



## Impact of Social Media on Customer Preference of Information Technology Enabled Services (Ites) in Bangalore

### KEYWORDS

Customer Preference, Dissemination Speed, Interaction, Social Marketing, Social Media

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**ABSTRACT** *With the emergence of social network, the cliché "the customer is god" seems to have a whole new meaning. This paper examines the impact of social media on customer feedback and preference in IT industry from the three aspects of social media which are dissemination speed, interaction, and social marketing. The important features of social media communication are simple and fast. Social media engages information production to publish information that requires very short time as instant broadcast. The initiative to establish relationships with customers in various contacts, so that they become the carrier of word of mouth spread, increase marketing efforts to strengthen the brand value, to affect customer preferences, increase business volume and profit. This is the full realize of the interaction function of social media. The sample size of this study is set to 150 respondents who are the users of ITES in Bangalore. The study used questionnaires as data collection instrument to collect data with the representative sample. The findings shows that, dissemination speed, interaction and social marketing have strong relationship with customer preferences.*

### INTRODUCTION

In 21st century, social media is changing our lifestyle, and it also already involved in many different industries. Social media has booming development upon the Internet, and it is a burst of energy for the transmission of information, which has become an important content of browsing the Internet (Couldry, 2015).

With the emergence of social network, the cliché "the customer is god" seems to have a whole new meaning. Now, the consumer feedback, not only it can gather the information quickly for the company, but also can post its comments on social media to a wider range of people. Some companies are actually using social media to differentiate with competitors. On the existing products or even develop new products, the enterprise can collect consumers feedback or comments to decide the development and research strategy. Social media can easily improve the publicity of company, at the same time; it also can enlarge the negative effects of brands immediately (Wood, 2012). Meanwhile, there are doubts and question on whether the interaction and social marketing of social media can create opportunities to strengthen the connection with the consumers or not, and how they can play the role on customer preference.

The formation and growth of the social media has become a new marketing pattern with vital strategy meaning, especially in changing the traditional communication manner and reform the whole marketing idea and practice (Petras, 2008). However, although the value of broadcasting information, guiding and teaching the public within the social media has been recognized by the vast practitioners and scholars (Benjamin and Elsie, 2003; Rehmani and Khan, 2011), the research on the impact of social media exert on customer preference is still rare and this situation directly resulted in the operators can't make effective running tactic to influence customer behavior as lack of theoretical guidance (Benjamin and Elsie, 2003). This paper examines the impact of social media on customer feedback and preference in IT industry from the three aspects of social

media, which are, dissemination speed, interaction, and social marketing.

### Research Objectives

1. Determine the relationship between the dissemination speed through social media and customer preference
2. Verify the relationship between the interaction of social media and the customer preference
3. Determine the relationship between the social marketing of social media and the customer preference

### LITERATURE REVIEW

#### Social Media and Customer Preference

According to Kaplan & Haenlein (2010), the era of social media was probably started 20 years ago. With the fast spread of internet, this concept becomes popular very soon, which leads to the creation of many different social networking websites like Blog, Myspace, Facebook and etc.; gradually, the concept "social media" becomes popular overall the world. The use of social media is very popular among people now, especially young people (Nancy et al., 2009). Kanuk and Schiffman (2000) pointed out that purchase preference is a measure of the probability of the consumer to buy the product. Huffaker (2006) pointed out that social media has benefits for e-commerce business, but he did not present its influence on customer preference. According to Goh and Huang (2009), many multinational companies also use social networking websites like Facebook and Twitter, because they found it is an effective way to convey their messages using word of mouth marketing technique, thus affect customer purchasing preferences. Scott (2007) pointed out that social media has become an essential factor that impacts customers' purchasing behavior, but less literatures or researches are done to define its important role in the market place. Zhu (2003) believes that the purchase intention is the psychological consultant for consumer to buy their own needs of goods or services, is the performance of consumer psychology, and is a prelude to the purchase behavior. Customer preference or customer behavior or purchase decision of customers has been the subject for many scholars

and researchers (Nashath et al., 2012; Afshan, 2009; Mahendrasari, 2010). Researches about the impact of factors like culture (Ghozali and Fuad 2005) advertising (Kumar and Raju, 2013), customer personality (Horna et al., 2007), psychology (Blackwell, 2002), price (Haque et al., 2009; Zuo, 2005 ) on customer preference in various industries are done; Yet researches about social media's impact on customer preference in ITES sector are rare.

### Social Media Dissemination Speed

The important features of social media communication are simple and fast. Social media engages information production to publish information that requires very short time as instant broadcast (Zhang, 2009). The audience's demand for information is more than the need for information depth exploring, and also the speed of dissemination is further promoted by the development trend of social media (Salganik et al., 2006). Lavis et al. (2003) pointed out that the increased popularity of social media like Facebook and Twitter has presented an era of disseminating information fast. It is an effective way to provide information quickly to the public using social media (Gunther, 2011). For example, the UNOCHA (United Nations Office for Coordination of Humanitarian Affairs) stated it is an effective means to rapidly response to complex humanitarian emergencies using multimedia platforms like Relief Web and the IRIN (Integrated Regional Information Networks ) news service to reach audience and end user (Jason et al., 2012). It seems there is no empirical evidence to support that disseminating speed of social media has impact on customer preference (Tom et al., 2012; Christine et al., 2012). Social media is an instant information releasing platform. The real-time dissemination of information virtually eliminates the information disseminating process, which meets the requirements of users for information access.

### Interaction of Social Media

The social channel has become a vital component of customers' daily communication and engagement activities. The demand of customers' for interaction with retailers has positioned social media as a meaningful way for the communication among shoppers and retailers (Ho and Dempsey, 2010). Interaction is a significant advantage of online media compared to traditional media (Fournier, & Lee, 2009). Social networks enable people to interact in a long and deep way. For example, the very popular Facebook as a social media platform has a very strong interaction function. Each user is not only the information creator, but also the information disseminator (Taylor, 2010). Good interaction greatly enhances the communication ability of people, and then forms a good relationship with management system (Trusov et al., 2009). Yulihashi et al. (2011) pointed out that one of the growing areas of the internet is the "social media", which is an interactive and community based network platform. The key to social media marketing uses the interaction to affect customer preferences (Nadeem, 2012). The initiative to establish relationships with customers in various contacts, so that they become the carrier of word of mouth spread, increase marketing efforts to strengthen the brand value, to affect customer preferences, increase business volume and profit. This is the full realize of the interaction function of social media (de Matos and Rossi, 2008) .

### Social Media Marketing

Social strategy has become an important part of the enterprise network marketing strategy. With these social media, companies can listen the voice of the user to promote their products, make a subtle influence on the customer (Oni-

shi and Manchanda, 2012). Social media is no longer just a platform for communication. It is combined with digital or physical sales channels, so as to achieve the maximum benefits, create new revenue growth (Rui et al., 2013). With the increased popularity of social media sites, many companies have begun to use social media marketing activities. In the United States, there are websites such as Facebook, YouTube and Twitter. Survey shows that more than 100 people in the United States, about 80% have been using social network sites to do different form of marketing activities including brand building, customer service, product service display, promotion, public relations, integration, offline activities, e-commerce and etc. (Hennig-Thurau, et al., 2010).

In the network era, a variety of marketing carriers, not necessarily spend a lot of money to do advertisement to promote marketing. Facebook, Blog, Microblog, Video site, Twitter, Myspace, SNS etc. have opened a new vision for people to expand the network marketing channels (McNealy, 2010). Social media marketing not only can enhance the brand awareness and maintain old customers, but also can help companies target and their own characteristics of the sub groups, to use the customer feedback of their products or services, and then change customer preferences (Brien, 2011).

### METHODOLOGY

The sample size for this study is set to 150 respondents who are the users of ITES. The geographical location of the study is Bangalore. The study used questionnaires as data collection instrument to collect data with the representative sample. The construction of the study is measured on a 5 point Likert scales ranging from strongly agree to strongly disagree. The statistical tool used is SPSS v.21. Frequency distribution is used for analyzing the respondents' personal information. Reliability testing ensured that the data source is reliable. Normality is tested before testing hypothesis. Pearson-correlation and regression are used for testing the hypotheses.

### Research Hypotheses

H1: There is a relationship between dissemination speed of social media and customer preference

H2: There is a relationship between interaction of social media and customer preference

H3: There is a relationship between social marketing of social media and customer preference

### RESULTS AND DISCUSSION

#### Reliability Testing

In order to ensure the data quality, reliability of the items was tested.

**Table 1: Output of Reliability Testing for the Variables**

Variables	Cronbach's Coefficient Alpha	Result
Dissemination speed	0.790	Good
Interaction	0.809	Very Good
Social Marketing	0.732	Good
Customer Preference	0.714	Good

(Source: Primary data)

Since the reliability scores are above 0.7, all the items are considered to be reliable. In order to explore the respondents' personal information, frequency distributions are used to analyze respondents' gender, age and length of using social media

**Table 2: Profile of Respondents**

		Frequency	Percent
Gender	Male	82	55
	Female	68	45
Age	25-29	9	6
	30-34	135	90
	35-39	4	3
	40-44	1	1
Length of using social media	Less than 1 year	4	3
	1 year - 3 years	54	36
	4 year-8 years	92	61

(Source: Primary data)

Based on Table 2, the male accounted for 55% and female for 45%. Based on the result, most of respondents belong to the age group of 30 to 34 (90%). And the age group 40-44 years old occupied only 1%. Length of using social media shows that the respondents used social media less than 1 year account for 3%, the respondents used social media of length between 1 to 3 years account for 36%, the respondents used social media of length between 4 to 8 years account for 61%.

**Correlation Testing**

In order to explore the variables relationship between dissemination speed, interaction, social marketing and customer preference, Pearson product-moment Correlation Coefficient is used to judge the direction (positive or negative) and the strength of the relationship.

**Table 3: Correlation between Dissemination Speed and Customer Preference**

		Dissemination	Customer Preference
Dissemination	Pearson Correlation	1	.762**
	Sig. (2-tailed)		.000
	N	150	150
Customer Preference	Pearson Correlation	.762**	1
	Sig. (2-tailed)	.000	
	N	150	150

\*\* . Correlation is significant at the 0.01 level (2-tailed).  
(Source: Primary data)

Table 3 shows the correlation between dissemination speed and customer preference. More specifically, the result value of Pearson correlation shows .762. It means the dissemination speed and customer preference have the high level relationship. In other words, customer preference increases with high level of dissemination speed.

**Table 4: Correlation between Interaction and Customer Preference**

		Interaction	Customer Preference
Interaction	Pearson Correlation	1	.854**
	Sig. (2-tailed)		.000
	N	150	150
Customer Preference	Pearson Correlation	.854**	1
	Sig. (2-tailed)	.000	
	N	150	150

\*\* . Correlation is significant at the 0.01 level (2-tailed).  
(Source: Primary data)

According to the Table 4, interaction and customer pref-

erence are related strongly. When the interaction through social media is high, the customer preference is also high.

**Table 5: Correlation between Social Marketing and Customer Preference**

		Social Marketing	Customer Preference
Social marketing	Pearson Correlation	1	.812
	Sig. (2-tailed)		.000
	N	150	150
Customer preference	Pearson Correlation	.812	1
	Sig. (2-tailed)	.000	
	N	150	150

(Source: Primary data)

**Table 5. shows the correlation between social marketing and customer preference. Social marketing and customer preference are related strongly.**

**FINDINGS AND SUGGESTIONS**

Majority of the respondents are male (55%). Most of respondents belong to the age group of 30 to 34 (90%). The reason could be this generation is techno savvy and has high purchasing power. From the Pearson’s correlation, it seen that customer preference is strongly influenced by dissemination speed, interaction and social marketing. The dissemination speed is high when using social media and the interaction is also equally high. It is suggested that the information technology enables service providers to pay attention to the social media as promotion channel. The interaction features of social media can be used to resolve customer complaints.

**CONCLUSION**

This paper concludes that social networks have a role in influencing the behavior of consumers in the virtual environment, particularly, when the degree of exposure of messages and the relationship is created between the variety of informations given and the consumer who wants to make a purchase. The formation and growth of the social media becomes a new marketing pattern with vital strategy meaning, especially in changing the traditional communication manner and reform the whole marketing idea and practice. The company can strengthens the relationship between potential buyers who constantly follow social networks.

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