

An Empirical Investigation to Understand the Impact of Social Media on Consumer Behavior Using Multiple Regression Analysis

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Abstract

Technology gives consumer the platform to investigate products to label them and criticize them in equal measure, and more. Therefore at present many companies have pages on social networks to share and create visibility about products, held by the feedback of consumers about products and tend to relate more to a company after going through various comments and reviews. Most studies show that the internet and social media usage is changing consumer behavioral pattern and also witnessed in developing countries such as India. In recent years, the online environment is viewed by users from a commercial perspective. Its development and the emergence of online stores have turned users into prospective consumers. Also the most important role of social media has changed the way of how consumers and marketers communicate with each other. Informational society influence affects the consumer decision processes and product evaluations. Social media provides a new channel to acquire product information through peer communication. This research will offer an overview on how the consumers use social media in the stages of decision making process and the psychographic variables that influence their behavior. The implication of these findings suggests about the segment in which, the insurance business in India should focus their market research and marketing strategy.

Keywords: Consumer behaviour, Social media, Regression analysis

1. Introduction

In the recent years, it is noted that, social media is enjoying a drastic success: Facebook, Twitter, Instagram, Telegram, Youtube etc. is gaining more importance among the individuals to share their views, thoughts, ideas and be connected with others all the time. Therefore, the business communities focus their attention to use these media tools to enhance their business operations, understand the need of the consumers in a more elaborate manner and get opinions from the potential users of the product and services. The development of these tools have enabled in changing the manner in which the consumers and producers have been looking at the products and then work together to create unique services which tends to satisfy the needs of the consumers at low cost. It is identified that informational society aspects tends to influence the consumer purchasing decision and their behaviour, the social media assist in offering such new channel so as to gather the information through constant communication. (Stoica, 2011)

Through the uses of social media, consumers tend to possess the power to influence on the other buyers by sharing their reviews and opinions. Consumer behaviour is mainly influenced by the personal characteristics, environmental aspects, market stimuli and other support system. The first section of this article presents a detailed introduction of the topic chosen, the next part states in detail the literature review of the subject, followed by the methodology and data analysis & interpretation, finally a brief

conclusion is presented based on the findings of the research.

2. Literature Review

Internet and virtual communities have consumers, companies and communities to get full information, have better social and better capacity communication networks. Social networks connects users in millions across the world with the same interests, opinions and hobbies. Blogs, YouTube, MySpace and Facebook are examples of popular social media at all levels of consumers. Users use multiple e-mail for communication (such as blogs, podcasts, networks, bulletin boards, and wikis) to exchange thoughts and views about the product, service, or brand, and communicate with other consumers that can be considered more reliable sources of information. The high popularity and attractive features of social media brought a tremendous and remarkable change in advertising and marketing. The consumer behaviour was influenced by social media for facts on aftermarket behavior, as divergent statements or behaviors related to a product or company (Hennig - Thurau, 2014).

In recent years, we have a great deal of business influence over online networks. Community media centers allow companies to engage and interact with potential consumers, increase consumer sensitivity and build meaningful relationships with potential customers. Organizations must differ from the company's appearance or brand through which various benefits and product placement are published (Kaplan, 2010). It was strongly believed

by marketers that hard core promotion should be done by the organizations about the the benefits of the single market in the relevant market and that social networking in the online environment should be made more lucarative to consumers. A much higher level of media efficiency than other traditional communication channels has enabled industry leaders to join companies like Facebook, Twitter, Myspace and others to succeed in online environments. So you can no longer handle other people's strategies or follow other directions (Mersey, 2013).

The presence of business in social networks and circularly subsidized or subsidized rounds of use leads to various for and against messages being displayed. A study done in 2009 conveys that out of 100, internet marketers have a profile on Facebook (79%), Twitter (69%) or both (59%). (What's in the mail, 2009) (Jones, 2014). According to the Deloitte Touche study, the United States found that 62% of US consumers read critical Internet consumers, 98% say they are quite reliable. 80 percent of consumers said that the understanding of these comments affected their purchase intentions. Chip / Business Communications and users help create a positive or negative image for users who send or seek information or purchase. The perceived market risk and amount a consumer is willing to pay for the same determines the view and image a consumer possess on the product's quality and usability. Scoail media has been used extensively by consumers and it has become a part in their day-to-day activity. Internet users has the potential to create and maintain contact with others to provide social support, friendship and intimacy (Ioanas, 2012). They make friends with other users by adding their friends' networks, facilitating communication, especially among common groups. Online groups have a significant impact on buying behavior and the buyer's intention and indirectly on the final buying. For example, social media websites offer a forum that gives individual consumers access to product details that facilitates purchasing decisions.

3. Objectives of the Study

To understand the prime features of social media which influences the consumer behavior in insurance industry

To measure the impact of consumer confidence, Search Engine Optimization (SEO) and reviews and feedback of social media on consumer behavior towards insurance products.

4. Research Methodology

The researcher intends to perform a detailed study on the subject area which is chosen for the study, therefore the researcher used quantitative research study, and the data was collated using primary data source and secondary data source. For primary data source the researcher administered questionnaire method and the data was collated from the consumers of insurance industry to understand the prime factors social media which influences the consumer behaviour in insurance industry. The data was collated from 125 respondents using a non-probability sampling tool called convenience sampling. The convenience sampling enabled the researcher to choose the respondents based on the convenience and are very easy to collate the data. Descriptive statistics and multiple regression analysis were used to analyse the data and results were interpreted.

5. Results and Discussion

Table 1: Descriptive Statistics of Demographic Variables

Gender		Frequency	Percent
Valid	Male	73	58.4
	Female	52	41.6

		Total	125	100.0
Age				
		Frequency	Percent	
Valid	Less than 30 years	32	25.6	
	31 - 40 years	43	34.4	
	41 - 50 years	30	24.0	
	Above 50 years	20	16.0	
Total		125	100.0	
Education				
		Frequency	Percent	
Valid	Undergraduate	55	44.0	
	Post graduate	60	48.0	
	Professional	10	8.0	
	Total	125	100.0	
Marital Status				
		Frequency	Percent	
Valid	Married	96	76.8	
	Single / Unmarried	29	23.2	
	Total	125	100.0	
Family Type				
		Frequency	Percent	
Valid	Nuclear family	51	40.8	
	Joint family	74	59.2	
	Total	125	100.0	
Annual Income				
		Frequency	Percent	
Valid	Less than 5 lakhs	2	1.6	
	5 - 10 lakhs	70	56.0	
	10 - 15 lakhs	35	28.0	
	Above 15 lakhs	18	14.4	
	Total	125	100.0	
Experience				
		Frequency	Percent	
Valid	Less than 10 years	75	60.0	
	10 - 15 years	29	23.2	
	16 - 20 years	21	16.8	
	Total	125	100.0	
Years in investing				
		Frequency	Percent	
Valid	Less than 5 years	53	42.4	
	5 - 10 years	46	36.8	
	More than 10 years	26	20.8	
	Total	125	100.0	
Products				
		Frequency	Percent	
Valid	Endowment policies	68	54.4	
	Money back policies	45	36.0	
	Hybrid policies	12	9.6	
	Total	125	100.0	

Based on the above table, it is noted that the 58.4% were male respondents and the remaining 41.6% were female respondents. Also, it is identified that 25.6% of the respondents were in the age group of less than 30 years, 34.4% of the respondents were in the age group of 31 - 40 years, 24% were in 41 - 50 years age bracket and the remaining 16.0% were in above 50 years age group.

It is further identified that 44.0% were undergraduates and 48% were post graduates and the remaining 8% were professionals, 76.8 of them were married and 23.2% were staying single. It is stated that 59.2% were living in joint family and the remaining 40.8% were in nuclear family. 56.0% were earning income of 5 to 10 lakhs per annum, 28.0% of them were earning 10 - 15 lakhs, 14.4% were earning above 15 lakhs and the remaining 1.6% were having annual income of less than 5 lakhs.

60.0% of the respondents were having experience of Less than 10 years, 23.2% were having experience between 10 - 15 years and the remaining 16.8% were having experience of 16 - 20 years. 42.4% of the respondents stated that they are investing in insurance for less than 5 years, 36.8% of them have stated that they were investing between 5 - 10 years and the remaining 20.8% of them has stated that they are investing for more than 10 years. Finally, the greater composition of respondents 54.4% of them

were investing in endowment policies, 36.0% in money back policies and the remaining 9.6% were investing in hybrid policies.

Table 2: Impact of Social media on Consumer behavior – Multiple Regression Analysis

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.848 ^a	.720	.713	.51556
a. Predictors: (Constant), Review & Feedback of Social Media, SEO, Consumer Confidence				

The regression analysis helps to understand the overall impact of independent variables towards dependent variable.

From the above model summary the value of R square is 0.720, this shows that the model is considered as the best fit.

ANOVA ^a						
Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	82.670	3	27.557	103.676	.000 ^b
	Residual	32.162	121	.266		
	Total	114.832	124			
a. Dependent Variable: consumer behavior						
b. Predictors: (Constant), Review & Feedback of Social Media, SEO, Consumer Confidence						

Based on the analysis, it is noted that the significance value is 0.000, this shows that the independent factors like review & feedback of social media, SEO and consumer confidence level possess significant impact on the consumer behaviour.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.978	.167		5.845	.000
	Consumer Confidence	.035	.098	.039	.355	.723
	SEO	.437	.096	.477	4.542	.000
	Review & Feedback of social media	.272	.100	.360	2.724	.007
a. Dependent Variable: consumer behaviour						

From the coefficients table, the regression equation can be stated as follows:

$$Y (\text{Consumer behaviour}) = \text{Constant} + X_1 (\text{Consumer Confidence}) + X_2 (\text{SEO}) + X_3 (\text{Review \& Feedback of social media})$$

$$Y (\text{Consumer behaviour}) = 0.978 + 0.035 (\text{Consumer Confidence}) + 0.437 (\text{SEO}) + 0.272 (\text{Review \& Feedback of social media}).$$

It is clear from the above analysis that Search Engine Optimization (SEO) and Review & Feedback of social media have high positive impact on the consumer behavior in insurance industry.

6. Conclusion

From the overall analysis, it is noted that social media possess significant impact on the consumer behaviour in insurance industry. It is noted that the industry is evolving in the past decade and there are still potential segments in the market, many individuals in the country are still underinsured and the insurance companies are looking at various means to understand the consumer behaviour and to market their products to the individuals. The most common influencers which create an impact through social media are Search Engine Optimization (SEO) and influence of reviews & feedback of social media.

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