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Impact Of UGC on Purchase Intention for Organic Food Products in Delhi NCR

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ABSTRACT:

The rise of Social Media Networks has revolutionized the way information is created, shared, accessed, and consumed by its users. Social media (SM), built on the foundations of Web 2.0, has given the opportunity to its users to create or co-create, and own the content without seeking any explicit permission prior to hosting on the social media. User generated content (UGC) on social media has given rise to another source for consumers to seek credible, clear, and concise information. UGC is increasingly being used by potential consumers to arrive at an informed purchase decision. The trust in the source of UGC is increasingly getting percolated to the trust in message being disseminated by this source. This helps in addressing insecurity related to consumers potential purchase decisions, especially if the purchase category is a high involvement purchase. SM not only allows past users to share their first-hand feedback but also the influencers to share their insights or points of view thus creating an environment of informed choice. The perceived usefulness of such information is critical in making purchase decisions. The online purchase behaviour is increasingly being impacted by UGC.

Keywords: Social Media, User Generated Content, on-line purchase behaviour, perceived usefulness

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1. Introduction

The ecosystem of Social media built on the foundation of Web 2.0 (O'Reilly, 2005) has been influenced by a combination of factors encompassing internet penetration, data speeds, cost of data, technology and bandwidth, and modes of internet access. Companies are increasingly pushing content on Digital media using both Firm Generated content and User Generated content. The era of web 3.0 (Berners-Lee, 2020) is promising a richer experience for Social Media users with immersive technologies and better decentralization of data by making data control more democratic.

Social media is an Internet-based applications hosting consumer-generated content encompassing “media impressions created by consumers, typically informed by relevant experience, and archived or shared online for easy access by other impressionable consumers (Blackshaw, 2005). The purpose of social media may be understood by grouping in two broad categories a) expressive social media where users express themselves by sharing text, video, picture, music, and b) collaborative social media where users share knowledge and content, in general, and work together for a common goal (Kotler, 2023).

Social media content is usually perceived to be credible with the consumer treating equitably both the user generated and firm generated content (Yogesh Funde, 2014).

UGC may be defined as content made publicly available over the Internet reflecting a certain amount of creative effort which is created outside of professional routines and practices (Vickery, 2007). The impact of UGC on customer cognitive trust is significant thereby influencing customers cognitive and emotional trust of online reviews in a closed social network service (Choi, 2017).

Technology Acceptance Model (TAM) theory by Fed D. Davis delved into two theoretical constructs of perceived usefulness (PU) and perceived ease of use (PEOU). While PU was defined as the person's belief of usage of a system leading to improvement in job performance, PEOU was defined as the degree of a person's belief that using a particular system would be free of effort (Davis, 1989). PU was found to be more strongly correlated to user acceptance than PEOU. However, both PU and PEOU were subjective appraisals of people and not necessarily a reflection of objective reality (Davis, 1989). While quantum of learning of information was independent of trustworthy & untrustworthy sources, customer's opinions were significantly impacted in the directions sought by trustworthy sources. This finding from the Source Credibility Model has far reaching implications for sources of UGC (Hovland, 1951-52).

Nearly 60% of India's population of 1.4 billion people, has access to internet. Social media is increasingly used for sharing news with 47% of its users being active consumers largely driven by YouTube, WhatsApp & Facebook (Nic Newman, 2023). Internet penetration in India is expected to grow to 1.6 billion users by 2050 with almost 1.2 billion people expected to access the internet through mobile devices in India. This is being driven on the back of movement towards 5G technology with high-speed data plans at varying price points supported by affordable range of technology compatible mobile handsets. Social media users are expected to reach 1.5 billion by 2050 partially aided by the Indian government's Digital India initiative (Basuroy, 2023).

2. Literature Review

Online consumers reliance on reviews or electronic word of mouth (e-WOM) is well established. Typically, online reviews are any positive or negative statement made by potential, actual, or former customers about a product or company, which is made available to a multitude of people and institutions via the Internet (Hennig-Thurau, 2004). Since the UGC perceived to be based on reviewer's personal experience with consumption of product or service, it is perceived to be more credible, useful, trustworthy and unbiased (Verhellen, 2013). While professionally generated content is increasingly popular among online consumers, there is a growing realization that such content is motivated by commercial interests. Hence, consumers tend to trust the content generated by other users as it is perceivably bereft of commercial interests (Mir I. A., 2013).

Online purchasing is a complex phenomenon where consumers decision are governed by the technology, content, product/ service and experience of fellow users. Online consumers have access to content which is both firm generated and user generated, thereby allowing them exposure to diverse views. Consumers can be persuaded to purchase provided consumers positively trust and support the information irrespective of the sources (Waldt, 2009).

Purchase intention is a self-implied promise to buy the product or service in subsequent opportunities. This has tremendous implications for a companies' sale as they now have a potential consumer base. This in no way undermines the importance of other brand functions such as brand image, product quality, product knowledge, product involvement, product attributes, brand loyalty which also impact purchase intentions (Carmina Fandos, 2006).

With Digital media being ubiquitous and most companies riding the digital bandwagon, it is essential to understand that all else being equal, the easier a system is to interact with, the less effort needed to operate it, and the more effort one can allocate to other activities (Radner, 1975). From a causal perspective, ease of use may be an antecedent to usefulness, rather than a parallel, direct determinant of usage (Davis, 1989). Evidence increasingly points towards dependence of the effective functionality of a system on its usability (N.C., 1987).

YouTube has been found to be a very impactful medium especially in categories where online purchases involve high consumer involvement (Mir I. A., 2013). This drives from the mediums inherent ability to show detailed information of products while allowing users to express their views Content on YouTube is not just limited to UGC but also Professionally generated content (PGC).

Various PGC channels are focused on specific interest areas and are one of the sources of information. Social media users are slowly viewing PGC with a sense of skepticism. Positive remarks in PGC are perceived to be funded by the companies whose offerings are being discussed while disparaging remarks on a company's offerings are being seen as being funded by its competitors.

Firm generated content (FGC) while being an authentic source of information of the company's offerings, is often viewed by potential consumers as biased towards its products or services. This makes the potential consumers see all information with a sense of skepticism unless they have been past users of company's offerings (Mayer, 1995).

Facebook and Instagram have been amongst the popular social media platforms allowing its users to create cum co-create content, post, share, express and review content (Yang, 2019). The creation of consumer interest groups lends a new dimension to product or services information dissemination. These interest groups, which are joined on voluntary basis, allow consumers to freely share their experiences within the group while potentially having the ability to influence purchase decisions of group members (Brown, 2003).

Online consumers can express their emotions on social media through use of various options such as likes, dislikes, emojis, emoticon, subscribe, unsubscribe, repost, repost with comments, forward messages or comment (Khan, 2015). Each of these options not only gives the users an ability to express themselves, but also creates an environment where users can anoint or perceive other users as influencers.

Most online users view the remarks of fellow individual social media users with a greater sense of trust and credibility as they aren't perceived to be part of any group with vested interests. The consumers are slowly but surely learning to view information from various interest groups and arrive at a balanced opinion after due considerations.

Scope of Study

Geography – Delhi NCR

Product genre - Organic Foods

Product category – Pulses, condiments, spices, grains and oils.

Objectives of study

The study had two preliminary objectives which are as follows:

- A) Identify the frequency of purchasing of organic products online by the households
- B) Identify the information factors impacting online organic products purchasing

Hypothesis

H0: UGC doesn't have significant impact of online purchase decisions of organic food products

H1: UGC has significant impact of online purchase decisions of organic food products

3. Methodology

Research design: Descriptive

Sample size: 100

Sampling unit: Users making online purchase cum transaction decisions for organic products

While information is readily available on the internet through various sources, it is important to understand that consumers do not rely only on one source of information while making high involvement purchases especially for food items. It is not always about the amount of money, but the benefits accruing from purchase which drive consumer involvement.

Online purchase of organic food categories

Scaling / food category	Pulses	Condiments	Spices	Grains	Oils
Mostly	23	34	31	33	17
Frequently	17	21	23	19	11
Sometimes	39	24	17	27	23
Rarely	12	15	16	11	30
Never	9	6	13	10	19
Total	100	100	100	100	100

Mostly – Monthly; Frequently – Bimonthly; Sometimes – quarterly; Rarely – Half yearly

Online Information groups impacting purchase

Scaling / information groups	Online Product information	UGC references	Self-usage experience	PGC references	Online Financial benefits
Most valuable	29	37	39	35	31
Usually valuable	23	25	27	24	23
Somewhat valuable	27	21	19	18	24
Hardly valuable	15	13	10	16	14
No value	6	4	5	7	8
Total	100	100	100	100	100

Online feature experience impacting purchase

Scaling / features	Product comparison	Purchase experience	Consumer Ratings	Prior brand exposure	Customer support
Most helpful	10	14	16	13	8
Usually helpful	46	48	51	45	46
Somewhat helpful	28	26	25	28	23
Hardly helpful	16	12	8	14	22
Not helpful	0	0	0	0	1
Total	100	100	100	100	100

Hypothesis testing

Testing Tool: Regression analysis

	Unstandardised coefficients		Standardised Coefficients		
Variable	B	Std. error	Beta	T	Sig.
Consumer Ratings	.645	.079	.653	7.12	.002
Product Comparison	.325	.076	.318	3.43	.003

Since the significance value is less than 0.005, we reject the null hypothesis and accept the alternative hypothesis.

4. Results

- 1) Online purchase of Organic foods is undertaken by nearly 71% of the respondents.
- 2) The online purchases are spread across various categories of organic food indicating a wide acceptance.

- 3) Online purchase of organic foods is largely driven by past user experience, UGC & PGC. This could be because for an essential category such as food, the consumer wants to be sure of health & safety standards, unwilling to take risk.
- 4) Consumer ratings, purchase experience on the site, and prior brand exposure are some major factors impacting consumers online purchase decisions.

5. Conclusions

The role of UGC in determining the consumers online purchase is well established. Consumers increasingly tend to use multiple information sources to arrive at online purchase decisions especially for categories which are high involvement such as food. Information availability from various sources is balanced by the consumers own experience.

Recommendations

- A) UGC can be effectively employed by firms engaged in online sales of spices to create a positive disposition for buying.
- B) Firms would do well to create online communities and PGC around their products to drive consumer engagement and catalyse purchase decisions.
- C) Site features, such as product comparison and call centre support enhance consumer experience.

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