

Impact of Social Media on Purchase Making Decision of Consumers

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Abstract

This paper attempts to understand the various complex influences that a consumer is made to undergo by being webbed around social media engagement and its algorithms. Complex buying behaviour is rare, high-involvement customer purchases that make a big brand difference. With social media taking its new toll and establishing new records of burgeoning high numbers of users every year, this trend is indomitable for the epoch it generated in the last decade. Social media engagement of consumers has indeed factually increased enablement of expansion in the user-generated content and the interactive system of an interface that ensures the engagement is maintained.

Social media expansion has given new tools to identify and process data not just about the products that the consumer wishes to buy but also the services that come associated with the product. The shared opinions online are factually influencing the buying behavior of strangers (online and offline) through reviews and consequently, through word of mouth. All in all, social media's content engagement and user-generated feed are having their day whilst consumers are readily aware of content consumption and how drastically their decision-making processes are influenced, putting brand loyalty at stake.

Keywords: Social-Media, Consumer Buying Behavior, Purchases and Advertisements.

1. Introduction

Recently, when India became second in the maximum number of Social Media users from across all the countries in the globe, things didn't seem as likely to make an impact except the fact that there is an increase in awareness amongst people about the usage of these apps. However, the problem became significantly clear during the COVID-19 pandemic when the entire country was locked down and forced to make purchases online. With more social media engagement, companies took efforts to interact with the maximum crowd possible and influence them to affect their buying behaviour by raising brand awareness and value.

Given India having a majority youth population and given that more than ninety percent¹ of Gen-Z youths are social media users, the social media presence impacts the family purchasing behaviour to a greater extent. Arguably the pandemic created a recession whereby people began spending less, but the essentials never took a toll and people always yearned for medications and food items. How significant this impact of lockdown was is a factor worthwhile to consider but increased social media engagement certainly brought in hopes for many start-ups who started their promotions online. The COVID-19 pandemic has

¹ American Academy of Child and Adolescent Psychiatry. (2018b, March). Social Media and Teens. https://www.aacap.org/AACAP/Families_and_Youth/Facts_for_Families/FFF-Guide/Social-Media-and-Teens-100.aspx.

put the entire country under the weather with setbacks in their personal and professional lives. In this unprecedented time, social media has turned out to be a vast platform that offers endless opportunities to a wide range of people. Content creation and social media influencing has taken up a new trend in India, particularly among the upcoming generation. As per research studies, about 90% of people between the ages of 18 and 30 use social media and have a greater control over the uses of social media. Over the last few years, social media has grown in popularity. With over 3 billion users, years are exponential, which clearly indicates engagement and profitability on its own for almost all social media users. Social media is being used by consumers as a helpful tool in their purchase experience. When it comes to encouraging customers to buy online, social media marketing is crucial. Consumers have the power to influence other potential buyers through product reviews on social media and change opinions of the consumer as per the content created. Consumers benefit from the service information obtained through social media and have a positive relation with the information gathered, that is. if the product displayed on social media has a good reach, the consumer may have the possibility to purchase the product and vice-versa. Interaction with users has the potential to influence their purchase decisions. Consumers are affected in a variety of ways by social media, which has become a necessity in recent years. Different elements, such as cultural considerations, product factors, informational factors, psychological factors, and design aspects, can be used to categorize these methods. The old way of marketing has suffered a huge setback because of the increasing need for online and internet-based advancements, and the concept of brand promotion and management has acquired a new meaning on the digital platform and many of them even had to change their marketing strategies.

There is no doubt now that consumer and brand interaction has become better like never before. Since the advent of social media, advertisements have now become easier, cheaper and more engaging with every pence of effort making value, given the large reachability that social media can provide. With the rise of social media, firms are examining its impact on consumer perception, brand value, and purchasing decisions. Companies increasingly realize they can utilize social media strategically to gain an edge over competitors. This study's hypothesis, literature evaluation, and analysis can help explain consumer buying behaviour and its rising use.

2. Literature Review

1. **Nasir, S., Vel, P., & Mateen, H.**² conveys through the research paper how social media, regardless of the medium of instruction, is capable of attracting potential customers through the various tools and algorithms it puts to use. The advertisements, however, suggest or influence the consumers based on their subjective intelligence of brand loyalty, brand value, liking or disliking, needs and demand of that individual, in all, influencing significantly.
2. **Gupta, S., Agarwal, A. K., & Chauhan, A. K.**³ in their research paper discusses in depth how the role of social media has changed ever since the advertisement industry took it to promotions being conducted online. Social Media Week (SMW) is conducted across twenty-one countries where they encounter challenges and encourage the future of business models (and the business industry on the whole) to ramp up advertisements through social media which in turn would, consequently, increase

² Nasir, S., Vel, P., & Mateen, H. (2012). Social media and buying behavior of women in Pakistan towards the purchase of textile garments.

³ Gupta, S., Agarwal, A. K., & Chauhan, A. K., (2018). Social media and its impact on consumers buying behavior with special reference to apparel industry in Bareilly region. SMART Journal of Business Management Studies, 14(2), 17-23.

the demand of their products in the market.

3. **Liu, Q., Zhang, X., Huang, S., Zhang, L., & Zhao, Y.**⁴, in their research paper discuss how the growth of social media users has influenced the buying behaviour of consumers substantiating their arguments by holding that social media renders the opportunity for the consumers to view and review products before making that purchase decision. The speculations about the quality of the product is mostly based on the reviews left by the buyers (or in true sense, recommender). These recommenders influence the behaviour and makes the viewer to inculcate over taking impulsive decisions about the product, impacting the willingness of the consumer from the foundation.
4. **Varghese, S., Nandhini M.**⁵, in their research paper suggest how demographic factors can influence the buying behaviour of the consumers. Their research widely interpreted the internet usage pattern among the consumers which can be related as an opportunity for the increased engagement of companies with customers through social media.
5. **Nima Barhemmati et al.**⁶, represents how there is a positive correlation between the social media engagement and consumer buying behavior of the consumers. The study attempts to understand how this position correlation bridges the interaction between the like-minded consumers and their choices through the featuring advertisements on the social media apps they interact with.

3. Objectives of the Research

1. To study the impact of social media on the cumulative buying behavior of consumers.
2. To understand if the children play a major role in the purchasing behavior of the family.
3. To understand if social media influences the purchasing behavior of consumers through celebrity endorsements and user-generated automated feeds.

4. Hypothesis Applied

Below are the hypotheses applied to the three objectives in question:

H₀ (Null Hypothesis): There is no significant impact of Social-Media on Purchase Decisions of Consumers.

H_a (Alternate Hypothesis): There is a significant impact of Social-Media on Purchase Decisions of Consumers.

Henceforth, it can be written as;

$$H_0: \mu_1 = \mu_2$$

$$H_a: \mu_1 \neq \mu_2$$

Descriptive Statistics – SPSS Output

	Mean	Standard Deviation	N
Social media	3.99	1.84	108
Impact on Consumer	3.34	1.98	108

⁴ Liu, Q., Zhang, X., Huang, S., Zhang, L., & Zhao, Y. (2020). Exploring consumers' buying behaviour in a large online promotion activity: The role of psychological distance and involvement. *Journal of theoretical and applied electronic commerce research*, 15(1), 66-80.

⁵ Varghese, S., Nandhini M. (2020). The Influence of Demographic Factors on the Customers of Online- Shopping with Special Reference to Kochi City. *Journal of Adv Research in Dynamical & Control Systems*, 12(1-Special Issue).

⁶ Barhemmati, N., & Ahmad, A. (2015). Effects of social network marketing (SNM) on consumer purchase behaviour through customer engagement. *Journal of Advanced Management Science*, 3(4).

Buying Behavior			
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Correlation Statistics- SPSS Output

		Independent	Dependent
Independent	Pearson Correlation	1	.242*
	Sig. (2-tailed)		.012
	N	108	108
Dependent	Pearson Correlation	.242*	1
	Sig. (2-tailed)	.012	
	N	108	108

*. Correlation is significant at the 0.05 level (2-tailed).

5. Analysis of the Findings

The correlation is statistically significant if it's “Sig. (2-tailed)” < 0.05. The statistical outputs are based on N=108 and the value of 'p' (significance value) came out to be 0.012.

Accordingly, the Null Hypothesis and the Alternate Hypothesis can be summed up to the following conclusion:

- The impact of social media on the purchasing behavior of the consumers has a statistical linear relationship. (r=.242, p<0.05).
- The direction between the two variables is positive (impact of social media does affect the buying or the purchase making decision of the consumers) signifying a directly proportional relationship between the two. Hence, we can conclude by saying that our H0 (Null Hypothesis) is rejected and Ha (Alternate Hypothesis) is accepted as a consequence.

6. Research Design and Sample

The research design is important to give an infallible structure to the study and its objectives. In this study, a convenient judgement sampling was used to provide that framework to the research. The responses were collected from a sample population size of 226 individuals carrying the knowledge about how social media impacts the buying behaviour of consumers. Since these responses have been sourced mostly from the population who was aware about social media marketing strategies and the algorithms it puts into use, the sample size albeit being low in number yet is high in credibility. Alongside the positive enthusiasm which prevailed, the individuals majorly belong from urban areas and being social media users themselves, better understand the mindset of the social media giants and their ways of making profits.

1. **Data Collection Source** - To determine how social media affects consumer purchasing behavior, descriptive research used primary and secondary data. For accurate results, quantitative and qualitative data were collected. A questionnaire was used to collect primary data, clarify concepts, and check findings. To readily reach the sample population, the survey was done online using a Google Form and convenience sampling. The survey has trichotomous and 5-point Likert scales. The replies aided our calculations and findings.
2. **Data Analysis Tool** - The tools helpful for calculating the statistical outputs were used to largely interpret the data. These tools were applied through Statistical Software 21.0.

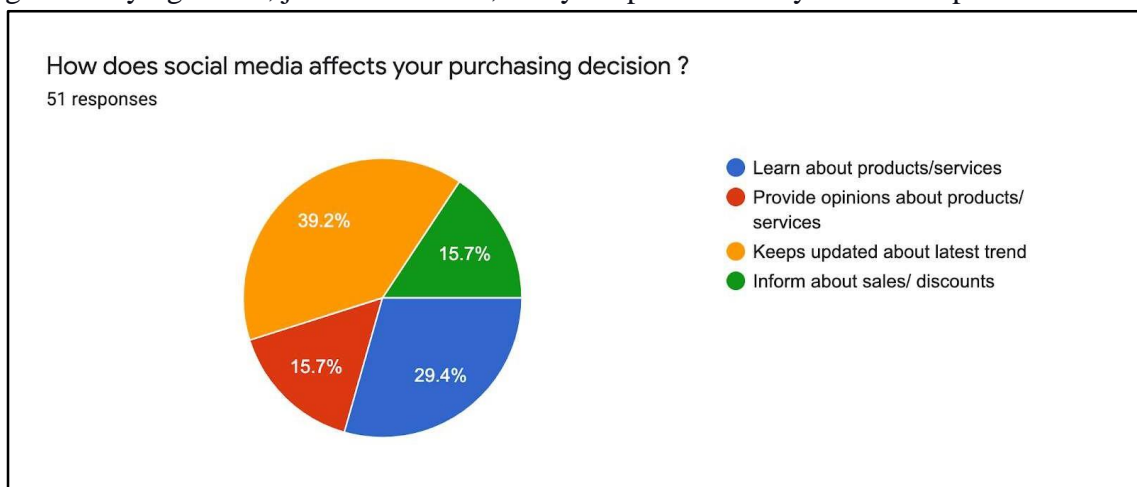
7. Findings and Discussions

I. To understand if social media influences the purchasing behavior of consumers through celebrity endorsements and user-generated automated feeds.

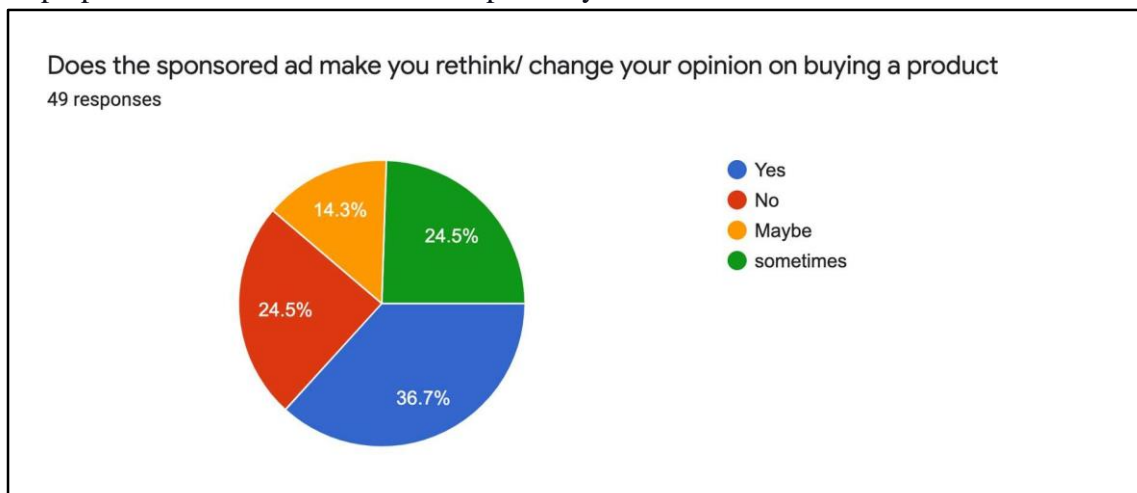
A. Journey of a few steps.

With the advancement of technology and the rise in the use of social media, it is evident that the long and complicated process of buying has become just a simple trial with a few clicks. Whatever you desire is just a click away. Earlier when buying products, a person must go through the stages of getting the information about the product details, the other possible alternatives, and many more but in the morning time, you are just a video away from knowing all about the product you need to know.

People see a product, click on the link, and boom they just bought it. There's no time to waste thinking, pondering over buying or not, just a few clicks, and your product is at your doorstep.



It is quite evident from the figure that social media has a significant impact on the body's indecision as it provides them with information about the products as per 29% of the sample size, and it's quite easy for them to keep updated with the latest trend as opined by 39.2%.



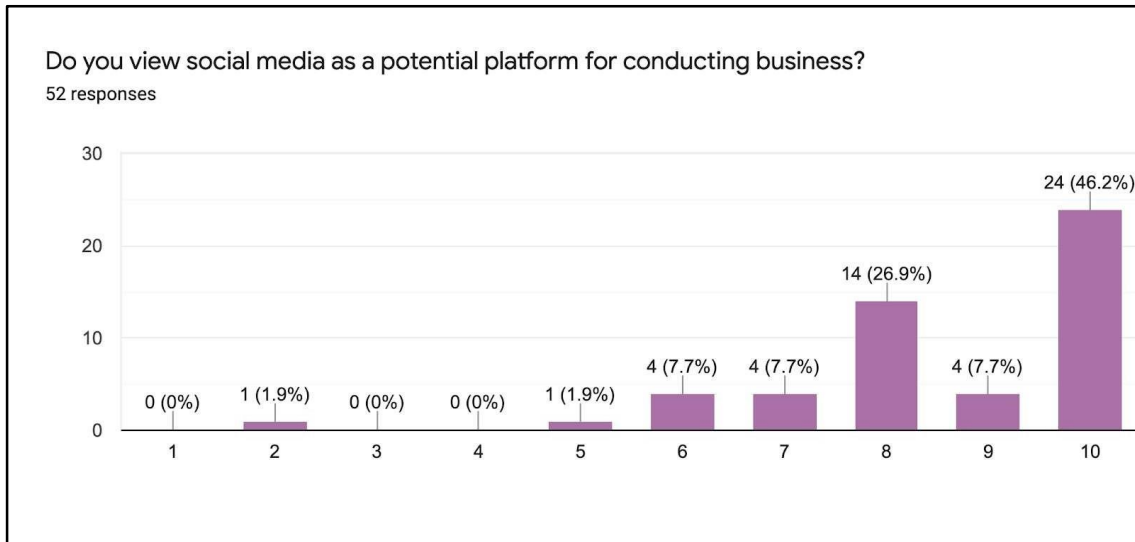
The majority of the people in the survey think that sponsored ads affect their product purchasing decisions (36.7). This shows that people do take into consideration the opinions given by these algorithms and the trend being followed.

A. Digital platform for businesses

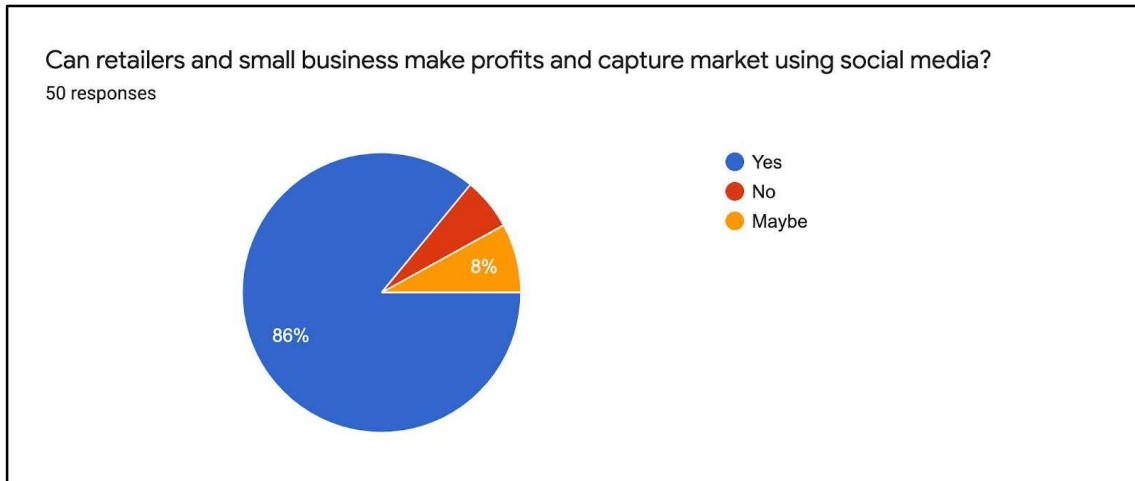
We have come a long way ahead and now for running a business, you don't need to have a store or an inventory or as a matter of fact, employees. What you need is just a phone and a website and now you are

all ready to set up your business.

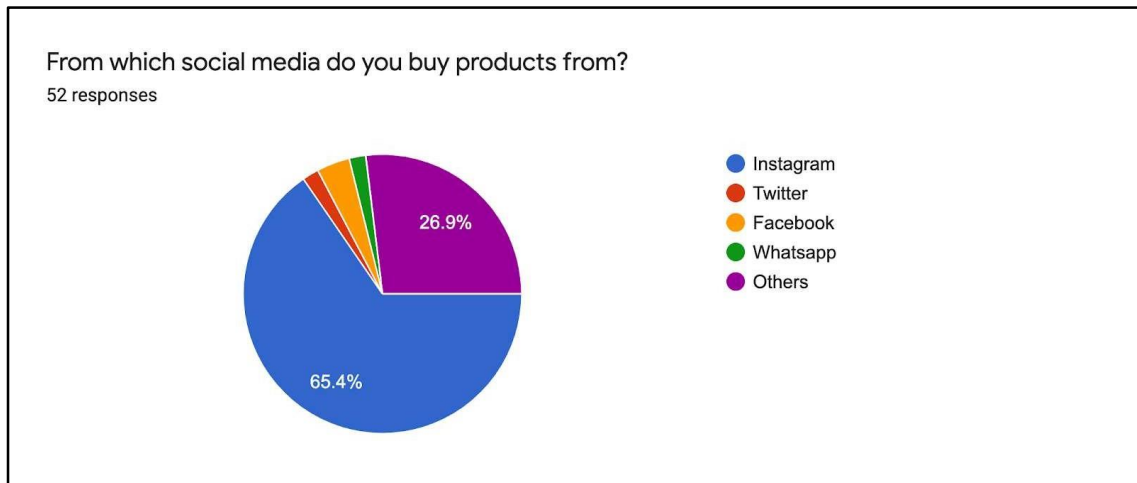
In this world of the Internet, the definition of business has changed drastically, especially the medium used for its conduct. Social media is an endless market with millions of people across the globe having different requirements, sellers having unique products and there you have a market to offer and customers to cater to.



As for the survey, we can see that 46.2% of the people believe that social media is a potential platform for conducting business. It shows the efficiency and flexibility it offers not only to the sellers but to the buyers. Buyers have thousands of options just a click away.



As for the figure, we can steadily conclude that the majority of the people do think that small businesses and retailers can profit using social media (86%) which is indicative that social media is an efficient and effective platform for conducting business.



Quite a few social media platforms have emerged in the last decade and as for the subway, it is crystal clear that Instagram has emerged as one of the popular social media platforms to buy products as for 65.4% followed by others 26.9%.

Instagram is quite an innovative platform for providing the opportunity to show the products using different features such as photos, videos, stories, filters with billions of active users.

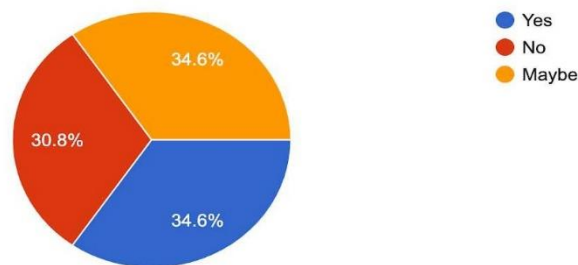
B. Influencer’s influence on purchasing decisions.

In recent years we have seen a surge in the social media influence market. People resonate with the influencers and often follow their opinions guidelines and thoughts and people on a large number have been seen to trust these influencers.

This market of influence is persuading their audience by providing expert opinions on some niche-specific topics and recommendations for different things. There are different lines of influencers currently working such as on beauty, food, clothing, home decor, and many more. People follow these influences to get to know more about the latest trends, and the cult, and to keep up with the buzz, they try the products and the brands suggested by these influences.

Even the marketing strategies for the various brands have gone through a dynamic change from using flyers, and posters to collaborating with these influencers, having an interview or a talk show, and making videos or reels.

Do you buy stuff on the basis of its popularity on social media?
52 responses

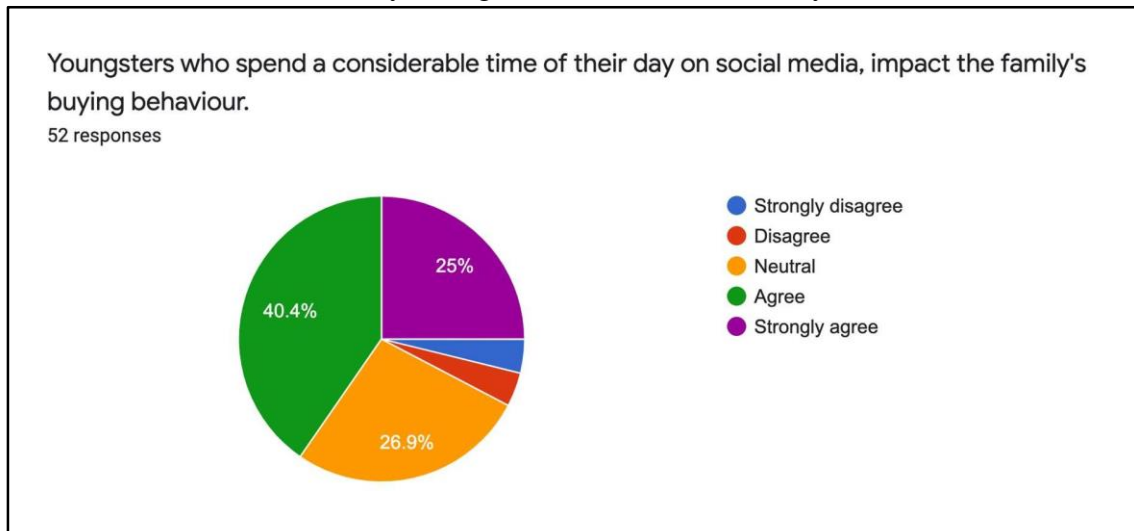


According to the survey conducted, many people still preferred brand loyalty (62.7%) over the influencers (9.8%) and many used the opinions of the two (27.5%)

8. Role of Children in the Family Buying Behavior

Various studies conducted all around the globe reveal that the older the children, the more significant their suggestions with respect to the buying behavior of the family. Out of all these studies conducted, most of

them had age as one of the sub-groups to divide the cognitive abilities of the youngsters in the family. One of the studies⁷ suggest that older siblings have a natural sense of responsibility which makes them more likely to take or suggest important decisions for the family. Many studies also suggest that with age, children slowly and steadily develop the ability to reason and negotiate better which improves their position in the family to make reasonable decisions in the family. Adolescents may employ various advanced strategies, since they, according to Chavda et al. (2005, p. 68), have greater knowledge of products, demonstrate more understanding of economic concepts and portray to have gained the experience to take rational, reasonably strong decisions for their family overall.



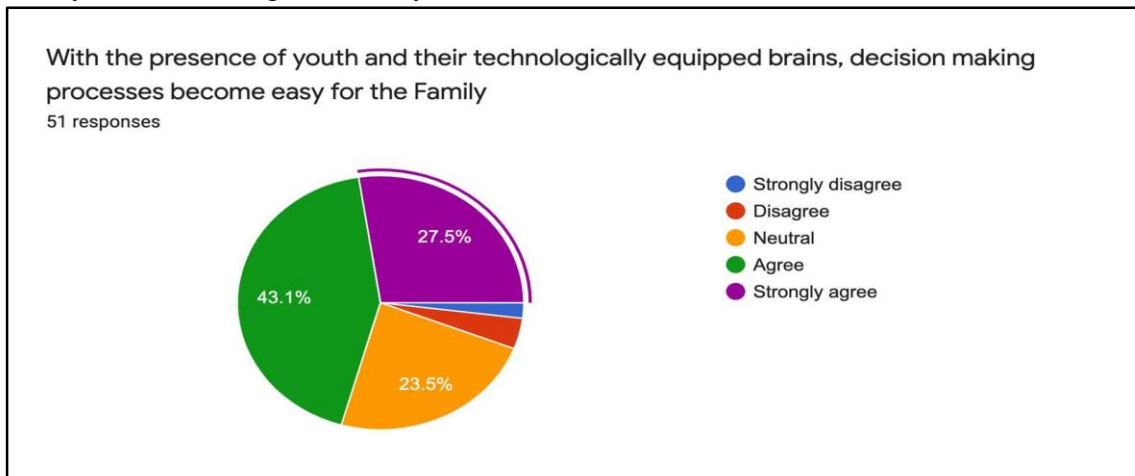
The figure indicates that most of the people (40.4%) who took the survey believe that youngsters have a significant impact on the buying behavior of their family. This shows that there has been a change in the way purchases are being made in the more than the family where youngsters have taken the reign of making decisions, and which can be seen because of the considerable time do you spend on social media. The role of the children gets intensified with the stage at which the decision-making process is, for the family. Studies suggest⁸ that children have the most influential role to play in the problem recognition stage and thereby significantly declining in the choice stage of the family, where children's obstinacy to get older appliances replaced seems more logical.

Children these days (belonging from Gen-Z) have a strong affinity towards the social media platforms and the content they consume, somewhere or the other, makes them try for newer brands and test newer technologies. Given that curiosity which can never be ruled out, their impact on the decision-making process for the family increases with age and maturity. In all these cases, the parents, however, involve or reserve for themselves, the most instrumental roles of decision making which includes the place and medium of making the purchase and the maximum amount that could be spent for making the purchase. On the other hand, children are always more likely to take sub-decisions with respect to the buying which includes the color, model and brand choices with similar attributes. Children may have less influence than their parents in later phases of decision-making because they lack the experience to make educated instrumental activity selections. Another possibility is that parents invest more in durable goods and hence

⁷ Atkin, C.K. (1978). Observation of parent-child interaction in supermarket decision making, *Journal of marketing*, October, pp. 41-45.

⁸ Beatty, S.E. & S. Talpade (1994). Adolescent influence in family decision making: A replication with extension, *Journal of Consumer Research*, 21 (September), pp. 332-341.s

have more say in which categories worry or benefit them most.



With the advancement in technology, youngsters have become more equipped and flexible with its usage I did know that efficacy has made it easier for them to become an opinionated member during the purchasing decision for the family which is also agreed by the majority of the people who took the survey (43.1%).

Social media and its impact on the buying behavior can be understood and applied in a number of ways, but one of the common methods of practice is the decision-process approach to suggests to study the processes and discussions involved immediately pre and post a purchase is made. Consumer decision making is a series of purchases that precede, determine, and follow the decision process for the acquisition of need-satisfying products, ideas, or services. When social media users make family decisions, the decision cycle is significantly impacted. Initially, the Karta of the family used to take decisions basing his judgment of action through experience and the influential characteristics of the salesman however, discussions and in-depth review mechanisms have been in trend and practice ever since the advent of social media and its subsidiary advertisement algorithms. It is hence, important to note that social media on the one hand, has made our lives easier and decisions better but somewhere we are highly being influenced by what the social media apps wants us to see and endorse.

9. Conclusion and Suggestions

The increase in number of Social Media users and in view of the various researches and studies conducted, analysed and discussed, it is safe to assume that social media does impact the consumer buying behaviour of an individual to a greater extent. The responses collected and the calculations gathered through the SPSS Statistical Software 21.0 reveal that there is a positive correlation between the two and that majority of the responders believed in the area of our research and its sanctity. The quality of content on social media has a significant impact, and as such, it should be pertinent to consumers. Marketing done through social media is not solely focused on raising consumer awareness or selling the product. It encompasses more than just maintaining an established relationship; it also involves cultivating it between corporations and potential customers. The consumer is now the monarch, as they can obtain all the necessary information about a product or service by simply conversing with one another. Therefore, companies and marketers must exercise extreme caution when it comes to negative reviews on social media platforms, as they have the potential to undermine the company's reputation and future brand loyalty.

- Celebrity Brand Endorsements shall be well reviewed and tested since being influencers of great value, their ability to influence the consumers is well known and impactful.

- Companies or start-ups aiming to dive deep into the ocean of Consumers should also aim to establish a worthy social media presence which will help them increase their visibility which in turn would increase customer's brand loyalty and customer's lifetime value in the longer run.
- Social media can also act as the medium of interaction between the company grievance redressal team and the consumers directly which can lead to the consumers building and relying more trust on these brands with strong interactive values. This way these customers will have further endorsements about the company and its marketing tactics which in turn would become a free advertising tool for these companies.
- The companies can hint the consumers about upcoming launches and their prices to stay in competition with the other competitors of similar quality, value and net worth. Keeping the consumers anticipate will bring in automatic advertisements for the product they are aiming to launch.

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