

## Connecting Youth's Purchase Decision Process via eWOM to Companies' Social Media Action Plan

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### **Abstract**

*A study was conducted on 300 college students pursuing technical courses (mainly Engineering and Management) from Gujarat Technical University affiliated colleges in Ahmedabad and Gandhinagar who were social networking sites (SNS) users. Convenience sampling was used. The structured online questionnaire was developed and administered via mail and social network profiles. Various statistical tests like chi-square, factor analysis etc. were performed using SPSS software.*

*Many target points were identified which influenced one's social networking sites usage and consequently their purchase behaviour. When it comes to purchase decisions, students prefer to search product information online via search engines/ company websites, consumer reviews, ratings, expert opinions as well as opinions from friends and family. Strong ties were found to trigger increased SNS usage thus generating further interactions. Also the social networking sites usage pattern was found to have positive correlation with number of online communities in one's networks. Students use social networking sites mainly for socializing and connecting with others. They also used it as a medium for keeping up to date via networking because of which they prefer to join their friends' groups and hobbies communities where they can interact with likeminded people. Gender wise influence on purchase decisions was seen across some product categories. Females were more influenced in purchase decisions for Sports, Media and Entertainment category while it was Electronics and Household Appliances category for males.*

*This paper highlights the findings of the study and how it can be integrated into a company's action plan on social media; by harnessing electronic word of mouth (eWOM) amongst young consumers.*

**Key words: Corporate Plan, Purchase Behavior, Social Media, Social Networking Sites, Word of Mouth Marketing.**

### **INTRODUCTION**

Today, trust exists more in horizontal relationships than in vertical relationships. Consumers believe one another more than they believe in companies. But the picture is gradually changing. According to **Nielson's Global Trust in Advertising Survey (2015)**, consumers still trust word-of-mouth recommendations the most from family and friends or online customer opinions. But online channels are increasingly finding their way into the consumer's circle of trust.

Since online formats have the opportunity to engage more effectively with consumers, hence trust in such ads is growing as they become more pervasive, persuasive and creative. Power has shifted from the sellers to the buyers, as media is becoming increasingly driven by consumers as they continuously change the content available on the Internet.

No wonder these consumers are targeted with multi-channels to persuade them to buy one's products and services. Consumer's today gather in their own communities, co create their own products and experiences, and only look outside of their community for admirable characters. Hence marketers need to identify the anxieties and desires of the consumers to be able to target their minds, hearts, and spirits so as to restore customer trust.

Word-of-mouth should be harnessed for achieving this goal. The value of consumer's collective power is rooted in the value of a network. The network may develop with one- to-one relationships, one-to-many relationships, or many-to-many relationships. This in turn leads to consumer empowerment which provides a platform for consumer conversation.

### CURRENT TRENDS

✓ In 2018, the number of social network users in India is estimated to reach around 283 million from 216.5 million in 2016. 77% of online users buy products exclusively via social media. The highest number of active users is from 17-24 age group. More than 60% social media active users are college going students. **(Source: [blog.getmeashop.com](http://blog.getmeashop.com))**

✓ Given its immense popularity, it is only natural that various corporate organizations are using social media as a modern promotional tool. Motion pictures are being endorsed through it. Various companies advertise their schemes like sale clearance or discount offers via SNS. They have their fan pages through which they generate brand loyalty. Even banks have started providing their services via SNS and apps, for e.g facility of online payment via Facebook.

✓ LinkedIn helps employers as well as potential candidates with employment hunt. HR managers can research social lives of prospective employees when they want to hire/ retain the latter. Online dating sites too seem to have found favor among the consumers while searching for life partners. Mobile application industry is on a rise because of SNS users who use them for socializing via SNS.

✓ SNS have become a promotional tool for campaigns and events as well. SNS influence vote bank as "component" of the government's service delivery to the citizens. They provide an open platform for dialog, feedback and information exchange. Also skepticism can be significantly reduced.

✓ While it may be true that SNS have led to what is called the "democratization of the internet" but it is equally true that they have also created a lurking monster which seems to be growing in strength. They can be misused and abused in spreading rumor, chaos, discontentment, confusion and anarchy due to the manifold increase in virtual socializing e.g. cyber bullying, cyber stalking, rumor-mongering, infringement of privacy laws, copyright issues etc.

✓ Recent social media advances have especially affected the young generation who are becoming increasingly narcissistic, and obsessed with self- image and prey to shallow friendships. Sometimes individuals get addicted to these social sites as they become too much dependent on social media as a medium for self- gratification. Several health concerns have been observed due to such addiction such as fatigue, lack of concentration, eyesight problems, stress etc. **Taprial and Kanwar (2013).**

But whatever the factors, SNS have become public squares of sorts where people engage in public conversations, with the ability to influence each other for good or worse.

### REVIEW OF LITERATURE

**Trusov, Bucklin and Pauwels (2009)** developed a model that captures the dynamic relationships among new member acquisition, word of mouth referrals, and traditional marketing activities and find that the effect of word of mouth in respect of sign-ups is substantially longer-lasting than the average for advertising  
**Iyengar, Han and Gupta (2009)** developed a working paper titled Do Friends Influence Purchases in a Social Network? They practically examined how friends influence user's purchase behavior in an online social network; which types of users are more influenced by this social pressure; and if that social influence can be computed in terms of sales and revenue boost.

In an online article titled *Impact of reviews on buying behavior* stated that organizations have recently started opening their web sites to customer ratings and reviews even when the risk of disagreement is normally considered too high.

**Rehmani and Khan (2011)** investigated the social media (e-discussion, websites, online chat, email etc) parameters that affect the customers buying decisions. The research focused on the development of research model to test the impact of social media on the customer purchase intention. The model showed that eWOM positively affected purchase intention, perceived quality of product, product information acquisition and seller created information.

**Sharma and Kalra (2011)** Empirical study of online social influence marketing with reference to customer's product purchase decision and product recommendation. By whom they are influenced, online social media tools and how much do they trust them.

A study on conducted by **ROI Research for Performics in The Impact of Social Media USA (2010)** called "S-Net" looks at how various consumer segments relate to social networks on a daily basis, with a special emphasis on purchase behaviors around different types of products and in relation to other media channels. They found that; mobile access via browser or apps has increased substantially and respondents think social networking sites as good sources of information about companies and products and tend to rely more on their friends' stances for advice on their purchases in electronics, healthcare/pharmacy, home furnishings, financial services and telecommunications.

#### RESEARCH OBJECTIVES

Overall the study aimed to analyze the level of influence of social networking sites users from word of mouth and to find out the different factors that play a crucial role in creating that influence. In this broader framework, the specific objectives of the study were:

- a) To check the level of involvement of the social networking sites users.
- b) To study the factors influencing the involvement of social networking sites users.
- c) To what extent do social networking sites users are influenced by word of mouth marketing.
- d) To analyze the impact on purchase behavior of the social networking sites users because of word of mouth.

#### RESEARCH METHODOLOGY

A descriptive research was used in this study. A survey approach was chosen to gather information from college students pursuing technical courses (mainly Engineering and Management) from GTU affiliated colleges in Ahmedabad and Gandhinagar. Non-probability sampling technique or Convenience sampling was used. The structured online questionnaire was developed and administered to 300 respondents via mail and social network profiles. The data so gathered was analyzed using SPSS Software. Various statistical tests like chi-square, factor analysis etc. were performed in the study.

#### ANALYSIS AND INTERPRETATION

Maximum of 300 respondents were from Engineering (66.7%) and Management field. (29.3%). Most of the college students were aged between 21-24 years and almost 67% population was male. Strong ties were found to trigger increased SNS usage thus generating further interactions for socializing and connecting with others. Also the SNS usage pattern was found to have positive correlation with number of online communities in one's networks. Social media has become a medium for getting updates on close friends, colleagues and family because of which respondents prefer to join their friends' groups and hobbies communities.

When it comes to purchase decisions, young consumers prefer to search product information online via search engines/ company websites, consumer reviews, ratings, expert opinions as well as opinions from friends and family. This shows that word of mouth/ recommendations does influence purchase decisions based on prior experience or knowledge of product among members of the network, especially the ones which are formed from friends' opinions. Gender wise influence on purchase decisions was seen across some product categories. Females were more influenced in purchase decisions for *Sports, Media and Entertainment* category while it was *Electronics and Household Appliances* category for males.

### PROPOSED GAME PLAN

It's no secret that consumers increasingly go online to discuss products and brands, seek advice, and offer guidance. Yet it's often difficult to see where and how to influence these conversations, which take place across an ever-growing variety of platforms, among diverse and dispersed communities, and may occur either with lightning speed or over the course of months. Also since there is no single measure of social media's financial impact, many companies find it difficult to justify devoting significant resources— financial or human—to an activity whose precise effect remains unclear.

Hence a model {Exhibit 1- **Divol, R., Edelman, D. and Sarrazin, H. (2012)**} is proposed for Companies' Action Plan to *monitor, respond, amplify, and lead* consumer behavior—and link them to the Consumers Purchase Decision Process. Being able to identify exactly how, when, and where social media influences consumers, helps executives to craft digital marketing strategies that tap the power of social media's unique ability for customer engagement.

#### 1. Monitor

Companies need to develop an effective monitoring program that gives them insights about everything from product design to marketing and provides advance warning of potentially negative publicity. Social channels like *online community pages and apps, expert opinions, online reviews/ articles* need to be scrutinized closely for updates on latest trends. This is important as frequent SNS users are more likely to have access to greater number of online communities; hence more chances of being influenced by eWOM. It's also critical to communicate such feedback within the business quickly: whoever is charged with brand monitoring must ensure that information reaches relevant functions, such as communications, design, marketing, PR etc. *Search Engine Optimization* is a great monitoring tool as well. A first-time purchaser, for example, is roughly 50 percent more likely to turn to social media than a repeat buyer, hence the SEO.

#### 2. Respond

For a company to learn how it is doing and what can be improved, broad and passive monitoring is only a start. The need of the hour is however, constant, proactive monitoring of social media. By responding rapidly, transparently, and honestly, companies can positively influence consumer sentiment and behavior and manage crisis in case of negative publicity. Here search engines can be highly effective at converting customer if the messages are more *personalized and targeted*. For eg. sending them messages such as “purchasers like you bought this appliance” at key points along the decision journey.

#### 3. Amplify









“Amplification” involves designing one's marketing activities *targeting active influencers* that spur broader engagement and sharing. It means offering experiences that customers will feel great about sharing, because they gain a badge of honor by publicizing content that piques the interest of others. Through online forums and referrals, *direct recommendations* from peers can generate engagement rates almost 30 times higher than traditional online advertising as they trust the latter's product knowledge and/ or experience. Marketers also can *foster communities around their brands and products*, both to reinforce the belief of consumers that they made a smart decision and to provide guidance for getting the most from a purchase.

Software Company Intuit, for example, launched customer service forums for its Quicken and QuickBooks personal-finance software so users could help one another with product issues. The result? Users rather than Intuit employees answer about 80 percent of the questions, and the company has employed user comments to make dozens of significant changes to its software.

**4. Lead**

In the early stages of the consumer decision journey, this may involve boosting brand awareness by driving Web traffic to content about existing products and services. Marketers also can use social media to generate buzz through product launches. In addition, when consumers are ready to buy, companies can promote targeted deals and offers through social media to generate traffic and sales, like gender- wise, product category-wise etc. Finally, social media can solicit consumer input after the purchase. This ability to gain product-development insights from customers in a relatively inexpensive way is emerging as one of social media’s most significant advantages.

**Exhibit 1 Social media enables targeted marketing responses at individual touch points along the consumer decision journey**

		<b>Company’s Action Plan</b>			
<b>Consumer’s purchase decision process</b>		<b>1. Monitor social channels for trends , insights</b>	<b>2. Respond to consumers’ comments</b>	<b>3. Amplify current positive activity/ tone</b>	<b>4. Lead changes in sentiment or behavior</b>
Consider	<i>Online : communities, reviews, apps, articles &amp; SEC</i> 	<i>Brand monitoring</i>	<i>Crisis Management</i> 	<i>Referrals &amp; recommendations</i> 	<i>Brand content &amp; awareness</i>
Evaluate					<i>Product launches</i> Create buzz
Buy					<i>Targeted deals &amp; offers</i> Target product wise, gender wise, time basis etc.
Experience		<i>Customer service</i> 	<i>Fostering communities</i> 	<i>Customer input</i> 	
Advocate				<i>Brand advocacy</i> 	
Bond					

Source: McKinsey Quarterly April’ 12

Social media is extending the disruptive impact of the digital era across a broad range of functions. Meanwhile, the perceived lack of metrics, the fear, and the limited sense of what's possible are eroding. Executives can identify the functions, touch points, and goals of social-media activities, as well as craft approaches to measure their impact and manage their risks. The time is ripe for executive-suite discussions on how to lead and to learn from people within your company, marketers outside it, and, most of all, your customers.

The pathways of social influence are shifting constantly. Looking ahead, better mobile devices and more robust social applications will make it even easier to share experiences about products and services. Companies can't afford to fall behind this powerful curve.

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