



Evaluating the Influence of Online Opinions on Consumer Behavior

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Abstract:

Today, with the growth of Internet, online social networks have become an important communication channel. Online communities, chat rooms, discussion groups, e-commerce sites, forums, product rating sites, web logs etc. have brought a tremendous change. These are being used by people to express their views and opinions on almost anything in discussion. Through social media, consumer engagement takes place in a real time. They have a huge resource of social media content available that can assist them in purchase decision making. They are not only the consumers of such information but in turn, actively annotate this content and generate new pieces of information. In this context, this research focuses on evaluating the influence of online opinions on Consumer Behavior.

1. INTRODUCTION:

Online world has become a new kind of social communication, connecting people to a variety of online communities. There are many types of Social Media available with people to connect to each other and form communities. These Social Media allow people to publish, share, play, build network, and localize. In addition they are available on different types of devices, allowing thus people to connect from anywhere and anytime. Parker (2011) broke down Social Media into 8 different categories:

- Social networking (e.g. Facebook, LinkedIn, Orkut, Plaxo, Ning, MySpace...),
- Microblogging (e.g. Twitter, FriendFeed),
- Multimedia sharing (e.g. YouTube, Flickr),
- Reviews and opinions (e.g. Epinions, TripAdvisor, eHow...),
- Social bookmarking (e.g. Digg, StumbleUpon, Delicious...),
- Blogging (e.g. TypePad, WordPress, Blogger...)
- Wikis (e.g. Wikipedia)
- Forums

Groups that may never meet in the physical world but nevertheless they are able to affect behavior including purchasing decisions (Evans, Jamal & Foxall, 2009)[1]. This research focuses on evaluating the influence of online opinions on Consumer Behavior.

2. OBJECTIVE OF THE STUDY:

To investigate whether opinions posted on social media guide the consumers in their purchase decision making process.

It aims to address the following research questions:

- 1: Does opinions on Social Media influence consumer's purchase decision making?
- 2: What is the exact role of influence played by Social Media at various stages of consumer's purchasing decision making process?

3. BACKGROUND:

3.1. Consumer Purchase Decision:

According to (Kotler and Armstrong, 2010) [2], consumer behavior is influenced by communal factors such as the consumer's set relatives, family members, and societal roles and position. Consumer purchase decision is the important factor for any organization's profits and it is essential for the marketers to understand about it. According to (Dave, 2008) [3] there are some factors that affect the customer's purchase decisions.

They are the consumer's awareness of a product, the consumer's concern of many alternative products to opt from, and the process from awareness through consideration until final purchasing of the product. According to Kotler and Keller, 2012 [4], depending upon the purchase involvement of consumers, consumer decision making can be classified in 3 different types. They are nominal decision making, limited decision making and extended decision making. Nominal decision making takes place when a consumer is purchasing a low cost, low involvement and familiar product.

Such products are purchased frequently. Limited decision making lies between nominal decision making and extended decision making. It involves some degree of external search. Extended decision making usually takes place for the unfamiliar, expensive and high involvement product. An extensive information search is required to be done carefully taking into consideration all the important attributes of the product.

3.2. Consumer Purchase Decision Model:

Different models and theories have been exposed to explain consumer behavior in their purchasing decision-making process. Engel, et al (1968) [8] drew the EKB model that is today considered as the most famous consumer decision-making model. The model implies that consumer's purchase decision making normally passes all the way through 5 stages, prior to and after the real purchase. It includes Recognition of the need, Search for information, Alternatives Evaluation, Actual Purchase and Post-Purchase activities (Kotler and Keller, 2012).



Source: Kotler and Keller, 2012

3.3. Phases in Consumer Purchase Decision Making:

3.3.1. Problem Recognition:

Problem recognition is a stage where consumer recognizes a significant desire for a product or service.

3.3.2. Information search:

After consumers desire for a product or service is initiated, an information search stage begins. In this stage the consumer extensively collects information about that product / service. The information sources can be divided into two types: internal and external. Internal search indicates former information and self experience. External search is done via word of mouth from relatives and friends, Marketer conquered sources, public sources etc. After doing successful information search consumer gets the evoked set of alternatives.

3.3.3. Evaluation of Alternatives:

In this stage the consumer evaluates the alternatives resulting from the previous stage. In order to do so a consumer needs to establish criteria for evaluation, features of products he is interested. He ranks or weights the alternatives and if required he resumes search for more information.

3.3.4. Purchase decision:

Purchase decision refers to choose from among the available alternatives.

3.3.5. Post-Purchase Evaluation--outcome:

After the consumption, the consumer then experiences certain levels of satisfaction or dissatisfaction, and self evaluates the choice made by him in selecting the alternative. When individuals are comfortable in using a specific product regularly, they will recommend it to others from using the product.

4. RESEARCH METHODOLOGY:

A survey was conducted to understand the impact of opinions posted on social media during consumer purchase decision making process.

5. DATA COLLECTION

Data collection was a critical part of the research since this was the basement of the findings. Primary data was collected with the help of close ended questionnaire by direct survey method. Our target population involves the users of social media. It was impossible to collect data from an entire population since Social Media population is way to wide. I have used a non-probability sample for the purpose of the research. 100 users were selected through convenience sampling. I have thus administrated the survey to my own network of contacts. Moreover, in order to have more answers to the survey, I have also used the snowball method by asking the respondents to share the survey with their own network of contacts. The respondents were surveyed using self administered structured questionnaire. The questionnaire of

the research is comprised of 3 sections: Section A comprises of the demographics (category, Gender, Age, Residence, Income) Section B involves questions regarding usage of Social Media. Section C comprises questions to understand the influence of opinions on social media on consumer's purchase decision making process. A five point Likert Scale is used ranging from 1= strongly disagree to 5 = strongly agree.

Received responses were recorded and analyzed using SPSS.

Data Analysis

This section is dedicated to the presentation of results coming from the questionnaire.

Description of the sample:

Questionnaires were distributed to 100 respondents. Out of these 64 questionnaires were considered valid for this study. Hence the sample used for this research is made up of 64 respondents.

Section A: Study of Demographics:

Gender:

56 % of respondents are male and 44 % are female.

Age:

15.6 % of respondents are between 19 and 25, 39.1% are between 26-35, 32.8% are between 36-49 and 12.5% are above 50 years old. It indicates that greater number of respondents fall within 26 – 35 years followed by 36 – 49 years.

Category:

From the total respondents 12.5% are Students, 75% are working and 12.5% are of Not Working category. It shows that majority of respondents are from working category.

Residence:

92.2% of the respondents are from urban area and 7.8% are from rural area. It indicates that the majority of the respondents are from urban area.

Income:

Below table shows 23.6% of respondents earn income between Rs. 10000- Rs.30000, 26.6% between Rs. 30000 – Rs. 50000, 23.4% above Rs. 50000 and 26.6% earns no income i.e. they are either from student or from no working category.

Section B: Usage of Social Media:

This section analyses the responses of respondents regarding their usage of social media. Respondents were asked whether they use social media or not. 95.3 % of the respondents said that they use social media while only 4.7% of the respondents said that do not use social media.

Social Media Sites used:

Nextly, the respondents were asked about the various social media sites they were using. It is found that social networking sites like Facebook are used mostly with 84.4% of the respondents using them followed by wikis 70%, multimedia sharing which is 54.7%, Forums 42.2%, Micro Blogging 39.1%, Blogging with 29.7%, Reviews and Opinions 28.1% and social Bookmarking with only 3.1% of the respondents using them.

Time Spent on Social Media:

As presented in figure below, 12.5% of respondents have been using Social Media for less than 6 months. 3.1% have been using it for 6 months to 1 year, 15.6% have been using it for 1 year to 2 years, 28.1 % for 2 years to 5 years and 40.7 % have been using it for 5 or more than 5 years.

Average Time in Hours/Week spent on Social Media:

Concerning the number of hours on an average spent on Social Media per week, the following figure shows that 57.8% of respondents said they used Social Media for 0-5 Hours/Week , 21.9% use it for 6-10 Hours/Week , 9.4% use it for 11 – 20 Hours/Week, 6.3% for 21 – 30 Hours/Week and 4.6% use it for more than 30 Hours/Week.

Reasons to use Social Media: People use Social Media for different reasons. The most important reason is to keep in touch with people (92.2 %) , 57.8% respondents said that they use social media to share interests, 48.5% use it to listen music and watch videos, 39.1% use it to exchange documents, 56.3% use it to find/express opinions about product / service / Brands and 43.8 % use it to meet new people.

Section C: Impact of opinions posted on Social Media on consumer’s purchase decision making:

This section analyses series of statements asked to the respondents to understand the impact of social media on consumer’s purchase decision making. A five point Likert Scale was used ranging from 1= strongly disagree to 5 = strongly agree.

Sr.No	Statements	Strongly Disagree %	Disagree %	Neither Agree Nor Disagree %	Agree %	Strongly Agree %
C1	Social media sites, helps to seek out products/services information initiatively.	3.125	3.125	6.25	78.125	9.375
C2	I seek friends’ opinions on social media before making my purchase decisions.	7.8125	10.9375	25	51.5625	4.6875
C3	I refer to number of likes/ dislikes while considering any product or service.	4.6875	17.1875	9.375	51.5625	17.1875
C4	I trust Reviews and comments about products/services on social media.	3.125	7.8125	23.4375	57.8125	7.8125
C5	Positive reviews and comments about products/services on social media push me to make my purchase decision.	3.125	4.6875	21.875	53.125	17.1875
C6	Negative reviews and comments about products/services on social media dissuade me to make my purchase decision.	3.125	6.25	26.5625	46.875	15.625
C7	I think opinions about products/services on social media plays a vital role in final purchase decision.	3.125	1.5625	20.3125	59.375	15.625
C8	It helps me in preliminary search for a product/service.	1.5625	3.125	6.25	62.5	26.5625
C9	It helps me in comparing products.	1.5625	0	9.375	57.8125	31.25
C10	It helps me in ‘speeding up the buying process’ so I can avoid queues at the store.	1.5625	4.6875	23.4375	43.75	26.5625
C11	It helps me in “All Aspects” of the purchasing process.	1.5625	7.8125	34.375	42.1875	12.5
C12	It has ‘no role ‘to play in purchase decision.	7.8125	51.5625	23.4375	12.5	4.6875
C13	After purchase I write reviews about product/service.	7.8125	20.3125	31.25	37.5	3.125
C14	I share opinions on social media about my experience about product/service.	7.8125	14.0625	21.875	43.75	10.9375

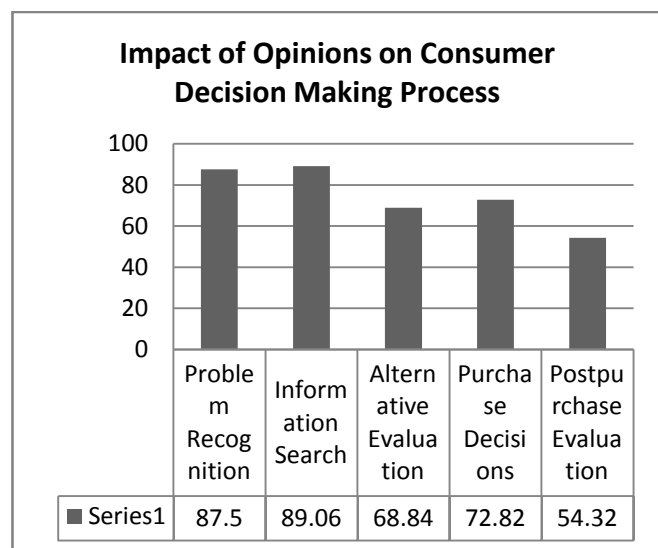
Impact of Opinions Posted on Social Media on Consumer Purchase Decision Making Process: The following table shows that there is a positive correlation (0.848) between Opinion Posted on social Media and Consumers decision making process

Correlations			
		Opinion Posted on social Media (X)	Consumers decision making power (Y)
Opinion Posted on social Media (X)	Pearson Correlation	1	.848(**)
	Sig. (2-tailed)		.000
	N	64	64
Consumers decision making process (Y)	Pearson Correlation	.848(**)	1
	Sig. (2-tailed)	.000	
	N	64	64

** Correlation is significant at the 0.01 level (2-tailed).

Impact of opinions on various stages of consumer decision making process:

Consumer Purchase Decision Making Stage	Percentage
Problem Recognition	87.5
Information Search	89.06
Alternative Evaluation	68.84
Purchase Decisions	72.82
Post purchase Evaluation	54.32



Summary of the results:

The study demonstrates that opinions posted on social media have a great impact on consumers purchase decision making

process. Need recognition occurs when a consumer realizes that they have unfulfilled need. The survey conducted indicated that Opinions appeared to be important in initiating a consumer’s want for a product/service. 87.5% of the respondents agreed with this statement. At information search stage, the study highlighted that 89.06% of the respondents agreed that they use opinions on social media when they are searching for information about products/services. Thus opinions play an important role of influence at information search stage. During alternative evaluation stage, 68.84% of the respondents stated that opinions on social media were of great help to compare products or services to make the choices that suit their needs the most. 72.82 % of respondents stated that opinions on social media guided them in their final purchase decision of product or service. The study also showed that after purchasing consumer share their experience about product / service on the social media, which in turn can guide others while making purchase decision. After the analysis of the collected information we can conclude the fact that consumers are increasingly using the social media as a place for discussion and sharing experiences, a point of reference especially when they are considering the purchase of complex goods and services.

6. CONCLUSION:

The study indicates that a consumer has more trust in fellow consumer than company. Social media contributed to extend Word of Mouth which implies to increase consumer power. So today it has become necessary for a company to mine the consumer’s opinions to understand what is being talked about their product/service in the market. Opinion mining can be employed in marketing to help enterprises in the analysis of online consumers’ reviews by highlighting the strengths and weaknesses of the products. opinion mining tools are available that can help the marketers to understand the voice of market and guide them in tasks including sales prediction, reputation management, threats analysis from competitors and enterprise risks, support decision making and risk management, design new products, and marketing strategies.

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