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EFFECTIVENESS OF SOCIAL MEDIA AS A MARKETING TOOL: AN EMPIRICAL STUDY

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ABSTRACT

In an era where technology prevails, entrepreneurs as well as marketers see the need to keep up with the fast pace of change or risk being outdated. Gone are the days when a pure-bricks business model will thrive well in current market scenario. It is practically impossible to design a marketing strategy without considering social networks. Social media had become really important gradient in today's marketing mix in general and in promotion mix in particular. Adapting some form of marketing online through social media is a key node for all businesses, especially in an industry where trends constantly change such as fashion and handicrafts. The paper carries out empirical research to understand the effectiveness of social media as a marketing tool and an effort has been made to analyze the extent social media helps consumers in buying decision making. In addition strategies have been suggested for maximizing the effectiveness. Various statistical tests have been applied to support the research hypothesis.

KEYWORDS: Promotional tool, marketing strategy, SNS, Social Media, Online branding

INTRODUCTION

Over the past 40 years, we have experienced a radical shift in how business is conducted and how people interact. The introduction of personal computers, the Internet, and e-commerce have had a tremendous impact on how businesses operate and market. The introduction of social media technology is accelerating and we can expect it to have a similar impact on businesses now and into the future. As new technologies became available, businesses that learn to use new technologies gain great benefits. Some of the best-known examples include technology-driven companies such as Microsoft, eBay, Amazon and Google. In a short span of time, social media has become one of the most loved mediums for the Indian youths today. Social Media Marketing is the hottest new marketing concept and every business owner wants to know how social media can generate value for their business. People are social by nature and collect or share information that is important to them. Social Media Marketing is about understanding how technology is making it easier for people to connect socially with their social networks and how

your business can profit from that understanding. More and more of your customers, whether for personal use, business-to-consumer or business-to-business reasons use social media in every aspect of their daily life. There is a common misconception that social media and social networking sites (SNS) are two synonymous terms. Social media are tools for sharing and discussing information. It can be described as a kind of online media which encourages every member for feedback and contribution. It is a social instrument of two way communication facilitating the sharing of information between users within a defined network via web 2.0 (O'Reilly, 2005). It involves online activities in which the user contributes to content creation.

This

media encourages user involvement which can be as simple as posting comments or giving votes or as complex as recommending content to other user on the basis of preferences of people with similar interests and lifestyle. Thus social media can be described as a broad term inclusive of activities where people create content, share it, bookmark it and network at a phenomenal rate. On the other hand social networking sites are a place where in one forms communities of interest to connect to others. Social networking sites utilize social media technology to connect with people and build relationships. Social networking sites allow individuals to construct their profile within a bounded system, share with other users and view and traverse their list of connections and those made by others within the system (Boyd & Ellison, 2007). It can be thus concluded that social networking sites are a form of social media. The increasing dependence on technology for basic communication highlights the importance of analyzing how these networking sites are affecting daily processes. Anyone including teens and young adults, women, men, affluent consumers, and older individuals can join a social network site. Once registered the person can begin to socialize and create his/her own network of friends with common interests or goals. Sites like Face book, Twitter, LinkedIn are influencing the way users establish, maintain and cultivate a range of social relationships, from close friendships to casual acquaintances. Consumers today want to be more informed about products before they make the purchase. Most importantly, social networks are extremely capable of informing and influencing purchase decisions, as many users now trust their peer opinions more than the marketing strategists. Customers now have the power to talk back at the brand and broadcast their opinions of the brand. Therefore, marketers have no choice but to treat them differently and with greater respect.

Scope of the Study

The scope of the study has been limited to social media marketing only. The study has been confined to Delhi & NCR region as this area has greater internet penetration and plenty of social Network Sites users.

Objective of Study

- A) To examine the extent, social media that helps consumers in buying decision making
- B) To study the gap between consumer expectation from Social media and its performance
- C) To suggest strategies to bridge the gap between expectation and performance to improve its effectiveness

Research Methodology

The study is based on descriptive research design. A questionnaire has been designed, to know the point of view of respondent regarding the extent of social media that helps consumers in buying decision making. First part of the questionnaire contains information regarding demographics and usage pattern of social media of the respondent. Second part has series of close-ended indirect questions which are based on impact of social media in making consumer buy a product and expectation from such media. The survey was conducted online through social networking sites and responses of 150 social networkers were collected. The instrument (questionnaire) was put over Google docs and the link was sent to users to fill the instrument through various social networking sites like Facebook, Orkut, Twitter, LinkedIn, Hi5, Bebo etc. The respondents and other people on different social networking sites were also requested to post the link from their profile. So the sampling technique used was non-probability convenience sampling. We used regression analysis for testing of hypothesis. For visual representation of finding and results bar charts, pie charts and tables etc. has been used.

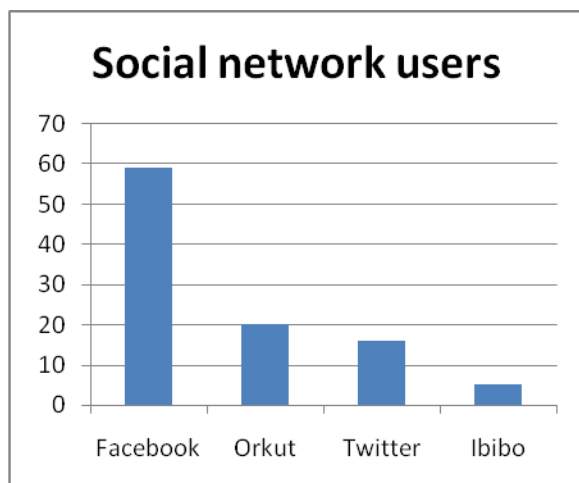
Table 1.1 **Profile of respondent**

Variable*	Classification	Total N (%)
Gender	Male	71
	Female	79
Age	Less than 18	0
	18-24	68
	25-39	72
	40-60	10

*at 95% the two variables are significantly different

Analysis

Fig 1.1 **Facebook top the chart**



Facebook is the most popular social networking site for the respondents. Orkut and twitter have got the second and third positions respectively.

Table 1.2: Motivation behind following a brand or joining a brand page

	Variable	Total N
Motivation to follow a Brand or Join a Brand page	Brand invitation/Advertising	68
	Friend's invitation	52
	Personal research	32
	Loyalty towards the brand	44

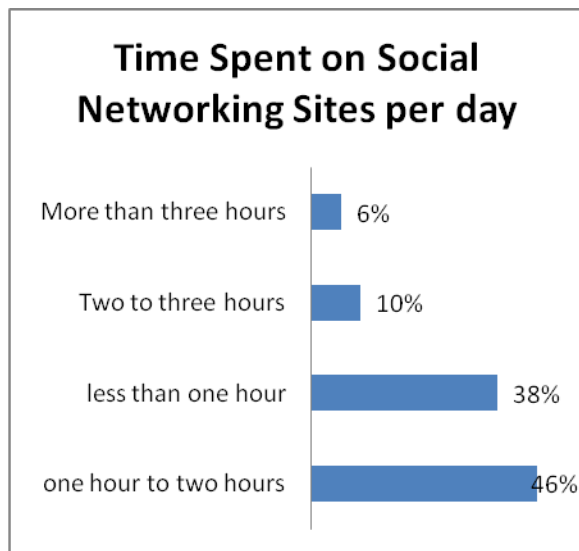
The motivational factor for people joining/ following a brand page/ brand on social networking platforms vary from person to person. The main reason fans come to join a brand page or brand following is through brand invitation/ advertising followed by a friend invitation. The search factor (personal

Research) plays an important role, thus it is crucial for brands to be found if consumers search for them. Brand loyalty also plays a role in motivation towards brand following on the social networking platforms. Brand loyalists are consumers who will market a certain brand and talk positively about it among their friends/ peers. This is free word-of-mouth marketing for the brands and is often very effective.

Social networking sites are a new CRM (to receive exclusive deals and offers, exclusive content) tool where the consumer wants to feel exclusive. The attachment to brand is a key motivator to advocate the brands. Demonstrating appreciation for the brand, showing what you like, and supporting the

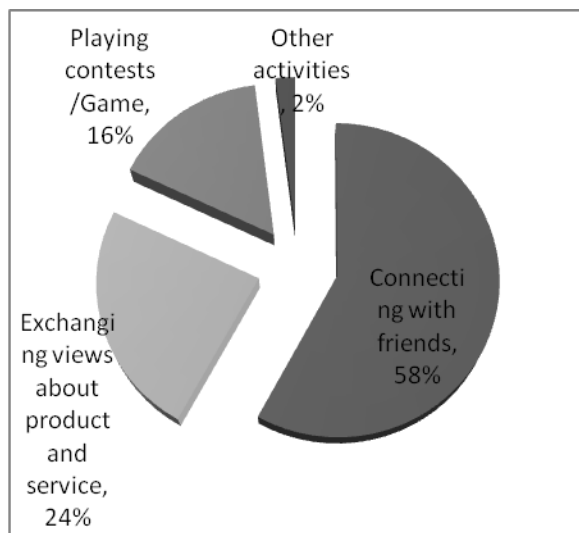
Brand's values play an active role in generating advocacy. The desire to engage with the brand either through dialog with the brand's representatives or with other consumers reaches an interesting level.

Fig 1.2 Time dedicated for socializing



Social networking is now an important aspect of the day. With most people spending more than hour online! The above chart depicts very clearly that how much it is important for the marketers to exploit the situation by making workable marketing strategies.

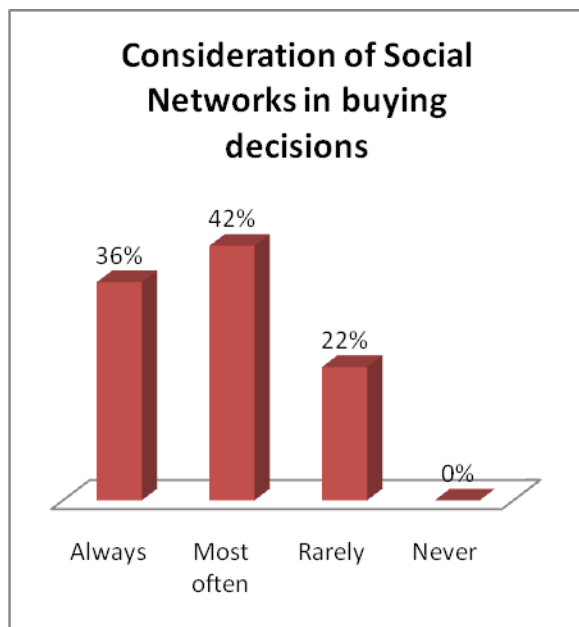
Fig 1.3 Purpose for using social media platform



Social media helped people connect with long lost friends. This is evident with 58% respondent in the survey using such platform to connect with friends. While 24% respondents believe in exchanging their views and experiences on various products/Services and others apart from just playing games and participating in contests (16%). So, here marketers have plenty of opportunity to communicate with their targets and offer them their products/service to persuade them to

transact and become loyal customer for them. It is a fast growing platform for brands in all the sectors. It acts as an effective tool as it is the best way to reach out market segment without incurring huge cost.

Fig 1.4 considering social media in buying decision



It is evident from the above bar chart that most of the respondents are using social media networks are considering social media before starting of buying decision making process. More than two third of users are always considering social media networks at the time of getting into purchase decision. So, it is of enormous importance for the marketers to put information on the social sites where there is huge probability to come into the eyes of consumers and if successes into pursuing the customers' then positive word of mouths will automatically get started. This will eventually gives rise to multiple impacts and conversation will get started on the web.

Coefficients^a

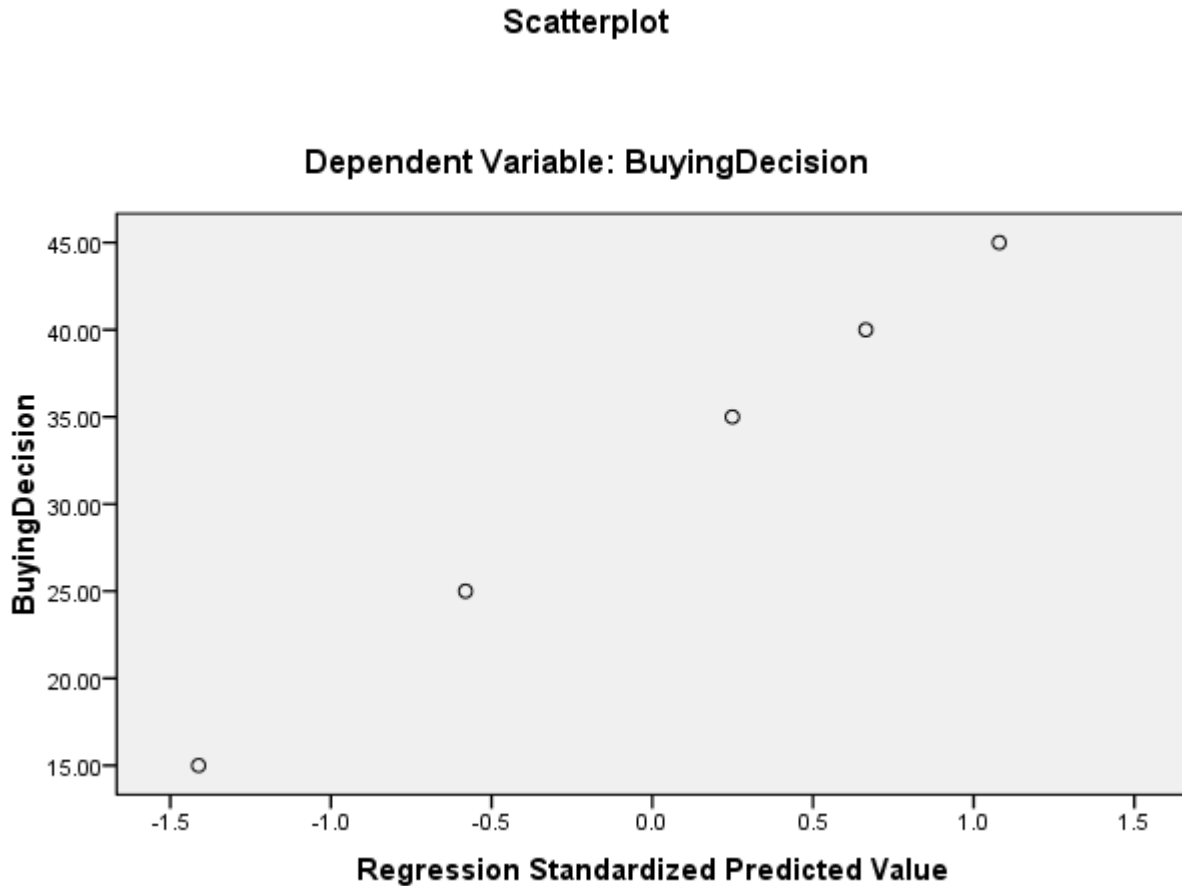
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-18.312	.000			
	To get Information About Product Service	.622	.000	.979	.334.	.739.
	To Find Friends Review	1.474	.000	2.629	-2.030.	.044.
	To Get Exclusive Offers	.679	.000	1.308	1.416	.159.
	To Interact With Brand	-1.097	.000	-2.338	-2.030 .	.044.

a. Dependent Variable: Buying Decision

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	15.0000	45.0000	32.0000	12.04159	5
Residual	.00000	.00000	.00000	.00000	5
Std. Predicted Value	-1.412	1.080	.000	1.000	5
Std. Residual	0

a. Dependent Variable: BuyingDecision

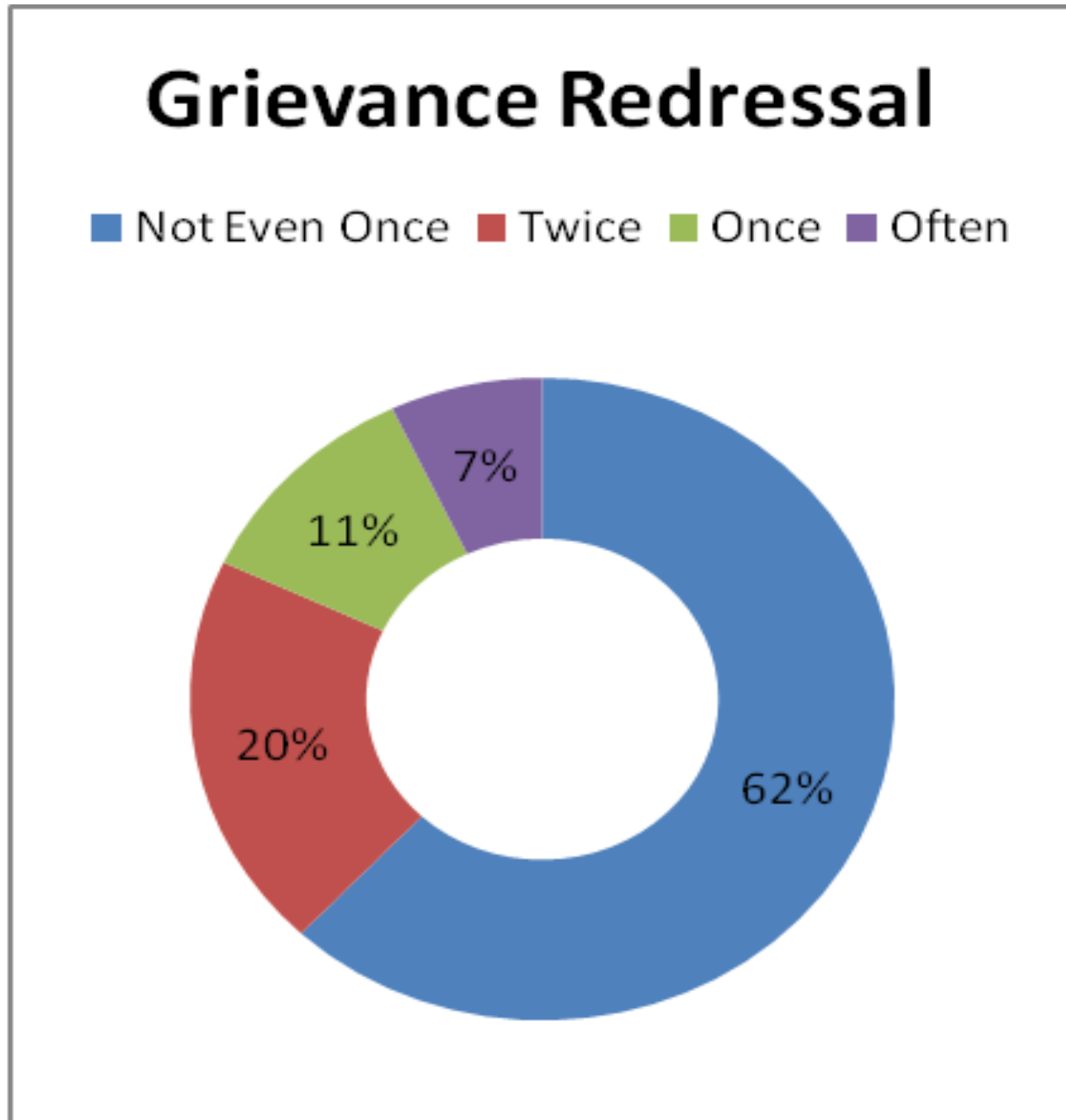


Regression Analysis was performed where in Buying Decision - the motivation factor why individuals joined brand page or followed a brand was taken a dependent variable and the suggestions that explain why individuals follow a brand on social networking sites were taken as independent variables.

In a regression line, $y = a + bx$, b represents the slope of the regression equation, y represents the independent variable and x is the dependent variable. Only two factors are showing a positive slope. It shows that the independent variable “To get information about product/Service”

Shows 0.62 variations on the dependent variable “Buying Decision “. Hence it indicates the more the companies should instigate individuals to talk about their brands/ products the more the chances that consumer will get persuaded towards the products/brands and will make purchase decision accordingly.

Figure 1.5 **Not a grievance redressal platform**



It is pretty evident from the above figure that Social Media Networks are not a very good grievance redressal platform. It means that consumers do not get what exactly they perceive about Social Media Networks. At the same time it has been found during surveys that they (consumers) are not getting the response of the questions they post on the brand page. In some of the cases very inappropriate and implicit information are being provided.

Findings

There is almost no variability among the social media network users on the basis of gender. It has been found that younger people are adopting social media like anything and with a pace that was never before in the past. It has also been found that almost every social media users who were respondent in this case use to go to brand pages to learn more about the product/services, to learn about the exclusive offers, to find the reaction of their friends and peer on the selected brands. The effectivity of social media as a marketing tool will only be possible when organisation having their presence on social media provide the concrete and timely information needed by the consumers. The main way fans come to join/ follow a brand page/ brand on social networking sites is through advertising followed by a friend invitation.

Buying Decision also plays an important role in motivation towards brand following on the social networking platforms. The desire to engage with the brand either through dialog with the brand's representatives or with other consumers (business to consumer + consumer to consumer communication) leads to advocacy and loyalty towards the brand and such consumer starts working as a brand ambassador of the product/service. The brand following over the social networking sites is converted into brand purchase either through offline or online buying channel if the marketing strategies would be designed by keeping in mind the perception and expectations of the consumers.

Consumer does research with search engines to locate their product/service and brand of interest. With more networks are more likely to gather opinions through their online network, read blogs and query the Twitter channel as early steps in the decision making process.

There is a gap between consumer expectations and actual delivery at social networking websites; Consumers don not get the information timely and adequately. The questions are not being answered by the brand pages in the speculative time frame of consumer. The consumers also do not perceive social media networks in general and brand pages in particular as a grievance redressal platform. Because the brands are not promptly respond to the issues raised by the consumers.

Conclusion

In conclusion, business today is being transformed from a transactional relationship to a social relationship. It is now more critical than ever that successful businesses use Engagement Marketing principles to plan for successfully engaging their prospects and customers before, during and after their purchase cycle, and that the basis for this engagement is high-quality and relevant information. Information which are demanded by target market at a time and place of their choice (24/7 and 365 days/year). Marketer's job is to provide this information in such a manner that you are viewed in a positive light, create a positive brand and product reputation, and are selected as their brand of choice. With the present growth and scale of social networking, we would even be able to buy products and services through the social medium. The medium is growing very fast and holds huge potential but is still in its nascent stage in India. Therefore, it is

time for the companies to make effective strategies and execute them to win larger share of business through this revolutionary medium and become the innovative firm of coming future.

Recommendations

Social media channels have a remarkable ability to attract customers with very brief statements, and they can lead your prospects and customers to valuable content located on your website. On the other hand, your website can encourage visitors to engage with your company by prominently linking to your social media channels. In order to accomplish this goal the following steps may be followed,

1. Modify your website to complement your Social Media Strategy.
2. Identify the Actions you want your Customers and Prospects to take
3. Implement your Conversations
4. Provide the Content your Visitors Want.
5. Maintain a consistent Communication Style
6. Send Advertisements.
7. Use your Web Properties to drive people to take the actions you are targeting

In order to influence your prospects and customers, your sales effort must follow a process that captivates and transforms your prospects by implementing these steps, which must be integral part of Social Media Marketing strategy.

- a) Develop the proper context of your message
- b) Create an appropriate draw.
- c) Create the proper content that engages
- d) Provide a sample offering
- e) Ensure you follow-up.
- f) Request they share.

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