

## **The Impact of Facebook & Twitter on College Students and spending Pattern**

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**Abstract:** *The purpose of this research study is to examine the effect of social media, particularly Facebook and Twitter, on the purchasing habits of college students by testing for correlations between recommendations on social media and spending patterns. Moreover, the research also examines the role of gender and social media usage frequency on consumption patterns. Social media is a popular trend today, especially among college students. Businesses are always looking for new ways to reach customers, especially ones readying to enter the work force. This study examines the impact of social media on the buying habits of college students. The simple random sampling technique was used to select a sample of 275 students. In this study, a quantitative research survey was created to analyse the effect of social media on the consumption patterns of students at a collegiate institution. The survey instrument focused on Facebook and Twitter. The research study's purpose was to discover the impact of word-of-mouth recommendations, gender, and usage frequency of Facebook and Twitter on the purchasing habits of students. Based on the findings of the study, several additional studies could be developed. First, the study could be replicated at several different institutions to determine whether the results at the present testing site were typical or were atypical of the general population of college students. Though it was beyond the scope of this study, further analysis could be performed to test for differences between demographics.*

**Keywords:** *Social media, social networking, Twitter, Facebook, consumption patterns, Uses and Gratifications*

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### **I. Introduction**

Social media is a popular trend today, especially among college students. Businesses are always looking for new ways to reach customers, especially ones readying to enter the work force. This study examines the impact of social media on the buying habits of college students. Several past research studies have focused on the effects of electronic word-of-mouth communication on consumer behavior. Hu, Liu, & Zhang (2008) discovered a positive relationship between products with good online reviews and the sales of that product. The more a reviewer was exposed to the product and the more credibility the reviewer had the more influential the individual's feedback became. This word-of-mouth communication had an impact on potential buyers' decisions. A sense of belonging, potential payment, and a desire to aid others are a few of the reasons they discovered.

Other research has focused on the role of social media. Smock, Ellison, Lampe, and Wohn (2011) analyzed the reasons people use Facebook through the uses and gratification model. Among the reasons they found were for social interaction, professional advancement, and entertainment. Further research performed by Hyllegard, Ogle, Tan and Reitz (2011) found that many social media websites are being utilized by companies to communicate with customers. Customers are able to express their opinions about a company or brand. LaDuque (2010) discovered that companies use social media sites to communicate directly with the customer, as companies are able to increase brand loyalty, create sales leads, and increase publicity through this medium. Furthermore, social media sites are being used for marketing research by both companies and customers (Casteleyn, Mottart, and Rutten, 2009); in addition, customers obtain investigate companies and brands on social media websites (Barnes, 2008).

The purpose of this study is to analyze the impact of social media, particularly Facebook and Twitter, on students' consumption patterns. This thesis also examines if the role of social media on consumption patterns differs between genders. For example, are males or females more likely to use promotions offered by companies they have befriended or follow? The final research question seeks to determine whether or not word-of-mouth recommendations made via social media platforms have varying impacts based on usage frequency. This research question analyzes the number of times student check their social media accounts and the frequency they use the promotions offered.

## **II. Literature Review**

Recent trends show that social media usage has increased. As of October 2011, one of the most well-known social media sites is Facebook (Facebook, 2011). This site currently boasts 800 million active users, and over 50% of active users log on to the site every day (Facebook, 2011). Members are able to connect with friends on the site, and the average user maintains approximately 130 friends (Facebook, 2011).

Further, more than 350 million of these users access the site through a mobile device (Facebook, 2011). According to Eldon (2011), 51.2% of users are male, whereas 48.8% are female. In terms of age, 20.6% of users are between the ages of 13 and 17; 25.8% are between the ages of 18 and 25; 26.1% are between the ages of 26-34; and 27.5% are over the age of 35 (Eldon, 2011).

Many studies have supported the idea that a positive correlation exists between online product reviews and sales (Hu, Liu, & Zhang, 2008). In 2008, Hu, Liu, and Zhang tested the idea that products with favorable reviews sell better than products with unfavorable reviews. In addition, Hu et al. sought to determine whether the quality of the reviewer (reviewer appears more reliable) would influence the effectiveness of the review. By analyzing reviews found on Amazon.com's Web Service, Hu et al. (2008) discovered statistically significant differences in sales between products that had favorable and unfavorable online reviews. Finally, the researchers found that consumers also consider reviewer quality and reviewer exposure (the frequency the name of a review is present in the community) when evaluating an online review (Hu et al., 2008).

These findings are important because they show electronic word-of-mouth communications do influence consumers, though the influence may be moderated by other factors (Hu et al., 2008). Managers who are seeking to improve electronic word-of-mouth communications would be better served by targeting the influential reviewers, as their reviews will be given greater consideration (Hu et al., 2008).

Early research on social media focused on understanding the characteristics of individuals who used this communication medium. In 2009, Ross, Orr, Sisic, Arseneault, Simmering, and Orr explored the personalities and motivations of individuals who used the social media site Facebook. To this extent, the researchers applied the Five Factor Model to Facebook usage. Ross et al. found individuals who exhibited higher levels of extroversion were more likely to belong to more Facebook groups; however, this personality trait was not associated with having a larger number of friends. The personality trait of Openness to New Experience was also found to be present in individuals who were sociable through Facebook (Ross et al.).

After understanding the characteristics associated with social media users, researchers began conducting research to determine consumers' motivations for providing product reviews electronically. In a 2004 study, Hennig-Thurau, Gwinner, Walsh, and Gremler defined eleven motivations to explain why consumers engage in electronic word-of-mouth communication, and 2,000 consumers were surveyed to examine these motivations. Based on the results, four motivations were discovered: social benefits, economic benefits, concern for others, and self-enhancement (Hennig-Thurau et al., 2004). Social benefits refers to the idea that consumers gain a sense of belonging from participating in an online community, whereas economic factors refer to any payment a reviewer may receive (Hennig-Thurau et al., 2004). Concern for others reflects an individual's desire to assist others in a purchase decision, and selfenhancement refers to the desire of individuals to be seen as experts in their field

## **III. Consumption Patterns**

In addition, companies have also begun using social media sites as a way to better communicate with customers. According to Hyllegard, Ogle, Yan, and Reitz (2011), "between 66%-96% of consumer goods companies have adopted social media, including Facebook" (p. 601). One feature of this site is the ability of users to "fan" particular products or brands so that they receive information about these products. In addition, this feature allows customers to express satisfaction or dissatisfaction toward a company or brand. Facebook reports the average user can express interest in over 900 million objects, and the average user follows 80 such pages (Facebook, 2011).

According to LaDuque (2010), companies can also utilize social media platforms to create personalized experiences, to increase brand loyalty, to generate sales leads, and to increase exposure. For example, companies which provide entertaining videos or valuable incentives may have their offerings shared between social media users through electronic word-of-mouth communication. In addition, social networking sites may also allow companies to communicate directly with customers to improve products or address issues. Facebook allows individuals to "like" pages, meaning they will receive updates regarding the product or brand they have "liked." Even mutual fund firms have begun using this medium to communicate with customers, create interactive scavenger hunts, and organize contests among fans (Glazer, 2011).

Social media can also be used by both companies and customers for marketing research. In 2007, Casteleyn, Mottart, and Rutten (2009) sought to understand the behaviors of individuals who joined groups on

this social networking site. These groups could be devoted toward supporting or criticizing specific products or brands and represented an early form of Facebook's "like" function (Casteleyn et al.). According to

Casteleyn et al., market researchers could gain insight into individuals' feelings about a brand from reading wall posts. These wall posts could potentially include comments about the brand or photographs involving the brand. These researchers hypothesized researchers could better understand this consumer behavior by considering the agent (the individual posting the information), the act (what he or she posted), agency (the method used to post the information), the scene (the context of the post), and the purpose (why the information was posted). These findings are of significant importance, as Pempek et al. (2009) found that the average student belonged to 24.58 groups; however, Pempek et al. also found that active participation within these groups was rare. of similar interest to companies, social media platforms also allow customers to collect information about companies and brands (Barnes, 2008). Barnes found 70% of respondents used social media to investigate companies at least sometimes when considering a purchase. Though Barnes found information on social networking sites like Facebook was deemed by customers to be of little value, respondents under the age of 25 viewed information on social media sites more positively. However, the role of online product reviews is important: 74% of respondents have chosen a product or brand based on online reviews (Barnes). Thus, positive reviews can improve sales, while negative reviews can lower sales.

#### **IV. Social Media Usage Frequency**

Pempek, Yermolayeva, and Calvert (2009) sought to understand how college students in particular used Facebook. In this study, 92 college students recorded their Facebook usage in terms of time and the functions they used on the site. Respondents were also asked why they used the site. Based on the findings of the study, respondents reportedly averaged 27.93 minutes on the site on weekdays and 28.44 minutes per day on weekends (Pempek et al.). The majority of students also used the site in the evenings as the hours of 9:00PM to 12:00AM were the mostly commonly reported log-in times (Pempek et al.). In terms of motivation, students used the site to communicate with friends (Pempek et al.). The site was more often used by underclassmen, many of whom used it to maintain contact with high school friends who attended other schools (Pempek et al.). In addition, females had a larger number of friends than males on the site (Pempek et al.). The researchers also discovered that students spend a greater amount of time receiving content than posting it because they read the content posted by friends on the site (Pempek et al.). Many respondents also reported that they used the website to express themselves (Pempek et al.). Much research has been done on social media. Companies are using social media platforms to reach customers. Positive word-of-mouth recommendations or reviews on these sites have a positive impact on sales (Barnes, 2008). Furthermore, customers obtain information about companies and brands on social media sites. This study analyses the effect of word-of-mouth recommendations on Facebook and Twitter. Additionally, research is inconsistent in gender usage of the Internet and social media sites. According to Budden et al. (2007), females spend more time on social networking sites than males; in addition, upperclassmen access the Internet more than underclassmen or graduate students. However, Gerlich et al. did not find any statistically significant differences between gender usages of the Internet or social media. The research in this study examines the differences, if any, between the genders and whether gender affects the impact of electronic word-of-mouth recommendations and purchasing habits. Finally, previous research has found that people use Facebook frequently and for self-expression and communication with friends. This study investigates the relationship between social media usage frequency and the influence it has on electronic word-of-mouth recommendations. The study explores whether exposure to recommendations positively or negatively influences students.

#### **V. Methodology**

In this study, a quantitative research survey was created to analyse the effect of social media on the consumption patterns of students at Nazareth College. The survey instrument focused on Facebook and Twitter. The research study's purpose was to discover the impact of word-of-mouth- recommendations, gender, and usage frequency of Facebook and Twitter on the purchasing habits of students. Therefore, the following research questions and hypotheses were proposed:

**Q1.** Do word-of-mouth recommendations on social media websites effect consumption patterns?

**Q2.** Does the effectiveness of word-of-mouth recommendations on social media differ between genders?

**Q3.** Does the effectiveness of word-of-mouth recommendations on social media websites differ based on social media usage frequency?

The survey was completed by 275 students at Nazareth college. Participants were chosen via a convenience sample

### **Purpose**

Communication has always been vital to companies, as they must be able to share information with customers and accurately gauge customer responses. Recent advancements in technology have opened new communication channels where customers and businesses can openly engage one another. Social media is one such channel, and this channel includes websites like Facebook and Twitter. The purpose of this research study was to better understand the impact of social networking sites like these on college students' consumption patterns.

### **Survey Instrument**

To answer these questions, a questionnaire was created and distributed. Depending on student responses, the survey instrument contained between 10 and 28 questions. First, respondents were asked how many social networking accounts they maintained. Next, respondents were given a list of common social networking sites, and were asked to identify which of these they used.

Using skip logic technology, students who confirmed they owned Facebook accounts were asked a series of questions regarding their usage of this social networking site. First, respondents were asked to indicate their frequency of usage on a 5-point Likert-type scale. Next, respondents were asked how many "friends" they had on the site, as well as how many businesses they had "liked" on the site. Respondents were also encouraged to list the businesses they had liked. Finally, students were asked to indicate, using a 5-point, Likert-type scale how often they shopped at "friended" stores, how often they received correspondence from these stores, how often they received special sales offers from these stores, and how often they redeemed these special offers. This process was repeated for students who indicated they had maintained a Twitter account.

Finally, basic demographic information was collected from the students. To this extent, they were asked to report their gender, class rank, major, age, student status, employment status, marital status, and ethnic group. This survey was then approved by the committee and school's IRB before being distributed to students on campus.

## **VI. Findings**

In order to analyze this research question, the relationships between several variables were explored for both Facebook and Twitter: number of companies liked; shopping frequency at "liked" stores; frequency of correspondence; frequency of sales, specials or coupons; and usage frequency of the sales, specials or coupons received from these sites. Because the scales used represented interval-level data, Pearson correlations were used at a significance level of .05. The tests found that students who like more companies on Facebook receive more correspondence from these companies as well as are likely to utilize the promotions while shopping there. Furthermore, when students follow companies on Twitter, they receive information from the company but only slightly more correspondence than those who do not follow the business. However, those individuals who receive correspondence from companies are more likely to shop there as well as receive special deals.

The second research question relating to differences between genders was examined using t-tests for independent samples to determine whether the differences in means were statistically significant at a significance level of .05. These tests revealed that women are more likely to receive information about sales and promotions from companies on Facebook, and they are more likely to take advantage of these offers. However, no statistically significant differences were discovered between males and females in terms of the role of Twitter in shaping their consumption patterns.

The third research question was tested by examining the relationship between usage frequency was tested against six other variables: number of friends, number of companies liked/followed, how often respondents shopped at liked/followed companies, how often respondents received correspondence from stores liked/followed, how often respondents received sales or promotions from companies liked/followed, and how often respondents used these offers. These relationships were tested using Pearson correlations at a significance level of .05. Individuals who frequently use Facebook are not more likely to receive correspondence from a company that has been befriended; however, people are more likely to shop at stores they have networked with on the site. Similar results were found with Twitter with one difference: individuals who use Twitter more frequently are more likely to receive additional information on sales and promotions. However, the more companies a person likes/follows and the more correspondence received, the less likely the individual is to utilize the promotions.

### **Limitations**

Three major limitations existed in the current study:

- Data was collected via a convenience sample.
- Data was collected at a single institution.

- Data relied on self-reporting.
- Several areas of future research could be explored, based on the findings of this study:
- Replicating the study at another institution.
  - Further analysis could be performed to test for differences between demographics, such as class rank, major, ages, or ethnic groups.
  - The effectiveness of social media promotions across several different industries could be examined.
  - Over time, the effectiveness of new social media sites could be tested relative to the enduring strength of current social media sites.

## VII. Conclusion

Businesses are already using social networking websites to reach customers. The results of this study indicate that students receive and use the promotions they receive through social media sites Facebook and Twitter. The arrangement is beneficial to all parties. Moreover, because no statistically significant differences were discovered between genders in terms of social media usage, companies are able to utilize both Facebook and Twitter to reach all customers. Nevertheless, females receive or notice more correspondence on Facebook; therefore, businesses that emphasize their female clientele should consider Facebook rather than Twitter. Overall, college students who use social media more frequently receive more correspondence from companies, and these students then use the promotions. Therefore, businesses should use Facebook and Twitter to obtain the patronage of students but be wary of overloading them with too much information.

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