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Impact of Social Media Characteristics on Consumer Buying Decision Process in Western Province, Sri Lanka

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GJMBR-E Classification: *JEL Code: M30, M37, M39*



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Abstract- **The study intends to investigate how social media characteristics impact on each stage of the consumer buying decision process in the Sri Lankan context. For the study, a quantitative research method was used, and a sample of 147 respondents was selected by snowball sampling method. Primary data was used for achieving research objectives and self-administered, structured questionnaires were used for the data collection. The research reveals that social media characteristics influence on all the stages of consumer buying decision process while the biggest impacts are on post-purchase stage, information stage and evaluation stage respectively. The research explains the role of social media as a current trend, impact of social media on consumer buying decision process and implication for marketers.**

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I. Introduction

The internet has become a need today than ever before since it is a vast network of networks which facilitates people in different ways. The internet is used all over the world for many reasons especially in searching, gathering, storing and sharing information with less time and effort. Further, this has made online communication fast and easy for people in communicating with each other anywhere in the world and, the most innovative of its technology is Social Media as it is becoming the most visited destination on the internet. (Kaplan & Haenlein, 2010) Define Social Media as "Internet-based applications that aid consumers to share opinions, insights, experiences, and perspectives." Social media has changed the way of communication between consumers and marketers. Since social media has no commercial influence, peer reviews and recommendations play a considerable role in their buying decision process. Because of the benefits than traditional media, Social media is used for social purposes, business purposes or both through sites such as Facebook, LinkedIn, Twitter, etc.

Some reasons are proposed by (Weinberg, 2009)to follow Social media with or instead of traditional media strategies: facilitation in a natural discovery of new content, boost up in traffic numbers, strong relationship building, as well as a cheap alternative to traditional marketing. A consumer passes some stages in the process of their buying decision. Therefore, the number of people who uses social media as a platform for business activities has increased rapidly. Especially in Sri Lanka, the exposure into social media has an immense growth, and this has led to a blooming of various e-businesses and implementation of different strategies in the way of reaching their objectives. According to Internet Usage Statistics in Sri Lanka-2017, there are over 06 million active internet users, over 25 million mobile connections, over 4.5 million Facebook users, and 0.8 million LinkedIn users and it clearly explains the influence of social media and the real necessity of focusing on this area. Hence, the research problem is as follows,

"How does Social Media Characteristics impact on Consumer Buying Decision Process in Sri Lanka?"

Investigating the impact made by Social Media Characteristics on Consumer Buying Decision Process in Sri Lankan context is the major focus of this research.

II. Literature Review

a) Social Media

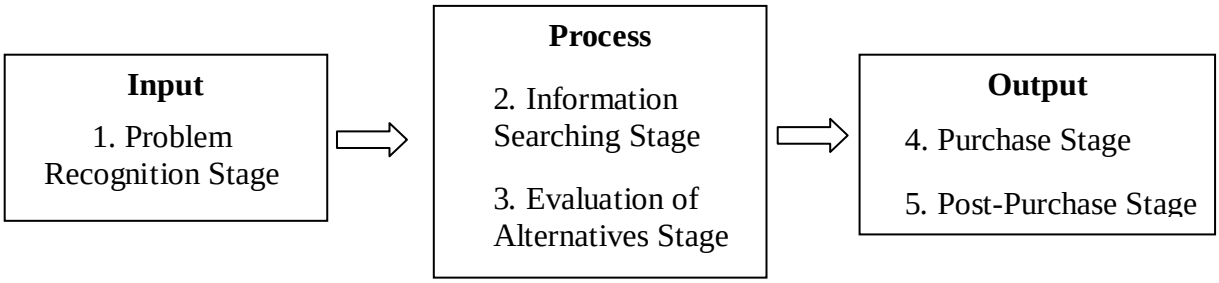
Parr (2010) defines social media as the use of electronic and Internet tools for sharing and discussing information and experiences with other human beings in more efficient ways. Jantsch (2008) states that social media as the use of technology combined with social interaction to create or co-create value. The online encyclopedia wiki defines social media as media for social interaction, using highly accessible and scalable publishing techniques. "The activities, practices, and behaviors among communities of people who combine online with the purpose of sharing information, knowledge and opinions using conversational media are Social Media" (Sako & Brake, 2009). Although Social Media came to the world many years after the invention of the Internet, social Media has turned more popular. The reason might be its conversational feature. (Sin, Nor, & Al-Agaga, 2012) Also states that social networks are defined as websites which link millions of users from all over the world with the same interests, views and, hobbies.

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b) Consumer Buying Decision Process

Consumers often choose between two or more alternatives in satisfying their needs and wants and selecting the best out of them can be defined as a Decision. Rational consumers normally pass through a process of stages in taking their buying decision as they deserve supreme benefits for the cost they incurred. Therefore, consumer buying behaviour involves a mental process and physical activity. It mentions that the process of buyer decision making can be categorized into three different interlinked stages; Input, Process and Output stages. According to (Kotler, 2012), the typical buying process involves five stages; Problem Recognition, Information Search, Evaluation of Alternatives, Purchase Decision and Post Purchase Behaviour. Therefore, the process can be displayed in figure 1.



Source: Developed by the researcher (2017) based on Literature

Figure 1: Consumer Buying Decision Process

i. *Problem Recognition Stage:* "This happens when a consumer recognizes a gap between the desired and the actual state of affairs which is insufficient immensity to arouse and activate the decision process or need to be triggered by internal or external stimuli." (Solomon, Bamossy, Askegaard, & Hogg.). At present, mass media is no longer the only source of information which serves as a trigger of purchase and instead, Social Media might trigger needs through advertisements and discussions with friends that could make them identify an unfulfilled need.

ii. *Search of Information:* The consumers find for related information before they directly move to buy the product and according to (Silverman, Bachann, Akharas, & Akras, 2001)Silverman 2001), consumers try to identify the available option, studying information of selected option and judging which of these options can most likely deliver the best outcome. Further, (Solomon, Bamossy, Askegaard, & Hogg,) mentions that any information can be provided by an internal or external source. Literature reveals that consumers prefer gaining information about certain products from their friends.

iii. *Evaluation of Alternatives:* After identifying suitable options through information gathered and referred, consumers establish criteria for evaluating choice alternatives based on their motives or goals. (Sternthal & Craig, 1973)States that consumer formulate beliefs about the alternatives which guides their attitudes, intentions, and choice. The researches reveal that consumers increasingly search for the ways to simplify the evaluation process when the decision is vaguer.

iv. *Purchase:* This is the stage where the consumer makes his mind to purchase one most preferred brand or product which he believes that it offers the maximum benefits, out of others evaluated at the previous stage. On this stage, the consumer's purchase intention turns to the buying decision and this conversion is influenced by other's attitudes, unanticipated situational factors, and consumer's perceived risk

v. *Post- Purchase Decision:* This is the stage after the consumption of the product and the consumer will evaluate the result of choice made in the previous stages. According to (Sternthal & Craig, 1973), two potential outcomes can be derived: Satisfaction or Dissonance. When consumer is satisfied about a product, it brings more benefits for the organization. When consumer experiences dissonance towards the purchase, the choice is devalued. Consumer begins the process of searching, obtaining information, and evaluating other options for future buying decisions. Therefore, this is the stage from which consumer decides his future purchases.

c) Social media and consumer decision making

(Heinonen, 2011) Explains that consumers have three main gratifications or motives for using the Internet as a medium namely: information, entertainment, and social aspects. Social Media has changed consumer's behavior in decision-making process. Further, it has become the mediating role of transforming information between the consumer and the organization. Moreover, Brown and Hayes (as cited in (Fahed, 2016)), explains

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that social media enable consumers to share contents and ideas together, write recommendations, reviews and opinions about companies' performance etc. Consumers are more likely to believe recommendations from known people, trusted friends and family members than the mass advertisements. Focusing on social media marketing is crucial because it extends to the online marketing mix and the social media factors which are far beyond the marketer's control. (Constantinides & Fountain, 2008). The research conducted by Google (2012) targeting U.K, U.S, France, Germany, Japan, Canada, and Brazil exposes that in these countries social media serves as a channel which aids to build brand awareness, consideration and intent earlier in the purchase funnel. Therefore, social media is important in building and maintaining a feedback loop because of its dynamic and two-way flow nature. (Fahed, 2016). Because of the unique benefits of social media, corporate people, as well as the individuals, are greatly influenced by this. Social media websites provide an opportunity for businesses to engage and interact with potential consumers. Moreover, it encourages an increased sense of intimacy with consumers, and builds all-important relationships with potential consumers. (Mercy, Malthouse, & Calder, 2010)

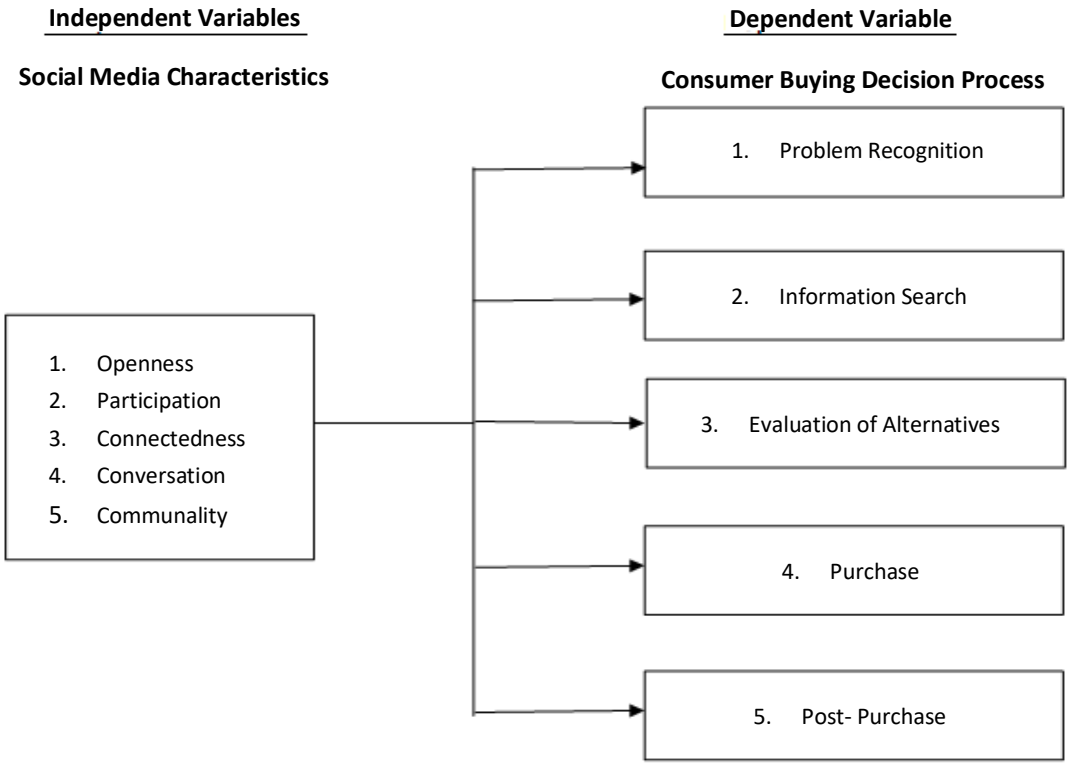
III. Methodology

a) *Population:* The total population of this study comprised with all consumers in Western Province. The estimated number of population in Western Province is 5,851,130 and it is 28% of the total population in Sri Lanka according to the Census of Population and housing report 2012.

b) *Sample Selection and Data Collection Method:* The snowball sampling method which is a chain sampling method under non-probability sampling was used for the sample selection, and a questionnaire consisted with 34 questions fewer than three sections were distributed as an online survey held in the period of May- July 2017. From the sample, 147 questionnaires which had been answered correctly were considered as the sample.

c) *Questionnaire Construction:* The questionnaire was developed by the researcher based on previous studies(Fahed, 2016)and it was outlined in three sections which question for information on Demographic, Social media and Consumer Buying Decision Process while five-point likert scale(1 Strongly Disagree to 5 Strongly Agree) was used for the questions in section two and three. According to the study, Social Media Characteristics: Openness, Participation, Connectedness, Communality, and Conversation can be brought out as the independent variables while the Consumer Decision Making Process which consists the stages of Need Recognition, Information Search, Evaluation of Alternatives, Purchase and Post Purchase Evaluation is the dependent variable.

IV. Conceptual Framework



Source: The model developed by the researcher (2017)

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V. Findings of the Study

a) Demographic Analysis

The sample of the research consists of 147 respondents, and 53.7% of them are between 26 and 30 years old. 53.0 % of the respondents are males, and 55.1 % is Bachelor holders. Further, 80.3% is single while 46.9% is in the age category of Rs.20, 001- Rs.50, 000.

b) Reliability

Based on (Sekaran, 2003), the reliability of the questionnaire is acceptable as the Cronbach's Alpha values of the items were greater than 0.6.

c) Hypotheses Testing

H1: Social Media Characteristics significantly impact on Problem Recognition Stage.

The regression analysis shows a Beta value of 0.433, and it explains that problem recognition is influenced by 0.433 units when the effort on social media characteristics raised by 1 unit. Since the significance value is less than 0.005, the hypotheses can be accepted. Among the characteristics, commonality is the only one characteristic that has a significant impact on problem recognition stage.

H2: Social Media Characteristics significantly impact on Information Searching Stage

According to the analysis, the information searching stage is can be positively increased by 0.651 units when the effort on social media characteristics is increased by 1unit and the hypotheses can be accepted since the value is significant. Among the characteristics, both Connectedness and Commonality can be accepted as significant while their impacts are respectively -0.997 and 0.332.

H3: Social Media Characteristics significantly impact on Alternative Evaluation Stage

When it comes to the evaluation of alternatives stage, it is affected positively by 0.555 and the hypotheses can be accepted since the significance value is less than 0.005. Further analysis of the individual characteristics, the highest positive impact is from Conversation characteristic.

H4: Social Media Characteristics significantly impact on Purchase Decision Stage

The consumer's purchase decision for a product should be improved by 0.389 units if an effort of 1 unit is employed and the hypotheses can be accepted since the significance value is 0.001. Among all the characteristics, Participation characteristic is the highest influential indicating an impact of 0.423 with significance value of 0.003.

H5: Social Media Characteristics significantly impact on Post-Purchase Decision Stage

According to the analysis, post purchase decision can be affected by 1.322 units when the effort on social media characteristics is raised by 1 unit and further, the hypotheses can be accepted as it shows a significance value of 0.000. The commonality is the highest influential characteristic among all with an impact of 0.70.

The results reveal that all the characteristics considered except Openness have significant influences on the stages of Consumer buying behavior while social media characteristics in overall make impacts on consumer buying behaviour in different extents. A summary of the impacts made by social media characteristics on each stage from the highest impacted to the lowest impacted stage is illustrated in table 01.

Table 1: Summary of the impacts from highest to lowest.

Dependent Variable	R2	Significance	Order
Problem Recognition	0.097	0.000	4
Information Searching	0.212	0.000	2
Evaluation of Alternatives	0.159	0.000	3
Purchase	0.070	0.001	5
Post- Purchase	0.254	0.000	1

VI. Discussion & Recommendations

The current study was carried out with the purpose of recognizing the impact made by social media characteristics on consumer buying decision stages, and it finally reveals that the characteristics have different levels of influences on different stages. Post-purchase stage is the strongest impacted stage while the Information searching stage is the secondly strongest impacted stage. In conclusion, according to this research, consumers in Sri Lanka mostly rely on information through social media for sharing their experience of a product, for searching relevant information and evaluating alternative options before making a buying decision. Consumers prefer social media in their decision making process mostly because of its vast network, exposure into massive information, reliability through peers, etc. (Fahed, 2016) argues that Pakistan consumer's usage of social media on their

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post-purchase decision stage is low since they hesitate to share their experiences of a product through social media. But when compared with the analysis of the current research, it can be contended that Sri Lankan consumers frequently use Social media in their post-purchase decisions. They often use social media as a platform for sharing their experiences of the products and especially, they think that they can contribute to the community by giving their real ideas and opinions. Therefore, marketers should build and maintain a proper mechanism in social media by researching consumer's preferences, the ways to attract, satisfy and retain them since there is a high impact from customers' post-purchase opinions shared among their peers and also there is a high tendency of accepting those opinions. Moreover, areas such as cultural impact, demographic factors, differences in usage patterns and other types of buying behaviors should be considered in future researches. But, the research exposes that although social media is rapidly used, consumers are still passing the typical five stages in their need of buying a product and for that, marketers should have a good understanding and a clear attention in proceeding their marketing activities on Social media because the opinions, comments shared on them about a product can be observed as the knife edge of any business.

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