

ROLE OF FACEBOOK IN INFLUENCING CUSTOMER PURCHASE INTENTION IN NEPALGUNJ, NEPAL

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ABSTRACT

This study examines the role of Facebook in influencing customer purchase intention in the context of Nepalgunj. In today's complex world of technology, social media has evolved as the new and effective way of marketing a product. With the usage of internet, specially social media has changed the way of operating businesses. To survive and excel in the competitive environment, businesses has to adopt the social media marketing techniques to promote its products. To achieve the objective of the study, a close ended structured questionnaire with five scale Likert scale is prepared and data are collected through online survey with sample size of 216. The study uses SPSS, the Pearson correlation model is used to examine the relationship of attention and interest, trustworthiness, celebrity endorsement, product information and review, Facebook community/group and customer purchase

intention. The focus of the research is on the purchase intentions of customer influenced by facebook. The construct is at the pre purchase and leads the motivational aspects that affect customer behavior. The finding of this study indicates that of attention and interest, trustworthiness, product information and review, Facebook community/group, have a significant role on customer purchase intention in Nepalgunj, Banke, Nepal while celebrity endorsement does not affect on customer purchase intention.

INTRODUCTION

In today's context, One of the leading and increasingly growing online medium is Facebook. Facebook is one of the efficient and effective platform for doing businesses as it has high potential to cater the needs of new customer, build public relationships and is also used as platform for online marketing communication. Facebook has become an important marketing destination for effective promotion these days with its special features and ability to spread information across the network. Facebook is one of the convenient path for consumers to communicate easily with brand representative. Using the internet, social media, mobile apps, and other digital communication technologies has become a part of billions of people's daily lives (Stephen, 2016).

Based on the findings from McKinsey(2011), smart phones, websites of social media, customer devices have enabled to add information, by a number of people all over the globe. Among various social media, Facebook is one of the most popular social media because of it's great potential to outreach almost most of the parts of the world. In fact, it is considered as an interactive instrument which increases customer understanding by letting interpersonal communication. Thus, it act as a stage where customer share their thoughts, provide recommendation, reviews and opinions about company's product and as well as their experiences and feedback with the company. Therefore, Facebook has now become a creative advertising platform due to its enormous usage around the world, where both marketers and business organization place their advertisement strategies to reach the selected customer. However, customer expectations from social

media marketing can be significantly different from other advertising platforms; here, the audiences expect sales and marketing information and the authenticity of product information (Weinberg, B.D., & Pehlivan, E., 2011). Facebook features allow marketers and business to cater selective audience as well as showcasing their products or services through different channels.

Facebook has become an integral part of our daily lives as user consume most of their time on social media every week, either from their computers or smartphones. This has excelled many organizations to invest a large amount in Facebook ads. But these marketing strategies will not succeed without ultimate planning and implementation. Therefore, the main aim of using Facebook to create impact on the decision-making process of the customer buying. The aim of the study is to determine the key factors that could influence the customer's purchasing intention for products and services that are promoted through Facebook ads in Nepal.

The previous discussion reveals that the empirical evidence varies greatly across the studies concerning the impact of Facebook on consumer buying behavior. Though there are above mentioned empirical evidence in the context of other countries and in Nepal, but no such findings using the most recent data exist in the context of Nepal. In addition, this study tries to understand the relevant conceptual model that could be outlined to provide a relevant idea of the key aspects of Facebook advertising and the key factors associated with Facebook ads that might influence the purchasing intention of the customer.

Facebook has brought new platforms for organizations to reach and interact with their current as well as potential customers. But the number of options present to customers and the ever-changing characteristics of the market has become important for companies to get insight into customer purchase intention and to meet customer's expectations. This study shows relationship among celebrities, Facebook group, Facebook ads, product information, trustworthiness and customer purchasing intention.

The objective of the paper is:-

- i. to study relationships of attention and interest, trustworthiness, product information and review, Facebook community/group, celebrity with customer purchasing intention.
- ii. to assess the change in customer's buying intention through Facebook activities.
- iii. to identify factors affecting consumer purchase intention while using Facebook.

REVIEW OF LITERATURE

Today, product marketing has been affected by the growth and development of markets as well as the development of mass media and digital tools, so it has undergone considerable changes (Felix, R., Rauchnabel,P., & Hinsch,C., 2017). Conventional marketing is no longer able to cater the changing needs or preferences and behavior of customers. Hence, new and innovative marketing methods have won a special place for themselves (Filo K., Lock, D., & Kark.A, 2015)

Assaad and Gómez (2011), based on their study on “Social Network in Marketing (Social Media Marketing) Opportunities and Risks” state that business can take benefit through applying social network marketing in order to cooperate with companies to achieve their goals.

Moreover, Agarwal, R., and Karahanna, E.(2000), found that when social media users are deeply involved in the information disseminated through social media advertisements, they experience a state of cognitive absorption. The nearest relevant information on the topic could be drawn from the study conducted by Motwani,D.,Shrimali,D.and Agarwal,K(2014), on “Customers’ Attitude towards Social Media Marketing” with an aim to determine the impact of social media marketing on the attitude of consumers’. The implication of the study revealed the customers’ attitude and preference towards the

social media marketing. Social media not only makes customers aware of brands, but customers also prefer the brands advertised through social media while making their final purchase, although the research was confined to Udaipur and generalized to overall social media rather than focused on Facebook.

A study conducted by Rehman et al. (2014) made on “How Facebook Advertising Affects Buying Behavior of Young Customers: The Moderating Role of Gender.” This study was based upon the data conducted on 309 Facebook users in Pakistan which focuses more on the buying behavior of young customers. As per the observation, the effectiveness of Facebook marketing is a well-practiced marketing tool by marketers but extensive research on demographic features of customers, its effectiveness, and effectiveness on the buying behavior is probably not considered.

GAP ANALYSIS

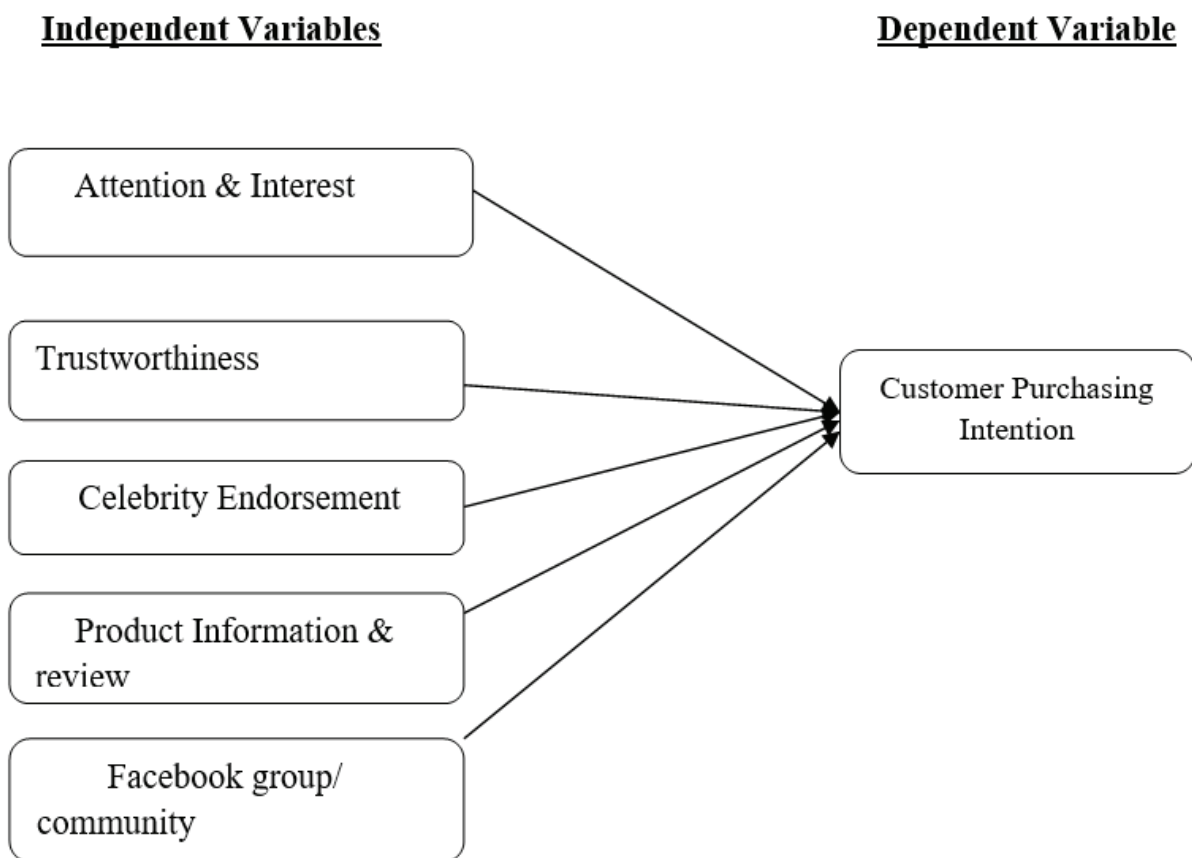
There's a gap in understanding how to scale successful social marketing interventions and ensure their sustainability over time, especially in low-resource settings. As much research has been done on Social Media Marketing on consumer buying behavior, but no research is done on “Role of Facebook in influencing customer purchase intention with special reference to Nepalgunj, Banke, Nepal”.

CONCEPTUAL FRAMEWORK

The relationship between dependent and independent variables are presented as below:

FIGURE 1

Theoretical Framework



1. Dependent Variable

Customer Purchasing Intention: Customer purchase intentions refer to an individual's

willingness to purchase a certain product or service (Ajen,A., & Fishbein, M., 1980). It is a decision-making process where customers develop an actual willingness or desire to purchase the product. In this research, in line with Pavlou (2003), online purchase intention is understood as the degree to which a customer is willing to buy a product through an online store. (Toor,A.,Husnain,M., and Hussain,T.(2017) conclude that purchase intention is a likelihood of a customer to purchase a product since it is a indicator for evaluating customer behavior.

2. Independent Variables

a. Attention and interest

A study indicates that Facebook advertising is a useful strategy to create awareness about the existence of business and the product and services they are offering. Similarly, some of the author stated that advertisement itself create likeness, attraction and influence customer buying behavior in a positive way. This indicates that Facebook advertising has influence in converting likeness of something toward intention to purchase.

- **Number of likes:** It is the number of likes given by a Facebook user to the page or the post for the product, service or organization. The moment user's click on the 'like' button option of the particular page, he/she has voluntarily opted for online communication and network with Facebook users. Richard and Guppy (Richard,J.E., & Guppy,S., 2014) disclose that customers nowadays are more likely to engage in online purchasing because of the higher number of likes, the higher the purchasing intention will be.

- **Comment Posting:** Placing a comment and writing a product or service review is considered as organic word-of-mouth advertisement in which customers are likely to share their thoughts and experiences of particular item or product. A good comment or review on product or service is going to lead customer to purchase the product, on

the other hand, bad comment will lead to a failure of customers' purchase.

● **Sharing Post:** Facebook provides multiple features and one of the features is where users can share any post or page that they think are important and relevant according to them. By clicking on the 'share' button, users can share any post that they are interested in so that it can be visible to their wall as well as their friend's newsfeed. Hence, if a particular product is shared by many Facebook users it influences customer buying behavior.

b. Trustworthiness

Building trust among your target customers is the key to creating a positive brand image. And with so many advanced features in social media today, the process of establishing that trust factor has become complex and easy at the same time. Trust, as "a state of mind that includes accepting vulnerability based on positive expectations of the intentions or behavior of others," is especially important online due to the huge information asymmetry inherent in the Internet and customer uncertainty.

c. Celebrity Endorsement

Celebrity endorsement, also known as celebrity advertisement, is a marketing strategy that uses a celebrity's fame and image to promote a brand or product. This helps to increase sales in the short term and brand awareness in the long term. It is mainly used while introducing a new product, market expansion or brand repositioning. Thus, the product advertised by celebrity creates interest in particular product.

a. Product information and Review

The company's profile page is a professional introduction and aims to inform people

(both regular and potential buyers) about the product. The information and review from company's profile page regarding product influence customer purchasing intention. Thus, a well written product review and information is a great opportunity for a company to differentiate itself.

b. Facebook group/ community

Different related news and updates about particular product in groups such as Nepalgunj Gallery, Kholpur Gallery helps customer to know about product and services. Nowadays, most of the marketers are similarly involved in B2C (Business to Customer) marketing similarly, customer also involve in C2C (Customer to Customer) marketing where they advertise their product. This directly affects customer purchasing intentions since news and updates provide useful information.

RESEARCH METHODOLOGY

Research design is a “master plan specifying the methods and procedures for collecting and analyzing the needed information” (Zikmund, 1997). The design used in this research methodology is descriptive design. This research design is undertaken to collect large information within a particular field of study. A total of 216 Facebook users of Nepalgunj sub-metropolitan city took part in survey through online survey via e-mail, Facebook group and post and WhatsApp. The convenience sampling method was used to select the samples.

To collect the data, a survey was carried out by distributing a set of structured questionnaires through Google form. The questionnaire is based on Likert scales ranging from strongly agree to strongly disagreement.

Descriptive data analysis method is carried out in SPSS where researcher calculated mean, percentage, Cronbach's Alpha and Pearson correlation to present the socio-demographic variables and customer purchase intention.

RESULTS AND DISCUSSION

Demographic Profile of the Respondents

The demographic profile of the respondents includes the gender, age group, educational qualification and marital status. Table 1 shows the demographic profile of the respondents.

Table 1: Demographic Profile of the respondent

Respondents character	No. of respondent	Percentage (%)
Gender		
Male	107	49.54
Female	109	50.46
Total	N=216	100
Age group		
11-19	19	8.8
20-35	165	76.39
36-50	25	11.57
Above 50	7	3.24
Total	N=216	100
Educational Qualification		
SLC/SEE	9	4.17
+2	30	13.89
Bachelor	127	58.8
Masters	50	23.15
Total	N=216	100
Marital status		

Single	162	75
Married	54	25
Total	N=216	100

Source: Authors' calculation based on field survey.

In this study, there are total of 216 respondents, out of them 107 are male and 109 are female. In percentage there are 49.54% male and 50.46% female. Based on this demographic profile, the study gives information that female participants are more in number as compared to male participants. Similarly, the number of respondents in the age group between 11-19, between 20-35, between 36-50 and above 50 are 19, 165, 25 and 7 respectively. In percentage, the respondents are 8.8%, 76.39%, 11.57% and 3.24% respectively.

Out of 216 respondents, the educational level of 9 respondents is SLC level, 30 respondents is +2 level and 127 respondents have undergraduate level of qualification. Similarly, 50 respondents have a graduate level of qualification. In percentage, 4.17% are SLC level, 13.89% are +2 level, 58.8% are undergraduate level and 23.15% are graduate level respondents. As far as respondents' marital status is concerned, out of 216, 162 respondents are unmarried and 54 are married. In percentage, there are 75% unmarried and 25% married.

Factors affecting customer purchase intention while using Facebook

The relationship between celebrities, Facebook group, Facebook ads, product information, trustworthiness and customer purchasing intention was calculated using the scale of five point Likert scale starting with 'strongly agree' 1 to 'strongly disagree' 5.

Table 2: Customer purchase intention while using Facebook

Code	Statement	N	Mean	Std. Deviation
AI1	You pay attention to number of likes and comments posted for product/services in the page/post.	216	2.15	0.782
AI2	Post shared creates interest in you regarding product/ Services.	216	2.14	0.761
AI	Attention and interest(Overall)	216	2.14	0.637
Code	Statement	N	Mean	Std. Deviation
TW1	The information provided by Facebook ads is accurate/ trustful.	216	3.05	0.842
TW2	You trust the brands that are advertised in Facebook.	216	2.99	0.821
TW	Trustworthiness (Overall)	216	3.02	0.739
Code	Statement	N	Mean	Std.Deviation
CELBT	Advertisements done by celebrities/public figure/social influencer in Facebook attracts you the most.	216	2.38	0.907
Code	Statement	N	Mean	Std. Deviation
PIR	Product information and review from company's profile page/post influence your buying intentions.	216	2.09	0.703
Code	Statement	N	Mean	Std. Deviation
FBGRP1	You pay attention to news and update in Facebook groups/community.	216	2.10	0.705

FBGRP2	You see yourself as active member of group/Community.	216	2.52	0.884
Code	Statement	N	Mean	Std. Deviation
PI1	Different call-to-action button like shop now, sign up, call now, send message, send whatsapp will be helpful to purchase product/services.	216	2.13	0.808
PI2	Facebook ads/post are useful strategy to attract customer.	216	1.83	0.675
PI3	The comment about product/brands/services in Facebook are valuable while purchasing product/services.	216	1.98	0.843

The result shows the descriptive statistics of an individual item and total of attention and interest sub factors. The statement with code AI1 has 2.15 mean and 0.782 standard deviation. Similarly, the statement with code AI2 has 2.14 mean and 0.761 standard deviation. The aggregate mean of attention and interest is 2.14 with standard deviation 0.637. The result shows the descriptive statistics of an individual item and total of trustworthiness sub factors. The statement with code TW1 has 3.05 mean and 0.842 standard deviation. Similarly, the statement with code TW2 has 2.99 mean and 0.821 standard deviation. The aggregate mean of trustworthiness is 3.02 with standard deviation 0.739. The descriptive statistics of a celebrity endorsement with code CELBT has 2.38 mean and 0.907 standard deviation. It's aggregate mean and standard deviation is also same. The descriptive statistics of a product information and review with code PIR has 2.09 mean and 0.703 standard deviation. It's aggregate mean and standard deviation is also same. The result shows the descriptive statistics of an individual item and total

of Facebook group sub factors. The statement with code FBGRP1 has 2.10 mean and 0.705 standard deviation. Similarly, the statement with code FBGRP2 has 2.52 mean and 0.884 standard deviation. The aggregate mean of Facebook group is 2.31 with standard deviation 0.681.

The statement with code PI1 has 2.13 mean and 0.808 standard deviation. The statement with code PI2 has 1.83 mean and 0.675 standard deviation. Similarly, the statement with code PI3 has 1.98 mean and 0.843 standard deviation. The aggregate mean of purchasing intention is 1.98 with standard deviation 0.593.

CORRELATION

Correlation is defined as a statistical tool which is used to measure the degree of relationship between two or more variables. The coefficient of this analysis ranges from -1 to +1. A positive correlation means that the values of both variables increase or decrease together. Whereas negative correlation means an increase in the value of one variable decreases the value of another variable. However, in statistical terms we use correlation to denote association between two quantitative variables. We also assume that the association is linear, that one variable increase or decreases a fixed amount for a unit increase or decreases in the other.

Table 3: Correlation Matrix

Correlations		
		PI
AI	Pearson Correlation	.221**
	Sig. (2-tailed)	.001
	N	216
TW	Pearson Correlation	.181**
	Sig. (2-tailed)	.008
	N	216
CELBT	Pearson Correlation	.101
	Sig. (2-tailed)	.140
	N	216
PIRT	Pearson Correlation	.276**
	Sig. (2-tailed)	.000
	N	216
FBGRP	Pearson Correlation	.359**
	Sig. (2-tailed)	.000
	N	216
PI	Pearson Correlation	1
	Sig. (2-tailed)	
	N	216
** . Correlation is significant at the 0.01 level (2-tailed).		

Source: Authors' calculation based on field survey.

The above table shows the relationship between independent variables and dependent variables using Karl Pearson correlation coefficient. There is a significant relationship between independent variables (attention and interest, trustworthiness, product information and review and Facebook group) and dependent variable (purchasing intention) except celebrity endorsement. Hence celebrity endorsement is not correlated.

RESULT OF HYPOTHESIS TESTING

H1: The relationship of attention and interest with purchasing intention is significant.

The correlation result indicates the positive relation of attention and interest with purchasing intention. Thus, H1 is accepted.

H2: The relationship of trustworthiness with purchasing intention is significant.

The correlation result indicates the positive relation of trustworthiness with purchasing intention. Thus, H2 is accepted.

H3: The relationship of celebrity endorsement with purchasing intention is significant.

The correlation result indicates the negative relation of celebrity endorsement with purchasing intention. Thus, H3 is rejected.

H4: The relationship of product information and review with purchasing intention is significant.

The correlation result indicates the positive relation between product information and review with purchasing intention. Thus, H4 is accepted.

H5: The relationship between of Facebook group with purchasing intention is significant.

The correlation result indicates the positive relation of Facebook group with purchasing intention. Thus, H5 is accepted.

CONCLUSION

After the processing and analyzing of the data, it can be concluded that Facebook marketing has created a great impact on the buyers of Nepalgunj. From this study it has been found that there are different factors affecting customer purchasing intention. Some of the factors are Facebook items (number of likes, comments and post share), Facebook ads, Facebook group, and celebrity endorsement. Nearly 50% of respondents agreed that the number of likes, comments and posts shared influence customer purchasing decisions. Out of 216 respondents, 113 remain neutral toward brand that are advertised on Facebook. However, only a few people trust the information that is advertised on

Facebook. Most of the respondents agreed that celebrity endorsement attracts customers toward products but some of them disagree that celebrity endorsement do not attract them. Most of the respondents agreed that information about product review from the company's profile page influences their buying intention. Since Facebook groups are the main source of information, most of the people pay attention to news and updates in Facebook groups and see themselves as active members. Most of the customers agreed that different call-to-action buttons and comments about products are helpful when purchasing products/services. This study concludes that people pay attention to the number of likes and comments posted, and it affects their buying decision making. The participants are most likely to take under consideration the several factors like advertising and promotion in social media, Facebook messages, Facebook groups and reviews of item while considering the purchase decision for a product or services whereas celebrity endorsement is not considered for making a purchase decision for purchase as per the study conducted. Marketers have to be very specific and intensive regarding the needs of customers, aiming to focus the expansion of the business.

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