

“Does Digital media impacts investment decisions?” A Study of selected investors

Dr. Apurva A.Chauhan ^{a, #} Dr.Vinita Chaudhry ^a

^{a, #} Associate Professor
School of Leadership and Management
Manav Rachna International Institute of Research and Studies
Faridabad-121004, India

^a Assistant Professor
School of Leadership and Management
Manav Rachna International Institute of Research and Studies
Faridabad-121004, India

^{a, #} Author's Email: apurvachauhan.slm@mriu.edu.in

^a Author's Email: vinitachoudhary.slm@mriu.edu.in

ABSTRACT

Digital media has increased the accessibility of financial information through websites, apps, podcasts and other social media platforms. Investors do get constant updates about market conditions, country's economic condition and financial advice. Digital platforms influences or sometimes even drives the market sentiments. Celebrities' comments on any digital media have a profound effect on the lives of the people they are a part of. As per new guidelines from SEBI, companies can use celebrities to promote and create awareness about mutual fund investments. The goal of the current study is to determine whether or not investment decision is influenced by digital media platforms or not. Research has been conducted on 150 investors. Analysis has been done using various statistical techniques.

KEY WORDS: Investment decision, Digital media, celebrity endorsement, stock market, mutual fund

Introduction:

Digital media plays very crucial role in life of individual. Many decisions regarding choice of product, brands, choice of places etc. are influenced by digital media. Because of digital media,

investors get to know real time data, various alternatives, and analytical tools to make informed and timely decisions. There are various platforms like Bloomberg, CNBC offers up to date news and analysis. Social media platforms like twitter have emerged as one of the most influential platform for investors for sharing their insights and opinions. Investors can also find various influencers on platform like YouTube and instagram who provide investment advice and review the financial alternatives. Extensive educational content can be found on instagram such as tutorials, webinars, courses which helps to enhance the knowledge and skills of investors. Various commission free trading and investment apps are available and even gaming apps for investment is also available to learn about dos and don'ts of investment. We are also entering in the field of ROBO advisors who offers automated and algorithm based financial planning services. However, the market volatility can few times are negatively also impacted due to digital media influences as the speed of information reaching to end user is very high.

Asset management businesses have utilized several celebrities to promote mutual fund investments, name includes many as cricketer Sachin Tendulkar, his wife Anjali Tendulkar, famous director Waseem Amrohi, actor Palash Dutta, Rohit Hooda, and famous actor Akshay Kumar. Notably, a promo for Paisa Bazaar starring famous actor Akshay Kumar gained over 1.6 million views on digital platform YouTube within few minutes of being released. In this context, the current study aims to determine if various digital media platforms impact investors' investment decisions. If yes, the study also attempts to examine most influential digital media platform influencing investment decision.

Literature review:

Sharma, V., & Mishra, S. (2024) in their paper evaluates the influence of social media on the mutual fund industry in India post the "Mutual Fund Sahi Hai" campaign, highlighting user demographics, preferred platforms, and the impact of gender on investment preferences. The main findings include the popularity of Instagram and YouTube for social interactions, the influence of gender on investment preferences, and the increasing reliance on social media platforms like Instagram for investment-related information.

Tiwari, P. (2021). In her paper explores the influence of media on investors and stocks, emphasizing the role of biases triggered by media, the impact on stock behaviour, and providing

suggestions for rational investment decisions. This paper suggested that the Media extensively influences investors' behaviour and trade decisions more than fundamental and technical analysis. Awareness of behavioural biases is crucial for investors to make rational decisions and protect themselves from market and media influences. The findings indicate that consumers' perceptions of financial information in advertisements improve when financial disclosures are included. By incorporating disclosures in mutual fund advertisements, businesses can potentially gain from the enhanced positive perceptions that consumers develop towards these companies.

Famous individuals significantly influence consumers' purchasing decisions, making them a favoured advertising tool. Leveraging well-known and respected personalities to endorse products has a long-standing history.

D, Rajasekar. (2018) studies Study on purchase decisions of celebrity endorsement and Influence of celebrities on consumer attitudes and behaviour and concluded that Celebrity endorsements increase purchase intentions and positive attitudes towards the advertisement and brand.

RESEARCH METHODOLOGY:

Objectives:

- To identify digital media platforms investors uses for information gathering.
- To examine the role of digital media platforms on investment decision.

Research design:

Present study is descriptive in nature which depicts how digital media influences the investment decision. The study is primary in nature; sample size is 150 investors who invest in stock market or mutual funds. The data is collected using questionnaire from target audience using non probability convenient sampling methods. Data has been analysed using various analytical tools on SPSS.

Analysis:

Descriptive analysis:

The analysis includes investors who invest in stock market or mutual funds, 90% of respondents are male, 49% respondents belong to the age category of 28-37, 44% respondents are post graduate,

52% respondents are having private job, 49 % respondents have work experience of 0-5 years and 39 % respondents belong to the annual income bracket of 3-5 lacs.

Chart 1: Chart showing digital media preference of investors for information gathering:

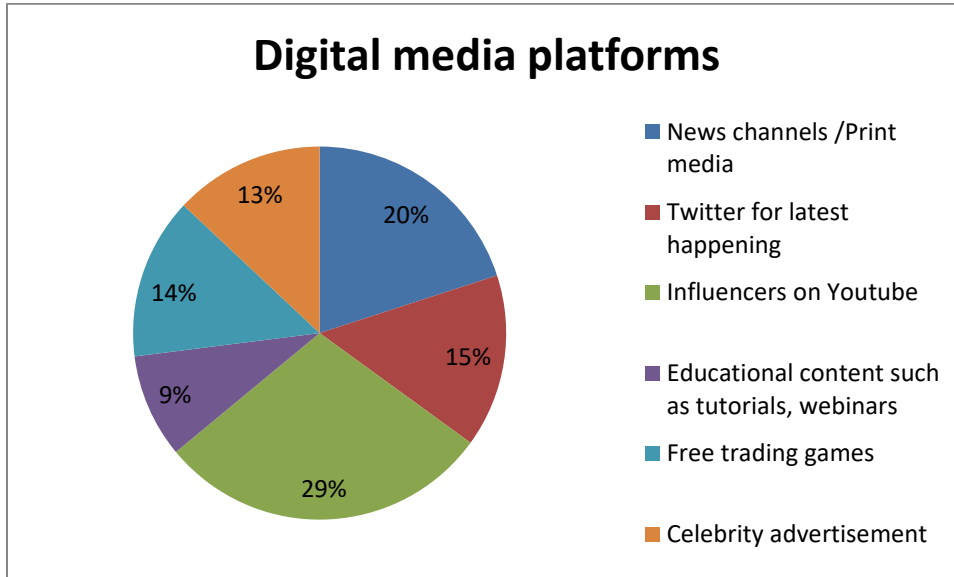


Chart 1 represents various digital media platforms preferred by investors for information gathering. It can be seen that 29% of respondents are mostly influenced by influencers on YouTube for investment decision. 20% respondents rely on news channels/print media, 15% rely on twitter for latest happening, 14% respondents learns through free trading games, 13 % respondents are influenced by celebrity endorsements and 9% investors rely on educational content such as tutorials , webinars etc.

Chart 2: Chart showing factors affecting investment decision:

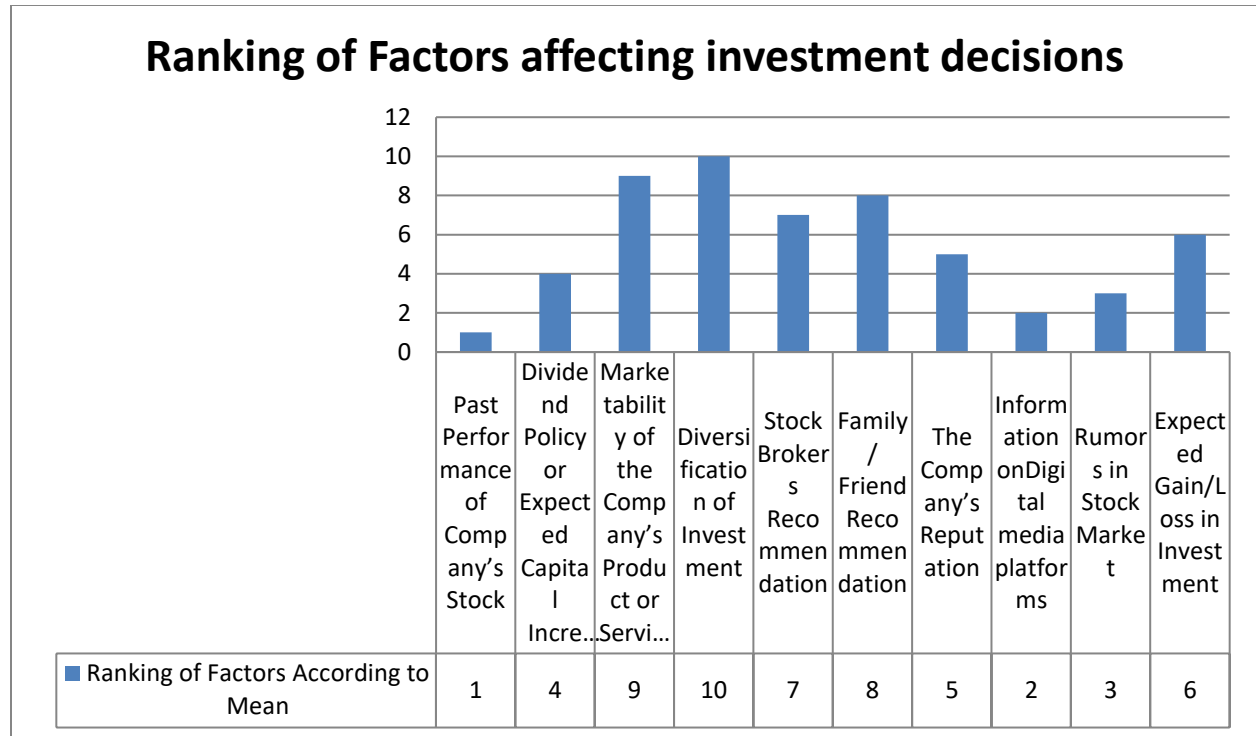


Chart 2 shows average ranking of factors affecting investment decision. It can be seen that investors have given first rank to Past performance of company as most influencing factor for investment decision. Information on digital media platforms is on 2, rumours in stock market stands on rank 3, dividend policy or expected capital increment on rank 4 and reputation of company on rank 5. Other factors such as expected loss/gain, stock broker’s recommendation, family/friends recommendation, marketability of companies’ product and services and diversification of investments holds 6 to 10 rank respectively.

Ho: There is no statistically significant influence of digital media platforms on investment decision.

H1: There is a statistically significant influence of digital media platforms on investment decision.

TABLE: 1 MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.360 ^a	.46	.44	.96684
a. Predictors: (Constant), use of digital media platform				

Table 2 study shows that the coefficient of determination (R^2) is 0.46, indicating that 46% of the variance in investment decisions is explained by digital media platforms. R^2 measures the strength of the association between dependent and independent variables.

Conclusion:

Digital media plays pivotal role in modern investment decision making as it gives access to real time data, insights into market, allows networking among existing investors and analysis of investment alternatives. The shift in investment decision making process is drastic, from offline to online investing and now towards algorithm based investing. Various news channels/print media, twitter, influencers on YouTube, Educational content such as tutorials, webinars, free trading games, celebrity endorsement are few of the digital media platforms available nowadays. It is being said that one tweet from most influencing investors namely Warren Buffett, George Soros, Peter Lynch, John Templeton, and Benjamin Graham affects and inspired thousands of investors. Investment decisions are very much subjective and various different factors such as fundamental and technical analysis, herding, risk preference, recommendation by friends and family, company's position may affect the decisions. Present research has examined various factors which affects investment decision focusing on how digital media affects investment.

Due to the high cost of these services, most individual investors turn to a cheaper source of guidance, such as digital media. Both digital and broadcast media play crucial roles in investment decision-making. Digital media, in particular, significantly impacts investor behavior. The analysis done on usage of different media platform shows that 29% of the investors uses YouTube to gather the information, followed by news channel/ print media which is 20% and the 3rd position is secured by twitter for gathering the information about

latest happening. Free trading games, celebrity advertisement and educational content is used by 14%, 13% and 9% people of the study.

The study found that investors have given first rank to Past performance of company as most influencing factor for investment decision. Information on digital media platforms is on 2, rumours in stock market stands on rank 3, dividend policy or expected capital increment on rank 4 and reputation of company on rank 5. Other factors such as expected loss/gain, stock broker's recommendation, family/friends recommendation, marketability of companies' product and services and diversification of investments holds 6 to 10 rank respectively. Regression analysis also confirmed that 46% of the variance in investment decision is explained by digital media platforms.

Reference:

1. Gaziel Yablowitz, M., & Raban, D. R. (2016), "Investment decision paths in the information age: The effect of online journalism", *Journal of the Association for Information Science and Technology*, 67(6), 1417-1429.
2. D, Rajasekar. (2018), "A Study on Purchase Decisions of Celebrity Endorsement on Advertising Campaign in Influencing Consumer – Impact Analysis", *International Journal of Supply Chain Management*, 7(1):230-235.
3. Tiwari, P. (2021), "Effect of Media on the Behaviour of Investors and Stocks", *Turkish Online Journal of Qualitative Inquiry*, 12(6).
4. Ali Al Atoom, S., Khalaf Alafi, K., & Mohammad Al-Fedawi, M. (2021), "The Effect of Social Media on Making Investment Decisions for Investors in Amman Financial Market", *International Journal of Innovation, Creativity and Change*, 15(6), 934. Retrieved from www.ijicc.net
5. Chaitanya, D. B., & Nordin, N. (2021), "The Relationship between Psychological Factors, Risk Perception and Social Media on Investment Decision Making", *International Journal of Advanced Research in Economics and Finance*, 3(4), 55–72.
6. Maity, R., & Sandhu, S. K. (2021), "The impact of social media on online purchasing behaviour of consumers: An empirical study of youth in west bengal, india. Malaysian", *Journal of Consumer and Family Economics*, 26, 42–79.

7. Sharma, V., & Mishra, S. (2024) “Analyzing User Behavior on Mutual Fund Investments: Investigating the Influence of Social Media”,IJEM, 12(1).
8. Vishnu Maniy.R.V et (2023), “The impact of social media on investment decisions: an empirical analysis of user behavior on investment platforms”, International Research Journal of Modernization in Engineering Technology and Science, Vol 5(5)