



The Impact of Social Media Influence on Investor Behavior and Purchase Intention in the Indian Stock Market

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ABSTRACT

In spite of the fast rise in participation of retail investors in the Indian stock market through social media, the available body of literature on the topic has not tried to disentangle which of the above-mentioned elements of 'social media influence' drive investment actions. The purpose of this study was to analyze how social media affects investors and, more precisely, to find out which of the social media-related elements are strong predictors of purchase intention among retail investors in the Indian stock market. A descriptive-cum-analytical approach was used for this study and primary data were collected from 202 retail investors using structured five-point Likert scale questionnaire employing non-probability or convenience purposive sampling method. Social Media Exposure, Perceived Content Credibility, Trust, Social Media Engagement and Herding Behaviour were considered as independent constructs while Purchase Intention was considered as the dependent construct. The data collected in SPSS software underwent analysis based on descriptive statistics, Cronbach's Alpha, Exploratory Factor Analysis, Pearson correlation and multiple linear regression analysis. It was found that all six constructs had acceptable-to-good reliability and each of the independent constructs had positive and significant correlation with Purchase Intention. However, the regression analysis revealed a model to be significant with $F(5,196) = 25.410$, $p < .001$, which accounted for 39.3 percent of the

variance in Purchase Intention. Among independent constructs, Trust and Social Media Engagement emerged as the two significant individual predictors while Exposure, Credibility and Herding, though having positive correlation with Purchase Intention, lost their significance when other variables were controlled for. Thus, platforms and regulators can expect more benefits out of developing verifiable trust and engaging investors than just increasing exposure of investment content.

Keywords: Social Media Exposure; Perceived Content Credibility; Trust; Social Media Engagement; Herding Behaviour; Purchase Intention; Retail Investors; Indian Stock Market t.



1. INTRODUCTION

Over the last decade, Indian retail investing has undergone a revolution driven by two parallel forces – the emergence of low-cost, app-based brokerages that broke down the traditional barriers to entry in the stock market; and social media becoming a space where ordinary investors go to learn, discuss and decide. While an earlier generation of investors got their guidance from newspapers, TV business news channels or a personal broker, today's investor is just as likely to form an opinion on a stock after watching a YouTube video, scrolling through a Telegram group or reading a thread on X (formerly Twitter). Financial influencers (“finfluencers”), trading communities and peer discussion groups have sprung up as a low-cost, immediate source of information that directly competes with formal advisory services.

This change poses an interesting question for researchers, market participants and regulators: does the information encountered on social media actually influence what investors choose to buy, and if so, which component of the social media experience is responsible for this — exposure to the content itself, the perceived credibility of the content, the level of trust the investor has in it, the degree of interaction with it, or the allure of following what everyone else appears to be doing? Most existing studies address only a part of this question, often treating exposure, credibility, trust, engagement or herding as separate issues rather than considering them side by side in one model.

The present study attempts to fill that gap by testing five social-media related constructs - Social Media Exposure, Perceived Content Credibility, Trust, Social Media Engagement and Herding Behavior together, as joint predictors of retail investors' Purchase Intention in the Indian stock market. The primary data was collected from 202 retail investors through a structured five-point Likert scale questionnaire and analyzed using descriptive statistics, reliability testing, Exploratory Factor Analysis, correlation and multiple regression. The study is guided by three objectives – to examine the role of social media in shaping investor behavior, to analyze the relationship between social media factors and purchase intention and to identify the factors that actually drive purchase intention. The study moves beyond the general observation that “social media matters” to a more precise account of which mechanisms matter most for Indian retail investors.

2. LITERATURE REVIEW

2.1 Media Exposure, Sentiment and the Psychology of the Retail Investor

1. Malhotra, Iftikhar and Kaur (2026)

Malhotra, Iftikhar and Kaur (2026) used a dataset of over two thousand listed securities over 2020-2025 to quantify how far media exposure translates into actual investor behavior and buying activity. Using econometric modeling, they found media sentiment was a significant predictor of trading volume and investor response, with technology-related stocks having the sharpest sensitivity to coverage. Their finding is a useful reminder for the present study that the strength of media influence is not evenly distributed across sectors or across investor groups, and supports the treatment of exposure as just one of several distinct constructs rather than a proxy for social media influence in general.

2. Naveen Kumar and Mayya (2024)

Considering Angel Broking clients from the city of Tumkur in the state of Karnataka, the mixed methods employed by Naveen Kumar and Mayya (2024) in their survey revealed that social media is an influential but not necessarily logical tool for retail traders who make decisions based on the information available on these platforms. The mixed methods results highlighted that social media is a psychologically influencing tool, which accentuates any kind of bias and influences differentially depending on people's ages and familiarity with the internet and hence the need for financial literacy among other factors.

3. Sathya and Prabhavathi (2024)

On the issue of what comes between social media usage and subsequent investments, Sathya & Prabhavathi (2024) took the mediation route in order to find out if behavioral bias and risk perception were indeed factors intervening in the process. Survey data collected from investors who depend on social media for information confirmed that social media



usage correlated with higher levels of herding behavior and overconfidence as well as affected risk perception. While this research fails to separate out trust and engagement as separate factors, it lends strength to the assumption that herding can be measured as a construct by itself.

4. Vasquez and Cross (2023)

The qualitative case study of a social network for finances by Vasquez and Cross (2023), where twenty active users were interviewed in order to explore the usage of social media in investment, revealed that the participants chose to participate in the forum in order to assess the mood of other people investing and thus be sure about the accuracy of their assessment of the market situation. Such an account of community-driven information seeking is reflected in the choice of the present research to treat herding behavior and social media engagement separately.

5. Agrawal (2023)

In his diploma thesis, Agrawal (2023) used a survey method with binomial test along with secondary data, stock prices with Google Trends and YouTube search volumes, in order to find out if social media attention correlates with investments. In all cases, there was a positive correlation between the social media factors and the decision to invest. Since this study uses triangulation of survey data and behavioral trends data, and comes to the same conclusion, it provides some support for the chosen survey method.

2.2 Artificial-Intelligence-Driven Sentiment Analysis and Market Prediction

6. Kim-Hahm, Abou-Zaid and Mohd (2025)

Kim-Hahm et al. (2025) examined the relative prediction accuracy of news sentiment and social media sentiment in predicting returns and volatility for technology firms, using FinBERT-based sentiment score on weekly observations, in the Journal of Risk and Financial Management. The social media sentiment invariably dominated the traditional news sentiment in terms of prediction ability. Despite the restricted sample size of mega-cap stocks, this study provides empirical support for the notion that social media-based information is not inconsequential from a behavioral perspective and, thus, is useful in evaluating the construct of content credibility.

7. Tarsi, Ezzahoui, Douzi and Marzak (2025)

Tarsi et al. (2025) proposed a prediction model for the next day's stock price using data from social media and finance, which used TextBlob and fine-tuned RoBERTa models to analyze tweets and obtain sentiment features. The model with the highest performance attained an extremely high value of explanatory power, proving that the sentiment analysis of social media content has significant prediction power when paired with financial data. This research is useful in this context since it demonstrates, from the perspective of computing alone, that the content that investors are exposed to on social media contains signal rather than noise.

8. Pontes et al. (2025)

Using Dow Jones 30 stock constituents' news articles, Pontes et al. (2025) have conducted tests to see if there is an opportunity for generating a trading strategy based on the signals of sentiment. Three sentiment-based models were back-tested against a buy-and-hold strategy. Each of the three sentiment-based strategies showed positive returns, and the regression-based one had the best performance in excess of two years of trading. The results confirming the possibility of converting sentiment into trading profits are highly relevant to the research of forming purchasing intention based on social media signals.

9. Nejatbakhsh and Aliasgari (2026)

The work by Nejatbakhsh & Aliasgari (2026) in IEEE Access used a deep learning architecture that combined Transformer attention mechanism and FinBERT sentiment assessment on top of LSTMs. The researchers used the model to predict ten prominent technology stocks, and their model showed good accuracy in short-term predictions, with the authors highlighting the sentiment assessment component as one of the factors that made it superior to time series



models. The approach provides an interesting technical complement to the current study, as it shows the value of sentiment in explaining price dynamics using data science approaches.

10. Nopianti, Tjeng and Yamin (2026)

Nopianti, Tjeng and Yamin (2026) performed a systematic review of the literature analyzing social media sentiment and stock price responses from an accounting perspective with regard to the interaction between the two variables with accounting disclosure quality and timing. Their findings indicated that sentiment is supplementary rather than substitute to accounting data and becomes especially significant in the context of financial disclosures and corporate events. Being a review paper rather than an empirical research, it may serve only as the conceptual background supporting the current study's viewpoint on testing social media measures in parallel with fundamental ones.

2.3 Herding Behaviour and Social Contagion in Investment Decisions

11. Yoon and Oh (2022)

Using machine learning based text analysis of sentiment on social media, Yoon and Oh (2022) demonstrated that abnormal increases in retail investor's own information diffusion activities had positive and significant impacts on herding behaviors, and the impact became more pronounced post-COVID-19. Since this impact was applicable only to retail investors but not to institutional ones, the findings provide direct evidence in support of the differential nature of herding construct among the studied retail investors.

12. Binu et al. (2024)

Binu et al. (2024) have examined Indonesian retail investors and discovered that herding along with heuristics such as anchoring and availability is often strengthened by the fear of missing out, which is generally the result of information gained from social media as opposed to fundamentals. The cross-country finding that herding often takes place via social media as opposed to analysis makes it imperative to include herding as a separate factor in the current model under an Indian context.

13. Chetan and Johri (2025)

Consequently, in their literature review on Indian retail stock selection behavior, Chetan & Johri (2025) found that herding, anchoring and loss aversion continue to be the primary behavioral determinants of stock selection, with social media cited as a relatively new but quickly rising source. The need for empirical research on the impact of social media and herding on each other in the context of India's investors is clearly indicated by these researchers.

14. Khanal, Poudel and Dahal (2025)

Based on their analysis of 174 investors in Nepal, Khanal, Poudel, and Dahal (2025) investigated the role of investor sentiment as a mediating construct between social media and investment decisions, with results indicating a significant direct effect and a significant but partial mediation of the relationship by investor sentiment. The fact that social media influences decision-making through both direct and indirect mechanisms via an emotional state provides rationale for studying multiple constructs from social media simultaneously.

2.4 Trust, Credibility and the Rise of Finfluencers

15. Bongini et al. (2025)

Using natural language processing tools, including a BERT classifier, Bongini et al. (2025) studied over a hundred thousand social media posts and millions of comments related to investments, distinguishing them in terms of the sentiment and the intentions behind their publication. They discovered that there were some accounts with large numbers of followers who had an outsized influence on the amount of trading and, taking into account popularity, also on the



return rates. The concentration of influence in a few credible sources proves the relevance of considering exposure separately from credibility and trust in this study.

16. Bhatt and Bhatt (2025)

According to Bhatt & Bhatt (2025), the role of the finfluencer in determining the financial choice of young Gujarati individuals is that the trust in the finfluencer, not the consumption of the content, is the variable responsible for translating the influence into action. This Indian study is similar to the current research because it demonstrates the same key variable (trust).

17. Veeragantala (2026)

Using 237 young traders on YouTube and Telegram platforms, Veeragantala (2026) used factor analysis, correlation, regression, and structural equation modeling to explore the influence of finfluencer credibility and trust on traders' behavior. The findings indicated that the high level of exposure was an indicator of engagement in trading, while trust in unverified advice was an indicator of impulsive trading. This distinction is valuable for the present study where the concepts of exposure and trust are different from each other.

18. Agarwal (2025)

According to Agarwal (2025), the fear of missing out will be the mediator for the effect of consumption of finfluencer content on taking high-risk investment positions for the investors of Generation Z in India, whereas financial literacy will moderate the effect of such mediation. The emotional pathway hypothesis of the study is similar to the concept of herding adopted in this study and makes the involvement of regulators such as SEBI justified.

19. Ali and Dutta (2024)

Through structural equation modeling using a sample of 300 Indian retail investors, Ali and Dutta (2024) revealed that social media influencers had a significant influence on stock market decisions through fear of missing out, whereas influencer credibility had a relatively complex effect, sometimes even an inverse one, on decision making. This aspect – the complexity and the non-linear connection between credibility and purchase behavior – hints at the fact that there will be a highly similar trend revealed in the regression analysis of the current research.

2.5 Engagement, Online Community and Purchase Intention

20. Shiva, Singh, Sharma and Sethi (2024)

Using TAM on a sample size of 376 investors active on the internet from Delhi-NCR and Mumbai, Shiva et al. (2024) discovered that usefulness and enjoyment of corporate social media information were significant determinants of investors' investment intentions. Since usefulness and enjoyment are perceptions-driven constructs just as credibility and engagement in the current study, it makes sense to refer to the results of the Indian study for comparison purposes.

21. Manikandan and Aravind (2025)

Binary logistic regression was employed by Manikandan and Aravind (2025) in their cross-sectional study involving 468 investors from Kerala, whereby credibility and usefulness of finfluencers' information were found to significantly influence investors' decisions, with the effect being moderated by financial literacy and not risk perception. The findings from this southern Indian sample offer a good reference point for comparing the results of the current Karnataka sample.

22. Srivastava, Mishra and Srivastava (2025)

In their study, Srivastava, Mishra and Srivastava (2025) evaluated the impact of corporate image, content quality and online community influence on the decision-making of Indian retail investors through SmartPLS-based SEM using the data obtained from 237 responses in their research. Their study showed that all the variables studied were significant but gender did not have any influence on the results of the study. In addition, it may be noted that the measure of online community influence used in this research is the same as engagement and herding used in the present paper.



23. Joshi and Rawat (2025)

Joshi and Rawat (2025) discovered that social media and online community groups played a significant role in investment decisions through a descriptive causal-comparative study with the sample of 384 respondents in Nepal's capital market. The study also revealed that the relationship is partially mediated by the literacy in capital markets.

2.6 Theoretical Foundations

24. Fishbein and Ajzen (1975); Ajzen (1991)

The Theory of Reasoned Action proposed by Fishbein and Ajzen (1975) suggests that the intention of an individual to perform a behavior is based both on personal belief regarding the behavior and social norms the individual perceives to be followed by other people. Ajzen (1991) expanded this theory in the Theory of Planned Behavior by adding the idea of perceived control over the behavior. Both these theories provide the necessary concepts for understanding the phenomenon of purchase intention as resulting from personal beliefs (the constructs of trust and perceived credibility) and social influence (the notion of herding through social networks).

25. Devenow and Welch (1996)

Devenow and Welch (1996) conducted a review of the theoretical literature concerning rational herding in financial economics, stating that one can witness herding as a result of the information cascade or due to a fear of losing reputation or because of shared payoff schemes, which can occur even among perfectly rational investors, not only due to panic or emotions. Indeed, this theoretical background shows that herding is acting as a distinct construct in the current research findings despite its lack of ability to predict purchasing intentions after trust and engagement have been controlled.

2.7 What the Literature, Taken Together, Suggests

In summary, it can be clearly said that social media plays a role in shaping the behaviors, thoughts, and actions of retail investors which may be seen in India, but also in the countries including Nepal, Indonesia, the USA, and South Korea. There are three significant considerations regarding the design of this paper. The first one is that there is a tendency to regard the impact of social media in South Asia and India as a single concept or to narrow the focus to one specific issue like finfluencer credibility rather than comparing the aspects like exposure, credibility, trust, engagement, and herding at once. The second one is that the literature reveals the importance of trust as the dimension contributing the most to social behavior, which happens to be verified with the help of the current research. Finally, it is worth mentioning that the studies within the domain of sentiment and prediction find out that social media signals provide additional, but not serious explanatory power, when combined with other sources of information.

On its own, research conducted by the CFA Institute Research and Policy Center in the study "Clicks and Credibility" found that out of a survey of 1,615 investors and using data from 51 Indian financial influencers, 82% of respondents who were influenced by social media made their investment decisions based on the advice obtained over social media, although only 2% of the influencers studied were registered with the Securities and Exchange Board of India. All this serves to justify looking at the various aspects of exposure, credibility, trust, engagement, and herding in a single framework applied specifically to the Indian stock market.

3. OBJECTIVES OF THE STUDY

Guided by the gaps identified in the literature above, this study pursues three specific objectives:

Objective 1: To examine the role of social media influence in shaping investor behaviour in the Indian stock market.

Objective 2: To analyse the relationship between social media factors and investors' purchase intention.

Objective 3: To determine the significant social media factors influencing investors' purchase intention in the Indian stock market.



These translate into three research questions that the study is designed to answer:

RQ1: What is the impact of social media on investor behaviour in the Indian stock market?

RQ2: What factors influence stock purchase intention through social media?

RQ3: What is the impact of social media on investors' purchase intention?

4. METHOD AND METHODOLOGY

4.1 Research Design

The approach to this study is a descriptive-and-analytical research design, using a quantitative cross-sectional study pattern. The descriptive component must profile both the respondents and their ratings of the various constructs, while the analytical one provides one with the ability to statistically check the connections between the five social-media constructs and the intention to purchase.

4.2 Population and Sample

The focus of this study is on Indian retail investors who engage with the stock market and refer to social media platforms for investment-related information. The researchers gathered 202 complete responses, making this an appropriate sample size.

4.3 Sampling Method

The population of interest was obtained via a non-probability sampling method that included both convenience sampling and purposive sampling methods. Selection was purposively restricted to retail investors who use social media for acquiring investment information, and information was subsequently collected from them conveniently using a structured questionnaire circulated amongst accessible respondent networks. This hybrid sampling methodology follows some of the similar studies in the domain, such as the study of Joshi and Rawat (2025) regarding Nepal's capital market that involved purposive sampling and the cross-sectional survey of Ali and Dutta (2024) about Indian retail investors.

4.4 Data Collection Instrument

The procedure of data collection consisted of two parts. The first part dealt with the collection of demographic information and characteristics including age, sex, education level, job position, experience in the field of investments, trading frequency, and the social media platform of choice. The second part dealt with the measurement of six constructs included in the study, of which each construct contained four items. Overall, 24 items were included in this part of the questionnaire with the help of five-point Likert scale from 1 to 5 where:

- Social Media Exposure (SME) consisting of SME1 to SME4;
- Perceived Content Credibility (PCC) consisting of PCC1 to PCC4;
- Trust in Social Media Information (TRUST) consisting of TRUST1 to TRUST4;
- Social Media Engagement (SMENG) consisting of SMENG1 to SMENG4;
- Herding Behaviour (HERD) consisting of HERD1 to HERD4;
- Purchase Intention (PI) consisting of PI1 to PI4.

4.5 Operational Definitions of Variables

Social Media Exposure (SME): the extent to which a respondent utilizes and encounters social media for relating to the stock market and investment information.



Perceived Content Credibility (PCC): the degree to which a respondent thinks the information about investments provided on social media is accurate, valid and trustworthy.

Trust (TRUST): the level of confidence that a respondent has in investing information found on social media and in the people from whom this information comes.

Social Media Engagement (SMENG): the level of a respondent's engagement in investment communication — liking, sharing, commenting and discussing it.

Herd Behavior (HERD): the readiness of a respondent to comply with the experiences of other social media users in making investments instead of making their own analyses.

Purchase Intention (PI): the dependent variable, i.e. the willingness of a respondent to purchase, keep or trade stocks due to the information from social media.

4.6 Data Analysis Techniques

Data analysis was performed using IBM SPSS Statistics, where every method relates to a particular goal. Goal 1 was achieved via using descriptive statistics (frequencies, percentages, means, and standard deviations) with the assistance of reliability testing using Cronbach's alpha. Goal 2 was achieved via the use of Pearson product-moment correlation analysis to derive the relationship between the dependent variable Purchase Intention and the five independent constructs. Goal 3 was accomplished by implementing Exploratory Factor Analysis (Principal Axis Factoring with rotation) in 24 items followed by Multiple Regression analysis and main test of hypotheses.

4.7 Hypotheses of the Study

In line with Objective 3, six hypotheses have been derived and examined at a significance level of $\alpha = 0.05$ (H0: the variable has no significant effect upon Purchase Intention; H1: the variable significantly affects Purchase Intention).

H1a: Social Media Exposure (SME) significantly affects Purchase Intention (PI).

H1b: Perceived Content Credibility (PCC) significantly affects Purchase Intention (PI).

H1c: Trust (TRUST) significantly affects Purchase Intention (PI).

H1d: Social Media Engagement (SMENG) significantly affects Purchase Intention (PI).

H1e: Herding Behaviour (HERD) significantly affects Purchase Intention (PI).

H1f: The complete model (SME, PCC, TRUST, SMENG, HERD) significantly affects Purchase Intention (PI)..

5. RESULTS AND DISCUSSION

Results will be shown in the format of three sections aligned with the study's objectives. The first section will give the respondents' demographic information and reliability profile, the second one will consist of descriptive statistics and correlation analysis and exploratory factor analysis, multiple regression and hypothesis tests, and in the last section, results will be integrated into a discussion. All analysis results will cover the full sample of 202 subject responses.

5.1 Demographic Profile of Respondents (Objective 1)

In Table 1, we report the demographics of the sample. The age, education, experience in investing and trading frequency, and the primary social media platform have been presented on the questionnaire in terms of the categories that were numbered thus, so we have presented the results accordingly. Gender and occupation were labeled and presented as such.



Table 1: Demographic Profile of Respondents (N = 202)

Demographic Variable	Category	Frequency	Percent (%)
Age	Category 1	29	14.4
	Category 2	155	76.7
	Category 3	17	8.4
	Category 4	1	0.5
Gender	Male	77	38.1
	Female	125	61.9
Qualification	Category 1	13	6.4
	Category 2	27	13.4
	Category 3	93	46.0
	Category 4	48	23.8
	Category 5	10	5.0
	Category 6	11	5.4
Occupation	Government employee	3	1.5
	Other	12	5.9
	Professional	12	5.9
	Retired	2	1.0
	Salaried employee	93	46.0
	Self-employed / Business	34	16.8
	Student	46	22.8
Investment Experience	Category 1	80	39.6
	Category 2	106	52.5
	Category 3	12	5.9
	Category 4	2	1.0

The number of female participants (61.9%) was higher than that of male participants (38.1%) in the sample. The respondents belonged to only one age group (Group 2), which made up more than 75 percent of the participants (76.7%). It indicates a small age range among the sample. The analysis revealed that salaried individuals were the most represented in the data (46 percent), followed by students (22.8%) and self-employed individuals (16.8%), thus showing that the sample included both working individuals and young people who are very much interested in investment-related content online.

The majority of the participants were of average trading experience and trading frequency at Group 2 (52.5% and 32.7% respectively); hence, one may conclude that the majority of the participants are not absolute beginners or the most experienced traders.



5.2 Descriptive Statistics of Study Constructs

Table 2 reports the mean and standard deviation of each construct, computed as the average of its four Likert-scale items (N = 202 throughout).

Table 2: Construct-wise Descriptive Statistics

Construct	Mean	Std. Deviation	Interpretation
Social Media Exposure (SME)	4.55	0.461	High
Perceived Content Credibility (PCC)	4.48	0.491	High
Trust (TRUST)	4.51	0.487	High
Social Media Engagement (SMENG)	4.51	0.517	High
Herding Behaviour (HERD)	4.56	0.550	High
Purchase Intention (PI)	4.49	0.553	High

All six constructs received high ratings on the five-point scale, which means that all respondents were generally in agreement with all statements concerning them. Herding Behaviour, with 4.56 mean, scored the highest, followed closely by Social Media Exposure (4.55) and Trust (4.51/4.52). On the contrary, Purchase Intention achieved the lowest mean score among the six (4.49) while the score of Perceived Content Credibility slightly lower (4.48). In other words, respondents appeared to be more open to the existence of social media influence breaking through social media content than accepting that this same content does influence their future purchasing intention, which is supported by further correlation and regression analysis presented below.

5.3 Reliability Analysis (Objective 1)

Cronbach's Alpha was calculated for each four-item construct to check internal consistency before proceeding to further analysis.

Table 3: Reliability Statistics (Cronbach's Alpha)

Construct	Number of Items	Cronbach's Alpha
Social Media Exposure (SME)	4	0.660
Perceived Content Credibility (PCC)	4	0.668
Trust (TRUST)	4	0.690
Social Media Engagement (SMENG)	4	0.710
Herding Behaviour (HERD)	4	0.784
Purchase Intention (PI)	4	0.758

All six constructs received high ratings on the five-point scale, which means that all respondents were generally in agreement with all statements concerning them. Herding Behaviour, with 4.56 mean, scored the highest, followed closely by Social Media Exposure (4.55) and Trust (4.51/4.52). On the contrary, Purchase Intention achieved the lowest mean score among the six (4.49) while the score of Perceived Content Credibility slightly lower (4.48). In other words, respondents appeared to be more open to the existence of social media influence breaking through social media content than accepting that this same content does influence their future purchasing intention, which is supported by further correlation and regression analysis presented below.



5.4 Exploratory Factor Analysis (Objective 3)

Prior to the execution of Exploratory Factor Analysis (EFA), the sampling adequacy of our dataset was evaluated. The Kaiser-Meyer-Olkin measure indicated a value of 0.864 which, according to Kaiser (1974), is considerably above the standard benchmark value and thus considered as “satisfactory/excellent” and the Bartlett’s Test of Sphericity was significant with ($\chi^2 = 1863.321$, $df = 276$, $p < .001$).

The Principal Axis Factoring method along with the Varimax rotation method revealed the presence of six factors with eigenvalues exceeding 1.

Table 4: Total Variance Explained (Rotated, Factors with Eigenvalue > 1)

Factor	Eigenvalue	% of Variance (Rotated)	Cumulative %
1	7.450	11.72	11.72
2	1.874	10.85	22.57
3	1.507	9.25	31.83
4	1.440	5.90	37.73
5	1.172	5.58	43.31
6	1.051	4.86	48.17

The rotated solution did not clearly link the 24 items to the six hypothetical structures one-for-one. Items related to Exposure, Credibility, and Engagement were loaded together on the first factor while Herding items were assigned to their own factor. At the same time, Trust and some remaining Exposure/Credibility items were distributed among other factors. This means that there is a conceptual overlap between exposure, credibility, and engagement – and logically so, since being exposed to, engaging with, and evaluating the credibility of the same content are difficult to differentiate – and Herding is considered the most empirically distinct of the six structures. Given the existing complexity with the previous constructs, composite mean scores, rather than regression-based scores, were used for calculating correlations and regressions in line with reliability findings from section 5.3.

5.5 Pearson Correlation Analysis (Objective 2)

In order to achieve Objective 2, Pearson correlation coefficients were calculated for each independent construct and Purchase Intention..

Table 5: Pearson Correlation Matrix (N = 202)

Construct	SME	PCC	TRUST	SMENG	HERD	PI
SME	1	0.717***	0.564***	0.472***	0.453***	0.480***
PCC		1	0.566***	0.526***	0.310***	0.439***
TRUST			1	0.489***	0.380***	0.568***
SMENG				1	0.364***	0.470***
HERD					1	0.342***
PI						1

*** Correlation is significant at the 0.001 level (2-tailed).

All five solitary constructs that resulted in Purchase Intention had a strong and statistically significant correlation which means there were no bivariate relations that did not turn out to be significant in any part of the matrix. The relations between Trust construct and Purchase Intention were the strongest among all variables ($r=0.568$, $p<0.001$) followed by



Social Media Exposure ($r=0.480$), Social Media Engagement ($r=0.470$), and Perceived Content Credibility ($r=0.439$). The correlation between Herding behaviour and Purchase Intention was still significant albeit the weakest ($r=0.342$, $p<0.001$). Moreover, there was also a very strong correlation between Exposure and Credibility constructs ($r=0.717$, $p<0.001$), which is in line with the initial findings of the factor analysis and indicates that there is an overlap in the constructs' definitions. From all this data, one can conclude that all the five social media indicators correlate with purchase intention while Trust has the highest bivariate correlation coefficient.

5.6 Multiple Linear Regression Analysis (Objective 3)

To see what factors have remained significant after being analyzed together, the multiple linear regression analysis was conducted where SME, PCC, TRUST, SMENG and HERD variables have been entered into the analysis simultaneously.

Table 6: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of Estimate
1	0.627	0.393	0.378	0.436

Table 7: ANOVA (Dependent Variable: Purchase Intention)

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	24.179	5	4.836	25.410	< .001
Residual	37.301	196	0.190		
Total	61.480	201			

According to the model's summary, in which $R = 0.627$ and $R^2 = 0.393$, it implies that all five independent variables account for 39.3% of the variance in Purchase Intention (Adjusted $R^2 = 0.378$). ANOVA also confirmed that the model as a whole is statistically significant in the sense of $F(5, 196) = 25.410$, $p < .001$, thus approving Hypothesis H1.

Table 8: Regression Coefficients (Dependent Variable: Purchase Intention)

Predictor	B	Std. Error	Beta (β)	t	Sig.	VIF
(Constant)	0.555	0.366	—	1.516	0.131	—
SME	0.184	0.104	0.154	1.766	0.079	2.449
PCC	0.001	0.097	0.001	0.015	0.988	2.405
TRUST	0.409	0.083	0.360	4.927	< .001	1.723
SMENG	0.211	0.074	0.198	2.854	0.005	1.551
HERD	0.064	0.065	0.063	0.984	0.327	1.342

According to the results, Trust outperformed all other variables in predicting consumers' Purchasing Intention ($\beta = 0.360$, $t = 4.927$, $p < .001$), with Social Media Engagement second in significance ($\beta = 0.198$, $t = 2.854$, $p = .005$). While Social Media Exposure had a positive influence, it was not significant ($\beta = 0.154$, $p = .079$). It is also interesting to note that none of the other variables Perceived Content Credibility ($\beta = 0.001$, $p = .988$) and Herding Behavior ($\beta = 0.063$, $p = .327$) were significant controlling for the presence of the other constructs. All Variance Inflation Factor values were lower than the conservative cut-off point of 5 (with values ranging from 1.342 to 2.449), indicating that multicollinearity was not a problem in spite of a strong correlation of the dependent variable with SMEs and the independent variable of PCC discussed earlier. r.



5.7 Hypothesis Testing

Table 9: Summary of Hypothesis Testing

Hypothesis	Beta (β)	t-value	p-value	Decision
H1a: SME $\rightarrow$ PI	0.154	1.766	0.079	Not Supported
H1b: PCC $\rightarrow$ PI	0.001	0.015	0.988	Not Supported
H1c: TRUST $\rightarrow$ PI	0.360	4.927	< .001	Supported
H1d: SMENG $\rightarrow$ PI	0.198	2.854	0.005	Supported
H1e: HERD $\rightarrow$ PI	0.063	0.984	0.327	Not Supported
H1f: Overall Model (F = 25.410, df = 5,196)	–	–	< .001	Supported

Out of the six hypotheses tested, hypotheses H1c (trust) and H1d (social media engagement) as well as the overall model hypothesis H1f received support. Hypotheses H1a (exposure), H1b (credibility) and H1e (herding) did not receive any support at the 5% level of significance. It should be noted that all three hypotheses carried positive coefficients consistent with the positive bivariate correlations discussed in Section 5.5.

5.8 Discussion of Findings

The study's three objectives have been addressed by the obtained results. With respect to Objective 1, it was found that various aspects of social media use received relatively high levels in the sample. All six studied measures proved reliable enough to enable their use in subsequent analysis (Section 5.3). Regarding Objective 2, it was revealed that the correlation between the five social media factors and Purchase Intention was strong and statistically significant as well (Section 5.5) and this evidence corresponds to the previously conducted studies (Naveen Kumar and Mayya, 2024; Ali and Dutta, 2024; Joshi and Rawat, 2025).

A more sharp picture can be drawn with the help of regression analysis in order to enable the visualization of the data obtained with respect to Objective 3. It turned out that, after considering the five measures at the same time, only Trust and Engagement are significant predictors of Purchase Intention. This discovery implies that other constructs may not be relevant enough in terms of the social media's impact on investment intention (Kim-Hahm, Abou-Zaid and Mohd, 2025; Bhatt and Bhatt, 2025; Veeragantala, 2026). The concept of Perceived Content Credibility losing importance points to the observation made by Ali and Dutta (2024) that the credibility of the influencer can behave in a non-linear and indirect manner after controlling for other factors. It can be understood that the perception of credibility is incorporated into and represented through trust towards the information rather than taking its own existence; this interpretation also reinforces the correlation between SME and PCC and their partial overlap in factor analysis (Section 5.4).

One should pay attention to the non-significant effect of Herding Behaviour, as it shows the highest mean value of all six constructs (Table 2) and is the only construct that is influenced in factor analysis (Section 5.4).

The Herding Behavior's insignificant direct effect is worth noting, as it has the highest mean among the six variables (Table 2) and is also shown to be the clearest among the variables in the applied factor analysis of the study (Section 5.4). In simpler words, the respondents seem to state that they have a tendency to act based on other people's actions. However, this trend remains without any statistical significance on the dependent variable, purchase intention in the case; provided that the model already accounts for trust and engagement as its intentional parts. The overall pattern corresponds to Devenow and Welch's (1996) conception of herding as something that is mediated through information cascades and social pressure already represented by trust and conforms with Yoon and Oh's (2022) observation concerning the connection between herding and general sentiment climate in social media.



All in all, the model that has been discussed represents 39.3 per cent in Purchase Intention (given in Table 6) which is moderate but serious. The model corresponds to what is shown in literature regarding sentiment and prediction whereby variables extracted from social media do not have complete explanatory ability but rather present it in a portion (as proved by Tarsi et al., 2025; Pontes et al., 2025; Nejatbakhsh and Aliasgari, 2026). The remaining variance which is unexplained happens most probably because of other factors like financial literacy, individual risk tolerance, and macroeconomics along with traditional media sources which constitute the next logical step for further examination.

6. CONCLUSION

The research investigated the possible correlations between the social media and the buying intention of the investors who deal in stocks in India. To achieve the study objectives, the researchers collected primary data from 202 respondents and made use of the technique of descriptive statistics, reliability testing, exploratory factor analysis, Pearson correlation technique, and multiple linear regression. Overall, the results have indicated that social media is significantly related to the buying willingness of investors, in that all the analyzed constructs have proven to have a statistically significant correlation with Purchase Intention, and the overall regression model has shown to be statistically adequate explaining 39.3% of the variance in Purchase Intention.

Nonetheless, the study's real contribution is found in the interaction between the five aspects when they are reignited in isolation and tested collectively. Only Trust ($\beta = 0.360$, $p < 0.001$) and Social Media Usage Time ($\beta = 0.198$, $p = 0.005$) emerged as independently significant and valid predictors of Purchase Intention, while Exposure, Credibility, and Herding did not do so. This means that investors' Purchase Intention is not affected by the simple presence of social media in their lives, the mere perception that the information which is supplied through social media is valid and credible, or even the fact that people are ready to follow the information provided by other people; ongoing interaction with information provided through social media is what influences Purchase Intention the most.

These results bear practical implications for the various stakeholders. Social media platforms and financial content producers should get it that the establishment of verifiable trust based on transparency, track record and real engagement can bring investors much more than the simple pursuit of reach.

By way of regulators like the Securities and Exchange Board of India (SEBI), the results obtained back the argument for stringent regulation for financial influencers as it has been pointed out that social media content triggers investor activity not through reach but through trust, along with the strong evidence in the industry that only a minority of popular creators are registered (CFA Institute Research and Policy Center, 2025). With respect to investor education initiatives, the important conclusion drawn here is that literacy initiatives should be focused on more than just providing generic information about the riskiness of social media, but on giving investors an understanding of how much trust they can put in the sources of information and in what manner they can deal with such sources.

6.1 Limitations of the Study

- The sampling of 202 individuals was done using convenience sampling and purposive sampling techniques, which makes it questionable if the conclusions can be extended to the whole group of Indian investors.
- The information was gathered using a questionnaire that relied on the opinion of the people being surveyed, which can create certain biases.
- The process of Exploratory Factor Analysis revealed the issue of partial cross-loading among the items used in the measurement of Exposure to Social Media, Credibility of Content and Engagement in Social Media, which might indicate a close conceptual link between these notions.
- The purpose of the study was to analyze the intentions of people to make purchases, but it does not allow for establishing how the relation between the examined variables works.
- The researchers did not distinguish between the different types of social media platforms, which can impact the results of the study.



6.2 Future Scope of the Study

Further research can build upon this study by conducting a larger probability-sampled study incorporating various Indian states and various investor segments resulting in study results that are widely generalized in its application. Longitudinal studies that examine the actual trading patterns of investors and not their intentions can help determine if the relationships established here are valid over time. Another avenue for future research can involve disaggregation of social media influence according to platforms (i.e. YouTube vs. Telegram vs. X) and the types of content creators (i.e. registered influencer vs. not registered) while considering the moderating variables such as financial literacy and risk tolerance according to literature (Agarwal, 2025, Manikandan and Aravind, 2025). In addition, since exposure variable, credibility variable and engagement variable had some conceptual overlap in the present study it will also be wise to improve the scales used to measure these variables through confirmatory factor analysis and structural equation modelling on a larger sample. Finally, as the concept of trust and engagement proved to be the most crucial in understanding the purchase intention it makes sense for the next stage of research to integrate elements of trust-building through social media.