

Social Media and Investment Choices: The Role of Demographic Variables in Shaping Investor Behaviour

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Abstract

The impact of social media on the normal lifestyle of people is increasingly clear in the world, and this trend also has an impact on economic choices. This looks at ambitions to discuss whether or not socio-demographic factors, including age, gender, education, and income, can affect investor behavior in relation to the influence of social media.

The study was conducted on 413 buyers in defined areas within the state of Kerala.

The individuals were required to answer a questionnaire using a five-factor Likert scale, and the statistics collected were analyzed by means of non-parametric statistical tests, including the Mann-Whitney U test and the Kruskal-Wallis H test.

The factor of gender, however, does not act as a mediator in this relation. It appears that education has been found to be a factor that moderates the influence of social media. Higher-educated people were more inclined to use social media as a means of making financial decisions. Another moderating variable is income – people who belong to the low-income class have been identified to depend on social media to make investments. This research indicates that it is necessary for financial organizations to create certain approaches towards different demographic classes and help them in overcoming the problems caused by the influence of social media. Digital literacy should be encouraged because it can help in overcoming the problem of false information that prevails on social media sites.

The implications show that social media plays a critical role in influencing investor behavior, especially with regard to demographic factors such as age, gender, education, and annual earnings. These findings imply that financial institutions and social media sites ought to take into account how to tweak their strategies to better suit the various attributes of their audiences. This paper outlines how social media is increasingly becoming important in terms of financial behavior, and how more specific forms are required in both marketing and financial advice.

I. INTRODUCTION

Social media and its effects have been shown to be deeply rooted in many areas of human life (Van Dijck & Poell, 2013). The generational variations with component values, behaviors, and alternatives had been triggered via the social media usage of the younger generation (Bolton et

al., 2013). The range of humans accessing specific social media systems to access records and stay updated has been gradually increasing, although many social media companies are currently struggling to deal with fake or misleading content (Shearer & Mitchell, 2021). The boom in using social media could be immediately attributed to the increasing number of internet customers. According to current data via Telecom Authority of India, there are 954.4 million net subscribers in India and 33.75 million net subscribers in Kerala. As the importance of digital connectivity continues to grow, humans are increasingly relying on social media websites and online groups in making some of the most crucial choices, be it buying a few long-lasting products or carrying out investment activities. Although these sites provide an opportunity to hear a range of views and such apparently expert advice, the blind religion of social media influencers may be a false illusion. This type of dominance can lead to either suboptimal or poorly informed choices. In more serious situations, one may find themselves prone to falling prey to scammers or fraudsters, where due diligence has been compromised by using popular online stories.

The elements that may contribute to the extent to which they use social media as facts may additionally include various factors, such as the historical past of the population, along with their age, gender, level of education, and earnings. Past research has shown that users' age and gender can influence how information users interact with information on social media websites. This paper seeks to contribute to the already acknowledged by analyzing the results of social media on the decision made using humans as opposed to making an investment.

II. REVIEW OF LITERATURE

A few studies have shown that social media is becoming a bigger part of how people make their investment decisions and how they behave while making an investment. As an example, recent scientific papers, including those using Zhao & Li (2024), Hasan (2024), Amran et al. (2025), and Rijanto & Utami (2024), have studied how social media affects the behavior of traders when they have decided to invest in different types of assets, such as stocks, cryptocurrencies, mutual price classes, among others. Overall, social media has emerged as a critical provider of statistics and advice for retailers trying to identify applicable facts.

In this valuation, a literature assessment of the usefulness of social media systems in investment decisions made with the help of Singh & Chakraborty (2024) over a period of ten years (2013-2023) shows the relationship between social media and investment choices. The researcher says that social media has had a key position within the investment year, as a first-class platform, where buyers make informed choices.

People communicate their feelings on social media sites, and this affects the activities of stock markets. The research conducted by Sul et al., (2014, 2017), Li et al. (2019), Affuso & Lahtinen (2019), Duz Tan and Tas (2021), and Junaidi & Nurhidayah (2023) showed that the emotions on social media are predictive factors of market returns and cause speculation among users (Li et al., 2023). Specifically, it was determined that the discussion that is held on the basis of some emotions will lead to a phenomenon known as herding, which means that investors will act in a unanimous manner on the basis of the trending topic and not on the basis of fundamental analysis of companies. This effect is also emphasized in the research by Yoon & Oh (2022) and Awad et al.,

(2025), as it has been demonstrated that social media increases confirmation bias by creating cognitive effects such as herding among other investors.

People often act on documents in a way that confirms their own beliefs and opinions. This tendency makes social media posts have a greater impact on how humans behave within the storage market. This idea has been mentioned via Cheung et al., in their 2009 studies.

The demographic factors, especially the age of the retailers, have proven to be extraordinarily critical factors affecting the evidence of having an impact on social media. A quantity of studies conducted by Olajide et al. (2024), Khatik et al. (2021), Ningtyas et al. (2024), Mathew et al. (2025), Casao et al. (2025), Hasanudin (2023), and Naveen Kumar & Mayya (2024) show that there is a tremendous relationship between age and social media influence. It should be pointed out that a majority of those studies have been conducted on more adolescent subjects due to the fact that they may be quite vulnerable to the results of virtual media. Such an inclination is quite large because the funding patterns that developed early tend to persist over the years.

In this regard, the literature review demonstrates that social media affects investment decisions, and there are several important phenomena, namely emotional response, herding behavior, and confirmation bias, that occur because of social media effects. Young people aged 18-29 are more sensitive to the influence of social media because of the increased tendency to use digital technologies. Higher educated people are more prone to using social media for obtaining financial advice. In turn, low-income groups utilize social media more in comparison with high-income people. The reason is the absence of possibilities to consult traditional financial advisors among low-income people. At the same time, it should be mentioned that the effect of social media on investment behavior occurs independently of gender. Nevertheless, the research shows that there is a lack of knowledge regarding the influence of demographic characteristics in emerging markets, including India. Most works consider broader markets but do not pay attention to the influence of socio-economic aspects, such as income and education, on social media use. However, the need for digital literacy and financial education to deal with social media-related misinformation is not fully considered in the current discussion. Future research can analyze the potential impact that social media has had on investor behaviors over an extended period of time, as well as how these impacts change with the changing nature of social media and evolving market dynamics.

Additionally, it is evident that education is another variable that contributes to social media influence. According to Safitri et al. (2025), social media influence on investors increases with higher education levels, coupled with lower ages.

Given the idea of this historical past, the subsequent research questions are as follows:

1. Does the impact of social media on funding decisions vary by generation?
2. Is gender a factor in mediating the impact of social media on funding choices?
3. Is the level of education one of the factors affecting the impact of social media on investment choice?
4. Are people with different income levels affected differently by social media influence in financing decisions?

Research Objectives

The following study objectives are designed with the aim of looking at

1. To determine whether or not special age groups are affected in different ways by the use of social media during funding decisions.
2. To evaluate how gender affects how social media influences investing choices.
3. To assess how education affects social media's ability to influence investing choices.
4. To examine whether social media influences investment decisions differently for people with varying income levels.

The objectives are hypothesized as follows:

H1: The impact of social media on investment choice differs specifically across age firms.

H2: There are extremely favorable gender differences in the impact of social media on investment decisions.

H3: The impact of social media on funding choice is significantly influenced by the use of schooling.

H4: Social media's impact on investing choices varies greatly depending on one's financial level.

III. RESEARCH METHODOLOGY

The study is analytical and descriptive. The respondents have been selected through a non-probability sampling method due to the fact that the number of investors in the selected geographic region is unknown. Keralan investors participated in the study. Kerala has one of the highest internet penetration rates in India, the highest per capita income in India, and literacy; it is only natural that investors should prefer to choose Kerala. The convenience sampling technique was applied to select 413 respondents in the south, central, and south.

The data gathering method used a form of non-probability sampling known as convenience sampling because it was impossible to get accurate information on the exact number of investors within the geographic location used in the study. It is important to note that all respondents were asked to fill out a questionnaire based on the Likert scale rating of five items. This provided an accurate means to measure attitudes concerning the role of social media in the selection of investments.

Regarding data analysis, non-parametric statistical methods were considered for use. Specifically, the Kruskal-Wallis H test and Mann-Whitney U test were used. The former was used to analyze socio-demographic variables like age, educational attainment, and income level. On the other hand, the latter was used to check gender differences. Because of the skewed data, it was necessary to use the mentioned techniques.

The objective of this research was to establish the associations among demographic characteristics and social media influence, especially with regard to how investment decisions vary from one age category, education level, gender, and income level to another. The p-values were used to determine the statistical significance of the findings, where values less than 0.05 were deemed statistically significant. This paper has been able to use the data analyzed to understand the impact of socioeconomic status on social media influence.

Data analysis and Interpretation

The statistics have been evaluated to determine whether they hold the norm or not anymore, using the K-S technique, and all the P values have been observed to be above zero.05. This shows that the distribution of the statistics is not always normal. The statistics were thus subjected to non-parametric tests to examine it. They have an impact on investment choice, and the impact of sociodemographic factors on them has been analyzed using the Kruskal-Wallis test and the Mann-Whitney U test.

IV. ANALYSIS OF OBJECTIVES

Objective 1

Age and Social Media Influence

The main objective is to establish whether or not many aged firms make use of social media in other ways while making investment decisions. The age groups of the respondents have been as follows: 18–29, 30–39, forty–forty-nine, 50–59, and over 60. The effect of age on using social media to make financing-related choices was analyzed using the Kruskal-Wallis test. Since the P charge ($p = 0.016$) changed to less than 0.05, the results would have been statistically significant. A comparison of implied ranks suggests that younger age groups, especially those between the ages of 18 and 29, have the most powerful influence on social media, compared to older respondents. Results of the Kruskal-Wallis test are shown below.

Table 1: Age and Social Media Influence

	Age	N	Mean Rank
Social media influence	18-29	93	240.8
	30-39	82	211.25
	40-49	97	200.1
	50-59	103	183.2
	> 60	38	197.21
	Total	413	

Table 2: Test Statistics

Test Statistics	
	Social media influence
Kruskal-Wallis H	12.259
df	4
Asymp. Sig.	0.016

The test results imply that since younger generations lack adequate investment experience, misleading information or wrong tips from social media may lead them to make sub-optimal investment decisions. Depending on unverified information may sometimes lead to suboptimal results.

Objective 2

Gender and Social Media Influence

The second objective is to identify the impact of gender disparities on the way social media is used to make a decision to invest. The Mann-Whitney U test was used to test the hypothesis. The findings of the test with the specifics are presented in the table below.

Gender and Social media influence

Table 3: Gender and Social Media Influence

	Gender	N	Mean Rank
Social media influence	Female	143	208.6
	Male	270	206.15
	Total	413	

Table 4: Test Statistics

Test Statistics	
Mann-Whitney U	19076.5
Wilcoxon W	55661.5
Z	-0.198
Asymp. Sig. (2-tailed)	0.843

From the results, it is clear that the effect of social media is not statistically significant in all genders, as the p-value is greater than 0.05 ($p=0.843$). It shows that there may not be any significant difference in the perception of both ladies and men in terms of social media influence. Moreover, the adjusted ranks of each company are also almost similar, suggesting comparable responses to social media information for both men and women.

The results summarize that in the modern digitalized and technology-driven world, information sharing through different social media platforms could adopt gender neutral strategies since both males and females are uniformly exposed to digital content related to financial and investment-related matters. The adoption and consumption patterns of digital content are converging across genders. This result aligns with the findings of (Atoom et al., 2021).

Objective 3

Education and Social Media Influence

The third goal aimed to establish whether teaching performance had any significant impact on the use of social media in investment choice-making. The Kruskal-Wallis test is used to check the speculation. The results of the examinations are as follows.

The use of social media in making funding decisions differs across a number of individual school levels, and a Kruskal-Wallis test is examined. This is statistically significant ($p=0.002 < zero.05$), which indicates that schooling has a significant effect on the perception of investment decisions.

Table 5: Education and Social Media Influence

Kruskal-Wallis Test			
	Education	N	Mean Rank
Social media influence	Higher secondary	11	158.91
	Graduate	119	212.72
	Post Graduate	143	231.37
	PhD	5	253.1
	Professional Degree	135	178.35
	Total	413	

Table 6 Test Statistics

Test Statistics	
	Social media influence
Kruskal-Wallis H	16.577
df	4
Asymp. Sig.	0.002

People with higher education, especially those with master's degrees in school or people with doctoral degrees, think that social media has a greater influence on their investment choices. It is suggested from a review of the collective assessments. On the other hand, people with expert education, like CA, engineers, and prison experts, or higher secondary education, were found to have a distinctly lower suggested rank in terms of how social media has an impact on investment.

The results clearly show that the educational achievement of humans is one of the key factors affecting how engaged buyers are on social media.

Higher education level can be seen as making individuals more inclined towards using social media for investment purposes. Such a tendency can be attributed to their proficiency with modern technologies and their better ability to evaluate online content.

However, those with only basic or technical qualifications would either not depend much on social media, use conventional sources of finance tips, or have problems interpreting investment tips available on the Internet.

For marketing managers of money supply organizations, celebrities acting as influencers, and financial educators, this implies that their social media-first-based financial literacy marketing campaign should not overlook the extent of audience education.

Objective 4

Income Level and Social Media Influence

Finally, figuring out the role of wealth in determining how much social media could have an impact on buyers and their investment choices became extra vital. This hypothesis was tested by means of the Kruskal-Wallis test, the results of which are presented below.

Table 7: Annual Income and Social Media Influence

Kruskal-Wallis Test			
	ANNUALINCOME	N	Mean Rank
Social Media Influence	Below 5 lakhs	136	227.99
	Between 5 -12 lakhs	149	212.17
	Between 12-24 lakhs	68	188.8
	Between 24-36 lakhs	33	178.68
	Above 36	27	153.17
	Total	413	

Table 8 Test Statistics

Test Statistics	
	Social Media Influence
Kruskal-Wallis H	13.442
df	4
Asymp. Sig.	0.009

To determine the impact of social media, the Kruskal-Wallis is used to assess whether the process of creating investment choices is similar across individual earnings levels. The results suggest that there is a statistically insignificant difference in the effect of social media on financing decisions made by investors across individual for-profit organizations ($p = 0.009 < 0.05$), indicating that the use of social media to make financing decisions by retailers is highly influential in taking advantage of their profits.

From the average ranks, it can be inferred that people with low income are significantly affected by social media, whereas high-income groups have the least levels of influence. For instance, the highest average rank was found in the group of investors who earn an annual income of less than ₹5 lakhs, signifying that they are most susceptible to social media influence. On the contrary, the lowest average rank (153.17) was obtained for individuals who earn more than ₹36 lakhs annually, meaning that they are least influenced by social media in making investment decisions.

There is an inverse relationship between income and social media influence, with reliance on social media decreasing as income increases.

V. DISCUSSION

The effect that demographic variables play on social media effects on decision-making in investment is more prominent now than before in the global context of digitization. This research reveals some critical findings on this issue.

First, it was found that the variable age has an effect on how people are influenced by social media. For instance, the age category of young adults (18 to 29 years) showed a high degree of social media influence in making investments compared to other age categories.

Also, one could not detect any discernible correlation between the factor influenced by social media and gender. The fund selection process between both women and men is influenced by social media.

There became a strong relationship between education and influence on social media. Educated investors validated more involvement with social media and used facts from social media systems for investments extra frequently than much less knowledgeable traders. It appears that the latter now do not rely on social media in any case due to their loss of experience using digital media equipment or consider online possessions of facts.

Also, the impact of social media on profits became to largely suffer from profits. Ironically, low-income earners were much more likely to use social media to invest an awful lot more compared to excessive income earners. This is likely due to the reality that the former cannot come up with the money to have the interaction offerings of an expert advisor, and the latter may be looking for a way to make an investment recommendation without utilizing social media.

Implications of the Results

The results clearly demonstrates that the younger people make their economic choices by the encouragement of the social media. They are beaten with the information about investing, including the wrong facts, because they are the most technologically superior technology. Thus, guidelines need to be developed to manipulate and taint the content about investments shared by social media structures. To ensure that the younger tech can independently verify the facts they encounter online and make knowledgeable investment choices, financial education should be accepted as a commitment. Social media websites can adopt the genderless paradigm because the consequences of social media on women and men are the same.

The decreased dependency of less educated individuals on social media may be linked to the lack of awareness of the use of digital media and also the inability to comprehend the investments discussed in social media articles. It means that there is a need for social media and the financial institutions to come up with communication strategies that will help these people to be able to comprehend what is published on social media sites.

The findings of this paper have revealed that the less knowledgeable and occasionally earning individuals rely closely on social media to provide them with monetary information. This will increase the likelihood that they will be exposed to false information, which in turn will cause them to make mistakes in managing their money statistics and suffer losses as a result. It is important to take steps to preserve prime money drivers in this digital age because these humans are not able to acquire statistics from tangible assets.

VI. CONCLUSION

The position of social media in making investment is prompted by using demographic characteristics that include age, gender, earnings, and education in these modern outlooks. The authors believe that social media worlds and financial institutions should ensure that the content they provide is offered to everyone, and people who are the least fortunate in every economic circle and educational setting. This paper has proved the need to have proper financial education and management, especially for more young and financially deprived investors.

There is definitely much more research that can be done in the area of social media being an increasingly important factor behind investments as the process undergoes profound changes nowadays. It is crucial for any investor to have access to reliable, understandable, and ethical financial information regardless of their age, financial standing, or education level.

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