Impact of Social Media Expressions on Value Perceptions and Purchase Intentions

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INTRODUCTION

With advent of World Wide Web (WWW) and inclusion of engaging social media platforms, organizations have found new ways and means to involve existing and prospective customers and to rationalize their investments through creation of values in the minds of customers.

At the same time, organizations are using social media platforms to involve customers in establishing direct dialog bypassing the traditional “customer care” channels. This access also allows organizations to generate substantial intelligence regarding necessary Research & Development (R&D) impetus while benchmarking their products and services against their competitors.

The researcher started surveying social media platforms (facebook.com and twitter.com) and accessed accounts of nearly a dozen organizations to understand the types of comments being posted there. Majority of comments belonged to fault in purchased product, non-handling of complaints within a stipulated time period, delay in shipments, delivery of second hand or faulty products, non-receivables of refund money and cussing as well.

The researcher also looked at non interactive medium (Television, Newspapers, Magazines, etc.) and realized that all is glorified in this category as attractive advertisements are inviting prospective customers with promises of betterment.

Definitely, non interactive medium is generating awareness while creating demand for products and services but interactive medium like social media is creating lots of question marks on how existing customers are being handled and are driving away prospective customers (Kim & Ko, 2012). The presence of online supporters being passively experienced influences brand evaluations and purchase decisions among prospective customers (Naylor, Lamberton, & West, 2012).

REVIEW OF LITERATURE

Customers are increasingly taking to social media and forming opinions regarding unfamiliar brands (Baird & Parasuram, 2011). Their growing usage of social media is causing great influence on peers as there are multiple opinions and positive as well as negative experiences, which are helping others in associating value with brand / product / organization and making purchase decisions (Gupta, 2013).

A preliminary framework facilitating usage of social media in creating value and suggesting complementary role of social media towards sales objectives has been proposed with strategy, tools, and challenges (Agnihotri, Kothandaraman, Kashyap, & Singh, 2012). The emergence of social media has opened up new opportunities and has increased communication between consumers and marketers (Wang, Yu, & Wei, 2012). A global survey of sales people reported that nearly 50% buyers witnessed an increase in the buying process through the role of social media (Featherstonebaugh, 2014). The expressions or comments by the peers on the social media regarding products and services impact purchase behaviors (Sin, Nor, & Al-Agala, 2012).

Organizations are leveraging the social media platforms to engage prospective customers and build relationships with them (Mersey, Malthouse, & Caldeira, 2010). Organizations after witnessing higher efficiency of social media over traditional media decided to take to social media to achieve success in online environment (Kaplan & Haenlein, 2010). Another research study confirmed strong influence of social media on customer equity and purchase intentions of customers of luxury brands (Kim & Ko, 2012). The presence of online supporters being passively experienced influences brand evaluations and purchase decisions among prospective customers (Naylor, Lamberton, & West, 2012).

Organizations still have to learn on how to deploy social media to reap maximum benefits. A number of factors such as cost, time, lack of senior management knowledge, unproven success metrics and perceived loss of control have been attributed to this unachieved objective (Gupta, Armstrong, & Clayton, 2010). Interactive customer experiences through social media are involved in service relationships aim to create value leading to customer engagement (Brodie, Holbeek, Juric, & Ilic, 2011).

The opportunities to seek, give, and pass opinions about products and services in online environment can lead to increase in customer engagement. This co-created value serves as knowledge for existing and prospective customers leading to increase in buyer involvement and trust (Chu & Yang, 2011). Prospective customers create a favorable or otherwise image of a brand/company by reading posts of others and use this for information and purchase (Shin, 2008). Negative information available in social media postings can have substantial impact on customers’ attitudes (Schlosser, 2005). Prospective customers use social media as a public forum to voice their opinions while accessing product information to facilitate their purchase decisions (Kozinets, Wojnicki, Wilner, & Vall, 2010).

Value Perceptions

Customer perceived benefits have been categorized into three categories product, service, and relationship. Service-related benefits are driven by responsiveness, flexibility, reliability, and technical competence. Relationship-related benefits are driven by image, trust, and solidarity with the customer (Lapierre, 2000). Sustained joint efforts are needed for value creation process and the relational value as an outcome of these efforts should be
assessed from the perspective of seller as well. Sales people derive value from direct relationship in terms of profits, volumes, and guaranteed business. Whereas, values from indirect relationships are governed by innovations, referrals and access to network participants (Möller & Törnøen, 2003).

With growing access, the buyers are seeking high values from brands, products, and services through direct interventions of sales people. Customer oriented sales people are able to create greater values for customers and create higher value perceptions of customers leading to harmonious relationships (Singh & Kotha, 2011). Service behavior and customer relationship performance are linked through sales service behavior perspective forms basis of value creation (Ahearne, Hughes, & Schilkevare, 2007). The customer value is created during consumption and not embedded in the product itself (Vargo & Lusch, 2004).

These service behaviors suffice criteria for value creation as they are performed by salespeople during the consumption process (Plouffe & Donald, 2007). The sellers with prevalence of social media have easily enabled, organized, and facilitated the value creation process (Michel, Vargo, & Lusch, 2008). The customers use market relationships to understand competencies of new products and services. Therefore, salespeople aim to enhance buyer competencies by furnishing relevant and useful information regarding the product. These efforts can be realized as a social content enabler by using social media (Andersson & Dubinsky, 2004).

The objective assessment of the utility of a brand and perception of returns against investments determine the value equity (Vogel, Evanschitzky, & Ramaseshan, 2008). Factors such as quality, price, and convenience are key influencers on value equity (Lemon, Rust, & Zeithaml, 2001).

**Social Media Expressions**

With growing usage of social media, customers are becoming even more assertive in lodging complaints and seeking resolutions. Dealing with complaints/negative comments effectively will prompt dissatisfied customers to promote the brand/organization among peers generating more confidence and brand loyalty (Billingley, 2014). Social media engages positively with existing customers and prospective customers. Unlike offline world, the organizations should be prepared to deal with dissatisfied customers regularly. Organizations can turn them into long term supporters through fulfillment of stated promises (Ormazabal, 2014).

Social media has empowered customers to messages instantly about brand interactions and spread these messages universally. Deleting negative comments/expressions from social media is not advisable. Deleting negative comments/expressions from social media pose a risk of turning away customers. As customers view removal of negative comments/expressions as an attempt to hide shortcomings in the brand/organization. The brands look forward to engage with consumers in a new medium through unfiltered social comments. The sellers leverage content generated through customers comments as tools for improving brand relationships and refining the customer experience (Warren, 2013).

Customer complaints/negative comments on social media platforms are rising still nearly half of the brands don’t have strategies in place to manage potential damage due to such social expressions. Reputations of 26.1% of brands have been tarnished as a result of negative social expressions. 15.2% of the brands have lost customers and 11.4% of the brands have lost revenue.

23.4% of brands neither have a strategy to manage negative social expressions, nor do they have plans to have one. 24.5% of brands are developing a strategy and 7.6% of brands already have strategies in place but with ineffective contribution. The organizations want benefits through social media but lack awareness of the efforts required for tangible returns. This scenario is hardly producing desired results and leading to alienation of customers. Further, it is contributing in escalating to a backlash of negativity (Warren, 2013).

A research revealed 68% of customers posting negative comments on the social media received replies from the sellers. As a result, 18% of these customers became loyal buyers and indulged in more purchases. Another 33% customers posted a positive and 34% deleted the originally posted negative comments (Moyers, 2014). A majority of the customers posting negative comments on social media do not want to hurt prospects of the brand/organization. They need to get their issues resolved, so they can return and seek solutions to their problems. Organizations/brands paying attention to this characteristic can create base of loyal and repeat customers for them (Collier, 2013).

Negative comments/expressions can be used as positive tool to transform customers into loyal customers by enhancing their experiences as well as the perceptions of prospective customers who are following these social expressions (Moyers, 2014). Negative feedback will be driven by subjective opinions. These feedbacks should be used in improving customer relations and demonstrating compassion/concern for dissatisfied customers (Stella, 2014).

The prospective customers watch the interactions that a brand/organization is having with existing customers. When these prospective customers see that a brand/organization is conducting itself in an unapologetic or indifferent manner, they resort to even more negative comments/expressions about brand/organization causing loss of image or dent in reputations on social media platform (Collier, 2013).

If prospective customers realize that a brand/organization is handling negative expressions of existing customers with concern, they have positive reinforcement regarding image of the concerned brand/organization that ultimately reflects in higher value associations (Collier, 2013).

**OBJECTIVES AND HYPOTHESIS**

Based on the review of literature in social media and social media expressions, the research was undertaken to assess the impact of social media expressions on value perceptions and purchase intentions of existing and prospective customers.

More specifically, the present research aims to achieve the following objectives:

1. To assess the impact of social media expressions on value perceptions of existing and prospective customers.
2. To assess the impact of social media expressions on purchase intentions of existing and prospective customers.

The following hypotheses were framed in the light of the above mentioned objective:

H1: Expressions on social media significantly influence the value perceptions of existing and prospective customers.

H2: Expressions on social media do not significantly influence the value perceptions of existing and prospective customers.

H3: Expressions on social media significantly influence the purchase intentions of existing and prospective customers.

H4: Expressions on social media do not significantly influence the purchase intentions of existing and prospective customers.

**RESEARCH METHODOLOGY**

The research uses a structured questionnaire to assess the impact of social media expressions on value perceptions of existing and prospective customers. The respondents were first explained the concept of social media expressions through a small introductory note and were then asked to rate the impact of social media expressions on their individual value perceptions and purchase intentions regarding brand/product/service/organization. The respondents were also requested...
to not answer the survey, if they didn’t use social media for the above objectives.

A majority of respondents were in the age group of 18 to 25. Mainly, National Capital Region (NCR) of India was targeted for data collection purposes. The Primary data was collected through purposive sampling method as only the respondents who were equipped with access to Internet and were using social media for value perceptions and purchase intentions regarding brand / product / service / organization were asked to give responses. Out of 200 questionnaires issued, 131 filled in responses were received. Out of 131 responses received, 97 responses were found to be duly filled in and were included in data analysis.

However, 17 responses were collected through eSurvey.org, out of which only 4 responses were again from NCR and remaining 13 responses were from rest of India. In totality, 114 responses were analyzed through Reliability Test, Chi Square Test and Regression Analysis. Structured questionnaire used five-point Likert scale ranging from Very High (5) to Very Low (1) to obtain the responses from respondents. Reliability of the data was checked through Cronbach Alpha Score and Spearman-Brown Prophesy Score. After testing the reliability, significance of data was checked through Chi Square Test and finally Regression Analysis was performed to check the dependence of purchase intentions on value perceptions.

**ANALYSIS**

Suitable variation is indicated in the demographic profile of 114 respondents, with most of the respondents being male (71.9%). Out of 114 respondents, 53.4% were married. Among the respondents, 38.59% respondents were with annual income of Rs.2-5 Lacs, 34.21% respondents were with annual income of Rs 5-10 Lacs and 26.31% respondents were with annual income of Rs 10-15 Lacs. Out of 114 respondents, 11.40% respondents represented rest of India.

Both items were rated on five point Likert scale (1-5) with responses ranging from “Very High” to “Very Low” by the respondents. Demographic question (fixed alternative) pertaining to the respondent’s age, location, occupation, etc. were asked in the first section. Besides the demographic questions, 2 items (impact factors) were asked in the second section.

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<th>Table 1: Reliability Test</th>
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<td>Cronbach's Alpha Score</td>
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<td>Spearman-Brown Prophesy</td>
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Reliability of these factors and consistency of the scale were tested through reliability tools Cronbach’s Alpha and Spearman-Brown Prophesy. High values (>0.5) for all measures indicate good reliability.

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<th>Table 2(a): Value Perceptions</th>
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<tr>
<td>Responses</td>
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<td>Very High</td>
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<td>High</td>
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<td>Low</td>
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<td>Very Low</td>
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<td>Total</td>
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<th>Table 2(b): Purchase Intentions</th>
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<tbody>
<tr>
<td>Responses</td>
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<tr>
<td>Very High</td>
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<tr>
<td>High</td>
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<td>Moderate</td>
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<td>Total</td>
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<th>Table 2(c): Chi Square Test Result</th>
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<td>Value Perceptions</td>
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<td>Chi-Square</td>
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<td>Asymp. Sig.</td>
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The value of χ² test for value perceptions is 26.965 at four degrees of freedom. Since, the value of p is less than 0.05 i.e. (0.000), we can infer that expressions on social media significantly influence value perceptions of existing and prospective customers. The value of χ² test for purchase intentions is 7.95 at four degrees of freedom. Since, the value of p is greater than 0.05 i.e. (0.094), we can infer that expressions on social media do not significantly influence purchase intentions of existing and prospective customers.

We have defined value perceptions as an independent variable (henceforth known as X) and purchase intentions as a dependent variable (henceforth known as Y). We have tried to ascertain whether purchase intentions are dependent on value perceptions through regression analysis. We have obtained regression coefficient as -2.22, which is not satisfactory and, therefore, it can be inferred that purchase intentions of customers do not depend on value perceptions.

We have also explored the non linear options to identify the best fit equation. The regression coefficient in non linear option was found to be 2.76, which is lower than the regression coefficient in linear regression analysis. Therefore, it is safe to predict that linear regression is the best fit to demonstrate relationship between purchase intentions and value perceptions.

Regression equation thus obtained is:

\[
Y = 26.776 - 1.74X
\]
Graph of the equation \( Y = 26.776 - 0.174X \) plotted also indicates that value perceptions are negatively related to purchase intentions.

**PROPOSED MODEL**

The researcher has proposed the following model to demonstrate the relationship of social media with organizations, prospective customers, and existing customers. The Prospective customers post feedforward, queries and purchase intentions on social media and receive information, innovations and value associations in return.

The Existing customers post feedforward and feedbacks on social media and receive responses, innovations and promotions for repeat business with organizations.

Organizations stimulate promotions and brand reinforcements on social media affecting value perceptions and purchase intentions of customers.

Organizations also receive valuable information regarding customer relationship management and R&D to bring about necessary changes in managing relationships and product design & development.

The researcher proposes that organizations carefully handling inputs from existing and prospective customers on social media can generate substantial intelligence to manage the existing customers well while attracting prospective customers and focus on improvement in products and services through valuable R&D inputs.

**CONCLUSION**

This research established the significant impact of social media expressions on value perceptions of brand/product/organization. As social media offers engagement to existing and prospective customers and provides them opportunities to voice their positive and negative opinions, this offers tremendous potential to organizations to work towards enhancing perceived value of their products and services and purchase intentions.

With small and skewed nature of sample of the users of social media, the results of the present work can help organizations in putting systems in place to carefully monitor the expressions on social media and ensure that value perceptions remain in positive domain while there is genuine enhancement in purchase intentions of customers.

**REFERENCES**


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BRIEF PROFILE OF THE AUTHORS

Ajay Kumar Singh, PhD is teaching as Associate Professor since 2000 at Faculty of Commerce & Business, Delhi School of Economics, University of Delhi, having 29 years of teaching experience in all with 170 publications including 10 books, 1 International Monograph, 65 research papers (including Scientific Journal ACTA OPERATIVA OECONOMICA, Slovak Republic, ACTA OECONOMICA PRAGENSIA, Agricultural Economics, Czech, Emerald, Inderscience, UK, International Journal of Business and Management Studies, Turkey, etc.), 12 articles, 11 case studies, 43 editorial reviews, 2 abstracts, and 6 book reviews (including two Gold Medals for best paper awards, two best paper awards, two silver medal winning papers, and two 2nd best papers).

He has earned 12 International Awards and Distinctions have been conferred including 2 Gold Medals, 1 Silver Medal, and Other Distinctions. He is the Editor-in-Chief of DBR and was conferred by ICA, Best Business Academic of the Year (IBMA) Award 2011, Gold Medal and MMSM Research Award 2011 & 2012 GOLD MEDAL. 23 Scholars have been awarded Ph. D. degree, two have submitted, and 8 are pursuing Ph. D. under his supervision.

He is a certified trainer and healer from ESOECN, USA, doing blessing course of Art of Living, Angel Healing from Pithvi Gurukool, ACMOS healing of Paris, etc. He is Fellow and Managing Trustee of Indian Commerce Association, Executive Vice President of Indian Association for Management Development, District Literacy Committee Chair for Rotary International District (RID) 2012, Member of Apex Body of Art of Living, Hon. President of Governing Body of Divine Group of Institutions, DSPSR, and many NGOs.

Tarun Kumar Singhal, PhD is Professor of IT Management at Symbiosis Institute of Technology Management (A Constituent of Symbiosis International University), Pune, India. He has done Ph.D. on “Assessment of Efficiency of Organizational Processes through Software Systems” from Dr BR Ambedkar University (Formerly Agra University), Agra, India. He did MS (Software Systems) from BITS Pilani, India and MSc (Mathematics) from CCS University, Meerut, India. He also holds international certifications from Microsoft, Cisco and Brainbench. He has been here a number of years of corporate experience and more than twenty years of teaching experience. His research papers have been published in reputed journals. He has conducted a number of Executive / Management / Faculty Development Programs for junior/middle level corporate executives and faculty members on contemporary issues like ISO quality system, e business systems, team building, project management, team productivity, automation, engaging learning environment etc. He is also an acclaimed trainer for ISO quality system, team building and group cohesion activities.

His research interests are in the area of IT Productivity, IT ROI, Social Media Effectiveness and Enterprise Resource Planning (ERP).