plan and marketing communication strategies. The social media enables organizations to communicate with their customers and these interactions help marketers determine customer needs and understand what their market might look like. Social media allows consumers to estimate products, make recommendations and share their views about any of the purchases through their social media. The theory of consumer socialization predicts that communication among consumers affects their emotional, cognitive and behavioural attitudes.<sup>2</sup> The consumer's behaviour is influenced by advertising on social media. Recommendations by friends or connections on social media influences consumers on decision-making and consumers tend to make purchases or conduct business on social media. These recommendations, product review and users opinions could help brand attitudes, purchasing attitudes, and advertising attitudes. If the responses on the products or services are good, the consumers are attracted more for purchasing. Most of the top brands and services realized this and started to focus on social media marketing.

### **Selected Review of Literature**

The social media can influence buying behaviour in any services or products. Training, in 2012 stated that although social media affects advertising attitudes, brand attitudes, and purchasing intentions of consumer, it only possesses a mediating effect and it may not necessarily affect consumer's decision-making.<sup>3</sup>

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The good image of a brand or product or service among consumers or members of a social network group can bring about recommendation of these products or services to other members/users. This affects both consumer brand attitudes and purchasing intention and can lead the consumer to make decision on their purchases.<sup>3</sup> Thus Social media can build brand attitudes that affect buying behaviour.

The consumer decision-making for purchases is affected by many factors like brand, quality, advertising or price if product or service. The cost and type of product purchased done by a sample of 249 consumers was analyzed in a study done in Western Kentucky University in 2003. The results of this research surprisingly revealed that consumers are buying either inexpensive or expensive items- on basis of social media friend's or contact's recommendations.<sup>4</sup> The study also revealed that when the consumers received recommendations on purchases of a product/ service, the social networking sites most commonly being used were Facebook (by 59% consumers) and Twitter (37%). These results clearly show that social media has great influence on their buying behaviour of users.<sup>4</sup>

The information from these studies has inspired marketers to plan their marketing strategies by incorporating social media for marketing campaigns. Use of social media as marketing tool is advantageous because it is an inexpensive way to advertise brands or services, an easy way to be connected to consumers and it also allows consumers and prospective consumers to communicate directly to brand representatives.

Since most of the people on social media use it as a tool to search and purchase items, the retailers, brands or services can use this as an advantage to advertise their products on social networking sites. The online consumer is a booming market worldwide; however it is giving a globalized level of segmentation cross-culturally.<sup>5</sup> The consumers can put a review or their opinion about products or service on social media sites. Thus the Companies are challenged as to how they chose to react to comments or responses on social media sites. Their reactions and responses can build strong brand images and influence more consumers to purchase or recommend their products or services.

When a consumer wants to make decision on product, every single detail could be an influence to their decision-making. Consumer motives for engaging in social media provide insights into consumers' activities. Consumers have three main gratifications or motives for using the Internet as a medium, namely, information, entertainment, and social aspects.<sup>6</sup> Krishnamurthy & Dou (2008) stated that the motivation is in two main groups: rational motives, such as knowledge-sharing and advocacy, and emotional motives, such as social connection and self-expression.

Consumer's activities on social networking sites have been found to be based on their conduct online. Nowadays consumers are using Internet a tool to achieve their motives. Their motivation could be associated to their old friends, business, or reviews to support their decision-making. Reviews on social media become second-hand resources to support consumer's decision-making because they want to avoid the risk and want value for their money. Reviews on social media not only affect sale of too expensive items, but it affects inexpensive items as well. People can see the reviews on books, hotels, cars, cosmetics or even nail polishes. Those reviews can motivate purchases or support consumer's decision-making by suggesting that it more reasonable to spend the money on it.

Other than marketing, social media also helps in other fields of studies or careers such as political or juror impartiality and fair trials. In context of justice system, the easily accessible nature of the Internet has enabled jurors to consult an online social media source to find any evidence that can support their decision or assist their decision-making and deliberations.<sup>7</sup> Social media may also be used by juror to broadcast their options about ongoing court. The social networking site which is most up-to-date and most important for sharing news, views and information is Twitter. The Juror may not be able confirm whether the information obtained from social media is true or not, but at least it will give the idea about what is the opinion of other people about the case. So the use of social media enables jurors to have a wide open vision of the case and thus it can influence the juror's decision making.<sup>7</sup>

A study was done, which observed the coverage of influenza vaccination on Dutch news sites and social media websites and examined the effect of social media on a person's decision-making by sharing health information on news and social media. The Dutch social media websites and news channels were promoting the campaigns of influenza vaccine during February, March, and April, 2012. The results this study showed that news media and social media give messages in different tones. While the reports on news media tended to be more objective and non-judgmental, the social media was more critical about behaviour of users of Internet and this influenced the success of vaccination campaigns and recommendations made by health authorities.<sup>8</sup> This study concluded that people tend to respond to the

news on social media more than news channel as it is more attractive and influences people on their decision-making. Thus internet might be an important source for providing health information.

Fodness, & Murray (1977) stated since people can't try travel-related products and services before they consume them, dynamic processes with various amounts and types of information sources have been used by social media users to avoid their risk. It has been found by several studies that many travellers use social media as a guideline for their trip. Reviews on social networking sites about places, transportation hotels, restaurants or food could have large affects on decision making of travellers. Travel agents, organizations and businesses have used social media as marketing and communication tool for their potential consumers by posting travel information, uploading photos, advice, warnings or by sharing personal traveller reviews. Such data on social media can influence trip's decisions and can even create impressions future trip destination. It was reported that in U.S., 58% of travellers used traveller's ratings for their trip information, 49% of them checked user's recommendations and read reviews, 18% were influenced by photos and friends on social network sites, 12% read blogs and 5% of travellers had watched videos.

Venkatash, Speir, and Morris (2002) gave a theory that social influence affected a person's decision-making. Social influence is defined as the degree to which a person believes on other person's review to perform a particular behaviour. People participating in social media activities are usually in communities and appear to be socially influenced by the community group members. The social theory supports the idea that social media has become a key influence in a person's decision-making process because the consumers need a confirmation that whatever they decide is right and the best.

#### **Review of a Selected Method**

- **Sample and Data Collection:**

Using a research firm's domestic leisure travel panel, online data was collected between July 10 and 20, 2009. A sample of 1,048 respondents was chosen from all the people who had travelled at least ones in past 1 year for a vacation or personal purpose within United States that was 500 miles away from home (one way) and was given a questionnaire to answer. The sample drawn for this research was balanced by age, gender, race and ethnicity according to the latest population parameters reported by the U.S. Census Bureau.<sup>9</sup> 52% of the sample size who were social media users (543 of the 1,048 respondents) was used to test the research hypotheses. Samples were a subset of a larger travel study, which queried travellers on much travel-related behaviour. Respondents who participated in this survey had read or posted on social media (or both) about travel experience. Social media sites such as Facebook, Twitter, LinkedIn, Myspace, Friendster, Bebo, and/or other are popular sites were considered on this survey.

- **Questionnaire:**

The use of social media for planning a travel by internet users was measured by asking a question using a 5-point Likert scale from<sup>1</sup> (I never do this) to 5 (I always do this). Their involvement with social media was indexed using a question based on their experience with social networking websites. The respondents were questioned whether they read, post or both read and posted experience on social media sites. 1 point was giving to reading, 2 points to posting, and 3 points to both reading and posting as reading, posting and both posting and reading indicated an incremental grade of involvement. The sum scores of all the seven social media websites was used to index the level of experience with social media. Actual sharing of travel-experience on social media was measured by asking if they shared their travel experience by posting them online- i.e., social networking websites, photo sharing websites, travel review websites, personal blogs, and/or websites. If they did not share their travel experience on these sites, that was recorded as well.<sup>9</sup>

- **Data Analysis:**

The validity of the measures was assessed by a confirmatory factor analysis (CFA):

Subsequently, a structural equation model (SEM) was used to test the proposed conceptual model based on the maximum likelihood approach. This study used a polychromic correlation matrix as an input matrix because travel-experience sharing behavior (endogenous variable) is dichotomous variable.

It was found that in past 1 year; about 52% of leisure travellers had used social media sites on their trip to share their travel experiences. Around 23% of social media travellers had used all 7 social media sites (Bebo, Facebook, Friendster, LinkedIn, Myspace, Twitter, SecondLife, and/or other), roughly 42% of them used 4- 6 social media sites and 35% used 1-3 social media sites on their travel. A majority

of the social media users (65%) have used Facebook to both read and post activities and 59% of them participated in reading Myspace. These results reported that with increased perceived enjoyment, the use of social media increases as a resource in travel planning, and the level of experience with social media has a positive influence on sharing travel experiences on social media.

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