Impact of social media marketing on consumer purchase intention

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Abstract:

Social networking marketing practises have recently captured the interest of advertisers and analysts, as shown by increased research efforts into these comparatively modern marketing platforms and their impact. In the digital age, social media technologies have enabled exponential growth in human activity. Because of the phenomenal development of social media platforms, marketers have been enticed to reach their audiences through advertising across the most commonly used mediums; thus, it is critical for marketers to carefully plan the advertisements and therefore test their efficacy. This study is to examine the impact of user generated content, technology readiness and information quality of Social media on consumer purchase intention. The aim of this paper is to improve awareness of the causes of social media ads and their impact on purchasing intent. Data collection was done online through WhatsApp and Email. Data was collected of about 100 people and through which 80 were considered as genuine for research. The data was tested using SPSS 25 software. The results implied that technological readiness, user generated content and technological readiness has positive impact on Social media marketing. The proposed framework contributes to social media marketing to purchase intention of consumer. The paper ends with a detailed discussion of the theoretical and functional consequences.

Keywords: Social Media Marketing, Consumer Intention, User generated content, Technology Readiness, Information quality.

Introduction:

With the growing technology around the world, Social media marketing (SMM) is a powerful tool that is used for the business. The wide usage of technology in all forms of marketing, advertising, and promotion headed the transformation in a way that the company focuses on the end user. Social media is replacing the traditional marketing techniques. Social media marketing or SMM is a tool to promote a product or services on a digital platform. It helps the companies to directly connect with the customers and persuade them to buy the product or services. This has changed the way of marketing the product and services. This media has changed the way customers buy the product. Now, Social media has emerged as a low-cost medium of alternative communication between customers, marketers and peer groups. Companies are now actively experimenting and exploiting social media to create a relationship with customers and create value among them.

Every year billions of dollars are spent on advertising on social media across the globe. According to the Statista report 2021, the total social media advertising spending in India is US$863 million and the average spending per Internet user is US$1.13. While the spending on advertisement in the social media advertising segment worldwide is estimated to reach US $ 110.628 million in 2021. And the advertisement spending is projected to show an annual growth rate (CAGR 2021-2025) of 5.8%, resulting in a market volume of US$138,412m by 2025.

According to eMarketer's US Social Trends 2021, it is predicted that around two-thirds of marketers or more than that will use influencer marketing in 2021. Influencers will be playing a strong role in marketers livestream commerce activities and they will continue to be go-to partners for user-generated content (UGC) marketing initiatives. And Globally, internet users said that they more likely discovered brands via ads placed on social media compared with ads seen on websites.

The purpose behind this paper is to understand the effect that Social media Marketing is making on customer purchase intention.

Literature Review:

It is provided in a tabular format and a separate file.

1. User-Generated Content: -

User-generated content can be any type of information such as text, image, video or audio posted on social media. User-generated content means "any own created material uploaded to the Internet by non–media and it has a greater influence on people's consumption" where the contents are generally shared on social media such as on Facebook, YouTube, Twitter and Instagram. In user generated content, customer can share their own stories or views about the product and services by the particular brand which creates a two-way dialogue enabling more interaction and direct flow of communication between customer and the company. User-generated content is an authentic source of information for the customer about the product and services. Consumer relies on User generate content to make any purchase decision about the product, where other party shares both positive and negative about the product and services. This makes user generated content the highly authentic and unbiased perception of information. Based on this, we make the following hypothesis: -

H1: User-generated content has significant effect on customer purchase intention.

2. Information Quality: -

Information quality is a quality information about the product and services. It refers to how much information is available about the product and services which is useful to customers. By providing customers with more authenticated information on attributes and aspects about the product and services, the customer can evaluate the product or service information. In a study conducted information quality of a brand's social media information have significant impact on consumer's involvement with the brand's social media pages. They also said brand can gain potential follower by targeting those who are not aware about the brand by presenting quality information to facilitate customer's involvement with brand. Thus,

customer dependent on the information provided by the brand about the product and services plays a vital role in customer purchase intention. As a result, by providing vital and authenticated information, the chances of gaining potential customer can be increased.

H2: Information quality on social media has significant positive effect on customer purchase intention.

3. Technology Readiness:

Personal computer adoption is slowing, surpassed by mobile technologies. Learners have many sources of technological knowledge that are domain specific, i.e., consumption rather than production. Technology readiness refers to the 'propensity to adopt and use emerging technologies to achieve goals in home life and at work. Technology readiness consists of enablers (optimism and innovation) that promotes use and inhibitors (discomfort and insecurity) that hinders interaction. The perspective of technology preparation offers an insight into customers purchase intention to technology integration in their purchasing process.

H3: Technology readiness among customers has a significant effect on purchase intention

4. Purchase Intention:

Purchase intention can be described as the probability of the consumer to purchase the specific goods or service. Consumer purchase intention is related to the consumer cognitive behaviour which explains how the consumer is expected to purchase a given product.

Problem Statement:

Social media use has become increasingly common to people in today's culture. The increased use of social media has provided companies with an incentive to target marketing activities. With the widespread use of social media, it seems that businesses must adapt in order to survive in the twenty-first century. The issue with the increase in social media activity is that the vast majority of people who use social media have the ability to favourably or adversely affect a company's image and earnings. So, this type of practise is now having an impact on company operations.

Research Gap: -

Previous study looked at the effect of social media ads on consumer purchasing intentions. This study would look at the difference in social media marketing and how Information credibility, technological preparation, and content creation affect SMM. The gap is to identify the relation between information credibility and purchase intention. It also examines the mediating role of technology readiness and content generation with respect to customer purchase intention.

Research Objective: -

The objective of this research paper is to find the consumer purchase intention towards social media marketing.

Research Question: -

Will social media marketing have any major impact on the purchase intent of a customer?

Model Development: -

The research model proposes to analyse the relationships between social media marketing, website credibility, content generation and consumer purchase intention.

Conceptual Model: -

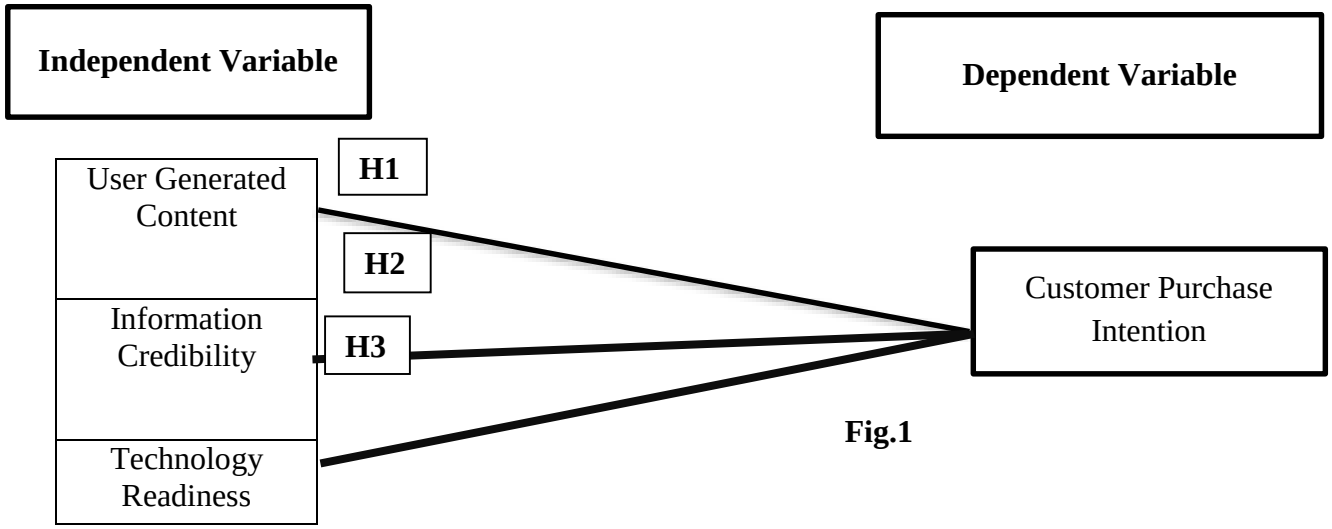

Fig.1

Research Methodology

Sample and Data Collection

For the data collection the questionnaire was designed. Feedbacks against appropriate questionnaire was taken from the participants. The responses were quantified and coded appropriately. All the items were measured by a Likert Scale in which responders specify their level of agreement to a statement typically in five points: (1) Strongly disagree; (2) Disagree; (3) Neither agree nor disagree; (4) Agree; (5) Strongly agree.

The data was collected from participants who answered the questionnaire unanimously. The participants who answered all the questions were considered for study. The survey was conducted online and link weas sent to participant through mail and on WhatsApp to respond. The survey was distributed and total 80 responses were considered for the study. Out of the total sample 46.3% were male and 53.8% female.

Data Analysis

The study used SPSS 25 to examine the research hypotheses. The research calculates Cronbach's α to test the reliability of the variables. The study also conducted different test to examine the effect of independent variable like Information Quality, User generated Content, Technological readiness and dependent variable i.e., purchase intention.

Results

Measurement Reliability

Reliability is an accuracy statement defined as the extent to which a device yield consistent or error-free results. To maintain internal coherence Cronbach's Alpha should be greater than 0.7. The table shows the intrinsic consistency Cronbach's Alpha values that are greater than 0.05 for all variables. The higher the ranking, the more reliable the system.

IQ

Table 1.1: Reliability test for Information Quality

Reliability Statistics	
Cronbach's Alpha	N of Items
.732	5

The Cronbach’s Alpha value for IQ is above 0.7 thus the IQ construct is reliable.

UGC

Table 1.2: Reliability test for User-Generated Content.

Reliability Statistics	
Cronbach's Alpha	N of Items
.773	7

The Cronbach’s Alpha value for UGC is above 0.7 thus the UGC construct is reliable.

TR

Table 1.3: Reliability test for Technological Readiness.

Reliability Statistics	
Cronbach's Alpha	N of Items
.839	5

The Cronbach's Alpha value for TR is above 0.7 thus the TR construct is reliable.

Regression Analysis

Table 2.1: R-Square

Model Summary									
					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.738[a]	.544	.526	.65513	.544	29.486	3	74	.000
a. Predictors: (Constant), TRD, IQ, UCG									

Table 2.2: Regression

Coefficients								
		Unstandardized Coefficients		Standardized Coefficients			95.0% Confidence Interval for B	
Model		B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound
1	(Constant)	.150	.635		.236	.814	-1.116	1.416
	IQ	-.169	.186	-.084	-.907	.367	-.540	.202
	UCG	.464	.160	.313	2.897	.005	.145	.782
	TRD	.682	.135	.538	5.056	.000	.413	.951
a. Dependent Variable: PI								

The table shows R square value is 0.544 which means social media marketing accounts for 54.4% of the variance in technological readiness, information quality and user generated content.

T-Test

Table 3.1: T-test for dependent variable with Gender.

Independent Samples Test										
		Levine's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
IQ	Equal variances assumed	1.950	.167	-1.778	78	.079	-.18496	.10401	-.39204	.02211
	Equal variances not assumed			-1.766	73.962	.081	-.18496	.10472	-.39362	.02370
UCG	Equal variances assumed	1.013	.317	-1.819	76	.073	-.26114	.14355	-.54704	.02477
	Equal variances not assumed			-1.827	75.949	.072	-.26114	.14297	-.54589	.02362
TRD	Equal variances assumed	.183	.670	-.111	78	.912	-.01855	.16719	-.35139	.31430
	Equal variances not assumed			-.111	77.933	.912	-.01855	.16658	-.35018	.31309
PI	Equal variances assumed	.572	.452	-.762	78	.448	-.16082	.21109	-.58107	.25943
	Equal variances not assumed			-.760	76.066	.450	-.16082	.21171	-.58248	.26084

Group Statistics					
	Gender	N	Mean	Std. Deviation	Std. Error Mean
IQ	Male	38	3.8579	.49627	.08051
	Female	42	4.0429	.43401	.06697
UCG	Male	37	3.2162	.60667	.09974
	Female	41	3.4774	.65591	.10244
TRD	Male	38	3.8053	.71809	.11649
	Female	42	3.8238	.77170	.11908
PI	Male	38	3.5614	.97138	.15758
	Female	42	3.7222	.91633	.14139

From the above t-test table it can be observed that none of the variables have difference in Gender with significance value greater than 0.05 (Sig. >0.05).

Table 3.2: T-test for dependent variable Occupation

Independent Samples Test										
		Levine's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
IQ	Equal variances assumed	.751	.389	.931	76	.355	.10134	.10881	-.11538	.31805
	Equal variances not assumed			.930	70.596	.356	.10134	.10902	-.11606	.31874
UCG	Equal variances assumed	3.275	.074	.278	74	.782	.04208	.15128	-.25935	.34351

	Equal variances not assumed			.287	73.936	.775	.04208	.14663	-.25008	.33425
TRD	Equal variances assumed	1.108	.296	-1.398	76	.166	-.23663	.16926	-.57375	.10049
	Equal variances not assumed			-1.436	75.784	.155	-.23663	.16482	-.56492	.09165
PI	Equal variances assumed	3.958	.050	-.598	76	.552	-.12701	.21245	-.55013	.29612
	Equal variances not assumed			-.617	75.984	.539	-.12701	.20588	-.53705	.28304

From the above t-test table it can be observed that none of the variables have difference in Occupation with significance value greater than 0.05 (Sig. >0.05).

Table 3.3.1: T-test for dependent Variable Age.

Independent Samples Test										
		Levine's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
IQ	Equal variances assumed	.550	.462	.425	53	.672	.06818	.16037	-.25348	.38985
	Equal variances not assumed			.459	17.039	.652	.06818	.14864	-.24537	.38174
UCG	Equal variances assumed	.792	.378	.407	52	.685	.10519	.25829	-.41310	.62349
	Equal variances not assumed			.365	12.079	.721	.10519	.28801	-.52187	.73226

TRD	Equal variances assumed	.835	.365	.034	53	.973	.00909	.26795	-.52836	.54654
	Equal variances not assumed			.029	13.222	.977	.00909	.31090	-.66143	.67961
PI	Equal variances assumed	2.381	.129	.511	53	.611	.17424	.34086	-.50944	.85792
	Equal variances not assumed			.418	12.660	.683	.17424	.41727	-.72968	1.07817

From the above t-test table it can be observed that none of the variables have difference in Age with significance value greater than 0.05 (Sig. >0.05).

Table 3.3.2: T-Test for dependent Variable Age.

Independent Samples Test										
		Levine's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
IQ	Equal variances assumed	.377	.545	.919	23	.368	.22000	.23938	-.27520	.71520
	Equal variances not assumed			1.095	7.997	.306	.22000	.20100	-.24353	.68353
UCG	Equal variances assumed	1.652	.212	.944	22	.356	.18346	.19443	-.21976	.58668
	Equal variances not assumed			1.426	15.043	.174	.18346	.12862	-.09062	.45754
TRD	Equal variances assumed	.011	.919	2.311	23	.030	.63000	.27263	.06603	1.19397
	Equal variances not assumed			2.215	5.879	.070	.63000	.28443	-.06947	1.32947
PI	Equal variances assumed	.072	.791	1.234	23	.230	.46667	.37815	-.31559	1.24892
	Equal variances not assumed			1.220	6.089	.267	.46667	.38236	-.46564	1.39897

ANOVA

Table 4.1: ANOVA for Income.

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
IQ	Between Groups	1.019	6	.170	.751	.610
	Within Groups	16.499	73	.226		
	Total	17.518	79			
UCG	Between Groups	1.247	6	.208	.483	.819
	Within Groups	30.537	71	.430		
	Total	31.785	77			
TRD	Between Groups	5.021	6	.837	1.588	.163
	Within Groups	38.481	73	.527		
	Total	43.502	79			
PI	Between Groups	6.080	6	1.013	1.160	.337
	Within Groups	63.774	73	.874		
	Total	69.854	79			

From the above ANOVA table, it can be observed that none of the variables have difference in Income with significance value greater than 0.05 (Sig. >0.05).

Table 4.2: ANOVA for Gender.

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
IQ	Between Groups	.683	1	.683	3.162	.079
	Within Groups	16.835	78	.216		
	Total	17.518	79			
UCG	Between Groups	1.326	1	1.326	3.309	.073
	Within Groups	30.458	76	.401		
	Total	31.785	77			
TRD	Between Groups	.007	1	.007	.012	.912
	Within Groups	43.495	78	.558		
	Total	43.502	79			
PI	Between Groups	.516	1	.516	.580	.448
	Within Groups	69.338	78	.889		
	Total	69.854	79			

From the above ANOVA table, it can be observed that none of the variables have difference in Gender with significance value greater than 0.05 (Sig. >0.05).

Table 4.3: ANOVA for Age.

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
IQ	Between Groups	.251	3	.084	.368	.777
	Within Groups	17.267	76	.227		
	Total	17.518	79			
UCG	Between Groups	.226	3	.075	.176	.912
	Within Groups	31.559	74	.426		
	Total	31.785	77			
TRD	Between Groups	3.177	3	1.059	1.996	.122
	Within Groups	40.325	76	.531		
	Total	43.502	79			
PI	Between Groups	2.509	3	.836	.944	.424
	Within Groups	67.345	76	.886		
	Total	69.854	79			

From the above ANOVA table, it can be observed that none of the variables have difference in Age with significance value greater than 0.05 (Sig. >0.05).

Table 4.4: ANOVA for Occupation.

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
IQ	Between Groups	.240	2	.120	.535	.588
	Within Groups	17.278	77	.224		
	Total	17.518	79			
UCG	Between Groups	.073	2	.036	.086	.918
	Within Groups	31.712	75	.423		
	Total	31.785	77			
TRD	Between Groups	1.241	2	.620	1.130	.328
	Within Groups	42.261	77	.549		
	Total	43.502	79			
PI	Between Groups	.510	2	.255	.283	.754
	Within Groups	69.344	77	.901		
	Total	69.854	79			

From the above ANOVA table, it can be observed that none of the variables have difference in Occupation with significance value greater than 0.05 (Sig. >0.05).

Discussion and Findings

From the result we obtained that objective of the study is attended. The result indicated that high technological readiness by user and by brands also leads to an increase high level of purchase intention. The result provided insights into importance of technological readiness as a key factor that contribute to increase engagement on social media.

In India over 560 million internet users and is 2nd largest online market. Around 1.37 billion people have access to internet. With this factor we can say people are familiar with technology and can adopt new technology easily. With this we can also say that Technological readiness (TR)

factor directly or indirectly contribute to the purchase intention on social media. TR makes people easy to adapt and reliable source. So, the brands can keep more focus on new technology and adapt accordingly to engage with customers.

The study has certain limitations. First, due to time constraints, the data collected was limited. The study did not take into consideration other factors like did not look at any specific social media. Because of this, we did not distinguish which social media has more effect on purchase intention. The study might have different effect on different industries which is not taken into consideration.

Conclusion

In conclusion, the research paper shows that social media is more popular among all the people. There is an impact of technological readiness and user generated content on customer purchase intention and behaviour. The study states that there exists a positive relationship between technological readiness, user generated content with purchase intention and behaviour which was proved with the help of hypothesis testing and its acceptance.