

The impact of social media intensity on conspicuous consumption: the mediating role of reliance on electronic word of mouth

Abstract:

The importance of internet usage, including web browsing especially social networking sites, has been increasing because of its multiple benefits received by the users (consumers and stakeholders). These benefits include, for example, getting any information anywhere and anytime with less effort and lower cost. The role of electronic word of mouth (E-WOM) cannot be ignored because of its essential role in affecting the purchase decisions made by consumers, in particular the consumers of entertainment products. Based on reviewing the literature, it is recognized that limited studies examined these constructs showing the empirical evidence between them and separately. The purpose of this research is to investigate the direct influences of social media intensity on the conspicuous consumption behavior; it also examines the indirect impact of the intensity of using social media on consumer consumption of conspicuous products through their reliance on electronic word of mouth (EWOM).

This research will adapt the experimental approach to examine the research framework. Specifically, the participants will be invited and exposed to one more conditions in the laboratory experiments; the participants will be consumers who have mobile phones, in particular (Apple smart phones).

This Study will enrich the marketing literature, since it fill she research gap in relation to the effect of psychological factors on purchasing conspicuous products or services. It also shows the importance of using social media in a better way, which will in turn maintain companies' survival and lead into making massive profits; this will be clarified by giving examples of other companies that have incurred losses because they did not use social media in realizing their goals and maintaining their survival in the market.

Keywords: Electronic word of mouth, social media, conspicuous consumption

Track: Social Media

Introduction:

When people entice in social networks, they can control the information to be shared, so they tend to give a positive information about themselves among their network of companions (Gonzales, A. L., & Hancock, J. T., 2011). Internet usage recently has significant and clear impact on everyday life, in general, and stakeholders, particularly in terms of their way of thinking and business management using all forms of social networking sites known nowadays (Lenhart *et al.* 2010). Published reports show that the consumers trust in the opinion of social media users, i.e. their electronic word of mouth, more and better than any other promotional tools. Few years ago, the Pew Internet and American Life Project Report has focused on studying the behavior of consumers in terms of online shopping and social media shopping, it found that 80% of American society uses the internet in purchasing and shopping. In addition, it found that the internet is a substantial element in marketing communications, through which strong relationships can be established between companies and their clients (Hudson, S. & Hudson, R. 2015).

Among the different types of social media, Social Networking Sites (SNSs) may receive increasing interest from researchers, practitioners, policy makers and decision makers; whereas these sites enabled the consumers to communicate with others and exchanging information, opinions and ideas on products and trademarks. The word of mouth (E-WOM) is an important, major and direct reason in affecting the purchase decision-making process in the field of marketing and advertisement. It indicates that internet world plays an important role in modern marketing, as it enables marketers to reach clients faster and more effectively (Piacentini, M., & Mailer, G. 2004).

Social media could be defined as the online tools of communication, conveyance, collaboration and cultivation among addicted and interdependent networks of people, societies and organizations developed by technological capacities and mobility (Tuten & Solomon, 2014, p 24). After reviewing the previous studies, it is recognized that there are some specific gaps in literature that need to be studied. For example, (1) there is a need to study the relationship between social media, conspicuous consumption and electronic word of mouth. (2) There are only few studies in this field, especially in the Middle East communities; therefore, this Study will examine the factors affecting the conspicuous consumption, which will help marketing managers to attract attention and use new strategies in dealing with social media users in a different way (Piacentini, M., & Mailer, G. 2004).

In next two sections, the social media intensity, reliance on EWOM and conspicuous consumption will be addressed. After that, the research framework and hypotheses will be developed. Finally, the expected methodology and contributions will be discussed.

Social media intensity:

Social Media apps have the ability to add business value through the online consumer communities that promote sales, post sales services, branding and product development. (Culnan *et al.* 2010) In order to do this, a lot of companies are using the Social media like: Facebook and Twitter to reach their current and potential customers, for example many organizations have their official Facebook pages where they communicate and interact with their customers through. (Ling 2013).

Recent studies suggest that companies must invest more in the social media and should integrate it in their business strategies because of their strong positive impact on the brand image and business bottom line (Hardy 2012, J.D.Power 2013, Wessel 2011). The extensive use of social media can heavily impact the behavior of the consumers by increasing their expenditures on some luxuries they don't really need which called "conspicuous consumption" (, et al 2014). Conspicuous products are those that show wealth by luxurious spending to satisfy a person's need for prestige and social status (Podoshen, J. S. &Andrzejewski, S. A., 2012), the consumption of these goods represents more of a hedonic than a utilitarian and necessity need.

Since the publication of Veblen's Theory of the Leisure Class just over one hundred years ago when he developed an evolutionary framework of conspicuous consumption in which preferences are determined socially in relation to the positions of individuals in the social. Conspicuous goods differ from many frequently purchased goods as they satisfy not just material needs but also social needs such as prestige and the trend of consuming conspicuous goods is making a strong comeback across the world(Veblen, 1899).

In the light of reviewing some previous studies on conspicuous consumption, the problem of this Study is: how the intensive use of social media affects the conspicuous consumption depending on the electronic word of mouth? To answer this question, there are two research objectives are developed as follows: (1) Determine the level of impact of the intensive use of social media on conspicuous consumption. (2) Determine the effect of depending on electronic word of mouth on conspicuous consumption.

In this study we will determine whether there is an indirect relationship between the intensive use of social media and conspicuous consumption based on electronic word of mouth.

The reliance on E-WOMsand conspicuous consumption:

More than 75% of Social media users firm up that customer's reviews have a powerful impact on their buying behavior, actually they are willing to pay more for the goods with better customer review. Which means that customers count on the people's reviews on social media than the traditional publicity. (Sharma,R., et al., 2014) .Moreover, 30% of consumers post their reviews on the products or services, thus they become the influencers themselves.

Word of mouth has a significant impact on the people and their purchasing behavior According to Hennig-Thurau et al. (2004, 39) define Electronic Word of Mouth as being: "Any positive or negative statement made by potential, actual, or former customers about the product or company which is made available to a multitude of people and institutions via the internet". A recent study by Katona and colleagues in 2011 has been conducted on blogs shows that WOM effect is stronger in communities that are strongly tied than bigger in size. Moreover, the members give more weight to the opinions in the tightly connected networks (Wilcox, K. & Stephen, A. T., 2013).

Being part of the social media apps such as Facebook and Twitter permits the users to communicate and interact with people from strong ties and those from the weak ones(Thoumrungroje A.,2014) and The intensity of engaging in social media has

indirect influence on the consumption of conspicuous goods reliance on EWOM. Because the consumption of conspicuous products presents favorable images and prestige which gives positive comments to the social network users. In addition to that, the EWOM related to the purchase of luxurious products from consumers who are connected to the same network increases the motivation of others to commit more expenditures on the conspicuous goods.

Conceptual Framework:

Based on reviewing the literature, the proposed model is developed as follow in figure 1. It examines the direct impact of social media intensity on reliance on E-Word of mouth, conspicuous consumption. It also examines the in direct impact of social media intensity on conspicuous consumption through the reliance on E-WOM.

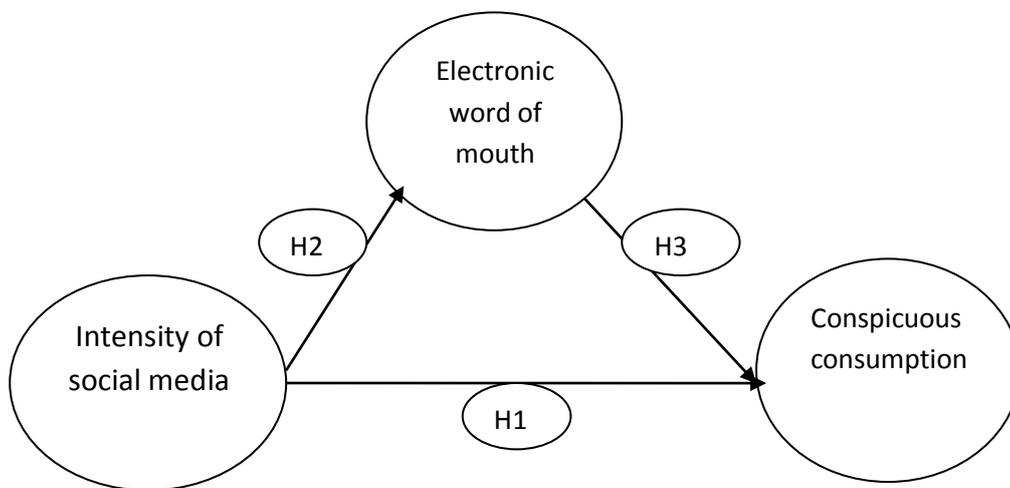


Figure 1. Conceptual Framework

The Hypotheses:

H1: There exists a positive direct effect of social media intensity on conspicuous consumption.

H2: There exists a positive direct effect of social media intensity on reliance on EWOM.

H3: There exists a positive direct effect of the reliance on EWOM on conspicuous consumption.

H4: The effect of social media intensity on conspicuous consumption is mediated by reliance on EWOM.

Expected Research Methodology:

As for the nature of Study, it is a field study that is based on primary data. In terms of time, it's a cross-sectional study, where the data will be collected from sample units in a specific time.

To achieve the study objectives, the quantitative approach is adopted. In terms of the nature of relationship to be studied, it is a causal study, where the nature and trend of

impact of independent variables on dependent variable in the existence of mediator variable is studied.

Based on the aforementioned, the followed strategy of data collection is laboratory experiment, in which the effect of intensive use of social media on conspicuous consumption in the Egyptian society is studied, by choosing a representative sample of the population in question, and subject this sample to laboratory experiment in order to measure its effect on the phenomenon in question and prove the validity or invalidity of hypothesis.

Research population consists of the total number of consumers from the university students who buy luxury products represented in Apple smart phones. Due to the unavailability of a framework to the research population, the used technology is a type of non-probability samples based on what have been used in the previous studies, which is the convenience sample; it's the best sampling technique for experimental research (McBurney& White, 2004).

To determine the sample size, this Study will depend on power analysis approach, through which the number of sample units will be 46 units, according to Cohen, J. (1992).

Then, a fake Facebook page will be created, because it's the most used social networking site by all categories of consumers; this page will include information about a cell phone with an imaginary brand and another cell phone with real brand, such as iPhone. We will use 4 experimental groups divided into "imaginary brand" and "real brand"; the reason behind using an imaginary brand is to avoid any bias by the consumers, such as their loyalty to the brand. Hence, we will be able to get more accurate results (Jin, 2009). Also, the control variable will be represented in the category that doesn't use social media. But before finally presenting the experiment, there is an important step will help us in collecting data accurately, by pre-testing the survey list before presenting it in the experiment, so as to avoid some errors might occur and to determine the significance of differences between the two aforementioned cases.

This study depends on some statistical approaches of data analysis using the SEM to develop the confirmatory factor analysis and the common method bias and using the ANOVA to test the hypotheses

Expected Contributions of the Study:

First: Theoretical Contribution:

This Study will enrich the marketing literature, as it tries to fill a research gap in relation to the effect of psychological factors on purchasing conspicuous products or services.

Some studies have referred to the necessity of studying the relation between the psychological factors of a consumer and conspicuous consumption, due to the increasing conspicuous consumption and increasing interest in it from research perspective (Wilcox and Stephen, 2013), in addition to the effect of social media and electronic word of mouth.

According to the previous studies that have been reviewed, it's noted that this type of study has focused on the Western societies (America, Europe and East Asia), while Middle East countries weren't a subject of this type of study despite the massive

number of social media users to be able to generalize the results and determine the differences between these societies.

Second: Practical Contribution:

This Study clarifies the importance of social media for marketing managers, as it shows to them if they depended on their companies' efforts without sharing this information on internet, the lifespan of their companies would be short, but if they changed their strategies toward internet users, their companies would survive and their investment would continue for a long time; this will be confirmed by the results of this Study, whereas using social media increases everyday more than before, especially in Egypt. Moreover, this Study shows the importance of using social media in a better way, which will in turn maintain companies' survival and lead into making massive profits; this will be clarified by giving examples of other companies that have fallen because they didn't use social media in realizing their goals and maintaining their survival in the market.

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