

Social Media Marketing Impact on Consumers’ Online Purchase Intention

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Abstract. The objective of this study is to examine how social media marketing will affect the intention of consumers to purchase via online shopping. Primary data was collected through the survey which is questionnaires which distributed to the 250 respondents that selected from central region in Malaysia. Purposive sampling was used to ensure that the respondents have experience in using social media before online purchase. Perceived usefulness, word of mouth, price consciousness and informativeness of social media marketing are found to have significant positive influence on consumer’s online purchase intention in Malaysia. Most of the current social media marketing and online purchase studies are conducted in developed countries such as Japan and Korea, which Malaysia have little studies regarding to the impact of social media marketing towards consumers’ purchase intention in online shopping. With the fast emergence of the usage of social media in Malaysia, it is important for marketers to understand and look into social media marketing in Malaysia.

Keywords: social media marketing, online purchase intention, perceived usefulness

1. Introduction

In January 2019, active social media marketing users worldwide were 500 million. In June 2018, the global active users of social media marketing were 400 million (Digital Influence Lab, 2021). There was a 25% increase in the social media marketing adoption from June 2018- January 2019 According to the recent report, 64% of marketers are now seriously considering of merging Instagram stories into their marketing strategies plan (Digital Influence Lab, 2021). Marketers around the world have realised the trend and plan to leverage it to their advantage (Digital Influence Lab, 2021).

Malaysia ranked number two in social media marketing after Singapore in Southeast Asia Countries. There are around 16.6 million of social media marketing users in the country (Digital Influence Lab, 2021). The accessibility of the internet had provided a huge occasion to Malaysians to conduct marketing through the usage of social media, including email, Twitter, as well as Facebook (Alalwan, 2018). The emerged of Web 2.0 applications has shifted the internet to a social atmosphere (Aji, Nadhila, & Sanny, 2020). In today's era, with the availability of social media platforms, consumers are able to look and search for variety of sources of product and service information online. Online purchase intention is expedited by other customer's reviews, recommendations and information (Ceyhan, 2019). Individuals are empowered to freely communicate and share or access information through social media (Chan, Olawumi & Ho, 2019).

Social media marketing is gaining advantage with the offer of extra values to business, like improved of brand awareness (Ceyhan, 2019), easing word-of-mouth (Chan, Olawumi & Ho, 2019), improving sales (Kapoor et al., 2018), allocating information related to commercial (Li, et al., 2018) and offering social provision for clients (Kapoor et al., 2018). Social media marketing enables communication of shared values, leading to encouraging trust for marketers and customers to share their perspectives values freely (Hansen, Saridakis & Benson, 2018).

This study aims to examine the influence of social media marketing on online purchase intention of Malaysian consumers. This study defines social media marketing as the use of social media platforms such as Instagram and Facebook to promote a product or service.

2. Literature Review

2.1. Social media marketing

Ninety-four percent of Malaysians get to know a brand or product from Facebook and 62% of them will purchase the goods or service after that (Digital Influence Lab, 2021). It was documented that 93% of the marketers have attracted new customers through video posted on the social media platform, 88% of the marketers are pleased with the return on investment (ROI) derived from the marketing efforts on social

media platform (Digital Influence Lab, 2021). Marketers choose to post their videos and video advertisements on Facebook, YouTube and Instagram. Social media platform, data allocation, cooperation and relationship engagement were important to help progressing online purchase interaction (Kapoor et al., 2018). Thus, it is important for marketers to invest into online shopping platforms and publicize through social media marketing in order to capture more sales and widen market share. According to Moslehpour, Pham, Wong and Bilgiçli (2018), most of the social media marketing and online purchase studies are conducted in developed countries such as Japan and Korea, which Malaysia have little studies regarding to the impact of social media marketing towards consumers' purchase intention in online shopping. With the fast emergence of the usage of social media in Malaysia, it is important for marketers to understand and look into social media marketing in Malaysia.

The objective of this study is to examine how social media marketing will affect the intention of consumers to purchase via online shopping. The social media marketing plays an imperative role in influencing the purchase intention of consumers through perceived usefulness, perceived risk, electronic word-of-mouth, price consciousness and informativeness.

2.2. Perceived usefulness

In online shopping context, perceived usefulness defines the perception level that customers believe that social media marketing will help to improve their online shopping performance (Pandey, Sahu & Dash, 2018). Perceived usefulness refers to the degree to which a user accepts that utilizing a social media marketing would upgrade his or her activity accomplishment (Wibowo et al., 2020) and it will influence the consumers' purchase decision (Zollo et al., 2020). In online shopping context, perceived usefulness is defined as the degree to which consumers feel the social media marketing could improve their capability to perform a better web based shopping (Ceyhan, 2019). The following hypothesis is formed and tested.

H1: There is a significant relationship between perceived usefulness of social media marketing and consumers' online purchase intention.

2.3. Perceived risk

A customer's perceived risk will prevent his or her to shop online (Hansen, Saridakis & Benson, 2018). Perceived risk is defined as other customer's opinion on social media about the uncertainty resulted from the online purchase (Hansen, Saridakis & Benson, 2018). Zollo et al. (2020) stated that consumer's online purchase intention will be affected by the risk level he or she perceived through social media experience (Zollo et al., 2020). It ought to be expecting that buyers are mindful to risk while making transactions online, and such risk may impact their purchase intention (Moslehpour et al., 2018). In the event that the clients discover any discrepancy in their actual purchasing experiences and purchasing expectations through social media

marketing, they will perceive higher risk and tend to show negative online shopping behaviour and intention (Wibowo et al., 2020). The following hypothesis is formed and tested.

H2: There is a significant relationship between the perceived risk obtained through social media marketing and consumers' consumers' online purchase intention.

2.4. Word of mouth

The advancement of social media makes it simpler for shoppers to share their reviews and information with others (Moslehpour et al., 2018). Consumers are able to exchange information and experiences with different purchasers through email, social network sites, blogs, chat forums, online networks, chat rooms, and survey sites (Wibowo et al., 2020). Word of mouth has improved the ways shoppers exchange information that any positive or negative proclamation about a product or brand, is now accessible to a large number of individuals through Internet (Zollo et al. 2020). Word of mouth driving customer activities (Chan, Olawumi & Ho, 2019) and will directly result on sales (Huang et al. 2014). The following hypothesis is formed and tested.

H3: There is a significant relationship between word of mouth of social media marketing and. consumers' online purchase intention.

2.5. Price consciousness

Aji, Nadhila and Sanny (2020) stated that price conscious buyers ascribe less significance to the item quality, they appreciate planning and shopping, when they are shopping online, they appreciate social media marketing that exposes them to new products, which are much cheaper than the existing products. Price consciousness is defined as unwillingness of consumers to purchase a product with higher prices. Consumers will focus on lower prices and willing to spend time and effort on social media to hunt for low price products (Hansen, Saridakis & Benson, 2018). Social media marketing assists consumers who are price consciousness to compare the price of products and services before perform an online purchase (Alalwan, 2018). The following hypothesis is formed and tested.

H4: There is a significant relationship between price consciousness of social media marketing and consumers' online purchase intention.

2.6. Informativeness

Informativeness can be defined as the ability of the posts or advertisements of social media marketers in providing adequate information about products and services to customers (Wibowo et al., 2020). Consumer will have a positive attitude toward social media marketing if the advertising message is able to provide high information value (Moslehpour et al., 2018). Informativeness is an important source of decision

of online shopping as positive information conveyed through advertisement on social media will directly stimulate consumer's intention to buy the products online (Kapoor et al., 2018). The following hypothesis is formed and tested.

H5: There is a significant relationship between informativeness of social media marketing and consumers' online purchase intention.

3. Research Methodology

Primary data was collected through the survey which is questionnaires which distributed to the 250 respondents that selected from central region in Malaysia. Purposive sampling was used to ensure that the respondents have experience in using social media before online purchase. Section A consists of questions capturing respondents' demographic profile. Section B consists of five independent variables which including perceived usefulness, perceived risk, electronic word-of-mouth, price consciousness and informativeness. The dependent variable which is purchase intention. Respondents were requested to follow instructions by rating each construct on a five Likert scale basis, with 1 - strongly disagree, 2 - disagree, 3 - moderate, 4 - agree and 5 - strongly agree.

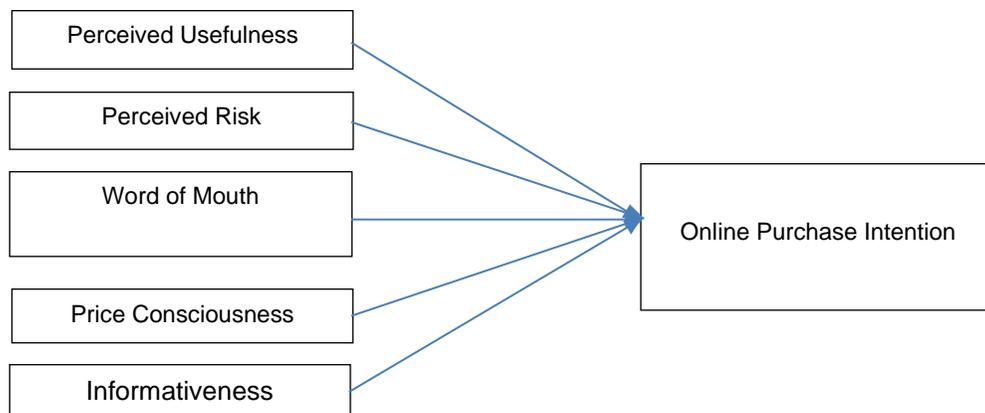


Fig. 1: Research model.

4. Analysis and Results

Out of 250 respondents of this study, 44.8% or 112 respondents are male whereas the remaining 55.2% or 138 respondents are female. Out of 250 respondents, 47.6% or 119 respondents are employed workers, 30.4% or 76 respondents are students, 16% or 40 respondents are self-employed,

All constructs of the current research are reliable by exceeding the threshold value of 0.7. High Cronbach Alpha value are detected for online purchase intention (0.93), price consciousness (0.916) perceived risk (0.91), informativeness (0.89) and word of mouth (0.83).

Table 1 shows that perceived usefulness has the highest beta coefficient which is .506, followed by price consciousness (.244), word of mouth (.216) and informativeness (.193). Perceived usefulness, word of mouth, price consciousness and informativeness of social media marketing are found to have significant relationship towards online purchase intention with the sig-value less than 0.05, whereas there is no significant relationship between perceived risk and purchase intention with the sig-value greater than 0.05. H1, H3, H4 and H5 are accepted while H2 is rejected.

Table 1: Hypotheses testing result.

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|----------------------|-----------------------------|------------|---------------------------|-------|---------|
| | B | Std. Error | Beta | | |
| (Constant) | 1.253 | .371 | | 3.377 | .001*** |
| Perceived Usefulness | .506 | .067 | .477 | 7.541 | .000*** |
| Perceived Risk | -.036 | .065 | -.032 | -.554 | .580 |
| Word of Mouth | .216 | .100 | .144 | 2.159 | .032*** |
| Price Consciousness | .244 | .096 | .191 | 2.540 | .012*** |
| Informativeness | .193 | .082 | .162 | 2.363 | .019*** |

**Significance at 0.05 level.

Table 2 further explores the difference between male and female’s perception of social media influence on online purchase intention. Females tend to be less worried about the perceived risk of using social media compared to males. This is a breakthrough finding of this study.

Table 2: Comparison between male and female.

| | Comparison | | t | Sig. |
|----------------------|------------|--------|-------|---------|
| | Male | Female | | |
| Perceived Usefulness | 3.28 | 3.39 | 1.249 | .212 |
| Perceived Risk | 3.25 | 3.42 | 2.112 | .035*** |
| Word of Mouth | 3.15 | 3.09 | .793 | .428 |
| Price Consciousness | 3.21 | 3.29 | 1.103 | .271 |
| Informativeness | 3.25 | 3.22 | .379 | .705 |

**Significance at 0.05 level.

5. Discussion

Perceived usefulness of social media marketing is positively correlated with online purchase intention. This finding implies that consumers in Malaysia have strong desire to trace and search information on social media to have a better access to the accurate and useful online information, which will enhance their productivity.

Perceived risk is found to have insignificant relationship on online purchase intention. Social media marketing is extensively used by respondents of current research, who are skillful in using the Internet for online purchasing purpose. This high level social media marketing familiarity reduces the significance of the perceived risk of consumers to purchase goods or services online. This is a breakthrough finding of this study. Despite the fact that social media is a primary internet-based scams in Malaysia that accounts for 68% of the commercial scams in 2021 (Digital Influence Lab, 2021), it fails to create anxiety among female online shopper in Malaysia. Compared to males, female online shoppers do not always realize that they are handing over personal data through social media that can be used for identity theft. The needs of seeking social support through social media overrides the perceived risks of social media scams among female online shoppers

Word of mouth is another positive significant factor that is beneficial to the online purchase establishment. Positive comments are captured on the social media platforms, contributing to positive perception towards online products and services. A hassle-free virtual space should therefore be created on the e-commerce websites to allows online buyers to share their thoughts to accelerate customer's online purchase intention.

Price consciousness is found to have positive influence on the social media marketing and online purchase intention. Consumers will focus on lower prices and willing to spend time and effort on social media to hunt for low price products. Informativeness is another significant factor towards Malaysians' purchase intention on online shopping. Complete and up-to-date information that highlights unique product feature and competitive advantage will significantly enhance the online product purchase decision.

6. Implication

This research provides insights for retail or service industries to have a better understanding on the impact of social media marketing on consumers' intention to purchase online in the Malaysia context.

With the enhancement of social media platforms, Malaysian businesses are able to effectively reach their target audiences through effective social media marketing that emphasize on the perceived usefulness, word of mouth, price consciousness and informativeness

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