Effect of Social Media Advertisements on Consumer Purchase Intentions

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ABSTRACT

The purpose for developing this research paper was to get an in-depth understanding of the mechanisms, features, domains, etc. of social media advertisements, across social media platforms and how these specific things are influencing potential consumers in their buying behavior or in other words their purchase intention. The design of methodology is a mixture of exploratory research design and causal research design, (involving a questionnaire) as the study satisfies both mentioned research design protocols. The findings in terms of the responses (of the questionnaire) collected were intriguing as it depicted that some characteristics of social media advertisements had more impact in influencing their purchase intention, than some of the other. Consumers preferred certain attributes more than some other attributes pertaining to ads on their feeds. Thus, the study of their implications will provide valuable insights to any concerned party. The potential limitations of this research paper will be mainly that the respondents, demographic were limited to a certain figure thus a larger sample size, would make more sense in the future. Also, the practicability of developed hypothesis may vary according to circumstances, which act as a potential limitation. The practical implications of this study can act as a guideline to organizations looking to understand their consumer base, preferences over the social media domain, which could result in potentially building their brand equity.

Keywords— Advertisements, Consumer Behaviour, Marketing, Social Media

I. INTRODUCTION

In order to focus on global development, follow market dynamics and reap the overall benefits of advanced technology, 21st century companies are shifting from traditional forms of mechanisms and platforms to digital platforms, in order to filter their value proposition of their offerings. Advertising is a similar domain of the business world which is being exploited via these digital platforms. Social media platforms in relation to this, constitute most of these digital platforms. Platforms like - Facebook, Twitter, Instagram, Gmail, Outlook are now mediums for businesses to advertise and promote their offerings to their target and required set of consumers. These platforms have the tools and mechanisms which allow advertisers to

appeal, understand, influence, and get an in-depth understanding of their target consumer's tastes, likings and preferences. This new wave of online advertising entices customers to visit them, which is the quite opposite of traditional advertising, where print media, broadcasting media are put forward in the space and minds of the consumer. Some of the mechanisms and tools within the spectrum of online advertising are - pop-up ads, HTML ads, text-template ads, GIF ads, interstitial ads. Some social media platforms like Facebook and Instagram are also using something known as - 'Dark Posts' wherein advertisers can showcase their online ads to their targeted sets of users as sponsored content, which in turn appears from time-to-time in their feed or timeline. These varied spectrums of tools and mechanisms are then measured based on things like - click per ads, click per website, frequency on website, data traffic etc. Founder of billion dollar and tech giant enterprise 'Amazon', 'Jeff Bezos' once said that - "If consumers are unhappy in the physical realm of world, they can tell about it to 6 different people, but if consumers are unhappy on social media platforms, they can tell it to 6000 different people". This paper showcases the reach of social media ads and how they influence a consumer differently from something like print media, broadcasting, etc.

II. OBJECTIVES

- To understand whether social media advertisements or tools have a positive or negative impact on consumers' desire to purchase the offerings.
- To find out strategies and tools which are ideal in terms of avoiding negative influences, improving the efficiency and effectiveness of these ads, so that they influence consumer's purchase intention to the maximum.
- To get an in-depth understanding of the mechanisms & characteristics of these social media advertisements which affect the consumer's purchases via various frameworks and models.

III. RESEARCH METHODOLOGY

In order to measure and determine a trend herein, the effect of social media ads on purchase intention, the paper uses the combination of exploratory and causal research design. Data is acquired from primary and as well secondary sources of information.

IV. SAMPLING METHOD

Simple-random & convenience sampling was adopted, wherein a sample questionnaire was developed and distributed.

- Target Population –
 Google Forms was instrumented to get varied form of
 samples mainly pertaining to demographics like –
 Age, Gender, B2C (End-Consumers)
- 2. Sampling Frame
 - a) Age
 - Baby Boomers (Old Citizens)
 - Generation X (Adults)
 - Generation Y or Millennials (Youth)
 - b) Gender
 - Male
 - Female
 - Other
 - c) B2C (End Consumers)
 - Facebook, Instagram Users
 - LinkedIn Users
 - Other Social Media Platform User(s)

The type of research methodology this study follows are frameworks which provides insights about (a) traits and (b) components of social media ads and their impact on purchase intention of consumers.

a) Framework for Traits of Social Media Ads -

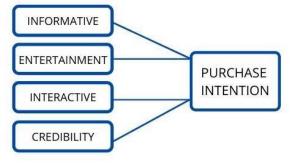


Figure 1: Traits of Social Media Ads (Source: Author's Contribution)

INFORMATIVE— refers to the quality and quantity of information a social media advertisement should have. The information necessary to showcase.

ENTERTAINMENT— refers to the aesthetical or emotional component of a social media ad, is it visually captivating, attention-getting or seeking, etc. **INTERACTIVE**— refers to the ability of social media ads to provide a two-way communication, allowing consumers to interact unlike traditional media ads which are one-way. **CREDIBILITY**— the right proportion of above-mentioned features help in building a positive image of the social media ad, which in turn enhances its credibility.

b) Framework for Components of Social Media Ads –

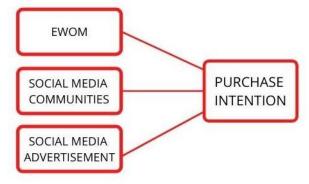


Figure 2: Components of Social Media Ads (Source: Author's Contribution)

EWOM— Electronic word of mouth as the name suggests is word of mouth across digital platforms. Sharing user experience, posting comments, reviews videos about offerings, etc. all come under this domain. SOCIAL MEDIA COMMUNITIES— refers to strongly related affiliations across digital platforms which prefer an offering. Social media pages, online group forums, etc. influence consumer decision to purchase that specified product and thus come under this domain. SOCIAL MEDIA ADVERTISEMENT— refers to the ads themselves, either in the form of pop up ads, links to original websites, clickable ads, HTML ads, dark posts, etc.

V. HYPOTHESIS DEVELOPMENT

Hypothesis are often developed as a response or potential solution to certain research questions that the overall research paper asks or seeks answers to. The two frameworks or models which are the foundation of this paper will be analyzed thoroughly via its components, which will lay down the formation of various hypothesis (H1.1-1.4 and H2.1-2.3). This study will try to develop hypothesis based on two major research questions, which are as follows –

Research Question 1 (R1) – Do characteristics of social media ads influence customer intention? (H1.1) – Ads which are informative in nature influence customer intention.

- (H1.2) Ads which are entertaining in trait influence customer intention.
- (H1.3) Ads which are interactive in trait influence customer intention.
- **(H1.4)** Ads which are credible in nature influence customer intention.

Research Question (R2) – What parts or mechanisms of overall digital/social media advertising influence customer purchase intention?

- **(H2.1)** EWOM (Electronic Word of Mouth) affect consumer purchase intention.
- (H2.2) Online communities affect consumer purchase intention or desire.
- (H3.3) Online Advertisement and the spectrum of it affect purchase intention.

VI. LITERATURE REVIEW

SOCIAL MEDIA

Social Media can be characterized as a gathering of web-based applications that expand on ideological and innovative establishments of web 2.0 and permit the creation and trade of client produced content (Haenlein, 2010). Social Media platforms have become the focal point of data conveyance on items, including the commencement of new product offerings, the formation of brand equity, and strategies to shape buyer conduct (Muntinga, Moorman & Smith, 2011). Positive remarks in social networking platforms can have a positive effect, however negative remarks can likewise be a piece of the brand equity and will be unable to be constrained by the organizations utilizing these platforms for promoting (Ho-Dac, Carson, & Moore, 2013; Kohli, Suri, & Kapoor, 2014). Due to information quantity, information readiness, detailed information and dedicated information, Erkan and Evans in their journal instituted that E-WOM on online shopping sites is more influential and effective than Social Media Platforms, themselves for users (Erkan & Evans, 2016). Purchasers are presently urged to collaborate with brands, share data with other purchasers, and make their content that showcases their brand preferences. The more purchasers are occupied with this procedure, the likelier they are to urge others to investigate designated brands (Christodoulides, 2009). Eradication of constraints in terms of time, place, media, and cost act as advantages of social media. Kim and Ko, in their journal also mentioned

that the following are the categories of online and social media - social networks, web blogs, photo & video-sharing forums (Kim and Ko, 2012).

PURCHASE INTENTION

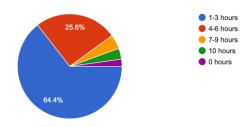
Whether a user or consumer's chances or possibility of buying an offering, product, or service in the coming future, is termed as the phenomenon we know as 'Purchase Intention' (Ajzen and Fishbein, 1980). In his research and study, Creyer discovered that firms which practice ethical behavior have a positive effect on consumer purchase intentions, allowing firms to reap benefits of high-priced commodities, as consumers were willing to purchase these highly priced products. Similarly, the quite opposite of this happened to firms which were unethical in nature and their conduct and behavior (Creyer, 1997). If advertisements create a sense of favorability in the minds of the consumers, the intention becomes, stronger. As the purchase intention moves up, so does the willingness of the buyer/consumer to purchase the product, thus showcasing that they are proportional to each other (Hailey and Baldinger, 2000: Mackenzie and Lutz, 1989). Further, enterprises and organizations can use 'Purchase Intentions' as the base of their measurement for determining if their social media and online advertisements are successful or not (Raneyet al., 2003 and Brown and Stayman, 1992).

VII. DATA INTERPRETATION & ANALYSIS

This part of the research focuses on the data collected, its analysis from various perspectives, its implications which lie in compliance to the research questions asked and the possible hypothesis for them. A total of 91 responses were collected whose detailed analysis is shown below –

Q1.

How much time approx. do you spend on social media platforms? 90 responses



Approximately, 64.4% of the respondents used social media platforms for 1-3 hours. The next bigger share went

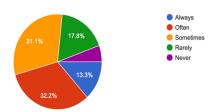
to people who used it, for 4-6 hours, which was around 25.6%. Only 4.4% of people used it for 7-9 hours and 3.3% people used it for 10 hours. Here, 0 hours translates to less than hour usage and thus only 2 respondents (2.2%) voted for, it.

IMPLICATION– Although, social media platforms have taken a surge most consumers on average use it between 1-3 hours and 4-6 hours, which suggests there is a moderate level of usage.

Q2.

How often do you resort to social media platforms, when you have confusion regarding purchasing a product?

90 responses

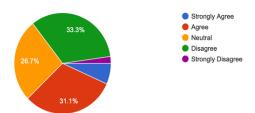


Around 32.2% of people often resorted to SMP, 13.3 % always resorted to SMP, 31.1% resorted sometimes to SMP and 17.8% rarely resorted to SMP and around 5.6% people never resorted to SMP.

IMPLICATION– With the percentage of people who are unlikely to use SMP around 23.4 % (17.8%+5.6%) showcases that around 76.6% (Always + Often + Sometimes) more likely than not will opt for SMP, when they have confusion regarding buying a product.

Q3.

On your social media feed, you like ads that are rich in text form.
90 responses

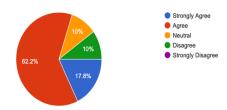


Around 33.3% chose not to agree, 31.1% on the contrast chose to agree and around 26.7% chose to be neutral. The people who strongly agreed were around 6.7% and around 2.2% chose to strongly disagree. **IMPLICATIONS**— This suggests that the population or samples almost equally like and dislike text forms in its social media ads. (SA + A = 38% / SDA + DA = 35.7%) Thus, a social media ad, should contain a balance of text only and picture formats, to be entertaining.

O4.

Social media ads which allow you to scroll through/view the product from different angles, engage you.

90 responses

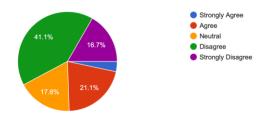


Most of the people (62.2%+17.8%=80%) believe the given situation, while only 10% chose to not believe the situation.

IMPLICATION– Social Media ads with 360-degree view, influence purchase intention by enhancing interactivity.

Q5.

Pop up ads on your feed, (ads which literally pop up) entice/attract you.

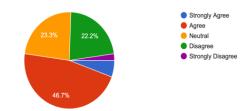


Around 57.8% (SDA+DA) of the respondents do not believe the situation, 24.4% (SA + A) of respondents believe the situation.

IMPLICATION— Pop up ads as a form of online advertisement mostly has a negative impact on purchase intention.

Q6.

On your social media feed, you don't mind the quantity of info on the ad as long as its entertaining/eye-catching.

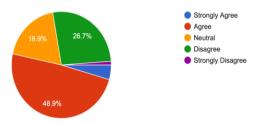


Around 52.3% (SA +A) of people believe the situation, 24.4% (SDA + DA) do not believe the situation and around 23.3% are neutral.

IMPLICATION- Mostly, entertainment as a feature of a SM ad is more important than information, itself.

Q7

Social media ads in the form of surveys, increase your engagement towards it. 90 responses

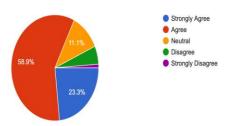


53.3% (SA +A) believed the situation, while 27.8% (SDA +DA) did not believe the situation and the rest were neutral.

IMPLICATION– Although, some find it time consuming, surveys in social media ads, enhance interactivity and influence buying decision.

08.

On your social media feed, ads that have high resolution and vibrant pictures attract you. 90 resonnes

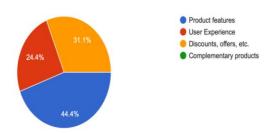


Around 82.2 % (SA +A) believe the given situation while only 6.7% (SDA + DA) were against it and the rest were neutral.

IMPLICATION– High resolution and vibrant pixels and pictures enhance aesthetic value and influence buying decision, highly.

Q9.

What information do you look for the most amongst ads in your social media feed? 90 responses



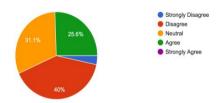
44.4 % of people, chose product features, 31.1% voted for discounts, offers, etc. and 24.4% of people voted for past user experiences.

IMPLICATION– Information and more importantly, info regarding the product features influence buying decision the most.

O10

You always get the correct/required amount of information from the social media ads, on your feed.

90 responses

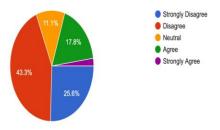


43.3% (SDA + DA -3.3+40%) of people did not believe the given situation, while 25.6% (SA +A -0+25.6%) did. The rest (31.1%) remained neutral.

IMPLICATION– Currently, SMP and ads are not giving users the right and required information, regarding products and services.

Q11.

You don't mind ads on your social media feed, which asks you to go through numerous interfaces. 90 responses

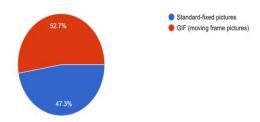


68.9% (SDA + DA -25.6%+43.3%) of people do not believe the situation, while 20% (SA +A -2.2% +17.8%) of people did.

IMPLICATION— Social media ads with too many interfaces decreases interactivity instead and influences (negatively) buying decision.

Q12.

Social media ads with Standard-fixed-motionless pictures or GIF (moving-frame pictures)?

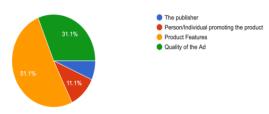


52.7% voted for GIF whereas 47.3% of people chose standard-fixed pictures.

IMPLICATION— Both of these enhance the entertainment feature of social media ads and influence buying decision, but GIF pics enhance it slightly more.

Q13.

On your social media feed, what makes an ad, credible? 90 responses



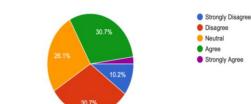
Most of the people (51.1%) voted for product features, 31.1% voted for quality of the social media ad, 11.1% voted for the promoter and 6.7% voted for the publisher.

IMPLICATION– Product features enhance credibility the most which in turn influence buying decision.

Q14.

On, your social media feed, would you prefer buying an offering from an ad, which has low credibility but meets your product need?

88 responses

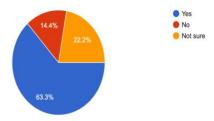


Around 40.9% (SDA + DA) of people voted against the question, whereas 33% (SA + A) voted for the question, while the rest (26.1%) remained neutral. **IMPLICATION**– Credibility as a feature of SM ad can influence buying decision (into not buying) even when product need is met.

Q15

Are you likely to change your attitude towards a product/ad after witnessing positive comments/likes/posts about it on your social media feed?

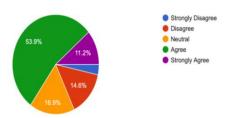
90 responses



63.3% of people answered yes to the question, while 14.4% said no and the rest, 22.2% remained unsure. **IMPLICATION**– E-WOM in the form of comments, posts, etc. influence buying decision.

Q16.

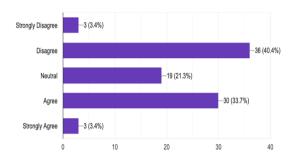
User reviews on your Social Media feed are crucial in determining your purchase decision. 89 responses



Around 65.1 % (SA + A) believe the given situation, while 18 % (SDA +DA) did not believe the situation and the rest (16.9%) remained neutral. **IMPLICATION**– Customer Reviews (a part of E-WOM) influence consumer buying decision. **Q17.**

You follow social media pages, which promote offerings/ads/products.

89 responses

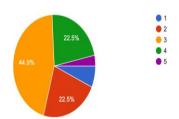


Around 43.8% (SDA +DA) did not agree to the given situation, while 37.1 % agreed (SA + A) to it and the rest (21.3%) remained neutral.

IMPLICATION– Social media pages (part of online communities) are not followed by all social media users. **Q18.**

On a scale of 1 to 5, how much do these social media pages/communities affect your purchase decision?

89 responses

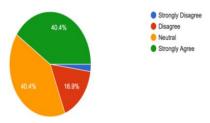


44.9% voted for 3, 22.5% voted for 4, another 22,5% voted for 2 and the least voted score was 5. **IMPLICATION**– Social Media Pages (online communities) moderately affect purchase decision.

Q19.

Social media has provided a platform wherein consumers can communicate freely with each other and the brand/company offering the product.

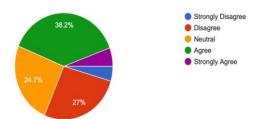
39 responses



40.4% were exactly neutral and agreeable to this question, whereas 19.1% (SDA + DA) were disagreeable. **IMPLICATION**– Social Media Platforms have increased interactivity and spread of word. (EWOM) **Q20.**

Social media ads, blogs, posts, reviews, etc. have more credibility for you than broadcasting/editorials and traditional/mass media ads.

89 responses



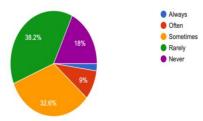
Around 43.8% (SA +A) agreed to the situation, whereas 31.5% (SDA +DA) did not believe the situation and the rest (24.7%) remained neutral.

IMPLICATION– Social media ads have slightly more credibility than mass media ads, which then in turn influence buying decision.

O21.

How often do you upload a review/post/article of an offering/product on your social media platforms, post its purchase?

89 responses

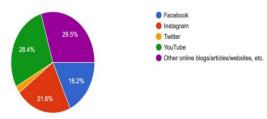


Most of the people (38.2%) voted for rarely, 18% voted for never, 32.6% voted for sometimes, 9% of people voted for often and 2.2% voted for always. **IMPLICATION**– Although, E-WOM influence buying decision most consumers do not themselves like to indulge in creating it.

Q22.

Which of the following social media platforms, do you use the most in making an informed purchase decision.

88 responses

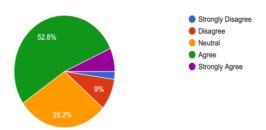


Most people (29.5%) voted for other online blogs/platforms, followed by YouTube, Instagram, Facebook, and Twitter, respectively.

IMPLICATION– Although social media platforms are heavily used for buying process, online forums specifically promoting those products, have larger influence in buying decision.

Q23.

Ads/reviews/posts on your social media entice you to try new products.
89 responses

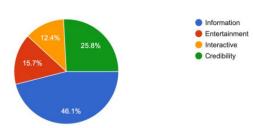


59.5% (SA + A) believed the situation, only 11.2% did not believe the situation and the rest (29.2%) remained neutral.

IMPLICATION– Social Media Platforms unlike mass media platforms have allowed new products to influence consumer buying decision.

Q24.

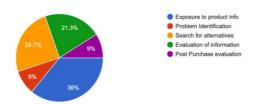
Which of the following is the most important for you in a social media, ad?
89 responses



Most of the people voted for information (46.1%), followed by credibility, entertainment and interactive. **IMPLICATION**– Information is the most influential feature in terms of consumer-buying decision.

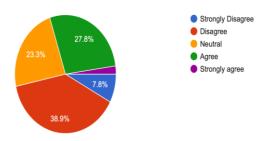
Q25.

Which stage of your buying decision is most affected by social media ads and platforms in general?



Most of the people voted for exposure to product info (36%), followed by search for alternatives, evaluation of information, respectively. Problem identification and post purchase evaluation were equally voted (9%, each). **IMPLICATION**– Social media platforms are mostly used as a search engine to gather initial product, info. **Q26.**

Social Media platforms make your purchase decision more complex.



Around 46.7% (SDA +DA) of people do not believe with the situation, while 30% (SA +A) agree to it and the rest (23.3% are neutral).

IMPLICATION– Half of the population indicates that social media platforms has eradicated, complexities. But significant amount of population (30%) also believes social media has made things complex. Thus, this suggests that although SMP are more efficient, quicker, transparent, and effective, there are still mechanisms which make it complex such as fake ads, scams, too many interfaces, etc.

V. CONCLUSION

This part of the paper will conclude the insights and analysis conducted from the data with respect to the potential hypothesis which was formed earlier. As per the first hypothesis (H1.1 – Information Feature of SM ads) – Information within a social media ad is the most influential in terms of consumer buying behavior. Although, SMP do not provide accurate information with respect to the ad, it acts as the most influential feature. Also, information posted as product features influence buying behavior, the most. The second hypothesis also was true and concluded that (H1.2 – Entertainment Feature) - although some people prefer rich text forms in their ads,

high resolution and vibrant pics, GIFs, etc. provide more aesthetic value which in turn influence consumer behavior. Entertainment feature of a social media ad can even work in influencing buying behavior when there is minimal information. Third hypo (H 1.3 - Interactive feature) was also influential in affecting buying behavior - although surveys are outdated it was seen that it enhances interactivity which in turn influenced consumer buying behavior. Also providing 360-degree views and angles within an ad produced more interactivity. Consumers also do not like SM ads which have too many interfaces, thus a balance must be maintained in terms of interactivity. The last hypo of the first model (H1.4 – credibility feature) was also true – consumers felt that product features within a SM ad enhanced credibility in it. They also felt SM ads were more credible than mass media ads. Also, credibility of an SM ad is so influential that even ads which meet product needs but have low credibility, are discarded. All hypos from the 2nd model was also seen to be true from the findings – **H2.1** (EWOM) – comments, posts, etc influence buying behavior as consumers felt a change in their attitude after witnessing them. Also, user reviews across these platforms, were influential in determining buying decision and although EWOM affected buying process, most consumers did not themselves take participation. Additionally, EWOM influenced them to try new products. H2.2 (Online communities) - Although most of the respondents did not follow online communities (social media pages, etc.) they were moderately affected by their content. H2.3 (Online ads) - Social Media ads in the form of - Gifs, high resolution pictures influenced buying decision most whereas SM ads in the form of pop-up ads hardly persuaded them into buying the product. Lastly, although consumers felt SM ads were more efficient and credible than mass media ads, some part of respondents believed that it also brought complexities in the form of multiple ads, fake ads, scams, too much interfaces, etc. Thus, this paper satisfies all the hypothesis formed.

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