

INFLUENCE OF SOCIAL MEDIA ADVERTISEMENT ON CUSTOMER'S PURCHASE DECISION: A LITERATURE REVIEW

Kumar Shubhangam^{1*}, Manisha Srivastava², Ritesh Ravi³, Ravinjit Singh⁴

^{1,2,3}Amity University Patna, India

⁴Lincoln University College, Malaysia

*Corresponding Author's Email: shubhangamsit@gmail.com

ABSTRACT

In today's world, the social media is changing the traditional way of marketing and advertising the products as well as services. There is a huge increase in the usage of social media from past few years. The social media helps customers to search and compare any information and thus it is removing away the traditional form of media like radio, magazines, television, and newspaper. Therefore, there is a need for creating effective online advertisement strategies to increase the capital of the current market scenario by introducing more efficient features in social media advertising. This dissertation is about the theoretical form of contributions and development of a new conceptual model over the past research carried out related to social media advertisements and purchase decision of customers. This dissertation basically focuses on the features of online advertisements and its influence on customer's purchase decision. On the other hand, the previous studies have found different characteristics of online ads towards purchase intention and attitude of customers. With the help of this study, an entirely new concept of consumer's buying intention towards social media advertisement has been developed. This study also shows that the influence of social media ads varies accordingly with different stages of consumers' decision-making process to purchase any product or service. Further, the conceptual model shows that the features such as information, entertainment, trust, reward and satisfaction affect the electronic word of mouth along with the brand equity of any product or service which is available on the online platform. In this study, secondary information has been collected in the form of literature review, research approach is qualitative and exploratory research design has been conducted to collect the information from the past data available in various research papers.

Keywords: *Advertisements, Electronic Word of Mouth, Consumers, Brand Equity, Purchase Intention, Social Media*

INTRODUCTION

Meaning

Social media advertisement is a type of digital advertisement which has become one of the most effective means of advertising through internet in an online platform. This type of advertisement is spread all over the globe. It is the fastest and newest way for advertising. Nowadays, internet provides a direct link on various sites for advertising the products or services. The provision for pay per click advertising is also available. Social media advertisements are displayed in a unique manner so that the customers visit the advertisements and show some interest. As compared to the traditional modes of advertisement such as radio, TV, magazines etc. the social media advertisement is mostly preferred by the customers. Social media advertisement includes text ads, image ads, pop-up ads, banner ads and HTML ads. These all ads are dominant over other traditional kinds of advertisement techniques. There are various parameters such as hits, clicks which are used to

calculate the frequency of visit to any website and the time spent on a particular website to predict the consumer behaviour.

Reviews in the social media ads are one of the primary factors for knowing customer's buying intention. These reviews are widely available for judging any product or service and it also creates a great value for both companies and customers. It has been noticed that customers also find it interesting to rate and review the product or service online. This helps to build a good or bad electronic word of mouth (e-WOM) which helps the customers in their purchasing decisions.

This study is focused on understanding the influence of social media advertisement on customer's purchase decision. It will be useful to know whether the social media advertisements lead to the purchase of advertised products and services or not.

Background

Advertisement can be defined as a paid form of

promotion which is done through various mass mediums. Advertising consists of two components. The first is the traditional one which means advertising through offline channels such as radio, TV, newspapers, and magazines. The second one is the latest that is online advertising such as advertisement through website, E-mail, banner ads, pop-up ads, text ads, dynamic media etc. With the help of advertising, marketers can create awareness and attitude about their product or service which leads to increase in sales, encourage customers and remind them to differentiate various brands and position them accordingly in their minds. Social media advertising has become one of the most important tools for promotion.

Problem discussion

The growth of various social networking sites resulted customers to access the other features like chatting, messaging, gaming, and blogging. Presently, Facebook is the most popular social networking site which provide features such as constructing dynamic profiles, forming groups, chatting, and sharing information to others. So, the interaction over these social networking sites leads to affect the buying decision of consumers because they are in constant touch with their family members, friends, co-workers and groups or individuals. It also provides them a platform for comparison of various products or services online and this may hamper any company who is having a bad e-WOM or negative reviews. Every day, consumers make so many product purchase decisions and they also like to take review from others also. Thus, the social network provides customers a good platform to gather information, advices, and reviews.

Objectives of the study

- To study the influence of social media advertisement on consumer buying decision making process.
- To identify the main factors which are affecting the consumer purchase intentions influenced by social media.
- To develop a new conceptual model of social media advertisements and its influence on customer's purchase decision.

LITERATURE REVIEW

Wang & Yu (2015) suggested that there are both negative and positive reviews about the service or product which affects the consumer's purchase decision. In social media, word of mouth has a huge impact on consumer's purchase intention to buy any

product. Thus, the word of mouth is very helpful in sharing information about the product or services on social networking sites. The study considers word of mouth as one of the most important variables in marketing. Further, framework model was also developed according to this study in which the word of mouth is a major component.

Harshini (2015) showed the analysis of the previous theoretical form of research on social media advertisements and customer's buying intention. This study shows the few features of social media advertisement and its effect on consumers buying intention. It provides a collection of consumer's responses towards social media advertisement with respect to the customer's purchase intention. The paper shows that the users of social networking sites found this kind of advertisement technique very interesting and they are also showing interest by responding to those ads and purchase the products with help of those advertisements.

Balakrishnan, Dahnil & Yi (2014) described that the online groups, electronic word of mouth, various internet communication and online publicity are very much helpful to build the positive brand image and consumer's buying intention with the help of social media. This shows that the marketing managers must reach to the customers of young generation and consider social media as the best tool for selling. This study provides information to various sellers before applying it to social media advertisement technique to market their product. The idea behind targeting the young population is because most social media users belongs to the younger age group and they are more aware with the latest technologies coming up as compared to the older generation. Hence social media advertising is very beneficial for them as well as for the firm who are targeting the audience.

Lee (2013) explained that the customers look intensively for the information about the product on social media sites with respect to any other mass media. The search is more subjective and selective. The ads in the social media also provide a platform for comparing the products with the other brands also and this is this feature is liked by almost all the social media users. The information content about the product is also given in a detailed form of specification which help customers to know about the product very well and they can also do a detailed comparison according to the specification they are looking for.

Martinka (2012) depicted that an analysis conducted between Facebook and Twitter groups. Both are

famous social networking sites and they also influence the purchasing behaviour of consumer. A survey was conducted using 3-point Likert scale to know about the various applications of social media. The final output showed that the group present in social media control or command over the traditional online purchase of customer. The study also shows that Facebook has greater impact on consumer's online buying behavior as compared to Twitter. Thus, the social media communities are very important target in the online market.

Drell (2011) demonstrated that out of 100 per cent, maximum information sharing of online shoppers were 20 percent and they were mainly teenagers who are dedicated to the brands. The information sharing is done with the help of various electronic equipment. Although, minimum information sharing was 80 per cent and they were mainly older people who only focused on quality instead of brand. The findings also showed that the teenagers not only interested in buying the products, but they are also recommending the products to others also which is very good according to the company's point of view. The older generation are not able to indulge more because they are not aware about the changing trend of technology and they mostly rely and trust on the traditional way of shopping in stores or in market.

Webster (2011) described that twenty five percent of social media users purchase their favourite brands via various social networking sites out of which maximum users prefer Facebook as their brand page. The analysis shows that the social networking sites have become a source of information for any product or service by consumers. Most of the population using social media trust more on Facebook because it offers more interesting and convenient features as compared to any other social networking sites. Thus, it helps customers to buy the products according to their choice very easily and at the same time it helps users to check the review about the product they are buying. This helps to build a trust in the minds of customers and hence it leads to capture a majority of customer base.

Fotis (2015) described that the influence of social media on buying behavior of customers with respect to the tourism services. The analysis shows that for vacation planning, social media platform is used commonly. The social media ads provide recommendations to the customers so that they could choose an ultimate location for visiting. The social media keeps a track and to pattern analysis which helps to know about the taste and buying intention of

customers as well as it also tries to give choices and preferences according to the buying intention and travel pattern of the customers.

Hoyer *et al.*, (2010) revealed from the findings of the study that the social media is a platform where customers convey information to others by the help of electronic word of mouth, recommendations, and reviews. Thus, it is found that opinions and reviews given by others in the social media is very important for the buyers. It also helps to build trust on the group and influence the buying decision process. On the other hand, it also shows that few factors such as trust, rewards, satisfaction, and credibility play a very important role in building a positive or negative electronic word of mouth which ultimately affects the consumer's purchase intentions.

Bughin, Doogan & Vetvik (2010) described that the social media advertisement has a great impact on customers particularly who buy the product for the first time. The social media ads are very helpful to do analysis and comparison of high-end products before purchasing them. As a result, customer will always use social media to get data about the products and services and they will always look for the good word of mouth before purchasing any product or availing any services.

RESEARCH METHODOLOGY

Research Approach

Qualitative research approach has been adopted here which was helpful for describing, interpreting, and gaining in-depth insight into specific concepts of social media advertisements and customer buying intention.

Research Design

Exploratory research design is conducted to collect information from the past data available in various research papers. It required to investigate different sources such as published secondary data, data from other surveys, observation of research items, and various opinions.

Data Source

Secondary data was collected from various research papers, journals, and articles. The data gathered from these different sources was helpful in writing the major findings and summary of the literature review.

Data Collection Method

The literature review is conducted by the effective evaluation of various research papers, journals, articles in social media advertisement. The review was

collected from different parts of the research which has been carried out. The background study was developed with the help of literature review. After the evaluation of these literatures, the required answers are found. This literature review served as a predecessor to the research.

DISCUSSION

Findings of the study

The social media has evolved as one of the most important channels for the consumers to make the decisions on buying of the products. The study was carried out to test the influence of social media ads on the purchase intention of the customers.

Results indicate that social media advertisements significantly impact both purchase intention and brand loyalty. It also shows that purchase intention of customers affects the brand loyalty. These findings offer new insights for both managerial and research implications.

According to literature review, electronic word of mouth (e-WOM), information, entertainment, trust, reward, and satisfaction are the important variables which influence the consumer purchase intention on social media platform.

Relationship between e-WOM and purchase intention

Many researchers have studied the effect of e-WOM, to prove its significant relationship with purchase intentions. Numerous definitions of electronic word-of-mouth (e-WOM) have been made throughout literature. The e-WOM can be defined as any positive or negative statement made by potential, actual, or former customers about a product or company which is made available to people through internet.

People often make offline decisions based on online information and depends upon the opinions of other consumers when making decisions about what kind of movie to watch or where to investment in stocks.

This study shows that e-WOM is positively related to purchase intentions of customers and has a drastic effect on customer's purchase intentions rather than ads. The findings suggest that companies should motivate members to share their knowledge or experience about the product rather than just posting ads. On the other hand, low-involvement ads have negative effects in virtual groups and communities. Thus, firms should design high-involvement ads, such as blogs and rich media, to attract the attention of potential customers for buying the products or services.

Relationship between social media ads and consumer's purchase intention

The study also shows the relationship between social media advertisement and consumer's purchase intentions on a positive side. According to this study, social media do not only help marketers to interact efficiently with their target customers, but it also motivates the readers to buy the products which are being advertised. This is because social media offers marketing techniques where readers can share product information with their friends and families and such information is more reliable and credible.

Learnings of the study

According to literature review, factors such as information, entertainment, reward, trust, and satisfaction are helpful in creating good or bad e-WOM. This further leads to building a good or bad brand equity which finally influence the consumer purchase intention on social media.

A conceptual model has been developed by the usage of the systematic literature review to explore the role of e-WOM on the final customer's purchase decision (refer to figure 1).

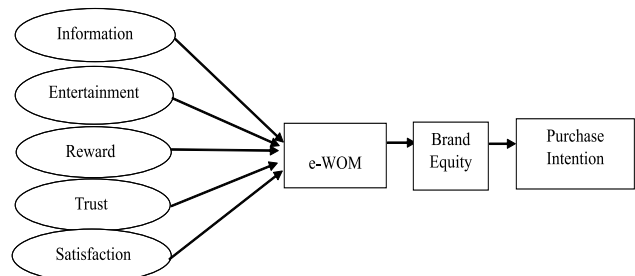


Figure 1: Conceptual Model of the study

Information: - It is the most vital factor for creating an effective social media advertisement. There should not be any inaccurate, unreliable, and insufficient information that can lead to the degradation of trust of online customers. Social media advertisement is more stable and effective than any other factor in influencing customer behaviour. Thus, marketing managers should consider the importance of both quantity and quality of information on social media sites while designing their websites for any kind advertising.

Entertainment: - Entertainment plays a very important role during online purchase of products. Basically, entertainment and enjoyment lead to increase in willingness and which ultimately results to customer satisfaction in an online shopping. Emotional, humorous, and educational social media

contents by marketers provides a better way to attract and entertain the customers.

Reward: - Consumers always look for any kind of economic benefits, that's why reward is regarded as a very important factor in convincing customer. Reward may include promotional benefits, incentives, discounts, special deals and cashback. Reward helps customer to get motivated so that they use social media and get involved in electronic word of mouth. Reward also effect electronic word of mouth by customers on social media.

Trust: - Trust is the basic principle for communication and it also helps in maintaining relationship among people in online shopping. Social media users always want to purchase through trusted websites. By incorporating the element of trust in communication, companies can interact with customers on social media platform and thus, influencing customers for online purchase. Trust has a very positive Impact on customer's purchase intention on social media.

Satisfaction: - Identification of customer's need and fulfilling those needs according to the desire of the customer is called as satisfaction. Satisfaction has a significant impact on entire sales process. At each stage of sales process, customer satisfaction is dependent on whether product and brand are up to customer expectation or not.

Electronic word of mouth (e-WOM): - e-WOM means the "like" or "share" on electronic platform about any product or service. Many researchers consider e-WOM as a key to get success in online marketing. With the help of social media, consumers can look for more options through collecting information about the product or service from other consumers. This also works as an opportunity for other consumers to express the feeling about the product or service through e-WOM.

Brand equity: - Brand equity is a term that describes the value of a brand. That value is determined by consumer perception and experiences with the brand. If people think more positively about a brand, it is positive brand equity and when a brand consistently performs bad and disappoints the customers with the bad features, it is called as negative brand equity.

Purchase intention: - Purchase intention is defined as the probability of a consumer buying a product after comparing it with other brands. Purchase intention is an important factor for checking consumer behaviour. It represents the possibility of the consumer who would be willing to purchase the product. The higher the purchase

intention, the higher is the consumer's willingness to buy a product. Consumers are more likely to have a positive and stronger intention over a product when they react favourably to an advertisement about that product and purchase it.

Limitations of the Study

Although the study has demonstrated the influence of social media advertisement on purchase intention and brand loyalty, the study still presents some limitations.

First, one limitation is that the current study only based on secondary data. The information gathered is through the literature review, research papers and journals available on the internet.

Second, other factors influencing purchase intention could be included to refine the model and further impact of social media advertisement on customer's purchase decision can be understood.

Third, another limitation found was awareness and knowledge. Still, a huge volume of customers follows the traditional way of purchasing items. Lack of awareness and knowledge about social media advertising is prevailing which restricts them to stick to the traditional way of purchasing items.

Finally, there are limitations due to global pandemic COVID-19 and current lockdown situation in our country which restricted to collect more information from direct interaction with customers.

Future Scope of the Study

Further studies could focus on a specific social networking site and the collection of data through their members. Future research should take few steps to emphasize the role of social media advertisement on buying intention and perceived usefulness, and also to analyse their effect on the conceptual model.

The future studies may use sample and collect data from various primary sources such as questionnaires and surveys. Future studies may also use perceived value as mediating variable in the current framework to explore further relationships.

More studies are needed to explore the online ads of all the social networking sites and purchase behaviors among other user groups. In future studies, there should be focus on collecting a larger number of samples. Moreover, further studies could collect samples from different geographical regions worldwide and identify the differences between the various regions and their corresponding purchase pattern.

Quantitative research can be used for further study to

know more about the influence of online social media advertisement on consumers' purchasing decision process. Moreover, this study covers only the consumers' perspective on online social media sites hence further research can study online social network from company's perspective also.

CONCLUSION

In this study we have analyzed the influence of social media advertisement on consumer's purchase intention through various literature reviews. According to various research studies, social media advertising is only effective if it can generate an immediate and large amount of response from consumers.

Nowadays, customers have become more attentive towards relevancy as well as authenticity of the advertising content and the customer's recommendations are given more preferences over company generated product recommendations.

Purchase intention is a major factor to understand about consumers buying behavior. However, according to this study, information, entertainment, reward, trust and satisfaction are the common features of social media advertisements that influence consumers purchase intention.

It has been also noticed that there are few other factors that are very important for the influence of purchase intention in social media platform. The advertisements which are mostly liked by the customers form a positive e-WOM which helps to build a good brand equity and thus it leads to the purchase decision

Negative and positive e-WOM can be both loss and gain for companies, respectively. By deeply understanding the factors affecting the e-WOM and incorporating them into social media ads, the purchase intention will better help companies to develop positive e-WOM related to their products on social networking sites to by attracting large number of customers.

Conflict of Interest

The authors hereby declare that, to the best of their knowledge:

- No funds were received in support to this study.
- No benefits in any form have been or will be received from a commercial party related directly or indirectly to the subject of this manuscript.
- All manuscripts for articles, original research reports, editorials, comments, reviews, book reviews, and letters that are mentioned in the journal do not have any conflict of interest to

declare.

- No financial support or benefits have been received by the authors, by any member, by any group or any individual or entity with whom or with which they have a significant relationship from any commercial source which is related directly or indirectly to the scientific work which is reported on in the article except as described below.
- Moreover, neither the authors, nor any group, nor any individual or entity with whom or with which they have a significant relationship has a financial interest in the subject matter discussed in the manuscript.
- The author(s) has/have not received and will not receive benefits for personal or professional use from a commercial party related directly or indirectly to the subject of this manuscript.

ACKNOWLEDGEMENT

The authors are thankful to the institutional authority for completion of the work.

REFERENCES

- Balakrishnan, B.K.P.D., Dahnil, M.I. & Yi, W.J. (2014). The Impact of Social Media Marketing Medium toward Purchase Intention and Brand Loyalty Among Generation. *Procedia - Social and Behavioural Sciences*, 148(August), pp 177-185.
- Bughin, J., Doogan, J., & Vetvik, O.J. (2010). A new way to measure word-of-mouth marketing. *McKinsey Quarterly*, 1st April. Retrieved from: <https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/a-new-way-to-measure-word-of-mouth-marketing#>
- Drell, L. (2011). Social Consumers and the Science of Sharing. Retrieved from: <http://mashable.com/2011/10/25/social-consumer-sharing-infographic/>
- Fotis, J.N. (2015). The Use of Social Media and its Impacts on Consumer Behaviour: The Context of Holiday Travel. PhD thesis, Bournemouth University, England. Retrieved From: <https://core.ac.uk/reader/42142490>
- Harshini, C.S. (2015). Influence of Social Media Ads on Consumer's Purchase Intention. *International Journal of Current Engineering and Scientific*

- Research, 2(10), pp 110-115.
- Hoyer, W.D., Chandy, R., Dorotic, M., Krafft, M. & Singh, S.S. (2010). Consumer Cocreation in New Product Development. *Journal of Service Research*, 13(3), pp 283-96.
- Lee, E. (2013). Impacts of Social Media on Consumer Behaviour: Decision Making Process. Bachelor's Thesis. Turku University of Applied Sciences, Finland. Retrieved From: https://www.theseus.fi/bitstream/handle/10024/62367/Lee_Ethel.pdf?sequence=1&isAllowed=y
- Martinka, L. (2012). How Social Media Communities Impact Consumer Behavior. Thesis. Gonzaga University, USA. Retrieved From: <https://www.proquest.com/docview/1017683284>
- Wang, Y. & Yu, C. (2015). Social Interaction-Based Consumer Decision-Making Model in Social Commerce: The Role of Word of Mouth and Observational Learning. *International Journal of Information Management*, 37(3), pp 179-189.
- Webster, T. (2011). The Social Habit 2011. Edison Research, 29th May. Retrieved from: https://www.edisonresearch.com/the_social_habit_2011/