

# Impact of Social Media on Purchasing Decision of Consumer- with Special Reference to Lahore, Pakistan

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## Research Article

### ABSTRACT

Electronic word of mouth (E-WOM) has very significant impact on purchasing decision of buyers, product awareness, connecting business and marketing. The objective of this research was to explore how social media influence on purchasing decision of consumers. A structured, self-administered questionnaire distributed among 2,500 citizen of posh area of Lahore. Of them, 1,366 questionnaires were used for analysis. This study is descriptive in its nature, we have used frequency distribution and bar graph technique to obtain the results. There were 694 (51%) males and 672 (49%) females participated. It was revealed from findings that both male and female prefer YouTube and Facebook for social networking. On the basis of results, various recommendations were made; online marketers, vendors, executives and marketing managers should deeply understand advantages, benefits and tools of social communications. Moreover, they should apply social media effectively and efficiently to promote their products, sustain their existing customers, attract more potential buyers and increase their sale in order to achieve their ultimate goal i.e., profit.

**Keywords:** Social media, E-WOM, Purchasing decision

### INTRODUCTION

With the advancement of Technology and Internet, electronic and print media has shifted to social media. In present era, TV is still considered very strong and influential medium of information and there are millions of TV audience. However, in contrast to this, the readership of printed newspapers, journals, magazines and billboard has dropped significantly. The main reason of this dramatic change is invention and massive use of World Wide Web. With the use of WWW any one can become publisher and sent his message across the globe virtually without any cost.

Nowadays, almost all companies are using social media as a tool for advertising and promoting their products and services, making online sales, attracting new potential customers, connecting with current buyers and sellers, brand support, contact business and so on. Also, with the availability of modern digital smart phone, it becomes very easier and faster for users, buyers and consumers to connect with each other. They always use social media to exchange their opinions, views, feelings, attitude towards usage of products and services. Moreover, social media also provide opportunity to consumer to compare price, quality, features, services and usability of products and services offered by different companies of same kind.

It has been observed that, in order to ensure the repetitive sale of product and win buyer's trust and loyalty, marketing managers and executives develop certain strategies by considering customers opinions and views about their products and services. All information related to customers' experience, loyalty and attitude towards particular brand or product can be obtained by reading consumers comments. Also, social networks provide opportunity to common people and buyers to express their feelings, opinion and attitude towards any topic related to religion, business, politics or any other issue related to society on different websites, blogs, pages or forums and permit to share it across the world. Nowadays, social media provide features to evaluate products and services of brand and recommend it their peers, friends and family members by sharing their experiences.

In context of business and trade, social media is also very important way of continuous communicating between buyers and companies, and also very helpful tool to seek potential customers. Fortunately, companies have realized the power, effectiveness and efficiency of social networking and they are developing their marketing mix by considering feedback of their consumer on social media.

## PROBLEM STATEMENT

The main purpose of this research is to investigate that usage pattern of social media among citizen of Lahore. Moreover, this study is aim to answers the following questions specifically:

- What is purpose of using social media?
- How social media impact on purchasing decision of consumer?
- Does digital advertisement is more important than conventional methods of advertisement?
- Make a comparison between male and female on how social media impact on their buying?

## LITERATURE REVIEW

In present age, social media influencing very strongly on perceptions, attitudes and opinions of common man. Following is some studies are presented related to impact of social media on purchasing decision of consumer.

Abdel Qader (2015) performed research to examine the effect of social media on buying decision of customers by using internet. There were 524 students of Al-Qasim University, took part in this study. Different descriptive and analytical techniques have been applied to obtain the results and tried to develop the relationship between variables under study. It had been revealed from results that social networking dimensions like as exchange of information and evaluation have strong impact on purchasing decision of customers.

Bhalla (2015) have performed research on “Facebook Advertising: Lifeline for small Business.” He tried to explore, during shopping process how consumer exchange their views about product using social media, especially Facebook. This study is based on 1,000 US individuals who were aged from 18-29 years and prefer to buy products and services from local stores/businesses. Finding of this study suggest that, about 80% of participants do digital searching before going to do shopping physically. There were 62% adults who reported that Facebook is more reliable for searching small business before visiting store personally, followed by Pinterest 12% and Twitter 11%. In addition to this, 54% of respondents said that they engage with Facebook advertisement at least once before purchasing product from local business/store. Finally it had been revealed from results that Business related to restaurants and food stuff considered as leading business as it is highly ranked 38% by respondents.

Now social network groups are also considered as part of reference groups, they are the groups whose opinions and views impact on behavior of consumers. Evans et al. <sup>[1]</sup> categorized social groups into many reference groups like as: celebrity group, family, friends and parents, large and formal organization, small and informal groups. They argued that family, friends, parents and small informal groups have large impact on purchasing decision of an individual, as they are part of daily life decisions.

Dellarcos <sup>[2]</sup> said that E-WOM has become an important tool of marketing which is cheaper, faster and effective as compare to conventional techniques of advertisement. As EWOM is being a vital part of communication, where consumer can exchange their experience, views, opinions and knowledge. This all contribute in brand awareness and popularity of product. Agarwal and Prasad <sup>[3]</sup> examined that, various studies suggested that due to online WOM, particularly comments, evaluation of product impact in very significant way and influence such as buyer' choice, sale of product and most importantly investment and decisions.

Kim and Srivastava <sup>[4]</sup> have said that, social media and different online social networks provide an opportunity to consumer where they can exchange their views, suggestions, experience and recommendations with other existing and potential consumers. Hennig-Thurau and Walsh <sup>[5]</sup>, suggested that consumer's behavior in term of purchasing and communication is influenced by social networks in five different ways: obtaining of buying related information from other consumers and it reduce risk significantly, Social orientation which implies that buyer can evaluate and compare different brands and products, Community membership groups- in such kind of groups customer admire different brands and products. According to Diffley <sup>[6]</sup>, sometime instead of advertisement and marketers, consumers do believe and trust on each other's opinion, views and recommendations posted on social media.

Moreover, Hajli <sup>[7]</sup> said due to incredible expansion of social networks and websites, mostly studies have focused consumer's behavior research by considering views and opinions of consumers on these sites. Sharma and Rehman <sup>[8]</sup> have examined that positive and negative E-WOM about company, brand or product have significant impact on sale, image, and particularly purchasing behavior of consumers. Similarly, Wang et al. <sup>[9]</sup>, explored that online buyer

socialization through different chat groups also impact on buying decision in two ways: Firstly recommended by friends directly and secondly by involvement in product.

## SIGNIFICANCE OF STUDY

Since electronic word of mouth (E-WOM) has very significant impact on purchasing decision of buyers, product awareness and connecting business. Social networking playing role of bridge between companies and consumers, popularity of brand and product development. Due to involvement of social media, many companies are increasing their sale day by day. Moreover, social networking also become cause of strengthen customer relationship Andzulis et al. [10]

Present study is very significant, as it is of its own kind of research which is conducted in the context of Lahore. This study also imparting very important contribution in understanding role of social with reference to buying behavior of citizens of Lahore. In addition to this, comparison has been made male and female customers that is how social media is impacting on their purchasing decision. Also, this study enrich the existing literature in context of usage of social networking and its impact of purchasing decision [11].

## METHODOLOGY

Descriptive study design has been used in this study. After consultation with marketing managers, executives, consumers and studying literature review, a structured and self-administered questionnaire was developed and distributed among 2,500 randomly selected consumers in posh area of Lahore. Of them, 1,800 filled questionnaire and returned to researchers. After discarding the questionnaire having missing information or incomplete questionnaire, there were 1,366 questionnaire were finalized and processed. In order to analyze data, MS Excel and IBM-Statistics (SPSS-21) were used. To obtain result, Frequency distribution and bar chart were used.

## DATA ANALYSIS AND RESULTS

**Table 1** depicts the demographic details of the selected participants. It has been found that most of respondents were male 694 (51%), while there were 672 (49%) female recorded. Maximum number of consumers 695 (51%) were married, followed by single 594 (43%) and others (Divorce and widow) 77 (6%) respectively. With respect to Age, respondents were divided into three categories, mostly participants were found aged from 21-40 years old and they were recorded 857 (63%), while the number (percentage) of consumers below 20 years and above 40 years were observed 164 (12%) and 345 (25%) respectively. As far as occupation is concerned, maximum number of respondents 712 (52%) reported that they were doing service while unemployed and customers who were self-employed were found 189 (14%) and 465 (34%) respectively. Finally, it is obvious from Table-1 that mostly participants have their salary ranges from Rs. 26,000-Rs.50, 000.

**Table 1.** Demographic characteristics of respondents.

Factors	Categories	Frequency	Percentage
Gender	Male	694	51%
	Female	672	49%
Marital Status	Single	594	43%
	Married	695	51%
	Others	77	6%
Age	Below 20 Years	164	12%
	21-40 Years	857	63%
	Above 40 Years	345	25%
Education	Up to High School	639	47%
	Up to Graduation	568	42%
	Others	159	12%
Occupation	Unemployed	189	14%

	Self Employed	465	34%
	Service	712	52%
<b>Salary</b>	Below Rs. 25,000	683	50%
	Rs.26,000 - Rs.50,000	549	40%
	More Then Rs.50,000	134	10%

Customers of Lahore related to role of social networks on buying decisions. We have inquired about six important factors: usage pattern of Internet and social media, what kind of social media consumer do use, purpose of social media usage, type of products consumers buy, reading of views, comments and opinions about product, Influence of digital marketing. This research consist of 1,366 respondents, of them males and females were recorded 694 (51%) and 672 (49%) respectively. Furthermore, the details of results presented graphically in Appendix, however discussed in detail as below:

It has been revealed from results that maximum number (percentage) of male and female respondents use internet and social media frequently, they were recorded 381 (55%) and 348 (52%) respectively.

Users of YouTube among male were found 291 (42%), which was maximum. In addition to this, the users of Facebook and Google were almost same, and they were recorded 129 (19%) and 123 (18%) respectively. As far as, female respondents were concerned, it was observed that most of female use 202 (30%) YouTube as medium of socialization.

According to results of survey, the main objective of using social media for men were entertainment and they found 287 (41%), the number (percentage) of men who use social media for social and commercial reasons were 210 (30%) and 119 (17%) respectively. Half of women 336 (50%) said, social media is source of socialization for them. However, 236 (35%) said that they use social network for entertainment.

It has been found from results that maximum number of male respondents 263 (38%) used to buy electronic device, followed by clothes/shoes 178(26%). Women prefer to buy cloths/ shoes and recorded 245 (36%). Therefore, marketers should consider choices of men and women, tried to target market accordingly.

Respondents were asked, whether they read views, opinions and comments of other consumers when they get online. Most of men 310 (45%) said that they sometime used to read it, On the other hand according to maximum number of women 318 (47%), it were very frequent that they read views, comments and opinions of other consumers about a product.

Finally, maximum number of men and women were agreed that digital way of marketing is more effective, useful and efficient as compare to conventional marketing techniques.



**Figure 1.** Role of social networks on buying decisions.

## CONCLUSION

At the end of this research, it is suggested that social media got very much popularity in last decade and its users are increasing very rapidly. Now common people are using Facebook, YouTube, Whatsapp and other media not only for reason of entertainment and socialization but also for business contact. There are numerous social websites which provide platform and opportunity to millions of people across the globe to communicate in very cheaper, faster and easy manner. Therefore, mostly people visit social networks very frequently and get connected with each other. Along with individuals customer, now marketers, producers, sellers and companies are using social media to promote their products, encouraging buyer to buy their products, increasing brand awareness, brand loyalty, brand trust and ultimately maximize their profits. Companies also getting feedback from consumer online and then develop their marketing mix accordingly.

This study is very important, as it significantly contributing to understand that how social media influence on choices, attitude and behavior of purchasing and buying decision of citizens of Lahore. Moreover, to understand more deeply, comparison has been made between male and female consumers. Comparison has shown that there is difference in usage pattern of social media among men and women it may be due to their different lifestyle and living standard.

Finally, it is suggested that marketing manager should adopt advanced digital marketing tools using social media to attract their potential customers, as these methods are very cheap, quick and effective as compare to old fashioned marketing techniques.

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