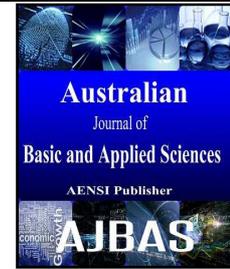




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Car Factors Considered by Consumers for Making Purchase Intention – Social Media Perspective

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ABSTRACT

The main objective of this study is to understand the way social media has a strong impact on the car related factors considered by the consumer for developing a car purchase intention. This empirical study was conducted to formulate a research model that postulated the effects of the social media on consumers car related factors considered for making a purchase intention. The data was analyzed where 202 samples were collected from respondents those who are social media users and are car owners. The results have confirmed that there is an impact of social media on consumers purchase intentions and that they are influenced by the social media with regard to their car purchase information search. The main research implications can be stated as against generalization of the study results which can be applicable for larger population as the data is collected from the respondents depicting specific demographics. Car manufacturers and marketing retailers can utilize these study results for developing strategies and innovative marketing techniques which will focus on the consumer's requirements. The car manufacturers can make social media platforms more engaging and focused on the type of information desired by the by the consumers. In past it was unknown how the social media can influence car purchasing decision and what are car related factors considered by the consumers.

INTRODUCTION

Recent findings have shown that India has been progressing on an exponential online growth also impacting the way consumers behave and interact in an online platform. Due this drastic altering even the marketers have reincarnated their strategies suiting for specific consumers. Social media has become an important aspect of our everyday routine and hence forth for industry as well. They are hence forced to use this media for staying connected with their consumers, make them stay informed about their activities, understand their way of working, creating news, researching the current trend in market and so on. Social media is very suitable option for companies as it creates a loop between the company and consumers. Companies like Ford have actively embraced social media for communicating with consumers and connect with them in order to incorporate the feedbacks from the consumers to and set high standards and raise the benchmarks against their competitors in market. In late seventies and early eighties the options in passenger car segment was quite limited and only in last fifteen years the automotive industry has resurrected themselves. Indian governments have revised the economic policies by making it more liberalized and removal of license system. By allowing foreign direct investments government has revolutionized the automobile sector and that has pushed Indian companies to go for joint ventures with their foreign counterparts resulting in wide variety of choices for consumers in passenger car segment. The result is that market is brimming with a healthy competition and big names in the industry

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have entered Indian markets bringing along latest models and technology with reduced delivery time. India serves as a lucrative market for these foreign players because it is hub for a readymade market and low cost of manufacturing. The globalization and liberalisation has led to inception of creative and technically advanced features. The companies are customizing their products to suit to the needs of consumer and its changing demands.

1.1. Internet Marketing and its Role in Consumer Decision Making:

Internet has paved way for continuous and fast growth of various online platforms embarking e-commerce marketing. Consumers solely depend on these platforms for making all their buying decisions. According to reports although only one person in seventeen persons may be accessing internet in India but the scenario is different for car purchasers. Among the car purchasers every third car purchaser from top cities initially started his search on the internet Sharma (2010). He has also highlighted that out of ten, four new car purchasers and three used car purchasers are starting their search on internet before deciding to buy one.

1.2. Social Media an Information Source:

Social media has emerged as the primary source for searching information about important decisions of life. Changing demand patterns of consumers have resulted in companies finding their footholds in social media. The intense search for high involvement products lead consumers to these platforms for getting deeper insights in purchasing decisions. For products like cars that are not considered as impulse buying products and consumes time and effort from the buyer social media has emerged as an important medium in information searching and decision making. The factors generally considered are categorized into three factors namely, economic, psychological and functional. Economic factors are the generic factors which are considered during purchasing decision making. Car purchase involves large investments hence people tend to be careful before deciding on what to purchase and correlate it with their needs. Affordability depends on people's perception and that is the sole reason consumers are demanding customized products that fits into their budget. Functional factors as described are factors that depend on working of the product. Functional factors are related to technical aspect or specific features that describe the product uniquely. Dealers must be able to understand the customer requirement and deliver the kind of goods as demanded by the consumer. Finally the psychological factors are those factors that cater the wants of the consumer and satisfy their emotional needs. Promotional Sale is considered as an emotional factor as it can drive consumer for purchase. Finance and insurance options are also psychological drivers that motivate consumers to purchase a car especially in early decision making stage.

II. Objectives:

- To study the social media influence on car purchase behavior of the consumer.
- To identify the car factors considered by the consumers for making purchase decision through social media.

2.1. Information Seeking Behavior and Social Media:

Colliander and Dahlen, (2011) in their study have identified that social media is a very powerful medium which provides the users a perfect platform for expressing their views. Social media users can shape up their connections and share, discuss, generate and like variety of information which can be both positive and negative via social media websites. In recent years social media has grown unprecedentedly and has emerged as an extremely reliable source for getting useful information. Users have accepted and embraced this medium for making purchasing decisions especially where information gathering is an important phase (Scott, 2007). Researchers off late have had intense argument on the fact that consumers who are using social media for their information search are being hugely impacted and their buying decision process is altered (Steffes and Burgee, 2009, Riegner, 2007, Bhatnagar and Ghose, 2004, Bechwati and Xia, 2003). The usual process of need recognition that stops with post purchase behavior is interfered by this social media phenomena and it is hence playing a major role especially in the information gathering stage. Car is a product that is hugely involving and highly engaging in terms of information processing stage. Automobile purchase decision therefore involves huge amount of information gathering and processing. The paper tries to analyse the aspects of consumers transformation in their mode of information search which traditionally involved visiting dealers, car manufacturing company, magazines etc. and it holds good for not only the consumers but also the manufactures. In a study conducted by CF Search marketing in the year 2015 it has been proved that manufactures too believe that merely having a website is just not sufficient for achieving business needs and company must have social presence. The study has also highlighted the importance of social media as a necessary entity for running business today since the results are accurate, quantifiable and economical and has not remained just a routine activity of daily checking the status and likes. Increasing use of social media by users for their information search has started very recently. Traditionally marketing aspects were taken care by the manufacturers and dealers and their prime motive was getting the attention of consumers and capturing their minds through target marketing and one way communication (Mckensy Co. 2013). During those times the manufacturers were

generally more focused on huge marketing budgets that were used for brand building and creating awareness through print and broadcast mediums. Social media platforms are quite convenient as they offer a laid out platform that allows the consumers to interact and communicate their opinions and experiences with other users and consumers (Hennig-Thurau, Gwinner, Walsh & Gremler, 2004, Kim and Srivastava, 2007). The use of social media has drastically altered the way consumers search information and it has eventually become an innovative tool that has been used for marketing and endorsement activities of different brands. Marketers are forced to alter their strategies and tool used for interacting and communicating with consumers due this new consumer generated content. The information generated gets exchanged, shared, utilized and modified by the prospective buyers (Blackshaw & Nazzaro, 2004). Consumers have become proactive and more demanding as they want quick access to related information and that too at their convenient location and time (Rashtchy *et al.*, 2007; Vollmer & Precourt, 2008). The authors have also stated that consumers use social media to search about any product and services so that they can make informed purchasing decisions. The information gathered from social media sources is perceived to be more trustworthy and reliable by the consumers as compared to information obtained from sponsored resources (Foux, 2006). This paper therefore tries to explore the perception of consumers with social media content and information search regarding automobile purchase decision. The report by Capgemini in 2014 has stated that people have started using social media for searching car related information, post their views regarding their purchasing experiences and get to know more about the dealers and prefer them to be active on social media websites. Study has highlighted the fact that views from friends and family members have a strong influence than any marketing strategy or sponsored message. Hence it is very important for the companies to inspire their consumers to become unpaid brand ambassadors and campaign the product so that prospective consumers can be positively impacted (Engel, Blackwell & Miniard, 1995). An increased number of car buyers are now considering the online review site very helpful and they act as a driving force for taking their decisions with regard to car purchase. In a study it has been found that almost 43% consumers prefer social networking sites like facebook for searching local dealers. Consumers can engage with the companies through these social networking sites and collect product related information. Companies can also deal with the grievances of consumers through these sites. J.D Power conducted a study in 2014, "Social Media Benchmark Study" that has stated that 20% of consumers prefer to use social media sites for their initial information gathering exercise while searching car relating information. The study also has found that 29% of the users receive product related recommendations solely from the friends and family through social media. The study has laid emphasis on the fact that facebook is most popular and frequently used social media channel (29%) followed by Youtube (19%) and then Twitter (11%).

2.2. Hypothesis Development:

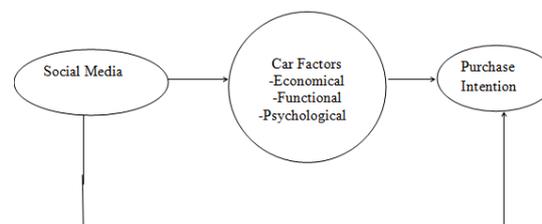


Fig. 1: Author's Model.

2.2.1. Social Media and Car Factors under Consideration for Making a Purchase Intention:

Manish Kumar Srivastava, A.K Tiwari, Pacific Business Review have stated that demographic factors of consumers play a very important role in consumers purchase parameters that are under consideration. Other factors considered are price of the car, safety features, comfort level, engine power and pickup, mileage of the car, max speed attainable by the car, styling of the exteriors and interiors, car's after sales service, brand name in the market and car's spare parts cost. Few other factors like WOM and sponsored advertisements in magazines play a small part in influencing consumers. Social media is most effective mode of communication with the consumers for promoting the cars. Another study by M.Prasanna Mohan Raj, Jishnu Sasikumar, S.Sriram, (2013) has highlighted six factors namely reliability of the product, monetary value attached, latest and trendy appeal of the product, non-monetary promotions offered by dealers and car companies, dependability and consumer attachment towards the brand. K.Vidyavathi (2012) has found in his study that demand for small cars is on the rise as there is increase in nuclear family concept and due to crowded cities lack of parking space. Fuel economy and comfortable driving experience are other more important factors highlighted in the study preceded by availability of car spares and its price. Hence the Hypothesis:

H1: Social media is positively associated with Car Factors considered by consumers for car purchase:

Studies have shown that reviews are considered as a very useful and impactful source that have a direct effect on attitude and purchase intention of consumers (Purnawirawan *et al.* 2012). In past various studies have proven that quality and quantity of the available about a particular product or service has strongly influenced the purchasing behavior and his trust in the product and social media is a strong platform for doing so (Do-Hyung *et al.* 2007, Swamynathan *et al.* 2008, Gefen 2002; Roca *et al.* 2009). Trust in a brand leads to intention to buy hence social media can help build that trust and encourage consumers to make a purchase decisions (Han & Windsor 2011, Pavlou 2003). Consumers find information related to factors associated with cars on social media while interacting with other users on social networking sites which again has a strong influence on consumers purchase intention. A study from Crowdtap, has found that social media is a strong driver and impacts consumers positively especially with respect to car purchasing decisions. The influence is so much that the sales person can also be overshadowed. The study has further reported that 68% consumers looking to buy car have found their choice of vehicle through social media. Almost 87% people search for the information related to cars via social media before visiting the showrooms. In fact the study has highlighted that 95% people are willing to consider social media as a platform for discussing their choice of car models. The paper attempts to analyze the car factors considered by consumers through social media for developing purchase intention. The hypothesis can be stated as:

H2: Social media is positively associated with development of purchase intention of the consumer:**H3: Car Factors considered by consumer via social media is positively associated with purchase intention:****III. Methodology:**

Adult respondents who have purchased a car in last one year or are willing to purchase in next one year were selected as a sample for the survey of this study as they will be highly involved in the social media and other internet websites with regard to the car related information search. The scope of the research is comprised of adults who have purchased a car in last one year or are willing to purchase the same in next one year. The questionnaire was prepared for gathering data and it was distributed among the respondents based on convenient sampling techniques from June 2015-Aug 2015 to the respondents. Respondents belonged to Chennai city and were chosen randomly satisfying the above stated condition.

3.1. Research Sample:

Total number of respondents fulfilling the condition was chosen and questionnaire was administered to 202 respondents.

3.2. Data collection:

The first part of questionnaire consist the questions related to the respondents demographic details and questions related use of internet and social media and choice of platform for searching car related information. In the second part of the questionnaire, Likert Scale technique was used which comprised of five items. (1= Strongly disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly agree)

3.3. Sample and Procedure:

Adult Male and female respondents in Chennai city who have either purchased a car in last one year or willing to purchase in next one year were selected as the sample because these are people who will be more involved in the information search before developing a purchase intention. The usable data was 202 questionnaire collected from these respondents.

IV. Data Analysis and Result:

The collected data was analysed using correlation, regression and two way annova by SPSS 20.0. Cronbach's α value for the each item was calculated to find out the reliability of the measurement used. The value ranged between 0.60 and 0.79. The measurement values were in line with the developed concept by Carlson *et al.*, 2008. The sample composed of 202 adult male and female from Chennai city, 46.5 % were female and 53.5% were male. Of these 25.7% were between the ages of 23-33 years, 48.5% were of 34-41 years and remaining 25.7% were above 41 years of age. Of the social media considered for car related information search, 47.5 % of the respondents found that social media websites are more useful than automobile websites (52.5%). Further it was also noted that 56.4 % of respondents use social media for almost 7-9 hours a day which is quite large.

Hypothesis Testing:**Regression:**

In order to test Hypothesis 1 and 2 multiple regression analysis was conducted which included the three factors under consideration for making purchase intention and for testing hypothesis 3 ANNOVA was used. The

multiple regression model was significant ($F = 6.919$, $p < 0.001$, adjusted $R^2 = 0.81$) and the three independent variables were found to be significant predictors of social media usage for information search.

Correlation:

Table 1: Correlations.

	Car Factors Eco	Car Factors Fun	Car Factors Psy
Car Factors Eco	1	.731**	.651**
Car Factors Fun		1	.557**
Car Factors Psy			1

H1: Car Factors considered by consumers for car purchase is positively associated with social media:

Car factor Functional ($\beta = 0.404$, $t = 4.027$) had stronger impact in information search through social media as compared to car factors economical ($\beta = -0.13$, $t = -1.214$) or car factor psychological ($\beta = -0.030$, $t = -0.334$)

Table 2: Result of Multiple Regression Analysis.

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	13.180	2.565		5.139	.000
Car Factors Eco	-.116	.095	-.133	-1.214	.226
Car Factors Fun	.337	.084	.404	4.027	.000
Car Factors Psy	-.060	.181	-.030	-.334	.738

H2: Social media is positively associated with development of purchase intention of the consumer:

Next simple regression was conducted to test impact of social media on purchase intention. The results revealed that social media is significantly related to their formation of purchase intention ($F = 13.903$, $p < 0.001$, adjusted $R^2 = 0.060$), which supports the hypothesis. The standard correlation coefficient was 0.255 ($t = 3.73$, $p < 0.001$).

Table 3: Results of simple regression analysis.

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1	5.299	.469		11.299	.000
	.083	.022	.255	3.729	.000

H3: Car Factors considered by consumer via social media is positively associated with purchase intention:

In order to test the next hypothesis, Anova was conducted to test the association of car factors considered through social media and its role in formation of purchase intention. The results revealed that the car factors considered through social media are significantly related to formation of purchase intention ($F = 14.366$, $p < 0.001$, adjusted $R^2 = 0.166$) that supports the hypothesis.

Discussion:

The study aimed to understand how social media is useful for searching car related information search leading to change in decision making process of car purchase. The research model postulates that the car factors (economical, functional and psychological) are all responsible for development of purchase intention for car purchase. The empirical tests have confirmed the hypothesized relationships. First of all it was proved that car factors considered for purchase intention formation are positively associated with social media. Since people are constantly searching, discussing and sharing large amount of information on social media platforms hence it is a very strong medium for getting trustworthy information especially with regard to car as it involves extensive search. In the subsequent findings it was proven that of the various car factors considered functional car factors were most searched for. Functional aspect of cars involves the technical detailing and intensive working information which is an important aspect of the car purchasing decisions. Hence it was found that social media is considered for searching such a crucial part of purchasing decision stage. In the next hypothesis it was found that social media on the whole is a strong driving force for development of purchase decision. This is a very

important aspect of the study as it has proven that social media has transformed into revolution in today's world and no facet of life is left untouched without being affected by social media.

Implication and Limitations:

The findings of this study provide an important insight to car manufacturing companies that are using social media to promote their brand. Companies need to build strategies which will drive consumers to start advocating products and become brand ambassadors on social media platforms. They need to develop a strong feedback system to look into the comments posted by users. One on one communication between the user and company needs to be established so that users do not feel lost in the oceans of comments and likes. Innovative and unique ways need to be developed so that the consumer is not only stimulated but also involve in the marketing process. Companies need to encourage consumers to interact with them even offline or face to face so that the trust level is developed and a human relationship is also developed. These offline experiences can then be transformed on cyber space in the social media level that will not only attract consumers but also keep them loyal in the long run. Since the respondents were only limited to Chennai city the results can be interpreted and explained by using different set of people. However generalizing the results is not advisable as the study is specific to adult car users who have either purchased a car in last one year or intending to purchase one in next one year.

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