

Abstract

The advent of online social media has opened up a vast opportunity to a wide range of organizations to connect with their customers and ultimately increase their profitability. By offering almost free or low-budget marketing options, online social media has emerged as the great leveller for the David and the Goliath in modern marketing space, fast replacing the earlier era of print or electronic marketing media. Rapid penetration of internet, decreased cost of browsing, more educated and tech-savvy people as well as sophisticated mobile technology have transformed this medium to one of the most popular and effective ways of marketing not only in the developed world, but also in developing countries like India.

Among the various forms of online social media, the most popular one is undoubtedly online social network sites. Globally Facebook is the leader among online social networks, with more than 1590 million active users (Statistia, 2016). Twitter (330 million monthly active users), LinkedIn (100 million monthly active users) and Google Plus (540 million monthly active users) are other major online social network sites (Statistia, 2016).

“Digital in 2016” reports that nearly 1 in 3 of the entire world’s population are using online social media (Kemp & We Are Social, 2016). 40% of users in the age group of 16-24 use online social media sites to research on products or brands (Global Web Index, 2016). Thus, marketers have unique opportunities to enhance engagement and word of mouth through their online social media marketing campaigns (Hoffman & Fodor, 2010a). 29% social media marketers insist on driving conversion by attempting to reach more consumers and increasing sales volume with the help of their marketing efforts (Shively, 2015). As online social media marketing continues to gain in popularity, marketers are searching for a firm foundation to base their strategic decisions to engage and influence their customers through online social media. With increase in importance of online social networking and social sharing behaviour among consumers, such a foundation is becoming increasingly important (Hoffman & Novak, 2012).

Unfortunately, apparent blessings of computer-mediated transactions, in many cases, is fraught with fear and anxiety brought forth by their intangible and faceless characteristics. Trust in online transactions, the technology and the entities using the technology to offer this benefit may help in alleviating this perception of fear and anxiety to a great extent. Thus, trust of consumers has a great impact on their intention to purchase online as well as actual

purchase (Li, Jiang, & Wu, 2014). Therefore, marketers need to understand which factors motivate consumers to trust their online social media marketing efforts and how trust in their online social media marketing efforts impact expected organizational outcomes, especially with reference to intention to spread electronic word of mouth (e-WOM) and intention to purchase.

Deriving from earlier models, antecedents of trust in social media marketing can be studied based on their sources. This seems more logical, easier to comprehend, analyze and implement from a practitioner's point of view. It is to be borne in mind that social media marketing, also called Social Commerce or s-Commerce by different authors (Zhang & Benyoucef, 2016), refers to the "exchange-related activities that occur in, or are influenced by, an individual's social network in computer-mediated social environments, where the activities correspond to the need recognition, pre-purchase, purchase, and post-purchase stages of a focal exchange" (Yadav, de Valck, Hennig-Thurau, Hoffman, & Spann, 2013: 312). This definition clearly points to four vital sources to be considered: (a) seller or online store, (b) individual's social network, (c) computer mediated social environment and (d) individual personality traits. These four sources, referred to as perceived store characteristics, perceived structural characteristics of social media, perceived design characteristics of social media and individual characteristics, have been studied in this thesis. This follows the framework put forward by McKnight & Chervany (2002), who suggested three high levels or types of trust, namely (i) dispositional trust, (ii) institutional trust and (iii) interpersonal trust.

Outcomes of trust in social media marketing may be majorly studied from the point of view of intention to purchase and intention to spread word of mouth, mostly of electronic nature. Apart from these, formation of favourable attitude towards the online stores may go a long way in positively influencing consumers. Thus, these three have been studied as outcome of trust in the context of online social media marketing.

Besides review of literature, the research work contained in this thesis has been done systematically at different phases and examined empirically with suitable tools and techniques, following a bottom up approach. In the first phase, a brief exploratory interview was conducted. This study provided the base for further exploration by facilitating identification of construct variables to be considered.

In the second phase of the study, each set of antecedents was assessed for its role in formation of different types of trust. Finally, all the sets of antecedents of trust were combined to form a

comprehensive model of trust in the context of online social media marketing. A parsimonious hierarchical component model has also been developed for clarity of understanding and exhibiting the final outcome of the research. All the hypotheses related to these relations were checked with disposition to trust, among three other personal characteristics, as control variable in order to investigate the effect of one's trust propensity on the relations.

Going beyond the originally defined objectives of the thesis, a corollary study was conducted to analyse the role of usefulness of trustworthy information obtained from virtual communities in different online social media sites, for formation of generic attitude towards online purchase and intention to purchase online. This study investigates the effect of usefulness of information obtained through a trustworthy virtual community in an OSM. Moreover, it concentrates on the reputation of the virtual community as a whole representative of the entire OSM, whereas the primary study studied the effect of one's contacts in an OSN only. Thus, it aims to provide an insight as to whether OSMM can at all be effectively used as a medium for marketing purposes because of the trust people have in them and how important is the role of trust in this rapidly emerging medium.

Data has been collected for these studies through survey, predominantly online, in which students pursuing higher studies in different premium technical institutes in India participated. Students pursuing higher education were chosen for the survey as this age group constitutes major participants of online social media and are among the most valued target consumers of various online stores. For both main and corollary study, Partial Least Square structural equation modelling has been extensively used.

All three sets of antecedents of trust were found to be significant, with varying strength. The empirical investigation, however, revealed that intention to purchase is not a direct output of trust. Rather it is mediated by attitude towards the store. Even individuals or groups of friends who enjoy interpersonal trust cannot directly lead to formation of positive attitude toward an online store or intention to purchase from it. Interpersonal trust placed on an individual or groups of contacts in one's online social network influences interpersonal trust on an organization, which in turn leads to formation of attitude towards an organization. On the other hand, intention to pass-along electronic word of mouth is formed directly as a result of trust in one's contacts on online social media or trust in the organizations undertaking online social media marketing.

It was found that people, who perceive high risk involved in online shopping, form low trust towards organizations. The second observation is that, although attitude formation is important for positive intention to purchase, it is stronger in females than in males.

The corollary study found that trust on virtual community of online social media sites plays a vital role in forming intention to purchase online. Although the primary study demonstrates that trust does not directly lead to formation of intention to purchase from an online store participating in online social media marketing, the corollary study shows that online social media have the potential to induce consumers to purchase from online, which may not necessarily be from the online social media site itself. This proves the importance of online social media as a supporting marketing tool, albeit an indirect one.

Relying on firm theoretical foundation provided by earlier research works, this thesis aims to build an empirically validated theoretical model relevant to trust in the context of online social media marketing through a bottom-up approach. This study considers trust from various perspectives and examines the effect of all of them together, unlike most of the previous studies, which considered only a few of the antecedents of trust. Thus, it builds an empirically validated comprehensive model regarding antecedents and outcomes of trust in the context of online social media marketing.