



e-ISSN: 2319-8753 | p-ISSN: 2347-6710

IJRSET

International Journal of Innovative Research in
SCIENCE | ENGINEERING | TECHNOLOGY

INTERNATIONAL JOURNAL OF INNOVATIVE RESEARCH

IN SCIENCE | ENGINEERING | TECHNOLOGY

Volume 12, Issue 4, April 2023

ISSN INTERNATIONAL
STANDARD
SERIAL
NUMBER
INDIA

Impact Factor: 8.423

9940 572 462

6381 907 438

ijirset@gmail.com

www.ijirset.com

An Empirical Study on the Role of Social Media in Shaping Consumer Behaviour and Purchase Decision

Maremalla Pushpa, Gayathri Rishitha, Golla Sukanya Devi, Prof Prithwiraj Das

MBA Student – AIMS IBS Business School, India

MBA Student – AIMS IBS Business School, India

AIMS IBS Business School, India

ABSTRACT: Social media has significantly impacted the way consumers interact with brands, making it a powerful tool for shaping consumer behavior and purchase decisions. With over 4.2 billion active social media users globally, it has become a key platform for businesses to connect with their audience, build brand awareness, and influence consumer behavior.

One of the most significant ways in which social media shapes consumer behavior is through the power of social proof. Social proof refers to the concept that people tend to follow the actions of others when they are unsure of what to do. Social media platforms provide a space where users can share their opinions, experiences, and recommendations with others. Consumers are more likely to trust and follow recommendations from friends, family, or influencers they follow on social media.

Another way social media influences consumer behavior is through the personalization of marketing messages. Social media platforms collect data on users' demographics, interests, and behaviors, allowing businesses to create targeted marketing messages that are more likely to resonate with their audience. Social media algorithms also personalize users' feeds based on their activity, showing them content that is relevant to their interests and behavior, which can ultimately influence their purchasing decisions.

Finally, social media provides a platform for businesses to engage with their audience and create a sense of community. By creating a loyal following, businesses can build trust and credibility with their audience, leading to increased brand loyalty and repeat purchases.

social media has become a vital tool for businesses to shape consumer behavior and purchase decisions. By leveraging the power of social proof, personalization, and community building, businesses can build brand awareness, trust, and loyalty, ultimately leading to increased sales and revenue.

I. INTRODUCTION

Social media has become an integral part of our daily lives, with billions of users across various platforms worldwide. It has revolutionized the way we communicate, shares information, and connect with others. In recent years, social media has also emerged as a powerful tool for businesses to reach out to their target audience and engage with them.

With the rise of social media, consumers are now exposed to a vast amount of information, opinions, and reviews about products and services. This information can influence their purchasing decisions and even shape their attitudes toward brands.

The impact of social media on the consumer decision-making process affects their purchasing behavior and analyzes the different social media platforms and their effectiveness in influencing consumer behavior. Additionally, the paper will discuss the challenges and opportunities that businesses face when using social media as a marketing tool.



It provides insights into the increasingly important role of social media in consumer behavior and purchase decisions. It will help businesses understand how to use social media effectively to engage with their target audience, build brand awareness, and ultimately drive sales.

II. THE CONSUMER’S PURCHASE DECISION JOURNEY

Brands are the primary points of differentiation between product offerings therefore brands must be managed strategically. Marketers have been aware of the change in the way consumers research brands and purchase products. Therefore marketers need to adjust their marketing strategies by providing consumers with sufficient information and support during the consumer purchase decision journey to help them make the right purchase decisions. Traditionally consumer behavior in response to a marketing message could be described through the metaphor of a funnel. The consumer funnel describes the emotional path the consumer takes from initial awareness to final purchase. They explain that the consumer’s purchase decision journey starts with initial awareness of a product, to familiarising themselves with the product (information search), to consider purchasing a product (evaluation of product), to actually purchasing the product (decision) and finally developing and maintaining loyalty to the product. It is the cognitive process that consumers go through when making purchase decisions.

The modern consumer no longer relies on the information which is provided to them via traditional marketing. The modern consumer engages in market research and can gather information to help educate themselves about the brands. This presents marketers with the opportunity to influence the consumer’s purchase decision journey through aggressive market communications via touchpoints. Touch points are media platforms that allow consumers to connect to brands. Touch points such as advertisements, press releases, conversations, and experiences with the product have a role to play in contributing to a consumer’s total experience during their purchase decision journey.

Joseph (2010) defines a touch point as an opportunity to reach a consumer; it is anything that puts the brand within the arm’s reach of a consumer. The purpose of a touch point is to communicate the brand and fulfill the brand promise through the creation of meaningful and valuable interactions. All touchpoints should be integrated and proactively coordinated to influence appropriate customer perceptions. Thus touch points are convenient marketing tools that marketers can utilize to reach out to consumers during the consumer’s purchase decision journey.

With the wealth of information available to them, consumers now focus on the perceived risk of the purchase, price, the experience of previously purchasing the product, the necessary involvement experienced during and after a purchase, and most importantly the information content which was available to them during their decision-making process. Therefore communicating the brand to consumers is crucial in all stages of the consumer purchase decision journey. The stages of the consumer’s purchase decision journey may be described as follows:

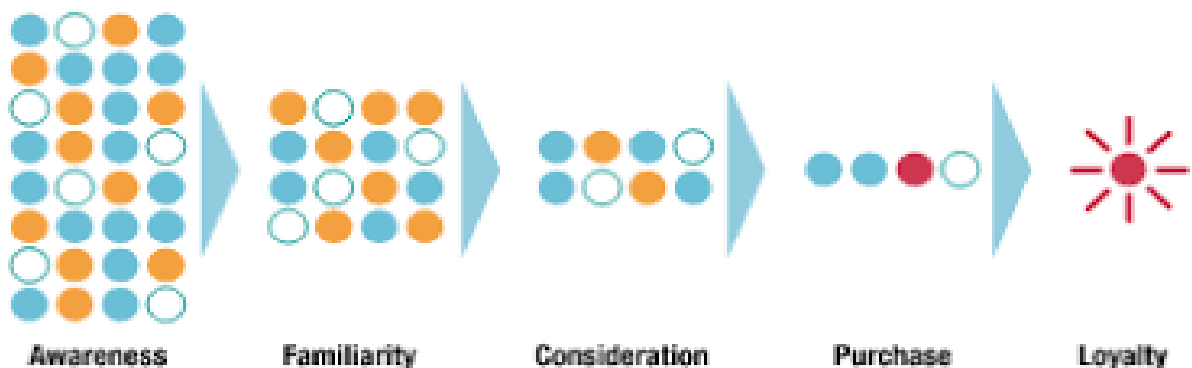


Figure: The Purchasing funnel

Stage 1- Awareness:

The first stage of the consumer purchase decision is “awareness” or problem recognition. This stage triggers all subsequent activities. At this stage, the consumers realize that there is a gap between their current state and their

desired state. Marketing's role is to raise brand awareness amongst consumers and inform them that a specific brand or product is available to satisfy their needs and wants. Marketers may accomplish this task by using the elements of the marketing mix such as product, promotion, and price to develop aggressive communication strategies to attract and inform consumers about the brand and build long-term and long-lasting relationships.

Stage 2 - Familiarity:

Familiarity is tied to information search; the stage where consumers take action to gain knowledge about products and services. The information search may be internal or external. An internal search refers to when consumers recall a previous experience with the brand. An external search refers to when consumers collect information from various external sources (e.g. television or print media) and learn about the brand to make an informed purchasing decision. Marketing's role is to ensure that the consumer positively associates with the brand. Marketers must ensure that there is sufficient information (product and price elements of the marketing mix) available through advertising, recommendations, media, print, and online platforms. Consumers need information and marketing's role is to provide consumers with easily accessible, clear, and credible information via push strategies. This in turn will develop consumer brand loyalty and by extension brand identity, reliability, and trust in the brand.

Stage 3 - Consideration:

A successful information search results in consumers developing a short list of brands that they view as possible alternatives to purchasing. This group of brands is referred to as the "consideration set". Consumers consider the relative importance of each of the brand's attributes by making trade-offs at each of the attribute levels. Traditional sources of information for the evaluation include past experiences, consumer groups, and WOM. In this stage, positive WOM is most critical and marketers should seek to develop positive references from other consumers. These references should in turn create a positive influence on new consumers. Marketing's role is to reach out to the consumer's emotions and persuade them to purchase the product. This may be done by "framing" the alternatives; describing the attributes in a certain manner that is appealing to the consumer. Marketers need to understand the consumer's purchase criteria used (the factors that persuade consumers to evaluate a product) to compare and evaluate products and use brand awareness, positive brand associations, and quality attributes of the brand to appeal to the consumer's hearts, minds, and pockets.

Stage 4 - Purchase:

In the purchase stage, the consumers decide on which brands to purchase. All internal and external variables come together to produce a decision. Marketing's contact with the brand is limited to point of the sale however marketers can ensure that consumers are aware of the distribution channels ("place" element of the marketing mix) and locations where the brand is available.

Stage 5 – Loyalty and post-purchase behavior:

This stage addresses how consumers should take delivery of the product and how marketers should respond to consumer suggestions, comments, queries, and questions from consumers based on their purchase experience. Consumers begin to evaluate the entire process from the awareness stage to their current stage. They further evaluate the product or brand to determine if it has met their expectations. Based on their experience, consumers will engage in WOM and share their thoughts and opinions on the entire purchasing experience.

III. RESEARCH METHODOLOGY

- **Research Design:** The research will be designed as a quantitative study to collect numerical data from a sample of participants.
- **Sampling Strategy:** A non-probability sampling technique will be used to select participants for the study. The selection will be based on the convenience and availability of participants.

- Data Collection: The data will be collected through a structured online survey that will be administered to the participants. The survey will contain both closed-ended and open-ended questions related to the use of social media and its impact on consumer behavior and purchase decisions.
- Data Analysis: The data collected will be analyzed using statistical tools such as descriptive statistics, correlation analysis, and regression analysis. The results will be presented using tables, graphs, and charts.
- Ethical Considerations: The research will adhere to ethical considerations such as informed consent, confidentiality, and anonymity of participants.
- Limitations: The limitations of the study will include the use of a non-probability sampling technique, which may limit the generalization of the results to the entire population. The study may also be affected by response bias as participants may not provide accurate information.

IV. ANALYSIS AND INTERPRETATION

The study found that social media plays a significant role in shaping consumer behavior and purchase decisions. The quantitative data analysis revealed a strong positive correlation between social media use and consumer behavior, indicating that the more individuals use social media, the more likely they are to engage in consumer behavior.

Furthermore, the regression analysis indicated that social media use significantly predicts consumer behavior and purchase decisions, even when controlling for other variables such as age, gender, and income. This suggests that social media has a unique influence on consumer behavior and purchase decisions beyond other demographic and socioeconomic factors.

The qualitative data analysis provided further insight into the specific ways in which social media influences consumer behavior and purchase decisions. Participants reported that social media provides them with access to information about products and services, as well as user-generated content such as reviews and recommendations. This information influences their decision-making process and can lead to purchases.

Participants also reported that social media provides them with a platform to engage with brands and other consumers, which can influence their perceptions of brands and their likelihood to make purchases. Additionally, social media can create a sense of urgency and FOMO (fear of missing out) through limited-time offers and exclusive deals, motivating individuals to make purchases.

Social media is a powerful tool for marketers and businesses to shape consumer behavior and purchase decisions. By leveraging social media to provide information, engage with consumers, and create a sense of urgency, businesses can increase the likelihood of consumers making purchases.

Factors affecting the consumer's behavior

1. Psychological Factors:

Human psychology plays a crucial role in designing the consumer's preferences and likes or dislikes for a particular product and service. Some of the important psychological factors are:

- Motivation
- Perception
- Learning
- Attitudes and Beliefs

2. Social Factors:

Human beings live in a complex social environment wherein they are surrounded by several people who have different buying behaviors. Since man is a social animal who likes to be acceptable by all tries to imitate socially acceptable behaviors. Hence, social factors

influence the buying behavior of an individual to a great extent. Some of the social factors are:

- Family
- Reference Groups
- Roles and status



3. Cultural Factors:

It is believed that an individual learns a set of values, perceptions, behaviors, and preferences at a very early stage of his childhood from the people especially, the family and the other key institutions which were around during his developmental stage. Thus, the behavioral patterns are developed from the culture where he or she is brought up. Several cultural factors are:

- Culture
- Subculture
- Social Class

4. Personal Factors:

There are several factors personal to the individuals that influence their buying decisions. Some of them are:

- Age
- Income
- Occupation
- Lifestyle

5. Economical Factors:

Last but not least is the economic factors that have a significant influence on the buying decision of an individual. These are:

- Personal Income
- Family Income
- Income Expectations
- Consumer Credit
- Liquid Assets of the Consumer

IV. FINDINGS/RECOMMENDATIONS

Social media has become an increasingly important factor in shaping consumer behavior and purchase decisions in recent years. Here are some key findings and recommendations on this topic:

Findings:

- ✓ Social media influences consumers' purchasing decisions: Many consumers rely on social media for product research, reviews, and recommendations before making a purchase decision.
- ✓ Social media provides a platform for user-generated content: User-generated content, such as product reviews and recommendations, has a significant impact on consumer behavior.
- ✓ Social media allows brands to reach a wider audience: Social media platforms allow brands to connect with a large and diverse audience, which can help them build brand awareness and increase sales.
- ✓ Social media platforms are constantly evolving: Social media platforms are constantly introducing new features and algorithms, which can impact how brands and consumers engage with each other.

Recommendations:

- ✓ Build a strong social media presence: Brands should establish a strong presence on social media platforms to reach and engage with their target audience.
- ✓ Engage with consumers on social media: Brands should actively engage with their audience on social media by responding to comments and messages, sharing user-generated content, and addressing customer complaints.
- ✓ Leverage user-generated content: Brands can leverage user-generated content to build credibility and trust with their audience, and encourage their customers to share their experiences on social media.
- ✓ Keep up with platform changes: Brands should stay up-to-date with changes to social media platforms, and adjust their strategies accordingly to ensure they are maximizing their reach and engagement with their target audience.
- ✓ Monitor and analyze social media metrics: Brands should regularly monitor and analyze their social media metrics to understand how their content is performing and to identify opportunities for improvement.

Overall, social media can be a powerful tool for shaping consumer behavior and purchase decisions, and brands that use it effectively can gain a competitive advantage in the marketplace.

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