



## Effect of Social Media on Purchasing Habits of Consumers in Kathmandu Valley

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### Abstract

This study examines the effect of social media in purchasing habits of consumers in Kathmandu Valley. Consumer purchasing habit is the dependent variable. The selected independent variables are online reviews, advertisement in social media, entertainment marketing, consumer's satisfaction and trust, social imaging and information search. The primary source of data is used to assess the opinions of the respondents regarding consumer's purchasing habits through social media in Kathmandu Valley. The study is based on consumers inside Kathmandu Valley with 132 respondents. To achieve the purpose of the study, structured questionnaire is prepared. The correlation coefficients and regression models are estimated to test the significance and importance of in purchasing habits of online reviews, advertisement in social media, entertainment marketing, consumer's satisfaction and trust, social imaging and information search on consumers purchasing habits in Kathmandu Valley.

The study showed that the online review has a positive impact on purchasing habits of consumers. It indicates that positive reviews of the products in social media stimulates the consumer's purchasing habits. Likewise, the advertisement in social medias is has a positive impact on purchasing habits of consumers. It indicates that advertising through different social media stimulates the purchasing habits of the consumer. In addition, entertainment marketing has a positive impact on purchasing habits of consumers. It indicates that entertainment marketing in social media impulse the purchasing habits of consumers. Further, customer's satisfaction and trust has a positively impact on purchasing habits of consumers. It indicates that maintaining customer's satisfaction and trust stimulates the purchasing habits of consumers. Furthermore, social imaging has a positive impact on consumer's purchasing habits. It indicates that good social imaging of the company drives the consumer's purchasing habit. The study also revealed that information search has a positive impact on purchasing habits of consumers. It implies that availability of information about the products in social media impulse the purchasing habits of consumer in Kathmandu Valley.

**Keywords:** Online reviews, advertisement, entertainment marketing, consumer's satisfaction and trust, social imaging, information search, purchasing habit.

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### 1. Introduction

Technological advancement has resulted in the rapid development of the Internet, as well as increased the Internet's acceptance of social interaction

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and global use of social media. Social media can be defined as consumer-created media that covers a wide range of new wellsprings of online data, created and utilized by consumers' determined to share any data of interest to others (Kohli *et al.*, 2015). Over the last decade, the World Wide Web has seen a proliferation of user-driven web technologies such as blogs, social networks and media sharing platforms. Collectively called social media, these technologies have enabled the growth of user-generated content, a global community, and the publishing of consumer opinions (Smith, 2009).

Consumers today are progressively utilizing technology and particularly social media as an effective tool in their online shopping process. This process can be defined as an electronic process that allows consumers to deal with business people and meet their purchases' needs. Social media have played important role in spreading this phenomenon faster (Hennig-Thurau *et al.*, 2010). The social media revolution has led to new ways of seeking and obtaining information on the multitude of products and services in the market. It has enabled consumers to connect and discuss brands with each other quickly and easily (Powers *et al.*, 2012). Social media marketing refers to use the social media and social networks to promote the product or services. Social media marketing plays a better role under pull marketing strategy than tradition push marketing approach. Meaning that marketer use social media to pass information about the commodity to enable consumer be attracted with the commodity (Smeltzer, 2009). According to Thapa (2016), social media marketing is various ways, paid and unpaid, of reaching out to your potential customers or previous customers through social media to increase sales, get reviews and build your brand.

Consumer's behavior, perceptions and attitudes determine their purchase intentions. A business cannot succeed by supplying products and services that are not properly designed to serve the needs of the customers. The entire business has to be seen from the point of view of the customer. A company's business depends on its ability to create and retain its customers (Guha, 2013). Consumer buying behavior refers to the behavior of the ultimate consumer. It refers to the selection, purchase and consumption of goods and services for the satisfaction of their wants (Ramya and Ali, 2016). Today's business environment is highly competitive and rapidly changing. If firm wants to succeed in its goals, then it has to do a continuous observation of the consumer behavior and their preference because consumers are the kings in the business world (Anojan and Subaskaran, 2015).

Moon (2004) stated that one of the fundamental issues in purchasing

behavior is the way customers develop, adopt, and use decision-making strategies. Thus, it is important to acknowledge and understand the customer behavior by investigating the factors that affect consumer behavior and looking into the impact of each of these factors on customers' behavior (Shah *et al.*, 2019). Accordingly, marketers will be able to offer a product that is more consistent with the needs and preferences of consumers (Kotler and Keller, 2012). In general, various parameters influence customers' tendency to purchase a product or commodity. Online CPB, like the traditional purchase behavior model, depends on a series of cultural, social, personal, psychological factors, etc. among which age and gender have been considered in various studies (Estiri *et al.*, 2018).

Consumer purchase decision has been widely researched in the contemporary marketing literature. It was expressed by Salem (2018) as the process that starts when a consumer recognizes a need, searches for options, evaluates alternatives, and then selects a certain product and service. Therefore, purchase decision can be conceptualized as series of steps that consumers go through before making the actual purchase. It is comprised of various aspects, such as what to buy, when to buy, from where to buy, which brand or model to buy, what is the payment method that will be used, and how much to spend. To be precise, the purchase behavior of consumers is usually shaped according to their past experiences in using a firm's offerings and the ability of purchased product in satisfying the specific needs. Furthermore, marketers can stimulate consumers' buying behavior through developing advertising and promotion programs that can arouse their responses. In recent years, multiple media channels have emerged online for communicating a firm's offering and inducing consumers' buying decisions. These channels have emerged as a result of the advancement in the information and communication technologies (Aswani *et al.*, 2018).

Joines *et al.* (2003) stated that young consumers are more likely to shop products online than older consumers. The study further revealed that the purchase behavior of young consumers have a significant difference with that of the age group of more than 50 years old. In fact, young consumers spend much time on social networks and different platforms and showed a higher tendency for online shopping. In contrast, the age group over 50 years old is more conservative in online shopping. Different marketing strategies and approaches are necessary for the different consumer age segments in E-Commerce (Nemati and Khajeheian, 2018).

Lin *et al.* (2019) concluded that men and women are different, and

therefore, to influence their purchase intentions via their attitudes, men are more affected by the interactivity of a website than women. In contrast, women are more affected by vividness, diagnosticity of the information, and perceived risk (Emami *et al.*, 2011). Akhila and Sivabagyam (2020) concluded that the utilization of social media improved satisfaction for consumers during the initial stages of data search and alternative evaluation but didn't help much in improving satisfaction within the purchase decision stage, nor within the post-purchase evaluation. Many consumers are just as satisfied to reach their purchase decision in the traditional physical stores after having conducted their search and evaluation online. Kar (2022) found that social media platforms in a prime position for executing effective digital marketing campaigns. Consumer behavior while still driven by personal, psychological, and social factors has changed with the advent of social media.

According to Chatzigeorgiou (2017), the influencer marketing influences the decision making of millennial when choosing a rural tourism area as a potential destination. Alberghini *et al.* (2014) found that increasing importance of social technologies has prompted organizations to develop a better understanding of their effects in order to seize the most favorable benefits. Malthouse *et al.* (2013) showed that technologies have also enabled consumers to filter out advertising and CRM messages, compare prices with competitors from anywhere with mobile devices, and distribute positive or negative brand messages to a global audience.

According to Remidez and Jones (2012), any emerging technology follows a typical adoption path from over enthusiasm through a period of disillusionment to an eventual understanding of the technology's relevance and role in a market or domain. Each phase in this study is characterized by distinct indicators of market, investment, and adoption activities. Twitter is considered to have tipped over the peak of early adoption, and to be about to enter the infamous trough of disillusionment characterized by negative press and failures. Oyza and Edwin (2015) found the benefits and challenges of this massive conundrum which has taken business management by storm and concluded with vital recommendations for organizational managers.

According to Jones *et al.* (2014), benefits from the use of websites and social media sites include an increase in awareness and inquires, enhanced relationships with customers, an increase in the number of new customers, enhanced ability to reach customers on a global scale, and co-promotion of local businesses that enhances the image of business in the region. Olotewo (2016) revealed that Facebook is the prominent social media platform

employed by organizations in emerging economy but the rate of adoption is still low considering the percentage of organization that have social media department. Momani (2016) indicated that social media activity has significant impact on brand success in emerging economies.

In context of Nepal, Neupane (2019) concluded that maximum number of male and female demographics agreed that digital way of marketing was more effective and efficient while comparing with traditional marketing technique. Marketers should adopt advanced digital marketing tools while focusing on consumers on social media for establishing brand identity and encouraging brand loyalty as these methods are not just cheap and easy. Thagunna and Khanal (2013) found that among the demographic factors, buying behavior of Nepalese women varies according to the age group they belong to. Besides age other demographic factor has little or insignificant impact on the buying behavior.

The above discussion reveals that the empirical evidences vary greatly across the studies concerning on effects of social media on purchasing habit of consumers. Though there are above mentioned empirical evidences in the context of other countries and in Nepal, no such findings using more recent data exist in the context of Nepal. Therefore, in order to support one view or the other, this study has been conducted.

The main purpose of the study is to examine the effect of social media on purchasing habit of consumers in Kathmandu Valley. Specifically, it examines the relationship of online review, advertisement in social media, entertainment marketing, customer's satisfaction and trust, social imaging and information search with purchasing habit of consumers in Kathmandu Valley.

The remainder of this study is organized as follows. Section two describes the sample, data and methodology. Section three presents the empirical results and the final section draws the conclusion.

## **2. Methodological aspects**

The study is based on the primary data. The data were gathered from 132 respondents through questionnaire. The respondents' views were collected on online reviews, advertisement in social media, entertainment marketing, customer's satisfaction and trust, social imaging, information search in social media. The study is based on descriptive and causal comparative research designs.

### *The model*

The model estimated in this study assumes that consumer purchasing

habits depends on online reviews, advertisement in social media, entertainment marketing, customer's satisfaction and trust, social imaging and information search. Therefore, the estimated model takes the following form:

$$PH = \beta_0 + \beta_1 \text{ONR} + \beta_2 \text{ADV} + \beta_3 \text{ENT} + \beta_4 \text{CS} + \beta_5 \text{SOI} + \beta_6 \text{INS} + e$$

Where,

PH = Consumer's purchasing habits

ONR = Online reviews

ADV = Advertisement in social media

ENT = Entertainment marketing

CS = Customer's satisfaction and trust

SOI = Social imaging

INS= Information search

Purchasing habit was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 5 items and sample items include "Social media advertisements help in making decisions for purchase", "I made my purchase after watching some review on social media" and so on. The reliability of the items was measured by computing the Cronbach's alpha ( $\alpha = 0.734$ ).

Online review was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 5 items and sample items include "I think that the online reviews in social media helps in creation of new customer", "I think that the online review is always correct and genuine" and so on. The reliability of the items was measured by computing the Cronbach's alpha ( $\alpha = 0.797$ ).

Advertisement in social media was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 5 items and sample items include "Advertising on social media increases exposure and brand awareness", "Advertising on social media provides useful audience and market insight" and so on. The reliability of the items was measured by computing the Cronbach's alpha ( $\alpha = 0.721$ ).

Entertainment marketing was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 5 items and sample items

include “I think that video entertainment marketing attracts the customer in business”, “I think that attractive advertising in social media helps in customer retention and attraction” and so on. The reliability of the items was measured by computing the Cronbach’s alpha ( $\alpha = 0.767$ ).

Customer’s satisfaction and trust was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 5 items and sample items include “The level of trust you have in information on online marketing from personal sources (family, friends and their connections)”, “In my opinion, customer satisfaction should be prior” and so on. The reliability of the items was measured by computing the Cronbach’s alpha ( $\alpha = 0.787$ ).

Social imaging was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 5 items and sample items include “I think that brand imaging is important while purchasing products online”, “I think that maintain genuine brand imaging in social media attracts new customers” and so on. The reliability of the items was measured by computing the Cronbach’s alpha ( $\alpha = 0.751$ ).

Information search was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 5 items and sample items include “I think that information search in social media positively influence consumer perception”, “Information search increases the good will of the consumer” and so on. The reliability of the items was measured by computing the Cronbach’s alpha ( $\alpha = 0.753$ ).

The following section describes the independent variables used in this study along with the hypothesis formulation.

### *Online reviews*

Mudambi and Schuff (2010) defined that online reviews as evaluation information of products and service posted on third-party sites and retailers, which created by the consumers. Wang and Guo (2017) found that the online user reviews rating is positively associated with the number of screens, confirming that the online review is influential on exhibitor behavior. Likewise, Thomas *et al.* (2019) pointed out that review from previous purchasers have positive influence on recipients’ purchase intention. Du *et al.* (2016) explored that online reviews have positive impacts on purchase intention. It indicates that better online review, more likely that customer would prefer to purchase

more. Similarly, Park and Lee (2009) revealed that online reviews are positively associated with higher sales. Sparks and Browning (2011) investigated the impact of online reviews on hotel booking intentions and perception of trust. The study argued that consumers tend to rely on easy-to-process information, when evaluating a hotel based upon reviews. Based on it, this study develops following hypothesis;

H<sub>1</sub>: There is a positive relationship between online reviews and purchasing habit of consumer.

#### *Advertisement in social media*

Advertising is defined as placing commercially significant news about anything in a written media or getting favorable presentation of something on video television or stage that isn't paid for by the sponsor (Dhananjhay, 2022). Jones *et al.* (2014) concluded that social media advertising increases awareness and inquires, enhances relationships with customers, increases the number of new customers, enhances ability to reach customers on a global scale. Nakara *et al.* (2012) indicated that social media advertising are important and appropriate tools for advertising that helps to integrate social networks and gain a better image and e-reputation. Likewise, Rasool *et al.* (2012) emphasized that brands advertisement play a vital role to stimulate the consumers to buy the same brand, it enhances the performance of any business and its image among the rival market. Gecti and Destan (2013) found that social media focused information and communication technologies have a significant and a positive relationship with marketing oriented outputs and performance. In addition, Lawrence *et al.* (2013) argued that spending on advertising results in better brand sales and brand profitability. Based on it, this study develops following hypothesis;

H<sub>2</sub>: There is a positive relationship between advertisement in social media and purchasing habit of consumer.

#### *Entertainment marketing*

Entertainment marketing is the ability of an advertisement to promote enjoyment and create positive consumer attitudes by providing form of relaxation, diversion, aesthetic enjoyment, or emotional release (Shavitt *et al.*, 1998). Enjoying the online purchasing experience is a powerful view of the online consumer. Pleasure while shopping is the ability to meet personal needs in pursuit of escape from reality, aesthetic enjoyment, or emotional enjoyment (Harshini, 2015). Similarly, Sternthal and Craig (1973) found that better the entertainment advertisement more will be the



consumer's purchasing habits. Likewise, Liu *et al.* (2018) found that both event marketing and advertising expenditures have a positive impact on company revenue and brand value. Kim and Ko (2012) determined that there is a positive and a significant relationship between entertainment marketing strategy and purchasing habit of the consumers. The social media entertainment and entertainment feature enhances engagement behavior, shows positive attitudes towards the brand by users (Mir and Zaheer, 2012). Based on it, this study develops following hypothesis;

H<sub>3</sub>: There is a positive relationship between entertainment marketing and purchasing habit of consumer.

#### *Customer's satisfaction and trust*

Trust has been defined as consumers' willingness to rely upon their expectations about a firm's future behavior (Walsh and Vincent-Wayne, 2010). Morgan and Hunt (1994) pointed out that trust means someone regards his/her transactional partners as reliable and honest and has confidence in them. Singh and Sirdeshmukh (2000) stated that the trust presented before the transactions directly influenced satisfaction after transactions, while the trust shown after transactions directly influenced trust afterwards. Smeltzer (2009) concluded that mutual trust is influenced by psychological identification, image, and reputation perceived between suppliers and buyers. Ruekert and Churchill (1984) found that consumer satisfaction resulted from purchasing and using a certain product, which was made by a consumer to compare the expected reward and the actual cost of purchase. Cameran *et al.* (2010) revealed that corporate image has strong relationship and significant effect on customer satisfaction while purchasing online. Based on it, this study develops following hypothesis;

H<sub>4</sub>: There is a positive relationship between customer's trust and satisfaction and purchasing habit of consumer.

#### *Social imaging*

Supriyadi and Indra (2016) which defined brand image as the mass imaging of a product in the minds of consumers. The companies compete to give good idea about their products and services to build a positive image about their brand in costumer's mind. So, good perception of product and service quality would drive the costumer to form a positive brand image (Samosir, 2016). According to Rommy *et al.* (2018), the measurement of brand image is subjective, which means that there are no standard provisions in its measurement. Measuring brand image can be done based on the aspects of a

brand, namely strengthens, uniqueness and favorable. Campelo *et al.* (2014) found that branding is often influenced by social perceptions, including the value that individuals place on the brand, and social pressures, including the social messages that others place on brand ownership. Malik *et al.* (2013) found that there is a positive and significant relationship between brand image and purchasing habit of consumers. Brand image plays an important role in helping customers decide whether to buy a brand and thus can influence their buying behavior (Bian and Moutinho, 2011). Based on it, this study develops following hypothesis;

H<sub>5</sub>: There is a positive relationship between social imaging and purchasing habit of consumer.

#### *Information search*

Lee and Hogarth (2000) defined information search either explicitly or implicitly as the degree of attention, perception, and effort directed toward obtaining environmental data or information related to the specific purchase under consideration. Buyers independently seek information about products of interest by browsing product knowledge and looking for similar products (Mourali *et al.*, 2005). Khan (2019) indicated that there is a positive and significant relation between information search and perception of consumer. It indicates that higher the information search, higher will be the chance to purchase the products. Cho *et al.* (2012) stated that social network site shoppers share some information about purchasing, such as selling products, prices, quality, and discounts. Accordingly, customers will get relevant information and buy the goods on the internet. Huang (2016) explained that people who are buying with hedonic motives enjoy searching for product information. Chao and Gupta (1995) found that individuals who have a higher level of education do more information search since they are more likely to engage in a meaningful search for information and make purchase decision accordingly. Price *et al.* (1987) noted that information search has a positive relationship towards consumer perception. Based on it, this study develops following hypothesis;

H<sub>6</sub>: There is a positive relationship between information search and purchasing habit of consumer.

### **3. Results and discussion**

#### *Correlation analysis*

On analysis of data, correlation analysis has been undertaken first and for this purpose, Kendall's Tau correlation coefficients along with means and standard deviations have been computed, and the results are presented in

Table 1.

**Table 1: Kendall’s correlation coefficients matrix**

*(This table presents Kendall’s Tau correlation coefficients between dependent and independent variables. The correlation coefficients are based on 132 observations. The dependent variable is PH (Consumer’s purchasing habits). The independent variables are ONR (Online reviews), ADV (Advertisement in social media), ENT (Entertainment marketing), CS (Customer’s satisfaction and trust), SOI (Social imaging) and INS (Information search).*

Variables	Mean	S.D	ONR	ADV	ENT	CS	SOI	INS	PH
ONR	3.786	0.488	1						
ADV	4.009	0.518	0.293**	1					
ENT	3.891	0.463	0.198**	0.407**	1				
CS	4.088	0.484	0.104	0.268**	0.331**	1			
SOI	3.821	0.550	0.198**	0.297**	0.227**	0.227**	1		
INS	3.942	0.488	0.229**	0.297**	0.294**	0.305**	0.361**	1	
PH	3.846	0.560	0.167*	0.314**	0.239**	0.245**	0.440**	0.415**	1

*Note: The asterisk signs (\*\*) and (\*) indicate that the results are significant at one percent and five percent levels respectively.*

Table 1 shows the Kendall’s correlation coefficients of dependent and independent variables for purchasing habits of consumers. The study indicates that positive online review is positively correlated to the purchasing habits of consumers indicating that the positive online reviews of products in social media stimulate purchasing habits of consumers. Likewise, advertisement in social media is positively correlated to the purchasing habits of consumers. This implies that advertisement in social media stimulate the purchasing habits of consumers. Similarly, entertainment marketing is positively correlated to the purchasing habits of consumers. It indicates that entertainment marketing in social media impulse the purchasing habits of consumers. Moreover, customer’s satisfaction and trust is also positively related to the purchasing habits of consumers indicating that maintaining customer’s satisfaction and trust stimulates the purchasing habits of consumers. Likewise, social imaging is positively correlated to the purchasing habits of consumers which indicates that good social imaging impulse the purchasing habits of consumer in Kathmandu Valley. Moreover, information search is also positively correlated to the purchasing habits of consumers. It shows that availability of information about the products in social media impulse the purchasing habits of consumer in Kathmandu Valley.

*Regression analysis*

Having analyzed the Kendall’s Tau correlation coefficients matrix, the regression analysis has been carried out and the results are presented

in Table 2. More specifically, it presents the regression results of online reviews, advertisement in social media, entertainment marketing, consumer’s satisfaction and trust, social imaging and information search on purchasing habits of customer in Kathmandu Valley.

**Table 2: Estimated regression result of online review, advertisement in social media, entertainment marketing, customer’s satisfaction and trust, social imaging and information search on purchasing habits of consumer in Kathmandu Valley**

The results are based on 132 observations using linear regression model. The model is  $PH = \beta_0 + \beta_1 ONR + \beta_2 ADV + \beta_3 ENT + \beta_4 CS + \beta_5 SOI + \beta_6 IS + e$ , where the dependent variable is PH (purchasing habits). The independent variables are ONR (Online reviews), ADV (Advertisement in social media), ENT (Entertainment marketing), CS (Customer’s satisfaction and trust), SOI (Social imaging) and INS (Information search).

Model	Intercept	Regression coefficients of						Adj. R_bar <sup>2</sup>	SEE	F-value
		ONR	ADV	ENT	CS	SOI	INS			
1	2.100 (5.966)**	0.461 (5.000)**						0.155	0.515	25.004
2	1.531 (4.733)**		0.577 (7.214)**					0.280	0.475	52.047
3	2.030 (5.292)**			0.467 (4.767)**				0.142	0.518	22.724
4	1.914 (5.022)**				0.472 (5.102)**			0.160	0.513	26.027
5	1.885 (6.335)**					0.513 (6.657)**		0.249	0.485	44.321
6	1.228 (3.766)**						0.664 (8.092)**	0.330	0.458	65.476
7	1.245 (3.421)**	0.171 (1.676)	0.487 (5.080)**					0.290	0.472	27.790
8	0.972 (2.362)*	0.163 (1.606)	0.418 (3.881)**	0.149 (1.396)				0.295	0.470	19.313
9	0.592 (1.351)	0.167 (1.668)	0.367 (3.388)**	0.057 (0.506)	0.227 (2.273)*			0.318	0.462	16.247
10	0.055 (0.129)	0.136 (1.454)	0.295 (2.884)**	0.031 (0.291)	0.171 (1.824)	0.333 (4.470)**		0.406	0.431	18.936
11	-0.126 (0.305)	0.078 (0.858)	0.254 (2.567)*	0.006 (0.061)	0.104 (1.128)	0.251 (3.332)**	0.328 (3.428)**	0.453	0.414	19.085

Notes:

- i. Figures in parenthesis are t-values.
- ii. The asterisk signs (\*\*) and (\*) indicate that the results are significant at 1 percent and 5 percent levels respectively.
- iii. Consumer’s purchasing habit is dependent variable.

The regression result shows that the beta coefficients for online reviews are positive with the purchasing habits of consumers. It indicates that online reviews have a positive impact on the purchasing habits of consumers. This finding is consistent with the findings of Park and Lee (2009) Likewise, the beta coefficients for advertisement in social media are positive with the purchasing habits of consumers. It indicates that advertisement in social

media has a positive impact on the purchasing habits of consumers. This finding is similar to the findings of Nakara *et al.* (2012). In addition, the beta coefficients for entertainment marketing are positive with the purchasing habits of consumers. It implies that entertainment marketing has a positive impact on the purchasing habits of consumers. This finding supports the findings of Kim and Ko (2012). Further, the beta coefficients for customer's satisfaction and trust are positively related with the purchasing habits of consumers. It means that customer's satisfaction and trust has a positive impact on the purchasing habits of consumers. This finding is similar to the findings of Singh and Sirdeshmukh (2000). In addition, the beta coefficients for social imaging are positive with the purchasing habits of consumers. It shows that social imaging has a positive impact on purchasing habits of consumers. This finding is consistent with the findings of Bian and Moutinho (2011). The beta coefficients for information search are positive with the purchasing habits of consumers. It indicates that information search has a positive impact on the purchasing habits of consumers. This finding is similar to with findings of Price *et al.* (1987).

#### **4. Summary and conclusion**

One of the fundamental issues in purchasing behavior is the way customers develop, adopt, and use decision- making strategies. Thus, it is important to acknowledge and understand the customer behavior by investigating the factors that affect consumer behavior and looking into the impact of each of these factors on customers' behavior.

This study attempts to examine the impact of social media on purchasing habits of consumers in Kathmandu Valley. The study is based on primary data with 132 observations.

The major conclusion of this study is that positive online reviews, advertisement on social media, better social imaging, higher customer's satisfaction and trust, availability of information about the products and services stimulates the consumers of Kathmandu Valley to purchase through online mode. The study also concluded that information search on social media followed by advertisement on social media and social imaging are the most influencing factor that explains the changes in purchasing habits of the consumers through social media in Kathmandu Valley.

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