

Developing Markets Through Social Networking Sites: An Inquiry of Online Marketing in Developing Countries (A Study in Indian Markets)

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Abstract:

Online marketing is increasing in all social dimensions as the number of internet service users' increase in geometric propagation. According to the survey by IMRB and the Internet & Mobile Association of India, Indian Internet population was about 112 million by September 2012. When the present year ends, about 9 million more will be added, making India one of the world's top markets for Net-based businesses. The survey found that more than 75% of Internet usage is among school- and college-going students and those who have recently graduated. We know from the previous literature, fashionable and trendy items have been consumed by the new and college going students. Hence we may expect higher rate of increase in this group. The Author has an inquiry about the online marketing and the effect of social networking sights in the market development of the companies. It is not uncommon for a users to see numbers of pop ups, scrolls and different promotional campaigns as soon as we login or download application. Although people doubt about transaction security but number of people ordering online are also remarkable. The researcher with collect the primary data and analyze it through adequate statistical techniques. The work shall be based on descriptive research design.

Objectives:

1. To find out whether there is significant difference in consumer behavior between online and offline consumers?
2. To find whether virtual markets are better than the tradition markets with regard to comfort, timings, demonstrations and marketing approaches?

Key Words: Net –based Business, online marketing, social sites, promotional campaign

1. Overview:

Online marketing is not uncommon in present dynamic markets. To sustain in competitive markets the companies continuously are in search of new approaches and media to reach to the market base. The conventional promotional tools are no more effective for increasing market share for products. The companies and the shoppers interact by the virtual markets, indeed it is online marketing. Although there may be define pros and cons but it has already recognized its niche in the existing marketplace. We have become addicted to see some scrolls, flashes and highlighting features of products as soon as open our social networking sites. The researcher has no reasons for doubt that youngsters (especially) in urban area haven't opened their account on these sites. Smart phones and internet 3G connectivity made it an easy affair. Now we are connected round the clock to the world and get updates at every second. The products can also be promoted or displayed by these social sites. There are so many social sites like- Facebook, twitter, linkedin, reditt, yahooindia, you tube, whatsapp, utterlee, plaxo are a few to name. As soon as we login, so many products so get shared or promoted by sponsors. It is interesting to note how social networking sites help the company to develop their markets. In 1990, our marketing programs included – direct mails, Telephone, TV, Radio, print and displays through hoarding, glow shine etc but in 2010, our marketing programs experienced radical change and include- emails, MMS , SMS, Social sites, widgets, QR code, video clippings, Online displays etc. Through the online marketing, the companies are getting direct feedback about the product from different categories of consumer and the certified consumers put the comment and rate the products which increase the public confidence. Indian have different mindset and use the product after getting positive feedback from the market, hence for them these social networking sites have become a boon. India is one of the world's top markets for Net-based businesses. The survey found that more than 75% of Internet usage is among school- and college-going students and those who have recently graduated. We know from the previous literature, fashionable and trendy items have been consumed by the new and college going students. Hence we may expect higher rate of increase in this group.

As per survey conducted by *cmb consumerpulse 2010*, 51% of the facebook users and 67% of twitter users are more likely to buy the products since becoming a follower while 60% of the facebook users and 79% of the twitter users responded to be more likely to recommend since becoming the follower.

2. Literature review:

Smith and Chaffey says online marketing, marketing objectives can be achieved by applying digital Technology in coming time” (*Smith and Chaffey, 2005: 11*). Strauss and Frost suggested that use of electronic data and applications for planning and implementing new concepts, distribution of products and pricing for products thus create exchanges that satisfy consumers and organizational goals (*Strauss and Frost, 2001: 454*). There are numbers of social websites but the reach of Facebook and twitter is unremarkable.

Facebook constitutes a rich site for researchers interested in the affordances of social networks due to its heavy usage patterns and technological capacities that bridge online and offline connections. We believe that Facebook represents an understudied *offline to online* trend in that it originally primarily served a geographically-bound community (the campus). When data were collected for this study, membership was restricted to people with a specific host institution email address, further tying offline networks to online membership. In this sense, the original incarnation of Facebook was similar to the wired Toronto neighborhood studied by Hampton and Wellman (e.g., *Hampton, 2002; Hampton & Wellman, 2003*), who suggest that information technology may enhance place-based community and facilitate the generation of social capital. Previous research advocates that Facebook users primarily busy in searching for people with whom they have an offline connection. (*Lampe, Ellison, & Steinfield, 2006*).

Online Social Network supports both the maintenance of existing social ties and the formation of new connections. Much of the early research on online communities assumed that individuals using these systems would be connecting with others outside their pre-existing social group or location, liberating them to form communities around shared interests, as opposed to shared geography (*Wellman, Salaff, Dimitrova, Garton, Gulia, & Haythornthwaite, 1996*).

Facebook was Created in 2004 and by 2007 Facebook was reported to have more than 21 million registered members generating 1.6 billion page views each day (*Needham & Company, 2007*). The site is tightly integrated into the daily media practices of its users: The typical user spends about 20 minutes a day on the site, and two-thirds of users log in at least once a day (*Cassidy, 2006; Needham & Company, 2007*). In 2005 facebook Capitalizing on its success among college students, launched a high school version in early September 2005. In 2006, the company introduced communities for commercial organizations; as of November 2006, almost 22,000 organizations had Facebook directories (*Smith, 2006*). In 2006, Facebook was used at over 2,000 United States colleges and was the seventh most popular site on the World Wide Web with respect to total page views (*Cassidy, 2006*).

There are so much existing academic researches but Facebook has focused on identity presentation and privacy concerns (e.g., *Gross & Acquisti, 2005; Stutzman, 2006*). Looking at the amount of information Facebook participants provide about themselves, the relatively open nature of the information, and the lack of privacy controls enacted by the users, *Gross and Acquisti (2005)* argue that users may be putting themselves at risk both offline (e.g., stalking) and online (e.g., identify theft). Other recent Facebook research examines student perceptions of instructor presence and self-disclosure (*Hewitt & Forte, 2006; Mazer, Murphy, & Simonds, 2007*), temporal patterns were used for studies (*Golder, Wilkinson, & Huberman, 2007*), *Lampe e.tal* studied relationship between profile structure and friendship articulation (*Lampe, Ellison, & Steinfield, 2007*). These researches put a foundation for social networking sites. Later on with the geometric propagation of the people getting online, new products and different product lines were promoted through social websites. Companies launched their own websites, interacted online by the consumer and redressed their grievances. People can put their comments and rate products at their own wishes. Prospective consumers see different rating and then place his order online. In the subsequent session we will study how consumers behave after getting posts on their social websites. The researcher tried to find out the behavior online but he found greater difficulties in getting data, hence he focused to collect data by conventional way.

Research Gap

The various studies were conducted in online marketing, usage rate of social networking sites, privacy issues, identity theft and online membership. The researcher could not find out developing markets for sustainable development by usage of social Networking sites. He selected Mathura (U.P) India for research purpose. India is one of the fast growing economies so characteristics may be applicable to rest of the emerging markets. The next Session deals with research methodology.

Research Methodology

Data Collection : The paper is based on primary data collected from the youth (Male & Female) completing their graduation in Engineering Science & Technology. The remarkable feature of the data is that the students themselves had their account on social websites and were regular users of these sites. Some of them have agreed upon that they use e-stores to put their orders.

Sample Size: 150 students have been selected on random bases each comprising of different streams such as Computer Science, IT, Civil and Mechanical. The data has been collected from Mathura (UP), Engineering and Technology College in the Month of December & January. The researcher wanted to ignore data bias hence he thought for the normal distribution and reducing bias, random sampling shall be most suited for the purpose.

Research Design: The researcher worked with the descriptive design and used SPSS-17.0 version for the data analysis. He also worked with factor reduction method through principal component analysis. The present research is primarily based on descriptive statistics as the researcher's view point was to describe the characteristics of data statistically.

Reliability test: The researcher used Cronbach's alpha value for the reliability test. He used for items for the scale test and found the value equal to 0.636, which is good for social sciences scale.

Data Analysis

Case Processing Summary

		N	%
Cases	Valid	150	100.0
	Excluded ^a	0	.0
	Total	150	100.0

a. Listwise deletion based on all variables in the procedure.

The questions comprised of five point scale which measured consumer responses in regard to follow the link, share the promotion, recommending the products, putting comments and liking/unliking of the promotions and products. It was interesting to remark that the follow, share, recommending, comments depend on the like of the post. If people liked it then they decided whether to follow or share or recommend or comment on the post. The various responses have been tabulated below and the corresponding descriptive statistics related to item is given in different tables and our research first hypothesis hence formulated as

Research Hypothesis 1

H0 Online responses do not differ significantly and it is comparable to offline behavior

H1: Online responses differ significantly and it is comparable to offline behavior

Assumptions:

- 1) Population is normally distributed.
- 2) Homogenous population
- 3) Sample is drawn on simple random sampling

	N	Minimum	Maximum	Mean	Std. Deviation
Follow	150	1.0	5.0	4.033	1.0894
Share	150	1.00	5.00	3.8733	1.00533
Recomm	150	1.00	5.00	4.0200	.93744
Comment	150	1.00	5.00	4.1600	.87531
Like	150	1.00	5.00	4.0667	1.09708
Valid N (listwise)	150				

Reliability Statistics

Cronbach's Alpha	N of Items
.636	4

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Comment		Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
2	Share		Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).

a. Dependent Variable: Like

Model Summary^c

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.415 ^a	.172	.167	1.00144	
2	.454 ^b	.206	.196	.98396	1.485

a. Predictors: (Constant), Comment

b. Predictors: (Constant), Comment, Share

c. Dependent Variable: Like

ANOVA^o

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	30.907	1	30.907	30.818	.000 ^a
	Residual	148.426	148	1.003		
	Total	179.333	149			
2	Regression	37.012	2	18.506	19.115	.000 ^b
	Residual	142.321	147	.968		
	Total	179.333	149			

a. Predictors: (Constant), Comment

b. Predictors: (Constant), Comment, Share

c. Dependent Variable: Like

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.902	.398		4.775	.000
	Comment	.520	.094	.415	5.551	.000
2	(Constant)	1.301	.459		2.837	.005
	Comment	.473	.094	.378	5.039	.000
	Share	.205	.082	.188	2.511	.013

a. Dependent Variable: Like

Excluded Variables^c

Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics
						Tolerance
1	Follow	.001 ^a	.009	.993	.001	1.000
	Share	.188 ^a	2.511	.013	.203	.961
	Recomm	.109 ^a	1.370	.173	.112	.879
2	Follow	.003 ^b	.036	.971	.003	.999
	Recomm	.046 ^b	.554	.581	.046	.774

a. Predictors in the Model: (Constant), Comment

b. Predictors in the Model: (Constant), Comment, Share

c. Dependent Variable: Like

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.1857	4.6958	4.0667	.49840	150
Residual	-2.69584	1.59938	.00000	.97733	150
Std. Predicted Value	-3.774	1.262	.000	1.000	150
Std. Residual	-2.740	1.625	.000	.993	150

a. Dependent Variable: Like

Interpretations:

- 1) The Cronbach's alpha value= 0.636, which is a fair indicator for reliability of scale in social sciences.
- 2) Dependent variable is like of the respondents, while share and comments are entering variables. The predictor(constant) in the model are comment(B= 0.473) and share (B= 0.205)
- 3) ANOVA model is acceptable as the calculated values are less than the tabular value of F- statics.
- 4) Our model suggests that null hypothesis get rejected and online consumer behavior differ significantly with respect to sharing of views & comments.

3. Factor Analysis

Research Hypothesis 2

H_0 : There is no difference in buying behavior and promotion online through social networking sites.

H_1 : There is a difference in buying behavior and promotion online through social networking sites.

Assumptions:

- 1) Population is normally distributed.
- 2) Homogenous population
- 3) Sample is drawn on simple random sampling

Researcher further inquired about the components that may affect users' decision during online purchases. For this he has rated the responses on five point Likert Scale. He used following components to measure online purchase decisions through social websites –

- a) Degree of comfort in purchases
- b) Delivery of products – Time, untimely etc
- c) Securities of transactions
- d) Demonstrations and displays
- e) Online Offers
- f) Information availability
- g) Pricing of products offered online

Communalities

	Initial	Extraction
Comfort	1.000	.742
Time	1.000	.598
Transac	1.000	.544
Demons	1.000	.499
offer	1.000	.544
Inform	1.000	.615
price	1.000	.700

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.909	27.278	27.278	1.909	27.278	27.278
2	1.293	18.466	45.745	1.293	18.466	45.745
3	1.040	14.852	60.597	1.040	14.852	60.597
4	.859	12.265	72.862			
5	.784	11.205	84.067			
6	.627	8.962	93.028			
7	.488	6.972	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix^a

	Component		
	1	2	3
Comfort	.080	.518	.684
Time	.633	-.300	.328
Transac	.719	-.048	.157
Demons	.677	-.042	-.197
offer	.671	-.070	-.299
Inform	.253	.737	.086
price	.115	.619	-.551

Extraction Method: Principal Component Analysis.

a. 3 components extracted.

Interpretations:

The factors were reduced by Extraction method – principal component analysis and initial communalities extraction value suggest only three components could be extracted viz. Comfort (0.742), Price of the products (0.700) and information availability (0.615).

The total variance explained by these three components is 60.597% hence these three components in total explains the behavior of online marketing and social interaction up to 60.597%.

Our Null Hypothesis there is no difference in buying behavior and promoting products online get rejected, as it is evident from principal component analysis that three components explain behavior up to 60.59%.

4. Conclusions:

- 1) The research concludes that the like of the post/ promotion depends on share, recommendations and comments.
- 2) Online shopping through social networking sites makes deference with respect to level of comfort, competitive pricing and updated information.
- 3) It is also validated the certified consumers comment strengthen post and increases authenticity of the product promoted online through social networking sites.

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