

A Study on the Impact of Social Media on Consumer Decision Making

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Abstract

Social media has played a significant role as a communication tool. People all over the world use various social networking sites to communicate with other people or organizations. The usage of social networking sites, particularly in developing countries like India, offers a new channel for marketers to connect with consumers. Reviews and opinions on social media have started to impact how a consumer decides what to buy. Social media enables delighted clients to highly encourage other intended customers to purchase the goods. On the basis of social media, businesses are wishing to benefit from the expanding consumer trends. The purpose of this paper is to investigate how social media influences consumer decision-making. It is an exploratory study that analyses the extent to which social media use affects experiences. The findings of the research indicate that consumer satisfaction is influenced by social media use during the information search and alternative evaluation phases, with satisfaction increasing as the consumer advances through the process to the decision of final purchase and also the post-purchase review.

Keywords

Social media, Social media marketing, Consumer decision-making, E-word of mouth, and, Consumer purchasing.

1. Introduction

A growing number of people are already buying goods through various social media platforms. The widespread use of the internet and the surge in social media usage have forced marketers to search for new ways to interact with consumers. Various social networking sites have made it easier and quicker for users to publish reviews, talk about their experiences using these products and services, and allow the user the chance to encourage online purchases, and offer an alternate comparison of goods and services. These marketing tactics have distinct effects on how consumers behave when making purchases. Numerous studies demonstrate the significant influence social networking has on the decision-making process (Constantinides, 2014).

1.1 Consumer

Those who buy goods or services for their own consumption rather than for manufacturing or resale. A consumer makes purchasing decisions at retail establishments or is affected by marketing and advertising. They are the recipients of goods and services at the end of the supply chain. The consumers are the individuals who will really use the commodity or service. They are the final target audience for the services or products (Gupta & Chopra, 2020).

1.2 Consumer Decision-Making Process

According to (Millwood, 2021) the consumer decision-making process is the way in which customers become aware of and identify their needs, get knowledge about the best ways to address those needs, assess various available options, decide what to buy, and then assess their purchase. Any business must comprehend how customers make decisions, but e-commerce companies have a special chance to optimize this process. Online merchants may utilize that data to design conversion techniques for each stage of the process because online customers generate more data than those who buy in brick-and-mortar locations. It is crucial to remember that the buyer journey, buyer cycle, buyer funnel, and consumer decision-purchase process are only a few of the numerous titles given to the consumer decision-making process. However, the meaning behind each name essentially refers to the process which a customer goes through when making a purchase decision.

So, the following is a breakdown of each step:

1.1.1. Need Identification (Awareness): This is the first and most crucial step in the purchasing process because it is at this point that a consumer first recognizes their need for a good and service.

1.1.2. Information Search (Research): Consumers want to learn about their possibilities at this point.

1.1.3. Alternatives Evaluation (Consideration): A consumer compares possibilities at this step.

1.1.4. Purchase Decision (Conversion): At this point, the consumer behavior changes into an act.

1.1.5. Post-purchase Evaluation (Repurchase): After making a purchase, consumers evaluate if it was worthwhile, whether they will suggest the goods or services, or brands to others, whether they would make another purchase, and what kind of feedback they would provide.

1.3. Social Media

Social media are computer-based technologies that allow people to create and share information, ideas, career interests, and other kinds of expression through virtual communities and networks. Social media are internet-based by design, allowing people to share content quickly via electronic sources. Personal information, documents, movies and images are included in the content. Users access social media through a computer, laptop, tablet, or smartphone (Tuten & Solomon, 2016).

The internet and related technologies enable and popularize what we now refer to as social media. As more people join online groups, social media's effect grows every day. The human desire to communicate and the developments in digital technology have spurred the evolution of social media. It's a tale about forging and fostering intimate bonds at a large scale (Saundarbai & Prabhanjan, 2017).

1.4. Social Media Marketing

The use of social media platforms and websites to promote a product or service is known as social media marketing. Although the phrase e-marketing and digital marketing have a strong place in academia, social media marketing is gaining traction among practitioners and academics. Most social media platforms have data analytics capabilities built-in, allowing businesses to track the development, performance, and engagement of their campaigns (Tuten & Solomon, 2016).

Social media marketing is valuable to marketers because it provides low-cost access to clients as well as a range of ways to contact with and engage them at various stages of the buying cycle. Using social media marketing tactics, we can achieve a variety of marketing goals. Social media can be used for branding and promotion, research, customer service and relationship management (Saundarbai & Prabhanjan, 2017).

2. Objectives of the Study

- 2.1 To study the impact of social media on consumer decision-making.
- 2.2 To explore the usage of social media by consumers while making purchase decisions.

3. Research Methodology

The present research is conducted with the help of secondary data. It is exploratory in nature so the information is basically derived from the existing

literature including various research papers, articles, reports, internet, and other relevant data sources.

4. Review of the Literature

Social media has resulted in huge changes for businesses and consumers alike. Studies show that consumers are very picky when making purchases. Despite the wealth of information and the amount of knowledge that is available on social media, customers' unique perspectives have a big impact on the products they choose and the ones they buy (Aakansha, 2018).

Consumer behavior is significantly influenced by comments on social media. A dynamic source of social evidence, which is a crucial factor to take into account while making purchases, is social media. More than 51 percent of consumers continuously read reviews on forums or social media before making a purchase to evaluate a good or service. Just one or two uncomfortable reviews can put off a potential customer (Nalkande, 2022).

Numerous academics have currently studied the impact of social media on consumer behavior, but rarely from the perspective of aspiration. Social networks have created a participatory culture where users interact with like-minded others to share ideas, control updates, and solicit feedback and opinions on a variety of goods, services, and events continuously (Bahtar & Muda, 2016).

According to the study on shopping online for homemakers is limited to paperbacks and low-value items with significant discounts since, unlike their professional counterparts, they frequently require an excuse to go outdoors and connect socially. The study also shows that the magnitude of purchase is frequently higher offline than online, primarily because offline influences impulse purchases and rapid satisfaction. According to research, buying is a family custom and an end excuse for shopping trips for Indians. The study also demonstrates that social media influence is limited to fostering knowledge and arousing interest, which promotes informational search. It has no impact on homemakers' purchasing decisions (Gupta & Chopra, 2020).

Consumers use social media because they may enter information in real-time at their convenience. Additionally, consumers are moving away from traditional media outlets like TV and print as platforms to guide their purchases, giving them the freedom to choose what to buy and learn more about a particular brand or product, how, and where they need to. The saturation of knowledge in virtual

judgement is a significant issue (Constantinides, 2014). Social media's vast information base has reduced users' ability to conduct independent research and caused entire data to become impossible to obtain. Website comments were clearly having an impact on users' purchasing decisions and product preferences. Social networking sites are used throughout the entire buying decision-making process, or in the mechanism of realizing necessity, evaluating facts and alternatives, choosing what to buy and where to acquire it, and selecting a response (Daugherty, Eastin, & Bright, 2008).

Although there are several social media platforms that cater to different demographics, Facebook is the most popular and are accessible to everyone. Facebook accounts for around half of the global social media market. Given that human beings appear to have a limited capacity for undertaking knowledge due to their limited sanity, it is not realistic to analyze all of the choices.

Social media entered the world many years after the internet and has since grown in popularity. Its function as a communicator could be the cause. It also mentions social networks, which are defined as websites that link users worldwide who share similar tastes, opinions, interests, and preferences. There are 2.8 billion users of the quickly expanding social media, 73 percent of whom utilize the internet. It can be claimed that social media has created a special place for itself in this regard. The framework of social media that uses an artificial neural network to measure online word-of-mouth is perception (Dwivedi, Kapoor, & Chen, 2015).

Word of mouth or more accurately e-word of mouth, is spread through social networking sites. Because of the internet's potential to reach billions of people around the world, online word of mouth has a powerful voice and a wide reach. An influenced network is characterized as the ability to swiftly modify buying patterns, product or service acquisition, and activity for a rising number of consumers (Gupta & Chopra, 2020).

Social media began as a way to connect with friends and family, but it was quickly adopted by businesses looking to reach out to consumers through a popular new communication tool. The ability to connect and share information with everyone on the planet, or with a large number of people at the same time is the power of social media (Millwood, 2021).

5. Ease of Use

Important findings, such as the beneficial effects of the ease of use, perceived utility, and pleasure on customers' desire to purchase from social networking websites, enhances the aspiration of the social media platforms to improve their function and benefit in addition to just being user-friendly and where consumers can have a positive purchase experience (Evans, 2012). He further researched the major factors influencing customer behavior when making online purchases of products and services in a developing economy. According to the results, utility, stability, ease of use, confidence, and confidentiality are the key motivators. Several perspectives to frame consumer behavior were used as the subject matter for the purpose of the concerned research study.

People may quickly look for product details and complete the purchase procedure without offering thanks to the simplicity of the online platforms. The results of the study indicated a favorable relationship between consumers' purchase intentions and how useful they believe a product to be. This implies that despite having a better purchasing experience, people still opt to purchase goods through social media platforms. Since people are able to shop on social networking sites, it saves their time and increases the likelihood that they will find what they are looking for. Furthermore, there is a clear correlation between social factors and the consumers' desire to purchase (Kaur, 2016).

6. e-WOM

Word-of-mouth advertising between consumers is the second most effective method for the promotion of the sale of goods and services. Consumers can meet in person or communicate online about their ideas for products and services. Word-of-mouth refers to one-on-one contact, and electronic word-of-mouth refers to virtual word-of-mouth. All of these information channels have as their main objective to take into account and gather data regarding other users' expertise and opinions that are significant to consumers (Daugherty & Hoffman, 2014). Users of social media typically influence consumers' inclinations to make purchases. Social media has revolutionized our world in a way that is widely acknowledged. With the click of a button, each of us can share our thoughts and behaviors with a tremendous number of people who can then share them with even more people. Therefore, pressing a button now has financial, social, and political power: it can generate millions of dollars for charities, destroy companies and brands, and even elect representatives. The most important aspect is that it demonstrates the various media that a company may use to market its goods and/or digital services (Erkan & Evans, 2016). Social networking sites keep people informed about the demand

for knowledge, which, in particular, grows during the purchasing process. The quick dissemination of access to social networks and the World Wide Web is advantageous to users. Additionally, buyers can easily and instantly get information about the products and services (Baker, Donthu, & Kumar, 2015).

7. Social Media and Consumer Decision-Making

According to the moderating effect of comparative features, only wealth and regular social networking time showed positive effects on the significant relationship between social networking sites and purchasing choice processes. Given the increase in online purchases and the amount of time people spend on social networks, social media has an impact on consumer purchasing decisions (Dwivedi, Kapoor, & Chen, 2015).

Consumers who have been influenced by social media are four times more likely to spend money on products. There are four areas (Sources of Updates, Influencer, Convenience, and Experience Sharing) where social media significantly influences a person's purchase decision. Online shopping and social networks have shortened the client path. Social media has increased the power of WOM or social proof. The marketing of various social network influencers is one of the best ways to engage viewers. Using stories and intangible content to communicate with an audience is a common practice nowadays. Each social media platform is unique and can be helpful for a number of objectives like promotion and sale of goods and services, increased awareness and knowledge on the part of consumers, and so on (Vermaak, 2021).

The final decision on which goods to buy, along with the retailer, the packaging, and the purchasing procedure, is made by the buyer. The decision to buy will be influenced by additional attitudes and unanticipated circumstances, such as the commodity's affordability. If a negative review regarding a customer's bad experience is read just before the consumer is about to decide whether or not to buy a certain product, it may influence that decision and cause the consumer to decide against buying it (Millwood, 2021).

Other social media factors which may affect the decision of consumers may include the brand awareness created by social media. Social media serves as social proof and a greater force in buying decisions. Promotions, offers, deals, and discounts on social media may increase the urge of the consumer for buying a certain product. Social media influencers are another major important factor contributing to the change in consumer decision-making (Clootrack, 2020).

8. Limitation

As the study is totally comprised of secondary data, so there are still many details unrevealed.

9. Conclusion

Social media is crucial to how consumers decide which products to buy, it is possible to perform research to determine how social media affects consumers' decision-making regarding their purchases. The research found a strong relationship between social media, e-WOM, and ease of use. This study also demonstrates how social media, e-WOM, and the frequency of use affect consumers' purchasing decisions. Also, other factors like brand awareness created by social media, discounts and offers given on various social media platforms, and social media influencers as well have an impact on consumer decision-making. It has been well-investigated that social media has a considerable impact on consumer decision-making. As for the further study, researchers could focus on extending their scope to consider factors besides usability and electronic word-of-mouth.

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