

A BRAND IS NO LONGER WHAT WE TELL THE CUSTOMER IT IS - IT IS WHAT CUSTOMERS TELL EACH OTHER IT IS: VALIDATION FROM LAHORE, PAKISTAN

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ABSTRACT: Scott Cook, co-founder, Intuit made the statement, "A brand is no longer what we tell the customer it is - it is what customers tell each other it is." In economic jargon, it can be said that information asymmetry gets reduced due to social media. This can, in turn, facilitate the consumer. Under the light of this argument, this study assesses the impact of social media on information symmetry (between buyers and sellers) and consumer buying behavior. The study used questionnaires to collect data from city of Lahore, Pakistan. The data collected from the survey were analyzed through descriptive analysis and correlation. Our recommendations are based on the empirical result that suggests, social media has a significant impact on information symmetry between buyers and sellers which in turn facilitates consumer buying behavior.

Key Words: Information Symmetry, Social Media, Consumer Buying Behavior.

1. INTRODUCTION

The development of web 2.0 is, arguably, the most influential development in the history of commerce. Social media is an evolution based on the web 2.0 which allow the participation of its users. It has provided a platform where not only it encourages users to generate their content but also allow them to exhibit contents to share among social media sites. This particular revolution in the internet during the last decade has revolutionized the traditional marketing way of marketers and brought them into a new marketing era. This new marketing era has also revolutionized the relationship between marketers and their target consumers. User friendly technology like the internet has altered the mode people communicate and accomplish commercial activities. New technologies are rising and changing the relationship an organization establishes with its customer [14]. According to [2], internet is contributing more towards disseminating information, improving consumer value, enhancing consumer satisfaction and reliability which in turn leads towards larger market share and profitability.

The amount of social media campaigns, blogs, shopping websites, forums etc. on Internet shows that companies of all sizes are transforming their marketing approaches to the Internet because of their accessibility to their target audience [15]. New information technologies have created environments where people share their experiences and ideas about products and services. According to [6], the frequency of using Internet is directly proportional to the rate of using social media. Also, according to [18] the number of organizations that use internet for the purpose of marketing increases every year, the number of consumers who use the internet for gathering information is also increasing.

Major impact of social media is the dissemination of information for economic agents and on the basis of this information, they improve their decision making. The unlimited dissemination of information and data does not mean that it is available at any time whenever agents need it. The information will be available to them upon requesting and searching for the information they are looking for. In the web economy, there is asymmetry of information for the

agents if they do not have enough research capacity of the desired content [4]. In consumers' perspective, information is very important to induce them towards a product and this phenomenon is revolutionized by information technology (internet and social media).

1.1 Objectives

During recent times, consumers do not make a buying decision by just exposing to traditional media. In order to avoid adverse selection, one not only considers the price of a product but also seeks out its quality, its reviews, specifications and company's image etc. on social media. The process of obtaining of information on social media is called screening, in which consumers find the information of products/services and reduce their disadvantage of having less information. Reviews of the product, ability to communicate with other people using that product, and ability to share images, videos and posting comments have flooded the market with information for and from consumers. Following are the research objectives for this study:

1. To test the association between social media and information symmetry between buyers and sellers.¹
2. To test the association between social media and consumer behavior.

2. LITERATURE REVIEW

Though communication is as old as human beings and written communication dates back to 550 B.C., its digital form can be traced back to 1990s. Accordingly, literature on social media with reference to information symmetry is scarce. [7] examined the awareness effect of online user reviews on movies daily box office performance. Their empirical analysis was conducted in different time periods because of changing nature of online word of mouth. Their findings showed that online word of mouth had a greater impact on movie sales in the later period but at the same time start to diminish. This indicates that online reviews serve as a good source of information for consumers to make a buying decision. [23] found the positive relationship between online

¹ We have tried to analyze information symmetry, rather than information asymmetry, is the desired situation.

reviews and consumer's purchase decision. There is a significant impact of information search on consumer buying. [12] examined the relationship between impulse buying with information search and impulse buying without information search. The empirical findings indicated that impulse buying with information search had a significant impact on post-purchase satisfaction and impulse buying without information search does not affect satisfaction. The study of [11], has given some insight about the usage of social media before making a purchase decision. To the question whether the respondents search information about the product they wish to buy on the official website. 39% of the respondents claimed to visit the official website before purchase. Only 2% of respondents purchased the product without checking information. [18] examined the impact of information technology (IT) on consumer purchase behaviour and their results indicated that there was no significant difference among male and female, among consumers of various age groups, educational background and residential status of consumers while using information technology (IT) for purchase so IT influences the purchase behaviour of all consumers in the same way. Among social media sites Facebook advertisements are a very effective source to motivate consumer towards buying the products [20]. Facebook has become a very well-known and popular social website globally. The features of this site like spending time at free of cost, visiting the brand page and interact with the buyers and review the comments and ratings of other buyers making the purchase decision satisfactory for them [5]. The above discussion leads to develop a conceptual model for the study:

Social Media → Improving Quality of Information → Facilitate Decision Making

3. DATA AND METHODOLOGICAL ISSUES

3.1 Sample Size

The study collected data from 385 university students in Lahore. The respondents were belonging to Higher Education Commission (HEC) recognized educational institutes in Lahore. The sample size was determined using the sample size formula [3].

$$n = \frac{z^2(p.q)^2}{e^2}$$

n = sample size

z = normal variate or confidence level about the limit of the error (95%)

p = estimated variability in the population

q = 100- p

e = acceptable error margin in the estimates

By putting the values in the sample size formula, we get the sample size of 385.

$$n = \frac{1.96^2(50.50)^2}{(0.5)^2}$$

$$n = 385$$

3.2 Data Collection Procedure

After questionnaire development, it was pre-tested for data collection. The questionnaire was pre-tested from the students of Government College Lahore to make sure that it was understandable by the students.

After pilot study the reliability of the scale has been checked

with the help of Cronbach alpha. We need to understand whether the questions on social media reliably measure the information symmetry and consumer buying behavior. The numbers of questions on social media measuring information symmetry were 6 for which the Chronbach's alpha was 0.855 and the numbers of questions on social media measuring the consumer buying behavior were 8 for which the value of alpha was 0.873. Closer the value of alpha to 1, more reliable the scale will be. After modifications in questionnaire and reliability analysis, the questionnaire was ready to be administered to the sample of 385 students from the target population.

3.3 Sample Type: Proportional Stratified Sampling

The total population of students in all institutes is 154951. The total numbers of enrolled students in each of the institutes were taken from their official website and Wikipedia. The strata of students for each institute were determined using the proportional stratified sampling formula:

$$n_i = n \cdot \frac{N_i}{N}$$

Where N_i is the population size of the i^{th} stratum (each university's population), n_i is the i^{th} stratum sample size (strata for each university's population), n is the determined sample size and N is the total population or sum of all population of public sector universities in Lahore.

The data was collected with the help of random sampling within each stratum. The stratum was collected from each public institute of Lahore and simple random sampling was done within each stratum. Strata for Lahore College for Women University, Government College University Lahore, Kinnaird College, University of Education, University of Engineering and Technology, University of Health and Science, King Edward Medical College, University of Punjab, University of Veterinary and Animal Science and for National College of Arts were 29, 20, 11, 32, 28, 129, 5, 89, 40 and 2.

The question on gender was asked to determine the distribution of this variable in our sample. From the sample of 385 respondents, 44% of the respondents were female and 56% were male. The male respondents were more than the female respondents and the survey was conducted randomly from public sector educational institutes in Lahore. This shows that the survey is not gender biased.

The data has been gathered from generation Y to analyze the impact of social media. The age range was taken from 18 years to 40 years. The sub-ranges of this age-range were made as, 18-20 years, 21-25 years, 26-30 years and 30-40 years. The majority of the respondents' age was in the range of 21-25 years and that is 71.2%.

The education level range was from intermediate to PhD, where we got the highest percentage of 50% of the respondents enrolled in graduation program and the second highest percentage was 33% of those respondents which were enrolled in post graduate program. The trend in education level has been shown in Table 1; as the level of education rises from intermediate to under-graduation, the number of respondents increased from 28 to 223. As the level of education rises from under-graduation to post graduation, the number of respondents falls from 223 to 125 and further from

125 to 8.

Table 1. Descriptive Statistics					
Gender					
Male			Female		
216			169		
56%			44%		
Age					
18-20		21-25		26-30	
72		274		31	
19%		71.2%		8.1%	
30-40					
8					
2%					
Education					
Inter		Graduation		Post-graduation	
28		223		126	
7.3%		58.1%		32.7%	
PhD					
8					
2.1%					
Time spend on social media					
Less than half an hour		1-2 hours		2-3 hours	
62		170		111	
16.1%		44.2%		28.9%	
3-4 hours		More than 3-4 hours			
35		7			
9%		1.8%			
Time spend on mass media					
Less than half an hour		1-2 hours		2-3 hours	
136		193		38	
35.3%		50.1%		9.9%	
3-4 hours		More than 3-4 hours			
16		2			
4.2%		0.5%			
Use of different social media sites					
Social Networking Sites		Microblogging Sites		Video Sharing Sites	
195		3		5	
50.8		0.8%		1.3%	
Blogs		Forums		More than one	
2		3		177	
0.5%		0.8%		45.9%	
Search information online before making a purchase decision					
Yes			No		
297 (77.1%)			88 (22.9%)		
Number of respondents who said yes, search information in following					
Social Networking Sites		Microblogging Sites		Video Sharing Sites	
82		1		-	
20.8%		3%		-	
Blogs		Forums		More than one	
12		5		204	
3.1%		1.3%		52.9%	

Source: Authors' calculation

Respondents were also asked how much time approximately they spend on mass media channels and social media platforms. From the table, it can be seen that majority of the respondents spend 1-2 hours (50%) on mass media channels, whereas 44% of the respondents spend the same time on social media. There is a decrease in use of mass media in case of time spending 2-3 hours i.e. from 29% to 9.9%. The time spend on social media shows that they have accessed to required informational content on social media sites which they search on requesting or searching it on Google. We have observed through the data that along with mass media channels consumers also spend time on these social media sites. It is pertinent to observe the type of social media consumers are using. Five types of social media sites were taken in the questionnaire to modify the analysis i.e. social networking sites, microblogging sites, video sharing sites, blogs and forums. Among these five categories of these sites, social networking sites were used the most, which is 50%, compared to blogs (0.5%) and forums (0.8%), microblogging sites 3 (0.8%) and video sharing sites 5(1.3%). 45.9% of the respondents used more than one of these social media types. Respondents were asked that whether they used online information before making a buying decision. The 77% of the

respondents answered Yes and 23% of the respondents answered No. Those who said Yes, 21% of them used social networking sites to make a buying decision. None of the respondents used video sharing sites to make a buying decision. They can be used along with other sites. From Table 1, 52.9% of the respondents used more than one of these social media sites. This shows that while making a buying decision, majority of the respondents not only considered just one social media site to obtain information, they prefer to search on other sites as well. This means that respondents have an access to online information about the products. These social networking sites are influencing the information search behavior of consumers and online access to this information help these economic agents to make a decision.

Table 2. Most and Least Important Source of Social Media		
	Less Important or least Important (%)	Most Important or Important (%)
Forums	37.00	44.30
Blogs	34.40	47.90
Video sharing sites	21.60	59.60
Microblogging sites	21.10	34.30
Social networking sites	18.70	74.70

Source: Authors' calculations

Table 3. Most and Least Important Source of Mass Media		
	Most Important or important (%)	less or least important (%)
TV	72.10	22.90
Magazine	16.40	57.00
Newspaper	33.00	7.80

Source: Authors' calculations

From Table 2, for 74.70% of the respondents, social networking sites are important or most important for them before making a purchase decision. This is consistent with the research of [20]. Their results showed that advertisements in Facebook have significant effect on buying behavior of young consumers. The most of the respondents (33.70%) considered forums as less or least important before making a purchase decision. This indicates that respondents are not willing to join the forums and to discuss the characteristics of the products. This can be due to the reason that respondents were not so aware of online forums unlike Facebook. The searching of information on Google can provide them with the links of many online forums but they may hesitate in voicing out their own opinion or to do discussions in the forums thread. Respondents were also asked to rank the most and least important source of mass media on a scale of 1-5 ranging from most important to least important. The sources of mass media were TV, magazine and newspaper. Among three sources of mass media from Table 3, TV is the most important or important source of mass media for 72% of respondents before a purchase decision whereas 57.0% of the respondents considered the magazines as less or least important source of mass media. The data from the respondents shows that, TV is the most important or important sources of mass media for majority of the respondents which they considered important before making

a purchase decision. This means that traditional mass media still triggers awareness among these respondents about the products.

Every type of social media platform plays a role in receiving, giving out and the exchange of information without any boundary limitations. This has enabled social media to create a two-way flow of information unlike mass media. The conversation in mass media is one-way flow of information; the audience listened to what has the Company spoke [13]. The influence of social media is not only on how companies can access their targeted consumers but it has also influenced every phase of complete decision making process [21].

From the collected opinions of the respondents on the use of mass media and social media to make a buying decision, [9] stated that mass media sometimes triggers an individual to purchase a product, then he or she will use social media to search the relevant information of products. This means that social media is a tool for getting important information about the products while mass media has certain influence in creating awareness about products.

The exposure of consumers to information via mass media is considered as a passive process. Since, through mass media the information is delivered at a faster rate, it tends to decrease consumer’s attention [9]. When consumers actively seek out information about products, then this perspective of viewing information is considered as an active approach [22]. This reflects that in mass media there is a passive involvement and in social media there is an active involvement.

From table of correlation statistics of use of social media and information symmetry, we can say that social media helps in reducing information asymmetry between buyers and sellers by providing the information of products/services i.e. price, product quality, service quality and consumer’s ratings/reviews. The correlation between ease of using social media and all other variables which are up to date prices, offers good variety of products, attract consumers, ratings/reviews and trusting higher ratings/reviews are significant. According to [10], buyers need to at least know the price and product quality of products. The significant correlation of ease of using social media with up to date prices and offering good variety of products shows that consumers can easily obtain prices and variety of products by using social media.

The significant correlation between attract consumers and ease of using social media shows that services of marketers on social media is attracting consumers, they can easily evaluate service quality of marketers by the use of social media. It is in the benefits of marketers to advertise their products on social media which attract their target consumers. According to [1], if consumers cannot aware of the service quality of marketers then bad quality marketers can enter the market and drive out good quality providers.

There is also a significant correlation of trusting higher ratings/reviews and ratings/reviews are informative with ease of using social media. The use of social media to obtain information about products is positively associated with finding ratings/reviews as informative and trusting higher ratings/reviews of products. These ratings/reviews help non-users of a product in knowing the popularity of the product.

Table 4. Spearman’s Correlation of use of social media and information symmetry

	Up to date prices	Offers good variety of product	Attract Consumers	Ratings/Reviews are informative	Trusting higher ratings/Reviews
Ease of using social media	0.520 ^a	0.343 ^a	0.363 ^a	0.386 ^a	0.375 ^a
Up to date prices	-	0.512 ^a	0.385 ^a	0.492 ^a	0.422 ^a
Offers good variety of products	-	-	0.315 ^a	0.391 ^a	0.250 ^a
Attract consumers	-	-	-	0.473 ^a	0.375 ^a
Ratings/Reviews are informative	-	-	-	-	0.566 ^a
Trusting higher ratings/reviews	-	-	-	-	-

Source: Authors’ estimation

^a correlation coefficient at 1% (2-tailed)

Table 5: Correlation Statistics of Consumer Buying Behavior and Social Media

	MRA D	NMA D	EXP R	INS H	INE V	FNFL	FNFS
CNBB	0.426 ^a	0.407 ^a	0.437 ^a	0.453 ^a	0.465 ^a	0.308 ^a	0.326 ^a
MRA D	-	0.565 ^a	0.396 ^a	0.375 ^a	0.482 ^a	0.318 ^a	0.342 ^a
NMA D	-	-	0.398 ^a	0.371 ^a	0.400 ^a	0.404 ^a	0.401 ^a
EXPR	-	-	-	0.455 ^a	0.449 ^a	0.343 ^a	0.372 ^a
INSH	-	-	-	-	0.413 ^a	0.369 ^a	0.396 ^a
INEV	-	-	-	-	-	0.283 ^a	0.252 ^a
FNFL	-	-	-	-	-	-	0.777 ^a
FNFS	-	-	-	-	-	-	-

Source: Authors’ estimation

^a correlation coefficient at 1% (2-tailed)

This sort of information becomes more credible when majority of the users are supporting them. According to [24], online ratings decrease information asymmetry between companies and consumers. According to [17], information of brand or any product on social media becomes more credible when the different users display the same opinions about it in the form of comments.

Table 5 is representing the correlation statistics of consumer buying behavior and Social Media. The acronyms used for these variables are as follow:

Consumer Buying Behavior = CNBB

Marketer’s advertisements = MRAD

Non-marketer’s advertisements = NMAD

Exposure = EXPR

Information Search = INSH

Information Evaluation = INEV

Friends/family liking = FNFL

Friends/family sharing = FNFS

The correlation between consumer buying behavior and all other variables which are, marketers' advertisements, non-marketers' advertisements, exposure, information search, information evaluation, friends/family liking and friends/family sharing is significant. The conclusion drawn from this is that not only marketers' advertisement has a significant correlation with consumer buying behavior; non-marketers' advertisements i.e. sharing of advertisements by users' friends/family has also a significant correlation with facilitating consumer buying behavior. The increase in advertisements on social media is positively associated with the increase in facilitating consumer buying behavior.

Exposure towards information provided by consumers is also significantly correlated with consumer buying behavior. The increase in exposure towards information is increasingly facilitating consumer buying behavior. This implies that consumers are able to seek out information actively via social media which is associated with facilitating their buying decision. According to [22], consumers under the phase of exposure are playing an active role in dealing with information.

Information search and information evaluation are also significantly correlated to consumer buying behavior. There is an association between information search and consumer buying behavior. For consumers, searching information on social media is easy. Consumers want to search the information about products on social media sites in order to facilitate their buying decision. The correlation of information evaluation with buying behavior implies that consumer not only just search information, he is likely to form an opinion about it.

Friends/family sharing and likings of users on social media about the products is also significantly correlated with buying behavior of consumers. It may help consumers in knowing various alternatives of the product and how much popular various products/services are in their social circle.

4. CONCLUSION

From the results, we find that information is the element which is connecting consumer buying behavior with social media. The ease of using social media is representing the information search behavior of consumers and also represents consumers' screening to avoid adverse selection. It shows that consumers' evaluation about products' performance before buying decision to some extent. The correlation statistics on consumer buying behavior and social media represents that price is not the only one factor which is related with consumer buying behavior. The significant correlation of consumer buying behavior with the marketers' advertisements, non-marketers' advertisements, exposure, information search, information evaluation, friends/family sharing and friend's/family likings show that consumer buying behavior is influenced by these variables through social media. This gives us some insight about the use of social media in facilitating consumer buying behavior. In the light of this empirical inquiry, we are induced to advocate

that a brand is no longer what we tell the customer it is – It is what customers tell each other it is.

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