

Chapter 81

Impact of Social Media on Consumer Purchase Intention: A Developing Country Perspective

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ABSTRACT

In the current scenario, social media play a key role for the customers because the content generated by users through social media has a great influence on their purchase intention. The objective of this study is to examine the impact of social media factors that influence the student's purchase intention through social media. Three factors, namely trust, perceived usefulness, and social commerce construct, were tested and examined the impact on purchase intention of the students. Data were gathered from 240 undergraduate and postgraduate students. Structural equation modelling was used to get the results from the data. The outcomes of the data analysis show that majorly prevailing factor that influences the purchase intention of young consumers was consumer trust via social media interface. Further, that is followed by social commerce construct and perceived usefulness. Furthermore, it has also been found that all the constructs are positively associated with purchase intention. In the end, practical implications, limitations, and future research scope of this study were discussed.

INTRODUCTION

“Social media refer to the online platforms and tools that people use to share opinions and experiences including photos, videos, music, insights and perceptions with each other” (Turban et al.2009). The Social Media plays an important role in current digital era because of the technology. Many users are

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able to share their content online and exchange different information with the general public and their close one. The current period is the internet intensive era that gives a wonderful opportunity to interact with many people on a single platform and that too without meeting them physically (Gruzd et al. 2011). In the present era, the social media environment is viewed by customers in a new way, especially in a commercial way. Its development and the emergence of online purchasing facility have turned customers into consumers. Customers consider social media websites as a service medium, where they can engage on real-time bases (Leggat, 2010) to remain updated all time with the content on social media. Due to this reason and its importance, Google has changed the algorithm of their search system to facilitate customers to see the updated content first (Freidman, 2011). A study conducted by Info-graphics, found that almost fifty percent of the users using Twitter and Facebook are engaged in discussing about the products and suggesting other users about their experiences. They usually do all these commercial activities once they associated with the brand on their social media pages (Jackson, 2011).

On the basis of the previous studies in the field of social media, there is no doubts that social media makes a better path for consumers to intend towards a successful purchase. Social media platforms or other internet based communities are one of its kind of web based technologies that enable users to interact and spread valuable information among desired groups (Lu & Hsiao 2010). In this way, social media is used as a tool for the marketer. Marketers take this advantage and design marketing strategy to turn them into potential customers. From the consumer's point of view, the social media environment is very easy and convenient for people looking for a product or service. Thus the role of social media has changed the system of communication among customers and marketers (Hennig-Thurau et al., 2004) and the social media play the most important role as a medium of communication (Dahnil et al., 2014). SNSs become the centre point for electronic commerce activities where consumers make social connections and participate virtually in real time (Mueller et al. 2011).

The context of the research is chosen as India because, India's internet user base, India is second largest after China. The internet user growth in India is expected to be three times the world average, growing at a CAGR of ~20%. India and will add ~400 million users in the next five years. India is also home to the world's second-largest user base for social media giants like Facebook and LinkedIn (NASSCOM report 2016). A report made by Ernst and Young LLP (Jan'2016) on "*Future of Digital Content Consumption in India (FDCCI)*" states that, Smartphone penetration in India is expected to grow to 520 million by 2020, making India one of the largest smartphone economies in the world. Broadband penetration will increase from 14% today to 40% by 2020.

Thus, these figures are good reasons to carries out this study on social media. We have taken three important constructs as social commerce construct, trust and perceived usefulness and examine the impact on purchase intention of an individual. The objectives of the study were to examine the relationship among social commerce constructs, perceived usefulness, and trust and purchase intention while another one is to examine, how social commerce construct gives impact on consumer trust in m-commerce and e-commerce. The study made its best effort to establish the relationship between consumer trust and perception lead usefulness.

The paper contains literature review section, where the hypotheses are also proposed based on the literature evidences in the area of social media. A theoretical framework was also added to understand the associations among the variables. Further, the study is followed by research methodology section, data analysis and results. In the end, discussion, conclusion, limitations of the study were presented. Future research and scope were also discussed in the end of the paper.

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