



The Impact of Social Networking on Consumer Brand Perception with Reference to Hyderabad-A Study

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ABSTRACT

The present study was undertaken with an objective to study the social media networking and how the consumers are using as a platform to share marketing information about products and services. The study aims to study the interested activities of consumers in using social media networking and to study the impact of social media networking on brand perception of consumers. It is intend to analyze the impact of social media advertisements on brand perception of consumers and to study the future scope of social media networking.

The study is done at Hyderabad and the data was collected by interviewing respondents. The Hypothesis of the study was framed based on the factors. From the study it was found that the respondents shown interest in organizing events, using various applications, creating groups, reading notes and commenting, bidding and gambling and maintaining blogs. Also, most of the respondents using social media respondents for communication, entertainment and spending time and sharing knowledge.

It is suggested to the social Networking sites to improve the quality in the features in order to access more number of features. Also, these networking have to take care of privacy controlling issues and security issues. The companies can use it as a platform to spread marketing related information and bring awareness about new product launches

Key words: Social Networking, Brand perception, communication, quality, security

1. INTRODUCTION:

The term social media can be defined as “Many online tools that allow people with similar interests to share information, learn from others, or network in an open process [1-5]. The information found on these sites is commonly referred to as ‘user-generated content’, which means anyone is able to post with minimal restrictions or oversight.”(Wilson, 2010)

There has been a huge explosion in business social media marketing, used to engage effectively with consumers and as such, there is a lot of research and literature on the impact of social media on organisations.

This has been brought about by the remarkable increase in the progression and adaptation of technology, demanding that businesses rethink their digital marketing strategies. The aim of this essay is to critically review social media marketing and to analyse the reasons behind its success. The essay further aims to discuss the models and frameworks that support successful social media strategies for organisations, both large and small.

This essay offers a platform that would enable the reader to understand the need for this research and also provides a background about recent developments both in the industry and in research circles with respect to social media branding [7].

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The rapid development of technology, and the reach of such technologies at affordable costs, have revolutionised the ways in which businesses operate today. The Internet is being used by millions of people at this very moment; therefore these technologies have led to a paradigm shift in the way that communication happens. Business reputation and presence in a market is more driven by 'social media' [6]. (Tuten, 2008)

It can also be noted that the shift and focus on social media has been drastic and many businesses have been caught off-guard. However, the use of social media has created opportunities for online marketers to engage with customers who they wouldn't otherwise have been able to reach using traditional marketing methods. This reach though, has posed many challenges to businesses that have viewed social media like any other traditional media, such as magazine or television, thus causing wider gaps rather than bringing them closer to the customers (Qualman, 2012). On the contrary, it can be said that more and more retailers and business are becoming increasingly aware of social media and are waiting to exploit the potential that it offers (Olivas-Lujan, 2013).

2. OBJECTIVES OF THE STUDY:

- To study the purpose of using social media networking sites.
- To study the interested activities of consumers in using social media networking sites.
- To analyze the impact of social networking on Consumer brand perception.
- To study the future scope of social media networking sites.
- To analyze the impact of advertisements on brand perception of consumers.

3. RESEARCH METHODOLOGY:

The primary data was collected randomly from 100 respondents who use social networking sites using questionnaire. The data was analyzed using factor analysis based on various factors responsible for using

social media websites which is helpful in making marketing decisions [8-10].

Hypothesis:

Hypothesis – 1:

H10: Consumers do not have interest in Commenting on Photographs, Watching Videos, Uploading photographs, commenting on Other's Status, Chatting with friends, Making Friends, Sending invitations to others.

H1a: Consumers have interest in Commenting on Photographs, Uploading photographs, commenting on Other's Status, Chatting with friends, Making Friends, and Sending invitations to others.

Hypothesis – 2:

H20: consumers do not show interest on Uploading Videos, Writing messages, Reading Notes, and Commenting and Maintaining on blogs.

H2a: consumers show interest on Uploading Videos, Watching Videos, Writing messages, Reading Notes, and Commenting and Maintaining on blogs.

4. LIMITATION OF THE STUDY:

The Present study is confined to twin cities of Hyderabad & Secunderabad and was conducted for period of 50 days duration using questionnaire. However the ideas and opinions of respondents may change over the period of time.

5. LITERATURE REVIEW:

Social Media is a relatively new form of marketing that just about every business today is at least aware of, if not already utilising it in some form or another.

The global fixation with social media, or social networking as it's often referred to, can be easily compared to the hysteria of the Internet revolution in the 1990's. As reported by Mangold and Faulds (2009), this marketing medium differentiates from the traditional communication channels in terms of reach, frequency and immediacy, with the most obvious difference being user-generated content. It is perhaps not surprising why businesses across the world are investing in this new



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form of communication to reach their consumers and stakeholders. Searching on the term 'social media sites' or 'social networking' on any Internet search engine brings up dozens of networks including the popular Facebook, Twitter, LinkedIn, Instagram, and YouTube – the list appears endless [11].

Expenditure on social media by businesses is on the rise. A recent study by the IAB (Internet Advertising Bureau) shows that in the first half of 2014 in the UK alone, there has been a rise of 53% in the spend on social media by businesses, with a total contribution of £242.5 million (Somerville, 2014). Another study by IAB on FMGC sector, consisting of more than 4500 survey responses and 800 interviews, showed that 90% of customers would use social media to refer the brands to peers, four in five customers would buy products that have good social media coverage and 83% would be willing to try products that are popular in social media (Anon, 2012). A research study conducted by Mass Relevance [12] that provides a social media curation platform to clients found that 59% of consumers will more likely trust a brand that has presence in social media and 64% of the consumers interviewed have already made purchases based on social media presence and reviews (Chaney, 2012). Appendix 1 shows the social media advertising effects on consumers (Source: Nielsen Survey: Anon, 2012)

A study for Harvard Business Review by Edelman (2010) discusses how the Internet and social marketing has changed not only the way businesses operate but also how consumers choose their products. It takes the reader through the funnel metaphor that was previously being used by marketers to understand how consumers select their products and how this has moved to a more open-ended approach whereby consumers no longer follow a methodical approach of selecting products. It stresses how important it is for brands to connect with consumers and it also studied the consumers' decisions across five different industries, namely automobile, skincare, insurance, mobile telecommunications and

electronics, across three different continents. Based on the results of the study, it proposed a four-stage model that focuses on today's consumers using social media for advocating products and also purchasing based on the reviews and backing received. The research takes the reader through the entire customer journey and informs businesses what they should not focus energy and resources on. Providing statistical information about various surveys enables organisations to identify the key areas they should concentrate on in order to build a solid brand image online [13].

From the above, it can be understood that social media has a profound impact on consumer choice in terms of brand and product selection and that it is key to engage effectively with customers. There is a lot of literature that discusses social media impact on consumers and why businesses should engage with customers, exploiting social media to provide value added etc. The main aim of this essay is to look into various key researches in this area and to provide an overview of effective social media marketing strategies for businesses. While social media has its benefits, it is important that businesses are acutely aware of their own social media strategies. One faux-pas might prove to be detrimental to brand image and performance. For example, an indepth study conducted by BusinessWeek (2009) discusses social media hype and the disadvantages it may have on a business. For instance, the potential risks social media marketing poses if employees waste their time on social networking sites instead of on productive tasks in the interests of the organisation. It also forewarns of blunders that could have a profound negative impact on the business itself. This statement is supported by providing evidence in the study that many social media campaigns fail and it cites the example of one such campaign by Saatchi & Saatchi's campaign for Toyota Matrix, which led to a lawsuit of \$10 million (Groth, 2011) [14]. If this happens with a small and medium enterprise, it may reap havoc on the business. The study by BusinessWeek



(2009) also says that it is hard to quantify the outcomes that social media creates, such as trust and loyalty.

Hence it is important to have a good and well thought out social media strategy tailored to the organisation's needs. For example, selecting which social networking sites to subscribe to and what kind of content should be posted, and how frequently, are a key areas of a social media strategy [15].

One global organisation that appears to have mastered its social media strategy is car manufacturer, Ford. In a recent case study the researcher explains how Ford has included the key success elements in its strategy including customised posts, user connectivity through tone of voice and perhaps most importantly, a social media team that reads and responds to every single comment made by followers (Ratcliff, 2014). However, it is worth noting that Ford has worked out what works for its own business, and this exact strategy may not necessarily drive the same achievement for different organisations.

Social media is not the responsibility of one single person within the organisation, rather a collective responsibility of all employees. Social media policies and 'etiquette' guidelines need to be developed and strictly adhered to, in order to prevent the risk of employees wasting time and also to clearly define who owns the communication/conversation, the level of transparency in communications, the tone and frequency of messages, building trusting and long-lasting customer relationships etc. The social media strategy should also specifically define the outcomes, the ways in which to measure these outcomes and the total spend on social media activities along with dedicated resources [16].

For a social media strategy to work, it is important that the communication is two-way and that customer opinion is valued. Similarly, it is pivotal to integrate social media marketing with the overall online marketing strategy and share contents with the users in a

social media-friendly 'pressroom'. Effective collaboration and providing value content plays a major role in determining the success of a social media marketing strategy (Evans, 2010).

A good social media marketing model should be adopted in order to target the right customers, engage with them, constantly work towards attracting more potential customers and building a good brand image. Figure 2 (Appendix) depicts a three-phased approach in the social media marketing model. Firstly, customers need to be understood - from what they perceive about the brand and also their networks. Secondly, the key influencers are analysed to assess what interests customers. The third and final phase is engagement and interaction with the customers. This model gives a broad overview of the social media engagement phases. There are various models in vogue today and each model can work well for a specific business or sector. Depending on the requirements of the business, it is essential to work on a model that would add value to the business and also act as a powerful tool to facilitate the achievement of social media goals for the business. Drury (2008) discusses how marketers of various industries and businesses can effectively engage in social media marketing. The paper gives a fairly comprehensive view on what social media is and the role of marketing within it. It discusses how social media can be monetised by the marketers and the researcher talks about how marketing is no longer one-dimensional and it is therefore essential for businesses to engage with consumers to build stronger and lasting relationships. It also suggests that the key to a successful relationship would be to provide consumers with tailor-made promotions and messages that would bring various elements together to reach a larger percentage of the audience. The researcher does however state that it is essential for businesses to benchmark success and to effectively measure return on investment (ROI), otherwise it could become very challenging and difficult to drive growth [17].

Measuring ROI can however be challenging. A recent white paper by Adobe revealed that 88% of the marketers surveyed didn't feel they could truly quantify the success of their social media efforts (Adobe Digital Index, 2012). Some logical starting points would be to use metric tools, measure interactions such as 'likes' and 'shares' and measure traffic to the sites (Burg, 2013).

6. DATA ANALYSIS: FACTOR ANALYSIS

Table 1.1: TOTAL VARIANCE EXPLAINED

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.803	11.268	11.268	1.803	11.268	11.268	1.704	10.649	10.649
2	1.593	9.953	21.222	1.593	9.953	21.222	1.453	9.082	19.730
3	1.505	9.408	30.630	1.505	9.408	30.630	1.450	9.065	28.795
4	1.312	8.202	38.831	1.312	8.202	38.831	1.341	8.384	37.179
5	1.245	7.782	46.613	1.245	7.782	46.613	1.266	7.914	45.093
6	1.178	7.361	53.974	1.178	7.361	53.974	1.263	7.894	52.988
7	1.078	6.740	60.714	1.078	6.740	60.714	1.236	7.726	60.714
8	.961	6.004	66.718						
9	.913	5.708	72.426						
10	.885	5.533	77.958						
11	.755	4.721	82.680						
12	.724	4.522	87.202						
13	.592	3.703	90.905						
14	.539	3.367	94.271						
15	.495	3.095	97.367						
16	.421	2.633	100.000						

Table 1.2: ROTATED COMPONENT MATRIX

	Component						
	1	2	3	4	5	6	7
Commenting on Photographs	.018	.019	.004	.054	.855	-.024	.050
Commenting on Other's Status	.501	.069	-.034	-.109	-.184	.219	-.446
Chatting	.003	-.042	.064	.825	.010	.020	-.060
Uploading Photographs	-.071	.790	-.067	-.092	.036	-.039	.132
Playing games	.439	.015	-.011	.164	-.466	-.235	.357
Watching Videos	-.723	.063	.015	.170	.058	-.075	.001
Making Friends	.190	.590	.257	-.158	.267	-.034	-.173
Sending invitations	.658	-.079	.079	.264	.208	-.085	.061
Organizing events	.160	-.006	-.068	.114	.114	.795	.073
Using Various applications tools	-.115	.322	-.014	.256	.004	.233	.533
Creating groups	.009	-.055	.669	.138	-.019	.357	-.003
Uploading Videos	.244	.084	-.161	.323	.258	-.522	.047
Writing messages	.108	.111	.794	.054	-.027	-.115	-.026
Reading Notes	-.161	.567	-.007	.283	-.266	.000	-.041
Commenting and Maintaining on blogs	.153	-.108	-.096	-.352	-.036	.018	.742
Bidding & Gambling	-.320	-.058	.500	-.280	.117	-.210	-.091

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 10 iterations.

The first step in interpreting the output is to look at the factors extracted, their Eigen values and the cumulative percentage of variance. We see from the Total variance explained table, 7 factors extracted together account for 60% of the total variance which means that if we don't consider the remaining 9 factors, only 40% variance is lost which does not affect the final outcome of the research.

Next step is to interpret what these 7 factors represent. This can be done with the help of Rotated component matrix.

Factor 1: Looking at rotated component matrix, the component 1 has highest loading of 0.658. So component/ factor 1 are named as Sending invitations.

Factor2: We see that, uploading photographs is the only variable which has highest value say 0.790. So factor 2 can be named as Uploading photographs.

Factor 3: Writing messages is the only variable which has highest value as compared to other variables in the rotated component matrix under component 3. So this factor/ component can be named as writing messages.

Factor 4: Chatting is the only variable which has highest value under component 4. So these component/ factor 4 can be named as Chatting.

Factor 5: Commenting is the only variable which has highest value 0.855. So Commenting is the apt name for this factor.

Factor 6: Now for factor 6, we see that organizing events has highest loading 0.835. As this variable stands for factor 6, the factor can be named by its own name 'Organizing events'.

Factor 7: Commenting and maintaining the blog is the only variable which has the highest value under component 7. So factor 7 can be named as Commenting and maintaining blogs.



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We reject the H_{10} (null hypothesis) and conclude that most of the consumers have interest in Commenting on Photographs, Uploading photographs, commenting on Other's Status, Chatting with friends, Making Friends, and Sending invitations to others.

Looking at the factor loadings from the above table we reject the H_{20} (null hypothesis) and conclude that most of the consumers show interest on Uploading Videos, Watching Videos, Writing messages, Reading Notes, and Commenting and Maintaining on blogs.

7. DATA FINDINGS:

- Most of them have shown interest on commenting photographs, writing messages, other's status, chatting, uploading photographs and making friends in the social media networking.
- Some of them have shown interest in playing games, uploading videos, watching videos and sending invitations.
- Minimum number of respondents has shown interest in organizing events, using various application/tools, creating groups, reading notes and commenting, bidding and gambling and maintaining blogs.
- Maximum number of respondents has not shown interest to the ads in the social Networking sites and only some of them has purchased goods/services through the social Networking sites
- It is observed that the overall impact on social Networking sites on the respondents is high.

8. SUGGESTIONS:

- Popular Networking sites like face book, twitter, orkut etc; are showing greater impact on consumers by its features like sharing photos, sharing videos, communicating with friends etc., which are very helpful to connecting, sharing thoughts, sharing messages etc., with friends. Hence social Networking sites have to improve

the quality in these features so that more and more customer will have a chance to use this trait.

- Social Networking sites have to increase the privacy control features.
- Recently, there was a complaint on face book due to altering privacy and security settings every time. These types of complaints, rumors will ruin the individual interest. Hence, at most care should be taken in order to get satisfaction of customers.
- The ads in the social Networking sites must be in attractive manner.

9. CONCLUSION:

The study on impact of social media networking sites on consumer behavior was undertaken with an objective to study the impact of social media networking. The study aims to study the interested activities of consumers in using social media networking and to study the purpose of using social media networking.

From the study it was found that the respondents shown interest in organizing events, using various applications, creating groups, reading notes and commenting, bidding and gambling and maintaining blogs. Also, most of the respondents using social media respondents for communication, entertainment and spending time etc.

It is suggested to the social Networking sites to improve the quality in the features in order to access more number of features. Also, these networking have to take care of privacy controlling issues and security issues. There is a lot of literature on various aspects including, but not limited to, the effects of social media on small and medium scale enterprises, identification of skill gaps in social media with specific emphasis to certain industries, general studies on implementation challenges, perception of social media on businesses, and barriers to adaptation of social media by businesses etc. Each researcher, however, talks about the importance of measuring the success of the social media activities on



the business to enable further growth. They also discuss the importance of being able to fully understand the paradigm shift and having to constantly engage in effective ways of using social media and how any mistakes might jeopardise the business, its image and the reputation that has been built.

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