

A Study on Effectiveness of Social Media Advertisements on Consumers' Online Buying Intentions

Vivek Chaturvedi^{1*}, Dr. Naval Singh²

¹ Research Scholar, Shri Krishna University, Chhatarpur M.P.

² Professor, Shri Krishna University, Chhatarpur M.P.

Abstract - The effectiveness of buying consumer intentions in social media advertisements, Consumers attitudes regarding social media advertising, their desire to participate in eWOM activities, their intent to visit company websites, and their purchase intents are all intertwined in this study's suggested model, which is based on TAM theory and evaluated using CFA and SEM. According to a research, consumers' attitudes regarding social media advertising have a major influence on their intentions to engage in eWOM, visit company websites, and purchase products and services. Purchase intentions are strongly influenced by both the desire to participate in online word-of-mouth marketing (eWOM) and the desire to go to the websites of certain firms. Gender has been discovered to play a major role in the relationship between consumers' attitudes regarding social media advertising and their intentions to engage in eWOM behaviors and to visit the websites of firms to make purchases. Age does not appear to have a role in the relationship between consumers' attitudes regarding social media advertising and their intents to visit the websites of firms.

Keywords - Effectiveness, Social Media, Advertisements, Consumers, Online Buying, and Intentions etc.

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INTRODUCTION

In today's competitive arena it is very crucial for the companies to reach the customers and generate awareness about their products/services and pitch them for sales before their competitors. Advertising performs a vital role in it. All types of companies, whether large multinational corporations or small ones are using advertising and promotional strategies to help them market their products/ services.¹ today, consumers are increasingly becoming dependent on advertising and various other types of promotion for seeking the information that can help them in purchase decisions.

Advertising

"Any paid-for communication intended to inform and/or influence one or more people". "Advertising is paid form of non-personal communication about an organization, product, service, or idea by an identified sponsor". Armstrong and Kotler (2007) describe advertising as "any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor". Advertising has a significant impact on invoking consumers' purchase intentions, it leads to the formation of consumers believes regarding product characteristics and also persuades them to develop positive attitudes towards the products.

Purchase Intentions

"Purchase Intention" implies the readiness of the customers to buy products or services online. Purchase intention is "the degree of perceptual conviction of a customer to purchase a particular product or service". According to Grewal et al. (1998) purchase intention is "the probability in the hands of the customers who intend to purchase a specific product". According to Wen (2012) a number of factors lead to purchase intention; and purchasing intentions are influenced by consumers' attitudes toward advertising.

Advertising on Internet and Social Media

There has been a massive change in the ways of communication since primitive times. In older times, people were communicating with each other even without a language, thereafter they started using birds to send messages through letters and there were also human messengers. Over a period of time invention of telephones, pagers, mobiles took a prominent place for communicating and off late internet took a lead. Internet is the new medium that facilitates two-way communication. It provides the facility to participants to communicate directly with

each other regardless of physical face-to-face or time bound interactions between them.²

Among the various advertising strategies, nowadays advertisements on internet or online advertisements have gained popularity in the market because of various advantages they offer like, online advertisements have made it possible for a company to approach a number of people in less time, it is an economical medium, the presence of a company on this medium is relatively easy and inexpensive, it is international in nature and provides almost equivalent playing field to all the entities. Through online advertisements, the consumers also get an opportunity to provide their feedback to the companies about the products or services they are using or wish to buy. With the onset of social media, businesses are now communicating about their products and services with thousands of people, better understanding the customer needs and building better customer relationships. Social media advertising is concerned with the attention paid to the social media sites by the online users.³

Social Media

Kaplan and Haenlein (2010) define social media as “a group of internet-based applications that is build on the ideological and technological foundations of Web 2.0 and that allow the creation and exchange of user generated content.” Merriam- Webster (2016) defined social media as, “Forms of electronic communication such as websites through which people create online communities to share information, ideas, personal messages, etc.” define social media as, “Websites and applications that enables users to create and share content or to participate in social networking.” Berthon defined social media as “a series of technological innovations in terms of both hardware and software that facilitate inexpensive content creation, interaction, and interoperability by online users. Social media is a broad term that describes software tools that create user-generated content that can be shared”.

Types of Social Media

Kaplan and Haenlein (2010) generated five classifications for social media named as, content communities, blogs, virtual worlds, collaborative projects and social networking sites. Chan and Guillet (2011) classified social media into six types: virtual worlds, collaborative projects, micro-blogs and blogs, content community sites, social networking sites, and sites dedicated to feedback.⁴ The two terms viz: social networking sites and social media are often used interchangeably although, social media is a wider term as it comprises of the settings in which social networking occurs. Social media has changed the manner in which information is gathered by consumers, the way they communicate with each other and make purchase decisions. Hence, social media is not only limited to social network sites but also include various other platforms. Aichner and Jacob (2015) classified

social media as business networks, blogs, microblogs, enterprise social networks, collaborative projects, forums, social gaming, social bookmarking, photo and video sharing, virtual worlds, products/services review and social networks.

Factors Affecting Consumers' Attitude toward Social Media Advertising and Impact of Consumers' Attitude toward Social Media Advertising on Their Intentions

Since nowadays companies are largely dependent on social media advertising for the promotion of their products/ services, it becomes imperative for them to know and understand the important factors that can help in the formation of favourable attitude of consumers toward their advertisements on social media and then determining the impact of “Consumers' Attitude toward Social Media Advertising” on their intentions response.⁵

- Consumers' Attitude toward Social Media Advertising
- Factors Affecting Consumers' Attitude toward Social Media Advertising
- Perceived Usefulness
- Perceived Ease of Use
- Intensity of Social Media Usage
- Perceived Advertisement Intrusiveness
- Incentive Offering
- Perceived Advertisement Entertainment
- Peer Influence
- Corporate Reputation

LITERATURE REVIEW

Akar, et al., (2011)⁶ It allows the word of mouth to be communicated online and it appears to be the energy that stimulates social media use's achievement, continual acceptance and rapid growth. A late research led by young Americans has shown, in general, that the everyday usage of social media provides valuable insights and enables them to make compelling choices on a daily basis. The results of this study are revealed. However, Americans expend more internet time than they used to spend before – almost three hours a day longer than commonly recorded. As (Akar, et al. 2011), when American adults invest around 3 hours a day on the Internet, almost half of the time on social networking platforms is consumed – a 25 percent increase since 2009. Furthermore, a new study showed that 65% of American adults use social media constantly, down from 26% in 2009 – an increase of approximately 40% in the use of social media in only two years. These statistics show that the concept of relative continuity is mostly the same over the years, though time distribution may be expended on different media as the media progresses.

Abzari et al. (2014)⁷ Comparison of the effect on customer attitudes towards brand and shopping intentions of social networking and conventional

media, The results of the research show that the views towards products are affected by conventional media advertisements and advertising on social media. The impact of advertisements in social media is more than conventional advertising. In addition, the study found that consumers often have an impact on their purchasing intentions in respect to every brand. Study concluded that the optimistic approach to the business contributes to happy consumers that engage in constructive social networking word-of-mouth. References from others may have a better impact on consumer buying decisions for business products/services.

Kim et al., (2015)⁸ as studies indicate that eWOM can affect the mindset of the receiver and the recipient; marketers promote and control eWOM in their mix of contact strategies. Organization, which leads them to use constructive tactics like inorganic eWOM, have been mindful of the consequences of eWOM, such that individuals are encouraged to supply the company with eWOM. Via inorganic (incentivized) eWOM enterprises, the behavior and decision of those who read these tips or feedback is affected. Two considerations will usually sum up the productivity of incentivized WOM. The first is that there is a greater chance of a decision, and the second is that the incentivized recommendation is guaranteed to comply with it.

Pongjit & Beise-Zee, (2015)⁹ the communicator can be regarded as the inorganic WOM in some form of compensation or incentivization. Money or non-monetary (e.g. free previews of the goods or discounts) are two choices contributing to a range of consumer responses. Monetary income is anticipated to result in more foreign incentive than non-monetary and symbolic incentives. Lastly, unfavorable customer responses may be reduced within WOM. Monetary prizes are accepted automatically as an opportunity dependent on their neutrality in choice and are also considered to be more successful than non-monetary incentives. Non-monetary current, though, are more likely to be recognized in social affairs than money on the right time. A breach of social rules and etiquette can damage a relationship. Incentives will often give the brand a misleading image, since the incentive approach breaks the norm.

Bianchi, & Andrews, (2015)¹⁰ Attract attention to the value of the WOM source (sender) level of information, WOM outlets may either be persons or platforms; however, their information level is important. If you think the recipients get skilled facts, they can easily be persuaded. That is, the degree of information affects the reliability of the WOM source, and the WOM can impact the buying intentions of customers, based on that reliability. Senders' aim to include details is also a key factor in WOM (Romani, 2006). When recipients think the purpose of the sender is to publicize it, they want to stop these "secret announcements." Being normal is one of the key things for WOM as customers rather than business-based advice will like to hear about actual viewpoints and experiences.

Tercia & Teichert, (2016)¹¹ the receiver and communicator, who applies to all systems in the same manner, would be awarded as another technique of inorganic eWOM. In fair or unequal ways, all sides should be compensated. Tercia and Teichert (2016) look at this from a cultural point of view and claim that western customers are not equally motivated by their "having what I want" mindset and their sense of justice.

Sen and Lerman (2017)¹² Consumers also found that the views and impressions of past consumers are more than commercials of advertisers. As Trusov et al. (2009) clearly point out, advertising is losing its impact over customers as a result of issues with reliability. However, reliability is normally not a serious problem for WOM because it happens between people without sale intentions. The sender, who shares his opinion and the recipient, who receives the material, constitutes both sides of WOM correspondence.

Smith (2017)¹³ the number of Facebook users is also growing with more and more people entering the internet. In India and Indonesia, use is rising substantially; these regions provide base for new Facebook users in the future, thanks to the large population and exponentially growing Internet penetration.

Duffet (2017)¹⁴ in his research he finds that marketing messages in social networking have a beneficial effect on "cognitive components (sensitivity, knowledge)," "affective (liking)" and "control components" of teens, although the influence is lower in relation to the buying funnel. Studies also shown that young person's respond to social network messages by updating their accounts on social media sites and using social media over long periods of time have the most favorable attitudinal reactions. The research restriction was that it only regarded South Africa's Generation Z category and the stance against social network marketing messages towards other communities has not been investigated.

Chaffey (2018)¹⁵ The March 2018 global digital report shows that there are very few important numbers, i.e. 4,021 billion Internet users globally, up 7% annually; while the amount of social network users around the world is up 3,196 billion and up 13% year-on-year. The social networking messages and social media companies are representative of their brand personality and direct people to purchase or follow. When consumers wish to solve their challenges quickly, social networking is commonly used in real time. Since seeing behind-the-scenes ideas posted by social brand accounts, 27 per cent of social network members are encouraged to purchase items. According to the "GWI study" focused on these interviews, the fame of social networks represents that. If you choose your country, you probably follow the countries where "Facebook," "Twitter," "Google+" and "YouTube" are the four major social networks,

among other places, are most common. Countries such as India, Indonesia, the Philippines and Brazil, and Mexico, along with the UK, the US and European countries, have considerably higher rate of social networking platforms. India is Facebook's seventh biggest user, YouTube's eighth biggest user, Twitter's fourth biggest user and Google's second biggest in February 2018. In 2018, "Facebook" led people when 76% of user's login every day as it came to 51% Instagram login per day in 2018. Twitter accounts for 42% of usage every day, just over half the Facebook number.

OBJECTIVES OF THE STUDY

- Identify the factors that impact 'consumer behavior against social media advertising.
- The e-WOM behavior on other sites and the impact of e-WOM on buying intentions, including purchases purpose histories, should be considered dependent on e-WOM behavior.
- To research the interrelationship of influences affecting the 'attitude of consumers towards advertising for social media;' 'attitude of consumer towards social media advertising;' 'intention of engaging in e-WOM behavior,' 'intention of visiting company website,' and 'intent of purchasing.'
- To research the impact of mediation between the "consumer attitude to social network advertising" and "purchase intention" in e-WOM conduct and the "intention to visit corporate websites"
- To investigate the moderation effects in social media users' demographic profiles (gender, age, revenue) on the interaction between the factors influencing "consumption's attitudes towards social Media advertising;" "consumers' attitude towards social media advertising;" "intention of committing to e-WOM behaviors".

RESEARCH METHODOLOGY

The study proposed a conceptual model considering TAM as a theoretical base which predicts that "Consumers' Attitude toward Social Media Advertising" drive their "Purchase Intentions" both directly as well as indirectly. TAM is adopted from theory of reasoned action, which recommended two factors, viz. "Perceived Usefulness" and "Perceived Ease of Use" to foresee the users' attitude toward the technology, which subsequently influence their intentions to use and adopt the technology. Also, on the basis of review of literature the other important factors that act as antecedents to "Consumers' Attitude toward Social Media Advertising" are identified, which are: Intensity of Social Media Usage, Perceived Advertisement Entertainment, Perceived Advertisement Intrusiveness, Corporate Reputation, Peer Influence, and Incentive Offering. Previous researches suggest that all these mentioned factors are expected to influence positively the "Consumers' Attitude toward Social Media

Advertising" except "Perceived Advertisement Intrusiveness" which is expected to influence it negatively.

RESEARCH DESIGN

Research design is that master plan which lays down the process and procedures for gathering and analyzing the required information. This study is based on descriptive research design as it describes the interrelationship between the factors influencing the "A Study On Effectiveness Of Social Media Advertisements On Consumers' Online Buying Intentions" on their "Intention to Engage in eWOM Behaviors", "Intention to Visit the Websites of Companies", and "Purchase Intentions".

Sample size

All adults from Madhya Pradesh region, who are at least graduates and are self-dependent (earn their livelihood themselves), have subscription to any kind of social media, and are active users of social media (on an average spend more than one hour per day on social media). Based on recommendations from Nunnally (1978), sample size should be at least ten times as many numbers of variables. The sample size chosen in this study is 610. In this research, thus, area of study is chosen as Madhya Pradesh region, as researcher stay in close vicinity to this region, from where he can easily collect responses from participants by interacting with them face-to-face.

Designing and Testing of Questionnaire

Primary data was gathered with the help of a self-administered and specially developed close ended structured questionnaire, which has been developed in the following stages: -

- Identifying variables and developing first draft.
- Pretesting and finalizing the questionnaire
- Testing reliability, validity and normality

Data Analysis and Statistical Methods

Raw information gathered from primary and secondary sources must be converted into useful and relevant information for which the compiled data has to be edited and coded before analyzing it. Various statistical tools have been applied for testing the hypotheses and for deriving inferences regarding the relation between different constructs.

The statistical methods used in the study are:

- Single Factor Method
- Frequency Distribution
- Descriptive Statistics and Reliability Testing

- Confirmatory Factor Analysis (CFA)
- Structural Equational Modelling (SEM)
- Comparative Fit Index (CFI):
- CMIN/df
- Root Mean Square Error of Approximation (RMSEA)

Softwares Used

Microsoft Excel, IBM AMOS 20, SPSS 21, and Stats Tools Package are used for the purpose of analysis of data in the research.

RESULTS

This study focuses on exploring the factors affecting attitude of the consumers toward social media advertising and then determining its impact on their purchase intentions. Survey is conducted in the study in order to get the responses from respondents against the different aspects of social media advertising and purchase intentions with the help of questionnaire designed for the purpose of study. The details of the respondents chosen in the research study regarding demographic profiles, usage of social media, products and services often advertised on social media with the help of frequency distribution.

Demographic Profile

Data is collected from respondents of different demographic profiles (gender, age, educational qualification, annual income) in the study.

Sample selected in the study consists of 398 (65.25%) male and 212 (34.75%) female respondents as shown in Table 1, which are very close to the statistics representing usage of internet and social media by males and females in India as mentioned by Latest Social Media Facts and Stats from India – 2016 Digital Marketing News that the usage of internet is more by males in India with 71 percent as compared to females at 29 percent and percentage of females using internet and social media are increasing. According to gender inequality is more in users of Twitter having 16% of the audience being female and 84% of the audience being male.

Table 1: Classification on the basis of gender

Gender	Frequency	Percent
Male	398	65.25
Female	212	34.75

Table 2: Classification on the basis of number of years using social media

How long have been using social media	Frequency	Percent
Less than 1 year	0	0
1-2 years	63	10.33
2-3 years	368	60.32
3 years or above	179	29.35

As shown in Table 2, 0 (0%) respondents are using social media from less than 1 year, 63 (10.33%) respondents are using social media from 1-2 years, 368 (60.32%) from 2-3 years, and 179 (29.35%) from 3 years or above.

Table 3: Classification on the basis of social media channels used

Which social media channels do you use	Frequency	Percent
Facebook	533	87.37
Twitter	446	73.11
LinkedIn	393	64.42
YouTube	490	80.32
Google+	251	35.57
Others	359	58.85

As shown in Table 3, Facebook is opted by 533 (87.37%), Twitter by 446 (73.11%), LinkedIn by 393 (64.42%), YouTube by 490 (80.32%), Google+ by 251 (35.57%) and others by 359 (58.85%) respondents. Respondents are using social media channels either as single or in combinations with other channels.

Table 4: Descriptive statistics and Cronbach alpha (Intensity of Social Media Usage)

Intensity of Social Media Usage	Mean	Mode	Std. Deviation	Skewness	Kurtosis	Internal Consistency
						Reliability
						Cronbach Alpha
"Social media is a part of my everyday activity"	6.434	7.00	1.848	-.456	-.680	.935
"I am proud to tell people I am a social media user"	6.388	7.00	1.819	-.368	-.786	
"Social media has become part of my daily routine"	6.447	7.00	1.821	-.404	-.795	
"I feel out of touch when I haven't logged on to any social media site/platform for a while"	6.334	7.00	1.848	-.369	-.815	
"I feel am part of the social media community"	6.429	7.00	1.861	-.418	-.806	

The results indicate that on the scale of 1 (strongly disagree) to 9 (strongly agree) used in the study for all the statements have the mean score greater than 6 and mode of 7. This indicates that majority of the respondents agree with these statements. The skewness and kurtosis of the responses are also estimated in order to study the distribution of the data collected for these statements. Since the level of skewness and kurtosis are found to be very low, the distribution of the responses is found normally distributed. The results show that the Cronbach alpha of the items of the construct "Intensity of Social Media Usage" is 0.935, thereby ensuring the existence of internal consistency reliability.

Purchase Intentions refer to intentions of consumers to buy products and services. Consumer's favourable attitude toward social media advertising lead to invoke their "Purchase Intentions", The results of the descriptive analysis and reliability analysis applied on the responses received against different statements measuring the *Purchase Intentions* are shown in Table 4.

Table 5: Descriptive statistics and Cronbach alpha (Purchase Intentions)

Purchase Intentions	Mean	Mode	Std. Deviation	Skewness	Kurtosis	Internal Reliability
						Consistency
						Cronbach Alpha
"I will buy products that are advertised on social media in the near future"	6.3180	7.00	1.74306	-.286	-.862	0.945
"I desire to buy products that are promoted in social media"	6.3525	7.00	1.74444	-.274	-.860	
"Advertisements on social media do increase purchase intent of featured brands"	6.4066	7.00	1.74253	-.300	-.848	
"Advertisements on social media have a positive influence on my purchase decisions"	6.4000	7.00	1.71461	-.290	-.802	
"I would buy the products that are advertised on social media if I had money"	6.4000	7.00	1.69535	-.300	-.787	

"I would buy the products that are advertised on social media if I had money"	6.4000	7.00	1.69535	-.300	-.787	0.945
"I do not intend to acquire products that are promoted on social media"	6.3574	7.00	1.72497	-.270	-.873	
"I am likely to buy some of the products that are promoted on social media"	6.4049	7.00	1.71872	-.278	-.784	
"I plan to purchase the products that are advertised on social media"	6.3787	7.00	1.72850	-.294	-.764	
"Advertisements on social media have a negative influence on buying decision"	6.3082	7.00	1.72591	-.275	-.894	

The results indicate the mean score greater than 6 and mode of 7 for all the statements of Purchase Intentions. Majority respondents agree with the statements. Since the level of skewness and kurtosis is found to be very low, the distribution of the responses found normally distributed. The results indicate that the Cronbach alpha of the variables in the construct "Intention to Visit the Websites of Companies" is found as 0.945 which ensures that there is internal consistency reliability.

CONCLUSION

The researches on social media advertising verified that Consumers Attitude toward Social Media Advertising is a key factor for determining advertising effectiveness; it is a matter of great concern for companies to know and understand how to seek attention and get the formation of positive attitude of consumers toward advertisements of their products through social media platforms. Despite the high level of involvement of Asian consumers in online purchase behavior, there is dearth of studies regarding consumers' perception towards social media advertising. Several studies have been carried out in order to determine the attitudes of consumers toward social media advertising but these researches were prominently conducted on young adults and teenagers. The impact of "Consumers' Attitude toward Social Media Advertising" on "Purchase Intentions", Moreover, favorable attitude toward advertisements on social media may instigate the consumers to visit the websites of companies to get further information about their advertised products/services and they may get engaged in e-WOM activities like sharing the information with friends and relatives, or seek their opinions, give likes or become fan etc.

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Vivek Chaturvedi*

Research Scholar, Shri Krishna University,
Chhatarpur M.P.

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Corresponding Author

Vivek Chaturvedi^{1*}, Dr. Naval Singh²