Impact Of social media On Consumer Behaviour and Preference

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Abstract

The way in which we interact with each other and make purchases has been altered by the emergence of social media. Social media platforms like Facebook, Twitter, Instagram, and YouTube have become an integral part of people’s daily lives globally and have greatly influenced the way in which consumers interact with brands and make purchasing decisions. The influence of social media on consumer behaviour and preferences has been substantial, with marketers now utilizing social media proving itself as a crucial tool for the target audience.

Social media has provided customers with increased exposure to products and services, influencing their decision-making through social proof and personalization based on their interests and preferences. Furthermore, influencer marketing has become a popular method for firms to promote their products through social media influencers. As a result, understanding the influence of social media on customer behaviour and preferences has become crucial for firms looking to succeed in today’s digital age.

This study employs secondary research to investigate the influence of social media on consumer buying behaviour and preferences. The results suggest that marketers need to comprehend the scope and influence of social media in shaping customer behaviour and preferences and develop effective social media marketing strategies to succeed in the digital era. By utilising the power of social media, firms can boost their visibility, engage with customers, and mould consumer behaviour and preferences.

Introduction

According to (Mangold & Faulds, 2009), in this digital age, social media has become a crucial component of our daily lives irrespective to age and has influenced various aspects of our routine, inclusive of the way we shop and make purchasing decisions. This impact on consumer behaviour and preferences has been substantial in recent years. One way in which social media affects consumer behaviour is by granting consumers access to an extensive range of information about products and services (Zhu & Chen, 2015). Consumers can share product recommendations, reviews, and feedback with each other, and this information significantly influences their purchasing decisions.

In addition to providing information about products and services, the social media platforms also have an impact on shaping consumer preferences by creating and promoting trends. Social media influencers and celebrities often hold considerable influence over consumer preferences, shaping tastes and preferences in various industries. Furthermore, social media has created new opportunities for business owners to connect with their target customers and audience, relationships building, and promotion. Businesses can engage with consumers, gather feedback, and customize their offerings based on consumer needs and preferences. Moreover, social media has made it easier for customers to know about products and services before making a purchase. This has empowered consumers to make more informed decisions and align their purchasing behaviour with their preferences.
informed buying decisions and changed the way they approach purchasing. Thus, the aim of this paper is to provide an overview of the influence of social media on consumer buying behaviour and preferences (Lepkowska-White, 2017). The paper will examine the key concepts and findings from existing literature on the topic, including social proof, personalization, engagement, and influencer marketing.

Literature Review

Prior researches have demonstrated that social media plays a crucial role in influencing consumer purchasing behaviours and preferences. According to a study conducted by GlobalWebIndex, social media is the top online source of product discovery, with around 37% of consumers using social media platforms to find new products (Woods, n.d.). Another study by Hootsuite revealed that 63% of consumers nowadays expect brands to provide customer service through social media (Tobon et al., 2021). Research has identified several factors that affect consumer preferences in the online shopping environment to elaborate:

**Increased Exposure:** Social media's ability to provide brands with greater exposure is one of the most substantial impacts it has on consumer behavior and preferences. According to a report by We Are Social and Hootsuite (Digital 2021, 2021), there were 4.2 billion active social media users worldwide in 2021, representing an increase of 13.2% compared to the previous year. This vast user base provides brands with a vast potential audience to reach through social media marketing (Rahayu & Hamidah, 2022).

Social media platforms also offer a range of tools and features to help businesses target their content to specific demographics. For example, Facebook allows businesses to tailor their advertisements to specific requirements like age, gender, location, interests, and behaviors. This level of targeting ensures that content is more likely to be seen by users who are interested in the brand's products or services. Moreover, social media algorithms prioritize content that is likely to be relevant and engaging to individual users. (Eg et al., 2023) This means that businesses that produce high-quality, engaging content are more likely to appear in users’ feeds, increasing exposure and the chance of engagement.

<table>
<thead>
<tr>
<th>Age group</th>
<th>Percentage of people using social media</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-29</td>
<td>88%</td>
</tr>
<tr>
<td>30-49</td>
<td>78%</td>
</tr>
<tr>
<td>50-64</td>
<td>64%</td>
</tr>
<tr>
<td>65+</td>
<td>37%</td>
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**Social Proof:** Social proof is a powerful psychological phenomenon that has a significant impact on consumer behavior and preferences. Social proof suggests that people will mimic the actions of others, assuming that those actions are the correct behavior (Ajzen, 1985). Social proof can show up in the way of likes, shares, comments, and reviews on social media.

Research has shown that social proof can significantly influence consumer behaviour. A study by Nielsen (Global Trust in Advertising – 2015, n.d.) found that 92% of consumers prefer word-of-mouth
referrals from friends and family than other types of promotion. Additionally, even if they don't know them personally, 70% of buyers trust internet evaluations and comments from other consumers. (Chopra et al., 2021). Social networking sites provide a platform for consumers to know what others are buying and what they like. For example, Instagram allows users to see the maximum number of likes and comments on a particular post, which provides an indication of its popularity. This social proof can influence consumer behaviour and preferences, as users are more likely to engage with content that is popular or recommended by others. Brands can leverage social proof to increase sales and engagement. For example, by featuring customer reviews and testimonials on their social media profiles, brands can provide potential customers with social proof of the quality of their products or services. This can help to build trust and encourage conversions.

Table 2: Reasons for using social media among consumers

<table>
<thead>
<tr>
<th>Percentage of Consumers</th>
<th>Reason for Using Social Media</th>
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</thead>
<tbody>
<tr>
<td>36%</td>
<td>To follow news and current events</td>
</tr>
<tr>
<td>21%</td>
<td>To connect with brands and businesses</td>
</tr>
<tr>
<td>18%</td>
<td>To find funny or entertaining content</td>
</tr>
<tr>
<td>14%</td>
<td>To research products or services before buying</td>
</tr>
<tr>
<td>11%</td>
<td>To stay in touch with family and friends</td>
</tr>
</tbody>
</table>

The pie chart shows that the majority of consumers use social media to stay in touch with family and friends, which indicates that social media has become an important platform for social interactions. This social aspect of social media can have an impact on consumer behavior and preferences, as it provides a way for individuals to connect and share experiences with others, which can influence their attitudes and beliefs towards products and brands.

The second largest slice of the pie chart is "To follow news and current events" of consumers. This suggests that social media has become an important source of news and information for many consumers, which can influence their attitudes and beliefs towards products and brands. For example, if a brand is associated with a news story that receives a lot of attention on social media, this can impact how consumers perceive that brand.

The third largest slice of the pie chart is "To find funny or entertaining content". This indicates that social media is also a platform for entertainment, and can have an impact on consumer behavior and preferences by shaping their perceptions of what is fun, entertaining, or desirable. Brands that can create entertaining content on social media may be more likely to engage consumers and influence their attitudes and behaviors.
The smallest slice of the pie chart is "To connect with brands and businesses". While this slice is relatively small, it still indicates that some consumers use social media as a way to connect with brands and businesses. This can have an impact on consumer behavior and preferences by providing a way for consumers to engage with brands and learn more about their products and services.

**Influencer Marketing:** Influencer marketing is a popular marketing approach in which companies collaborate with social media stars or influencers to advertise their goods or services. Influencers are individuals with large followings on social media who have the ability to impact the behavior and opinions of their followers. (Delbaere et al., 2021)

Influencer marketing has been shown to have a significant impact on consumer behavior, especially among younger demographics. According to an Influencer Marketing Hub survey, businesses earn $5.78 for every dollar spent on influencer marketing, and 22% of marketers believe it is the most cost-effective technique of recruiting new consumers. Influencer marketing allows businesses to reach highly engaged, niche audiences that are often difficult to target through traditional advertising methods. (Kale, 2021)

Additionally, influencer marketing can provide a more authentic and genuine approach to advertising, as consumers are more likely to trust the recommendations of influencers they follow and admire. Influencers can also help to create a sense of social proof and credibility for a brand, as their followers are likely to trust their opinions and recommendations. (Martensen et al., 2018) This can lead to increased brand awareness, engagement, and sales.

**Table 3: Social Media Platform Used by Consumers**

<table>
<thead>
<tr>
<th>Social Media Platform</th>
<th>Percentage of Consumers Using Platform</th>
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</thead>
<tbody>
<tr>
<td>Facebook</td>
<td>69%</td>
</tr>
<tr>
<td>YouTube</td>
<td>73%</td>
</tr>
<tr>
<td>Instagram</td>
<td>40%</td>
</tr>
<tr>
<td>Twitter</td>
<td>22%</td>
</tr>
<tr>
<td>Pinterest</td>
<td>22%</td>
</tr>
</tbody>
</table>

Source: GlobalWebIndex, 2021 (GWI, n.d.)

**Engagement:** Engagement is a key factor in the impact of social media on consumer behavior and preferences. Social media platforms allow businesses to directly engage with their customers through comments, direct messages, and other interactive features. (Tsimonis & Dimitriadis, 2014) This engagement can help businesses to build strong relationships with their customers, increase brand loyalty, and ultimately drive sales.

According to a report by Sprout Social, 48% of consumers say they are more likely to buy from a brand if they feel connected to them on social media. Additionally, businesses that respond to customer inquiries on social media are perceived as more trustworthy and caring by their customers. User-generated content (Adeloye et al., 2022) is another way in which social media can increase engagement and promote brand awareness. When customers share photos and posts about their experiences with a brand, it can create a sense of community and authenticity. In fact, a study by Stackla (Advertisers, 2017) found that 79% of people say user-generated content highly impacts their purchasing decisions.

By focusing on engagement and user-generated content, businesses can increase their presence on social media, build strong relationships with their customers, and ultimately drive sales. The ability to interact...
with customers in real-time and create a sense of community around a brand is a powerful tool for businesses looking to succeed in today's digital age.

**Personalization:** Personalization is an important aspect of social media's impact on consumer behavior and preferences. Social media algorithms collect data on users' behavior, interests, and demographics, allowing businesses to tailor their content to individual preferences. *(Adaptive Personalization Using Social Networks | SpringerLink, n.d.)* This can lead to higher levels of engagement, as users are more likely to interact with content that is relevant to their interests.

![Bar chart showing the impact of personalization on consumer behavior.](chart.png)

- 80% of consumers are more likely to make a purchase with personalized experiences.
- 72% of consumers who engage with personalized messaging.
- 44% of consumers are more likely to become repeat buyers if they have a personalized shopping experience.

80% of consumers are more likely to make a purchase. This suggests that personalization can be an effective strategy for businesses looking to influence consumer behavior and drive sales. By using data and analytics to understand consumer preferences and behavior, businesses can tailor their social media marketing efforts to create a more personalized experience for their customers. Furthermore, the data shows that 44% of consumers are more likely to become repeat buyers if they have a personalized shopping experience. This indicates that personalization can also play a role in shaping consumer preferences and increasing brand loyalty. By providing personalized recommendations, offers, and messaging, businesses can create a sense of exclusivity and make customers feel valued, which can lead to long-term relationships and repeat business. Lastly, the data shows that 72% of consumers will only engage with personalized messaging. This emphasizes the importance of personalized communication between businesses and customers on social media. By sending targeted messages and offers to individuals, businesses can increase customer satisfaction and build stronger relationships with their customers. By utilizing personalization on social media, businesses can increase engagement, foster brand loyalty, and ultimately drive sales. The ability to deliver tailored content and communication is a powerful tool for businesses looking to succeed in the competitive digital landscape.
Table 4: Effect of social media on purchase decisions

<table>
<thead>
<tr>
<th>Effect of social media on purchase decisions</th>
<th>Percentage of consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Influenced purchase decision</td>
<td>51%</td>
</tr>
<tr>
<td>Did not influence purchase decision</td>
<td>49%</td>
</tr>
</tbody>
</table>

Source: PwC, 2021 (Atske, 2021)

According to a study conducted by PricewaterhouseCoopers in the year 2021, the data shows that more than half of consumers (51%) have been influenced by social media when making purchase decisions. This indicates that social media has a significant impact on consumer buying behavior and preferences. With the rise of social media platforms and the increasing popularity of influencer marketing, consumers are constantly exposed to product recommendations, reviews, and advertisements on social media. As a result, they are more likely to consider and even make purchases based on what they see on social media.

However, it's also worth noting that nearly half of consumers (49%) have not been influenced by social media when making purchase decisions. This suggests that while social media can be a powerful tool for businesses to influence consumer behavior, it's not the only factor that drives purchase decisions. Other factors such as personal preferences, budget constraints, and product quality also play a significant role in shaping consumer behavior.

Methodology: This paper utilized secondary research to examine the impact of social media on consumer buying behavior and preferences. The sources included academic journals, articles, reports, books, and online resources that covered the impact of social media on consumer behavior and preferences. A literature review was conducted using academic databases such as JSTOR, Google Scholar as well as industry reports from organizations. The sources were analyzed and synthesized to draw conclusions about the impact of social media on consumer behavior and preferences.

Results Finding: The results indicate that social media has a significant influence on consumer behavior and preferences. Increased exposure, social proof, personalization, engagement, and influencer marketing were identified as key factors in influencing consumer behavior. Social media has provided businesses with new opportunities to reach and engage with their target audience, and it has transformed the way consumers interact with brands. (Hanna et al., 2011)

The results of the secondary research conducted indicate that social media has a significant impact on consumer buying behavior and preferences. Increased exposure through social media helps businesses reach new customers and target their content to specific demographics. Social proof can influence consumer behavior and preferences, with social media providing a platform for users to see what others are buying and liking. Influencer marketing is a popular strategy that can have a significant impact on consumer behavior, particularly among younger demographics. Engagement on social media can build relationships with customers and increase brand loyalty, with user-generated content increasing engagement and promoting brand awareness. (Khajuria & Rachna, 2017) Finally, personalization can lead to higher levels of engagement, increased brand loyalty, and ultimately drive sales.

The findings suggest that social media has become a crucial tool for businesses looking to reach and engage with consumers. Businesses need to understand the role of social media in shaping consumer
behavior and preferences and develop effective social media marketing strategies to succeed in today's digital age. The ability to personalize content and communication, utilize influencer marketing, and engage with customers on social media can help businesses build brand loyalty and drive sales. (Brown & Fiorella, 2013)

**Conclusion**

Social media has revolutionized the way businesses reach and engage with consumers. By creating a presence on social media platforms and utilizing various features such as paid advertising, content marketing, and influencer collaborations, businesses can increase their visibility, attract new customers, and foster brand loyalty. The findings of this paper suggest that social media has a significant impact on consumer behavior and preferences. Marketers need to understand the role of social media in shaping consumer behavior and preferences and develop effective social media marketing strategies to succeed in today's digital age. As social media continues to evolve, it will be interesting to see how it further shapes consumer behavior and preferences and how businesses adapt to these changes. The literature review has provided a comprehensive understanding of the impact of social media on consumer buying behavior and preferences. The analysis of the secondary data sources has identified several factors that affect consumer behavior and preferences in the online shopping environment, including increased exposure, personalization, influencer marketing, engagements, social proof.

**References**

6. Auxier, B., & Anderson, M. (n.d.). A majority of Americans say they use YouTube and Facebook, while use of Instagram, Snapchat and TikTok is especially common among adults under 30.


