Impact of fake news on consumer behavior and brand image

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Abstract:
This research was conducted to find out how fake news affects consumers behavior and how it indirectly affects the brand image. The study was conducted among people via google forms to gain a variety of opinions and see what people think and feel about the impact of fake news on their buying behavior and how it changes their perception towards a brand.

In this report first a secondary study was done on impact of fake news on consumer behavior and brand. A structured questionnaire was also prepared to record people’s opinions regarding fake news and its impact on the the consumer behavior and brand have been analyzed.

A structured questionnaire was also prepared to record people’s opinions regarding fake news and its impact on the the consumer behavior and brand. Subsequently we have conducted an analysis on the data acquired through the google forms. The results of the questionnaire revealed that lot of people tend to use internet & social media and online information before making any purchase decision. It is also seen that many people don’t recognize whether the news or information they are reading is fake or genuine.

Keywords:
Fake news, social media, marketing, media, internet, yellow journalism, consumer behavior, brand image.

Introduction:
Internet have proved to be the major source of information in 21st century, the basic question the arises is regarding the credibility of the information that is present on the internet. In this internet era, anyone can publish any content whether credible or not. This information is consumed worldwide.

A lot of things we read online, especially in our social media feeds may appear to be true, but is often not. Fake news is the news, stories or hoaxes created deliberately in order to misinform or deceive readers. Fake news is not new; however, it has become a hot topic in the past year or two. Traditionally, we got our news from sources such as, journalists and media outlets that where required to follow strict codes of practice. However, Now a days internet has enabled a whole new way to publish, share and consume information and news with very little regulation or editorial standards. Usually, these stories are created to influence people’s views, push a political agenda or cause confusion and can often be a profitable business for online publishers. Sometimes, even for mere entertainment. Fake news stories can deceive people when it comes from what seems to be or is a trusted website or by using similar names and web addresses of reputable news organizations.

Many people now get news from social media sites and networks and it is difficult to determine whether stories are credible or not. And due to this public is not able to distinguish between false news and quality news. And sadly, these news or information gathers a great deal of internet attraction. Especially on the social media sites where the users hardly think twice before posting, forwarding or spreading such content which leads to the snowballing of such pieces of mis-information. Even though this kind of news disappears pretty soon as it appears, the damage it intended to cause is usually done.
Nowadays, we can see that a lot of consumers take buying decisions through advertisements or information they get through social media, in the form of reviews or marketing done through influencers or any ads that are placed on various websites. Even before visiting any hotel, people tend to seek information online through various platforms that are available. This type of information influences the consumer behavior and may also change the perception of the consumer towards a brand. Consumer buying behavior is influenced by factors such as social, cultural, and personal. Out of these, the major threat to fake news is through social factors on consumer buying behavior. Any form of negative news regarding the product or services directly impacts the consumer behavior, which in turn affects the brand image of the company.

**Literature Review:**

It is said that fake news spreads faster as compared to real news, nowadays brands have no control on the online advertisement because many big companies use automated platforms for the advertisements in which the system selects the target source which would have maximum reaching of audience. This really hamper company’s ability to control its advertisement. But it is all also said that the extent to which company will be affected due to this depends on brand image of the company.

Study has been done by taking truthfulness of article as an independent variable and dependent variable is behavioral intention towards the brand advertised alongside the news. It is also seen that news truthfulness, news credibility, source credibility plays an important role in consumer behavior towards a brand.

Fake news is no news at all and its credibility depends on the receiver of the news. Recently, large volumes of fake news have been generated, thus the information age has also given us misinformation. When individuals select both the stories they read and the people they interact with, opinions and views are reinforced in an echo chamber driven by positive feedback loops. The truth more and more becomes my truth. Thus, the social media Internet’s truth is rather popularity and truth is my truth. Brands can interact both directly and indirectly with fake news. In some instances, brands are the victims of fake news and other times, the purveyors (suppliers).

Recently, we have seen how fake news affected the consumer behavior and brand image of Fab Hotels, Infibeam, and Kalyan Jewellers. Rumors on social media platforms that the budget hotel chain (Fab hotel) was cash-strapped and failing to pay suppliers had severely impacted the brand, and the hotel had to file a complaint in the cyber cell. Infibeam Avenues Ltd lost about 71% of its market value in a single day after a message was circulated on WhatsApp among traders, raising concerns about the e-commerce company’s accounting practices. Kalyan Jewellers filed a case in court, after a fake video about one of the company’s stores being raided went around YouTube.

**Definitions:**

**What is fake news?**

Fake news is a deliberate disinformation or hoaxes spread via traditional news or online social media.

**What is consumer behavior?**

Consumer behavior is study of how consumers make buying decisions, decisions like what they need, want, desire, and how do they buy, there are many factors that affect consumer behavior such as social media, friends, family, co-workers etc.

**What is brand image?**

Brand image is a person's perception toward a brand or an image of a particular brand in a person's mind or a set of beliefs that a person carries toward a brand. The manner in which a specific brand is positioned in the market. It is built through advertisement, packaging, word of mouth, and different promotional tools.
Brand image plays important role in while buying decision taken by the consumer. Its takes time to build a good brand image in consumers mind but a single mistake or few minute are enough to destroy that image, so company should take proper and necessary steps to safe guard its image.

Research methodology:

1. **Research Design:** First a secondary study was done on impact of fake news on consumer behavior and brand image through magazines, journal, past research papers and internet. Then a closed ended questionnaire was prepared to collect primary data from people irrespective of their gender and educational qualification.

2. **Sampling Design:** A random sample of 100 responses were taken. It covered people of all age groups irrespective of their gender, income and educational qualification.

3. **Sampling techniques:** Convenience sampling and judgmental sampling techniques are used to collect the sample.

4. **Data collection:** The primary data was collected using a structured questionnaire.

5. **Data analysis:** The collected data was then analyzed using various quantitative tool Excel.

Analysis And Interpretation:

![Pie chart showing gender distribution](image)

**Figure no. 1**
Interpretation: From the first figure it is evident the 63% of males took active participation in the survey. This shows that gender also plays an important role when it comes to study the impact of fake news on consumer behavior.

The age group is maximum between 19-24 which is 79%, this specifies that potential fake news spreaders or potential consumers could be between the age group.

Type of occupation is also a contributing factor. Most of the respondents are students (62%) and service personnel (25%)

Respondents 36% are post-graduates. Graduates comprises 60% and the rest 4% are higher secondary or below. This specifies that most of the people are well educated.

![Figure no. 5](image)

What is your primary news source?

<table>
<thead>
<tr>
<th>News Channel - TV</th>
<th>Newspaper</th>
<th>Mobile Apps</th>
<th>Social Media</th>
<th>Internet</th>
</tr>
</thead>
<tbody>
<tr>
<td>33%</td>
<td>22%</td>
<td>8%</td>
<td>34%</td>
<td></td>
</tr>
</tbody>
</table>

![Figure no. 6](image)

Do you know when you are reading fake news?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Not Sure</th>
</tr>
</thead>
<tbody>
<tr>
<td>43%</td>
<td>23%</td>
<td>34%</td>
</tr>
</tbody>
</table>
Have you ever seen a "fake news" story on social media?
100 responses

- Yes: 88%
- No: 10%
- I don't Know: 10%

How often do you share news headlines/stories with your family or friends via social media?
100 responses

- Daily: 44%
- Once a week: 33%
- Less often: 14%
- Never: 9%
If you come across a negative news related to "quality of product" of any brand/company will you buy it?

100 responses

88% Yes
12% No

Figure no. 9

In general which source of information do you prefer before making any purchase decision?

100 responses

63% Online information/Reviews
18% Social media
13% News paper
13% TV ads
13% Other

Figure no. 10
Have you came across any situation where you have purchased product on the basis of online/Web based information and felt misleading?

100 responses

- Yes: 41%
- No: 59%

Figure no. 11

Have you visited any restaurant on the basis of online/wed based information and regretted?

100 responses

- Yes: 29%
- No: 71%

Figure no. 12

Do you think company use fake news for their advantages?

100 responses

- Yes: 12%
- No: 88%

Figure no. 13
If you come across any negative news related to any "Newly introduced" brand will it change your perception towards that brand?

100 responses

92% Yes
8% No

Figure no. 14

If you come across any negative news related to "well established" brand will it change your perception towards that brand?

100 responses

52% Yes
29% May be
19% No

Figure no. 15
If you come across a negative news related to "quality of product" of any brand/company will you buy it?
100 responses

Yes 88%
No 12%

Figure no. 16

Interpretation: We can see that primary news source of 55% of the people depends on social media and internet which is reasonably high. We can also say that very less people tend to read newspaper now a days because from sample of 100, 93% people are in between the age group of 19-34, so we can say that use of newspaper has declined and most of the people prefer mobile apps, social media, internet as their primary resources.

From the above pie chart we can see that 66% of the people are not sure or don’t known whether the news they are reading is fake news or real news this also influences the consumer behavior.

We normally share news and story via social apps to friends family and co-workers this spreads the news or information very fast and changes the perception of the consumer towards a product or brand, this also depends on the source from which information is received we can see that 33% of the public shares news headlines and stories once a week among themselves and 43% of the public shares news headlines and stories less often.

From the above responses we can say that if the fake/negative news is related to the quality of the product people get more influenced as compare to if fake news is related to any other factor of the product, 88% of the people said that they will not buy a product if fake news is related to a quality of a product.

It is seen that 63% of the people tends to read online information and reviews and 18% of people prefer social media as there information source before making any purchase decision.

59% of the people has been felt miss-leded by make purchase decision after considering online/web based information, so we can clearly say that online information influences the public decision. Even 88% of the public thinks that company uses fake information such as fake reviews of the customers or fake advertisement for their advantage.

We can see that well established brands are resilient or can recover quickly from the effect of fake news as compared to newly introduced brand as from the above pie chart we can see that 92% of the people will tend to get influenced from any negative news related to newly introduced brand as compared to 29% in case of well-established brand.
Conclusion:

The world is filled with multiple sources for fake news to grab attention and create a wrong impression among the society about various things. Fake news be it through the medium of social media or WhatsApp or print media are increasing day by day since people are taking advantage of negative publicity to mislead the society.

Through our study we have found that fake media news impact the Consumer behavior massively. We did a study on the basis of educational qualification, gender, primary news sources, brand image, sources for purchase decision and found that:

- Source credibility plays an important role in consumers behavior,
- lot of people tend to use internet & social media and online information before making any purchase decision
- It is also seen that many people don’t recognize whether the news or information they are reading is fake or genuine.
- If fake/negative news is related to the product quality the brand is hampered more.
- Well established brands are resilient or recovers quickly from the effect of fake news as compared to newly introduced brands.

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