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Effect of Social Media Marketing on Building Customer Perception in Khulna City, Bangladesh

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Abstract

Objective: *This study aims to investigate how social media marketing affects formation of customer perceptions.*

Methodology: *Data were collected from the customers living in Khulna City using a structured close ended questionnaire with five point likert to capture opinions on social media marketing and building of customer perception. A causal research design was applied to find answers of research question set for the study. Regression statistics was applied to investigate causal relations between components of social media marketing and customer perceptions.*

Findings: *The findings confirm that entertainment, informativeness, irritation, brand trust, interaction to customer, electronic word of mouth, and purchasing opportunity have relationship with formation of customer perception. All components except irritation have positive relations and interaction to customers, electronic word of mouth and in formativeness have statistically significant relationships.*

Key words: Social media marketing, Electronic word of mouth, and Informativeness.

Introduction

Recent years have witnessed the rise of social media channels such as Facebook, YouTube, Google, and Twitter which allow customers to take a more active role as market players and reach almost everyone anywhere and anytime (Hennig-Thurauet at., 2010). Social media is an online platform which enables customers to create and share content, communicate with one another, and build relationships with other customers (Gordon, 2010; Hennig - Thurau, 2010; Libai et al., 2010). The Internet has provided a new paradigm for communication and empowered millions of people to network socially beyond the boundary of geographical proximity. In recent years, people have witnessed a fast growth of Web usage with new user-centric applications and media rich services. Online social networking has moved from a niche phenomenon to mass adoption.

Social media has become a platform that is easily accessible to anyone with internet access. Increased communication for organizations fosters brand awareness and often, improved customer service. Additionally, social media serves as a relatively inexpensive platform for organizations to implement marketing campaigns (Vivek et al., 2012). As the World Wide Web continues to evolve, the usage pattern of Internet surfers has shifted from that of passive readings to active building of contents, illustrating the user-centric, interactive, and collaborative nature (Sharma, 2008). Social media and social networks have turned into new marketing tools for companies and a place where people can express their opinions and attitudes about products. Accordingly, companies are building social media programs to get closer to these consumers. Along with expansion of social media, social media marketing is also evolving increasingly that is a process of gaining website traffic or attention through social media sites. Social media marketing programs usually center on efforts to create content that attracts attention and encourages readers to share it with their social networks (Vivek et al., 2012).

At present society is increasingly influenced by social media and a shift to consumer control of media, brand managers must understand how to effectively use social media in engaging with consumers (Gensler et al., 2013). Social media is a key component of the marketing mix, affecting the relationship between consumers and brands (Gensler et al., 2013). However, tactics such as advertising within a social network have not been analyzed professionally. "Smart advertising" is the new generation of advertising it is possible to enable such data mining technologies and enable advertisers to customize everything in their advertisement to correspond to the user viewing it. Hewlett Packard invented new ways to reach consumers twenty times more the Return on Investment (ROI) it would have reached with traditional advertising methods (Mathieson, 2010).

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Industry reports and academic researches consistently indicate that an organization's marketing activities through social media are essential in creating meaningful consumer-brand relationships (Hennig-Thurau et al., 2010). In the next five years, retailers may expect further explosive growth of social media contributed through users' use and view (Mohamed and Mobasheri, 2013). In this backdrop, this study has intended to investigate how social media marketing contributes formation of customer perceptions.

Conceptual Background

Conceptual background of a study acts as lenses for investigating a phenomena that is developed identifying relevant variables associated with a subject and show how the variables are linked with one another. Hence this section describes the issues related with the social media in the light of existing literature.

Entertainment: Entertainment of advertising information is significantly related to advertising value of traditional advertising (Ducoffe, 1995). A high degree of involvement and pleasure during interaction with social media leads to concurrent subjective perceptions of positive affect and mood of the individuals (Hoffman and Novak, 1996). People's feeling of enjoyment associated with advertisements play the greatest role in accounting for their overall attitudes towards them (Shavitt, Haefner & Lowrey, 1998). Social media users liked advertisements that engaged them, such as playing games to win ring tones. Social media has come a long way as a marketing channel. Social media gives everyone a global podium from which to be heard. When you Tweet or "like" something on the social media, the entire world is your audience. Entertainment sends out its full ability to satisfy individual needs for "escapism, enjoyment, diversion or emotional release" (McQuail, 1983).

Informativeness: One of the main motivations for social media is the exchange of information (Muntinga, Moorman, & Smit, 2011). Given the information-orientation of the social media, it is very useful for the users of these social media to be found to receptive to informative advertising sites. The cited literature relates perceived information value of advertising to consumers" overall attitudes towards advertising. It also said that perceived information value towards advertising is important for attitudes towards traditional advertising. Social media has existed for years but has recently become one of the most powerful sources of advertising and news updates due to the launch of the Internet platforms Twitter and Facebook which provide the chance for social networking". Outlets of social media include blog sites such as Word Press and Blogspot, micro blogging such as Twitter, online magazines through sites content communities such as YouTube, and Flickr.

Irritation: The irritation variable serves as a negative indicator, as for the informativeness& entertainment variables are positive. It's clear that social media is a well-oiled marketing machine, perfect for letting individuals know about something new, finding out what people liked or didn't like about a show, or simply creating buzz for a product that could use a little extra backing. But somehow, consumers are less likely to be persuaded by advertising as they perceived it as offensive, annoying or manipulative (Brehm, 1966).

Brand Trust: Brand trust refers to customer's desire to rely on the capability of a brand. Brand trust has been found to contribute favorably to product commitment, which in turn preserves a good connection with product equity (Delgado, et.al, 2005) and produce favorable effects on product Loyalty (Sahin, et.al, 2011).

Interaction to Customer: Interaction quality refers to customer's experience during his/her contact with the human element of a service company (Alexandris, et.al, 2006). Perceived high quality of interaction between buyer and seller may bring about positive attitude toward social media. In the same vein, perceived low quality of interaction may trigger negative attitude toward social media.

Electronic Word-of-Mouth: E-WOM refers to informal interaction between private parties regarding the assessments of products and services (Anderson, 1998) over the Internet. Prior studies show that word-of-mouth contributes to trust on customer buying intention (Lin, 2010).

Purchase Opportunity: Intention has been regarded as individuals' plan to conduct a specific behavior. Based on Ajzen, purchase intention in this research refers to individual's readiness to perform buying while at social media.

Table 1 : Respondents Profile

Description	Respondents %
Gender	
Male	61.3
Female	38.7
Age	
15 – 25 years	25.3
26 – 35 years	36.0
36 – 45 years	30.7
More than 45 years	8.0
Occupation	
Student	33.3
Business	33.3
Professionals	33.3
Internet Using Experience	
Less Than 1 year	10.0
1-5 years	39.3
More than 5 years	50.7
Internet Usage per Day	
Less Than 1 Hour	18.7
1-5 hours	41.3
More than 5 hours	40.0
Social Media using Experience	
Less Than 1 year	8.0
1-3 years	7.3
3-5 years	38.7
5-7 years	29.3
More than 7 years	16.7

Methodology

This study has been designed to investigate how social media marketing and customer perception are associated. Form this point of view regression is appropriate as this technique is used to study relationship between variables. The nature of the study demands adoption of causal study.

This study applied convenient strategy in selecting the number of individuals who participated in the survey for the collection data. The total number of individuals participated in this survey was 150.A questionnaire was designed to identify the point of view of respondent regarding social media marketing. Only respondents who declared that they are active media social users were accepted for the survey. A close ended questionnaire has been developed with five point likert scale employing statements ranging from ranging from strongly agree to strongly disagree. The questionnaires were adopted from previous studies such as Mathew et al., (2013), Norshidah et.al (2012) and Nazeeretal., (2013). The variables selected in this study are Entertainment, Informative, Irritation, Brand Trust, Interaction to customers, E – WOM, Purchase intention & Customer perception. Items selected to measure these variables were adopted form previous studies and literature conducted on customers perception on social media. The final questionnaire consists of two sections. Section A includes questions to collect demographic information, educational, Internet using & social media choice of respondents. Part B aims at measuring respondent intention to be involved in different variables related to perception on social media marketing. Data have been analyzed applying regression to identify how customers' perception is affected by the social media.

Data Analysis and Interpretation

Table 2 : Inferential Statistics

Variables	Coefficients (β)	Cronbach Alpha (α)
Entertainment	.0379 (.0801)	**.79**
Informativeness	.1347* (.0803)	**.68**
Irritation	-.0302 (.0389)	**.82**
Brand Trust	.1162 (.0838)	**.80**
Interaction to Customers	.1882** (.0757)	**.67**
Electronic Word of Mouth	.1534** (.0780)	**.76**
Purchasing Opportunity	.0969 (.0730)	**.78**
R Square	.472	
F	18.12***	
VIF	<10	
Breusch-Godfrey LM Test	1.48	
Durbin – Watson	2.192	
Breusch-Pagan / Cook-Weisberg test	3.30	
Ramsey RESET (F)	2.51	
_hatsq	-.0627	

p<.05, *p***<.10, *p***<.01 . *Standard errors are in parenthesis.*

This model has been developed to identify what contributes to build up customer perception. Regression statistics show that the model is capable to explain 47.20 (R square = .472) percent variations of customer perception in response to the change of entertainment, in formativeness, irritation, brand trust, interaction to customer, electronic word of mouth, and purchasing opportunity. All independent variables except irritation have positive relations in formation of customer perception where interaction to customers, electronic word of mouth and informativeness are statistically significant.

Variance Inflation Factor (VIF) shows that the model has no collinearity problem (vif<10). Rasey RESET test is applied to check whether the model does have omitted variable bias. Evidence indicates that null-hypothesis is rejected (p>.05) thus the model does not need more variables. Linktest is applied to examine model specification error and the evidence certifies that the model has no specification error (hatsq>.05). A model must be free the problem of autocorrelations. Durbin_Watson and Breusch_Godfrey LM test is applied to check the problem where the null hypothesis is: no serial correlation. Evidence shows that the null hypothesis is accepted (p > .05). It signifies that the model has no serial correlation problem. Breusch-Pagan / Cook-Weisberg test is used to check heteroskedasti city problem in model and evidence shows that in model variance is homogeneous (p>.05).

Conclusion

This study has been designed to investigate the contribution of social media marketing on formation of customer perception. The findings show that entertainment, informativeness, irritation, brand trust, interaction to customer, electronic word of mouth, and purchasing opportunity affect on the development of customer perception. Today, customers gain a new role with social media. From the Given dynamics of social media, E-WOM is increasingly becoming influential in users activities at social media. Positive e-WOM is more likely to spur individuals to have

higher brand trust and trust of Internet seller. Likewise, less positive E- WOM may not encourage brand trust and trust of Internet seller at social media. Individuals with positive attitude toward social media have higher intention to purchase at social media. Accordingly, individuals with less positive attitude toward social media have lower purchase intention at social media. From a practical standpoint, this research is important for marketing managers and businessman who use social media as an advertising tool. They need to assure that they create a positive environment at social media. This includes conveying quality interaction through discussion platform, carrying products that consumers trust and promoting among users positive word-of-mouth through social media.

The finding of this study is not free from limitations. This study fails to take sampling unabashedly and he sample covers a city thus the results may not represent the generalized scenario of the phenomena investigated. A new research may be designed in future adopting unbiased sampling technique to make the results more accepted. It is believed that instead of the limitations, this study has contributed to understand the effect of social media marketing on the formation of customers.

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