Usage of Social Media among the Equity Investors with Special Reference to Selected Stock Broking Firms in Coimbatore

Kavitha, S.[1] and Bhuvaneswari, R[2]

[1]Associate Professor, [2]PhD (FT) Research Scholar, Department of Management, GRG School of Management Studies, P.S.G.R Krishnammal College for Women, Peelamedu, Coimbatore 641004, Tamil Nadu, kavitha@grgsms.ac.in, buva22@gmail.com

A R T I C L E   I N F O

A B S T R A C T

Social media is a rising and emerging trend in the world today. Social media networking allows users to easily and quickly share pictures, ideas, links and messages with other users; theoretically making easy social interaction. It is being used by students, parents, professionals, business people, religious organizations and so on. Nowadays, it is used by investors for gathering and sharing the investment information, better communication and doing research purpose also. One of the survey results showed that getting timely information and industry updates was the most common reason to use social media. This paper has attempted to study about the usage pattern, preference and perception of equity investors towards the social media in Coimbatore city. Data were collected using a structured questionnaire from the equity investors of selected stock broking firms in Coimbatore city. The collected data were analyzed using percentage analysis, multiple response analysis and weighted average rank analysis. Results reveal that most of the equity investors are aware of the social media and being used effectively in their investment decision making.

Introduction

Social media is the greatest suitable way of communication to get necessary information among the investors in the present day. The main advantage of placing social media in this field is purely for timely information which rather poorly was possible via the traditional media or any other form of media. Today, most of the investors are attracted by social media due to the power which allows the broadcast of information at high speed and accuracy.

Social Media

Social media grew up rapidly and are an indispensable part of every organization. In the last two years, social media use has become one of the most rapidly growing activities worldwide. The term social media can be known as a social platform that facilitates the users to share their information, ideas or interests, and more often interact, via the internet or mobile systems with others. The improved use of the Internet as a new tool for communication has changed the way people interact. This new communication style happens to the use of social networking sites like Twitter, Facebook, LinkedIn, YouTube, Pinterest, Google+, WhatsApp etc.

Stock Market

Investment is the sacrifice of certain present value for an uncertain future reward. It entails arriving at numerous decisions such as type, mix, amount, timing, grade etc. of investment and disinvestment. Investments made by buying financial instruments such as new shares, bonds, securities, mutual funds, commodities etc. is considered as a Financial Investment. Among the various types of financial instruments,

equity shares play a major role in getting high return for investors at a high rate of risk. And also stock market is one of the main sources of enhancing resources for India and is acting as a major driver for economic growth of a country.

Review of Literature

Mudholkar and Uttarwar (2015) attempted to study on the impact of social networking sites on investment decisions and their findings of the study revealed that social media impact the buying decisions of financial product buyers greatly and also it plays an important role in business and organisations.

Siganos et al. (2014) in their article titled "Facebook's daily sentiment and international stock markets" tried to explain that relationship between daily sentiment and trading behaviour within 20 international markets by using Facebook's Gross National Happiness Index (FGNHI) for the period of September 2007 to March 2012. Further, they tried to emphasize the significance of behavioural factors in stock investment. Moreover, they investigated that the sentiment on Facebook is associated with trading volume and stock price volatility and the results showed that the sentiment on Facebook is negatively related to trading volume and stock price volatility.

Kumar and Devi (2014) studied the usage of social media in financial institutions and also explained that the risks involved in using social media in the financial services industry. In addition, social media assist financial services industry to get various aids, namely communication, content, knowing the customers, publish customer feedback, solving the customer's problem and influencing customers.

Lugmayr et al (2013) attempted to provide an overview of the potentials of applying social media to the wider scope of the stock exchange with reference to DAX Performance Index. Their study showed that social media presents new insights into the relation between stock exchange pricing and investor sentiments.

Shanmugham and Ramya (2012) analysed the influence of social factors (social interactions, media and internet) on individual investors' trading behaviour. Their study found that social interactions and media have a positive relationship with an attitude towards trading. Moreover, there also exists a strong positive correlation between attitude, perceived behavioural control and intention towards trading whereas subjective norms have negative correlation with an intention towards trading.

Despite the interest shown by researchers in the behavioural finance area, the number of research studies which identify the influence of social media on investment decision making are not adequate. Also, empirical research pertaining to the usage of social media among the investors is also found to be small in number. Hence an attempt is being made to study that the usage of social media among the equity investor in Coimbatore city.

Objectives of the Study

This study aims at achieving the following objectives:

- To know the demographic profile and the investment pattern of the investors
- To identify the Investor preferences and usage pattern with regard to social media
- To examine the investor awareness and perception towards social media

Methodology

The study is descriptive in nature and is so designed as an empirical one based on survey method.

Sources of data

Primary data were collected by conducting a sample survey of investors. A well-structured questionnaire was used for the collection of primary data.

Sampling design

Population

All the investing people (equity investor) residing in Coimbatore, Tamil Nadu constitute the population.

Sampling method

Proportionate Stratified Random Sampling Method was used for the selection of required number of samples of 110.

Table-1: Sample Size

Sl. No.	Stock Broking Firms	Number of Active Investors	Sample Size
1	Karvy Stock Broking Ltd.	2000	44
2	India Infoline Ltd.	800	18
3	Motilal Oswal Securities Ltd.	740	16
4	Religare Securities Ltd.	1480	32
---	**Total**	**5020**	**110**

Source: Stock Broking Firms, Coimbatore District (Unpublished)

The determined sample size 110 was distributed to the population through the application of proportionate stratified random sampling. The applied strata are the stock broking firms.

Analysis and Interpretation

The collected data have been analysed with the help of statistical tools like Percentage Analysis, Multiple Response Analysis, and Weighted Average Rank Analysis using the Statistical package for Social Sciences (SPSS).

Reliability Analysis

Reliability of the instrument can be tested using Cronbach's Alpha and results are shown in table 2.

Table-2: Reliability Analysis – Value of Cronbach Alpha

Cronbach's Alpha	N of items
.918	10

The calculated cronbach's alpha value is 0.918 for N=10 which depicts that the reliability coefficient value is at the acceptance level.

Percentage Analysis

Demographic Profile of the Respondents

The respondents are asked to give their demographic profile details like gender, age, marital status, education, occupation and annual income. The results are tabulated as shown below.

Table-3: Demographic Profile of the Respondents

S. No	Demographic details	S. No	Variable	Frequency	Percentage
1	**Gender**	1	Male	69	62.7
		2	Female	41	37.3
		---	**Total**	**110**	100.0
2	**Age**	1	20-35	72	65.5
		2	36-50	24	21.8
		3	51-65	7	6.4
		4	Above 65	7	6.4
		---	**Total**	**110**	100.0
3	**Marital Status**	1	Married	73	66.4
		2	Unmarried	37	33.6
		---	**Total**	**110**	100.0
4	**Education**	1	Schooling	2	1.8
		2	Diploma	8	7.3
		3	Under graduation	45	40.9
		4	Post-graduation	51	46.4
		5	Professional	4	3.6
		---	**Total**	**110**	100.0
5	**Occupation**	1	Salaried	68	61.8
		2	Business	12	10.9
		3	Professional	13	11.8
		4	Housewife	7	6.4
		5	Retired	10	9.1
		---	**Total**	**110**	100.0
6	**Annual Income**	1	Less than 5 lakhs	81	73.6
		2	5-10 lakhs	28	25.5
		3	More than 10 lakhs	1	0.9
		---	**Total**	**110**	100.0

Source: Primary data

From the above table it can be observed that 62.7 percent of respondents are men and 37.3 percent of the respondents are women. 65.5 percent of the respondents are in the age group of 20-35 years, 21.8 percent of the respondents are 36-50 years old, 6.4 percent of the respondents are 51-65 years old and 6.4 percent of the respondents are in the age group of above 65. 66.4 percent of respondents are married and 33.6 percent of the respondents are not married. 1.8 percent of the respondents had only school education, 7.3 percent of the respondents are diploma holders, 40.9 percent of the respondents are under-graduates, 46.4 percent of the respondents are post-graduates and 3.6 percent of the respondents had professional qualifications. As far as occupational analysis is concerned 61.8 percent of the respondents are salaried persons, 10.9 percent of the respondents are business people, 11.8 percent of the respondents are professionals, 6.4 percent of the respondents

are housewives and 9.1 percent of the respondents are retired persons. Income-wise analysis shows 73.6 percent of the respondents have the annual income of less than 5 lakhs, 25.5 percent of the respondents' annual income is 5-10 lakhs and the remaining 0.9 percent of the respondents have more than 10 lakhs.

From the above analysis, it is concluded that the majority of the respondents are male persons (62.7%), are in the age group of 20-35 years (65.5%), are married (66.4%), are post-graduates (46.4%), are salaried persons (61.8%) and a majority of respondents have annual income of Less than 5 lakhs (73.6%).

Investment Pattern of Respondents

The respondents are asked to give their investment pattern details like category of investor, type of market and experience in the market. The results are tabulated as shown below.

Table-4: Investment Pattern of the Respondents

S. No	Investment Pattern	S. No.	Response	Frequency	Percentage
1	**Category of Investor**	1	Long term investor	48	43.6
		2	Short term investor	45	40.9
		3	Day trader	3	2.7
		4	All	14	12.7
		---	**Total**	**110**	100.0
2	**Type of Market**	1	Primary market	20	18.2
		2	Secondary market	43	39.1
		3	Both	47	42.7
		---	**Total**	**110**	100.0
3	**Experience in the Market**	1	Less than 3 years	36	32.7
		2	3 – 5 years	35	31.8
		3	Above 5 years	39	35.5
		---	**Total**	**110**	100.0
4	**Level of Awareness**	1	Highly Aware	32	29.1
		2	Aware	42	38.2
		3	Moderately Aware	31	28.2
		4	Not Aware	4	3.6
		5	Not at all Aware	1	0.9
		---	**Total**	**110**	100.0

Source: Primary data

From the above table, it can be observed that, 43.6 percent of the respondents are long term investors, 40.9 percent of the respondents are short term investors, 2.7 percent of the respondents are day traders and 12.7 percent of the respondents come under all categories. As far as the type of the market is concerned 18.2 percent of the respondents operate in the primary market, 39.1 percent of the respondents prefer secondary market and 42.7 percent of the respondents prefer to operate in both the markets. Experience analysis shows 32.7 percent of the respondents have less than 3 years of experience, 31.8 percent of the respondents have 3-5 years of experience and 35.5 percent of the respondents have more than 5 years of experience. Responses relating level of awareness reveal that 29.1 percent of the respondents are highly aware of social media, 38.2 percent of respondents are aware of social media, 28.2 percent of the respondents are moderately aware of, 3.6 percent of the respondents not aware of and 0.9 percent of respondents not at all aware of social media.

From the above analysis, it is concluded that a majority of the respondents are long term investors (43.6%), operated both in the primary and the secondary markets (42.7), have the experience of more than 5 years (35.5%) and a majority of the respondents are aware of the social media (38.2%).

Investor Preferences and Usage Pattern of Social Media

The respondents are asked to give details regarding their frequency of visit, number of contacts they have, period of usage of social media, time they spend on social media and time they spend on mass media. The following table shows their responses.

Table-5: Usage Pattern of Social Media

S. No	Usage Pattern	S. No.	Response	Frequency	Percentage
1	**Frequency of visit**	1	Hourly	33	30.0
		2	Daily	57	51.8
		3	Weekly	11	10.0
		4	Monthly	0	0
		5	Occasionally	9	8.2
		---	**Total**	**110**	100.0
2	**No. of Contacts**	1	Less than or equal to 200	72	65.5
		2	201 – 400	23	20.9
		3	More than 400	15	13.6
		---	**Total**	**110**	100.0
3	**Period**	1	Less than one year	13	11.8
		2	1-2 years	19	17.3
		3	2-3 years	22	20.0

		4	More than 3 years	56	50.9
		---	**Total**	**110**	100.0
4	**Time Spent on Social Media**	1	Less than 1 Hr.	42	38.2
		2	1-3 hrs.	46	41.8
		3	4-6 hrs.	13	11.8
		4	More than 6 hrs.	9	8.2
		---	**Total**	**110**	100.0
5	**Time Spend on Mass Media**	1	Less than 1 Hr.	64	58.2
		2	1-3 hrs.	43	39.1
		3	4-6 hrs.	3	2.7
		4	More than 6 hrs.	0	0
		---	**Total**	**110**	100.0

Source: Primary data

From the above table it can be observed that, a majority of the respondents use social media on a daily basis (51.8%), have less than or equal to 200 contacts (65.5 %), have been using the social media for more than 3 years (50.9%), spend 1-3 hours per day on social media (41.8%), and spend less than one hour per day on mass media (58.2%).

Investor Perception about Social Media

The respondents are asked to give their perception about social media and the results are presented in table 6.

Table-6: Investor Perception about Social Media

S. No.	Investor Perception	S. No.	Responses	Frequency	Percentage
1	Information search through social media is easier than traditional media	1	Yes	87	79.1
		2	No	23	20.9
		---	Total	110	100.0
2	Type of analysis is made before making the investment in shares	1	Fundamental analysis	22	20.0
		2	Technical analysis	7	6.4
		3	Both (a) and (b)	72	65.5
		4	Brokers	9	8.2
		---	Total	110	100.0
3	To get information for doing this analysis through social media	1	Yes	47	42.7
		2	Not sure	39	35.5
		3	No	24	21.8
		---	Total	110	100.0
4	Able to get more return than before after using social media as a source of information	1	Yes	36	32.7
		2	Not sure	60	54.5
		3	No	14	12.7
		---	Total	110	100.0

Source: Primary data

From the above table it can be observed that, 79.1 percent of respondents agree that Information search through social media is easier than traditional media and 20.9 percent of respondents said that Information search through social media is not easier than traditional media. 20 percent of the respondents use fundamental analysis as a type of analysis used for investment, 6.4 percent of the respondents use technical analysis, 65.5 percent of the respondents use both the analyses and 8.2 percent of the respondents use broker's advice for their investments. 42.7 percent of the respondents agree that information for doing different types of analyses through social media, 35.5 percent of the respondents said that, not sure to get information through social media for types of analyses of the

investment and 21.8 percent of the respondents not agree that information for doing different types of analyses through social media. 32.7 percent of the respondents said that they are able to get more return than before by using social media, 54.5 percent of respondents said that, not sure to get more return than before and 12.7 percent of the respondents do not agree that able to get more return than before by using social media.

From the above analysis, it is concluded that a majority of the respondents said that Information search through social media is easier than traditional media (79.1%), a majority of the respondents use both the analyses, namely fundamental and technical analyses for investment purpose (65.5%), a majority of the respondents agree that getting information for doing this

analysis through social media (42.7%) and a majority of the respondents said that they are not sure to get more return than before by using social media (54.5%).

Multiple Response Analysis

Various Investments in Portfolio

The respondents are asked to give their multiple responses regarding various investments in their portfolio. The following table shows their responses.

Table-7: Various Investments in Portfolio

S. No.	Investments	Responses	
		Frequency	Percent
1	Equity share	110	100.00
2	Stock Futures and Options	22	20.00
3	Commodity Market	18	16.36
4	Forex Market	5	4.55
5	Mutual funds	66	60.00
6	Insurance	47	42.73
---	Total	110	100.00

Source: Primary data
Note: Responses are not mutually exclusive.

From the above table it can be observed that, equity shares is the most (100.00%) preferred investment, mutual funds is the second most preferred (60.00%) investment and Insurance is the third (42.73%) most preferred investment. In addition, twenty percent, 16.36 percent and 4.55 percent of the respondents also prefer to invest in stock futures and options, commodity market and forex market respectively.

Sources of Investment Information

The respondents are asked to give their multiple responses regarding sources of investment information. The following table shows their responses.

Table-8: Sources of Investment Information

S. No.	Source of Investment Information	Responses	
		N	Percent
1	Newspaper	61	55.45
2	Magazines	29	26.36
3	TV	57	51.82
4	Internet	62	56.36
5	Stock broker	68	61.82
6	Social media	46	41.82
7	Others	4	3.63
---	Total	110	100.00

Source: Primary data
Note: Responses are not mutually exclusive.

From the above table it can be observed that for 61.82% of the respondents stock broker is of the sources of investment information, for 56.36% of the respondents internet is a source of investment information, for 55.45% of the respondents

newspaper is a source of information, for 51.82% of the respondents TV is a source of information, for 41.82% of the respondents social media is a source of information, for 26.36% of the respondents magazine is source of information and for 3.63% of the respondents others is a source of investment information. Others mean recommendations from friends and relatives, mobile sms etc.

Medium of Accessing Social Media

The respondents are asked to give their multiple responses regarding the medium of accessing social media. The following table shows their responses.

Table-9: Medium of Accessing Social Media

S. No.	Medium	Responses	
		N	Percent
1	PC	39	35.45
2	Laptop	33	30.00
3	iPod/iPad	5	4.55
4	Smartphone	89	80.91
---	Total	110	100.00

Source: Primary data

From the above table, it can be observed that, a majority (80.91%) of the respondents are using Smartphone, 35.45% of the respondents are using PC, 30.00% of the respondents are using laptop and 4.55% of the respondents are using iPod/iPad as a medium of accessing social media.

Most Preferred Social Media Site for Investment

The respondents are asked to give their multiple responses regarding most preferred social media site for investment information. The following table shows their responses.

Table-10: Most Preferred Social Media Site

S. No.	Social Media	Responses	
		N	Percent
1	Facebook	42	38.18
2	Twitter	23	20.91
3	YouTube	17	15.45
4	WhatsApp	51	46.36
5	Google+	30	27.27
6	Pinterest	2	1.82
7	LinkedIn	15	13.64
8	Instagram	2	1.82
9	Finance blogs & web sites	75	68.18
10	Investor forums	24	21.82
---	Total	110	100.00

Source: Primary data
Note: Responses are not mutually exclusive.

From the above table it can be observed that, 26.5% respondents have responded finance blogs and web sites as the first preferred social media site for investment purpose, 18% respondents have responded WhatsApp as second, 14.8% respondents preferred Facebook and 0.7% respondents have

responded Pinterest and Instagram as the last preferred social media site.

Weighted Average Rank Analysis

Features of Social Media

In order to analyse the features of social media, weighted average rank analysis was used in the study. The respondents were asked to rank the features of social media and it is tabulated as shown below.

Table-11: Features of Social Media

S. No.	Features	Total Score	Rank
1	**Speed**	**914**	**1**
2	Accuracy	617	5
3	Reliability	630	4
4	Transparency	551	7
5	**Easily accessible**	**782**	**2**
6	**Low cost**	**703**	**3**
7	Openness	527	8
8	Participation	500	9
9	Interactivity	615	6
10	Connectedness	471	10

Source: Primary data

The above table shows, regarding the features of social media, respondents have given a first rank to Speed, second rank to Easy accessibility, third rank to Low cost and the last rank to Connectedness.

Perception of Investors towards Social Media

The perception of investors towards social media has been analysed with the help of weighted average rank analysis and is tabulated as follows.

Table-12: Perception of Investors towards Social Media

S. No.	Statement	Total Score	Rank
1	Interested to use social media than traditional media	452	5
2	More informative to use social media	435	8
3	**More innovative to use social media**	**456**	**3**
4	Interacting with social media is clear and understandable	418	10
5	**Enable me to get information at any time and any place**	**465**	**1**
6	Connect persons with low cost for long distance call	454	4
7	Gather information in a short period of time	447	6
8	**Share announcements/news related to investment easily**	**460**	**2**
9	Getting recommendations from the experts easily	445	7
10	Social media makes my decision making more easy	432	9

Source: Primary data

The above table shows that respondents have given first rank to the statement "Enables me to get information at any time and any place" and the last rank to the statement "Interacting with social media is clear and understandable" for the perception of investors towards social media.

Conclusion

From this study, the findings show that most of the investors are aware of the social media and has a positive significant impact on investors' decision making. This finding is consistent with the results from the studies of Mudholkar and Uttarwar (2015) and Shanmugham and Ramya (2012). The findings also describe that social media are more informative, innovative and interested to use than traditional media among the investors. In addition, the features of social media like speed and easy accessibility attracts the investors to use the social media efficiently. Furthermore, the results explain that the perception of the investors towards social media enables the investors to get information at anytime and anywhere. Finally, the results of the study would help the investors and also the stock brokers to make effective communication with investors, adoption of new technology and to provide many opportunities for stock broking firms.

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