



3rd Global Conference on Business and Social Science-2015, GCBSS-2015, 16-17 December
2015, Kuala Lumpur, Malaysia

Determinants and Impact of Online Social Interaction on Online Buying Behaviour

Nina Farisha Isa^{a*}, Noor Akma Mohd Salleh^b, Azmin Azliza Aziz^c

^{a,b,c} Faculty of Business & Accountancy, University of Malaya, 50603, Kuala Lumpur, Malaysia;

Abstract

Interactions in the e-commerce between companies and consumers are mainly through the retailer's Web site, interactions in social media such as Facebook are mainly based on virtual activities between consumers and consumers. The primary purpose of this paper is to investigate the determinants of consumer buying behaviour and the role of online social interaction on online buying. Results of natural experiment indicate that online social interaction among the consumers will change the opinion of buying behaviour.

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Peer-review under responsibility of the Organizing Committee of the 3rd GCBSS-2015

Keywords: Social Media, Online Social Interaction, Social Influence, Consumer Buying Behaviour, Field Experiment.

1. Introduction

With the advances of the Internet technologies, social media communication channel has become a new kind of medium that connects business to business, business to consumer, and consumer to consumer. Before the Internet era, communication were limited by available technology like word-of-mouth, letters, and telephone and constrained by location, to certain family members, friends, colleagues, and acquaintances. The current trend of social media communication channel encompasses a wide range of online communication such as word of mouth, forums (e.g., blogs, discussion boards, chat rooms, e-mail, and consumer product or service rating websites) and social networking

* Corresponding author. Tel.: +60192132808

E-mail address: nina_127871@siswa.um.edu.my

sites (Cummins, Peltier, Schibrowsky & Nill, 2014). Among the best known of social media are Facebook, LinkedIn, Instagram, Twitter, etc. Each of these are used by hundreds of millions of people, and most importantly now by businesses.

Social media communication channel provides opportunities for firms to connect and interact with the trading partners and consumers with greater reach (Thackeray, Rosemary, Neiger, Hanson & McKenzie, 2008). For instance, social media connect business to business by coordinating and controlling the promotional elements to produce a target customer and achieve firms' objectives. At the same time firms are using social media communications to develop market opportunity, market penetration and market development through observation and involvement of consumers. This social media interaction by firms also allows for value creation such as brand awareness, brand consciousness and brand community among consumer (Hutter, Hautz, Dennhardt & Fuller, 2013; Laroche, Habibi & Richard, 2013). With this social media communication, businesses are now focus on the consumer social oriented rather than product oriented (Huang & Benyoucef, 2013). All these value creations are made possible because firms can generate their own online content using this new form social media to engage themselves with the consumers.

Most importantly, this new social media interaction also allow consumers to generate content and interact among themselves online (Lai & Turban 2008; Gruzd et al. 2011). For example, social media communications allow consumers to become active co-constructors of life experiences and meanings of product consumption (Firat and Dholakia, 2006). This life experiences and meanings of product consumption by consumers provide a symbolic value to other consumers that go beyond the consumers' need based on the benefits that a product can offer ((Royo-Vela & Casamassima, 2011; Schau, Muniz & Arnould, 2009; Dobers & Strannegard, 2005). Thus, consumers can make social identity statements about the product among the consumers (McIntyre and Miller, 1992). The advent social media communication channel has extended consumers' options for gathering unbiased product information from other consumers. The social media communication channel provides the opportunity for consumers to offer their own consumption-related advice by engaging and interacting among themselves (Mangold & Faulds, 2009).

Many consumers tend to wait for the opinions of early consumers before making a buying decision to reduce the risk of buying unnecessary new product (Kim and Srivastava, 2007). They can learn from and be affected by other consumers' opinions and/or others' actual buying decisions. For instance, when choosing between two restaurants, an individual may be heavily influenced by the opinions and experiences of her friends or by simply observing other diners in the restaurant even though they do not know the diner identities and reasons for the diners choosing the restaurant (Becker 1991). According to Sinha and Swearingen (2001), consumers are far more likely to believe recommendations from people they know and trust (i.e., friends and family-members) and people with similar experience build the trust based on common experience (Zhang & Gu, 2015). Hence, consumers tend to be influenced by their social interactions with others when they make buying decisions (Godes et al. 2005). Rather than from automated recommender systems, consumers are far more likely to believe information and opinions from trusted acquaintances and are convinced to make purchase.

Quinn and Dutton (2001) suggest social interaction can generate and diminish the feelings of enthusiasm and confidence by individual that in turn affect a range of outcomes (e.g., decision and action). Therefore, social interaction among people is significant. According to a medical report by University of Rochester medical Center (2014), social interaction will contribute to better health, high self-esteem and low mood disorders such as anxiety and depress. Whereas those people with deficiency of social interaction will have feelings of distress and depression (Rauktis, Koeske & Tereshko, 1995). In the offline context, social interaction is an ongoing social process, whereby value is created when there negotiations among various stakeholders. However, they also impose new challenges because separate strategic actions are often required to manage social interaction. Key business factors of social media allow consumers to estimate products, make recommendations to contacts or friends, and share any of the purchases through their social media. While advances in technology (i.e., the Internet and social media) can facilitate and manage consumer social interaction, the role and significant of social interaction among consumers related to buying behavior are still unknown. The existing body of knowledge still falls short in explaining the present online purchasing behavior through using social interaction, which represents a new and different context. In line with these arguments, this study focuses the online social interaction and change of opinion on buying behaviour.

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