

# Chapter 11

## The Influence of Social Media on Consumer Purchases and the Problem of Fake Reviews and Endorsements

**P. S. Venkateswaran**

 <https://orcid.org/0000-0001-8958-103X>

*PSNA College of Engineering and Technology, India*

**M. Lishmah Dominic**

*PSNA College of Engineering and Technology, India*

**Sandhya Tumma**

*Vignan's Foundation for Science, Technology, and Research, India*

**Shikha Singh**

*Ajeenkya D.Y. Patil University, India*

**Deepak Kem**

*Dr. K.R. Narayanan Centre for Dalit and Minorities Studies, India*

**J. Rahila**

*Dhaanish Ahmed College of Engineering, India*

### ABSTRACT

*The study's goal is to determine how social media influences consumer purchasing decisions and investigate the issue of counterfeit reviews and endorsements. Information from a survey investigates how social media platforms such as Facebook, Instagram, Twitter, YouTube, and LinkedIn influence consumer behaviour. Despite the prevalence of false reviews in the information interface that consumers peruse, there is a lack of research to understand the role of fake reviews in the online purchase process. Consequently, the objective of this paper is to investigate the*

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*modifications in consumers' online purchase intentions that occur as a result of reading false evaluations in various scenarios. For products with a high level of brand recognition, false reviews do not influence consumers' purchase intentions. Conversely, for products with a low level of brand recognition, the degree of fake-ness in the reviews decreases consumers' purchase intentions. Deceptive reviews and endorsements present a significant obstacle.*

## INTRODUCTION

The landscape of consumer behaviour has undergone a dramatic transformation in the digital age. Social media platforms have emerged as powerful tools not only for communication and connection but also for influencing purchasing decisions. These platforms offer a dynamic space where consumers encounter a constant stream of information, from targeted advertisements and product recommendations to influencer endorsements and user reviews (Venkateswaran et al., 2024). This pervasive influence has fundamentally altered how consumers discover, evaluate, and purchase products and services. While social media offers undeniable benefits for consumers and businesses, it also presents significant challenges (Mahato & Kumar, 2012). The factors that make social media effective for marketing—its reach, accessibility, and user-generated content—also create fertile ground for the proliferation of misleading information. Fake reviews, undisclosed sponsorships with influencers, and intentionally deceptive marketing tactics can erode consumer trust and ultimately hinder genuine brand reputation (Mahato, 2011).

Understanding the intricate relationship between social media and consumer purchases is crucial for businesses navigating this complex environment. This analysis will delve into the multifaceted ways social media influences consumer behaviour (Modekurti-Mahato, & Kumar, 2014). It will explore how platforms like YouTube, Instagram, and LinkedIn shape brand awareness, product perception, and, ultimately, purchasing decisions. This impact extends beyond individuals, potentially negatively impacting the broader e-commerce ecosystem. It is essential to have an understanding of the psychological factors that are responsible for the convincing nature of phony reviews and endorsements to lessen the influence that they have. Venkateswaran et al. (2015) further enhance firms' capacity to tailor their tactics to individual customer preferences, thereby driving sales and fostering customer loyalty (Raj et al., 2024).

Business houses examine the issue of fake reviews and endorsements. The analysis will look at how consumers identify and navigate misleading information, as well as how this impacts their trust in social media as a source of product discovery (Subramani et al., 2019). By acknowledging this challenge, businesses can develop

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