



---

## **Exploring the Influence of Social Media on Consumer Purchasing Behavior in the Fashion Apparel Industry. A study in the Indian Market**

*Deepu Kumar, Dr. Md. Chand Rashid*

Galgotias University

---

### **ABSTRACT**

The current state of the Indian retail industry is skewed towards the unorganized sector, which is prevalent in rural areas. Metropolitan consumers have access to the best products in the fashion and lifestyle category. Due to the availability of the supply chain, they always have the opportunity to experience the launch of a new product. With the rise of social media, more and more people from tier II and III cities are becoming aware of fashion and lifestyle products. This results in huge potential demand in these cities. However, the characteristics of these potential consumers are different from those of metros and tier I cities and it is important for marketers to understand the differentiating factors between these two groups of people so that the product can be redesigned or redefined to meet the needs of customers of smaller cities.

Although people from smaller cities do not have direct access to fashion products, but thanks to technological improvements such as smartphones and the Internet, people spend time on social media, and therefore it can be an important tool for communicating new offers to companies. Marketers put their promotional videos or product images on digital media, which has an impact on social media users. With the constant push of such promotional materials, whether or not the customer's buying inclination is changing and possibly how.

The study is being conducted in the census towns of Maharashtra to find out their digital habits and preferences for online transactions. The report also explored how social media is making inroads into smaller cities and how it is being used to build brand awareness. The main findings include that they mostly focus on the emotional side of customers and use the local channel to gain space in the minds of consumers.

The study investigated the factors that are responsible for the purchasing behavior of customers and whether they are influenced by advertisements on social networks. Price and quality are considered important factors for the customer, and interestingly, celebrity endorsement does not have a significant impact on their purchasing behavior, in which level II and level III customers placed more emphasis on quality, while level III customers focused more on price. product. Among the various social media applications they use, Facebook and YouTube are considered very effective for sharing promotional information. There is not much difference between the two genders, male and female, in terms of purchasing pattern and preferences.

---

### **Introduction**

The Indian retail industry has grown at a tremendous pace in the last few years due to the opening up of the retail sector to MNCs. These MNCs along with some big corporates in India like Tata, Reliance, Birla aggressively ventured into the retail space which was largely unorganized. Modern retail outlets in metro cities set up by these conglomerates have boosted the organized sector to 12% compared to 5% just 10 years ago. These companies have brought many technological improvements to the retail space to maximize the customer shopping experience. Customers from urban areas mostly benefit from such initiatives. International exposure through visits or through social media has motivated these customers to dream of various lifestyle products, thus the extensive installation of retail stores in malls or high streets has fulfilled their dream of owning fashion and lifestyle products. Palladium, R city in Mumbai, DLF Emperio in Delhi are just a few examples where people have taken to shopping for a new retail experience.

These retail formats require a significant amount of investment. The company has to find a suitable space to set up these big stores. According to a March 2019 IBEF report, the size of the retail market is estimated to grow by 60% and is expected to reach \$1.1 trillion by 2020.

Below are the top Indian retail companies and their market reach in 2018-19:

- Pantaloon Retail – 209 stores in 97 cities across India, 7.5 million sq ft of retail space
- Shoppers Stop – 210 multi-format stores and 50+ Omni channel ready stores in 39 cities covering 4.25 million sq ft of retail space
- Spencer's Retail – has 120 stores up to 15,000 square feet and hyper stores up to 50,000 square feet in more than 35 cities.
- Reliance Retail – Nearly 22 million sq ft of retail space with 10,000 stores across India

- Bharti Retail – Large format stores (Big Bazaar, Hyper city, FBB Foodhall) Small format stores (Easyday, Heritage Fresh) Others (Ezone) with 1035 stores in 321 cities spread over 14.5 million sq.ft.
- Birla More – 523 supermarkets and 20 hypermarkets. Net worth: \$43 billion
- Tata Trent - Westside: 143 Westside stores of 8,000-34,000 sq. ft. in 82 cities.
- Zudio: 20 Zudio stores in 12 cities.
- Milestone: 5 independent stores
- Lifestyle Retail - Lifestyle is present in 77 stores, 44 cities. 3 million square feet of retail space with an average store size of 45 thousand square feet.
- Future Group – The company operates more than 900 stores in more than 290 cities across the country. It operates more than 2,000 stores in an area of 16 million square feet.
- Nysaa Retail Pvt Ltd – 88 stores in 9 states of India.

Table 2: Share of Organised Retail segments in India

Category	2006	2011	2016	CAGR (%) 2011-2016
Food and Grocery	2	9	34	30
Restaurants & Food Junction	0.5	1.5	6	30
Apparel	3.5	5.5	8	8.5
Furniture & furnishings	0.4	0.7	1.2	12
Healthcare & Fitness services	0.1	0.2	0.6	25
Consumer Electronics & Information Technology	1.5	4	18	35
Pharmacy	0.2	0.8	4.5	41
Jewellery, Watches etc	1	2.5	7.5	25
Beauty Services	0.2	0.2	0.5	20
Footwear	1	1.7	3.8	17.5
<b>Total US \$(Bn)</b>	<b>10</b>	<b>20</b>	<b>84</b>	<b>26</b>

Source: Technopak report 2016.

It gives the share of the retail segment in India with respect to several industries and food and grocery accounts for the highest share. It has grown from \$217 billion to \$425 billion over 10 years. The watch and jewelery sector also increased from US\$16.5 billion to US\$44.3 billion. That's a huge increase, almost tripling, another sector, footwear, also grew from \$3.6 billion to \$8.3 billion. The apparel sector also reported growth from \$25 billion to \$50.2 billion. The total retail segment is around \$675 billion. At this rate, we will reach over 1000 billion USD by 2021.

The online market share is also steadily increasing, approaching \$33 billion by 2018. According to the Department of Promotion of Industry and Internal Trade (DPIIT), the total amount of foreign direct investment was USD 1.59 billion in Indian retail from 2000-2018. Wal-mart, one of the giants of the retail sector, has till date invested nearly 37, 68 million USD. Companies like Ikea are opening large stores in India, after a successful launch in Hyderabad, they are planning to open another large store in Navi Mumbai, Maharashtra in 2019. Most of such stores are opened in the mall. Mall culture has completely taken over metros and tier-one cities. The concept of everything under one roof (food, entertainment and shopping) has given rise to large shopping complexes and multi-level malls.

The organized retail sector is expected to reach 18% of total retail by 2021, while e-commerce will account for 8% compared to 74% of the unorganized sector, a significant improvement over the organized sector. The luxury retail market is also enjoying a wave of success, but is in its infancy. People still prefer to buy luxury product from international market due to various reasons like high import duty, legal hassle and authenticity concern. But with more foreign brands showing their presence in the market, it also has high growth potential. It is expected to reach USD 30 billion by the end of 2018.

Table 2: Share of Organised Retail segments in India.

Category	2006	2011	2016	CAGR (%)
----------	------	------	------	----------

				<b>2011-2016</b>
Food and Grocery	2	9	34	30
Restaurants & Food Junction	0.5	1.5	6	30
Apparel	3.5	5.5	8	8.5
Furniture & furnishings	0.4	0.7	1.2	12
Healthcare & Fitness services	0.1	0.2	0.6	25
Consumer Electronics & Information Technology	1.5	4	18	35
Pharmacy	0.2	0.8	4.5	41
Jewellery, Watches etc	1	2.5	7.5	25
Beauty Services	0.2	0.2	0.5	20
Footwear	1	1.7	3.8	17.5
<b>Total US \$(Bn)</b>	<b>10</b>	<b>20</b>	<b>84</b>	<b>26</b>

Source: Technopak report 2016.

The organized retail segment in India is still small compared to other segments. In terms of food and foodstuffs, it was 34 billion USD in 2016. Jewellery and watches also form a significant part of organized retail, as the value of these items is higher. The pharmacy division shows huge potential for organized retail. According to a 2016 report, the value of the organized retail segment in India is US\$ 84 billion and will grow to US\$ 200 billion after 2020.

For most customers, shopping at the market has become a journey rather than a destination. New age marketers have made sure that the customer gets an experience and should enjoy shopping. This concept of experiential marketing was the highlight of 2018 as companies focused on offering a unique way to create an impression in the minds of customers. As most products adhere to quality standards, this experiential marketing helps companies make an impression and create brand loyalty among customers. In conjunction with the Omni-channel strategy, the company provides an offer where the product can be tried before the actual purchase. This is an important characteristic of modern retail and Indian customers are quite happy with this association with brands. There are many positives in the Indian business scenario over the last 4-5 years. India's ranking in Ease of Doing Business was around 130 among 190 nations till 2016. But after drastic steps taken by the government, it increased to 100 in 2017 and 77 in 2018. The ranking takes into account points such as building permits, obtaining credit, paying taxes, cross-border trade, registration process, resolving insolvency, obtaining electricity, protecting minority interests, enforcing contracts and starting a business. India has shown significant improvement in most parameters. This rank shows that the government is helping businesses set up their facilities here by reducing legal hassles.

According to the 2019 World Economic Forum report, India's economy currently has great positives

- Higher domestic consumption, almost 60%, while China has 40% • Significant savings rate, 22% of income
- Young working population with a median age of 28 • Political reforms regarding FDI, tax system
- Government push for local manufacturing through Make in India campaign
- Simplified business approvals facilitating business
- Improving infrastructure (better railways and roads, smart cities, industrial corridors etc.)

The report also estimates significant changes on the demographics and thus on the economic front by 2030. Some of the major improvements estimated (by 2030) are:

- The middle and upper income class will form 51% of the total population, which will boost domestic consumption and GDP. Young people from Generation Z, who have witnessed the power of the Internet and online transactions since birth, will boost demand by consuming much more than their predecessors.
- Poverty will be reduced to 5% of the total population from the current level of 15%
- Urbanization growth will reach 40% compared to 30% as of today, with the gradation of small towns into Tier II and Tier III cities
- Per capita consumption in rural areas (4.3 times) will grow faster than in cities (3.5 times)

- Internet penetration in rural areas will improve the lifestyle of rural consumers and the demand for fashion and lifestyle products will increase significantly.
- Infrastructure will be improved to bridge the gap between urban and rural areas.
- Telephone lines will be replaced by smartphones, leading to faster information transfer. Using the local language in mobile communication will be helpful in building trust in the technology.
- Almost 90% of internet users will use mobiles rather than any other devices like desktops.
- With 1 billion internet users, businesses based on new technologies will grow rapidly.
- Expenditure on consumer durables, entertainment and lifestyle products will increase by 15-20%

But such a privilege is available mostly to urban areas (Tier I) and cities in rural areas (Tier II and Tier III) are still lagging behind in terms of organized retail. According to the Central Government Office Memorandum dated 21 July 2015, regarding the calculation of HRA of Government Employees, there are 8 Tier I (Type X) cities in India and 88 tier II cities (type Y). There are two Tier I cities and 11 Tier II cities in the state of Maharashtra. Customers from Tier II and Tier III cities travel to urban areas to purchase fashion and lifestyle products

India is a land of 130 crores of people. This population is spread over 3.2 million sq. kms, with varying density. The density depends on many factors such as availability natural resources, connectivity to ports and other transport channels, religious and cultural beliefs etc.

Table 3: Population wise tier distribution

1	Classification (tier wise)	Population as per census 2011
	Tier 1	100,000 and above
	Tier 2	50,000 to 99,999
	Tier 3	20,000 to 49,999
	Tier 4	10,000 to 19,999
	Tier 5	5000 to 9999
	Tier 6	Less than 5000
2	<b>Population-group wise classification of centres</b>	
	Rural centre	Up to 9999
	Semi urban Centre	From 10000 to 99,999
	Unban centre	From 1, 00,000 to 999,999
	Metropolitan centre	10,00,000 and above

Source: [www.rbidocs.rbi.gov.in](http://www.rbidocs.rbi.gov.in)

Table 4: Population in cities in % in India

Tier	As per 2016 (%)	2025 (%) (Estimated)	Estimated Growth/(reduction)
Metro	12	12	0
Tier 1	10	13	30%
Tier 2	4	5	25%
Tier 3	10	12	20%
Tier 4	13	17	30.7%
Rural	51	41	(- 19.6%)
Total	100	100	

Source: BCG CCI consumption survey

The table shows that there is a huge migration from smaller cities to bigger cities. This also indicates that the negative growth of 19%, which means that the rural population will decrease significantly in the next few years. These people move to bigger cities for good education, jobs and a better lifestyle. The survey also shows that this results in the overall development of these people, but it will also stress the infrastructure of larger cities. Migrating people are mostly working class and also students who like the fast lifestyle of bigger cities.

The Registrar General of India has also defined certain cities as census towns. According to the classification, an area is called a census town that meets the following criteria (World Bank Report 2016):

- Minimum population 5000
- Minimum density of 400 persons per square kilometer
- Minimum 75% male Non-agricultural workforce

---

## Conclusion and Recommendation

This thesis delved deep into the complex relationship between social media and consumer buying behavior in the dynamic environment of the Indian fashion apparel industry. Through extensive research and analysis, several key findings have emerged that shed light on the significant impact of social media platforms on consumer purchasing decisions.

Firstly, social media has been found to play a key role in shaping consumer perceptions, preferences and ultimately their purchasing behavior in the fashion apparel industry. The widespread use of platforms such as Instagram, Facebook, and Twitter has given consumers unprecedented access to a wealth of fashion-related content, including product reviews, influencer endorsements, and user-generated content. As a result, consumers are increasingly turning to social media as a source of inspiration, information and validation when making purchasing decisions.

The findings of this study highlight the importance of various social media factors in influencing consumer behavior. These factors include both internal elements such as content quality, authenticity and relevance, and external factors including social influence, peer recommendations and brand engagement strategies. By effectively leveraging these factors, fashion brands can cultivate a strong social media presence and make meaningful connections with their target audience, driving consumer engagement and fostering brand loyalty.

It is clear that social media platforms serve as powerful marketing tools for fashion apparel brands, offering unique opportunities for targeted advertising, customer engagement and market research. Through targeted advertising campaigns and personalized content recommendations, brands can effectively reach and reach desired consumer segments, increase conversion rates and maximize ROI.

Despite the undeniable influence of social media on consumer purchasing behavior, it is essential to recognize the inherent challenges and limitations associated with this phenomenon. These challenges range from the spread of fake news and misinformation to data privacy concerns and algorithmic bias. Therefore, while social media presents huge opportunities for brands to connect with consumers, it is imperative that businesses navigate these challenges responsibly and ethically, ensuring transparency, authenticity and respect for consumer rights.

---

## Recommendations

The most important feature of the social network is that you can interact with multiple users at the same time. This feature makes the social media the efficient tool for the companies and the marketers, where they can convey the message to potential customers very efficiently. As social media is much cheaper than other traditional medium of advertising like the print and TV media, there is an obvious liking of the marketers towards these social sites. Sites like Facebook, Instagram and YouTube become the new form of spreading the knowledge. It amazes us with the speed and that's why market is more informed and smarter. Marketers should be encashing this opportunity, and using these mediums to promote their product.

---

## References:

- <http://www.ieomsociety.org/paris2018/papers/320.pdf> (Proceedings of the International Conference on Industrial Engineering and Operations Management Paris, France, July 26-27, 2018) - Yahoo India Search Results
- <http://www.ijsrp.org/research-paper-0219/ijsrp-p8670.pdf> (International Journal of Scientific and Research Publications, Volume 9, Issue 2, February 2019 547 ISSN 2250-3153) - Yahoo India Search Results
- [https://www.iaeme.com/MasterAdmin/uploadfolder/JOM\\_05\\_04\\_014/JOM\\_05\\_04\\_014.pdf](https://www.iaeme.com/MasterAdmin/uploadfolder/JOM_05_04_014/JOM_05_04_014.pdf) (Journal of Management (JOM) Volume 5, Issue 4, July – August 2018, pp. 125–137 ISSN Print: 2347-3940) - Yahoo India Search Results
- [EXCEL International Journal of Multidisciplinary Management Studies Vol.2 Issue 5, May 2012, ISSN 2249 8834, KHUSHBU PANDYA, Social Media Marketing In India – Creating New Groundwork In Marketing Innovation - Yahoo India Search Results](#)
- [SOCIAL MEDIA AS A TOOL OF MARKETING: A STUDY OF INDIAN AUTOMOBILE INDUSTRY Ms.Sarita Devi Epra International journal of economics and business review January 2015 Vol - 3 Issue- 1 ISSN : 2349 - 0187 - Yahoo India Search Results](#)