



## Social-Media Influence on the Investment Decisions Among the Young Adults in India

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### Abstract

The digital media influences our selection of brand-new clothes, gadgets, entertainment and even influence our investment options available and other financial tactics. Digitalization has made us depend and sometimes re-check our own decisions over the internet-based sites to confirm our actions as right or wrong. This dependency has its own Pros and Cons. Social-media includes various platforms such as – YouTube, Instagram, Facebook, Twitter, LinkedIn, Inshorts and many other digitalised news and reviewing sharing platforms. All these platforms apart from being the medium of communication between people, they as well provide content that can be purely informative, and Entertainment based

With this article we are focusing on the particular informative content available on social-media networking sites that influences one's financial investment options. The content creators on YouTube, Instagram or Facebook teach about different investment options available to people which they might have not been aware about. Many creators market about a particular investment option and try influencing people with their tactics. The Instagram memes or what we call as posts regarding a particular stock market or cryptocurrencies creates awareness and slightly influences people in venturing the available investment options.

Stating an example, Elon Musk's Tweet about his support towards cryptocurrency-Dogecoin, had overnight raised the investment in cryptocurrency by 8%. This is the influence of the one Tweet made by Elon Musk. There are many such instances where people follow their ideal financial guidance Creator or teacher on social media to take their financial actions.

Considering the behavioural actions of the young adults and the impactful nature of the social media platforms, this article calls to analyse and understand the "Social media influence on the investment options among the young adults in India."

**Keywords:** Social media; Investment Options; Investment Decisions; Young Adults

### Introduction

#### The rationale for the study and motivation

The information broadcasted to us through a screen can be referred to as digital media. Digital media includes television, Mobile applications, Websites, Webpages and social media. The advantages the digital media in the

modern world is enormous. It provides variety of information for the wide range of users. It has been an inseparable part of one's life. The digital media not only facilitates a communication medium, but it is an ocean of information channels.

Social media being one of the digital media forms has brought people from different corners of the world networking, communicating and eliminating the demarcation between different democracies. Social meaning the people's interaction and media being the medium of networking, knowing, reviewing and sharing, Social media has different forms. There can be social-Media networking like Facebook, Instagram, LinkedIn, WhatsApp, Snapchat and so on. Social news, Microblogging, Media-sharing, Bookmarking sites and community blogs are also the few other forms of Social-media. The term Social-media is largely interpreted to be representing the social networking sites. Hence, this article focuses on the impact of this social media networking sites containing or portraying the financial investment content to its audience and the level of influence it has on people's investment decision.

The early usage of online social media is popular for branding and marketing purpose. Before the world used to have various communication method and devices such as telephone, telegram, faxes, printing, post letter and others, but now it could be done through a single platform- The Internet. There are 2.78 Million Facebook users, 2.29 million Twitter users, 250 million LinkedIn users, 430 million Reddit Users and 1.28 billion Instagram active monthly users. The social media has taken a toll over all these users in one way or the other. The social media, specifically the networking sites allows people to communicate and as well acts as a great source of entertainment. Social media not only facilities a medium of communication, versatile entertainment but also provides a great platform to learn and develop. The social media influencers, Social media content creators have made their career by sharing their piece of information or entertainment to people. Just like how any sport or a celebrity have their own fan base, these social media influencers and content creators have their own wide spread of fanbase or what is called as followers. With social media having the highest active users the content reflecting upon them will be impacting their decision over many days to day activities, be it from replicating a celebrity's designer dress to having a financial lifestyle according to some successful businessman. Considering the financial investment content, there are many Instagram

influencers and youtubers who channelize investment content like about investment advisory, investment guidance and so on. This paper focuses on the study of the financial related information or content available on the social media that influences one's investment decision. The social media has been an entertainment provider and a learning platform. Many of the celebrities, Famous football players, businessmen and youtubers have channelized their financial advisory and financial investment marketing content via the social media. This has a wide range of effect on the audience and influences to take their financial investment decisions according to these content providers. Considering another Scenario, the blockchain streaming platform – DLive proposed a deal to the most famous youtuber PewDiePie edging him closer to Bitcoins and Cryptocurrencies. PewDiePie is the world's biggest internet stars and long-time holder of the most subscribed YouTube channel. His deal with the Dlive had an impact on many of his fans to know about cryptocurrency and had created awareness about Bitcoins in specific.

The above scenario helps us understand that not only the Financial Investment content creators use social-media as platform to promote or advice about a particular investment option but also, the trendy investment providers use these content creators and their social-media support base as an earned media platform. Taking the 2021 Adani stocks into consideration, the stock's value hit rock bottom after the tweet of most famous Indian business journalist Sucheta Dalal stated that Adani group had their prices rigged by an unknown foreign entity. This is another example that helps us understand the level of influence social media has on people's investment decision.

Therefore, we can say that the social-Media acts as a platform mediator and indeed influences the users and audience with its content. Being aware about the social-media impact on the society, trying to analyse and understand its influence on the financial investment decisions taken by the young adults remains the objective of this article.

### **The statement for the research objective**

To analyse and understand the social media influence on the investment decisions among the young adults in India by considering Quantitative and Qualitative research

methodology. The findings are supported to meet the objectives of this research by surveying a sample group of people. The research shows that the independent variables including information and content in social media, active social-media user's behaviour and their influenced action have significant impact on the dependent variable which is their investment decision.

### Review of Literature:

Ismail *et al.*, (2018) published Impacts of online social media on investment decision in Malaysia aimed to showcase about the speculation choice in Malaysia and examine centres around a few effects of online web-based media towards the venture choice of financial investors in Malaysia

Kumari (2017) in a report entitled Impact of social media on biases of individual investor's decision making intended to methodically analyse whether or not social media tends to create a sense of biases in the minds of the individual retail investors while decision making.

Rudin (2019) published an article titled as Understanding how social media affects the investor biases that concluded that the prominence of internet sites would continue and the information, communication channels on social media platforms play a vital role in the investor's decision making.

Greenwich Associates (2018) reported that almost 80% of institutional investors use social media as part of their regular workflow, and approximately 30% of these investors said that the information obtained through social media has directly influenced an investment recommendation or decision.

Tham (2018) summarized his research on *Social media impact on household investors and their stock markets participation as households' trust in social media is correlated with their stock market participation rate and this trust is not 'blind', but households still make decisions to invest*

### Scope of research study

The scope of study is divided into four groups as follows.

according to prevailing news headlines available on social-media platforms.

Mudholkar & Uttarwar (2015) reported in his research paper that the online media impacted on the buying choices of monetary item purchasers. It is reasoned that the online media settled on an effect on monetary choices. The venture choices are influenced now a days by the web-based media. Web-based media isn't just utilized for individual uses yet is currently assuming a filling part in business and associations.

### Identification of the research gaps

1. Geographic segmentation – The article limits to the geographic segmentation, considering data samples for study only within India.
2. Demographic Segmentation – The article limits to the demographic segmentation considering only data samples from the young adults (between the age 18 – 30)
3. Investment options – The article focuses more on the newer and short-term investment options that are catchy among the young adults as these investment options seem to be promising higher returns. Example, Cryptocurrencies, Stocks and Real estate

### Methodology:

#### Objectives of research study

1. To know the extent of social-media impact on the investment decisions taken by the young adults
  2. To know the top preferred investment option by the young adults
  3. To know the social-media role in understanding the conceptual details as perceived by the young investor
  4. To know whether the available social media content related to Financial investments as been an advantage or disadvantage.
1. Geographical scope: Geographical scope of study is limited to Indian cities.
  2. Demographical scope: Demographical scope of study is limited to the young adults.

- 3. Conceptual scope: Conceptual scope of study is limited to concept of investor perception.
- 4. Analytical scope: Analytical scope of study refers to using instruments like simple percentage and statistical tools used for data analysis.

**Methods for data collection**

- 1. Observation Data – Simply observing what is occurring in the real-life situation
- 2. Questionnaire – A provided set of questions that the respondents need to answer based on their experience and knowledge concerned to the subject of research.

**Variables of study**

Independent Variables – Social media content, Social-media influence, Investors’ behaviour;  
Dependent Variable – Investment decision

**Results & Discussion:**

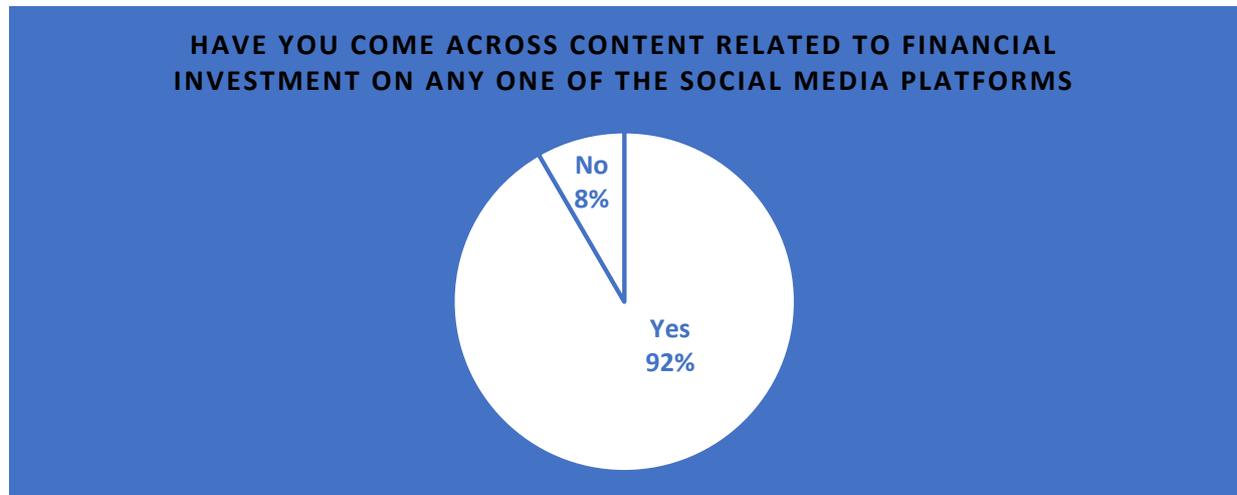
**Techniques for data analysis**

Techniques for data analysis includes various steps. The collected data has to be gathered, Filtered, Cleansed, organized and finalized before the data collected from the respondents via a questionnaire is Visualised using different Data Analytical Tools.

**Data interpretation**

The Sample data collected via the questionnaire accounts for a total of 120 responses received from the young adults across India.

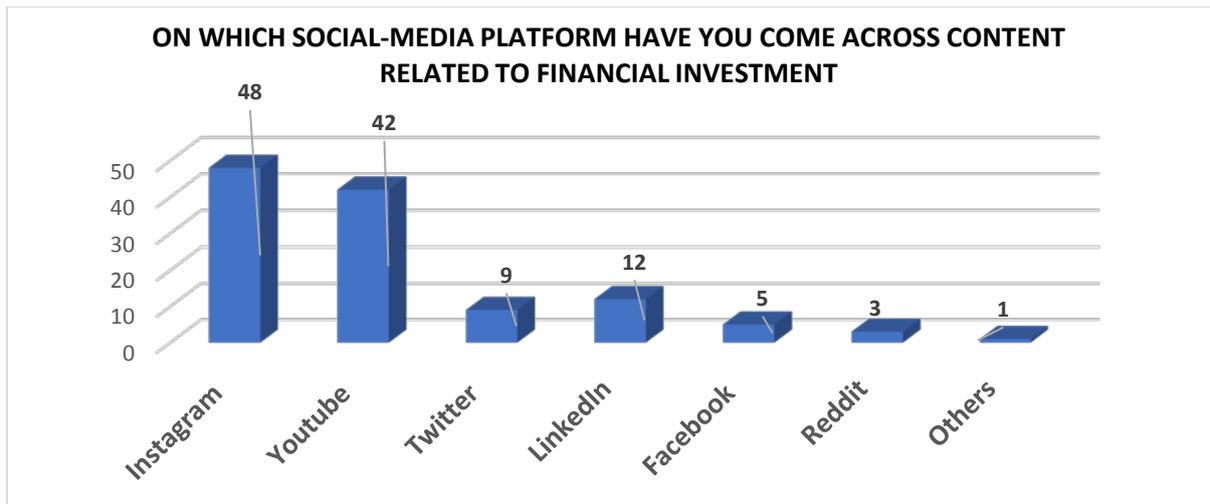
The demographic segmentation has 67.25% Male respondents and 32.8% Female Respondents. The majority of the respondents fall under the age group of 18 – 25 Years, while the rest, around 14.3% fall under the age group of 26 – 30 Years. Among the respondents of 120 young adults, 58% were students and 40.3% were working professionals. There were only 2% of the respondents who claimed to be businessmen.



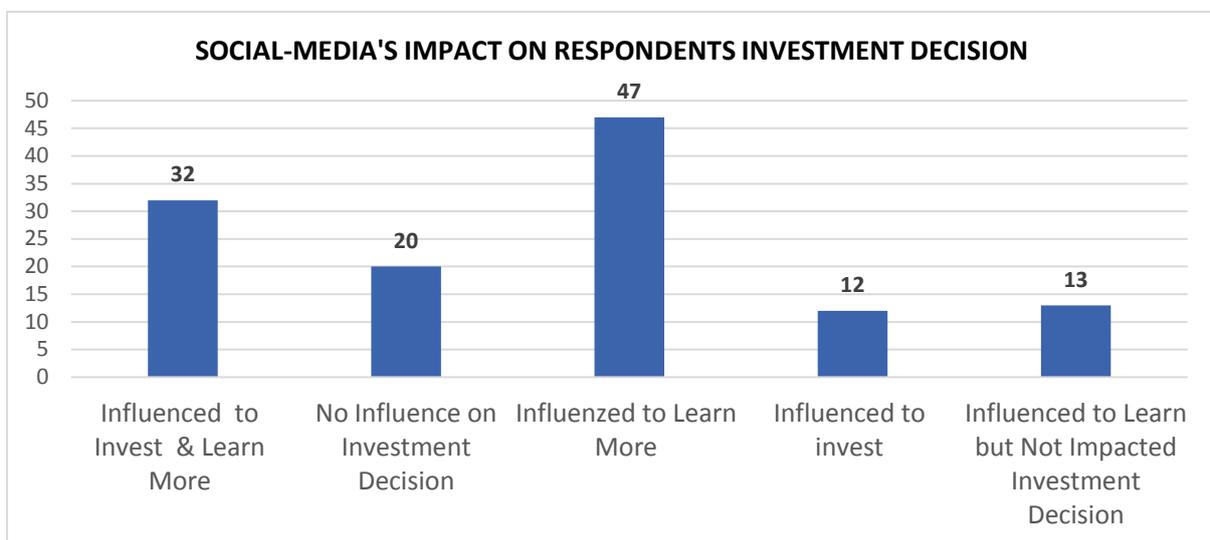
**Figure1: Respondents Awareness about Financial investment content on Social Media Platforms**

Out of 120 respondents 110 respondents agree to that they have come across financial investment related content on the social-media platforms.

From the Fig 2, it can be noted that Instagram has been comparatively the more popular platform among the youngsters and hence they have come across the financial related content the highest on Instagram. The YouTube tops



**Figure 2: The Social Media Platform That Holds the Highest Financial Investment Related Content**

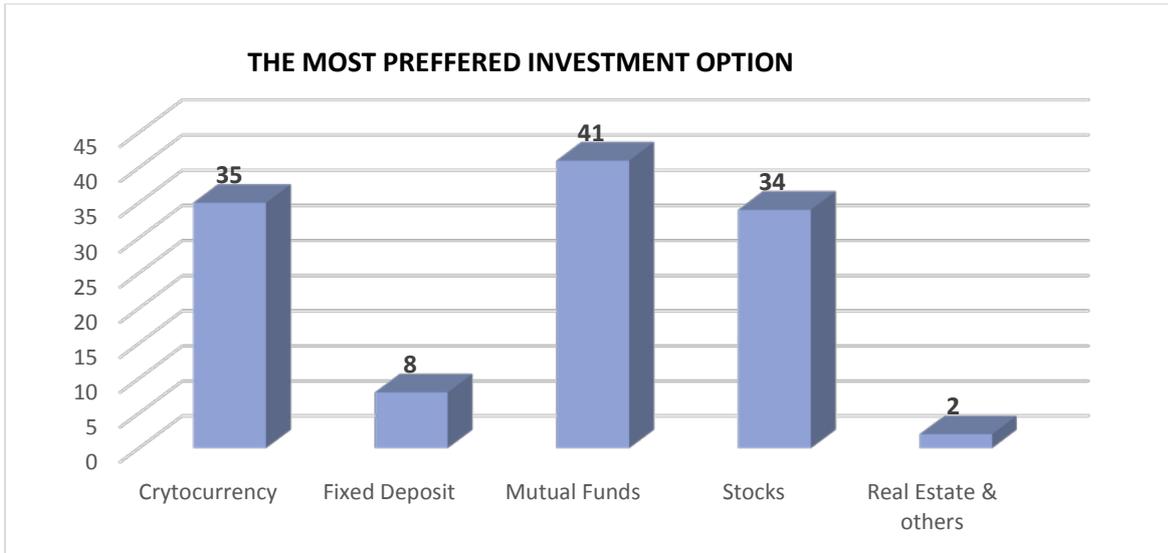


**Figure 3: Impact of Social Media on People’s Investment Decision**

the 2<sup>nd</sup> highest platform where the respondents have viewed the financial investment related content. Other applications like twitter, Facebook, LinkedIn, Reddit and other applications like WhatsApp, snapchat, Mint app have also been the sources of Financial related content.

Social media’s financial investment content has influenced 38% of the respondents to learn more about the investment option or any relevant investment content reflecting upon

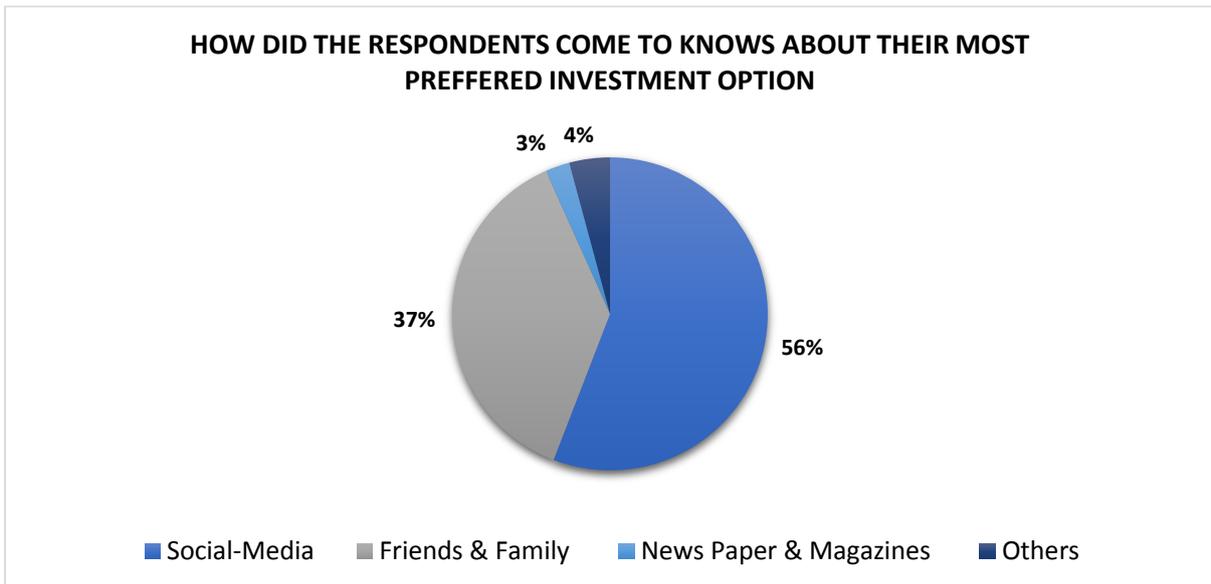
them. The 16% and 10% of respondents expressed two opposite extremes of their opinion stating-social media had no influence on their investment decision and that- social media influenced them to invest respectively. Around 13 respondents say that social media influences them to learn more about the investment options but that has no role in their investment decision. 32 young adults showed great interest in learning and investing their money upon being influenced by the social media.



**Figure 4: The Most Preferred Investment Option Among the Young Adults**

From the collected data from the respondents show that the most preferred investment option by many is Mutual Funds. Considering the fact that the mutual funds give good returns with low risk, it can be the obvious of most preferred investment option among the young adults. A good number of respondents opted for cryptocurrency and stocks. Cryptocurrency being the new trendy investment option in India, the curiosity to know more about it and to

venture it by diving deep with even small amounts of investment is the next top move of the respondents. The Stocks promising to give high returns when invested smartly, are the 3<sup>rd</sup> best investment options of the young adults after Mutual funds and cryptocurrency. Around 9% of the respondents choose fixed deposits, real estate and other investment options like gold and car as their preferable investment area.



**Figure 5: Medium of Awareness Raised Regarding the Investment Option**

When the respondents were asked – ‘how did you come to know about your most preferred investment option?’, the response received

supports the study of this article as 56% of them said they became aware about their preferred investment option through Social-media. Yet, a

good number of 45 young adults said their family and friends had discussed and suggested about their preferred investment option. The remaining 7% of the young adults said they came to know about their preferred investment option through newspaper, magazine and seminars.

A Likert scale survey was taken considering certain statements such as, social media's financial content is helpful; Social media's financial investment content is alone enough to take investment decisions, social media has helped you learn and has created awareness about any new investment option and the last statement being a contradictory statement stated that-social media content is

misleading (Abu-taleb & Nilsson, 2021). Opinions of the respondents were recorded as to whether they agree, disagree or have a neutral stand. There was also an option for those who clearly had no idea or opinion to be made on the above asked statements. The following are the interpretations from the Likert scale survey.

Through the survey, when recorded the opinions of respondents to the statement 'social media's financial content is helpful', majority of the responses recorded show that, they agree to the statement that social media's financial content is helpful. Only 10 respondents disagreed to the statement.

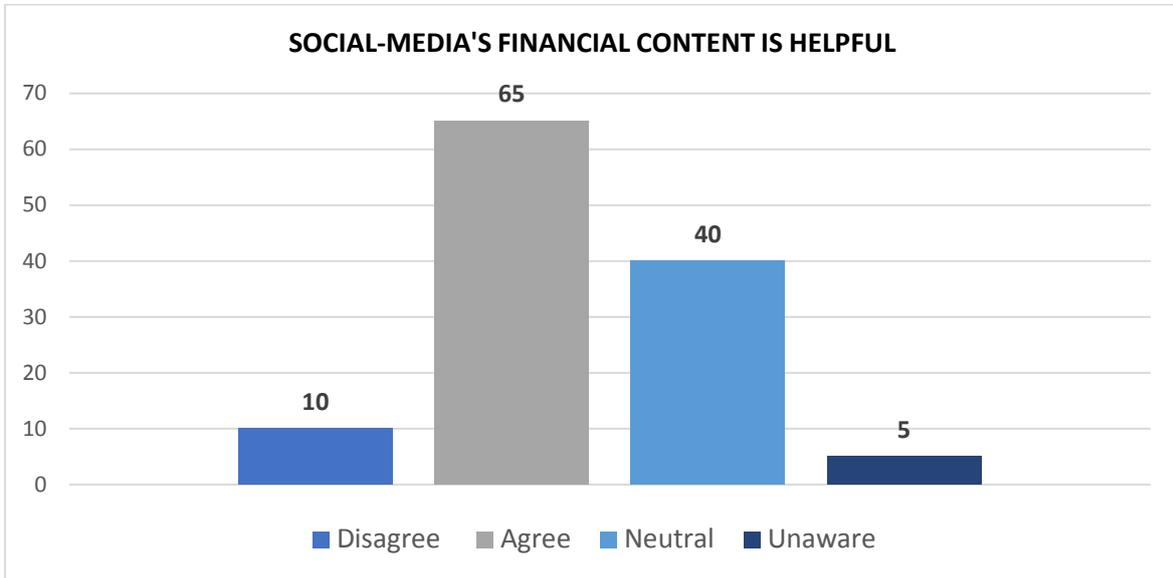


Figure 6: Respondents Opinion on Social Media's Financial Content

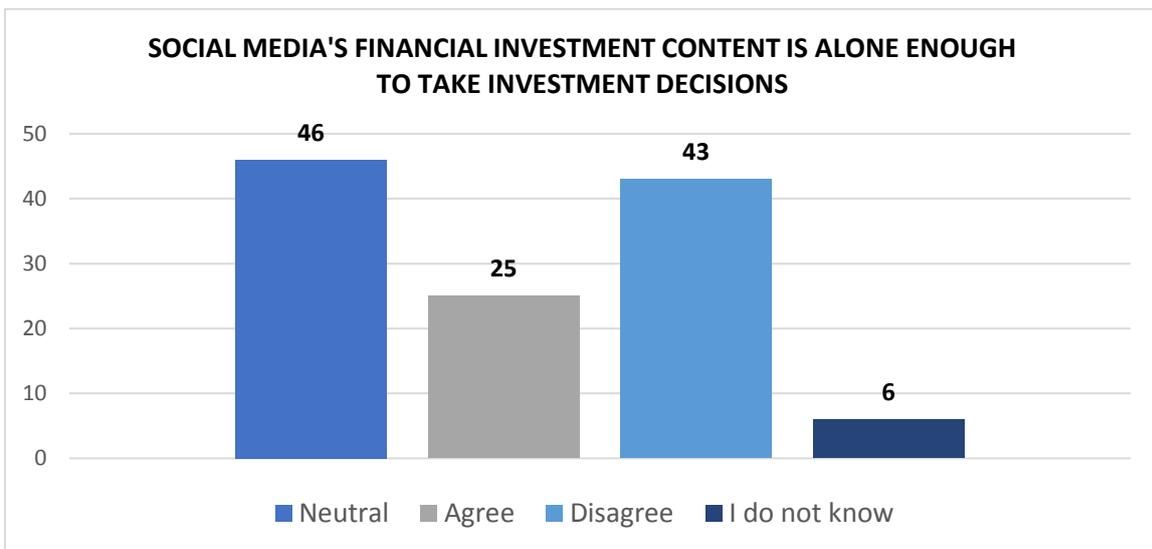


Figure 7: Respondents Opinion on the Total Dependency on Social Media to Take Investment Decisions

38% of the respondents have taken a neutral stand to the statement 'Social media's financial investment content is alone enough to take investment decisions. 25% strongly agree with the statement and say social media financial content is reliable and trustworthy to take one's investment decision as the content put across would have been screened in prior with good background research, facts and figures.

From the chart it can be noted that the majority of the respondents agree that social media's financial content has impacted them to learn more about the topic or has at least created basic awareness of the investment option. This would meet the objectives of the influences on the media who wanted to reach to wide crowd with their beneficial content

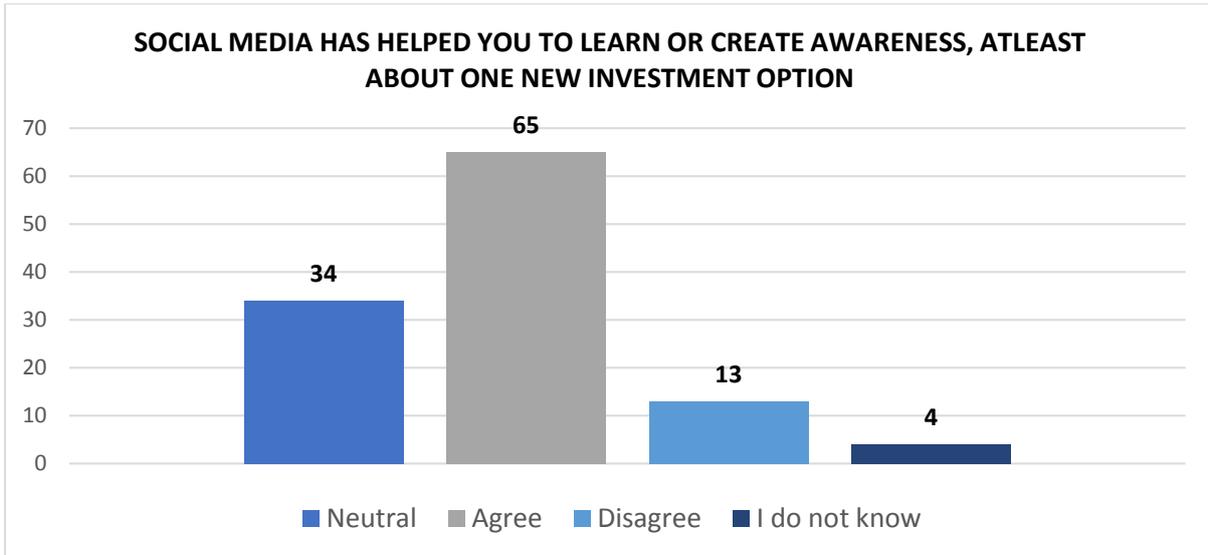


Fig 8: Respondents Opinion on the Level of Social Media Impact on Investment Options

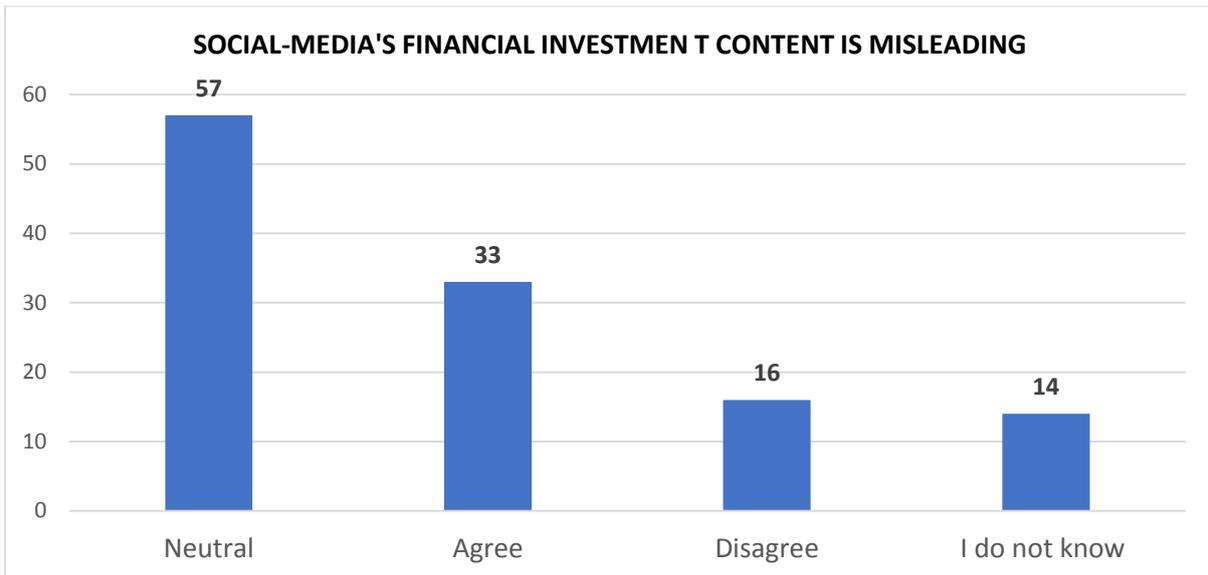


Figure 9: Respondents Opinion on the Disadvantage of Social Media's Financial Content

The statement that the social media financial investment content can be misleading has got many responses of "neutral" that implies it can mislead at times but also a useful informative platform to learn and venture. Many strongly

agree that its highly misleading as according to them not all the parameters required to take the right financial investment decision is encashed with the content being reflected on the audience.

**Conclusion:**

From the survey being conducted, the data collected was recorded, filtered and analysed to interpret the outcome of this article.

The data shows that majority of the respondents are male and a 32.8% are females. Among these young adults majorly fall under the age group of 18 - 25 years and mainly responses are received of a greater number from the students when compared to 40.3% young adults who are working professionals. The data analysis shows that 92.4% of the respondents have come across financial investment content on social media networking platforms and 32% of them have been influenced to learn more about the topic and 10% have been directly influenced to invest according to the suggested investment option as portrayed by the social media creator. Around 57% of the respondents say that the hype created over or by the social media influences ones' investment decisions. A minority number of respondents do not agree that social media has any influence on one's investment decision. The overall data analysis from the collected sample data allows us to interpret and understand that social media does have an impact on its young users with its content, here specifically the financial investment content. From the data it's also known that the top three most preferred investment option among the young adults is Mutual Funds, Cryptocurrencies and stocks. The data analysed also helps and alerts that just like a coin has two faces, the put-up social media financial content as its very own pros and cons. 33 of the respondents tell that social media financial investment content is misleading. At the end, it would be the investors responsibility to separate the sheep from goat, understand the legitimacy and re-confirm their decisions with others or on other digital platforms or with the financial professionals before investing their hard-earned money.

**Recommendation:**

The sample data considered is small when compared on a very large scale. Upon considering wider range of focus group can help and analyse the research on the topic better and more precise. The survey can be

more inclusive by considering various other parameters.

**Scope for future research**

1. Being more inclusive by increasing the focus age Bars.
2. Considering greater number of sample data for more precise interpretations
3. Focusing on any particular investment option; knowing the outcomes upon the investment decision made
4. Throwing light on the scope for financial investment content creators

**Acknowledgments:**

The author is thankful to the institutional authority for completion of the work.

**Conflicts of Interest:**

The authors declare that the research review was conducted in the absence of any commercial or economic associations that could be construed as a potential conflict of interest.

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