The Influence of Social Media on Buying Behaviour

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Abstract

This study analyzes engagement rates associated with different social media platforms for the fashion and pharmaceutical industries. Engagement rates affect the overall buying behavior of consumers. Understanding which social media platforms to focus businesses attention on within each industry is important to the success of the business. Results of this study indicate that Instagram has the highest engagement rates for the fashion industry and Face book has the highest engagement rates for the pharmaceutical industry. Since the two industries had different platforms with the highest engagement rates, it was determined that different industries have different platforms that work best in engaging consumers.

Keywords: Social Media, Engagement Rates, Fashion Industry, Pharmaceutical Industry, Consumer Buying Behaviour

1. Introduction

Social media is a very important tool for marketers that if utilized correctly, will result in higher returns for the business not only in sales, but in brand awareness as well. Businesses allocate money towards various social media platforms with the goal in mind of reaching consumers to create conversions. As of 2019, 79% of the U.S. population had a social networking profile. That is equivalent to about 247 million U.S. social media users (Edison Research & Salesforce.com., 2019). Being able to reach these consumers through this advertising channel is becoming more paramount to the success of most businesses since more and more of the U.S. population is engaging with these platforms. However, some platforms are more successful than others in reaching the consumer and creating conversions. As of 2019, 69% of the U.S. population reported that they ever used Facebook. The only other online platform that matches Facebook's reach is YouTube at 73% of U.S. adults. Instagram measured at 37%, Snapchat at 24%, and Twitter at 22% (Perrin & Anderson, 2019) . A graph depicting this data can be seen in Appendix 1. Each platform has a different level of reach. Understanding what platform will give your business the greatest reach results is important when allocating time and money in social media advertising. Each platform also reaches a different demographic better than others. People who are between the ages 18 to 24 are 26% more likely to use Snapchat and 18% more likely to use Instagram than those 25 to 29 (Perrin & Anderson, 2019). Understanding your target demographic is important when choosing platforms. Businesses may decide to focus solely on Facebook because it has the highest reach, but it may not in their target demographic.

Social Media influences all age groups and not just in online shopping. According to a report done by Deloitte, consumers who use social media through their shopping process are four times more likely to spend more on purchases than those who do not. Consumers are also 29% more likely to purchase the same day they use social media to help shop before or during a trip to the store. The report also provided insights into which product categories work best on social media with 32% of consumers health and wellness products and 32% for automotive products (Lobaugh, Simpson, & Ohri, 2015). Consumers use social media to compare various products and decide what business to buy from.

Understanding the importance of social media, many businesses quickly place their businesses on various platforms in hope of better reaching the consumer. Each platform has different costs associated with it though. Businesses can develop and maintain social media accounts for free but still must pay account managers for their time and effort put into each account. Businesses can also purchase ads associated for each platform that vary in pricing. For most platforms, you can control how much you want to spend on the advertisements, but it is about determining what platform you want to invest the most in. On average, the cost of advertising on Facebook is $0.11 to $0.23 per click (Saleh, 2018). For Instagram, the average cost per click is between $0.50 and $1.00 (Karlson, 2019). Understanding your budget and determining which platform will give you the best return is important when allocating your budget to various platforms.

2. Purpose of the Study

The purpose of this study is to observe the influence of social media on buying behavior across different industries. Determining what social media platforms work best for what industries will help businesses within those industries save money by focusing their social media efforts on the platforms that will be most beneficial for them. Different industries have different target demographics and employ various marketing strategies. Each platform offers unique capabilities of reaching different segments of the population. Understanding what each platform does best helps businesses decide which platforms to focus in on. For this to work, businesses need to also understand their own industry's target market.

Social media plays a role in all industries. To get an idea of a varied amount of industries, the fashion, and pharmaceutical industries were focused on. The purpose of this study is to examine social media use by businesses within each of the given industries to determine what platforms prove to be most successful for each industry.

3. Methodology

Most businesses have some social media presence. They understand the importance of social media but do not always understand that each platform can interact better with different audiences. It is important for businesses within each industry to understand their target market and define specific strategies they intend to employ. Planning out their goals and knowing their audience helps when choosing a platform to focus on. Understanding what each platform does well in helps when choosing which platforms to focus in on. Researching your audience and consumers thoroughly helps save time and money when executing your social media marketing plan (Evans, 2010).

The social aspect of social media is key to the success of any marketing strategy. Engaging the intended audience is important to the success of any strategy. As customers become more engaged with the content, they are more likely to recommend and promote the brand leading to direct sales associated with branding and lead-generation measurement goals. Measuring the involvement of their audience on each platform helps gauge whether the marketing tactics are working for that platform (Evans, 2010).

4. Research Question

Specifically, this study seeks to answer the following questions related to the impact of social media on buying behavior of consumers:

- Is there a specific social media platform that works best for the Fashion Industry?
- Is there a specific social media platform that works best for the Pharmaceutical Industry?

5. Hypothesis

Based on the given research questions, the following hypothesis was made:
H1: Different industries have different social media platforms with the highest engagement rate.

6. Research Design Overview

For the Fashion Industry, two companies where focused on; Donni Charm and Mischa. Donni charm is an American scarf company and Mischa is a Hong-Kong based handbag company. They are relatively new, so social media presence is important to be discovered. Both operate Facebook, Instagram, Twitter, and Pinterest accounts. They have also gained international recognition due to their powerful brand personality (Mizobe, 2014).

For the Pharmaceutical Industry, the analytic hierarchy process (AHP) was used to model social media impact on pharmaceutical relationship marketing. AHP was used because it allows decision makers to model a complex problem in a hierarchical structure that shows the relationships of the overall goal, alternatives, and objectives. To employ this process, the unstructured problem and overall goal were determined first. The goal is to assess the impact of social media channels on the focal firm's pharmaceutical relationship marketing and is contained in level one of the hierarchy. The attributes are in level 2 and level three contains the alternative social media channels (Facebook, YouTube, Twitter, LinkedIn, and online communities). Next the pair-wise comparison metrics were constructed. The pairwise comparison is made such that the attribute in row i ($i = 1, 2, 3, 4...n$) is ranked relative to each of the attribute represented by n columns. The pair-wise comparisons are done in terms of which element dominates another (i.e. based on relative importance of elements). Judgments were made by senior marketing and social media marketing managers and then expressed as integer values 1 to 9 in which $a_{ij} = 1$ means that i and j are equally important; $a_{ij} = 3$ signifies that i is moderately more important than j; $a_{ij} = 5$ suggests that i is strongly more important than j; $a_{ij} = 7$ indicates that i is very strongly more important than j; $a_{ij} = 9$ signifies that i is extremely more important than j. A value of 1 between two criteria indicates that both equally influence the affected node, while a value of 9 indicates that the influence of one criterion is extremely more important than the other. It allows the transformation of qualitative judgments and/or intangible attributes into preference weights (level of importance) or numerical values. AHP is used to then quantify the opinions into a n-by-n matrix.

A consistency test is then done to determine whether the judgement matrix is consistent, if not, decision makers' judgments should be reviewed and improved. Finally, the composite priority score of the alternatives is calculated by multiplying the relative priorities of an alternative by the relative priorities of the corresponding criteria and added over all criteria (Enyinda, Ogbuehi, & Mbah, 2018).

7. Data Collection

All data for this research involved the use of secondary data. Data for the fashion industry was obtained from a thesis written by Eri Mizobe about the power of branding through social media in the fashion industry and how it has given long tail designers a platform for international growth. Data from that study was used and recalculated for the purpose of this study. Data for the pharmaceutical industry was obtained from a study done by Chris Enyinda, Alphonso Ogbuehi, and Chris Mbah to determine which channels work best for pharmaceutical firms when desiring to understand consumer behavior, build, maintain and proactively manage relationships. Data from that study was evaluated and used for the purpose of this study.

For the fashion industry data was obtained from the Facebook, Twitter, and Instagram accounts for the two companies Mischa and Donni Charm. They were monitored from February 4, 2014 to March 24, 2014 and then assessed for engagement levels. Each social media content piece had engagement calculated based off the design of the platform. For Facebook, engagement was calculated by adding together the total number of likes, comments, and shares and dividing that number by the total number of page likes at time of assessment, then multiplied by 100 to get a percent. For Instagram, total number of likes was added to total number of comments and then divided by the total number of followers at time of assessment; then multiplied by 100 to get a percent. Twitter engagement was calculated by adding the total number of favorites plus total number of replies, plus retweets and then divided by the total number of followers at time of assessment; then times 100 to get a percent (Mizobe, 2014).

For the pharmaceutical industry, data was obtained from a questionnaire derived from a case study methodology popularized by Yin in 1994. A thorough literature review was conducted to define the relationship between marketing tactics and social media channels. From this, a questionnaire was developed which was given to a group of five subject matter experts (pharmaceutical senior managers). A final survey questionnaire was then developed from the experts to be administered to a group of pharmaceutical marketing managers within a pharmaceutical firm in the USA to determine the order of importance of relationship marketing criteria. PRM scores were obtained based on major criteria such as trust, customer satisfaction, customer engagement, relationship commitment, communication, service quality and community building. Results of the survey were used for input for the AHP (Enyinda, Ogbuehi, & Mbah, 2018).

8. Results

Fashion Industry:

Table 1 indicates the average engagement rate and increase in followers for Donni Charm and Mischa from February 4, 2014 to March 24, 2014, as well as the average of both businesses in each category. The most effective platforms are those that have the highest engagement rates and the highest increase in followers. Engagement rates show how much people interact with the content on each platform. Commenting, sharing, and liking all contribute to engagement rates.

Table 1: Average Engagement Rate and % Increase in Followers for Mischa and Donni Charm					
	Donni Charm		Mischa		Total
Platform	Engagement Rate	Increase in followers (% growth)	Engagement Rate	Increase in followers (% growth)	Average Engagement Rate	Average Increase in followers
Instagram	3.44%	14.71%	2.46%	25.17%	2.95%	19.94%
Facebook	0.24%	0.43%	1.23%	7.46%	0.74%	3.95%
Twitter	0.11%	1.31%	0.07%	1.07%	0.09%	1.19%

Based on Table 1, Instagram is the platform with the highest engagement rate and percent increase in followers for the two businesses that represent the fashion industry in this study. An average of the two companies' engagement rates and percent increase in followers was done for each platform. Facebook has the next highest level of engagement rate but falls 2.21% below Instagram's engagement rate. Twitter has the lowest engagement rate and percent increase in followers for the industry.

Pharmaceutical Industry:

Table 2 shows the detailed synthesis of customer engagement rate pharmaceutical relationship marketing tactic and the associated social media channels. Customer engagement (0.2598) is the most important pharmaceutical relationship-marketing tactic. Since engagement rates were focused on mostly for the fashion industry and determined to be the most important in the data given; how each platform performed in engagement rate was focused on. Appendix 2 shows the data from the entire study done by Enyinda and how each platform performed for each tactic.

Table 2: Priority Scores for Different Platforms Based on the Customer Engagement Tactic

Customer engagement (L: 0.25983)	Facebook	0.09287
	YouTube	0.01112
	Twitter	0.06610
	LinkedIn	0.05641
	Blogs	0.02909
	Online Co	0.02132

Face book scored highest in priority with a score of 0.09287. It is followed by Twitter and then LinkedIn. The priority of an objective indicates the importance the group of decision makers associate with the dominance of each social media channel relative to other social media channels under the corresponding objective. The higher the priority number, the more important the social media platform is to the business regarding the marketing tactic. Based off this, it can be determined that Facebook is the platform that performs best when it comes to engagement rate, followed by Twitter, and then LinkedIn.

9. Conclusion

The results of this study indicate that there is indeed a social media platform that works best for both industries studied. For the fashion industry, Instagram is the social media platform with the highest engagement rates and for the pharmaceutical industry, Facebook is the social media platform with the highest engagement rates. The fact that two different industries that are not typically related have two different platforms that work best for them, indicates that other industries have specific social media platforms that work best for them as well.

Future research should investigate more types of industries to further prove that different platforms have higher engagement rates than others in each industry. Also, data collection should be done consistently for each industry for results to be uniform. For future research, if researchers choose to look at companies like the ones done in the fashion industry, they should look at multiple companies at different stages in maturity to get a full grasp of the entire industry.

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11. Appendices

Appendix 1: Most widely used online platforms by U.S. adults
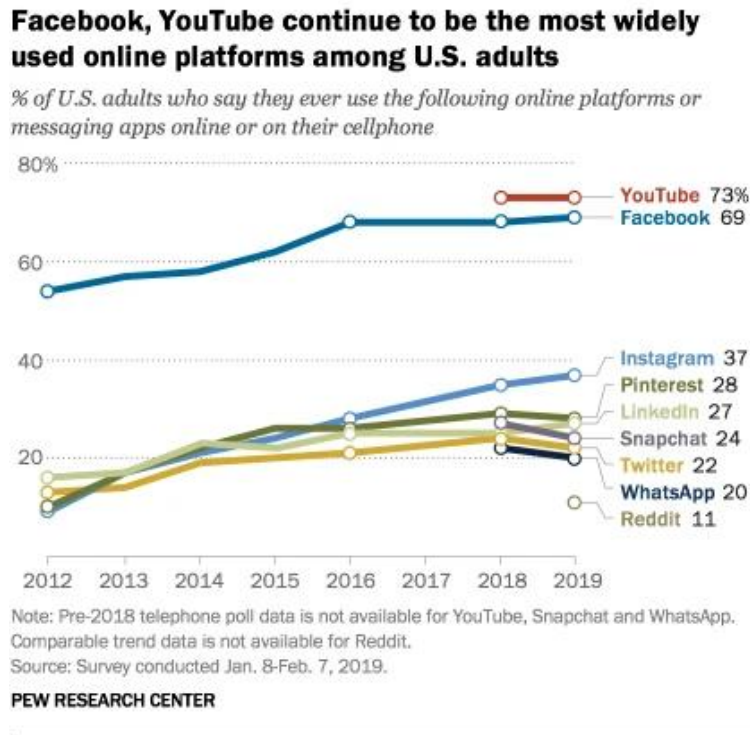
Appendix 2: Detailed synthesis of PRM tactics and social media channels

Level 1		Alts	Prty
Trust (L: 0.18454)		Facebook	0.06596
		YouTube	0.00683
		Twitter	0.05588
		LinkedIn	0.05114
		Blogs	0.01636
		Online Co	0.01452
Relationship commitment (L: 0.08715)		Facebook	0.03115
		YouTube	0.00244
		Twitter	0.02147
		LinkedIn	0.01875
		Blogs	0.00572
		Online Co	0.00404
Communication (L: 0.19694)		Facebook	0.07039
		YouTube	0.00836
		Twitter	0.03991
		LinkedIn	0.03150
		Blogs	0.01476
		Online Co	0.01196
Customer satisfaction (L: 0.11027)		Facebook	0.03942
		YouTube	0.00491
		Twitter	0.02110
		LinkedIn	0.01433
		Blogs	0.00763
		Online Co	0.00607
Community building (L: 0.04017)		Facebook	0.01436
		YouTube	0.00149
		Twitter	0.00594
		LinkedIn	0.00642
		Blogs	0.00253
		Online Co	0.00266
Service quality (L: 0.12110)		Facebook	0.04329
		YouTube	0.00531
		Twitter	0.02534
		LinkedIn	0.02261
		Blogs	0.01554
		Online Co	0.01301

Service quality (L: 0.12110)	Facebook	0.04329
	YouTube	0.00531
	Twitter	0.02534
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	Blogs	0.02909
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