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A Study on the role of Social Media on Financial Marketing and Investment Decisions in Vadodara

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Abstract

This research explores the increasingly significant role of financial marketing through social media platforms in shaping individual investment decisions. In the digital age, social media has become a powerful tool for disseminating financial information, connecting investors, and influencing investment behavior. The research methodology involves a comprehensive literature review, qualitative analysis of social media content, and a quantitative survey of investors across different age groups and income levels. The study aims to uncover the mechanisms through which financial marketing on social media influences investment choices and to identify the key factors that drive investor engagement with financial content on these platforms. Ultimately, this research contributes to a deeper understanding of the evolving landscape of financial marketing in the digital era and its impact on investment decisions. It provides valuable insights for financial institutions, marketers, and policymakers seeking to optimize their engagement strategies on social media platforms to better serve the needs of investors and enhance the overall financial literacy of the population.

Keywords: Financial marketing, Investment decision, Investor behavior, Social media platform

Introduction

In today's financial landscape, the fusion of technology, social media, and finance has given rise to a powerful form of financial marketing that profoundly influences investment choices. Social media platforms, such as Twitter, Facebook, Instagram, and others, have democratized access to financial information, creating a dynamic space for marketers, investors, and the public. This research explores the pivotal role of social media in shaping investment decisions, aiming to uncover the complex factors at play. It seeks to provide insights for academia and industry, addressing strategies for engaging investors, ensuring information credibility, and enhancing financial literacy in this era of information abundance and digital connectivity. The role of financial social media in influencing investment decisions in India has grown significantly in recent years. Social media platforms, such as Twitter, Facebook, LinkedIn, Instagram and financial forums like Money control, CNBC etc...have become integral to the investment landscape. These platforms provide a wealth of information, analysis, and discussions related to financial markets and investment opportunities, impacting how individuals and even institutions make investment decisions. In this introduction, we will explore the key factors contributing to the influence of financial social media on investment decisions in India.

Financial marketing through social media has emerged as a powerful and transformative tool in shaping investment decisions in India. With the increasing penetration of the internet and smartphones, the landscape of finance and investments has evolved. This transformation is primarily driven by the role of social media

in disseminating information, facilitating communication, and influencing investment choices. In this dynamic era, where information travels at the speed of a click, the role of financial marketing on social media is pivotal in shaping investment decisions.

Social media platforms like Facebook, Twitter, LinkedIn, and Instagram have not only revolutionized the way people connect and share personal experiences but have also become influential channels for financial education and investment decision-making.

Literature review

- Fayda, S. N. A., Sencan, A., Aksoy, Yazici, S. (2020) "A qualitative research on selected performance indicators for investment decision process: a framework for fintech startups in Turkey". offers insightful information about the benefits and difficulties associated with funding fin-tech businesses in Turkey. Acknowledging the significance of customized performance measures for this ever-changing industry, it provides a framework that can direct investment choices. Research projects like this one are vital to improving our knowledge of investment decision-making in this cutting-edge environment as the fin-tech sector develops further.
- Sajeev, Afjal, Spulbar, Birau, and Florescu (2021) "Evaluating the linkage between behavioural finance and investment decisions amongst Indian Gen Z investors using structural equation modeling". offers insightful information about the behavioral finance elements that affect Indian Gen Z investors' investing decisions. It emphasizes how crucial it is to identify societal factors and behavioral biases in order to comprehend this generation's investment decisions. This study adds to the growing body of knowledge in behavioral finance and has applications for financial institutions and educators that want to successfully interact and instruct Generation Z investors.
- Sharda Kumari (June 2017) "Impact of Social Media on Biases of Individual Investor's Decision Making," The goal of the research, which she titled was to determine whether social media is causing retail investors to feel biased and to investigate the various factors that influence social media investment information and its impact on investors. Furthermore, it was found that 20% of people use social media platforms for banking, and 90% of them view social media as a source of information for making investments. In contrast, 55% of people rely on information from news channels.
- Dr. Sahel Ali Al Atoom , Dr. Khaled Khalaf Alafi , Dr. Mazen Mohammad Al-Fedawi (2021), "The effect of social media on making investment decisions for investors in Amman Financial Market," looked at the impact of social media on investors' decision-making in the market. They did this by reviewing the most significant economic and financial data and information that can be disseminated through new media, identifying the most significant and influential new media that are influencing investors' decisions in the market, and determining the influence of new media on investors' decision-making in the market. Additionally, the study produced a number of findings, the most significant of which are as follows: - Investors in the Amman Financial Market utilize social media with 60% and specialized websites with 40% of their interactions.
- Garg, P., Gupta, B., Dzever, S., Sivarajah, U., & Kumar, V. (2020) "Examining the relationship between social media analytics practices and business performance in the Indian retail and IT industries" the relationship between financial marketing, social media, and investing choices. In order to effectively use social media platforms and interact with investors in Vadodara and beyond, businesses and financial institutions must modify their marketing strategies. This article emphasizes how consumer engagement and decision-making processes are changing in the digital age.

- Pavin's (2024) "A Study of Social Media Influence on Stock Market Investment Decision with Special Reference to Latur District" research provides important insights into the changing nature of financial decision-making in the digital era by examining the impact of social media on stock market investing decisions in Latur District. Comprehending the influence of social media platforms on investment behavior is becoming more and more important as these platforms continue to gain popularity as sources of financial information and market sentiment. Previous studies in this field have looked at a number of social media's effects on the financial markets, such as information sharing, sentiment monitoring of investors, and changes in stock prices.
- Gite et al. (2021) "Explainable stock prices prediction from financial news articles using sentiment analysis". Delve into the realm of explainable stock price prediction by utilizing sentiment analysis of financial news articles. This research builds upon a burgeoning field where advancements in natural language processing and machine learning techniques are being harnessed to extract valuable insights from textual data for predicting stock market movements.
- Nasution et al. (2022) "Social network ties, proactive entrepreneurial behavior and retail business: a study on Indonesia small enterprises". Aims to examine the correlation between proactive entrepreneurial behavior, social network relationships, and successful retail business outcomes in Indonesian small firms. This study adds to the body of knowledge on small business management and entrepreneurship by examining the role that social network connections play in encouraging proactive actions and, eventually, successful business outcomes.
- Mishra's (2020) "Social networks, social capital, social support and academic success in higher education: A systematic review with a special focus on 'underrepresented' students". comprehensive review in Educational Research Review, with a focus on underrepresented students. By combining the results of other studies, this study contributes to the body of knowledge by providing a thorough understanding of the ways in which social factors affect academic achievements in a range of student populations
- Joshi and Khare (2024) "The role of local connections in network configuration: a case of social enterprise in India" explore the significance of local connections in network structure in the context of social enterprises in India in their paper, which was published in the Journal of Social Entrepreneurship. By examining the ways in which local networks impact the operations and organisational structure of social companies, this study contributes to the expanding corpus of research on social entrepreneurship.

Research gap

The purpose of this research is to study the role of social media in investment decisions and the changes in investment patterns and its impact on investment decisions. It tries to address a study of the scarcity of the research linking with the corporate social responsibility disclosure, investment decisions and the moderating effect of online social media. It tries to analyze the investment behavior of social media users and the relationship between social media usage and investment decisions. It also examines the attitude of small individual investors making investment through the social media or any other financial marketing channels. It studies the role of social media influencers and financial experts in shaping investment decisions. It helps to examine how different demographic groups are influenced by social media when making investment decisions. There is a research gap related to the sales promotion activities on social media. There is a visible gap between regulations and financial promotional practices on social media. This activity can have both positive and negative effects on the investment decisions of the institutions as well as individuals.

Research methodology

Research Methodology is the section which elaborates which methodologies will be used in the analysis to observe and evaluate the proposed research model. This is a Descriptive Research and a questionnaire survey is deemed to be employed as it is the most appropriate method for this study. The questionnaire

survey method is a faster, less expensive and more convenient way of obtaining data from a large number of respondents than personal interview method or any other method. So, in order to continue research, a questionnaire is used. The research design describes how the researcher will approach the investigation of the dissertation. This analysis utilizes a random sampling methodology to examine the digital accounting system and its impact on small and medium enterprises in India. A Google Form questionnaire was used to conduct an electronic survey and gather data.

Objectives

- To Investigate the Relationship Between Social Media Usage and Investment Decisions.
- To Explore Investment Behavior of Social Media Users.
- To Assess the Overall Impact of Social Media on Investment Decisions.
- To Investigate the Attitudes of Small Individual Investors

Hypothesis

H0: There is no significant relationship between social media and investment decision.

H1: There is a significant relationship between social media and investment decision.

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
21).How does Financial Marketing influence investment decisions?	160	1	4	2.20	1.002
22). How does financial marketing adopt to changing economic conditions?	160	1	4	2.02	.987
23). How can digital marketing impact the accessibility of investment information?	160	1	4	2.10	.841
25). What is the role of social media in modern financial marketing?	160	1	4	2.25	.839
26). What is the main purpose of a financial marketing prospectus?	160	1	4	1.86	.773
27).Which of the following factors does Financial Marketing typically consider when targeting potential investors?	160	1	4	2.67	1.148

28).Which of the following regulatory bodies is responsible for overseeing Financial Marketing activities?	160	1	4	1.67	1.086
30). Which of the following is considered a traditional source of investment?	160	1	6	4.07	1.897
31).Which investment source involves pooling funds from multiple investors to invest in a diversified portfolio?	160	1	4	2.11	.965
32). What amount of financial risk are you willing to take when you invest?	160	1	4	2.27	.750
33). What will be your return frequency expectation?	160	1	4	2.54	1.243
34).What percentage of return are you looking for when you invest ?	160	1	4	3.04	.961
35). Which of the following best describes a relationship between risk and potential ROI in investments?	160	1	4	2.04	.776
36).What type of investment do you prefer?	160	1	4	2.63	1.267
37).What is the primary goal of making an investment?	160	1	4	2.41	.980
Valid N (listwise)	160				

The examination of descriptive statistics sheds light on respondents' opinions and preferences about a range of financial marketing and investing choices in Vadodara. In general, participants indicated a moderate level of agreement or comprehension with all poll items. Remarkably, the perceived relevance of social media and digital marketing in financial marketing was shown by the comparatively higher mean scores they earned. Lower mean scores were obtained for topics including the primary goal of financial marketing prospectuses and regulatory control in financial marketing, indicating possible areas for development or attention. These figures demonstrate the complex attitudes and beliefs that Vadodara residents have towards financial marketing and investing choices.

Anova analysis

		Sum Squares	of df	Mean Square	F	Sig.
[Financial market in effectively educates and informs investors about investment options]	Between Groups	2.443	4	.611	1.614	.174
	Within Groups	58.657	155	.378		
	Total	61.100	159			
[Financial markets efforts to build trust and credibility positively impact my investment decisions]	Between Groups	1.270	4	.317	.883	.476
	Within Groups	55.724	155	.360		
	Total	56.994	159			
[Financial marketing contributes to portfolio diversification and risk management decisions]	Between Groups	1.408	4	.352	.641	.634
	Within Groups	85.036	155	.549		
	Total	86.444	159			
[The effectiveness of financial marketing in driving investment decisions can be accurately measured and assessed]	Between Groups	6.495	4	1.624	2.553	.041
	Within Groups	98.605	155	.636		
	Total	105.100	159			
[Financial marketing techniques and tools effectively inform and attract investors towards investment opportunities]	Between Groups	15.903	4	3.976	5.402	.000
	Within Groups	114.072	155	.736		
	Total	129.975	159			
[Regulatory and compliance issues associated with financial marketing impact my investment decisions]	Between Groups	3.818	4	.954	1.331	.261
	Within Groups	111.126	155	.717		
	Total	114.944	159			
[Are you satisfied from your investment return?]	Between Groups	1.954	4	.488	.970	.426
	Within Groups	78.046	155	.504		
	Total	80.000	159			
[Investor education and financial literacy should be integral parts of financial marketing]	Between Groups	1.927	4	.482	.725	.576
	Within Groups	103.048	155	.665		
	Total	104.975	159			
[Ethical and responsible financial marketing practices are essential for informed investment decisions]	Between Groups	2.343	4	.586	1.405	.235
	Within Groups	64.632	155	.417		
	Total	66.975	159			
[Financial advisors play a crucial role in guiding	Between Groups	2.164	4	.541	.822	.513
	Within Groups	102.079	155	.659		

investors through marketing strategies?]	Total	104.244	159			
[Financial marketing has a significant role in shaping your investment portfolio]	Between Groups	2.074	4	.519	1.019	.399
	Within Groups	78.870	155	.509		
	Total	80.944	159			
[Financial marketing campaigns have a direct impact on your risk perception when making investment decisions]	Between Groups	2.318	4	.579	.981	.420
	Within Groups	91.582	155	.591		
	Total	93.900	159			
[Is social media guiding you in the right path for investment decisions]	Between Groups	2.326	4	.582	.764	.550
	Within Groups	117.917	155	.761		
	Total	120.244	159			

"A study on the role of financial marketing and social media on investment decisions in Vadodara," led to an ANOVA data analysis that locks light on a number of different areas of financial marketing and how it affects investment decisions.

First, the research shows that, although there is some variance across groups, this difference is not statistically significant when it comes to the efficacy of financial marketing in teaching and enlightening investors about investment possibilities ($F(4, 155) = 1.614, p = .174$). Likewise, there is no discernible influence of financial marketing activities aimed at establishing credibility and trust on investment choices ($F(4, 155) = 0.883, p = .4760$).

Notable discoveries have been made in various fields. As an illustration, it is possible to test and evaluate the efficacy of financial marketing in influencing investment decisions, and the results indicate a statistically significant difference between the groups ($F(4, 155) = 2.553, p = .041$). Furthermore, it seems that financial marketing strategies and resources have a major role in educating and luring investors to potential investments ($F(4, 155) = 5.402, p = .000$).

It is also believed that responsible and moral financial marketing techniques are necessary for making well-informed investment decisions, even if there is no statistically significant difference between the groups ($F(4, 155) = 1.405, p = .235$). Furthermore, although financial advisers are seen to be essential in helping investors with marketing techniques, there is no evidence that this factor has a substantial influence on investment choices ($F(4, 155) = 0.822, p = .513$).

There are no statistically significant differences between the groups when it comes to the influence of financial marketing on risk perception while making investment decisions and how it shapes investment portfolios ($F(4, 155) = 1.019, p = .399$ and $F(4, 155) = 0.981, p = .420$, respectively). There is no discernible group difference in the impact of social media on investing decisions ($F(4, 155) = 0.764, p = .550$). Overall, there appears to be a complex link between financial marketing techniques and investor behavior in Vadodara, since certain components of the strategy have a major influence on investment decisions while others do not.

Findings

Based on the research, here are some findings on the A Study on the role of Social Media on Financial Marketing and Investment Decisions in Vadodara.

- It is found that the people between the ages of 21-30 are more active participants in the field of investment decisions influenced by social media. In our developing country, females are progressing in their fields now onwards, that's why the ratio of males are more progressive as compared to females.
- As we know that India is becoming social centric country and people are surfing more on social media now and all the social media platforms, other communication mediums are making people to indulge more and more for taking their investment decisions.
- In this research we got to know that a combination of financial news sources and financial advisors helped the investors in making their investment decisions. Apart from that friends and families, Company performance data and market condition of the company would also help the people in making financial decisions.
- In India, there are some platforms like Instagram, Twitter(X), Facebook, WhatsApp , You tube etc....which are mostly used by all the people for awareness on social media on financial marketing and investment decisions.
- Around 6.9% People Invests in Stocks, as they find this option easier and it gives more ROI. Other options like Bonds, Mutual funds, gold, FDs, RDs, Crypto-currencies and Real estate etc...in which people do investment based on their needs, choices and preferences.
- As per the research the people engaged in investment activities on regular basis were less then occasionally making investments. The percentage for regular investing people was only 7.5% and on the other side the occasionally investing people are around 22.5%. So, the frequency of regular investment should be increased.
- Studies indicated that Social media influencers help to influence investment decisions of their users. Positive or negative sentiments expressed on platforms can sway investor perceptions and impact stock prices.
- Social media can amplify herding behavior among investors especially on youngsters. FOMO (Fear of Missing Out) and the desire to follow the crowd can lead to irrational investment decisions based on popular trends or consensus opinions expressed on social media.
- On the basis of ANOVA Analysis we have found out that P-value all the related data is less than (F-statistic) value. As per statistic's rule P-value should be less than the F-statistic value to reject H0 which is the Null hypothesis.
- This research and its finding collectively emphasize the significant role that social media play in shaping investment decision, influensive user behavior facing challenges and benefiting opportunities impacting the financial market landscape, which helps to accept H1- Alternative hypothesis.
- So, we can say that there is a significant relationship between social media in financial marketing and investment decision.

Conclusion:

In conclusion, the impact of social media on financial marketing and investment decisions is undeniable, yet it comes with a myriad of challenges and limitations. While social media platforms offer unprecedented access to information, interaction, and market sentiment, they also present risks such as misinformation, short-term focus, herding behavior, and manipulative practices.

However, to navigate the complexities of social media in financial contexts, stakeholders must exercise caution, critical thinking, and due diligence. It is imperative to verify information from multiple sources, scrutinize the credibility of sources, and maintain a long-term perspective amidst the noise and volatility of social media discourse.

Despite of some limitations, social media remains a powerful tool that cannot be ignored in today's digital age. It provides opportunities for financial marketers to reach a vast audience and engage with many customers in innovative ways. Moreover, investors can leverage social media for research, idea generation, and community collaboration.

Ultimately, the successful integration of social media into financial marketing and investment decisions requires a balanced approach that acknowledges both its potential benefits and inherent limitations. By understanding these dynamics and adapting strategies accordingly, businesses and investors can harness the power of social media while mitigating its associated risks.

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