

Chapter 105

An Empirical Study on Determining the Effectiveness of Social Media Advertising: A Case on Indian Millennials

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ABSTRACT

The article proposes a conceptual model based on social media advertising, which examines the impact of some identified antecedents such as entertainment, informativeness, credibility, incentives, pre-purchase search motivation and social escapism motivation on attitude towards social media advertising and further see the impact on purchase intention. A quantitative approach of research was adopted, where data was collected using a self-administered questionnaire from 472 Indian social media users. The scales adapted from the previous studies were validated using exploratory factor analysis (EFA) and then two-step structural equation modelling (SEM) was applied which included confirmatory factor analysis (CFA) followed by hypothesis testing in AMOS 22.0. The results indicated a significant role of informativeness, entertainment, credibility, incentives, pre-purchase search motivation and social escapism motivation in predicting attitudes towards social media advertising, further purchase intention was significantly predicted by attitudes towards social media advertising.

INTRODUCTION

The last decade has witnessed the rapid rise in Information & Communication technologies, amplifying the adoption and usage of social media sites. The advent of social media sites has shifted the communication patterns from face to face interactions to conversations in the forms of likes, dislikes, tweets, shares,

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posts etc. The high usage of these sites is bound to affect their purchase choices (Saxena & Khanna, 2013). The usage of these sites in marketing is of utmost importance to the managers and researchers (Felix, Rauschnabel & Hinsch, 2016). Firms are on a continuous lookout for engaging with customers by utilizing social media in the form of promotional and augmentation of the buying behaviour, leading to two-way communication and also enabling information processing (Zeng & Gerritsen, 2014). Also, the adoption of social media sites has seen an expeditious rise due to the growing use of internet, due to which marketers are making an attempt to reach consumers by commercialising their content on these sites (Natarajan et al., 2015). For enhancing its marketing performance and brand image, firms are thoroughly adopting these integrative practices. It can be noted that practises like social media marketing have been adopted worldwide and almost (93%) of the companies are using these as a medium for communicating with the consumers (Bennett, 2013). There are a varied Social Media Marketing practises adopted by the firms in the form of advertising, electronic word of mouth, customer relationship management, branding, consumer buying behaviour and perception. Nevertheless, out of the varied practises advertising on social media sites has grabbed attention of the marketers and researchers (Alalwan, 2018; Arora, Agarwal & Kumar, 2018; Arora and Agarwal, 2019; Duffett, 2015; Murillo et al., 2016; Saxena & Khanna, 2013; Shareef et al., 2017; Taylor, 2011). This argument can be supported by the huge investment such as \$ 32.3 billion in 2016 by the worldwide organisations which are dedicated to social media advertising campaign (Statista, 2017). Also, the expenditure in social media ads is expected to rise to 72% within the time span of 2016-2019, which is worth US\$ 50 billion (Zenith, 2016). Now this huge investment always raises a query about the utility of such ad campaigns. Also, marketers and advertisers are always in the dilemma of designing interactive and attractive ads on social media. Likewise, India is a fast-growing digital marketing economy at an annual rate of 25-30%, also India has a large segment of online users (460 million) as of 2018.

NEED OF THE STUDY

The study becomes important due to the various reasons, seeing the precedented growth in the usage of social media sites by the consumers the companies are turning to more cost-effective ways of reaching consumers in the form of blogs, email marketing, online and social media advertisements (Arora & Agarwal, 2019; Saxena & Khanna, 2013). In 2017 there has been a remarkable increase of approximately 11.34% in the internet usage from 2016, mentioned in a report titled “Internet in India 2017” released by “Internet and Mobile Association of India (IAMAI), 2018”. The augmentation in the internet usage has stimulated the e commerce industry in India. Also, with regard to the development of e-commerce sector India has been ranked at the first position, with an annual growth rate of 19.9% in the period of 2018-2022 (Statista, 2018). Out of the various medium of delivering digital ads social media has grabbed the highest share in both mobile and desktop ads. Now, the question arises how will this study have significant implications for the practitioners and researchers. Firstly, seeing the huge allocation of funds by the Indian advertising industry it is worth investigating the impact of these ads, secondly, the pivot of literature has always focused more on the developed economies with strong infrastructure, varied culture and massive exposure of digital ads to the consumers, therefore evaluation of the effectiveness of social media advertisements from a fast-growing developing economy will provide valuable insights. As developing economies have been associated by low levels of internet penetration and less experience and exposure with the emerging marketing technologies (United Nations Development Programme, 2013)

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