An Analysis of the Social Media Influence on the online buying behavior of Indian Consumers

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Abstract

Purpose: The study contributes to multi-disciplinary research on social media by empirically examining the impact of social media on the buying behaviour of Indian customers. It aims to provide information on the factors that influence sustained consumer behaviour.

Findings: The factors affecting consumer’s online buying behaviour can be divided into demographic factors (age, gender, education, income), psychographic factors (attitude, personality, perception, beliefs), technology adoption factors (perceived ease of use, perceived usefulness, access to technology, subjective norms, behavioural control), website related factors (navigation, security, trust, comparability, customisation, perceived enjoyment) and objective factors (product, price, quality, convenience)

Research Implications: It is important for e-marketers to understand the factors that affect the consumer’s online behaviour so that they draft superior and sustainable social media marketing strategies to engage and deliver their customers on the online platform.

Originality: the study attempts to capture the impact of social media on the buying behaviour of Indian customers. Various studies have been done to understand social media as an additional channel of delivery but the Indian perspective is clearly missing when it comes to the impact of different factors on the consumers’ online buying decisions. The study uses secondary data to capture an exhaustive list of the factors that impact online buying decision.

Keywords: Social media, consumer behaviour, Web 2.0, Social CRM

Focus of the Study

The focus of the study is to understand the customers’ online buying behaviour through examining the individual level characteristics of the customers that impacts their purchase decision making process and the market level analysis of social media that will help give a
broader understanding of the consumer’s actual behaviour on social media. Individual level characteristics include perceived risk, delivery concerns, return policy, information seeking behaviour, perceived behavioural control, perceived ease of use, perceived usefulness, subjective norms, trust, age, education, attitude etc., will be identified from the study.

**Research Questions**

- What influence does Social Media have on online buying behaviour of Indian consumers?
- What factors drive Indian consumers to buy products/services online?

**Objectives**

The following are the objectives of the study:

- To study the influence of social media on the consumers' online buying behaviour.
- To evaluate the individual characteristics that influence the consumer’s online buying behaviour.
- To understand the drivers of continuous user engagement and purchasing behaviour.

**Methodology**

* The study will be based on the data to be collected from secondary sources.
* The secondary data will be collected mainly from internet panel data provider comScore to analyse general market data in order to provide a broader context for online behaviour.

**Introduction and Background**

Social Media Web sites (SMWs) such as Facebook, Orkut, Youtube, Flickr, Twitter, etc. have gained wide acceptance amongst internet users (Kaplan and Haenlein, 2010). Millions of people across the world have become members of these SMWs to connect and build relationships with other like-minded people. SMWs are used for varied purposes like exchanging information, expressing opinions, sharing photos, and videos, showcasing one’s interests and passions to others, engaging in discussions, and connecting to people, etc. (Kim et al., 2010). Social media websites have contributed to increasing numbers of contacts between users sharing common interests and to the creation of online communities and digital social networks. Having one or multiple accounts in SMWs has become one of the most popular and faster growing Internet activities; SMWs applications attract already hundreds of
millions of users and these numbers are growing fast. SMWs are considered to be of great importance both for individuals and businesses, since they support the maintenance of existing social ties and the formation of new connections between users through the internet (Boyd and Ellison, 2007). SMWs as advanced Web 2.0 applications have become a major interest for the Information Systems research community. Social media has created new ways to communicate and share information. Most SMWs are online- based and provide a variety of ways for users to interact, such as email and instant messaging services. SMWs are being used regularly by millions of people, and it now seems that social mediawill be an enduring part of everyday life (Dwyer, 2007). Businesses increasingly acknowledge the potential role of the online social networks as marketing instruments (Constantinides et al., 2008; Waters et al., 2009; Hogg, 2010; Spaulding, 2010) and also as tools allowing observing and analysing user behaviour (Donath, 1998). These options attracted already a substantial commercial and research attention. SMWs can be especially useful for connecting with customers, contributing to customer learning and getting customer input (Tikkanen et al., 2009).

Regarding the potential of SMWs as marketing tools, these can play different roles as part of the marketing strategy (Constantinides et al., 2008; Waters et al., 2009; Tikkanen et al., 2009; Hogg, 2010; Spaulding, 2010, Park et al., 2010):

1. Creating social Media environments and motivating customers and prospects to use them leading to engagement with the customers and increasing customer trust and loyalty.
2. Customer information available in SMWs voluntarily uploaded by the users allows companies to obtain a great amount of information about their customers, their personality and lifestyle as well as information on their trust in the internet, perceived ease of use, perceived risk, and attitudes to SMWs and so on.
3. Companies can use SMWs as a source of customer voice for the development or testing of new products or services.
4. Finally, based on user analysis and segmentation, companies could selectively inform their customers even on personalized level, about their products or services, provide them with useful and interesting information or use the SMWs as customer service channels. Thus, in order for a firm to effectively communicate with its clients, superior social media is the key. A firm must establish a presence in the online community in order to firmly anchor itself in the business world.

SMWs, besides providing networking possibilities they offer to users, can also empower them as consumers; because online networks offer users the possibility to obtain more information about companies, brands and products (often in the form of user reviews) and
make better buying decisions (Lorenzo et al., 2009). Today’s customers no longer rely solely on brand names or household names when making purchase decisions. They want to connect with other consumers. They want to know what others think and have experienced with a company and or its products or services. Consumers want to be well-informed before making a decision, whether it’s in buying a widget or making long-term financial investments. In this new social media environment, they are no longer a passive audience which depends on traditional media to get information, but rather actively contribute to the content of the new media. On these sites, users exhibit their demographics as well as their preferences by carefully editing (decorating) their profiles. More important, they explicitly link to their friends and, in doing so, reveal their likely communication patterns. In the past few years, social networks have populated the world, often attracting a critical proportion of a country’s population.

The increased importance of technology platforms for social interactions has raised the interest of product marketers who want to explore them as new advertising/promotion media. Marketers increasingly believe that the efficient way of using social networks for marketing relies on harnessing Word of Mouth (WOM) by analysing the media of members’ connections. For example, Google recently filed a patent for an algorithm that identifies so-called influencers on social networks (“System and method for brand management using social networks” application no-US 20130191455 A1, 2013). Several other firms (e.g., Idiro, Xtract) provide network analysis for the telecommunications sector and for various Web 2.0 platforms to assist in viral marketing campaigns. Indeed, social networks represent one area in which network analysis might be used for WOM marketing. Other technologies (e.g., blogs, telecommunications, and virtual worlds) that record consumers’ communication patterns are also adapted to such techniques. In all these cases, the essential idea is that understanding the media structure of individual consumers can help marketers implement effective viral marketing strategies. The assumption that underlies all these “network-marketing” techniques is that social media information can help identify influencers and predict consumers’ adoption probabilities.

A recent CII-PwC survey also states that social media has the power to garner new business and serve customers better. Debdas Sen, Leader Tech Consulting PwC India said, “Indian firms have grown accustomed to using technology. However, we have now reached a point where technology needs to be used as a value lever to traverse a fast-paced growth trajectory. Innovation to help develop the product, process and service is the new mantra. From that perspective the advent of social media vis-a-vis the changing regulatory environments are
further strengthening the strategic role that technology plays in the industry.” To take business to the next level of growth, firms will continue to invest in mobile and social in order to provide a consolidated view across all payment channels. Those firms that experiment with various social media channels to build brand equity, facilitate payments and help promote the organization's’ image, can become real winners in the days to come, (Sohini Bagchi, 2015)

As customers increasingly use social media to share opinions on products and services, firms must listen, learn and respond, as well as incorporate their social activities into their overall corporate strategies. Interaction with other users can affect buyers by many factors which play a critical role in enabling consumers to have clear ideas about unfamiliar products, (Constantinides, 2004). In most cases, this requires firms to rethink their core business strategies to make them more customer-centric.

Social analytics can transform the enterprise customer relationship management system into social customer relationship management. The input from social customer relationship management enables firms to develop profound knowledge about their customers, including sentiments, wishes and needs, resulting in improved engagement and intelligent decision-making. By analysing the large volumes of data available on social media, firms can extract key insights that will enable them to improve product and service development, customer service, marketing, risk management and business performance. Since social media is all about the customer experience, firms need to build their social media strategies around the customer to drive loyalty, revenue and profitability. Thus, to unleash the full potential of using social media channels, firms need to look beyond mere e-reputation and branding, to customer engagement and the ability to predict customer behaviour from insights gained from social data. Using these insights, firms can bolster their risk management capabilities.

Initially, social media technologies and solutions focused on single solutions, such as social marketing or responding to customer queries. Today, firms need a holistic solution that covers an array of capabilities, including customer engagement, diagnosis of data, deriving insights, governance, compliance, etc. A dedicated team is required to manage social media across departments and effectively manage content, community and conversations, creating a seamless customer experience across all channels. Social media should be embedded into a firm’s entire ecosystem.

Rationale/ Justification of the study
Appropriateness

- Technology Innovation- Firms need to move from the traditional push strategy to “customer service” and “customer engagement,” which requires a two-way mode of communication.
- Consumer Dynamics- The new generation customer is educated, internet-savvy, higher spending. Consumers now have the power of information at their fingertips. Mobile communication is expected to play an ever-larger transformative role.
- Competition- the Indian firms has been a laggard in adopting social media and hence facing pressure from foreign firms on costs and margins.
- Digitalisation- the Government initiatives to make internet accessible to all will further fuel social media as an important delivery channel.
- According to eMarketer (2013), with approximately two billion people using social media around the world, firms must seriously consider how to engage with customers on social channels.
- The proposed study will help the firms to understand the customer perception as regards to social media as a channel for marketing. Existing and potential customers will increasingly expect firms to use Social media channels to deliver faster and more effective customer service and customized advice; share offers and upcoming events; offer knowledge about regulations; and provide a feedback mechanism about products and services.

Over 11 million consumers use Social Media to purchase different products/services, to provide rich information about certain products and to share comments with other consumers (Miller & Lammas, 2010). The convergence of economic, demographic, and technological forces will bring about unprecedented changes in consumer behaviour, according to a recent report from Deloitte Touche Tohmatsu (DTTL), Consumer 2020: Reading the signs, India will become the world’s fifth largest consumer market by 2025. India has a large market of middle class consumers and growing purchasing power of the Indian consumer is already having a significant impact on the global consumer market. As India’s economy gains from strength to strength so does the growth in two-income households giving rise to increased demand for convenience of modern retailing (RajanDivekar, 2010).
The rationale of the current research is that there are heavy users of SMWs (Ellison et al., 2007) and the companies should tap this opportunity to make their marketing communications successful. The statistics continue to show increasing adoption of social media, with over 1.5 billion social media users globally (Source: eMarketer, Feb. 2012). The use of social media is shifting to a point at which brand following is becoming mainstream, further closing the gap between the use of social media for leisure and the potential for business social media use. Another significant change is that social networks are now used for referencing content, which is becoming an increasingly important method for influencing purchasing behaviours.

Methods of customer engagement are changing with the changing demographics. Customer engagement now is more about connecting and socializing with a larger and enlightened group of consumers. Consumers now have the power of information at their fingertips, enabling them to comparison, shop and purchase a wide range of goods and services anytime, anywhere. Also, this trend is likely to accelerate, as mobile communication is playing an ever-larger transformative role, as it provides independent access to information and increasing opportunities for mobile commerce. Additionally, the sense of customer loyalty that existed in previous generations will be more short-term and increasingly influenced by social networks (Divekar, 2010).

As estimated 29 million youth have joined higher education in 2013 and if the trend continues, in the next 5 years alone, firms would have over 190 million social-media-savvy potential customers. These young customers offer a huge value proposition.

It is high time that firms, that are selling the whole gamut of products/services under one roof, adopt the social media as an additional platform to create long lasting and profitable relationships with their current as well as potential customers. According to eMarketer (2013), with approximately two billion people using social media around the world, firms must seriously consider how to engage with customers on social channels. And simply establishing a presence on social media is not enough consumers will increasingly expect firms to use social channels to deliver faster and more effective customer service and customized advice; share offers and upcoming events; and provide a feedback mechanism about products and services. By analysing the large volumes of data available on social media, firms can extract key insights that will enable them to improve product and service development, customer service, marketing, risk management and business performance.
Since social media is all about the customer experience, firms need to build their social media strategies around the customer to drive loyalty, revenue and profitability.

Traditionally, firms have employed a “push” strategy to communicate their offerings to customers, through advertising, direct mail, point-of-sale displays or face-to-face interactions. However, the industry focus has shifted from “customer service” to “customer engagement,” which requires a two-way mode of communication. To sharpen their engagement capabilities, firms need to enhance their understanding of customers by using social analytics to gain deep insights into customer behaviour, sentiments and needs. Firms can also use social media insights to create pricing models for loans and other banking products, and they can combine traditional scoring elements with data available in the public domain, such as Twitter, Facebook and other social media sites, to ascertain creditworthiness and price loans. Facebook and Twitter aren't only for socializing or getting the word out in 140 characters or fewer.

The ultimate goal of social media marketing is to turn the community members into de facto marketers, who will spread content virally through their networks, driving up the views and increasing the chances of engagement from non-users.

**Social media**

Social media can be applied as an effective tool for solving marketing problems around segmentation, targeting and campaign design and in particular, it describes how Social media can be used to improve marketing insight and communication effectiveness (Shaun Dogle, 2007). According to a study conducted by Cristina Castronovo & Lei Huang, (2012), Social media is an alternative marketing tool which is an important part of integrated marketing model applied by the industrial practitioners to help them achieve their marketing objectives. The new-age marketing model incorporates word of mouth marketing, customer relation management, brand communities, search engine optimization, viral marketing, guerrilla marketing; event based marketing and social media and develops an integrated communication model (IMC) (Cristina Castronovo & Lei Huang, 2012). Ronald Jean Degen, (2010), explains how the increasingly popular Social media driven ideation works for some companies, and how it can be expanded to encompass the complete crowd sourcing innovation process beyond simple ideation. The changing media landscape of direct marketing requires a model of direct and indirect targeting of buyers using social network. A conceptual model is presented by Adrian Palmer & Nicole Koeing-Lewis, (2009), which
brings together the needs of producers, sellers and communities. Customer experience is used as an integrative framework for reconciling the sometimes different needs of these groups. The online social media will become an increasingly important element of marketing activity. In fact, the term direct marketing will become a misnomer, as companies increasingly have to integrate direct communication that is aimed at target customers, with indirect communication aimed at their Social media (Adrian, 2009). Miroslav et al., (2012) examines the main reasons for using SMWs, the intensity of usage, the demographic profile of daily Facebook users, and the users' perceptions of marketing activities in the environment of SMWs and concludes that users participate on SMWs "to be in touch with their friends, planning activities with their friends and organizing events." SMWs have a high marketing potential not only because of the growing usage rate but also because of the relatively low resistance of the users towards marketing activities. Richard J Varey (2008) examines “interaction” and "communication" and relates these concepts to the concepts of society and the social process we call marketing. Within the context of an "interaction society", marketing is explained as a complex dynamic adaptive interactive system, revealing a conversational nature. The interaction not only directs and co-ordinates, but also co-creates "interactional work" which has innovative capacity. People coordinate with each other so that their action, affect, evaluation, and thought are complementary and/or commensurate. People interact with norms and rules in mind- they have interactional expectations (of sincerity, brevity, openness, intimacy, and so on). Computer Mediated Communication (CMC) is a broad term covering several configurations of communication processes. With the advent of the internet has emerged new transaction 'marketplaces' which create more efficient means of exchange as seekers can connect with offerers (Richard J Varey, 2008). Most organizations will have to integrate social into their business to remain relevant and competitive and more so because mobile social media is becoming a huge enabler. Further, how a company bridges social activity between its own sites and the popular social media sites is the key to success. Thus, a sound social media strategy includes engagement through external social networks and a brands own site (Graeme Foux, 2010).

**WEB 2.0**

Constantinides (2004), on the basis of an extensive research of 48 papers categorised web experience elements into three main parts- content category, psychological category and functionality category. He further categorised them into five factors i.e usability, trust, interactivity, aesthetics and marketing mix. Content category has a direct influence on the
web experience by making website aesthetically positive and its offer attractive. It includes aesthetic and marketing mix. Psychology category includes the trust, security, privacy consigns, customer support, secure transactions that will persuade customers to buy online. Functionality category improves online experience through ease of use, usefulness and interactivity.

Web 2.0 is the latest in the technology space and has created a growing trend among many online companies. The term was coined by Tim O'Reilly (2005), comprising of seven core principles.

1. Web is now a platform for participation, hosting services and value-added applications.
2. It harnesses collective intelligence through user activity and contribution.
3. Database management
4. Shift from software as an artefact to software as a service and treating users as co-developers.
5. The ability of software to run on various platforms and devices.
6. Rich and responsive user interface by leveraging AJAX technologies.
7. Light weight programming models.

Rich user experience of Web 2.0 plays an important role in e-commerce. The literature lacks a systematic analysis of the broad characteristics associated with Web 2.0 experience.

Wirtz, Schilke&Ullrich (2010), researched 22 different companies associated with the Web 2.0 and provided four main factors that describe the Web 2.0 characteristics.

- Social media by which a large number of participants often create powerful influence on the assessment of products and services.
- Interaction orientation which enables the firm to interact effectively with the customers.
- User added value by which user generated content is leveraged fostering online collaboration and active participation among online customers.
- Customisation and Personalisation which enhances the online experience by making it possible for internet users to reconfigure website to suit their particular needs and preference.

**Viral effect of SMWs marketing**
SMWs have a greater impact on others than themselves and SMWs displays a greater Third Party Effect (TPE) than traditional media, and the TPE will be greater when others are socially distant. Hence, the TPE in electronic word of mouth communication can be leveraged taking a communication mode one to many (distant others) (JieZang, 2009). An individual who is connected to many adopters has a greater adoption probability (degree effect). Second, the density of connections in a group of already adopted consumers has a strong positive effect on the adoption of individuals connected to this group (clustering effect). The average demographics and the global network position can predict their influential power on their neighbours. These results have practical implications for viral marketing and the model performs pretty well in predicting the next set of adopters (Zealot Katona et al., 2011). Social media marketing optimizes communication especially because of the positive effects of viral marketing on social networks (Cora et al., 2010). The marketers’ role has changed and the social web is promoting that change. Information dissemination and sharing among individuals is rapid when word-of-mouth occurs hence, viral marketing is firmly positioned in the e-marketing domain, and fits into the marketing communications, can impact on consumer behaviour by influencing consumer perceptions, attitudes, and views, and is inexpensive compared to many other forms of advertising and marketing campaigns (Woerndl, M. et al., 2008).

The new marketing creates the platform of true interactivity. The best websites will combine professional and user generated content (Weber, I. 2009). The advent of technology has meant a viral message can travel farther and faster than a traditional referral: viral marketing is a tool that is within marketers’ control (they can actively use to encourage product adoption and word of mouth referral. Thus it can lower the cost of promotion and boost the speed of adoption (Lindergreen, A. et al., 2008).

Social customer relationship management (CRM) using SMWs

Based on the anecdotal evidence given by Efthymios & Stefen j. Fountain, (2007), Web 2.0 has a substantial effect on consumer behaviour and has contributed to an unprecedented consumer empowerment. The consequences are far-reaching, affecting not only the area of technological development but also the domains of business strategy and marketing. The consumers observe others using the technology successfully, their expectations rise with respect to- to be able to shop, compare, purchase, and repair or service products and services on company sites. Second, Consumers will expect that the information that they receive from the company's various departments is consistent and coherent hence, the firms should coordinate their numerous functional groups providing information. Then, consumers expect personalized experiences and they demand timely responses to their queries and requests.
Fourth, consumers will also expect that in addition to consuming content they will also create it. Thus, marketing to the Web 2.0 generation will require greater creativity, greater flexibility, and more complete transparency (Peter et al., 2011).

Community relationship management accurately reflects what customers do in online communities—connect, converse, create and collaborate. Organizations can take advantage of these predispositions by using marketing research and public relations, nurturing opinion leaders or advocates, placing and creating advertisements, developing new products, lowering the cost to serve, building brand loyalty and sales, and amplifying buzz and visibility for the organization (Lawrence Ang, December 2010). Social media is currently an evolving “wave” in online business marketing. Marketers are beginning to drive the use of social media as a component in their marketing strategy and campaigns to reach out to customers and fans. Within the sub-disciplines of marketing that may use social media include promotions, marketing intelligence, sentiments research, public relations, marketing communications and product and customer management (Cristian Nestor, 2011).

According to Kim and KO (2010), use of social media marketing enhances the CRM and buying behaviour. The three main variables required for Social media and CRM implementation are customer interaction, customer engagement and the level of trust. Effective Social media and CRM implementation strategies ensure high level of customer commitment to service organisation and in turn affect customer purchase behaviour (Behravan & Rahman, 2011).

According to Srivas et al. (2011), enhancement of customer relationship between customer and organisation depends on how organisations manage their Social media sites with their customers that has a positive impact on customer motivation to purchase online and also to generate positive word of mouth which in turn satisfies the prospects.

Mohammed Husain et al. (2012) states that the perceived risks involved in online purchase (the financial risk of losing money and financial details, fear of non-delivery of ordered product and convenience to use) affects the attitude towards online shopping.

**Factors affecting online buying behaviour**

Ericsson et al. (2005), found out through his study that perceived usefulness of internet banking is the main reason for influencing factor.

Such & Han (2003), Gerard et al. (2006), found usefulness and ease of use significant elements in customer’s e-banking.
Koufanis (2005), Ranganathan & Grandon (2005), Casto et al. (2007), found security directly affects e-banking usage.

Donath & Boyd (2004), Lenhart & Madden (2007) and Sheldon (2008), found making new friends, communicating and connecting to other people are one of the prime reasons for using social networks.

Robert Allen (2008), studied age, gender, and access to technology factors influencing the usage of SMWs among young professionals in South Africa on a sample of 271 people.

Jiyoung Cha (2009) studied two types of items that SMWs carry: real and virtual and concluded that shopping services has different target consumers and factors according to product type. Age, usefulness, ease of use, security and fit are critical in establishing favourable attitudes towards shopping for real items. For virtual items its gender, SMWs experience, ease of use and fit are factors that influence attitudes.

Ji Xiaofen, Zhang Yiling (2009), concluded in his study that online word of mouth and opinion leaders have influence on consumer buying behaviour especially in apparel purchase. He used customer orientation of the brand and product as a mediating factor using a sample size of 540 respondents.

Matti Mantymaki (2009) used the expanded expectation confirmation model given by Thong et al. (2006) and empirically tested the research model with data collected from 965 Canadian SMW users to investigate customer loyalty in social virtual worlds with two key variables: continuous use behaviour and purchase behaviour. Perceived enjoyment was found to have the strongest impact on continuous use behaviours whereas perceived critical mass was the main predictor of purchase behaviour.

Masoud Banbersta (2010), examined the success factors of SMW (Twitter in particular) and used the organisation evolution theory and STOF model to develop a theoretical framework for the business perspective and the UTAT model and the Tiger pleasure framework to develop a theoretical framework for the users' perspective.

Youngseek Kim et al. (2010), studied the factors influencing adoption of social media in the perspective of information need on 250 respondents in the US. He found out that perceived usefulness, perceived enjoyment and social influence are important determinant of the social media adoption. Secondly, perceived enjoyment has a greater impact on the user behaviour to
adopt social media and thirdly, individual users' perception of usefulness, ease of use and enjoyment may be significantly attributed to personal innovativeness.

Watanyoo Suksangiamand Wornchanok Chaiyasoonthorn (2011) developed a measurement model assessing the adoption of Facebook.com by questioning 382 undergraduate students using exploratory factor analysis and common factor analysis. It was found out that intensity, news, snoop, information receiving and relationship management are the components to measure the adoption of Facebook.

Harsh Gangadharbatla (2011) studied the motivations for social media site adoption and identified need to belong, entertainment, commercial value and self-expression as main motivational factors. Further, he observed technology and privacy as expected hindrances to adoption.

Yulihasni et al. (2011), found comparability, usefulness, ease of use and security as important predictors towards on-line shopping. The survey was conducted on 300 respondents usually on university students in Penang, Malaysia. The extended TAM Model given by Vijayasarathy (2003), was used which is an integrated model of TAM, TRA and TPB.

Asuncion Hernandez (2012) studied the brand impact on purchasing behaviour through virtual social networks channel through a sample size of 345 respondents who were university students. The relationship among perceived usefulness, perceived ease of use, attitude towards the virtual Social media and the behaviour to use social networks; relationship between gratification in use of virtual Social media and attitude towards social networks; relationship among subjective norms, perceived usefulness, perceived control and behaviour to use the virtual Social media and relationship between attitude towards virtual social networks and behaviour to use them.

Phat Tri Huynh (2012) suggests that social networking and interaction orientation are the key Web 2.0 web experience factors influencing online purchase behaviour using a sample of 173 respondents in New Zealand between ages 18 to 50 years.

Cheuk Man Lui (2012) analysed the factors affecting consumer's purchasing decision in online shopping in Hong Kong on a sample of 172 respondents aged between 18-50 years and found out that subjective factors are not relevant but objective factors like price, quality, and web trust were significant factors affecting online purchase behaviour.
Somkial Mansumitrchais et al. (2012), examined the adoption and uses of SMWs (Facebook in particular) in South Korea by questioning both users and non-users using qualitative and quantitative approach. Factor analysis suggested involvement, usefulness, usage, trust, convenience, opened of information, audience, making contacts and acceptability as reason for adoption.

Laura et al. (2014) investigated key drivers that affect customer behaviours to purchase products and services online in a transitional economy. The findings suggest that usefulness, ease of use, security, trust and confidentiality are the key drivers. He used a sample size if 205 targeted at the age group 16-65 years.

Findings

There are currently three areas where firms are applying social media. Two of these areas focus on enhancing existing business processes, while the third category attempts to reinvent a certain space within the industry altogether:

1. Social marketing: Using social tactics, media, tools, and technologies across all components of the marketing mix: product, price, promotion, and placement.

2. Social CRM: Expanding CRM systems from optimized customer-facing transactional processes to include simultaneous interactions and conversations that customers have among them; in order to improve business processes and supporting technologies in: targeting, acquiring, retaining, understanding, listening to, and collaborating with customers.

3. New business models: Social networks have created a space for new services that is slowly being filled by small sized entrepreneurial companies.

Social Media thus implies a fundamental shift in the way firms interact with prospects, customers, employees and other stakeholders.

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