Social Media Advertising and Purchase Intention: A Framework For E-Retail Companies

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Abstract

In this ultra-competitive and extremely fast-changing business environment wherein change is the only constant, even slight turbulence has the capacity to create a significant difference in the organization's position. If we deep dive into the past, traditional modes of advertising nearly sufficed the requirement of its time. Organizations were somehow satisfied with the reach and application of generic advertising mediums. But in the present era, the same generic and traditional advertising models seem dwarfed in terms of geographical reach, functionality, and population coverage. With the advent of social media, a minor click of a button can create ripples in the silent ocean of this humongous population. Social media has dramatically changed, and improved advertising and has taken it to newer heights. This paper will discuss the focus shift from marketers to customers as a vast segment of buyers is now present on social media. It will also share insights on social media advertising and purchase intention with a framework for e-retail companies.

Keywords: Social Media, Social Media Advertising, Purchase Intention, Customer Experience, Relationship Quality

1. Introduction

In the contemporary, increasingly computerized world, people can receive information through numerous venues, the number of which is increasing due to social networking sites or social media (Carlson et al., 2018). Ertemel & Ammoura (2016) believes that social media is shifting its focus from marketers to the customers since all the users can be considered as customers nowadays who can exchange information about experience and services. A few years ago, brands were uncertain about social media as a medium of marketing. Today, social media platforms are being explored by nearly every business all over the world as a potential marketing tool. Social media includes a variety of online tools which act as instruments of communication. According to a report published in 2014, social media platforms had penetrated 42% of the total population all around the world. Social media connects several people whom they may not be able to meet and communicate with each other personally. People from different geographical locations can instantly connect with each other and exchange relevant information without any restriction. The consumable industry has discerned the potential of using social media advertising for marketing communications with the advent of advanced technologies that aim to provide seamless connectivity throughout the world. Social media advertising assists organizations to add value to their reputation by enabling them to execute cost-effective strategies and promotional campaigns practically.

2. Problem Statement and Purpose of the study

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The Ecommerce business has gradually begun accepting social media as a tool of marketing communications. However, the potential of social media as a tool of marketing in correlation to several factors such as the field of business, the marketing strategy adopted, the financial status of the organization, etc., in affecting the consumer behavior needs further exploration as the use of social media alone as a device for marketing communications in global context remains doubtful (Pookulangara and Koesler, 2011). With respect to the E-commerce business, complete utilization of social media has not been done to its optimal extent (Pentina et al., 2011). The present study minimizes this gap by providing a conceptual framework to gauge the impact of social media advertising on purchase intention that can be used as a marketing communications tool by the eCommerce business to increase their sales.

3. Literature Review

3.1 Social Media Advertising

Social media advertising brings a new meaning to advertising by allowing people to engage with it (Logan, Bright, & Gangadharbatla, 2012). According to Shaw (2017), social media advertising is the practice of online advertising on social networking channels. It is similar to paid search, with the exception that advertisers, not users, take the initiative – advertisers must search for users, rather than the other way around." An empirical study conducted by Hajli (2014a) revealed that companies that have integrated online platforms for businesses need to promote their brand through social media. It has been identified by the researcher that the promotion of a brand through social media generates new leads that can be converted into online sales. As stated by Hudson and Thal (2013), social media offers online retailers the ability to build brand awareness which in turn certainly assists in increasing online sales. A survey was conducted by the researcher on analyzing the social media marketing trend reflected that 89% of respondents highlighted that social media marketing generates business leads and extensive exposure in the global market. According to AlGhamdi et al. (2012), social media and the internet have changed purchaser usage inclinations by outfitting purchasers with better methodologies for hunting down, looking over, picking, and buying items and adventures. These upgrades influence how promoters work and impact marketing practices with respect to both framework and procedures by giving sponsors new troubles and difficult choices. As per Mohapatra (2013), the marketing methods including marketing understanding, progressions, promoting, item and customer the administrators, and marketing correspondences can start exploring and use social media, not simply in light of the way that there is a creating enthusiasm among customers in Internet use, yet moreover because of the fact that purchasers consider sharing of information on social media as more consistent than information delivered straightforwardly by the organization.

Many researchers used different aspects of social media advertising. In our study, we have taken into consideration the following aspects:

Table 1: Factors influencing social media advertising

Sl.no.	Factors affecting SMA	Concept	Supportive Studies

1.	Informativeness	Ducoffe (2016) defined it as the ability to apprise the consumers by providing information regarding the alternate product available.	Taylor, Lewin & Strutton (2011); Logan et al (2012); Mir (2012); Chu, Kamal & Kim (2013); Saxena & Khanna (2013); Ashmawy (2014); Van-Tien Dao, Nhat Hanh Le, Ming-Sung Cheng & Chao Chen (2014); Haida & Rahim (2015); Harshini (2015); Johnston et al (2018); Jung et al (2015); Malik, Asif & Wali (2016); Jothi & Gaffoor (2017); Kathiravan (2017); Shareef et al (2017); Alalwan (2018)
2.	Interactivity	The degree of interactivity in social media advertising may influence customers' purchase intentions for the products presented in these advertisements. (Alalwan, 2018).	Ashmawy (2014); Yaakop, Anuar & Omar (2013); Harshini (2015); Alalwan (2018)
3.	Relevance	According to Zhu & Chang (2016), relevance in the context of online advertising is defined as "the degree to which consumers perceive a personalized advertisement to be self-related or in some way instrumental in achieving their personal goals and values."	Zeng, Huang & Dou (2009); Zhu & Chang (2016); Alalwan (2018)
4.	Credibility	Moore & Rogers (2005) defined credibility as the degree to which the purchaser accepts or confides in the media or advertising	Ashmawy (2014); Van-Tien Dao, Nhat Hanh Le, Ming-Sung Cheng & Chao Chen (2014); Yaakop, Anuar & Omar (2013); Harshini (2015); Johnston et al. (2018); Jafari, Jandaghi & Taghavi (2016); Kathiravan (2017);
5.	Privacy and Security	As per Taylor et al.(2011), it is believed that when the users of social networking sites associate privacy concerns with social media advertising, they are more likely to be skeptical of	Taylor, Lewin & Strutton (2011); Yaakop, Anuar & Omar (2013); Jung et al (2015); Hasan & Sheikh (2018)

		accepting the social media ads.	
6.	Ease of use	Davis (1989). He defined ease of use as a "vital signal in assessing the viability of online shopping."	Wolfinbarger & Giley (2003); Can & Kaya (2016); Lin & Kim (2016); Vanga & Yang (2019); Solani, Cilliers & Chinyamurindi (2019)
7.	Celebrity endorsements	Companies use the positive qualities of influencers and celebrities to promote their brand and products. Celebrities can also increase product appeal and awareness. (Money, Shrimp & Sakano, 2006).	Rana (2016); Jatto (2014); Chung & Cho (2017); Rantanen (2017); Das et al (2018); Alshetty & Al Mubarak (2019);

3.2 Purchase Intention

Purchase intention denotes the likelihood that consumers will plan to buy or are willing to buy a specific product or service in the near future (Wu, Yeh & Hsiao, 2011). Online purchase intention, a significant predictor of actual purchasing behaviour, refers to a buyer's assessment of the quality of the website, data search, and product evaluation (Hausman & Siekpe, 2009; Chen, Hsu & Lin, 2010). The use of social media advertising has become an essential specialised tool for directly influencing purchase intent and behavior (Heinrichs, Lim & Lim, 2011). Purchase intent may occur as a result of the more appealing content of social media advertising. Ads can be displayed in a variety of formats, such as video clips or simply images that have been uploaded and properly informed. The visual impact of social media advertisements can substantially enhance consumer purchase intentions (Suprapto, Hartono, & Bendjeroua, 2020).

3.3 Customer Experience
Customer experience has been agreed upon by various researchers as a multidimensional concept encompassing "cognitive, emotional, behavioral, sensorial, and social components" (Verhoef et al., 2009; Schmitt 1999, 2010). Schmitt (1999) has classified customer experience into five major categories: (i) Sense (ii) Feel (iii) Think (iv) Act (v) Relate. One of the major objectives of companies nowadays is to establish a strong customer experience. However, the impact of social media advertising on customer experiences is not much investigated (Lemon & Verhoef, 2016).

3.4 Relationship Quality
Relationship quality corresponds to a customer's overall assessment of a service provider (Liang et al., 2011). It measures the relationship strength or closeness, and it is one of the most important indicators of customer loyalty (Hennig-Thurau, 2000). According to Hajli (2014b), in the context of online, an e-retailer encourages relationship quality in a variety of ways. For instance, by investing and managing customer relationships and by providing social support. As per him, social media benefits vendors' commercial transactions by fostering closer relationships with customers, improving the quality of those

relationships, increasing sales, and encouraging customer loyalty. To accomplish these goals, a company may use a social media platform such as Facebook or Twitter.

Trust, Commitment, and Satisfaction are the three major indicators of better relationship quality (Hajli, 2014b; De Wulf, Odekerken-Schröder, Iacobucci, 2001).

4. Conceptual Framework

Various researchers have tried to gauge the relationship between social media advertising and purchase intention by including different aspects of social media ads (Sharma, Singh, Kujur, & Das, 2021; Suprapto, Hartono, & Bendjeroua, (2020); Alalwan, (2018); Duffet, (2015); Harshini, (2015); Balakrishnan, Dahnil & Yi, (2014); Dehgani, (2013). Similarly, Wibowo., Chen, Wiangin, Ma, & Ruangkanjanases (2021) and Sharma, Singh, Kujur, & Das (2021) studied the impact of social media marketing activities on relationship quality and also the impact of relationship quality on purchase intention. The link between customer experience and relationship quality has been studied by Wibowo et al. (2021), Lo (2020), and Rajaobelina (2018). Therefore, based on the literature review, the conceptual model has been proposed.

Figure 1: Conceptual Model

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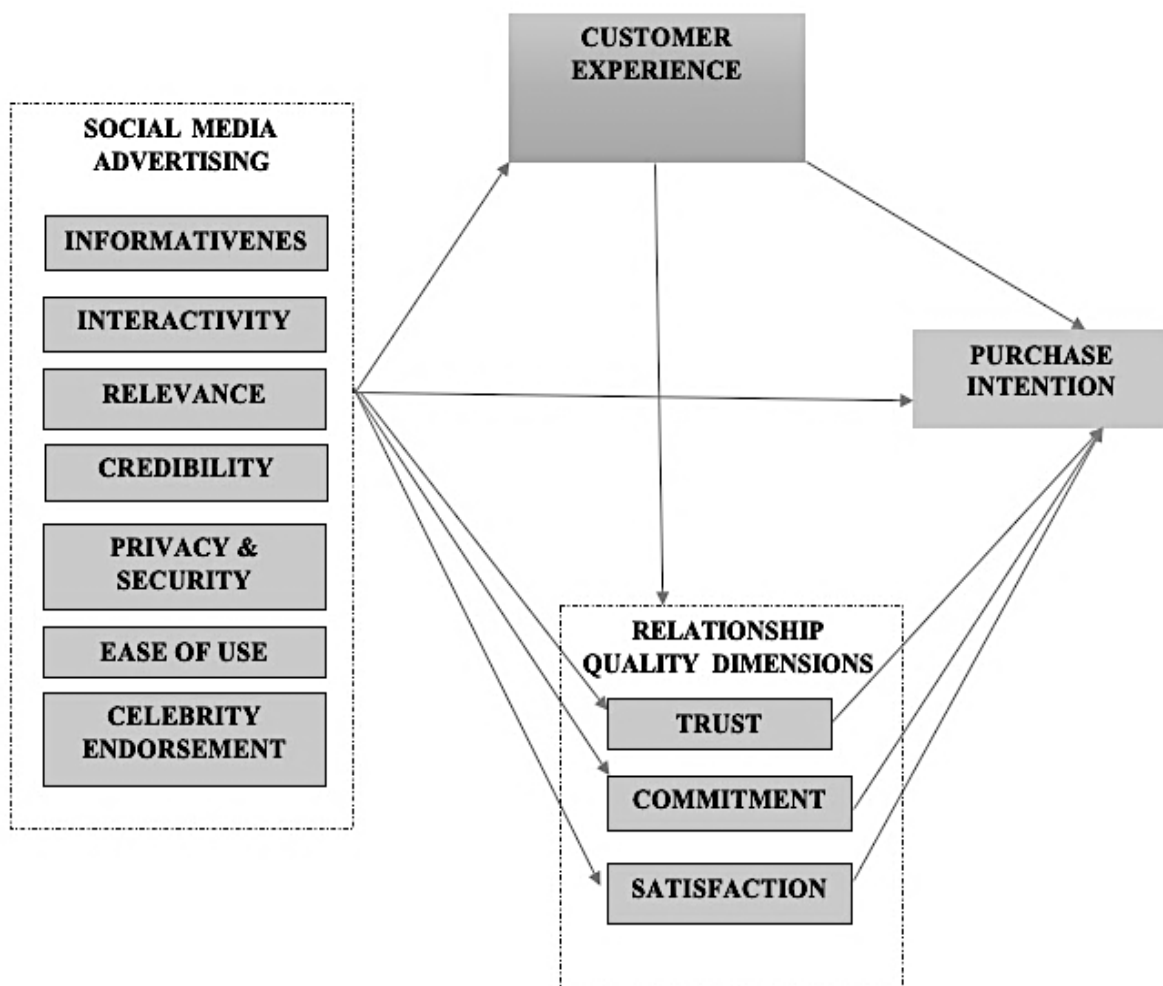
5. Conclusion

Social media is no longer an inconsequential amusement tool for young and idle minds. It has paved the way for one of the most significant and influential marketing campaigns. Social media advertising has now taken the driving seat, and currently, it is the most trusted thermometer to check the customer's temperature and temperament towards a brand. With each passing day, social media advertising is coming up with improved functionality, statistics, and objectivity. Now, brands can quickly analyze the objective performance of a marketing campaign by gauging the purchase intention of social media users and buyers. Social media advertising has not only cemented the fact that brands can be good listeners for their customers but its real-time feedback mechanism and ultra-fast response from brands have moved it quite close to their actual end-users. Social media advertising has also empowered the buyers with all the relevant information on their tips which aids them in the right decision making and fuels up the purchase intention process. The government push towards digitalization has added another impetus towards social media usage and reliance on digital technologies and mediums of doing business. This push has added brownie points in favor of social media advertising and has removed multiple concerns and doubts from user's minds with respect to the privacy and security of transactions happening through these interfaces. Technology has played an instrumental role in creating the right user experience for users, which helps to improve the purchase intention quotient for buyers. Another differentiator for purchase intention has been the celebrity endorsement which creates the right buzz for their set of followers. Overall social media advertising is now taking a personalized approach by choosing the right social media platforms for the right products and the right audience. In years to follow, we will witness multiple giant leaps in terms of technology and hence social media advertising and its impact.

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