SOCIAL NETWORKS AS INFORMATION SOURCE FOR THE PURCHASE DECISION PROCESS

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ABSTRACT

The social networks have caused changes in the consumption habits and in the ways of relationship among companies and consumers, emerging a more demanding and informed consumer. In this paper it is aimed to assess the social networks as a source of information for the purchase of goods or services. In the study it was applied a research of exploratory nature through the survey method, conducted through personal interviews using a questionnaire with closed-ended questions. The sample of non-probabilistic type was comprised of 200 individuals from a higher education institution of São Paulo State hinterland. The survey data were analyzed descriptively. Overall, the results showed the use of social networks as a source of information search, in which the main motive is the practicality. The results corroborate the studies of Kotler and Keller (2006) when they state that the consumer seeks information on social networks to help him in the purchase, as Edelman and Hirshberg (2006) when approaching the user confidence in their friends' opinion. For future works it is recommended to check what strategies and in what ways the companies could work in order to provide more detailed

data to Internet users, aiming to support them in the decision making process, especially in the information research activity.

A REDE SOCIAL COMO FONTE DE INFORMAÇÃO PARA O PROCESSO DE DECISÃO DE COMPRA

RESUMO

As redes sociais têm provocado mudanças nos hábitos de consumo e nas formas de relacionamento entre empresas e consumidores, das quais emerge um consumidor mais exigente e informado. Neste trabalho objetiva-se avaliar as redes sociais como fonte de informação para a compra de bens ou serviços. No estudo, foi aplicada uma pesquisa de natureza exploratória por meio do método *survey*, ou levantamento, realizada por meio de entrevistas pessoais com aplicação de questionário estruturado com perguntas fechadas. A amostra do tipo não probabilística foi composta por 200 indivíduos de uma instituição de ensino superior do interior paulista. Os dados da pesquisa foram analisados de forma descritiva. De modo geral, os resultados apontaram o uso das redes sociais como fonte de busca de informações, cujo principal motivo é a praticidade. Os resultados corroboram os estudos de Kotler e Keller, quando afirmam que o consumidor busca informação nas redes sociais para subsidiar a compra, assim como Edelman e Hirshberg, quando abordam a confiança dos usuários na opinião de amigos. Para trabalhos futuros, recomenda-se verificar quais estratégias e de que forma as empresas poderiam atuar para fornecer dados mais detalhados aos internautas, visando apoiá-los no processo decisório, especialmente na busca de informações.

1. INTRODUCTION

The marketing philosophy, where currently the starting points are the consumers' needs and desires and the evolution of Information and Communication Technologies (ICT), have developed a challenging scenario for marketing executives. Therefore, it is vital that the organizations are aware of the variables that consumers perceive as important when deciding on the purchase.

The research sought to answer the following question: What is the reason for searching for information on the social networks? Therefore, the main objective is to understand the reasons for seeking information on the social networks. As a secondary objective, it was sought to identify the most searched categories of products on this channel.

It is crucial to understand and to analyze the factors that affect the purchasing behavior so that the marketing professionals can better direct their efforts. The adoption of digital technologies and social networks has motivated the change in the consumption habits and the ways of relationship among consumers and the retail market, causing the rise of a digital and multichannel consumer. It is a more demanding and rational consumer in his purchases, in which the internet has great influence on the information search for the product choice, since it allows comparisons and information on features as well as prices and conditions, services, warranty and ways of using (Souza, 2010).

This work is dedicated to the social networks investigation as a source of information search for the purchase of products, and is based on studies of Lepkowska-White (2004), Constantinides (2004), Page and Lepkowoska-White (2002) and Parasuraman and Zeithaml (2002).

Given the breadth of concepts approached within the scope of consumer behavior in the context of social networks and the Internet, this study did not intend to exhaust all the relevant variables for each concept discussed here. It is worth mentioning the possible bias of these variables choice, considering the researchers' knowledge and perception, as well as the bibliography used.

Methodological, it must be taken into account the inherent limitations in conducting the exploratory method, considering, in particular, the impossibility of generalizing the results found to the entire universe, since the sample used is of non-probabilistic type and of convenience.

2. LITERATURE REVIEW

2.1 PURCHASE DECISION PROCESS

Consumer behavior is characterized by mental and emotional activities carried out in the selection, purchase and use of products for the satisfaction of needs and desires (Kotler & Keller, 2006). Along this line of reasoning, for Blackwell, Miniard and Engel (2005), the consumer behavior is the sum of the activities directly involved in obtaining, consuming and disposing of goods and services, including the decision processes that precede and succeed these actions. For many scholars, the main factors that influence the consumers' buying behavior are the internal and external factors (Blackwell et al., 2005); (Churchill & Peter, 2000); (Kanuk & Schiffman, 2000); (Solomon, 2002); (Kotler & Keller, 2006).

Blackwell et al. (2005) present a model comprised of seven stages of decision making: recognition of needs, information search, alternatives assessment in pre-purchase, purchase, consumption, post-consumption assessment and disposal. As for the authors Mowen and Minor (2003), they show a generic model of decision making comprised of: problem recognition, search, alternatives assessment, choice and post-purchase assessment.

The first stage of the consumer purchase decision process is the "perception of the difference between the desired state of things and the actual state, enough to stimulate and activate the decision process", according to Blackwell et al. (2005). Once recognized the need, the consumer moves to the second stage and begins to seek internal and external information. Internal information, according to the same authors, is "the tracking and capture of

relevant knowledge to the decision stored in memory" and the external information would be collected from the market. The third stage of pre-purchase assessment involves the way the alternatives are assessed and the fourth stage covers issues such as: "when to buy", "what product and brand to buy", "on which type of retailer to buy" and "how to pay".

For Blackwell et al. (2005), the consumption stage would be "the use of the product purchased by the consumer" and involves some points such as the time, the place and the way as it occurs, and the amount consumed. The penultimate stage of post consumption assessment, according to the mentioned authors, would be the assessment that takes place during and after the consumption of the purchased option. Lastly, the discarding stage, according to Blackwell et al. (2005), refers to the way it occurs – to throw away, to exchange, to donate, to recycle or to resell.

Churchill and Peter (2000) consider relevant in the consumer purchase decision process the social influences and the situational influences. Blackwell et al. (2005) consider three variables that influence and shape the consumers decision making: individual differences, environmental influences and psychological processes. Solomon (2002) understands that the individual as a consumer is influenced by individual factors related to the positioning as decision maker, subcultures and cultures. Kotler and Keller (2006), corroborating the conceptual principles of these authors, adapted the theoretical concepts by presenting a model which demonstrates the influencing factors of the consumer behavior: cultural, social, personal and psychological factors.

Customers have increasingly easy access to information so that they are able to seek better alternatives. With this, they become increasingly more demanding and open to new experiences. According to Kotler and Keller (2006), customers always seek to maximize the value, within the limits imposed by the costs involved in the search and by the limitations of knowledge, mobility and income. They form an expectation of value and act based on it. The probability of satisfaction and repetition of purchase will depend on the offer capability to meet this value expectation or not (Kotler & Keller, 2006). Based on this, it is necessary to map what is valued by the customer and highlight the relevant

attributes for defining a strategy taking into account their needs, expectations and desires.

The competitive advantage lies in finding new ways to meet the customers' desires by delivering the highest expected value (Woodruff, 1997). According to Arora and Singer (2006), although many business leaders are aware of this, it is believed that little is invested to influence this process. Also according to the same authors, there is a gap in the empirical researches aimed at the value role and how to influence this intention.

2.2 SEARCH FOR INFORMATION

As presented previously the search for information is one of the stages of the consumer purchase decision process. Once acknowledgment of the need is activated, the individual moves to the stage of searching for information that will count on the search for existing internal knowledge and external search. According to Blackwell et al. (2005), the stage of information search "represents the motivated activation of knowledge stored in the memory or the acquisition of information of the environment related to the potential satisfaction of needs".

The internal search, which is the first step of this stage, comprises the available knowledge of all the information stored in the individual memory, the past experiences of consumption, the advertisement and publicity and comments from friends, colleagues and relatives that are registered. At this stage, consumers seek the set of available memories in their own memory (Mowen & Minor, 2003).

The second step of the information search stage is the external search, in which consumers will try to find out on available trademarks, the assessment criteria and the attributes of each brand and the benefits they provide (Beattie & Smith, 1987). The intensity and the size of the external search, according to Blackwell et al. (2005) and Mowen and Minor (2003), are related to some factors such as: the accumulated relationship between benefits and costs, the size of the perceived risk in the purchasing, the attitudes towards purchasing and the consumers' educational and income level, as well as their economic status.

To Kotler and Keller (2006), the process of external search is supported on external sources of information which is divided into four types: personal (e.g. friends, family and acquaintances), commercial (e.g. advertising), public (e.g. mass communication media) and experimental (e.g., handling and use of the product).

Also for Kotler and Keller (2006) it is important that organizations identify the most effective competitive appeals and concentrate their efforts so that their target audience takes them into account at the choosing time. A final consideration to be made is the fact that the social networks are increasingly an important part of people's lives and the impact it has at this process as a source of information and also to make purchases (Kotler & Keller, 2006).

2.3 SOCIAL NETWORKS

The Internet is increasingly becoming part of the day-to-day lives and has two important features, according to Crescitelli and Shimp (2012), which are the individualization and the interactivity. The first refers to the fact that users manage to control the information flow and the second allows them to select the information they consider important, and enable the marketing managers to build up relationships with customers with a two-way communication.

Due to the growth of this media and the high range it can provide, advertisers use a variety of advertising formats. Among the main forms of online advertising are the social networks (Crescitelli & Shimp, 2012). The onset of social networks comes in the early 20th century with the means of transportation and communications (McLuhan, 1964). According to Castells (2003), there are three processes that led to a new structure based on social networks:

1. The need of an economy showing management flexibility and the globalization;

2. The society search for individual freedom and open communications;

3. The advances of the computing and telecommunications science made possible by the microelectronics revolution.

Also according to the same author, users can share content such as "network points" and the Internet makes possible an environment for the information exchange and each interference made by a netizen (Internet user), cause it to become more and more complex. Social networks that were once seen as just another form of communication play, today, a key role in people's lives, whether for communicating, seek information, criticize, complain or even to go shopping.

According to Shirky (2003), the Internet enabled people to gather together and organize, and share the information without much supervised effort, thus contributing to the social networks development. To the authors Barabási (2003), Buchanan (2002) and Shirky (2003), social networks are defined as a map of relationships among individuals. Schultz (2007) describes the social networks as "participative sites and of self-expression where members/participants expose, discuss, reveal their personal lives, activities, hopes, dreams and even fantasies so that other participants can see and even feel amazed ".

The first social networks arise with the MSN, AOL Instant Messenger and Sixdegress, and are regarded as Networks 1.0 (Lemos & Santaella, 2010). The Social Networking 2.0 arises with the creation of Orkut, MySpace and LinkedIn, as file and photos exchanges, and information, entertainment and interests sharing. The Social Networking 3.0 is marked by the creation of Facebook and the widespread use of social games as well as the fact of being integrated with other systems, making available the Apps and it stands out for its mobility.

A study conducted by Edelman and Hirshberg (2006), shows the increase in the confidence in ordinary people as information sources. According to the authors, this pattern is hereby called of *network of cross influence*, in which information exchange happens in a dynamic network where all participants express themselves and demand opinions.

A new means of communication arises from the global interconnection of computers, the cyberspace, which according to Levy (1999) "the word specifies not only the material infrastructure of digital communication, but also the oceanic universe of information it holds, as well as the human beings who surf and feed this universe. ". The consumer's role has changed and it is no longer isolated individuals. Currently, they are connected to each other. Social networks are used as sources of information for consumers during the purchase decision process. This network of personal relationships that consists of family, friends and acquaintances brings great credibility to the potential consumer. Therefore, their decisions are well grounded in information and they become active players in the process, providing useful feedback to companies (Prahalad & Ramaswamy, 2004).

3. METHODOLOGY

This research was exploratory in nature as to the goal, aiming to elicit information about the influence in the search for information for the buying process. It was carried out through the *survey* method that, according to Churchill (1999), allows the simultaneous measurement of several variables of interest.

The planning of this research predicted obtaining primary and secondary data. Primary data were collected through personal interviews and through the application of structured questionnaires with closed-ended questions. Additionally secondary data sources, such as consulting the specialized publications were used as well as relevant bibliography (Malohtra, 2001; Lakatos & Marconi, 2006; Mattar, 2001).

The research universe involved individuals aged between 17 and 35 years old of both genders belonging to social classes ABCD (Criterion Brazil). The sample searched is characterized as being non-probabilistic and of convenience. Considering the universe of 6000 youths from an institution of higher education in São Paulo hinterland it was subsequently calculated a sample of 200 cases,

showing 95% of reliability and 6% of sampling error (Fonseca & Martins, 1996; Gil, 2006; Hair, Babin, Money & Samouel, 2005).

The primary data collection was accomplished by applying a structured questionnaire with closed-ended questions. The data collection was made through the application of 200 questionnaires. The research data were analyzed descriptively using the calculation frequency (%) and presented with the assistance of graphs.

4. PRESENTATION AND DATA ANALYSIS

4.1 SAMPLE CHARACTERIZATION

Regarding the socioeconomic profile sample it was composed by 50% of male respondents and 50% of female respondents. As regards the age bracket it is observed that 49% of the respondents aged between 16 and 21 years, 41% are between 22 to 26 years, 6% are between 27 and 31 years, 3% are between 32 to 39 years and 1 % are over 39 years. With respect to the social class it can be seen that class B is predominant, where 38% of respondents belong to the B1 class and 25% to B2 class. In turn, 17% belong to A2 class, 12% to C1/C2 class and 8% to A1 class. We can conclude that the sample is comprised of a group of mostly youths ranging from 16 to 26 years old belonging to B class (Criterion Brazil).

4.2 INTERNET USE HABITS

The results show that regarding the Internet access frequency, 82% of the respondents access it daily, 10% access it two or three times a week, 6% access it once a week, 2% once a month and 2% access it occasionally. This information, that the majority accesses the Internet on a daily basis, reinforces the ideas of Crescitelli and Shimp (2012) that the Internet is increasingly present in the individuals' daily life.

Regarding the place the internet is accessed 58% of the respondents access it from home, 30% from the workplace, 7% from mobile devices, 4% from college and 1% from elsewhere.

Regarding the reasons for using the internet, 41% of the interviewees indicate the use for entertainment, 24% for the professional profile, 18% for research/search for product and services information, 14% for relationship and 3% for purchase.

Meanwhile, regarding the use of social networks, 37% of the interviewees use Facebook, 22% use Twitter, 16% Orkut, 13% LinkedIn, 3% My Space, 8% other social networks and 1% do not participate in any social network.

The profile use of Internet and social networks found in the research reinforce the importance and diversity of these communication channels uses, either to communicate, entertain, seek information, complain or make purchases (Castells, 2003).

4.3 CONSUMPTION HABITS AND DECISION MAKING PROCESS

The change in the consumption habits and in the ways of relationship between consumers and retailers is encouraged by the adoption of digital technologies such as the social networks (Kotler & Keller, 2006). In this regard, it is noted that most of the sample has already bought via Internet and a significant portion claims to be influenced by the networks.

With regard to the purchasing of products over the internet 58% of the interviewees said they did shopping through the digital environment and 42% have never carried out any purchase.

Regarding the social networks influence in the purchase decision, 60% of the interviewees reported they are not affected and 40% claimed to be influenced by the networks. According to Kotler and Keller (2007), customers

always seek to maximize the purchase value building up a value expectation and act based on it.

Most researched product categories
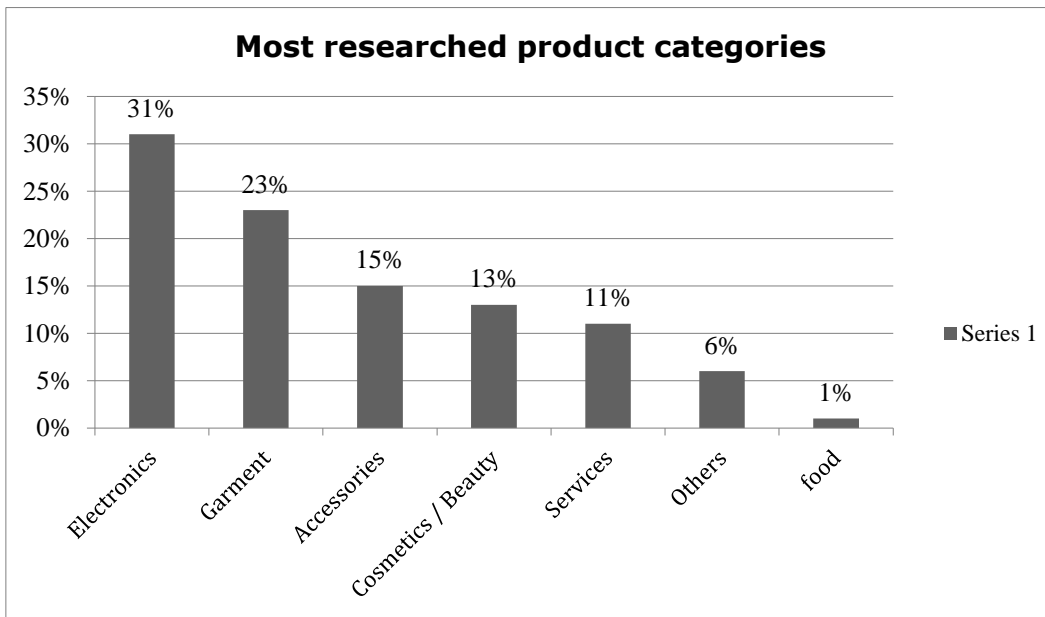
Graph 1 – Most researched product categories
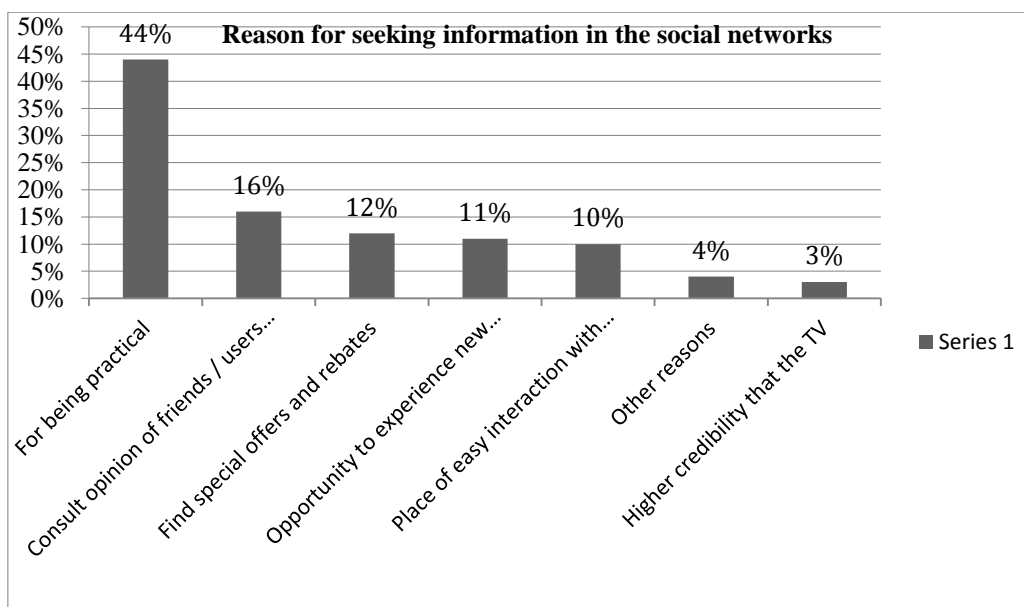Source: Prepared by the Authors, 2013

With respect to the most researched product categories over the internet, 31% of the respondents seek information on electronics, 23% on garment, 15% on accessories, 13% on cosmetic/beauty, 11% on services, 1% on food and 6% on other categories.

Category of the purchased product
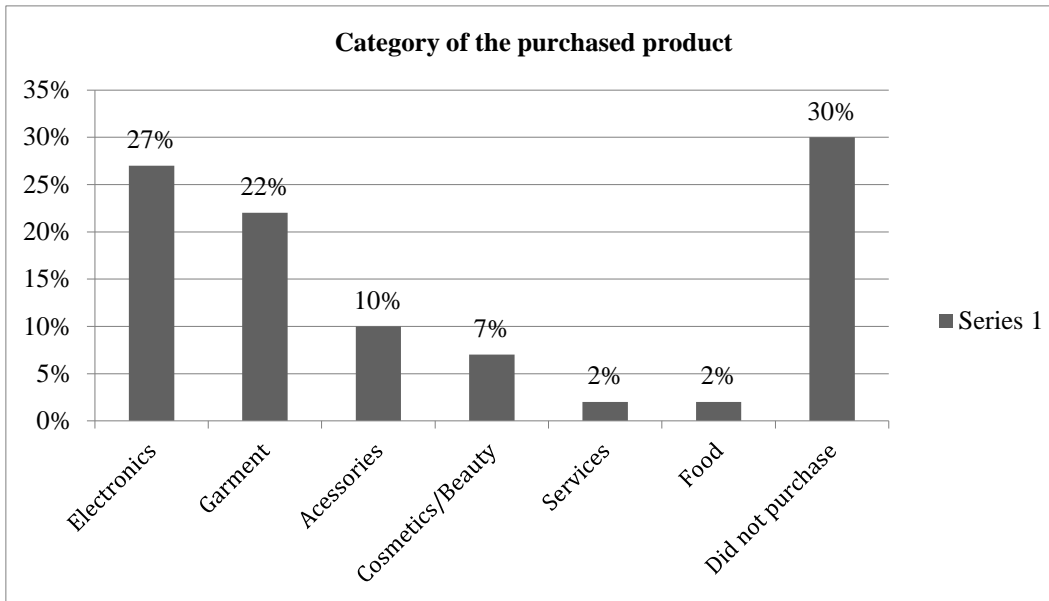
Graph 2 –Category of the purchased product
Source: Prepared by the Authors, 2013

As for the most purchased categories over the internet it is observed that 27% of the interviewees reported they purchased electronics, 22% purchased garment, 10% purchased accessories, 7% purchased cosmetic/beauty, 2% purchased services, 2% purchased food and 30% did not make any kind of purchase.

Graph 3 – Reason for seeking information in the social networks
Source: Prepared by the Authors, 2013

The practicality is the main reason reported by the interviewees to search for information over the social networks – (44%). Coming next it appears the convenience to check the opinion of friends/users that have had experience with the product/service (16%). The other reasons were: Special offers and rebates (12%), the opportunity to experience new products and services (11%) for being a place of easy interaction with other consumers/company in charge (10%), for having higher credibility than TV (4%) and other reasons (3%).

Overall, the results indicate that the use of social networks as a source of search is true for a significant proportion of the sample with 18% of the respondents, however it can be seen that the largest share of Internet users still use the Internet for entertainment (41%), indicating a great potential for growth in the information search activity to support the purchase.

In turn, the practicality is the main reason for seeking information on social networks (44%). In this sense, Shirky (2003) argues that the Internet made it possible for people to gather together and organize, and share the information without much supervised effort thus revealing the aspect of practicality. The second reason is the convenience to check the opinion of friends/users that have already had experience with the product, service or brand (16%).

The results corroborate the studies of Kotler and Keller (2006) and Prahalad and Ramaswamy (2004) when they claim that consumers search information over the Internet aiming at to help them in their purchase as well as Edelman and Hirshberg (2006) when addressing the users' trust in their friends' opinion. The results also demonstrate that the youth seeks to speed up their buying process, as well as the security and validation of their choice through their friends' opinion and the network users.

5. FINAL CONSIDERATIONS

In view of the increased interaction through social networks, companies are becoming increasingly attentive to the consumers' behavior changes, since they are more demanding and they seek information on products and services in this channel. The consumer uses the networks to seek information just before

buying, in order to compare attributes, benefits, warranties and prices or to mention positive or negative experiences on the acquisition and use.

Accordingly, the information disclosed by companies in these communication channels must be more detailed, practical and relevant from the consumer's point of view. Thus, the company's presence in the social networks makes communication more transparent, meeting the need for practicality highlighted in this study.

Social networks can also serve as an important source of information about the consumer. They allow for capturing customer perceptions not only about a product, service or brand, but also about the entire purchase decision process.

Considering the complexity and the diversity of information in the contemporary world, the media and social networks act as agents of change in society. Being so the social networks help consumers and businesses men to establish relationships with each other quickly and in a practical way thus strengthening the social relations among these agents.

Last, from among a wide range of studies that would be necessary for a better understanding the social networks use as a source of information, it is listed below those that seem to be the most relevant.

1. Studies on the benefits of using social networks as source of information search for the *online* trading and for the brick-and-mortar store;

2. To check what strategies companies could use to provide more detailed, practical and relevant information to Internet users, aiming to support them in the decision making;

3. To assess and compare the impacts that social networks can have on the decision-making process in Brazil and other countries;

4. This research was developed through exploratory research. It could have been used the quantitative method and a probabilistic sample that enabled the statistical generalization of the results.

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