

# EVALUATION OF FACTORS AFFECTING SOCIAL MEDIA MARKETING STRATEGIES TOWARDS THE INTERNET BASED RETAIL CUSTOMERS

**\*Dr. Y Rama Krishna Prasad, \*\*Dr. D. Indira**

*\* Professor, Department of Management studies, Gokaraju Rangaraju Institute of Engineering and Technology, Bachupally, Hyderabad – 500090*

*\*\* Professor, Department of Management studies, Gokaraju Rangaraju Institute of Engineering and Technology, Bachupally, Hyderabad - 500090*

## Abstract

Social media had a considerable impact on retail businesses as customers are utilizing these channels for shopping, price checking, and product related information, online promotion, gift coupons etc. On the other hand the retailers are making these channels as avenues to reach more customers, enhance the customer experience and explore the ways of doing business. According to Telecom Regulatory Authority of India (TRAI) there are 164.8 million Internet users in India as of March 31, 2013 with seven out of eight accessing the internet from their mobiles. With the evidence of ComScore's survey report, India bypassed Japan to become the world third largest Internet users after China and the United States of America and its users are significantly younger than those of other emerging economies. Hence it is a major challenge for the e-marketers to diagnose the various factors which shows the impact over the customer buying behavior. Therefore, this study tests the various factors like, Extensive information, Brand familiarity, Convenience, Perceived Risk, Personal Innovativeness and Gifting. The findings can focus on finding the embryonic factors of variables out of the heap.

**Key Words:** Social Media Marketing, Extensive Information, Brand Familiarity, Convenience, Perceived Risk, Personal Innovativeness, Gifting.

## Introduction

Social media have become ubiquitous in many business circles and a global phenomenon the past several years. According to the Nielsen Company (2010), social media users worldwide grew nearly 30% in 2010, from 244 million to nearly 315 million users. Research from Gartner's Consumer Technology and Markets group estimated that global spending on social media would total \$14.9 billion in 2012 (Gupta 2011). Social media is a broad umbrella of new online communication channels. It enabled the people all over the world to interact and share product and brand related information with each other. Social media such as Twitter facilitates the customers to express their feelings regarding a product or service what they have purchased. With this feedback, business can improve and the decisions can take on how to serve clients and to create customer loyalty (Myron 2010). Social media marketing is growing rapidly (Kozi-nets et al.,2010). Over the last few years, it has been the subject of a number of popular books (e.g., Li and Bernoff,2008; Rosen, 2009) and gained considerable attention in global

general-interest media. In one such story, the New York Times reported that a popular blog endorsement had helped one company grow its sales from \$100,000 to \$4 million (Jaret, 2006).

Social media includes online networks (e.g., Facebook, MySpace and LinkedIn), Wikis (E.g., Wikipedia), multimedia sharing sites (Youtube and Flickr), book marking sites (Delicious and Digg), virtual worlds (Second Life), and rating sites (Yelp) (Edwards, 2011). Social media has become the core of the marketing communication as some business gurus say that if business firms do not participate in social media they are not part of cyberspace anymore. Social media enables businesses to contact the end users directly and timely relatively at lower cost than traditional media (Kalpan and Haenienin, 2010). The distinctive characteristic of social media is that it is a personalized user generated media. Users exercise greater control over its use and content generation (Dicky and Lewis, 2011). Consumers are no more willing for the traditional one way communication, they want business organizations to listen what they say. This emergence and it is a big challenge for business firms to deal with it (Kietzmann et al., 2011). This situation signals that business firms should identify those factors information embedded in social media content. This may enable businesses to develop the affective social media promotional strategies.

E-Commerce which describes technologically mediated exchange (Rayport and Jaworski, 2002), has grown rapidly in direct proportion to the increasing ubiquity of commercial websites. Using the Internet, individuals and organizations can transact electronically placed and filled, products can be delivered and services performed. Consequently, e-commerce, and online marketing in particular, have become important new competitive realities. It can now be said that “business today competes in two worlds; a physical world of resources that managers can see and touch and a virtual world made of information” (Rayport and Sviokla 1995, p.75). A common feature being through all definitions of social media is a amalgamation of technology and social interaction for co creation of value. Social media are distinct from industrial or traditional media are distinct from industrial or traditional media, such as news papers, television and film. They are relatively inexpensive and accessible to enable anyone to publish or access information. The proper usage of social media can enhance the images of the particular brand and also the image of the brand. Social media is able to reach more and more people in short span of time that who create the vast recognition and brand value for the particular product or service.

**Research Problem:** Since the origin of social media, various studies have been conducted to examine its different aspects particularly those that drive the individuals to participate in social media. For instance, Daugherty, Eastin and Bright (2008) attempted to explore the factors motivating consumers to create social media content. Cheong and Morrison implanted in user-generated content and producer generated content. Sun et al. (2009) studied the factors that support or inhibit user’s knowledge sharing intentions in virtual communities. Zeng, Hung and Dou (2009) investigated the possible mechanisms by online community members may respond positively to community advertising. Using experiment, Cul, Wang and Xu (2010) studied the influence of social presence on influence of user motivation to engage in online social networking and their response to social media marketing. However, examination of the factors affecting in social media marketing context is unaddressed. So this study aims to find out the factors which show the great impact in Social Media Marketing.

**Objectives:** The prime objective of this study is to test the impact of identified factors on Social Media Marketing and the other objective is to provide the way for the further research with latent factors.

## Review of Literature

Very linear research has been conducted on this part. Even the research which is available in this area is not adequate with the present study. Hence the researcher wants to focus on the variable which may shows its impact directly on Social Media Marketing. The researcher had addressed the eight factors to conduct this study. The variables are as like below mentioned and the review of the literature followed later.

1. Influence of Peers
2. Extensive Information
3. Convenience
4. Perceived Risk
5. Personal Innovativeness
6. Perceived Benefit
7. Privacy
8. Gifting

**Influence of Peers:** Social media enhance the maintenance or enrichment of inter personal relationships (Peter et al., 2007). Social networking sites are promote to work as the more active rather than traditional media like print and electronic media. In fact the traditional media has the passive impact over the customers. Social media users sharing of Social Network Sites with other likely receptive recipients facilitates dialogue and other actions that bring Social media individuals and groups close together. Social Media information that is exchanged may become sources of conversational, deliberative, humorous and otherwise memorable communication exchanges. Such exchanges may unfold on a one-to-one, one-to many or eventually many-to-many basis. These communication outcomes should bring people close together and, in the process, may generate gratification, strengthen key primary reference group affiliations, and enhance attitudes toward Social Media.

**Extensive Information:** Before buying a product consumers consult the different sources of information particularly in case of high involvement products (Cheong and Morrison, 2008). Today an emerging source of product related information is social media, especially social media networking sites such as Facebook, LinkedIn etc., Where an individual interact with other individuals and benefit from their experiences with the target product.

**Convenience:** Convenience is being time and effort saving experienced when purchasing goods or services (Rohan and Swaminathan, 2004). Bellman et al., (1999) found that while consumer attitudes may change over time, it is the convenience, rather than the increased time-saving of purchasing in online, that motivates consumers to shop online. Furthermore, due to the fact that location becomes irrelevant in the online shopping context, the increased convenience of placing orders at anytime of the day becomes a main motivating factor in consumer's online purchasing intention (Swaminatha et al., 1999).

**Perceived Risk:** Customer behavior is strongly influenced by perception of risk; consumers are usually uncertain about the consequences of a decision or an n action (Bauer 1976). They perceive a high level of risk when

purchasing on the Internet compared with traditional retail formats (Lee & Tan, 2003; Tan 1999). Furthermore the studies have consistently shown that consumers perceive higher risks in non-store shopping formats, such as telephone shopping (Akaah & Korgaonkar, 1988), mail order (Van den Poel & Leunis, 1999), catalog (Eastlick & Feinberg, 1999) and direct sales (Peterson, Albaum & Ridgway. According to Batnagar & Ghose, 2004a, 2004b; Bhagnagar et al., 2000 the perceived risk broadly will appear in two ways, they are Product performance and financial risk. The other studies (Firsythe, Petee & Kim 2002; Forsythe & Shi, 2003) have investigated the various types of risk- product performance risk; financial risk and time/convenience risk- were related to frequency on online search with internet to purchase.

**Personal Innovativeness:** Certain individuals are, by their nature, more willing to take the risk associated with the testing an innovation, whilst others are suspicious of a new idea and hesitant to change their current practice (Yi et al. 2006; Rogers 2003). As defined by Cotte and Wood (2004) and Roehrich (2004), consume innovativeness is the tendency to willingly embrace change, try new things and buy new products more often and more frequently than others. Innovativeness has received considerable attention among consumer researchers (Park and Jun, 2003) and has been conceptualized in two ways (Im et al. 2003; Hirschman 1980; Midgley and Dowling, 1978; rogers, 2003). On the one hand, Joseph and Vyas (1984) focus on global innovativeness, which incorporates an individual's intellectual, perceptual and attitudinal characteristics. On the other hand, consumer innovativeness is defined as actualize or domain-specific by the virtue of identifiable characteristics and actual acquisition of new information, ideas and products (Lassar et al., 2005).

**Perceived Benefits:** According to Sheth (1983), the perceived benefits can be appeared in two forms as functional and non functional motives. Functional motives are related to utilitarian functions such as quality, variety, convenience etc, whereas the non functional motives are related to social and emotional needs for enjoyable, interesting shopping experiences (Bhatnagar & Chose, 2004a, 2004b; Chilers, Carr, Peck & Carson, 2001; Menon & Kahn, 2002). The functional motives including convenience (Bhatnagar & Ghose, 2004; Eastlick & Feinberg, 1999; Korgaonkar, 1984) Reynolds (1974) are the primary reasons for social media marketing.

**Privacy:** In the Social Media context, "privacy concerns" refer to consumer's desire to control the acquisition and subsequent use of information about them that is generated or acquired through online behaviors (Castaneda and Montoro, 2007). Not only can data about customers be collected during purchase or other transactions; information also can be gathered by simply monitoring online activity (Mascarenhas, Ksavan and Bernacchi, 2003). Consumers have little to no control over the collection, storage, or use of such information (Sackman, Strucker, and Accorsi, 2006). Often, in fact, many are not even aware that web sites are collecting and analyzing such data (Milne, 2000).

"Privacy concerns" also are defined here as Social media user's feeling of apprehension about their loss of privacy due to the collection of information by Social media participants, privacy concerns may be salient with respect to targeted advertising. One privacy advocate wants of "an incredibly sophisticated, ever advancing system for profiling online users" (Tessler,2009) of Social media such as Face book and MySpace that capture detailed personal information. When Social media user's link privacy concerns with viewing Social media Ads, they likely will have a negative inclination towards Social media acceptance.

**Gifting:** Now a day the trend is sending gifts to friends, family and other increase online. With easy of searching by price and recipient, finding the perfect gift is often easier online. With soon-to-be introduced Face book gifts, something can be gifted and unwrapped by the recipient online – the recipient then enters her / his address and the gift is shipped. So we consider this point too into the analysis.

### Research Methodology

This study is exploratory in nature and will diagnose the various factors affecting the Social Media Marketing among the retailing customers. This study was conducted in Guntur and Vijayawada cities and the sample size for this study is 125. Structured questionnaire has been implemented to get the primary data and the secondary data has been collected from the different sources. Researcher used Factor analysis method in SPSS 17 version to get the analysis.

### Data Analysis & Interpretation

The data has been collected from the selected 8 factors for the study. This was analyzed using factor analysis.

### Factor Analysis

**Descriptive Statistics ( Table – 1 )**

	Mean	Std. Deviation	Analysis N
Influence of Peers	3.46	1.178	110
Extensive Information	3.61	1.050	110
Convenience	3.46	.974	110
Perceived Risk	2.50	.936	110
Personal Innovativeness	3.45	.973	110
Perceived Benefit	3.18	1.228	110
Privacy	2.85	1.250	110
Gifting	2.94	1.301	110

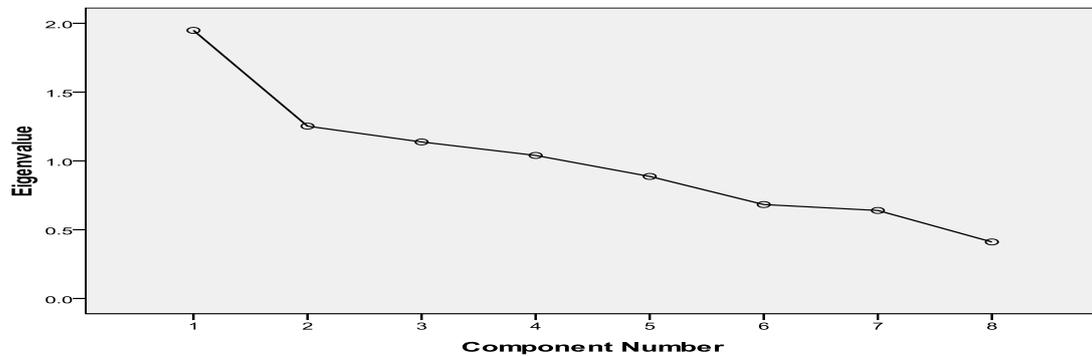
**KMO and Bartlett's Test ( Table – 2 )**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.524
Approx. Chi-Square	81.884
Bartlett's Test of Sphericity	df
	28
	Sig.
	.000

**Total Variance Explained ( Table – 3 )**

Compo-nent	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.949	24.360	24.360	1.949	24.360	24.360	1.538	19.228	19.228
2	1.253	15.658	40.018	1.253	15.658	40.018	1.365	17.066	36.293
3	1.138	14.223	54.240	1.138	14.223	54.240	1.319	16.488	52.781
4	1.040	12.997	67.237	1.040	12.997	67.237	1.156	14.456	67.237
5	.887	11.091	78.328						
6	.683	8.537	86.864						
7	.640	7.998	94.862						
8	.411	5.138	100.000						

Extraction Method: Principal Component Analysis.

**Scree Plot****(Figure – 4)****Correlation Matrix****Rotated Component Matrix ( Table – 6 )**

	Component			
	1	2	3	4
Influence of Peers	-.270	.338	.731	-.025
Extensive Information	.119	-.049	.190	-.753
Convenience	.186	-.064	.204	.698
Perceived Risk	.813	-.080	-.164	.042
Personal Innovativeness	.062	.884	.074	-.173
Perceived Benefit	-.349	.656	-.064	.264
Privacy	.793	-.059	.024	.015
Gifting	-.042	.152	-.818	-.013

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

Correlation Matrix ( Table – 5 )

		Influenc e of Peers	Extensive Informatio n	Convenienc e	Perceive d Risk	Personal Innovativenes s	Perceive d Benefit	Privac y	Giftin g
Correlatio n	Influence of Peers	1.000	.051	.027	-.354	.266	.169	-.144	-.310
	Extensive Information	.051	1.000	-.108	-.014	.055	-.158	.051	-.039
	Convenience	.027	-.108	1.000	.055	-.084	-.002	.074	-.005
	Perceived Risk	-.354	-.014	.055	1.000	-.065	-.263	.388	-.011
	Personal Innovativeness	.266	.055	-.084	-.065	1.000	.300	-.116	.044
	Perceived Benefit	.169	-.158	-.002	-.263	.300	1.000	-.227	.036
	Privacy	-.144	.051	.074	.388	-.116	-.227	1.000	.016
	Gifting	-.310	-.039	-.005	-.011	.044	.036	.016	1.000
Sig. (1- tailed)	Influence of Peers		.297	.390	.000	.002	.038	.067	.000
	Extensive Information	.297		.130	.442	.283	.050	.297	.345
	Convenience	.390	.130		.283	.190	.491	.220	.477
	Perceived Risk	.000	.442	.283		.248	.003	.000	.453
	Personal Innovativeness	.002	.283	.190	.248		.001	.113	.323
	Perceived Benefit	.038	.050	.491	.003	.001		.009	.354
	Privacy	.067	.297	.220	.000	.113	.009		.432
	Gifting	.000	.345	.477	.453	.323	.354	.432	

a. Determinant = .460

## Result Analysis and Interpretation:

**Table – 2** indicates that the Kaiser – Meyer – Olkin (**KMO**) value is 0.524 and the **Bartlett’s test of Sphericity** of approximate Chi-Square value is 81.884. These two are proving the applicability and the significance of Factor Analysis for the data. **Table – 3** depicts that four components have eigenvalue greater than one and it reveals the variance explained by the four components with the percentages of variance as 19.228, 17.066, 16.488 and 14.456 respectively with the cumulative percentage of 67.237. **Table – 6** Rotated Component Matrix indicates the factor loadings and based on factor loadings, the Perceived risk with .813 and Privacy with .793 are categorized as F1 (Factor – 1) and described as Psychological factors and Personal Innovativeness with .884 and Perceived Benefit with .656 values are categorized as F2 and described as Motivators. The other variables i.e. Influence of Peers with .731 and the Convenience with .698 values are F3 and F4 respectively.

It is also observed that **Factor ( F1): Psychological Factors** have more significant impact on Social Media Marketing. Under this factor the two variables - Privacy and the Perceived Risk are extracted and their relationship with Factor (F1) is shown under total variance with a proportion of 19.228. **Factor (F2): Motivators** also constitute an important factor which is identified as second most important component of Social Media Marketing. Under this, the factors of Personal Innovativeness and Perceived Benefit are extracted and their relationship with a total variance with a proportion of 17.066 as shown in Table – 3. **Factor (F3) i.e. Influence of Peers** with 16.488 and the Convenience i.e. **Factor ( F4)** with 14.456 are shown in the Table – 3.

With this empirical analysis, it is found that the factors like Psychological factors, Motivators, Influence of Peers and the Convenience are playing a major role in the Social Media Marketing. Whereas the other factors have the negligible impact on customers mind while going through the Social Media Marketing like Extensive information and gifting.

## Limitations and Directions for Further Research

The sample size is 125 only for this study. It may not replicates the entire population’ view. The study has been conducted only in the two cities of Guntur and Vijayawada. It also may not reflect the entire geographical population’s opinion. The scope of the study may be enhanced by adding the more number of factors. Further more advanced statistical tools can also be used in order to find out the degree of influence of the independent factors on the dependent factor of Social Media Marketing. So that the results can be validated further.

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