The Influence of Instagram on Consumer Purchase Intention

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Abstract

The rapid evolution of technology has fueled the growth of new social media applications in cyberspace. Rapid advancements in social media have emerged as viable alternatives to conventional mass media in the distribution of news and information. With 1.36 billion internet users, India is the world's second-largest internet market (TRAI, 2020). A market of this scale has undoubtedly attracted social media advertisers and administrators looking to increase their profit potential. As a result, the aim of this study is to identify the various factors that influence a consumer's purchase intent on Instagram. The findings show that Instagram has an important, positive impact on peer social influence, security, consumer trust, and electronic word of mouth. These factors played a significant role in deciding the rate of purchase of Instagram users.

Key words:
Social Media (Instagram) Use and Purchase Intention, Social Influence of peers to use Instagram, Endorsement by Instagram Influencers, Security, Perceived Integrity, Consumer Trust
**Purpose:**

The purpose of the research paper is to have a better understanding of Social Networking Sites particularly Instagram and its influence on consumer purchase intention.

**Introduction:**

The attitude, expectations, and choices that consumers make while buying a product or service are referred to as consumer purchase intention. Learning regarding consumer purchasing intent aids in the identification and prediction of consumer purchase intent. An in-depth study of customer purchase intent assists businesses in determining what product or service consumers are buying and why they are buying it. Purchase intention is an important factor to consider when assessing a customer's desire to buy a product or service. Consumers with a purchase intention have higher actual purchasing rates, according to Brown (2003), whereas consumers with no purchase intention have lower actual buying rates. Purpose, on the other hand, does not always translate to actual purchase.

Social networking is a relatively new phenomenon, with the number of user-driven web applications such as social networks, blogs, and media sharing sites rapidly increasing over the last decade on the World Wide Web. Social networking refers to any of these things put together. This has allowed for the development of a digital network, the creation of user-generated content, and the publication of customer feedback. This revolution has taken over how we use the Internet, resulting in the rise of common sites such as Twitter, Facebook, Instagram, YouTube, and a slew of others where people can communicate, create, and share content. The social media revolution has changed how we find and receive information about the vast variety of products and services that are available. It serves as a platform for customers to easily interact and discuss different brands. Strangers in digital environments affect consumer views on goods and services. Marketers have little control over the timing, content, or frequency of online discussions among customers thanks to social media. Marketers are keeping a close eye on how consumers use social media, but there is little knowledge of how it influences purchasing decisions. Many studies focus on consumer buying intent in an online shopping environment, but they overlook the internet's effect on the different stages of the decision-making process.
The goal of this research is to better understand Social Networking Sites (SNS), especially Instagram. With SNS's proven success as a source of knowledge, sharing, social connectivity, and shopping mechanism across a wide range of age groups and demographics, the concept of using SNS to increase purchasing intentions is a very viable one. Instagram is no longer just about uploading and viewing images and videos. Why not use Instagram as a marketing tool in a tech-savvy age that is powered by social media? It's the ideal setup for informing customers about a specific product or service. It is extremely cost-effective, and acquiring knowledge is easy.
Hypothesis:

- Social Influences of Peers to Use Instagram (H1)
- Endorsement by Instagram Influencers (H2)
- Security (H3)
- Perceived Integrity (H4)
- Consumer Trust (H5)
- Inconveniences of Online Shopping (H6)
- Privacy (H7)
- Electronic Word of Mouth (H8)

Social Media Use and Purchase Intension
Social Media (Instagram) Use and Purchase Intention (SMUP)

Instagram is widely used. Maybe not all, but a sizable portion of the population does. One billion people use Instagram per month, according to estimates, with 71% of those under the age of 35. We can deduct from this that Instagram is used by a large number of people, the majority of whom are young. Young people have a lot of influence because they watch what other people do, and a lot of what they see on Instagram. This isn't necessarily a bad thing, but when the information being shared isn't accurate, things get a little messy. In a short period of time, Instagram has established itself as a critical marketing tool for brands and retailers. In 2020, Instagram users spent an average of 30 minutes a day on the website, with 81 percent of those users using Instagram to conduct product and service research (Christina Newberry, 2021). Consumers like to be sold to in short, high-visual-value messages. Instagram allows you to do just that. Instagram is a fantastic tool for brands to communicate short, snappy messages to their target market's followers in the form of photos (Sprung, 2013). To fully comprehend how someone uses and perceives a social networking site such as Instagram, one must first comprehend how they use and perceive it.

Social Influence of peers to use Instagram (SIPI)

Platforms that can be used to reach the younger generations are constantly being scrutinized as consumers become more digitally savvy and social media-driven. Brands devote a significant amount of time and resources to courting customers on social media. Digital marketing is a large task, it can be costly, and there is a lot of competition. Despite this, businesses seem to be committed to using social media. This is due to the simple fact that it works. When it comes to customer buying decisions, Instagram is a big influencer. Peer recommendations can result in a large number of consumer conversions. According to HubSpot results, 71% of people are more likely to make an online purchase if their peers endorse the product or service. This may be due to consumers' natural skepticism toward brands and conventional advertisements. They simply believe what their peers say and seek their opinions and, in many cases, approval from them. As a result, users who have a positive attitude toward Instagram more engaged and influence their friends in their network, as well as be more involved in sharing and retaining content. In terms of fostering relationships between users of social networking sites (SNS) and their
peers, SNS are leading the charge, as new generations gradually embrace the use of such networks in everyday life (Lauren Reiter Copeland & Li Zhao, 2020).

H0: Social influence of peers does not have a positive relationship with SMUP

H1: Social influence of peers has a positive relationship with SMUP

**Endorsement by Instagram Influencers (EII)**

Digital influencers reflect new possibilities for brand endorsement in terms of pace, reach, information flow, and engagement, introducing new configurations to traditional communication strategies (MJB Silva et al., 2020). The rise of "influencers" has had a major effect on how people view reality through the lens of Instagram. Influencers are Instagram users with a large following and a high level of credibility that can convince their followers to purchase a product or service for the brand's benefit. The ability to influence an audience is strong, and influencers have often exploited this power by spreading false information.

H0: Endorsement by Instagram Influencers does not have a positive relationship with SMUP

H2: Endorsement by Instagram Influencers has a positive relationship with SMUP

**Security (SEQ)**

Instagram has grown into a digital marketing force by appealing to a young, global audience who are exposed to goods from real people they trust, relate to, and are interested in. Another important factor that influences consumers’ decision to shop online is security. According to the report, which is focused on interviews with communication professionals from a number of security and emergency services, their accounts of social media use, which emphasize promotional, uncomplicated, seemingly mundane, and personable content, can be adequately conceptualized as marketable ordinariness (2020, Joel Rasmussen). Many internet users, on the other hand, avoid online shopping for a number of reasons, including credit card fraud, privacy concerns, the possibility of non-delivery, and post-purchase service, to name a few. Online shopping transaction security, on the other hand, has gotten a lot of attention. Safe and secure money and credit card purchases boost confidence and lower transaction risk. According to Bhatnagar and Ghose (2004), one of the characteristics that restricts internet
shopping is protection, as they say that a large segment of internet shoppers avoids doing so because they are concerned about the security of their sensitive information.

H0: Security in Instagram does not have a positive relationship with SMUP

H3: Security in Instagram has a positive relationship with SMUP

**Perceived Integrity (PI)**

Perceived integrity occurs when the end user concludes that the Internet retailer is morally right and acts in good faith during sales transactions, without overcharging and adhering to his or her obligations, and is genuine (George Lăzăroiu et al., 2020). Competence, honesty, and benevolence are all dimensions of confidence in the purchasing intention of a consumer shopping on Instagram, according to Chen and Dhillon (2003). Integrity refers to a company's ability to behave consistently, reliably, and honestly. The buyer's view of the seller's integrity is that the seller follows a collection of values that the buyer deems appropriate. In order to determine whether customers are most likely to trust Integrity, we hypothesized that:

H0: Integrity on Instagram does not have a positive relationship with SMUP

H4: Integrity on Instagram has a positive relationship with SMUP

**Consumer Trust (TRT)**

Trust is an important concept in online shopping because it can make customers feel more at ease and reduce the risks of buying from Instagram vendors. As a result, the first step for Instagram vendors and consumers is to develop trust-related behavior. Consumers are more likely to share knowledge, make purchases, and engage with others when they trust an online platform, according to previous research. Similarly, customer confidence in the Instagram platform is expected to influence purchase intent. The article on Using Naïve Theories to understand Consumer Trust in a Complex EWOM Marketspace, Martin A. Pyle, Andrew N. Smith, Yanina Chevtchouk (2021) suggests that consumer’s trust and their willingness to buy the product increases when they get a positive review/feedback through E-WOM or any other channel from their peers.
H0: Consumer Trust on Instagram does not have a positive relationship with SMUP

H5: Consumer Trust on Instagram has a positive relationship with SMUP

**Inconvenience of online Shopping in Instagram (IOSI)**

The disadvantages of online shopping is the absence of tangibility of the product while shopping online. As a result, there is no way to determine the products or services' quality. It's also challenging to get in touch with service members for any questions about the purchase. There's also the possibility of hassles or costs associated with returning unwanted objects, as well as inaccuracies in the items purchased. The article on Mediating Role of Customer Experience on the Relationship between Online Shopping Determinants and Customer Satisfaction, Anh Tuan Pham and Khashayar Yazdani (Feb 2021) gives other factors such as the payment, customer experience and satisfaction, conflict of interests, etc which could cause lack of interest in online shopping.

H0: Inconveniences of online shopping in Instagram does not have a positive relationship with SMUP

H6: Inconveniences of online shopping in Instagram has a positive relationship with SMUP.

**Privacy (PRIV)**

Many studies stipulated that privacy issues as a major concern in e-commerce (Briones 1998; 2000; Finkers 1998; Judge 1998; Machrone 1998). The security of consumer information collected for commercial purposes is seen as a distinct consumer right from both legal (Goodwin 1991; Caudill and Murphy 2000; Culnan 2000; Petty 2000) and ethical (Bloom, Milne, and Adler 1994; Caudill and Murphy 2000; Chonko 1995; Foxman and Kilcoyne 1993; Jones 1991) viewpoints. Internet users themselves acknowledge that privacy is a significant concern. According to Rohm and Milne (1998), the majority of Internet users, both those who have and those who have not made online transactions, are concerned about information security, especially concerns about the collection and distribution of customer data. According to Enrico Di Minin, Christoph Fink, Anna Hausmann, Jens Kremer, and Ritwik Kulkarni's article: How to Resolve Data Privacy Issues When Using Social Media Data in Conservation Research, Enrico Di Minin, Christoph Fink, Anna Hausmann, Jens Kremer, and Ritwik Kulkarni
(2021), scientific investigations based on social media data must adhere to the highest standards of data privacy and data security, even when the data is publicly accessible. Individual users' privacy and well-being could be jeopardized if social media data were misused.

H0: Privacy in Instagram does not have a positive relationship with SMUP

H7: Privacy in Instagram has a positive relationship with SMUP

**Electronic Word of Mouth (EWOM)**

The growing use of social networking sites provides customers with another social venue to look for impartial product information while also allowing customers to provide their own intake-related advice through digital word of mouth. Customers may share their interactions with goods and styles with members of their social networks, whether they be close friends or distant strangers, on social networking websites. Consumers give or seek informal product-related recommendations through the specific applications of social networking sites, resulting in electronic word of mouth on social networking sites. Electronic word of mouth shared through social networking networks can be particularly effective since these platforms have made it easier for consumers to form and maintain strong social connections online. According to the article: In the Banking Sector of an Emerging Economy, the Relationship Between CSR Communication on Social Media, Purchase Intention, and E-WOM Customers' perception that a company is socially conscious and open explicitly affected their attitude toward the brand and indirectly influenced their purchasing intention and E-WOM, according to J. Theor. Appl. Electron. Commer. Res. 2021.

H0: Electronic Word of Mouth through Instagram does not have a positive relationship with SMUP

H8: Electronic Word of Mouth through Instagram has a positive relationship with SMUP

**Methodology**

To better understand the impact of Instagram on consumer purchase intent, this study employs a quantitative online survey research methodology. This study's sample was gathered in 2020 and 2021. It is made
up of 164 responses from Indian consumers aged 20 to 50 years old who have access to the Internet and consider themselves to be social media users. An online survey was used to obtain a random sample of the population, with people willingly participating.

**Instrumentation**

Five quantitative scales made up the survey instrument. All of the scales were placed on a Likert-scale system, with 1 indicating strong disagreement and 5 indicating strong agreement. Lauren Reiter Copeland & Li Zhao's article on Instagram and theory of rational action: US consumers' impact of peers online and purchase intention (2020) was included in this report, but it was updated to include the influence of Instagram on customer purchase intention.

**Data Analysis**

SPSS version 25.0 was used for all data collection and analysis. Cronbach's measurements were used to ensure the scales' reliability and to obtain the most precise measurement of the sample collected. Cronbach's alpha scores above the 0.7 level were found to be accurate for all scales in the sample (Cronbach, 1951). Later, Regression Analysis was used to determine which variables influence customer purchasing intent through Instagram.

**Reliability Analysis**

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Parameter</th>
<th>Cronbach's Alpha</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Consumer Trust</td>
<td>.817</td>
<td>4</td>
</tr>
<tr>
<td>2</td>
<td>Social Media Use and Perception</td>
<td>.778</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>Social Influence of Peers on SNS – Instagram</td>
<td>.751</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Privacy</td>
<td>.703</td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td>Inconveniences of Online Shopping in Instagram</td>
<td>.789</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>Electronic Word of Mouth</td>
<td>.737</td>
<td>5</td>
</tr>
<tr>
<td>7</td>
<td>Perceived Integrity</td>
<td>.705</td>
<td>2</td>
</tr>
</tbody>
</table>
### Regression Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Constant)</td>
<td>-0.517</td>
<td>.693</td>
<td>-0.746</td>
<td>.459</td>
</tr>
<tr>
<td>SIPI</td>
<td>0.245</td>
<td>0.136</td>
<td>0.226</td>
<td>1.989</td>
</tr>
<tr>
<td>EII</td>
<td>-0.122</td>
<td>0.114</td>
<td>-0.103</td>
<td>-2.003</td>
</tr>
<tr>
<td>SEQ</td>
<td>0.310</td>
<td>0.131</td>
<td>0.326</td>
<td>2.360</td>
</tr>
<tr>
<td>PI</td>
<td>-0.209</td>
<td>0.116</td>
<td>-0.200</td>
<td>-1.806</td>
</tr>
<tr>
<td>TRT</td>
<td>0.485</td>
<td>0.116</td>
<td>0.443</td>
<td>4.169</td>
</tr>
<tr>
<td>IOSI</td>
<td>-0.046</td>
<td>0.115</td>
<td>-0.035</td>
<td>-0.397</td>
</tr>
<tr>
<td>PRIV</td>
<td>0.162</td>
<td>0.120</td>
<td>0.123</td>
<td>1.346</td>
</tr>
<tr>
<td>EWOM</td>
<td>0.120</td>
<td>0.132</td>
<td>0.101</td>
<td>2.010</td>
</tr>
</tbody>
</table>

1. Dependent Variable: SMUP

### Interpretation

**H1:** Social Influence of peers to use Instagram **has a significant relationship** with Social Media Use and Purchase Intention with Beta = 0.226, T value = 1.989 and P value <= 0.05

**H2:** Endorsement by Instagram Influencers **has a significant relationship** with Social Media Use and Purchase Intention with Beta = -0.103, T value = -2.003 and P value <= 0.05

**H3:** Security **has a significant relationship** with Social Media Use and Purchase Intention with Beta = 0.326, T value = 2.360 and P value <= 0.05

**H4:** Perceived Integrity **has no significant relationship** with Social Media Use and Purchase Intention with Beta = -0.200, T value = -1.806 and P value >= 0.05
H5: Consumer Trust has a significant relationship with Social Media Use and Purchase Intention with Beta = 0.443, T value = 4.169 and P value <= 0.05

H6: Inconvenience of online Shopping in Instagram has no significant relationship with Social Media Use and Purchase Intention with Beta = -0.35, T value = -0.397 and P value >= 0.05

H7: Privacy has no significant relationship with Social Media Use and Purchase Intention with Beta = 0.123, T value = 1.346 and P value >= 0.05

H8: Electronic Word of Mouth has a significant relationship with Social Media Use and Purchase Intention with Beta = 0.101, T value = 2.010 and P value <= 0.05

Findings

Female responses made up 53 percent of the 164 available responses, while male responses made up the remainder. The average age is 24, with a range of 21 to 40. South India is home to the bulk of the participants. All of the Cronbach's alpha results were greater than .70, indicating high reliability. The next step is to use regression analysis to determine the importance of the hypotheses. It was assumed that all of the variables would have positive relationships. It was found that Social Media Use and Purchase intention is positively related to factors such as Social Influence of peers to use Instagram, Security, Consumer Trust and Electronic Word of Mouth (β = 0.226, β = 0.326, β = 0.443 and β = 0.101). Therefore H1, H3, H5, H8 were supported. Interestingly, Endorsement by Instagram Influencers had a negative relationship with the Social Media Use and Purchase intention (β = -0.103). Also, Perceived Integrity, Inconvenience of online Shopping in Instagram and Privacy had no significant relationship with the Social Media Use and Purchase intention (β = -0.200, β = -0.35 and β = 0.123). Hence, H2, H4, H6, H7 were not supported.
Conclusion

According to this report, if consumers use Instagram in specific ways, they will be affected by those sites if retailers communicate with customers in similar ways. If a customer is interested in learning new things on Instagram, for example, they are more likely to be influenced by the stories and feeds that their peers share (Gilbert & Karahalios, 2009). The aim of this research was to learn how consumers use Instagram, how they view their use, how they are influenced by their peers on Instagram, and how the Instagram platform affects them, all based on their motivation to comply with their peers and what they think their peers want from them, in order to better understand their purchase intentions. This is necessary to comprehend why it is critical for brands on social media to influence customers in a different way than they would if they were in a physical or online store.

According to this study, there are many methods that retailers and brands may use to communicate with customers and gain direct access to their peer power. Through adding similar articles or facts in the comments section, retailers can comment on their customers’ posts and contribute to what they seem to enjoy. Other options include linking items on Instagram to their e-commerce pages.

This report also suggests that, peers on social networking sites can have leverage over other users, and if this is the case, it is critical for retailers and brands to capitalize on this relationship. Not only can they take advantage of the existing peer-to-peer power on Instagram, but they should also strive to become peers of the consumers by using a variety of social media marketing tactics.

Future Research

More research is required to properly understand the relationships between other social media platforms systems including Facebook, Twitter, Pinterest, Snapchat, and YouTube, among others. This research mainly focuses on the users of Instagram from South of India. To have a wider understanding of the influence of Instagram, we can conduct this research on a wider scale considering samples all over India. Also, the use of social media by Generation Alpha (born 2010 or after) has significantly increased over the years. The ongoing pandemic has changed the social media habits of the population with more people relying on Instagram and other social media for their daily dose of news and entertainment. There has been a lot of concern over issues relating
to privacy of the users over Instagram and generally on social media. Our current research did not yield any significant conclusions over the importance of Privacy on Instagram. So, the future research should focus more on the Privacy aspects of Instagram.

**Originality:**

The Theory of reasoned Action, which attempts to clarify the relationship between actions and attitudes in human action, gains more importance with this research paper. It also predicts how people will act based on their previous behavioral intentions and attitudes.
<table>
<thead>
<tr>
<th>Subject</th>
<th>Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Trust (TRT)</td>
<td>I trust Instagram vendors keep customers the best interests in mind.</td>
</tr>
<tr>
<td></td>
<td>I feel shopping on Instagram is trustworthy.</td>
</tr>
<tr>
<td></td>
<td>I think that Instagram vendors will not do anything to take advantage of its customers.</td>
</tr>
<tr>
<td></td>
<td>I trust the information on Instagram to be true.</td>
</tr>
<tr>
<td>Social Media Use and Perception (SMUP)</td>
<td>I feel Instagram is an appropriate resource for shopping</td>
</tr>
<tr>
<td></td>
<td>I feel Retailers should use Instagram to enhance shopping</td>
</tr>
<tr>
<td></td>
<td>I feel Instagram is a professional way to assess retailers</td>
</tr>
<tr>
<td>Social Influence of Peers on SNS - Instagram (SIP)</td>
<td>People who influence my behavior think I should use Instagram for shopping</td>
</tr>
<tr>
<td></td>
<td>In general, my peers support the use of Instagram for shopping</td>
</tr>
<tr>
<td></td>
<td>In general, I feel retail establishments should support the use of Instagram for shopping</td>
</tr>
<tr>
<td>Privacy (PRIV)</td>
<td>Do you think Instagram shares your personal information to other companies</td>
</tr>
<tr>
<td></td>
<td>Do you think Instagram tracks your shopping habits, purchases, etc</td>
</tr>
<tr>
<td>Inconveniences of Online Shopping in Instagram (IOSI)</td>
<td>I feel Instagram shopping is disadvantageous since I'm unable to touch, feel, or see actual goods to assess quality</td>
</tr>
<tr>
<td></td>
<td>I feel there are potential inaccuracies regarding the item being purchased through Instagram</td>
</tr>
<tr>
<td></td>
<td>I feel there are potential hassles or costs on returning undesired goods purchased through Instagram</td>
</tr>
<tr>
<td></td>
<td>I feel there is a difficulty in contacting customer service personnel when shopping through Instagram</td>
</tr>
<tr>
<td>Electronic Word of Mouth (EWOM)</td>
<td>If given a choice between two products, one recommended by my contacts on Instagram and the other not, I would always select the recommended product</td>
</tr>
<tr>
<td></td>
<td>I understand a product better after receiving relevant information about that product from my contacts on Instagram</td>
</tr>
<tr>
<td></td>
<td>I am likely to recommend a product to others, after receiving relevant comments about it from my contacts through Instagram</td>
</tr>
<tr>
<td></td>
<td>On Instagram, I tend to pass along my product-related opinions to my contacts</td>
</tr>
<tr>
<td></td>
<td>If I am purchasing a new product, I always purchase the same brand as my contacts on Instagram</td>
</tr>
<tr>
<td>Perceived Integrity (PI)</td>
<td>I believe Instagram vendors will not charge an unfair price for Instagram shopping</td>
</tr>
<tr>
<td></td>
<td>I believe Instagram vendors would keep their commitments regarding the product purchased</td>
</tr>
<tr>
<td>Security (SEQ)</td>
<td>I feel safe and secure while shopping through Instagram</td>
</tr>
<tr>
<td></td>
<td>I like to shop online from a verified Instagram vendor</td>
</tr>
<tr>
<td>Endorsement by Instagram Influencers (EII)</td>
<td>I make purchase decisions based on recommendations from Instagram influencers</td>
</tr>
<tr>
<td></td>
<td>I follow Instagram influencers to discover new products on the market</td>
</tr>
<tr>
<td></td>
<td>I actively seek out reviews from Instagram influencers before making a purchase decision</td>
</tr>
<tr>
<td></td>
<td>If my favorite Instagram influencers recommend a product, I am more likely to try it</td>
</tr>
</tbody>
</table>
References:


