

Impact of Social Networking Websites on Consumer Decision

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Abstract: *This Research Paper is concentrating on finding out the importance of social networking websites on consumer decision making and how the decision changes across gender and age groups. It will help marketers to use social networking websites as an effective tool for promotion of the various products and services. This research considered Convenient Sampling i.e. a number of 50 samples using social networking websites on regular basis. Both male & female and people from different age groups are considered as a part of a study. Two Hypotheses has been formulated on the basis of objective of the study proved with help of Chi Square test and F test. Analysis has been done with the help of calculating Average, Standard deviation & Mean of collected data. On the basis of analysis net outcome have been given. Results, problems faced during research, recommendation & interpretation have been given on the basis of the research conducted in South Delhi.*

Keywords: Social Networks, Convenient Sampling, standard deviation

1. Introduction

The Prime objective of this study is to study the impact of social networking websites on consumer decision across gender and age groups. Other objectives are to find which social networking tool is most popular for information search and to know if people share the information with friends on their network.

We define social network sites as web-based services that allow individuals to construct a public or semi-public profile within a bounded system, articulate a list of other users with whom they share a connection, and view and traverse their list of connections and those made by others within the system. The nature and nomenclature of these connections may vary from site to site. Social network sites (SNSs) are increasingly attracting the attention of marketers and consumers intrigued by their affordances and reach.

Since their introduction, social network sites (SNSs) such as MySpace, Facebook, Orkut, and twitter have attracted millions of users, many of whom have integrated these sites into their daily practices. Beyond profiles, Friends, comments, and private messaging, Social Networking Sites are immensely popular with teenagers and young adults. These sites have become the in-place to meet people and begin to explore something more than chatting online

Socially-established sites are becoming content-conscious. It is believed that in the future, all content portals will have characteristics of social networking. Moreover, beyond the sense of belonging that might be sought, people visit these sites to be entertained or to find useful information. Social networking sites compete for attention much like the first Web portals did when the Internet exploded onto the scene in the mid-1990s. Variations are always emerging.

SNSs vary greatly in their features and user base. Some have photo-sharing or video-sharing capabilities; others have built-in blogging and instant messaging technology. There are mobile-specific SNSs (e.g. Dodgeball), but some web-

based SNSs also support limited mobile interactions (e.g. Facebook, MySpace, and Cyworld).

This paper looks at how various consumer segments relate to social networks on a daily basis, with a special emphasis on purchase behaviors around different types of products and in relation to other media channels. Some organizations have already heeded this advice and used social networking technology to their advantage. Sun Microsystems are a prime example of this because they used a variety of social networking technologies to improve communication within their organization. All of their social media projects were successful and expansion is constantly ongoing with plans for a purpose built internal social network among other things. IBM developed an internal social networking site called Beehive. This site was built solely for IBM employees and allowed them to perform most of the functions which are common to SNS. Research by IBM showed that Beehive had many positive effects on their organization. Examples of these include employees having a higher sense of citizenship and employees having greater access to new people and expertise within the company.

2. Literature Review

Some literatures were reviewed in the course of this study. These include internet usage, impact of internet on consumers and social networking websites as a marketing tool.

Darshan Pareekh, 2006 in the paper titled “Application of Internet: Online offers” conducted a research found that internet is attracting local and global consumers through various online offers. Also new internet related technologies indicate a positive future for internet.

Dr A Sajeewan Rao and Mokhalles Mohd. Mehdi, 2007 in the paper titled “Online users in Delhi” conducted a research in Delhi about the online users and concluded that online facility benefits the consumers in many ways, including easy availability of information.

RK Uppal and Rosy Chawla, 2008 in the paper titled “Changing Consumer behavior in last decade” conducted a research and found that consumer is becoming more demanding with the passage of time and want more information before making purchase.

According to IMRB's report of Internet Usage and Habits of Cyber Cafe Users 67% people use Social Networking Websites and 50% search for products and consumer durables.

According to a study conducted by ROI Research for Performics, networking sites had an impact on 67% users purchase behavior.

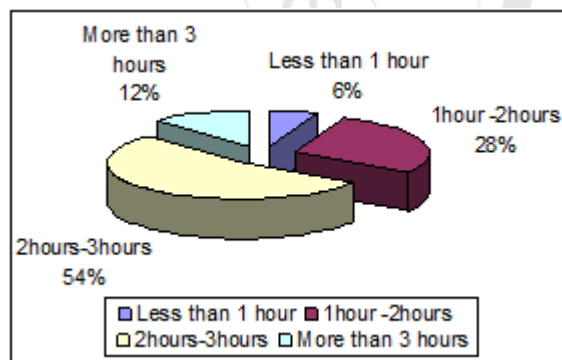
3. Research Methodology

3.1 Sample design

- **Universe:** All the Social Networking Sites users of Delhi.
- **Population:** All the Social Networking Site users of age 18 & above.
- **Sample:** Data will be collected from the social networking sites users of South Delhi.
- **Sample Size: 50**
- **Sampling Technique:** Convenience Sampling Technique will be used for collecting data for this study.
- **Instrument Used:** Questionnaire comprising of 9 questions will be used for collecting the data for the expected study.
- **Type of Answers :** Multiple Choice

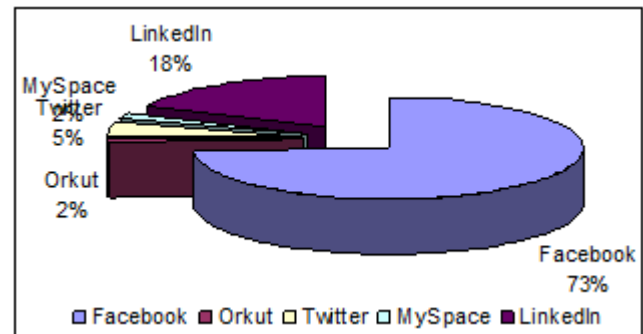
3.2 Analysis

(A) Time Spent on Social Networking Websites



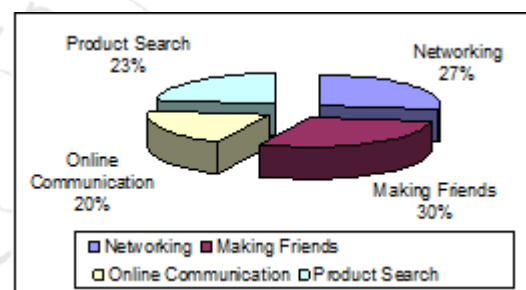
From the above pie chart we can interpret that most of the social networking websites users like to spend a lot of their time on these websites. There are a very small percentage of users who spend less than 1 hour on these websites.

(B) Social Networking Websites used most frequently



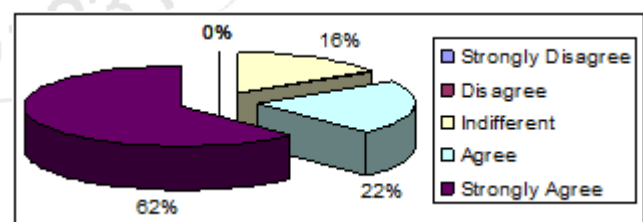
From the above pie chart we can interpret that the most popular social networking website among users is Facebook. Other popular website among users is LinkedIn which is commonly used by working professionals. It can also be seen that Orkut which was popular in its initial years has now been completely overshadowed by Facebook when it comes to user preference.

(C) Purpose of using Social Networking Websites



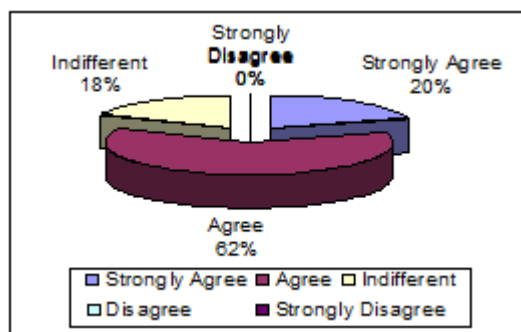
From the above pie chart we can interpret that social networking websites users' uses these websites for multiple purposes. It can be seen that people are accepting these websites not only for making friends, chatting and networking but also for searching about the products & services.

(D) Users response about joining the community or pages of the product they are interested in



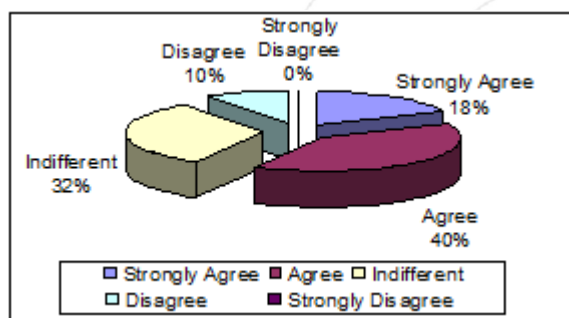
From the above pie chart we can interpret that most of the social networking websites join the communities or pages of the products or services they are interested in. Some users rarely join these pages & communities but there was no user in the sample size who has never join the communities/pages of the product they have been interested in.

(E) Users response about opening the link when they get any message or update from the community or page of the product/ service they have join



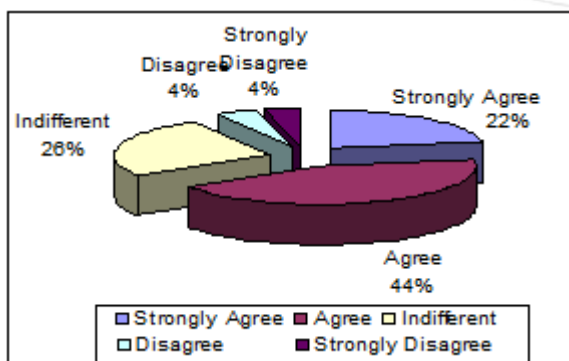
From the above pie chart we can interpret that most of the social networking websites users do open the messages or links form the products community they have join but still there is skepticism in opening these links as there is always a lot of security issues when it comes to internet.

(F) Users response about reliability of information mentioned in the communities or pages



From the above pie chart we can interpret that most of the social networking website users find these communities or pages reliable but still many are indifferent about the information mentioned in these pages/communities.

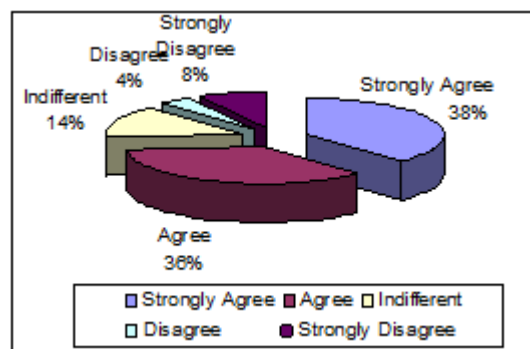
(G) Users response about finding more information from company's website or any other source about the product/service



From the above pie chart we can interpret that most of the social networking websites users go ahead and find more information about the products and services from the company's website & other sources and there are still some

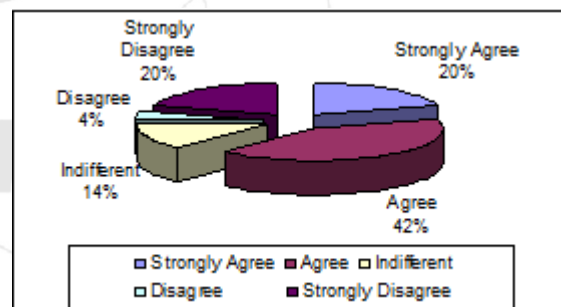
users who don't like to search more information about the products/services.

(H) Users response about looking for the same product/service while purchasing as compared to other brands



From the above pie chart we can interpret that most of the social networking websites users look for the same product they go for purchasing as compared to other brands. There are a high percentage of users who always look for the same product/service and also for those who most of the time likes to give the same product/service preference over other brands.

(I) Users response about sharing these communities or pages with other people on their network



From the above pie chart, we can interpret that most of the social networking websites users share the information mentioned in these communities or pages with other people on their network. However, many people still don't like sharing such information as either they are unaware about the sharing option or sometimes the sharing option is missing in these pages or they don't want to bother people on their network.

This study was conducted to test the following hypothesis:

H₀₁- There is no significant impact of social networking sites on consumer decision.

H_{a1}. There is significant impact of social networking sites on consumer decision.

H₀₂ - Reliability of information mentioned on social networking websites for males is more than females

H_{a2}. Reliability of information mentioned on social networking websites for males is equal or less than females

The Data was analyzed using Chi Square Test

The data was analyzed across different age groups which were segregated in 3 groups.

Observed Frequency (O)	Expected Frequency (E)	O-E	(O-E) ²	(O-E) ² /E
3	5.56	-2.56	6.5536	1.178705036
10	5.56	4.44	19.7136	6.5712
3	5.56	-2.56	6.5536	1.178705036
5	5.56	-0.56	0.3136	0.056402878
10	5.56	4.44	19.7136	3.545611511
3	5.56	-2.56	6.5536	1.178705036
4	5.56	-1.56	2.4336	0.437697842
9	5.56	-11	121	21.76258993
3	5.56	-2.56	6.5536	1.178705036
$\Sigma=50$				$\Sigma=37.0883223$

Following are the calculations using the chi square formula:

$$X^2 = \frac{\sum (O_{ij} - E_{ij})^2}{E_{ij}}$$

Here X^2 is the Chi Square

DF(Degree of freedom) = $n-1 = 8$

$X^2 = 37.09$

The tabulated value of X^2 at 1% level of significance = 20.09

And at 5% level of significance = 15.51

As per the above data analysis, it is quite clear that our **null hypothesis is rejected as the X^2 Calculated value is more than the X^2 Tabulated value.** Therefore, this clearly shows that the calculated value is highly significant and proves our alternative hypothesis.

Thus, our Alternative hypothesis i.e. "There is significant impact of social networking sites on consumer decision" is accepted at both 1 % & 5 % level of significance.

H_{02} - Reliability of information mentioned on social networking websites for males is more than females

H_{a2} - Reliability of information mentioned on social networking websites for males is equal or less than females

The Data was analyzed using F Test

$F = S_1^2 / S_2^2$

Here S_1^2 is the variance of Males = 0.67

And S_2^2 is the variance of Females = 0.92

Therefore $F = 1.37$

The tabulated value of F at $F(25,25) = 1.96$

As per the above data analysis it is clear that our **null hypothesis is accepted as the F calculated value is less than the F tabulated value.** Therefore it rejects our Alternative Hypothesis.

Thus, our null hypothesis **"Reliability of information mentioned on social networking websites for males is more than females"** is accepted.

4. Findings of the Study

- On the basis of study, it is found that impact of Social Networking Websites is significant on consumer decision.
- Impact of Social Networking Websites is found to be same across different age groups when it comes to consumer decision
- On the basis of study is found that Males find information mentioned on Social Networking Websites more reliable than females.
- Most of the social networking websites users like to spend a lot of their time on these websites i.e more than 3 hours.
- Facebook was found to be most popular social networking website followed by LinkedIn.
- Although users still use Social Networking Websites for making friends and networking but still there are significant number of users who like to spend their time on product & services search.
- Users look for the same product and services when they go for purchasing as compared to other brands.
- Significant number of users share the information mentioned on these websites with people on their network.

5. Conclusions and Recommendations

It is concluded that Social Networking Websites create significant and positive impact on the users. Social networking sites offer brand owners new and increasingly targeted ways of discovering how consumers think, feel, and behave.

Social networking Web sites represents an important media channel for reaching a diverse demographic, including, teens and young adults, women, moms, affluent consumers, and older individuals.

Males find information mentioned on Social Networking Websites more reliable than females. As a result, they are more likely to make final purchase on the basis of information mentioned on social networking websites about various products and services. It is because females like to evaluate the product via physical aspects of the product which is not possible online.

The sheer number of users on social networking Web sites and their passion for the topic represents a potentially significant opportunity that marketers have yet to fully understand and tap. As today's social networking sites exert a much stronger pull on their members compared to other Web sites, social networks have become a potentially useful marketing tool

Social networking sites offer brand owners new and increasingly targeted ways of discovering how consumers think, feel, and behave. Marketers can gain insight into consumer habits and interests by starting or participating in online forums for customers to share and learn from each other about products and services that companies offer.

Advertisers should engage consumers on social networking sites to generate brand awareness and affinity. As consumers frequently visit social networking Web sites,

these sites provide an attractive and cost effective medium for branding and creating awareness

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