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Consumers' Perception towards User-Generated Content

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ABSTRACT

The study examines consumers' perception of User-Generated Content (UGC) in the Rayalaseema region of Andhra Pradesh, focusing on trust and credibility factors. Using factor analysis, two key dimensions emerged: trust and credibility. A sample of 230 respondents was surveyed to understand the influence of UGC on consumer decision-making. The findings indicate that consumers place significant trust in UGC, perceiving it as credible and reliable. The study contributes to understanding how regional factors shape perceptions of UGC, offering valuable insights for marketers and businesses aiming to leverage consumer-generated content in their strategies.

Keywords: User-Generated Content, Trust, Credibility, Consumer Perception, Rayalaseema

INTRODUCTION

User-Generated Content (UGC) plays a significant role in shaping consumer behavior and influencing purchasing choices in today's digital landscape. As consumers increasingly turn to content created by their peers—such as reviews, testimonials, and social media posts—UGC is viewed as more authentic and reliable compared to traditional advertising. This content reflects real experiences, fostering trust and a sense of community among consumers.

In the Rayalaseema region of Andhra Pradesh, understanding local attitudes toward UGC is essential for businesses to craft region-specific marketing strategies. Consumer perceptions of UGC may differ based on cultural, social, and economic influences unique to the area.

This research aims to explore these perceptions, specifically focusing on the key factors of trust and credibility. Through factor analysis, the study identifies these two elements as significant influences on how consumers interact with and respond to UGC. By shedding light on these factors, the research offers valuable insights for marketers looking to enhance consumer engagement and trust through UGC.

The findings are particularly relevant for businesses aiming to refine their digital marketing strategies and effectively connect with consumers in the Rayalaseema region.

OBJECTIVES OF THE STUDY

- To examine the role of trust and credibility in shaping consumers' perceptions of User-Generated Content (UGC) in the Rayalaseema region of Andhra Pradesh.
- To analyze how these perceptions influence consumer decision-making and engagement with UGC in the region.

METHODOLOGY OF STUDY

- Primary data: Structured Questionnaire
- Secondary data: Books, Journals, Magazines etc.
- Sampling Method: Convenience Sampling -Rayalaseema Region of Andhra Pradesh.
- Sample Size: 230
- Tools of Data Analysis: Factor Analysis.

SCALE DEVELOPMENT

Trustable:

- I trust user-generated content because it comes from real people, not companies.
- I'm more likely to trust a product recommendation from a trustable source, like another customer.
- I trust content shared by my friends or family when looking for product advice online.
- Trustable information helps me feel sure about what I'm buying.

Credible:

- Reviews from other customers that seem credible affect how I view a brand's reliability.
- The credibility of the information matters when I decide whether to buy a product.

DATA ANALYSIS

Factor analysis is a statistical method used to identify underlying variables.

Table-1: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.748
Bartlett's Test of Sphericity	Approx. Chi-Square	312.046
	df	15
	Sig.	.000

Source: Primary data

The Kaiser-Meyer-Olkin (KMO) measure of 0.748 indicates that the sample is adequate for factor analysis, as values above 0.7 are considered acceptable. Bartlett's Test of Sphericity, with a significant p-value of 0.000, confirms that the correlation matrix is suitable for factor analysis, suggesting significant relationships among variables.

Table-2: Communalities

	Initial	Extraction
Reviews from other customers that seem credible affect how I view a brand's reliability.	1.000	.691
I trust user-generated content because it comes from real people, not companies.	1.000	.544
The credibility of the information matters when I decide whether to buy a product.	1.000	.652
I'm more likely to trust a product recommendation from a trustable source, like another customer.	1.000	.627
I trust content shared by my friends or family when looking for product advice online.	1.000	.719
Trustable information helps me feel sure about what I'm buying.	1.000	.591
Extraction Method: Principal Component Analysis.		

Source: Primary data

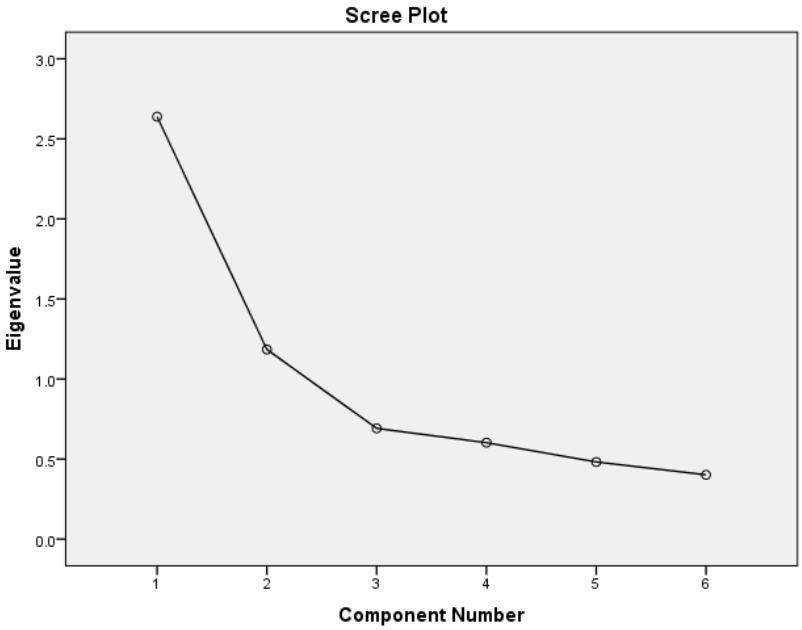
The communalities values represent the proportion of variance in each variable explained by the extracted factors. All items show significant values, indicating that the factors account for a substantial portion of the variance in consumer trust and credibility perceptions.

Table 3 shows the total variance explained by the components. The first two components explain 63.72% of the variance, with component 1 contributing 43.98% and component 2 contributing 19.74%. After rotation, the cumulative variance increases to 63.72%.

Table-3:Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.639	43.978	43.978	2.639	43.978	43.978	2.294	38.228	38.228
2	1.184	19.741	63.719	1.184	19.741	63.719	1.530	25.492	63.719
3	.692	11.528	75.247						
4	.602	10.036	85.283						
5	.482	8.029	93.312						
6	.401	6.688	100.000						
Extraction Method: Principal Component Analysis.									

Diagram-1: Scree Plot



The Scree Plot visually displays eigenvalues, helping identify the number of significant factors by observing the point of inflection.

Table-4: Component Matrix[a]

	Component	
	1	2
Reviews from other customers that seem credible affect how I view a brand's reliability.	.326	.765
I trust user-generated content because it comes from real people, not companies.	.737	
The credibility of the information matters when I decide whether to buy a product.	.712	.382
I'm more likely to trust a product recommendation from a trustable source, like another customer.	.791	
I trust content shared by my friends or family when looking for product advice online.	.581	-.617
Trustable information helps me feel sure about what I'm buying.	.720	
Extraction Method: Principal Component Analysis.		
a. 2 components extracted.		

Source: Primary data

The Component Matrix shows the factor loadings for each variable on the two extracted components. Variables related to trust and credibility, such as "product recommendations" and "trustable information," load significantly on component 1, while "content shared by friends" loads on component 2.

Table-5: Rotated Component Matrix[a]

	Component	
	1	2
Reviews from other customers that seem credible affect how I view a brand's reliability.		.827
I trust user-generated content because it comes from real people, not companies.	.640	.366
The credibility of the information matters when I decide whether to buy a product.	.436	.680
I'm more likely to trust a product recommendation from a trustable source, like another customer.	.676	.413
I trust content shared by my friends or family when looking for product advice online.	.808	
Trustable information helps me feel sure about what I'm buying.	.760	
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.		
a. Rotation converged in 3 iterations.		

Source: Primary data

The Rotated Component Matrix reveals the factor loadings for the two components: "Trustable" and "Credible." Component 1 (Trustable) includes items such as trust in user-generated content and product recommendations, while Component 2 (Credible) emphasizes factors like content shared by friends or family and credibility in decision-making.

CONCLUSION

The study highlights the significant role of trust and credibility in shaping consumer perceptions of User-Generated Content (UGC) in the Rayalaseema region. The factor analysis identified two key components: "Trustable" and "Credible," which influence consumer decision-making. Trust in user-generated content and its source was found to significantly impact purchasing behavior. The findings underscore the importance of leveraging UGC in marketing strategies, emphasizing authentic and reliable information. Businesses targeting the region should focus on fostering trust and ensuring the credibility of user-generated content to effectively engage consumers and enhance their purchasing decisions.

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