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Bachelor thesis

# Advertising on social networks

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## ZADÁNÍ BAKALÁŘSKÉ PRÁCE

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### Zásady pro vypracování

The aim of the bachelor thesis is to analyze the issue of advertising on social networks. The work will include a presentation and demonstration of advertisements on selected social networks from different fields and region. The possibilities of advertising on social networks will be described. The thesis will examine the users how they perceive some social networks advertisements and how much these advertisements influence their shopping behavior. The conclusion will consist of a discussion and recommendations for creating advertisements on social networks.

Methodical procedure:

1. Search of professional literature.
2. Description of approaches to advertising on social networks.
3. Research based on questionnaire survey, data analysis.
4. Evaluation, elaboration of recommendations and conclusion.

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## **Advertising on social networks**

### **Abstract**

Today, 100,000 tweets are sent daily on Twitter, 684,478 content is shared on Facebook, 2 million search queries are made on Google, 48 hours of video is uploaded on youtube, 3,600 photos are shared on Instagram, and 571 social networking sites have been created (James, 2012). Social media refers to applications, websites or blogs that allow people around the world to connect, chat, share content, video call, and more over the Internet. Some common and widely used social media platforms include Facebook, Twitter, whatapp, Snapchat, etc. Given the widespread use of social media, smes, shops and individual sellers are increasingly relying on it to achieve their marketing and branding goals. By replacing traditional marketing methods, social media offers businesses new opportunities to engage consumers in social interactions on the Internet. Now, social media like Facebook and Twitter make it easy for consumers to post product reviews and connect with other like-minded people in their communities. As social media permeates our lives as consumers, and as people increasingly seek input from the social media community before making a purchase (Drell, 2011), social media tools have become an excellent channel for marketers to reach consumers.

An article by Hanlon et al. (2008) states that social media is important for marketers because it allows them to speak directly to consumers, which in turn allows consumers to engage directly with a company's brand. Many companies, such as Audi and Donuts, use social media very effectively to reach consumers. According to Wasserma(2011), Audi fans have the highest brand stickiness on Facebook. As well as having a website, businesses need to extend their online presence to social media platforms. Social networking sites like Twitter and Facebook are key to maintaining a competitive edge. Companies without active social media accounts could be missing out on a lot of marketing opportunities. As a result, social media has introduced a new, complex and uncontrollable element into consumer behavior, which poses new challenges for both academics and marketers.

A study by Ukom(2020) found that 94% of 18-29 year olds own a smartphone,

compared with 46% of over-65s. People aged 18-30 are one of the most coveted groups for companies looking to sell their products. This age group of college students is a particular target market for mobile phone companies. Social media has gained tremendous growth and reputation globally over the past two decades, so much so that many researchers are now interested in understanding these social platforms and their impact on communities. While almost everyone in the community is connected to at least one social media platform, teens are the most avid users of these platforms, even using social networks in class.

Based on this, this paper selected college students as research samples and took the mobile phone market as an example to explore the influence of social media marketing on the purchasing decisions of different groups of socioeconomic status, and then proposed the best SMM strategy for enterprises of different groups of socioeconomic status to increase sales. This study adopted the method of convenient sampling, taking the mobile phone market as an example, and published online questionnaire links through We Chat, Facebook, VK, OK and other social media platforms. Finally, the sample data of 104 overseas students were collected, and the correlation analysis and stepwise regression were carried out by SPSS software to verify the theoretical model. The results reveal the direct impact of socioeconomic status and social media marketing on purchasing behavior, and demonstrate the mediating role of brand awareness between socioeconomic status and purchasing behavior. In addition, the moderating effect of social media marketing on the direct and indirect effects of socioeconomic status and purchasing behavior is also explored.

**Keywords:** social media; consumer buying behavior; brand awareness; social economy

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# 1 Introduction

## 1.1 The aim of the thesis

The aim of this bachelor thesis is to analyze the issue of advertising on social networks. The thesis includes a presentation and demonstration of advertisements on selected social networks from different fields and regions. The possibilities of advertising on social networks is described. The thesis examines the users how they perceive some social networks advertisements and how much these advertisements influence their shopping behavior.

## 1.2 Background and Research Questions

The technological revolution of the past decade has led marketers to buy dramatically into a new era Traditional advertising through mass media is in decline; Sergio Zyman (1999), former chief marketing officer of Coca-Cola, argues that "the age of marketing as we know it is over, dead, finished - and most marketers don't realize it ..... " He further clarifies that technology has given people many more options than in the past and has created a consumer democracy where people around the world continue to use social media platforms to seek and share information.

The goal of this paper is to empirically investigate the role of social media in the complex purchase decision process of consumers - purchases that are characterized by high brand variation, high consumer engagement, high risk, and expensive and infrequent occurrences. Therefore, I have no doubt that the best way to analyze student purchasing behavior is to focus on Internet advertising. Thus, every student uses a cell phone and the best market to provide this analysis is the cell phone market. Today, almost everyone, especially students, is questioning whether to choose Android or IOS, Apple or Samsung, Xiomi, etc. That's why this topic is of particular interest right now.

The student market refers to the 18-24 year olds and in some cases even the 30 year olds. Student marketing is usually done through student media or marketing in the campus environment. College students are also an ideal target market for Internet-based companies.

Although they have limited budgets, many live away from home and therefore choose which brands to purchase independently for the first time. As a result, they are often excited about buying what would seem mundane to older consumers. Attracting students at this time of year has a huge long-term brand loyalty effect. College students are also an ideal target market for Internet companies. more than 99% of students are comfortable using the Internet and go online at least once a week, although usually daily. Therefore, I will focus on social media advertising and its impact on student buying behavior.

(1) While there are hundreds of different marketing strategies, there is only one that can bring in consistent sales from day one: social media advertising.

(2) Social media advertising, or social media targeting, is advertising served to users on social media platforms. Social networks use information about users to deliver highly relevant ads based on interactions within a specific platform. In many cases, social advertising can provide tremendous conversion and sales growth and lower acquisition costs when the target market is aligned with the user demographics of the social platform.

Different types of social media platforms serving advertising:

Social networks (Facebook, LinkedIn, Google+);

Microblogging (Twitter, Tumblr);

Photo sharing (Instagram, Snapchat, Pinterest);

Video sharing (YouTube, Facebook Live, Periscope, Vimeo).

The 6 best social networks for ecommerce advertising: 1-Facebook., 2-Instagram, 3-Twitter, 4-Pinterest, 5-LinkedIn, 6-Snapchat.

Consumer behaviour extends all the way from ‘How do we know what we want?’

– not as obvious a question as it may sound – to ‘What do we do with something we no longer want. Between these two phases consumer behaviour deals with many other issues. For instance: How do we get information about products? How do we assess alternative products? Why do different people choose or use different products? How do we decide on value for money? How much risk do we take with what products? Who influences our buying decisions and our use of the product? How are brand loyalties formed, and changed

### **1.2.1 Background**

The social media revolution has changed the marketing landscape and enhanced the marketing communication process. Customers now have more power than ever to initiate, drive, and change the entire buying process. This cost-effective approach has not only helped companies increase brand awareness, but also greatly increased brand loyalty and customer satisfaction by helping them gain better market insight. As consumers spend more and more time in the social media space, more and more communication takes place in these social network environments. This means that the exposure of brand-related interactions and marketing campaigns is increasingly happening in social media. Emerging communication mechanisms thus transform consumers from passive marketing participants into active creators and influencers, and transfer some of the power of the brand directly to the consumer. Social media encompasses a wide range of online forums, including blogs, company-sponsored discussion boards and chat rooms, consumer-to-consumer email, consumer product or service rating websites and forums, Internet discussion boards and forums, blogs (websites containing digital audio, images, movies or photos), and social networking sites, among others. The interactive power of social media and its ability to create a dialogue between consumers and businesses helps businesses create value and enthruses practitioners with its potential to better serve customers and meet their needs. People use extensive social media to gather information about products, buy and consume them, and communicate their experiences with others. Companies, on the other hand, are responding to this consumer shift by increasing their use of social media marketing

channels.

### **1.2.2 Research Questions**

The primary purpose of the study is to identify the How buying behavior of students from different socioeconomic groups are effected by SMM. Along with that, it is important to know who how students brand awareness can be created and manipulated by social media marketing strategies, it is also important to known how the service and outlook of the portals impacts the choice of the consumers while buying any product from online stores (Cai and Krishnamoorthy, 2015). Along with that, the research aims to know what consumers think about online marketing and analyze the future prospect of the modern marketing model. Hence, the primary research question that will be used to conduct the study is as follows:

- 1) What are the factors that influence the buying decisions of students through social media? Along with the primary question, there are several secondary questions that must be answered while conducting the study. The secondary research questions are presented herein below:
- 2) What are specific characteristics of students buying behavior?
- 3) What do the students currently think about online marketing?
- 4) What is the future prospect for SMM?
- 5) How can digital marketing be used in order to increase interest to buy products?

## **1.3 Research Objective and Significance**

### **1.3.1 Research Objectives**

The main purpose of this research is to understand the impact of social media on buying behavior of students having different socioeconomic status. The study has following primary objectives:

- To review the concepts and theories of consumer behavior, social media marketing and socio cultural theories;
- To develop research model and formulate hypotheses;
- To develop a questionnaire and collect answers;
- Use the result of questionnaire to test main hypotheses;
- Use findings to provide recommendations for mobile phone retailers and marketers.

### **1.3.2 Research Significance**

This topic is significant due to the increasing role of SMM during last decade. Funds which MNEs around the world spend for making advertising through internet raises all over the world. Some of them are competing with established organization such as Google, Microsoft, Oracle etc. The marketing strategies in the internet used by these SMEs are unique in nature in most of the cases but also implements traditional marketing strategies for gaining competitive advantage. With the experience in social media marketing in past, the researcher had some direct and indirect experience about the SMM and how it works. The interest of doing a research on this particular topic has increased due to the phenomenal success of the SMM in the recent years. This research will help me to understand how the organizations are marketing their products which are not unique in nature and competing with other organizations in the internet. Researcher believes that despite there are hundreds of different marketing strategies, only one can bring in consistent sales from day one: social media advertising. Social media advertising, or social media targeting, are advertisements served to users on social media platforms. Social networks utilize user information to serve highly relevant advertisements based on interactions within a specific platform. In many instances, when target market aligns with the user demographics of a social platform, social advertising can provide huge increases in conversions and sales with lower cost of acquisition.

### 1.3.3 Research Scope

Focus group of the research is international students. Students segment of market refers to the population at the age of 18-24, however there are also some students with different age, but their share is low. Student marketing is generally realized through student media or ambient marketing on campuses. University students also make an ideal target market for internet-based companies. The most important reason why I chose students as a target group is that while they do have a restricted budget many are living away from home and are therefore making independent choices over which brands to buy for the very first time. Hence, they are often excited about making purchases that would be mundane for older consumers. Attracting students at this time has huge long run brand loyalty effects. University students also make an ideal target market for internet-based companies. Almost every student today is comfortable user of the internet, going online at least once a week, although usually every day. Therefore, I am going to concentrate on social media advertising and its influence on buying behavior of students from different socioeconomic groups.

## 1.4 Literature Review

This part of the research is mainly theoretical as it views literature, some empirical studies regarding the research topic including many consumers behavior theories, advertising theories, sociocultural etc. All of them are described below.

While reviewing existing literature for this topic I tried to use mainly fresh sources of information, however some older ideas of authors such as Ph. Kotler, Olshavsky, Granbois and Jacoby were also used.

Among latest sources works of Jackson, N, Kozinets, R.V., Hemetsberger, A. and Schau, H.J., Kumar, A., McKee, S., Relling, M., Xie, K., Lee, Y.J and others were reviewed. Totally more than 40 scientific works and more than 50 web sources were used. Some older sources were used despite decades passed those theories are still popular.

### 1.4.1 Consumer Behavior Theories

Consumers have to make countless decisions every day and thereby have to cope with increasing information overload. They therefore develop certain habits and —heuristics, which are shortcuts and —rules of thumb used in decision making, to cope with this mental overload (Scammon, 1977; Jacoby et al., 1977; Jacoby, 1984). The consumer decision-making process comprises the various steps a consumer passes through when making a purchase decision (Olshavsky and Granbois, 1979). Engel, Kollat, and Blackwell (EKB) have presented a comprehensive model dealing with ultimate consumer's behavior in 1978, which attempts to capture the critical aspects of individuals' consumption behavior. As the figure (Figure 1) shows, the model has interpreted consumer behavior into five stages – 1) Problem recognition, 2) search of information, 3) evaluation of alternatives, 4) final decision, and 5) post purchase decisions. (Sternthal and Craig 1982).



Figure 1-1 Consumer Behavior Framework (Kotler)

Today the accessibility and transparency of information has profoundly influenced the decision-making process; therefore, it is important to examine what are the hurdles and friction points that hold prospects becoming consumers, or keeps consumers hesitating from repurchasing. Social media influence several components of consumer behavior such as awareness, information acquisition, opinions, attitudes, but also purchase behavior and post-purchase communications and evaluation. It is claimed for example that virtual communities, a term used to describe a subset of social media, serve as reference groups with their power derived from the heterogeneity of its members, while their influence differs across the various phases of the consumer decision process. Constantinides and Fountain have suggested an innovative Stimuli and Response model based on Kotler's framework, due to the increasing usage of social media. Within a traditional shopping environment, consumers are most likely to be affected by the



traditional marketing mix (e.g. ads on radio, newspaper, television, and so on) and other uncontrollable stimuli (e.g. values, societies, demographics, perceptions, and so on); however, with social media and Web 2.0, it extends to online marketing mix (e.g. emails, banners, cooperate websites, and so on) and the social media experiences, which are far beyond the marketer's control. Since the contents on social media are rather democratic and neutral, according to Vollmer and Precourt, consumers are turning more frequently to various types of social media to conduct their information searches and to make their purchasing decisions. Due to the degree of connectedness and increased communication facilitated by social media and SNSs, consumers can in essence access the power of the people more readily in relation to companies through the online communities which have brought them together in single spaces.

Given these factors, Kozinets (2014) argues that building relationships and engaging in conversations with consumers in online communities has become increasingly important. This relationship building, he calls "virtual relationship marketing". In addition, Gillin states that social media presents an opportunity for marketers to converse with customers. Central to this discipline, which Gillin refers to as "conversation marketing", is dialogue. "Conversation marketing" will require marketers to approach consumers in a new way and to not only take from consumers but give back to consumers. The empowered consumer will expect to receive something of value in return for their participation. Gillin concludes: "it means understanding who your customers are, who influences them and how to engage with those influencers". As a result, it is not the message and pushing it onto consumers that is important but creating a real and meaningful dialogue with them. One of the most important aspects of social media is the conversation that takes place is dynamic and two ways, which has affected the accessibility and transparency of data in a positive way. Social media enables two-way flow of information and plays an important role in sending, receiving and exchanging information without any limitations. Since the flow of communication does not merely impact how companies can access their targeted groups, but also it influences throughout the entire decision process, from interpreting the message,

searching for available alternatives, as well as actions carried out in the after purchase; thus, It is important to denote that message rejection, misinterpretation, and misunderstanding are the possible pitfalls in the flow of communication (Smith and Zook 2011, 120). In relating to social media marketing, the biggest fear of companies and brands is to give up the control over the content, and the frequency of information; however, it is essential for marketers to realize that reviews and discussions, as user generated contents, serve to demonstrate a company's transparency.

### 1.4.2 Advertising Theories

General advertising theories describe and explain how effectively to use advertising to have greatest possible effect of consumer behavior, increase sells and accomplish goals.

5 main theories are illustrated in the figure below:

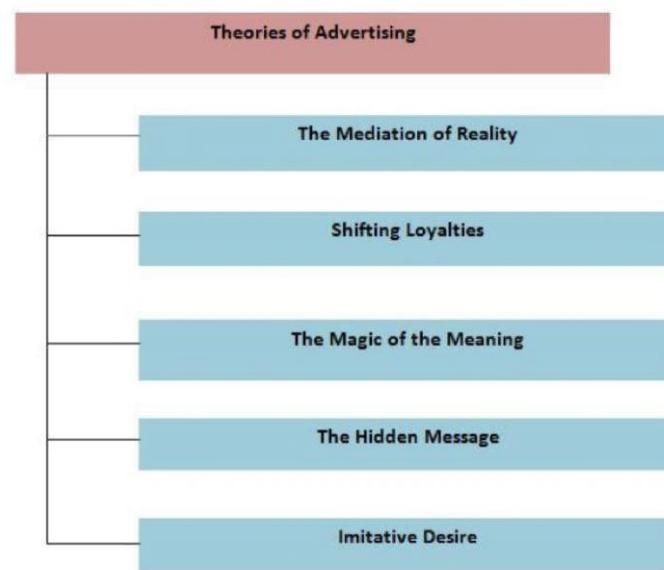


Figure 1-2 Main Theories of Advertising

#### (1) Theory of Mediation of Reality

The theory states that advertisements can be successful if they are integrated with all media and environment in which they are submerged. The main purpose of advertising is to make people change their feelings about a neutral product by making them feel excited and desire that product after watching or getting informed by advertisements. This could be achieved for example by blurring reality boundaries method.

#### (2) Theory of Shifting Loyalties

As you could understand from the name of this theory, it states that advertising not only strengthens loyalty but also can shift loyalty of customers from one product to another. The loyalty could be changed to another brand when customers get informed that they can have same product or even better product with same price or additional benefits.

### (3) The Magic of the Meaning

This theory states that by touching values and feelings of customers through advertising it is possible to hide real intentions of producers which is to get profit and make the customers believe that this product is produced only to support, help, entertain, bring happiness etc. for them, but not for making money to producer or servicer (Raymond Williams, 1962).

### (4) The Hidden Message Theory

Also known as Subliminal theory, this theory states that in order to dodge viewer's critical resilience it is better to hide the real aim of the advertising and minimize their resistance for it. For example, in a film or magazine paper or in Instagram you can see a superstar/doctor using certain brand and talking about something that is not received by customers as advertising, however by seeing such product used by lovely star or professional it is likely that you would tend to buy it.

### (5) Imitative Desire Theory

This theory states that people always tend to have the things that others have and to be and do the things that other famous, strong, beautiful and rich people do. This fact is used as a trap for customers. For example, a beautiful model shows how she uses a certain brand shampoo telling you that the reason of her attractive hairs is that very product.

## **1.4.3 Advertisings Models**

There are three stages through which a consumer passes through before making the decision to purchase a product namely cognitive, affective, and behavioral stage, in that order. The stages are described by using four models of advertising namely; AIDA model, Hierarchy of effects model, innovation-adoption model and Hierarchy of needs model. This study used the AIDA Model. According to

the AIDA (Attention-Interest-Desire-Action) Model developed by (Schramm, 1995), the decision by a consumer to purchase a particular product begins when the product catches his or her attention. This is followed by developing an interest for that product which is followed by the desire for that product to fulfill his or her needs. Thereafter, the consumer decided to take action, which is to purchase the product Advertising means that, is a potent vehicle which includes imagination, creativity, concepts, ideas and innovation to promote new products and remind about changes in the old one. Advertising simply means selling but for this one need a creativity of mind with the work of beauty and art. Advertising has been a subject discussed over centuries ago, mostly in the 20th and 21st centuries whether advertising increases prices or lower prices one of the most controversial issues.

The figure below describes various models of advertising. In this study the researcher used the AIDA Model as described below;

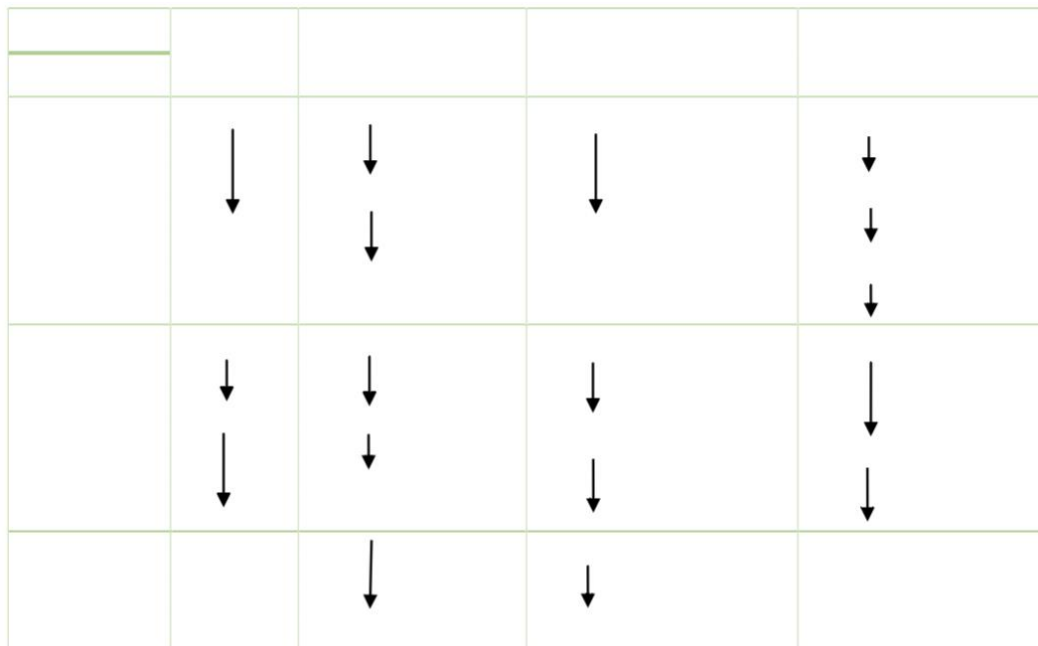


Figure 1-3 Advertisings Models (Source: Schramm, 1995)

#### 1.4.4 Social Media Marketing Theories

Social media are the two-way communication platforms that allow users to interact with each other online to share information and opinions. Social media are online applications, platforms and media which aim to facilitate interactions,

collaborations and the sharing of content. Social media are changing the way society consumes and contributes to the creation of information. Technology now allows individuals to easily contribute their thoughts, opinions and creations to the Internet. This has radically altered the way in which information is created and disseminated. Understanding the role of social media in the context of marketing and purchase behaviour is critical for both researchers and managers (Kumar, Bezawada, Rishika, Janakiraman, & Kannan, 2016; Schultz & Peltier, 2013). Most existing studies focus on particular issues, such as purchase behavior (Chang, Yu, & Lu, 2015; Kumar et al., 2016; Relling, Schnittka, Sattler, & Johnen, 2016), customer relationship management (Trainor, Andzulis, Rapp, & Agnihotri, 2014), brand management (Asmussen, Harridge-March, Occhiocupo, & Farquhar, 2013), innovation management (Gebauer, Füller, & Pezzeri, 2013), and employee recruitment (Sivertzen, Nilsen, & Olafsen, 2013). Social media is activities, practices & behavior among communities of people who gather online to share information, knowledge, and opinions using conversational media. Social media are the tools used for communication that have Web attributes that is, they are participatory, collaborative, and have knowledge sharing and user empowering tools available on the Web. As an effective use of time and resources, social media marketing gives companies' better communication grounds with the consumers to build brand loyalty beyond traditional methods (Jackson, 2011; Akhtar, 2011). A study by Info-graphics puts forward that at least half of Twitter and Facebook users say they have become more likely to talk about, recommend or purchase a company's products after they began engaged with the company on social media (Jackson, 2011). Businesses can promote products and services, provide instant support, and/or create an online community of brand enthusiasts through all forms of social media such as social networking sites, content communities, virtual worlds, blogs, micro blogging sites, online gaming sites, social bookmarking, news sites, forums and more. Additionally, social media enables consumers to share information with their peers about the product and service brands. These conversations between the peers provide companies another cost effective way to increase brand awareness, boost brand

recognition and recall, and increase brand loyalty (Gunelius, 2011). Thus, it can be said that social media helps firms to build brand loyalty through networking, conversation, and community building (McKee, 2010). As their use increases exponentially, not only existing social networkers but even business firms and governmental organizations are joining and using them as communication tools. Unlike individual social networkers, these entities actively make use of the media for advertising and marketing. While commercial messages and interactions with consumers partner with media, events, entertainment, retailers, and digital services through social media, it is possible to perform integrated marketing activities with much less effort and cost than before.

#### (1) Impact of Social Media on Consumer Decisions

Several authors have recently studied the influence of social media on consumer behaviour, although generally not from the point of view of the decision process (e.g., Xie and Lee, 2015; Chu and Kim, 2011). Consumers use social media for the benefit of immediate access to information at their convenience. (Mangold and Faulds, 2009), helping them to decide what to buy or to know more about new products or brands, when and where they want (Powers et al., 2012). Examples are given by Goh et al. (2013) and Xiang and Gretzel (2010). Online consumer reviews have been shown to have a causal impact on product choice and purchase behaviour by consumers (Yayli and Bayram, 2012). Social media has brought on a 'participatory culture' where users network with other like-minded individuals to engage in an unending loop of sharing information, monitoring updates, and requesting opinions and ratings on all kinds of products, services and activities (Ashman et al., 2015). The quality of online product reviews, characterised by perceived informativeness and persuasiveness, together with the perceived quantity of reviews, are found to have a significant positive influence on consumers' purchase intentions (Zhou et al., 2013; Zhang et al., 2014). Social media is perceived as a more trustworthy source of information when compared to corporate communications and advertisements. According to Constantinides (2014), there is a general feeling of mistrust towards mainstream media. Therefore, consumers are turning away from traditional media such as television, magazines, and newspapers as

sources to guide their purchases. Information overload is a key issue in online decision-making. Social media with its sheer amount of information have led consumers to a state of analysis paralysis, making it difficult to navigate all the available information (Powers et al., 2012). Due to bounded rationality there is a limit to the amount of information that can be processed by individuals, and it is not feasible to evaluate all choice alternatives in depth.

#### **1.4.5 Socio Cultural Theories**

The credit of formulation of this theory goes to (Veblen, 1899) and is known as Veblenian Model. Using his theory, Veblen asserted that a man is primarily a social animal and his wants and behaviour are largely influenced by the group of which he is a member. He argued that people have a tendency to fit in a society in spite of their personal likes and dislikes. Veblen's Model explains culture in terms of social classes' reference groups whereby families are the different factor groups that influence buyer behaviour. All the above theories give guidelines to the marketing managers on how a consumer behave in a particular situation and what are the factors which influence their decision making process.

## **2 Research Model and Research Design**

In this chapter detail information about research model, design chosen, study area, samples and sampling method used in the research is given.

A descriptive research was provided to meet the objectives of this study with the collection of both secondary and primary data. The primary data was collected from respondents through a questionnaire designed for a sample of more than 100 respondents, representing the different genders and monthly income, but all of them were international students from different countries, who studies in China and Russia. A structured questionnaire with a five point balanced likert scale for measuring impact of social media on consumer behavior is used. The data collected from the respondents was be tabulated and analyzed into logical statements using percentage and mean score analysis. Secondary data was collected from the available literature, journals and web search.

## 2.1 Research Model

Research Model is based on the relation of 1 Dependent and 3 Independent values of the research, with moderation impact of 1 IV on the relation of other 2 IV to DV. Also one of the IV is going to be a mediator. Details of the conceptual framework and hypotheses are below.

The research model is a conceptual framework of the moderation of social media marketing on students' socioeconomic status, their brand awareness and buying behavior. The theoretical bases for this model are consumer behavior theory, advertisement theories, theory of needs, brand equity theories and marketing communications theory. In this research we will try to investigate the influencing mechanism of social status of students on their buying behavior. The theoretical framework of this study is presented in the Figure 4. By using this framework, The study will address hypotheses that link all main variables together and check out whether they are correct or not. The independent values of the research are:

The independent values of the research are:

- (1) Social status– willingness to buy any good strongly depends on personal income
- (2) Brand awareness – In my opinion it has the most impact on purchase behavior, but it is generated by advertising.
- (3) Social Media Marketing – It moderates relation btw our dependent and independent



values and therefore we will use it as a moderator in our research. The dependent value of this research is Consumer Buying behavior:

(4) Consumer buying behavior is the study of the processes which involved every individuals or groups that has been select, purchase, use or dispose of products, services, ideas or experiences to satisfy needs and desires.

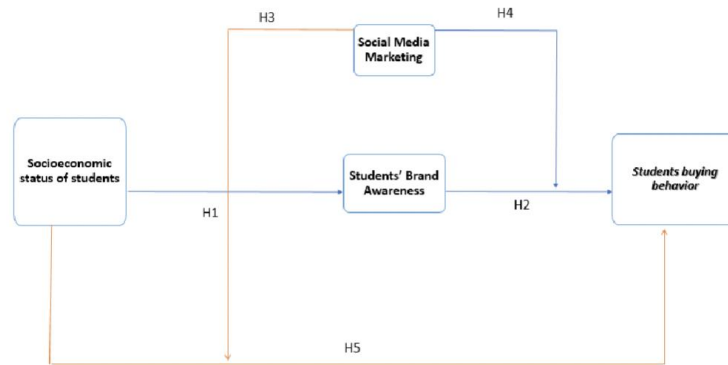


Figure 2-1 Conceptual Model

Additionally, Brand awareness is chosen as a mediator btw. Social economic status and students buying behavior.

## 2.2 Research Hypotheses

There are 5 main hypotheses which were tested in this research, such as: H1: Relation between socioeconomic status and students' brand awareness. H2: Relation between students' brand awareness and buying behavior. H3: The impact of students' socioeconomic status on students buying behavior. H4: The moderating impact of social media marketing on students' brand awareness – buying behavior relations. Hypothesis V: Moderation effect of the social media marketing on the socioeconomic status of students and their buying behavior relationship. Let's review main theories and literature which had the largest effect on each hypothesis.

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### 2.2.1 Hypothesis I Review

Hypothesis I: There exists relation between socioeconomic status and students' brand awareness. When students' social status is high they have higher buying potential and

access to technologies through which they can get enough information about brands. Poor students are less effected by advertising thus they are not as brand aware as their peers having higher socioeconomic status. This prediction arose from Brand equity theory of Aaker and Keller. Brand equity is defined as “a set of brand assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value provided by a product or service to a firm and/or to that firm’s customers”. Aaker posits five dimensions of brand equity – brand loyalty, brand awareness, perceived quality, brand association, and other propriety brand assets. Brand equity has been studied for two purposes: (1) financial value for mergers and acquisitions and (2) improve marketing strategy and productivity. Aaker’s brand equity theory was further developed to a consumer’s perspective. The analysis of this hyposthesis can give answer to the question whether students with higher income are more brnad aware than poorer students or not.

The Null Hypothesis for this hypothesis is: Socioeconomic status of students has no relationship with their brand awareness.

### **2.2.2 Hypothesis II Review**

Hypothesis II states that there exists relation between students’ brand awareness and buying behavior. Brand awareness generates interest for the certain brand and provides increased brand loyalty. This is perhaps the most important factor that can make students become long-term consumers of certain brand. There is no doubt that younger audience is “an easy prey” of advertising, moreover in case of students, brand awareness is important because in this age people usually choose their brand independently. I believe, brand awareness has positive impact on students buying behavior (from point of view of companies - less affected by price changes, more loyal, increased interest, etc.). Theoretical basis for this hypothesis is Keller’s “Consumers response to the marketing of the brand”. Fail of this hypothesis means that Null hypothesis is going to be accepted, which states that: There exists no relationship between Students’ Brand Awareness and Buying Behavior.

### **2.2.3 Hypothesis III Review**

The Hypothesis V should give us answer whether there is the difference in buying behavior of students from different socioeconomic groups and how does it change for different groups. We would find out after providing this research and answer whether socioeconomic status of students does have a positive impact on students buying behavior or not. Social status and personal income have huge impact on the way how we choose any product and how we react to the price changes. This hypothesis is coming from the well-known “Income, social class and consumer behavior: a focus on developing nations”, where they state that “Consumer’s buying decision has roots in his/her personal characteristics and socio-demographics.” (Mohammad Ekhlaque Ahmed, Marium Mateen Khan, Nayyer Samad, 2016).

If this hypothesis passes test successfully, then it will mean that there exists relationship between socioeconomic status of students and students buying behavior. If the hypothesis would have insignificant results, then, alternative Null Hypothesis is going to be accepted, meaning that there exists no relationship between socioeconomic status of students and students buying behavior.

### **2.2.4 Hypothesis IV Review**

This hypothesis states that SMM has a moderating effect on students’ BA to BB relations. The reason I made this hypothesis is that there are many ways through which SMM can change students brand awareness and make them more interested in certain brands and less elastic to price fluctuations. So, in this research we are going to check it out, whether it has any positive or negative effect on the relationship of the given values. This prediction arose from works of Villarejo-Ramos & Sanchez-Franco, where they state that “effective marketing communications efforts increase the level of confidence regarding the product’s expected performance” (Villarejo-Ramos & Sánchez-Franco). If the hypothesis successfully passes the test, it will prove that social media marketing moderates the relation of students’ brand awareness on students’ buying behavior. If the test fails, the alternative null hypothesis is going to be accepted,

meaning that social media marketing has no moderating effect on the students' brand awareness to students' buying behavior relation.

### **2.2.5 Hypothesis V Review**

This hypothesis deal with the moderating impact of SMM on the students' SES-BB relation. I suppose that SMM can raise willingness of students to spend more money for mobile phone from any socioeconomic group and positively effects on SES to BB relations, because over 99% of students are comfortable using the internet, going online at least once a week, although usually every day, so sitting in the social media they would be targeted by e-advertising and would be more interested in some brands more than others. Also, it should be noted that SMM has many strategies and many platforms through which it could be organized, so using each method may have different outcomes, but I believe that for the students all of these methods are more effective than traditional marketing. Promotions, specifically advertising play a critical role in creating brand awareness. For example, "the brand with the higher advertising budget yielded substantially higher levels of brand equity. In turn, the brand with the higher equity in each (product) category generated significantly greater performance and purchase intentions" (Cobb-Walgren).

If the hypothesis successfully passes the test, it will prove that social media marketing moderates the relation of socioeconomic status of students and their buying behavior, however, if it fails, then, null hypothesis would be accepted which states that social media marketing has no moderating effect on the relation of socioeconomic status of students and their buying behavior.

## **2.3 Research Design**

### **2.3.1 Questionnaire Design**

Questionnaire is being chosen as the data collection method because this method is able to gather straightforward information that will be able to relate to people's behavior when they are answering the questionnaires. Furthermore, in this

questionnaire, there are 2 major types of question which is open-ended and closed-ended questionnaire. A good questionnaire design enables the research to collect the desired and reliable result to the research purpose. In order to reduce the tendency of bias and does not require a lot of filling efforts. The reasons to use closed-ended questions are because it helps to enable the use of quantitative analysis to generate result from the findings, and it could get the data in more objective opinion and quick. Besides that, we have chosen to use an opened-ended question is because we want to let the respondents to include more information, including feelings, attitudes and understanding of the subject in this research study. In addition to that having an opened-ended question will allow us to obtain extra information about what the respondents think about this research study. This will be one of the ways for us to get closer to the respondents. On the contrary, the questionnaire has the statement that explains the purpose of the survey and ensures them that the data is only being used for academic purposes so that it also increases the chance of respondents to fill in the questionnaire. The language used in the questionnaire is English.

### 2.3.2 Sample

For this research study online questionnaire was created with online help of the <http://www.wenjuan.com> in English. Convenience sampling was used to distribute the online questionnaire link through social media such as WhatsApp, Facebook, VK and OK. Some of respondents were personally contacted to fill the questionnaire on a tablet computer. Answers are 100% reliable, as I am personally met with each of 104 respondents. All of them are international students and perfectly match research group.

Table 2-1 Sample Respondents: Sample size n=103

Category	Number of Respondents	% of the Total Sample Size

International Students	104	100
Total	104	100

## 2.4 Chapter Summary

In this chapter we provide the overview of how the proposed model and hypothesis was developed, as well as the methodology adopted. In this chapter we also introduce theory, research and analysis methods. A structured questionnaire with a five point balanced likert scale for measuring impact of social media on consumer behavior is used. The data collected from the respondents was tabulated and analyzed into logical statements using percentage. It further labeled the method used for data collection (survey and interviews) and method of analyses which involved qualitative and SPSS 21.

## 3 Analyses and Findings

All research data analysis and findings are described. In this chapter you can get informed of the demographic information of respondents like gender, age, socioeconomic status, type of SMM preferred, brand type used by them and how SMM influence consumer's behavior.

### 3.1 Data Pre-Analysis

In the study different qualitative and quantitative research methods were used. This enabled the maximization of the quality of data. Amalgamation of both qualitative and quantitative research methods is opted because it helps the research to become more comprehensive due to the statistical analysis together with observation, interpretation and interviews.

#### 3.1.1 Analysis Strategy

Data analysis is a process that involves editing, coding, classifying and tabulating the collected data (Kothari, 2004). In this study the researcher employed both qualitative and quantitative data analysis techniques. For relationship estimation the Chi analysis method was used. Also, the <http://www.wenjuan.com/> web site made it easier for the author to accumulate online data by placing questionnaire directly to their web site.

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#### 3.1.2 Validity and Reliability of Instruments

According to Frankael and Wallen, (2000), validity refers to the degree to which any inferences a researcher makes, based on the data he or she collects using a particular

instrument, is supported by evidence. Therefore, the coverage and relevance of the instruments to the problem under study are subject to content validity. This entails the extent to which questions in the instruments cover the ground to be explored.

In order to realize the validity and reliability of the instruments, the study was conducted involving 104 consumers. The aim of the pilot study was to check the effectiveness of the instruments in tapping the required information for this study. The findings from the pilot study would revealed the necessity for the researcher to alter some items, for instance, simplifying some of the terms, which was applied to the research.

### **3.1.3 Editing**

The editing of data was done at two stages: during the field and post-field editing. The field editing was a review of reporting by the researcher for completing what has been written in an abbreviated form during interviewing the respondents. The post-field editing was carried out when field survey is completed and all the forms of schedule have been collected together.

### **3.1.4 Coding**

Data was assigned some alphabetical or numerical symbols or both to the answers. The alternatives were mutually exclusive that is defined in one concept or term only. To keep the response, descriptive statistics of the data was presented in graphs. The researcher cross-tabulated some variables like age and sex, advertising effect and purchase of products.

### **3.1.5 Classification**

Data is classified into groups on the bases of such characteristics as age, sex, income levels, phone brand etc.

### **3.1.6 Presentation**

All collected information, statistics and data were presented for explanations. The data



is shown in the tables and figures by using words, digits, percentages and symbols. Also, graphical presentation of data is used to make comparison of consumer buying behavior, social economic status, advertising effect and brand types.

## 3.2 Respondents Demography

As mentioned before, in this section demographic characteristics of respondents of this research is presented.

### 3.2.1 Age

The researcher analyzed the age profile of respondents find out age profile of international students. From figure 5 it is obvious that majority of respondents were aged 18-24 years (45,6%). The next largest group of respondents were aged between 25 and 30 years making 34,9%, 16,5% were of 31-40 years old and only 2,9% of respondents were aged 41-50 years. There was no student whose age was more than 50 years. The researcher has determined that SMM has influence on buying behavior of mobile phones of respondents, as the majority of them are between 18 and 24 age, making perfect target for SMM.

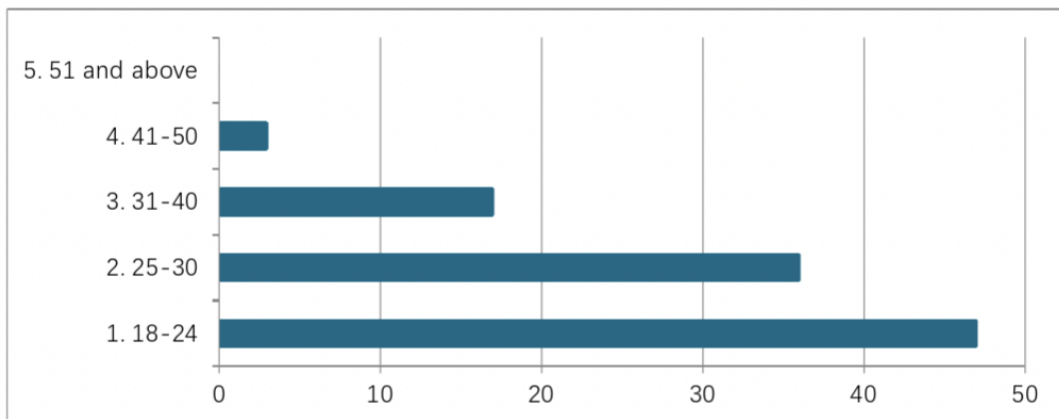


Figure 3-1 Respondent's Age Profile

### 3.2.2 Gender

Gender was among the descriptive demographic parameters asked to the respondents. The researcher analyzed the gender of respondents in order to establish whether the

respondent's choice of different mobile phone brands and effect of ads is influenced by their gender. The feedback from respondents was documented as shown in the figure below.

As indicated in Figure 6, share of males was 64 people (62,1%) of respondents and share of women was 39 respondents only (37,8%). This shows that the share of women among international students is less than share of men.

Author suggests that the reason is because most families are still more confident of men to be capable of alone life abroad. Also some women leave study after getting married as they spend most of their time by looking after children, doing housework etc. In the developed countries such cases are not so widespread, but for developing countries, especially African, Middle East and Central Asia this can be still witnessed very much, so it has its influence on the share of International students as they are coming from all over the world. With respect to SMM and its influence on consumer buying behaviour, those who make advertisements of mobile phones through SMM for students internationally might be more focused on men, as there is majority of them in this group.

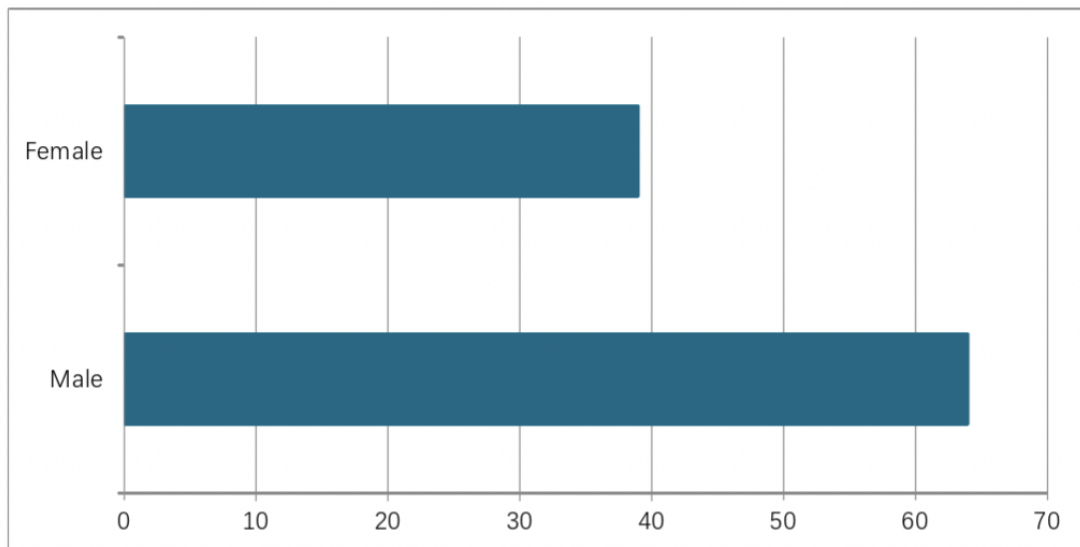


Figure 3-2 Respondent's Gender Profile

### 3.2.3 Respondent Profiles

Internationally it is common to use the word "poorest class" for those, who spend/earn less than about 2 Dollars per day, making less than 60\$/month. The author wanted to

use such scale, but during background analysis, it became obvious that it is really hard to find international students, who spend less than 60\$/month. So another scale was used to identify social status of respondents with the lowest income group of 300\$/month and the highest income group having income of more than 10000\$/month. The income profile of respondents in the figure above shows that most of respondents(38,4%) have income of about 500-1000 \$, their number is 40 people. 29,8% of respondents have average monthly income of 300-500\$ and their number is 31 people. Number of people having average monthly income of 1000-10000\$ is 17 (16,3%). Number of those who have AMI less than 300\$ is 15 people only(14,4%). And the group who has the least number among the respondents here is with AMI of more than 10000\$(2,8%) whose numbers were only 3 people. The author does not think that it is necessary to add anything else to emphasize the importance of personal income in the purchase decision of customers, but only states that all respondents are not considered as poor class according to the international standards.

Most of respondents with whom the author had talked were working in part-time jobs or making freelance and only small number of them are having fulltime jobs. So, probably most of them are still dependent on their parents or scholarship. Therefore it was important to estimate not only income of each respondent, but also to estimate whether their expenses exceed their AMI or not.

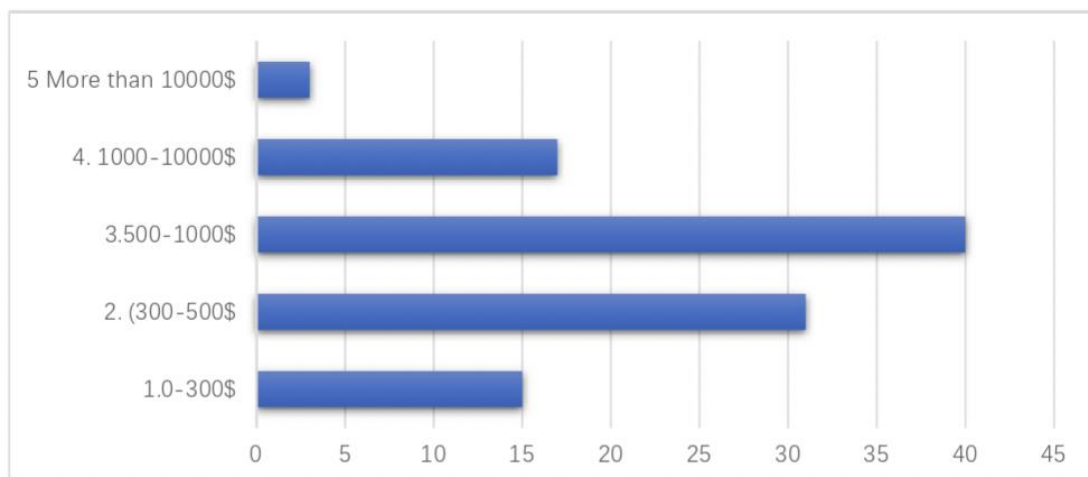


Figure 3-3 Income Profile of Respondents

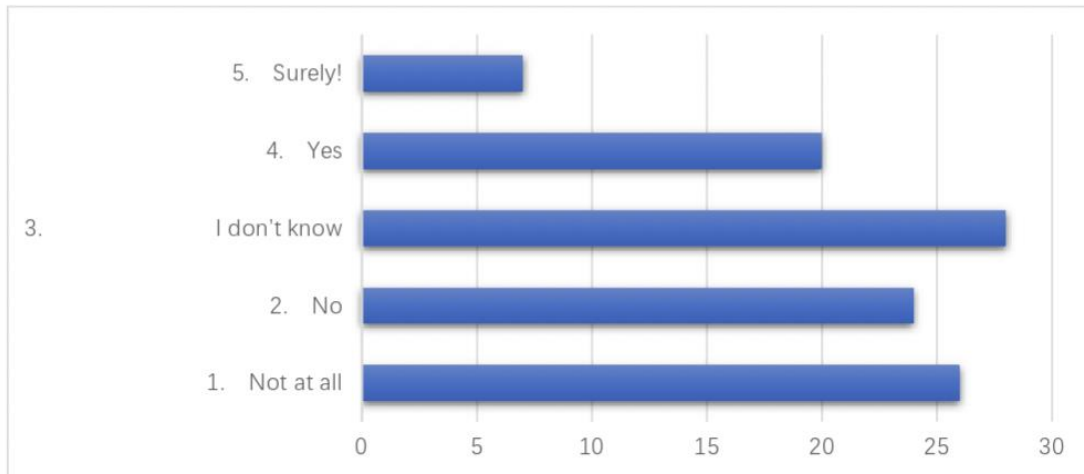


Figure 3-4 Q2: My Monthly Expenditures Do Not Exceed My Monthly Income

Unfortunately, only a small number of respondents are sure that their monthly expenditures do not exceed their monthly income – only 7 people (6%). 20 students agree that their AMI is not less than their AME (19,2%), however most of respondents are whether not sure that their income is larger than their expenditures – 28(26,9%). About quarter of respondents reported that their income is less – 24 (23%) or much less than their income – 26 respondents (25%). So. we can see that for 48% of respondents AMI is smaller than AME, 26,9% are do not know exactly and only 25,2% have enough personal income. So, we can say that most of them are still dependent on their parent’s income or scholarships.

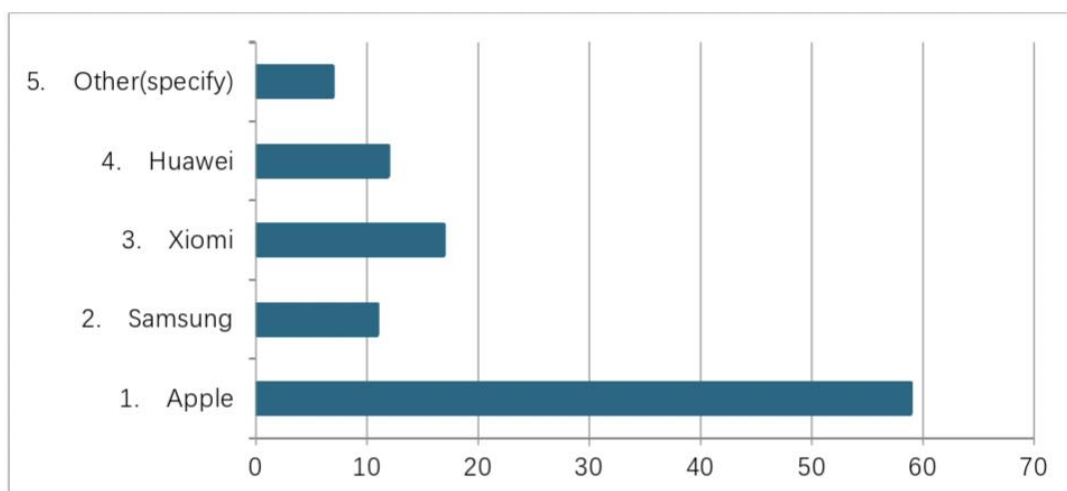


Figure 3-5 Respondents’ Mobile Phone Brand Profile

It is also important to know what mobile phone brand is used by respondents. As we

can see from the figure above, most respondents use Apple iPhones – 59 people totally (56,7%). Among other most widely used brands are Xiomi – 17, Huawei – 12 and Samsung – 11 respondents. So, it is obvious that I-phones are really widely used among the students as their share is 56,7% against share of 43,3% for other brands.

### 3.3 Test of the Main Hypotheses

In the next subchapters 5 main hypotheses are going to be tested. The results would prove whether hypotheses would fail or be accepted for the analyzed population and further conclusions would be made according to these tests.

Before starting to test our hypothesis it is better to do correlation analysis.

Table 3-1 Correlations between Main Variables

<b>Correlations between Main Variables</b>					
		Social Status	Social media Effect	Consumer behavior	Brand Awareness
<b>Social Status</b>	Pearson Correlation	1	0.087	.415**	0.247
	Sig. (2-tailed)		0.381	0	0.012
	N	104	104	104	104
<b>Social media Effect</b>	Pearson Correlation	0.087	1	.244*	0.379
	Sig. (2-tailed)	0.381		0,013	0
	N	104	104	104	104
<b>Consumer behavior</b>	Pearson Correlation	.415**	.244*	1	.267**
	Sig. (2-tailed)	0	0.013		0.006
	N	104	104	104	104
<b>Brand Awareness</b>	Pearson Correlation	.247*	.379**	.267**	1*
	Sig. (2-tailed)	0.012	0	0.006	
	N	104	104	104	104
**. Correlation is significant at the 0.01 level (2-tailed).					
*. Correlation is significant at the 0.05 level (2-tailed).					

### 3.3.1 Hypothesis I: Relation between Socioeconomic Status and Students'

#### Brand Awareness

This hypothesis would show us whether there exists relation between income of students and their brand awareness. Some questions were given to analyze this hypothesis. Before giving the question below to the respondents, a small number of the most famous global mobile phone brands was given to estimate whether they know them or not. The question was “I am aware of all International mobile phone brands”.

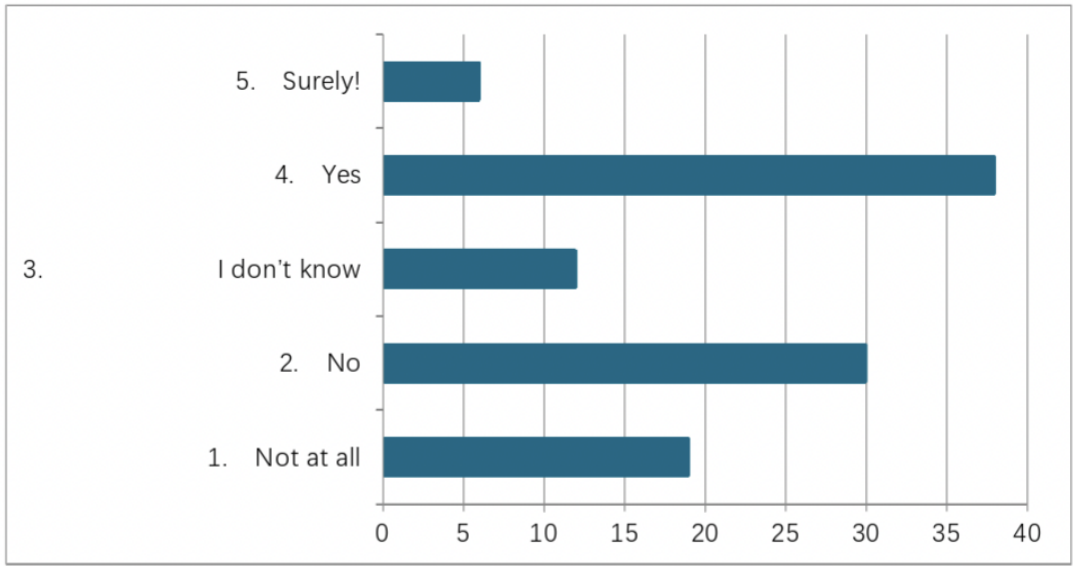


Figure 3-6 Mobile Phone Brand Awareness Level of Respondents.

Regarding awareness of the international mobile phone brands only 5,7% of respondents have given strongly positive answers with 36,5% saying yes. 28,8% of respondents think they are not aware of all international mobile phone brands while 18,2% saying they do not know much at all. 11,5% of respondents could not decide whether they are aware or not, saying they could hear those brands but doubt to say exactly. In the figure below we can see clear picture of brand awareness of the respondents.

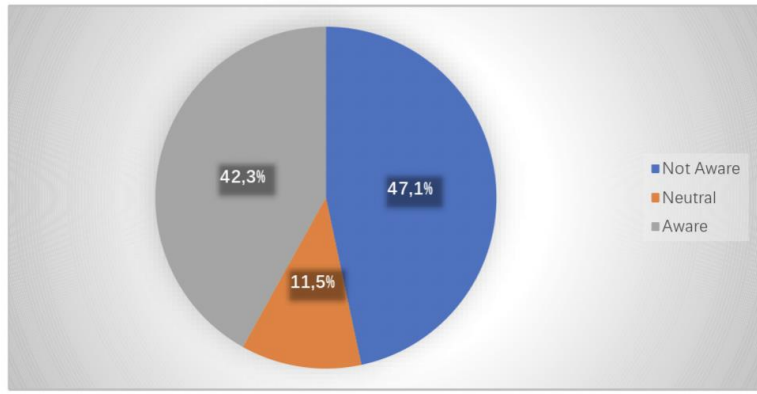


Figure 3-7 Brand Awareness of the Respondents

47,1% of the respondents have given negative answer about their brand awareness status and 42,3% say they are aware of all brands in the market of mobile phones. 11,5% could not decide. Thus, we can say that most of the respondents are not well aware of

the international mobile phone brands, meaning that currently there is still large group of international students who should be furtherly informed of mobile brands furtherly. The researcher analyzed the feedback from respondents on whether they agree that Brand shows the social status. The feedback from respondents was documented as shown in the figure below.

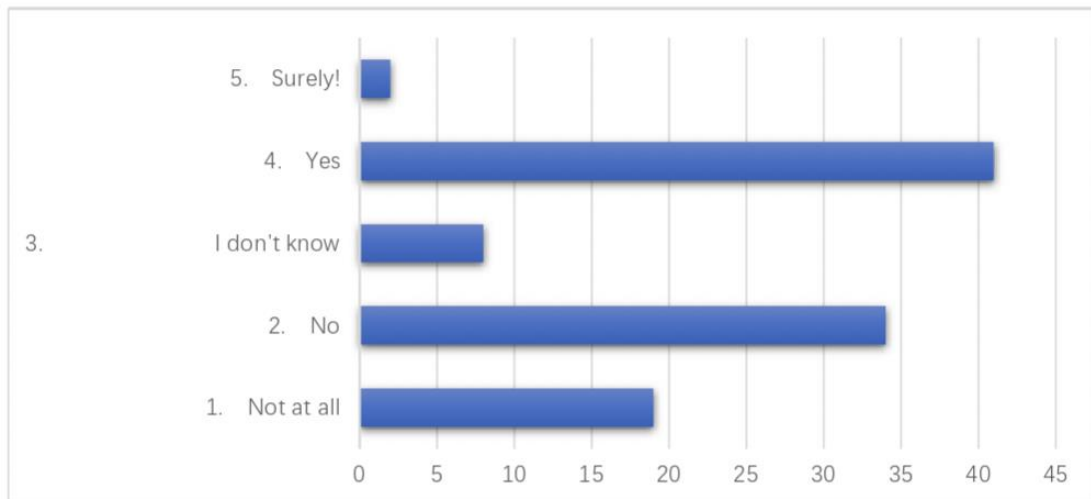


Figure 3-8 Respondents Feedback on Whether Brand Shows the Social Status.

The findings here show that 39,4% of the respondents agree that brand shows the social status, while only 1,9% strongly agree. 7,6% of the respondents could not decide. At the same time 32,6% of the respondents think that brand does not show social status while 18,2% strongly disagree with such statement. Totally 41,3% approve and 50,8% do not support such idea. Thus, we find out that most international students do not think that brand shows the social status of consumers.

Next questions revise respondents' ideas on whether they find brands sources of their lifestyle or not. Only 1% of respondents strongly agree with the statement and 25,9% agree. 14,4% could not decide, while 32,6 and 25,9% disagree and strongly disagree. So here we can find that 58,5% of the respondents disagree with the statement that brands tell what people with similar lifestyles buy and use.



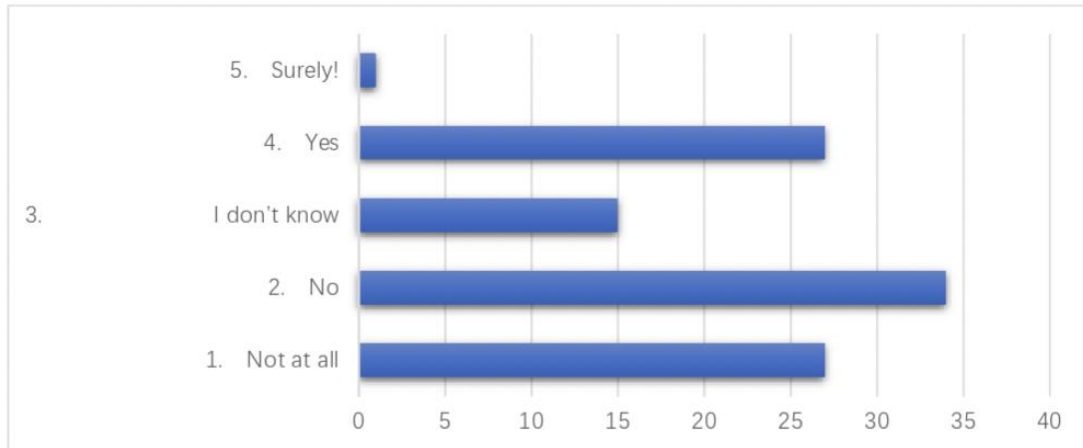


Figure 3-9 Brand Tells Me What People with Lifestyles Similar to Mine Are Buying and Using. Do You Agree with this Statement?

The Hypotheses first to check are:

H0: Socioeconomic status of students has no relationship with their brand awareness;

H1: Socioeconomic status of students has relationship with their brand awareness.

Let's conclude questions above to check hypothesis 1 in the next table.

Table 3-2 Main Questions for Hypothesis I Calculation

---

I am aware of every international mobile phone brand
Brand shows the social status.
Brand tells me what people with lifestyles similar to mine are buying and using.

---

Despite 100% of the respondents belong to the middle and rich class with 0 respondents from the poor class, 57% of them have low brand awareness and do not find that social status has any impact on their brand awareness, at the same time 59% of respondents state that brands do not show their lifestyle and social status. So it is doubtful that H1 would pass the test.

Chi square Test for H1:

Chi- Square test is applied to test the goodness of fit to verify distribution of observed

data with assumed theoretical distribution. Therefore, it is a measure to study the divergence of actual and expected frequencies; Karl Pearson's has developed this method to test the difference between the theoretical (hypothesis) and the observed value.

$$\text{Chi-Square test } \chi^2 = (O-E)^2 / E$$

$$\text{Degrees of Freedom } V = (R-1) * (C-1)$$

Where, "O" = Observed frequency "E" = Expected frequency "R" = Number of rows  
"C" = Number of Columns.

Conclusion:

$$\chi^2 = 12,21437 \Rightarrow X = 3,49$$

$$\text{Degrees of Freedom} = (3-1) * (5-1) = 8$$

At 5% level of significance and 8 degree of freedom the tabulated value of  $\chi^2$  is 15,6

Since  $\chi^2$  calculated <  $\chi^2$  tabulated, Null hypothesis is accepted and alternative is rejected as there is no statistically significant value of P and we can conclude that there exists no relationship between socioeconomic status of students and their brand awareness. In other words, for the analyzed population, rich people have about same brand awareness level as poor and middle class.

### **3.3.2 Hypothesis II: Relation between Students' Brand Awareness and Buying Behavior**

Hypothesis II states that there exists relation between students' brand awareness and buying behavior. As we know from many significant sources, brand awareness generates interest for the certain brand and provides increased brand loyalty. This is perhaps the most important factor that can make students become long-term consumers of certain brand. For testing this hypothesis, questions 7-11 were used.

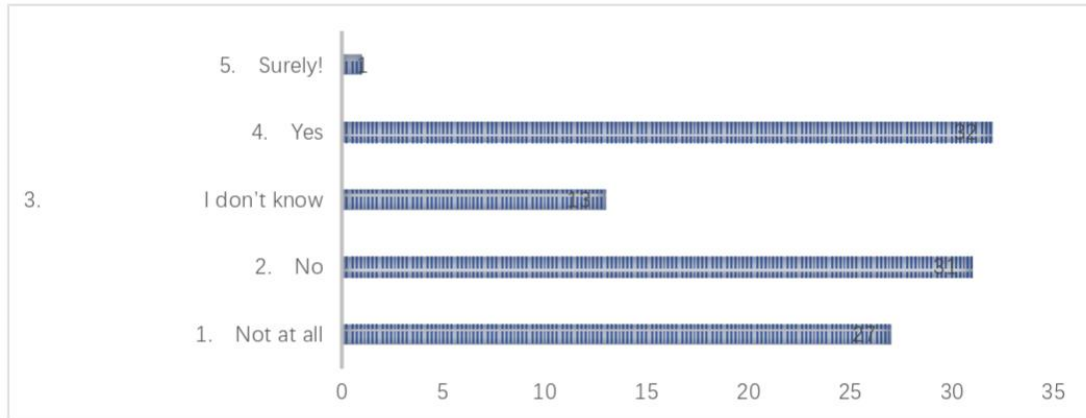


Figure 3-10 Answers to the Question: Brand is the Most Important Factor in Making Purchase Decision, But not Technical Characteristics

As we can see from the figure above, only a few people approve this statement saying surely yes – 1 person. However, more than 30% of the respondents agree with this statement, saying yes. 13 people could not decide whether they support this statement or not. 29,8% of the respondents think that brand is not the most important factor while making purchase decisions and 25,9% totally disagree with this statement, saying that other characteristics such as technical parameters, material used, price etc. are more important than any brand name.

As we can conclude from the figure above, 9 people strongly agree with this statement, thinking that if they buy expensive device it is definitely going to be better and more qualitative than cheaper devices. At the same time 38 respondents approve this statement, saying it is true. 9 students could not decide whether it is true or not. 28 respondents disagree with this statement and 20 strongly disagree thinking that cheaper devices could be better than expensive ones.

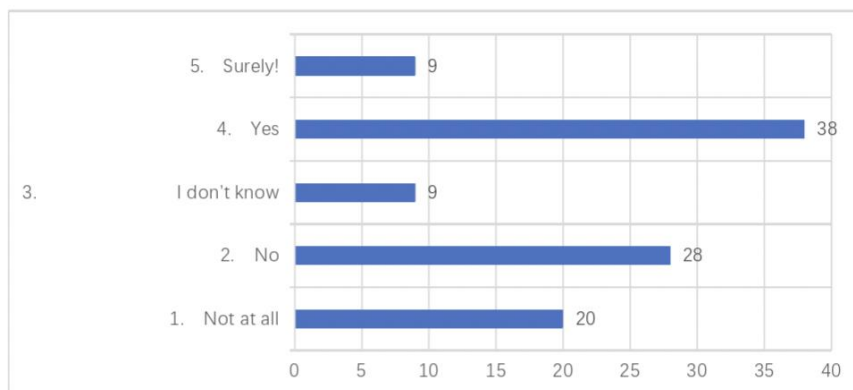


Figure 3-11 Answers to the Question: Expensive Devices are Always Better than Cheaper. Do You Agree with this Statement?

To put some light on the brand awareness of the respondents, a short list of mobile phone operating systems was shown. As it is obvious, the most famous OS types in the world are Apple's IOS (57% of the US market for Feb, 2020) and Android (74% of the world market), used by Samsung/Huawei/Xiomi and many other brands. Actually, there are far many more other OS types and next question is helpful to estimate brand awareness of the respondent:

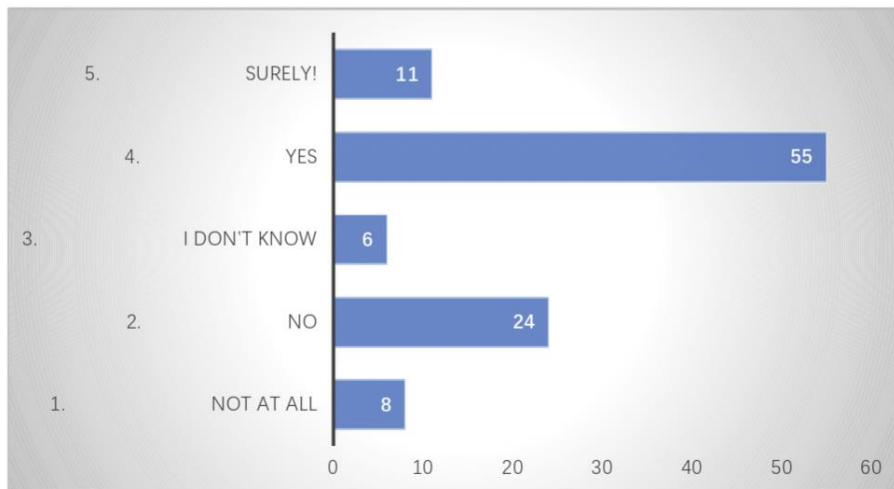


Figure 3-12 Feedback for the Statement: I Use and Know Only Android and IOS OSs. Respondents feedback for the statement above informs us that not so many international students use mobile Phone OS other than Android and IOS, despite there are many other good OS, such as Windows, KaiOS, etc., 66% of the respondents even do not know any other mobile phone OS except Android and IOS.

**H1:** There exists relationship between students' brand awareness and buying behavior

**Null Hypothesis:** There exists no relationship between students' brand awareness and buying behavior

Table 3-3 Questions for Hypothesis II Chi Analysis.

Question	Sure	Yes	Can't Decide	No	Surely Not	Total
Brand is the most important factor in making purchase decision, but not technical characteristics.	1	32	13	31	27	104
Expensive devices are ALWAYS better than cheaper. Do you agree with this statement?	9	38	9	28	20	104
I use and know only Android and IOS Oss.	11	55	6	24	8	104
Total	21	125	28	83	55	312

Chi-Square test  $\chi^2 = (O-E)^2 / E$

Degrees of Freedom  $V = (R-1)*(C-1)$

Where, "O" = Observed frequency "E" = Expected frequency "R" = Number of rows  
"C" = Number of Columns

Conclusion:

$\chi^2 = 28,43915 \Rightarrow X = 5,33$

Degrees of Freedom =  $(3-1)*(5-1) = 8$

At 5% level of significance and 8 degree of freedom the tabulated value of  $\chi^2$  is 15,6

Since  $\chi^2$  calculated  $>$   $\chi^2$  tabulated and the value of P is much less than 0,005 which is statistically significant value. So, the Null hypothesis is rejected and alternative is accepted and we can conclude that there exists relationship between Students' Brand Awareness and Buying Behavior.

### 3.3.3 Hypothesis III: The Impact of Students' Socioeconomic Status on Students Buying Behavior

This hypothesis must give us answer to the question what is the difference in buying behavior of s from different socioeconomic groups and how does it change for different

groups? If this hypothesis is going to show strong significance and passes the Chi test, then we can start analysis of the moderation impact of the SMM on the students' socioeconomic status to buying behavior relation, otherwise, if alternative Null hypothesis is going to be proved, it would mean that there is no relation between SS and BB of the analyzed population and we cannot start moderation analysis.

Let us see what 2 hypotheses are going to be tested:

**H1:** There exists relationship between socioeconomic status of students and students buying behavior.

**Null Hypothesis:** There exists no relationship between socioeconomic status of students and students buying behavior.

Table 3-4 Hypothesis V Analysis Questions.

Question	Sure	Yes	Can't decide	No	Surely Not	Total	
If I would have a choice to buy a phone with the same characteristics for a cheaper price from another brand I would change it immediately! Do you agree with this statement?	5	24		12	42	21	104
Brand promotes undesirable values in our society. Do you agree with this statement?	5	35		26	21	17	104
I admire people who buys expensive goods Do you agree with this statement?	5	19		15	31	34	104
Total	10	59		38	63	38	312

Chi-Square test  $\chi^2 = (O-E)^2 / E$

Degrees of Freedom  $V = (R-1)*(C-1)$

Where, "O" = Observed frequency "E" = Expected frequency "R" = Number of rows

"C" = Number of Columns

Table 3-5 Hypothesis V Test

Observed Frequency	Expected	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> / E
5	3.3333	2.777778	0.833333
24	19.667	18.77778	0.954802
12	12.667	0.444444	0.035088
42	21	441	21
21	12.667	69.44444	5.482456
5	3.3333	2.777778	0.833333
35	19.667	235.1111	11.9548
26	12.667	177.7778	14.03509
21	21	0	0
17	12.667	18.77778	1.482456
5	3.3333	2.777778	0.833333
19	19.667	0.444444	0.022599
15	12.667	5.444444	0.429825
31	21	100	4.761905
34	12.667	455.1111	35.92982
Grand Total (X <sup>2</sup> )			98.58884

Conclusion:

$$X^2=98,58884 \Rightarrow X=9,92$$

$$\text{Degrees of Freedom} = (3-1)*(5-1)=8$$

At 5% level of significance and 8 degree of freedom the tabulated value of  $\chi^2$  is 15,6

Since  $\chi^2$  calculated >  $\chi^2$  tabulated, the value of P is statistically significant and we can state that the Null hypothesis is rejected and alternative is accepted and we can conclude that there exists relationship between socioeconomic status of students and students buying behavior. The test has proved that for the analyzed population there is difference in buying behavior depending on their monthly income level. To have clearer picture we can review more detailed table of answers by Income status. Also the result gives us possibility to provide moderation analysis of Social Media Marketing on the SS to BB relation of the analyzed population.

### 3.3.4 Hypothesis IV: The Moderating Impact of Social Media Marketing on Students' Brand Awareness – Buying Behavior Relations.

This hypothesis states that SMM has a moderating effect on students' BA to BB

relations. The reason I made this hypothesis is that there are many ways through which SMM can change students brand awareness and make them more interested in certain brands and less elastic to price fluctuations. So, in this research we are going to check it out, whether it has any positive or negative effect on the relationship of the given values.

Hypothesis IV: Social media marketing moderates the relation of students' brand awareness on students' buying behavior  
 Null Hypothesis: Social media marketing has no moderating effect on the students' brand awareness to students' buying behavior relation  
 We use the standard method of determining whether a moderating effect exists, which entails the addition of an (linear) interaction term in a multiple regression model. For this reason, you might often hear this type of analysis being referred to as a moderated multiple regression or as its abbreviation, MMR (e.g., Aguinis, 2004). Indeed, a moderator analysis is really just a multiple regression equation with an interaction term. What makes it a moderator analysis is the theory and subsequent hypotheses that surround this statistical test (e.g., Aguinis, 2004; Jaccard & Turrisi, 2003; Jose, 2013).

Moderation 2 analysis:

Table 3-6 Variables Entered/Removed of Model 1

Model	Variables Entered	Variables Removed	Method
1	Moderator2, Brand Awareness, Social media Effect <sup>b</sup>	.	Enter

a. Dependent variable: Consumer behavior

b. All requested variables entered.

Table 3-7 Model Summary<sup>b</sup> of Model 1

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.287 <sup>a</sup>	.083	.055	1.20188

a. Predictors: (Constant), moderator2, brand awareness, social media effect

b. Dependent variable: Consumer behavior



Table 3-8 ANOVAa of Model 1

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression1	12,751	3	4,250	2.942	.037 <sup>b</sup>
Residual	141.562	98	1.445		
Total	154.314	101			

a. Dependent variable: Consumer behavior

b. Predictors: (Constant), moderator2, brand awareness, social media effect

Table 3-9 Coefficientsa of Model 1

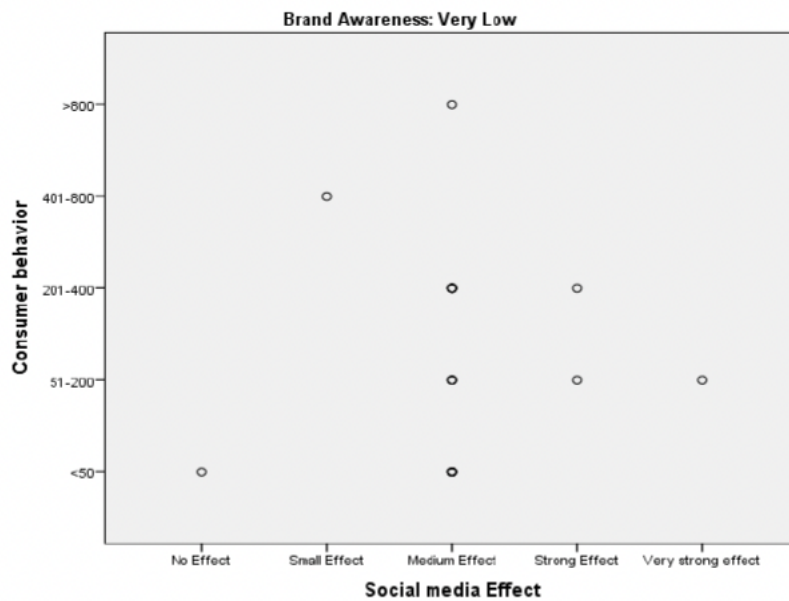
Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
(Constant)	1.461	.481		3.035	.003
Brand Awareness 1	.158	.102	.162	1.548	.125
Social media Effect	.197	.145	.145	1.357	.178
Moderator2	.096	.123	.079	.777	.439

a. Dependent variable: Consumer behavior

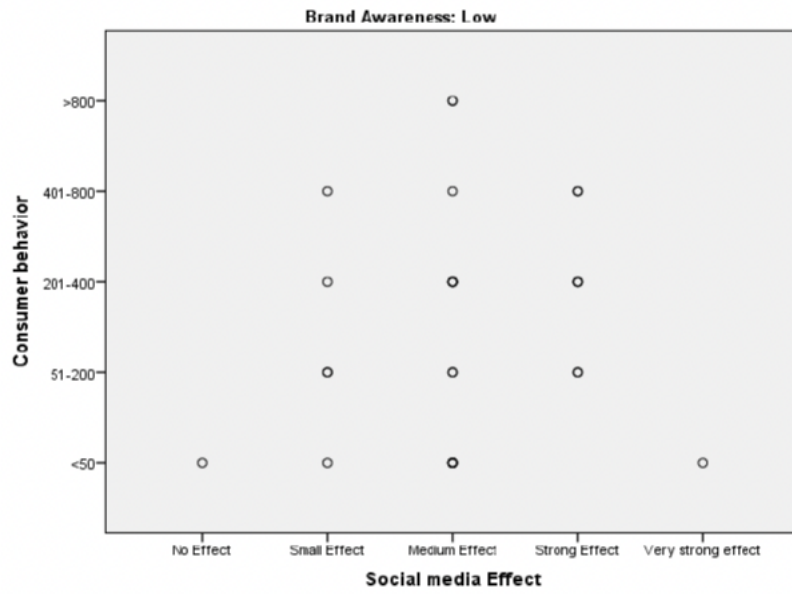
Table 3-10 Residuals Statisticsa of Model 1

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.9875	3.6121	2.6078	.35532	102
Residual	2.53315	2.72153	.00000	1.18390	102
Std. Predicted Value	-1.746	2.826	.000	1.000	102
Std. Residual	-2.108	2.264	.000	.985	102

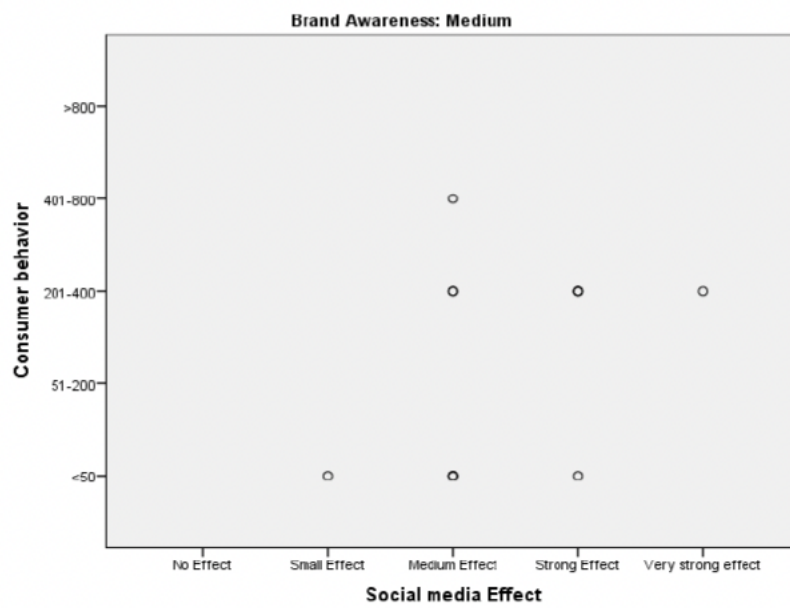
a. Dependent variable: Consumer behavior



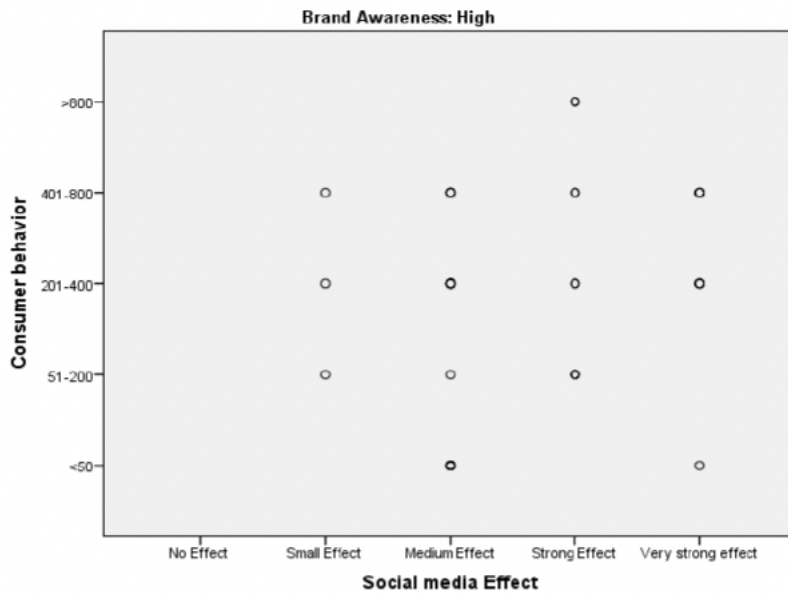
(a)



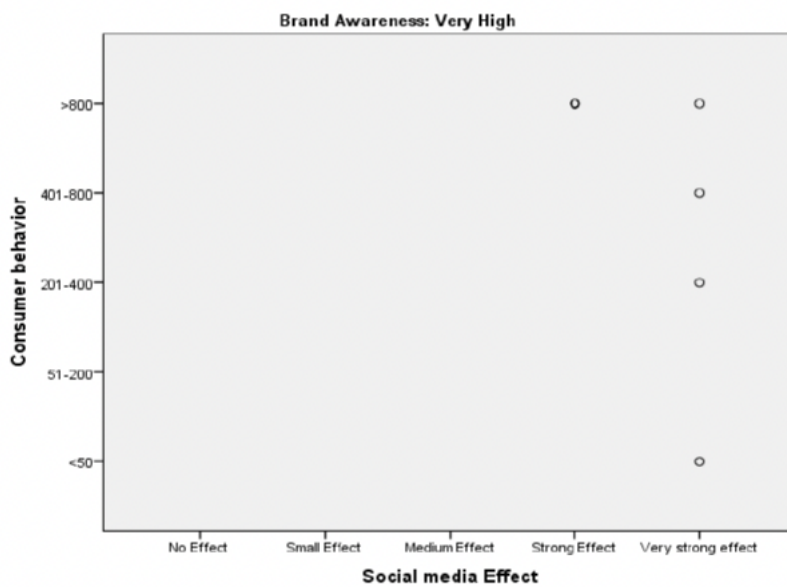
(b)



(c)



(d)



(e)

Figure 3-13 Effect of SMM on the CB of the Students by BA Level

As we can see from the moderation test in SPSS, there is relationship btw IV – DV, and moderator which is SMM, however at the end we can see that significance of the ANOVA is ,035 and we cannot accept such result as it is statistically insignificant ( $>,005$ ). Provided analysis of moderation effect of SMM to BA – CB relation shows too small reliance as and is not statistically significant and we must accept the Null hypothesis and rejected alternative hypothesis. Unfortunately, there is no moderation

effect of SMM for BA – CB relation of the analyzed population. Despite we can see some logical picture for the group with the highest brand awareness the SMM effect is very strong and their expenditures for mobile phone is higher than other groups with less awareness level.

3.1.1 Hypothesis V: The Moderating Impact of Social Media Marketing on Students’ Socioeconomic Status – Buying Behavior Relations

This hypothesis deal with the moderating impact of SMM on the students’ SES-BB relation. After performing the moderation analysis, we can say if there is a moderation effect on the above-mentioned relation and which socioeconomic groups buying behavior is more effected by SMM. Here are 2 alternatives to test:

**Hypothesis V:** Social media marketing moderates the relation of socioeconomic status of students and their buying behavior

**Null Hypothesis:** Social media marketing has no moderating effect on the relation of socioeconomic status of students and their buying behavior Let’s go on to the Moderation analysis results:

Table 3-11 Descriptive Statistics of Model 2

	N	Minimum	Maximum	Mean	Std. Deviation
Social Status	104	1.00	5.00	2.6250	.98718
Social media Effect	104	1.00	5.00	3.3846	.90637
Valid N (listwise)	104				

COMPUTE Moderator1=ZSS\*ZSMM.

Table 3-12 Variables Entered/Removed of Model 2

Model	Variables Entered	Variables Removed	Method
2	Moderator1, Social Status, Social media Effect <sup>b</sup>		.Enter

a. Dependent variable: Buying behavior

b. All requested variables entered.

Table 3-13 Model Summary<sup>b</sup> of Model 2

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
2	.487 <sup>a</sup>	.237	.214	1.12368

a. Predictors: (Constant), moderator1, social status, social media effect

b. Dependent variable: Buying behavior

Table 3-14 ANOVAa of Model 2

Model		Sum of Squares	df	Mean Square	F	Sig.
2	Regression	39.273	3	13.091	10.368	.000 <sup>b</sup>
	Residual	126.265	100	1.263		
	Total	165.538	103			

a. Dependent variable: Buying behavior

b. Predictors: (Constant). moderator1. social status. social media effect

Table 3-15 Coefficientsa of Model 2

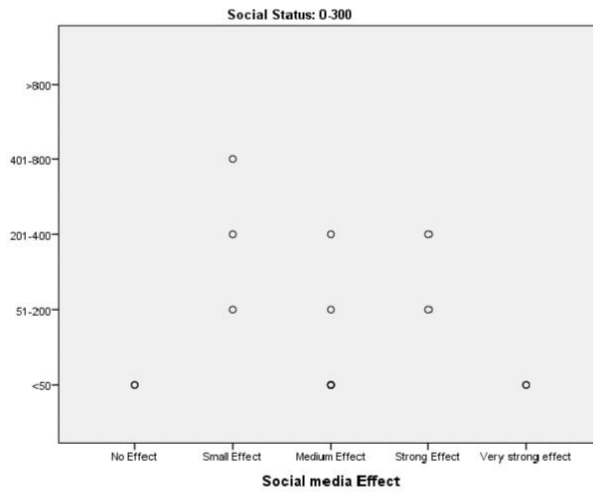
Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients Beta		
2	(Constant)	.058	.525		.110	.913
	Social Status	.518	.113	.404	4.600	.000
	Social media Effect	.361	.129	.258	2.793	.006
	Moderator1	.175	.104	.155	1.680	.096

a. Dependent variable: Buying behavior

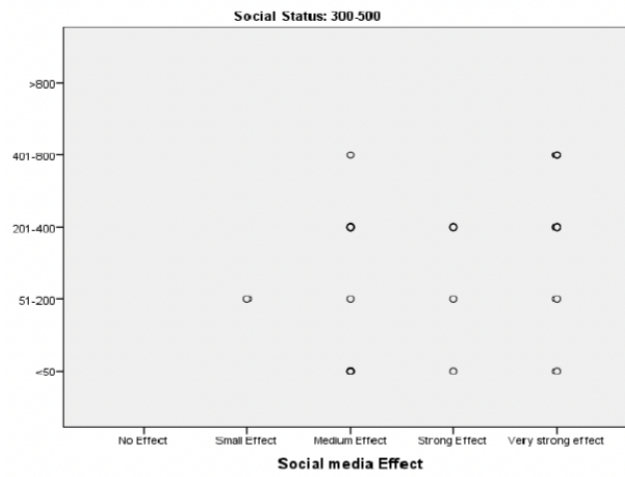
Table 3-16 Residuals Statisticsa of Model 2

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.6957	4.3781	2.6538	.61749	104
Residual	-2.10928	2.33376	.00000	1.10719	104
Std. Predicted Value	-1.552	2.792	.000	1.000	104
Std. Residual	-1.877	2.077	.000	.985	104

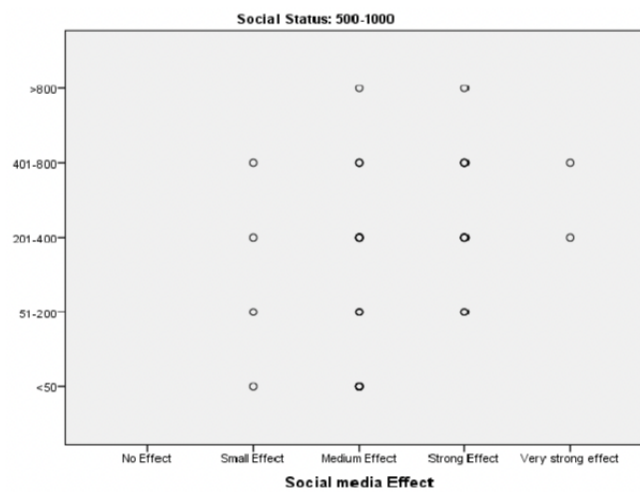
a. Dependent Variable: buying behavior



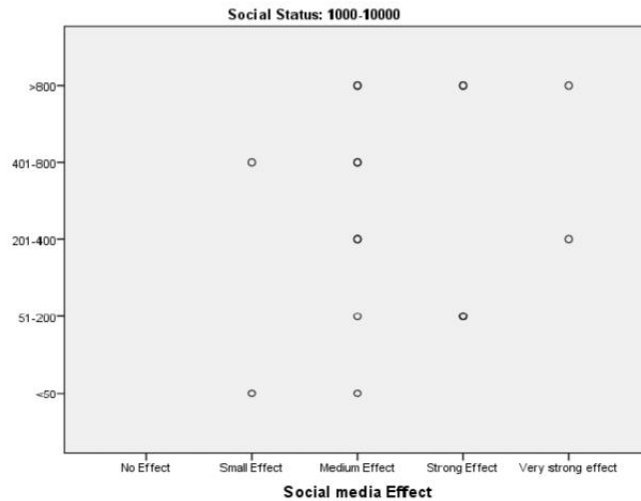
(a)



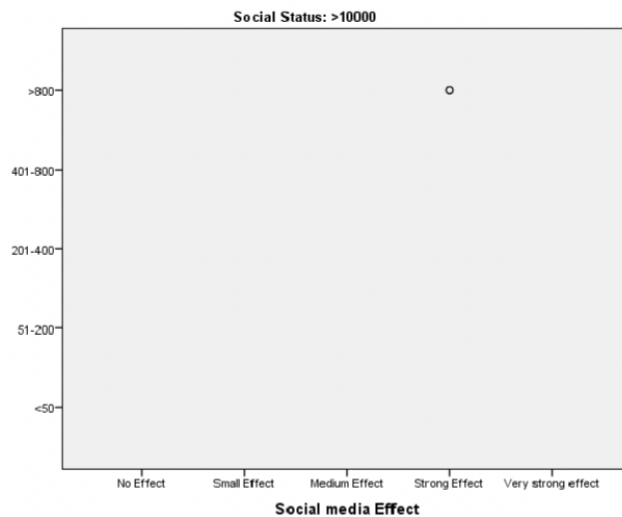
(b)



(c)



(d)



(e)

Figure 3-14 Effect of SMM on the CB of the Students from Different Socioeconomic Groups(Annual Expenditures for Mobile Phone is Showed to the Left)

As we can conclude from the model summary table and the ANOVA, the model is significant, Adjusted R Square is 21,4% and R square is 23,7%, R is 487. Std. Error of the Estimate is 1,12. The ANOVA significance is 000. Furtherly Moderation is demonstrated in the graphs 6-10, each showing the effect of SMM on the BB of the students from different Socioeconomic groups. For the group of students with monthly income less than 300\$ we can see medium effect and medium level of expenditures in the market of mobile phones. So, for this socioeconomic group there is not so significant moderating effect of the SMM. Next Socioeconomic group with 300-500\$ of monthly income tending to be more effected by the SMM as they spend more

time in the Social Media sources, however their average expenditures in the mobile phone market is annually same as previous group. For the group with income of 500-1000\$ the graph shows a little bit different results as there are already a number of those who spend more than 800\$ for mobile phone. For the richer group of students, we can say that SMM has stronger effect, but their willingness to spend varies from <50 to >800. The richest group shows much more decisive results as for this group we can see that SMM has strong effect and they all spend more than 800\$. Provided evidences were strong enough to state that there is a positive moderation effect of the SMM on the international students' socioeconomic status – buying behavior relation. Therefore, Null Hypothesis is rejected and alternative is accepted.

### 3.4 Chapter Summary

In this chapter we finished data analysis and test our hypothesis. The researcher analyzed the age profile of respondents find out age profile of international students. Gender was among the descriptive demographic parameters asked to the respondents. The income profile of respondents (38,4%) have income of about 500-1000 \$, their number is 40 people. 29,8% of respondents have average monthly income of 300-500\$ and their number is 31 people. All research data analysis and findings are described. Analyze of the Impact of Students' Socioeconomic Status on Students' Buying Behavior, the moderating impact of Social Media Marketing on Students' Socioeconomic Status – Buying Behavior Relations, and the moderating Impact of Social Media Marketing on Students' Brand Awareness – Buying Behavior Relations were made.



## 4 Discussion and Recommendations

### 4.1 Discussion

Provided analysis of the main hypotheses showed different results for each hypothesis. In this part of the thesis the result of analysis is summarized. Furtherly, some recommendations for the companies' marketing departments are developed to improve their SMM depending on their target consumer groups.

First hypothesis to check was hypothesis #1. The Chi-square test at 5% level of significance and 8 degrees of freedom with the result of  $\chi^2=12,21437$  was less than tabulated value of  $\chi^2=15,6$ . The hypothesis #1 was rejected and alternative Null hypothesis was accepted as the statistical significance of the result was too low to accept the H1. So, for the analyzed population we could state that there exists no relationship between Socioeconomic status of students and their brand awareness. This mean that money does not show anything about your brand awareness in the modern society and people from different socioeconomic groups may have about same BA level. This observation would be taken into consideration while developing recommendations furtherly.

Analysis of the hypothesis #2 showed quite different result than hypothesis #1. The Chi-square test at 5% significance and degree of freedom equaling 8 showed the result of  $\chi^2=28,43915$  which was higher than tabulated value of  $\chi^2=15,6$  For this analysis, the result was statistically significant enough to reject the Null hypothesis and accept alternative, which says that there exists relationship between students' brand awareness and buying behavior. So this mean that for the analyzed population, buying behavior depends on the level of their brand awareness. Otherwise, companies should focus on increasing the target audience's BA level.

Furtherly, hypothesis #3 was analyzed. Provided the Chi-square test at 5% significance and 8 degrees of freedom had a result of  $\chi^2=98,58884$  which is more than tabulated  $\chi^2$  value of 15,6. The result of this analysis was statistically significant enough to accept

the basic hypothesis and reject the Null hypothesis, which states that there exists relationship between socioeconomic status of students and students' buying behavior. So, for the analyzed population we can say that buying behavior of the international students depends on their income status. In other words, more they earn, more they spend for the mobile phone.

For the hypothesis #4 we had to check the moderator – social media marketing and its impact on the brand awareness to buying behavior relation. The test showed that there is a relation btw main values of DV and IV and the moderation impact of the SMM on it, however, the ANOVA significance result equals to ,035 which is higher than ,005 and we cannot accept it. The result of analysis was statistically insignificant to reject Null hypothesis, so H0 was accepted and alternative was rejected. For this test we could conclude that there is no significant moderating impact of the SMM on the analyzed population's BA to BB relation, thus we cannot use SMM to adjust that relation. In other words, it is hard to change analyzed populations BA by using SMM on that manner that they would change their BB.

The result of H3 analysis was furtherly used to test H5. The last hypothesis, which is #5, stated that there is a moderating impact of the moderator – SMM, on the IV to DV relation, where IV is Income status and DV is buying behavior. The ANNOVA of the test equals to ,000 which is 100% statistically reliable and we could start thorough analysis of the moderation impact by each socioeconomic group. Each graph showed different results, but with tendency to increase annual expenditures for the mobile phones. The most impact was observed for the richest group, who spends most time in the social media and at the same time spends more fees for buying mobile phones, at the same time there is some interesting observations for other groups, which together mean that there is a positive moderating impact of the SMM on the SS – BB relation.

## 4.2 Recommendations

The market of mobile phones is controlled by a few numbers of main international brands and the number of mobile phone users is increasing day by day as some poorest countries are gaining even more access to such products. There is very stiff competition

in this market and main leaders according to this research are: Apple (56,7%), Xiomi (17%), Huawei (12%) and Samsung (11%). How can a marketer of a mobile phone selling retailer use the obtained information from this research? For that reason we can quickly review some target marketing options which could be chosen while making social media marketing. Among the main options such as gender, age, country and language, education, work, etc. there can be chosen also income targeting. When a prospect signs in, modern social media platforms use demographic information synthesized from account information, activity on profile properties, and third party data source from other social networking sites to determine that account's characteristics.

We will choose Facebook as one of the most popular platforms, however marketers can choose any other which they consider as more attractive for their target audiences.



Figure 4-1 Targeted SMM Options in Facebook

Gender	Age	Household income
<input type="checkbox"/> Female	<input type="checkbox"/> 18 - 24	<input type="checkbox"/> Top 10%
<input type="checkbox"/> Male	<input type="checkbox"/> 25 - 34	<input type="checkbox"/> 11 - 20%
<input type="checkbox"/> Unknown ⓘ	<input type="checkbox"/> 35 - 44	<input type="checkbox"/> 21 - 30%
	<input type="checkbox"/> 45 - 54	<input type="checkbox"/> 31 - 40%
	<input type="checkbox"/> 55 - 64	<input type="checkbox"/> 41 - 50%
	<input type="checkbox"/> 65+	<input type="checkbox"/> Lower 50%
	<input type="checkbox"/> Unknown ⓘ	<input type="checkbox"/> Unknown ⓘ

Figure 4-2 SMM Options in Facebook including income

Figures 4-1 and 4-2 describe targeted SMM option. The household income in this platform is chosen as a percentage of population. Its actual amount would vary from country to country, therefore marketer should know exactly how much is average income in the targeted country for effective marketing. As for the research, our analyzed population is international students, whose average monthly income is between 0 – 10000\$ with gender ratio of males to females equal to 62% to 37%. The age profile of respondents was reviewed and it showed that 80% of the respondents are aged from 18 to 30 years old. Provided information was enough to give us a picture of target audience to which the results of this research could be implemented: International students, mainly males, under 30 years old with income from 0-10000, making 5 different socioeconomic groups. There are some recommendations to be developed furtherly for the target socioeconomic groups separately. The following are the specific recommendations obtained from this study for each socioeconomic group.

#### **4.2.1. Socioeconomic Class with the Least Income Level as Target Consumer Group**

Findings from the study suggested the following strategies to be implemented for the socioeconomic group with average monthly income from 0-300\$: For this group SMM has low effect, they spend about 1-4 hours in social media platforms, but none of them has ever bought a mobile phone after watching its ads on the social media, however 50%

of them think they could make so in future, therefore companies can rely on SMM as low-effective advertising tool (about 15% efficiency for the analyzed population). This group spends ~171\$ annually for purchasing mobile phones, therefore model of the product on the advertisement should not exceed this price. This target group uses mainly Apple(33%), Samsung (26%), Xiomi(13%), Huawei(13%) and other brands(13%), seller should take into consideration this brand profile while making advertising.

#### **4.2.2 Socioeconomic Class with Low Income Level as Target Consumer Group**

Findings from the study suggested the following strategies to be implemented for the socioeconomic group with average monthly income from 300-500\$:

This group mainly spends about 7 hours in social media, 36,6% of them has bought mobile phone after watching its ads on the social media, 30% of them think they could make so in future, therefore companies can rely on SMM as strongly-effective advertising tool (40,8% efficiency for the analyzed population).

This group spends ~280\$ annually for purchasing mobile phones, therefore model of the product on the advertisement should be around this price. This target group uses mainly Apple (46,6%), Samsung (16,6%), Xiomi(23,3%), Huawei(6,6%) and other brands(6,6%), seller should take into consideration this brand profile while making advertising of a certain brand.

#### **4.2.3 Socioeconomic Group with Middle Income Level as Target Consumer**

##### **Group**

Findings from the study suggested the following strategies to be implemented for the socioeconomic group with average monthly income from 500-100\$: Students in this group spend 7,48 hours per day in social media, 35% of them has bought mobile phone after watching its ads on the social media, 27,5% of them think they could make so in

future, therefore companies can rely on SMM as strongly-effective advertising tool (45,6% efficiency for the analyzed population).

They annually spend ~355\$ to buy mobile phones, therefore model of the product on the advertisement should be around this price.

Dominating brand in this group is Apple (60%), followed by the Xiami (17,5%), Huawei (15%), Samsung (2,5%) and other brands (5%), sellers should take into consideration this brand profile while making advertising of a certain brand.

**4.2.4 Socioeconomic Group with High Income Level as Target Consumer Group**  
Findings from the study suggested the following strategies to be implemented for the socioeconomic group with average monthly income from 1000-10000\$:

People of this group daily spend 2,2 hours in social media, 17,6% of them has bought mobile phone after watching its ads on the social media, 11,7% of them think they could make so in future, therefore companies can rely on SMM as low-effective advertising tool (29,5% efficiency for the analyzed population).

This group annually spends around ~444\$ for mobile phone purchase, therefore model of the product on the advertisement should be around this price.

Most of them use Apple (70,5%), some use Huawei(11,7%), Xiami(5,9%), Samsung (5,9%) and other brands(5,9%), sellers should take into consideration this brand profile while making advertising of a certain brand.

#### **4.2.5 Socioeconomic Group with the Highest Income Level as Target Consumer Group**

Findings from the study suggested the following strategies to be implemented for the socioeconomic group with average monthly more than 10000\$:

People of this group daily spend about 6 hours in social media, none of them has bought mobile phone after watching its ads on the social media, however all of them think they could make so in future, therefore sellers can rely on SMM as highly-effective advertising tool to attract new customers, despite the efficiency for now is not so high

(25% efficiency for the analyzed population).

This group annually spends more than ~800\$ for mobile phone purchase, that is the highest possible amount among the analyzed population, so sellers, who seek for buyers through SMM, should choose only Flagman models to attract the richest socioeconomic group.

All of the respondents from this group use Apple devices, therefore sellers should take into consideration this brand profile while making targeted advertising through social media.

### 4.3 Chapter Summary

In this chapter we discussed about findings and develop suggestions and recommendations for future researches. This chapter presents the summary of the study based on the research results /findings, objectives, conclusion made by the study, recommendations made by the researcher and areas for further studies. The general objective of this study is to find out the influence of the SMM on consumer buying behavior by focusing on the mobile phone products and develop effective recommendations for development of the SMM strategies for mobile phone sellers. Specifically, the study aimed to identify effective SMM approaches used to advertise Mobile phone brands, determine ways in which advertisement influence brand awareness and buying behavior and to establish on which manner it effects different socioeconomic groups of consumers.

## 5 Conclusion

The purpose of this study is to explore the impact of social media marketing on the purchasing decisions of students with different socioeconomic status, and then propose the best SMM strategy for companies with different socioeconomic group goals to increase sales. In this study, a convenient sampling method was used. Taking the mobile phone market as an example, the sample data of 104 international students was collected using an online questionnaire survey. Correlation analysis was performed using SPSS software, and the theoretical model was verified using stepwise regression. The results of the study found the direct effects of socioeconomic status and social media marketing on buying behavior, and explored the mediating role of brand awareness between socioeconomic status and purchasing behavior. In addition, the moderating role of social media marketing in the direct and indirect effects of socioeconomic status and buying behavior is also proved. The main conclusions are summarized as follows:

- (1) Social media marketing influence consumers' buying behavior positively. Social media marketing plays a very significant role in influencing consumers buying behavior by providing attracting their attention, arousing their interest, creating desire for the product and finally make them decide to purchase the products. As the questionnaire shows, only less than 2% of the analyzed population does not use social media platforms, however even they can be affected by social media marketing, because SMM influences their peers and for those mobile phone



companies and shops who is interested in the promotion of their products among the target groups aged from 18 to 30 years and for them Social media marketing can be very effective instrument.

- (2) Socioeconomic status positively affects consumers' buying behavior, and brand awareness also positively affects consumers' buying behavior. The results of the study found that the socioeconomic status has a direct effect on consumers' buying behavior. Therefore, for the analyzed population, we can say that the purchasing behavior of international students depends on their income status. In other words, the more they earn, the more money they spend on their phones. The direct effect of brand awareness on consumers' buying behavior is also significant, which means that for the analyzed population, the purchase behavior depends on their level of brand awareness. However, the direct effect of socioeconomic status on brand awareness is not significant. Therefore, the mediating role of brand awareness between socioeconomic status and consumer purchasing behavior has not been verified. This means that in modern society, money does not show your brand awareness, and people from different socioeconomic groups may have the same level of education.
- (3) People from different socio-economic groups have different preferences, social media marketing can significantly moderate the relationship between socio-economic status and buying behavior through different strategies. The results show that social media marketing can significantly enhance the positive impact of social and economic status on buying behavior. Specifically, for low-income socio-economic groups, they spent about 1-4 hours on social media platforms, but they did not buy mobile phones after watching mobile advertising on social media, so the impact of social media marketing on low-income groups is very small, and enterprises can use social media marketing as an inefficient advertising tool. Conversely, social media marketing has the biggest impact on the richest groups, who spend the most time on social media and spend more on mobile phones. Therefore, enterprises can highly rely on social media marketing as an effective

advertising tool to attract customers.

All in all, this study concludes that social media marketing plays vital role in influencing consumers buying behavior if used correctly - by attracting their attention, arousing their interest, creating desire for the product and finally make them decide to purchase the products. During the study, the researcher also found that people from different socioeconomic groups have different preferences and SMM can change their buying behavior in different manner, which was thoroughly demonstrated in the analysis. The result of analysis and its findings was used to develop certain recommendations for mobile phone sellers to improve their social media marketing strategies. Through these advertising strategies, companies and shops would be able to attract more buyers, because of better understanding of their buying behavior and price orientation.

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