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Impact of Social Media Influencer on Consumer Purchasing behavior

Mr. Shiv Ranjan[1], Osama Hamid Khan[2]

[1]Assistant Professor, UG Student (Enrollment Number: A40806421006)
Amity Business School, Amity University, Greater Noida, Uttar Pradesh

Introduction

In today's dynamic landscape, social media holds a greater sway over its users than ever before, while consumers are becoming more discerning and aware of their needs. This research aims to delve into the intricate relationship between consumer behavior and social media, exploring the profound impact they exert on each other.

The primary aim is to uncover the influence of social media on consumers' purchasing decisions.

Although consumer behavior is a well-researched domain with abundant scholarly resources available online, much of the existing literature fails to adequately address the evolving needs of contemporary consumers or consider the role of technology in shaping consumer behavior. This study seeks to bridge this gap by providing valuable insights for companies operating in diverse sectors, including hospitality, food and beverage, and retail. It aims to shed light on how customers respond to social media marketing and identify the most effective strategies to meet consumer needs profitably.

Understanding consumer behavior on social media and their evolving needs is crucial for companies to align with consumer expectations and comprehend the factors driving purchasing decisions (Clootrack, 2020). Identifying various buying behaviors and the key influencers of purchasing decisions are essential for assessing the impact of social media on consumer behavior.

This thesis examines prevalent social media platforms and recent trends in social media marketing. As per Econsultancy's Future of Marketing report (Gilliland, 2020), 64% of marketers anticipate social media becoming increasingly pivotal in their organizations' marketing strategies in the next two years. Keeping abreast of

The theoretical framework of this study encompasses literature and prior research on consumer behavior, social media, and social media marketing. The primary research method employed is quantitative, with an online survey conducted to explore the factors influencing consumer purchasing decisions through social media. Additionally, this research aims to elucidate how individuals engage with and process information on social media before and during the purchasing process.

Social Media:

Social media refers to websites or applications enabling users to generate and distribute content while interacting with others (Hudson, 2020). Facilitated by smartphones, tablets, and computers, social media enables rapid, real-time content sharing. With approximately 3.5 billion smartphone users worldwide, social media has become deeply ingrained in daily life (Statista, 2020). Accessible to anyone with internet connectivity, social media platforms allow users to create profiles and share content of their choice, reaching a broad audience. Consequently, social media serves as a hub for diverse individuals and organizations to engage with one another and disseminate information to a wide audience simultaneously.
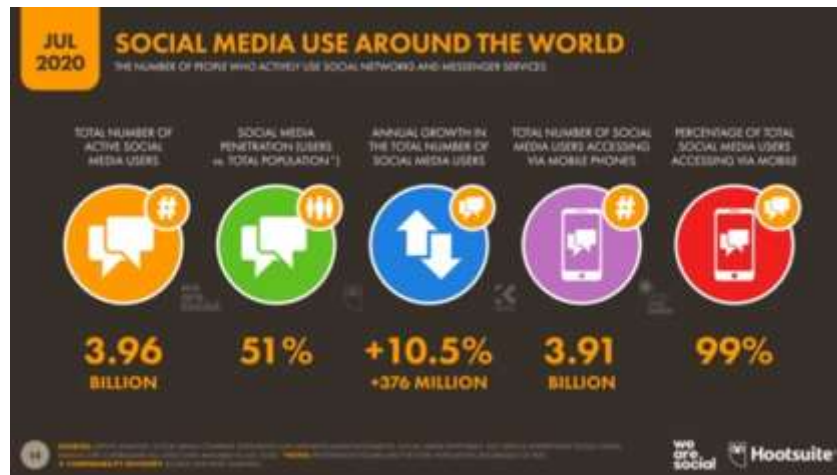
Figure 1 depicts the global usage statistics of social media networks and messaging services as of 2020, based on data from Hootsuite. It presents the total number of active users across these platforms, offering current insights into worldwide usage patterns.

1.1 Social Media Platforms

Though social media existed prior to its integration into smartphones, platforms like Facebook, YouTube, and Myspace transformed communication and interaction. These pioneers paved the way for the emergence of various other platforms such as Twitter, Snapchat, Instagram, and TikTok, introducing new modes of connectivity and engagement. A social media platform encompasses any service, application, or platform related to social media.

Over the past decade, extensive research has been conducted on the most popular social media platforms. According to Statista (2019), the top five platforms include Facebook, YouTube, WhatsApp, Facebook Messenger, and WeChat. Interestingly, three out of these five platforms are messenger applications.media marketing as an important part of a marketing plan. Social media marketing is an important part of digital marketing nowadays. According to Smart Insight content director Dave Chaffey, the definition of digital marketing is "achieving marketing objectives through applying digital technologies and media". Digital marketing includes managing different forms of online company presences such as company websites, mobile apps, and social media company pages (Chaffey 2020).

In social media marketing the focus is in different social media platforms and finding the best one to support each company and its objectives. Different social media platforms offer different ways for marketing and advertising products or services.
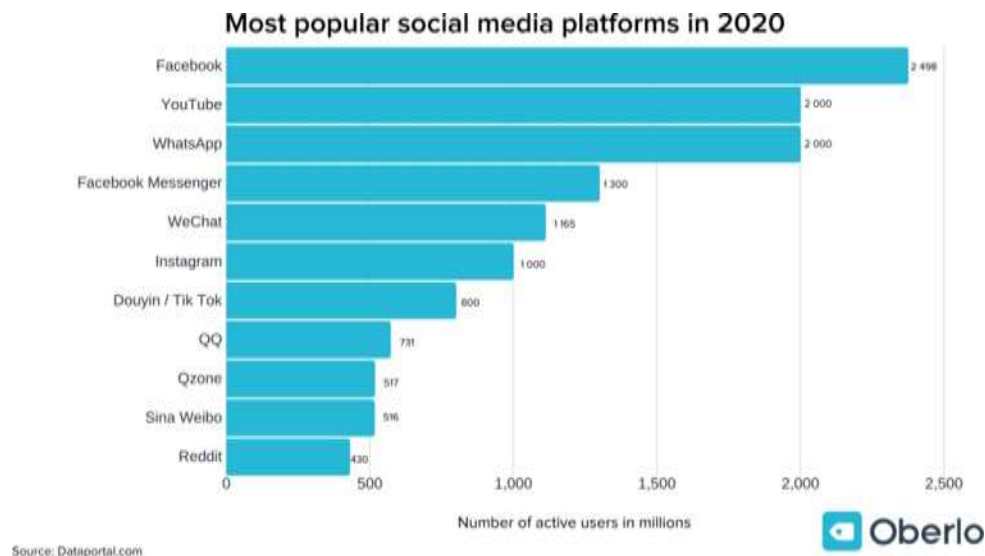

Figure 2 presents an overview of the most popular social media platforms globally, as reported by Dataportal in 2020.

Facebook stands out as the largest and most utilized social media platform, boasting 2.4 billion active monthly users. Not only does Facebook have the highest user count, but it also commands the most significant share of users' time, with an average of 58 minutes spent per day (Ortiz-Ospina, 2019). It serves as a platform for communication and content sharing, accommodating various forms of media such as pictures, videos, articles, and information. Additionally, Facebook is a dominant force in advertising, with 92% of social marketers utilizing it for promotional purposes, contributing to 18.4% of global mobile digital advertising revenue (Saleh, 2015).

Facebook Messenger, developed by Facebook, is also widely utilized as a messaging application, owing to Facebook's massive user base. It serves as a means for users to stay connected with friends, family, and businesses.

YouTube follows closely behind as the most popular video-sharing service, with 2 billion active monthly users. The platform witnesses an astounding 1 billion hours of video watched daily, with 90% of consumers discovering new brands and products through its content (Oberlo, 2020), underscoring the power of video content marketing.

WhatsApp and WeChat, serving similar functions as messenger applications, boast approximately 2 billion monthly users each. While WhatsApp enjoys global usage, WeChat caters primarily to the Chinese market.

Instagram, the second most downloaded free app in 2018, continues to gain traction. The platform's daily active users for Instagram Stories surged from 150 million in January 2017 to 500 million in January 2019 (Statista, 2019). Instagram offers extensive advertising and marketing opportunities, including storefronts and augmented reality features, with social media influencers playing a significant role in brand promotion.

TikTok, though ranking seventh in terms of usage, has experienced rapid growth since its launch in 2016. It exemplifies a niche social platform, garnering immense popularity, especially among the youth, through trends, challenges, and dances that resonate globally.

Social Media Trends 2020:

In the past decade, social media has become integral to every business's marketing strategy, with trends evolving rapidly. Staying updated on the latest trends can help brands enhance their social media presence and stand out (Influencer Marketing Hub, 2020).

Customer Service Interaction:

Social media has evolved beyond a mere communication and sharing platform to encompass retail, product discovery, and customer service channels. Brands prioritize providing efficient and responsive customer service to maintain a positive reputation in the highly visible realm of social media (Newberry, 2020).

Social Listening:

Businesses leverage social media as a rich source of data and insights to inform their marketing strategies. Social listening involves monitoring brand mentions, customer feedback, and discussions to gain valuable insights into consumer perceptions and preferences (Amaresan, 2020).

Social Media Marketing:

The real-time sharing capabilities of social media have transformed business operations. With the widespread adoption of social media, companies are increasingly focusing on expanding their social media marketing efforts.
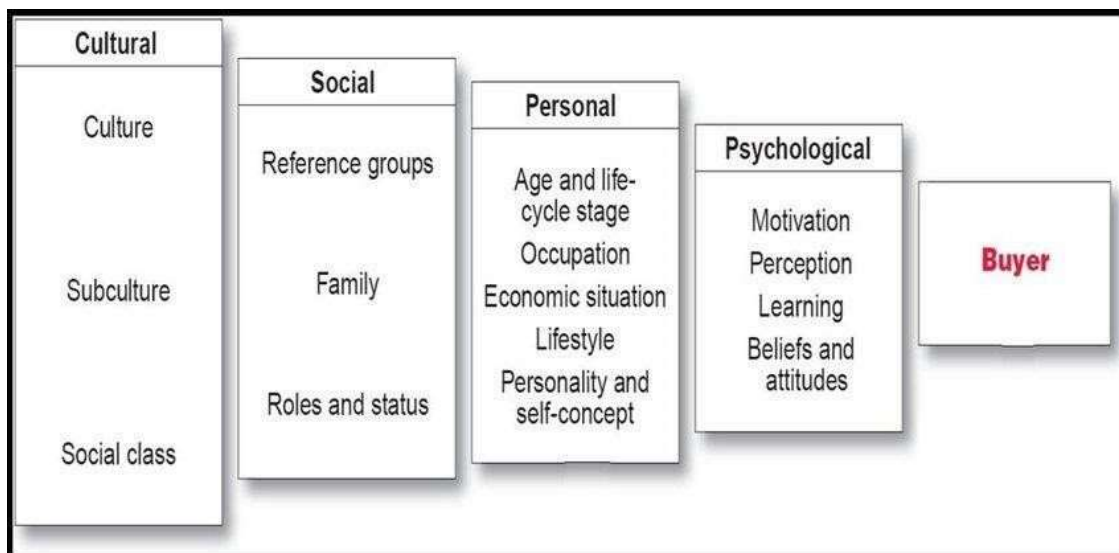

Figure 3. Purchase decision contributing factors (Kotler & Armstrong 2010)

While all consumers have their own consideration if something needs to be purchased, everyone is going through a buying process. The process may vary depending on the individual but here are the usual steps that consumers go through (FitzGerald 2019):

1. **Need recognition:** Consumer realizes a need and makes a decision that it must be purchased.

2. **Search for product information:** Consumer searches for information of the product/service that is intended to purchase. In this stage online reviews, blog posts etc. have an impact to which product is worth purchasing.

3. **Product evaluation:** Based on personal criteria based on their own priorities, consumer makes decision what product/service to buy.

4. **Purchase decision:** once the right product/ service is found, is time to make decision whether to buy it now or not.

5. **Purchase making:** The payment process and receiving the product. In this stage, it is important for business to have easy payment process and keeping the whole process convenient.

6. **Post-purchase use and evaluation:** After receiving and using the product/service consumers consider the level of satisfaction. Usually in this stage customer receives post-purchase survey or thank you email from the company, which is a great way to find out if the customer was satisfied.

1.1 The four types of buying behaviour

A consumer's behavior while purchase decision making depends on the type of products that they are planning to purchase (Clootrack 2020). As an example, the behavior of a consumer buying food at grocery store is presumably a lot different than a consumer buying a boat. Kotler (2005) has defined four different types of customer behavior based on different levels of brand's distinction and customer's involvement before and during the purchase making. These four different types of customer purchase decision behavior are: complex buying behavior, variety-seeking buying behavior, dissonance-reduction buying behavior, habitual buying behavior. The figure 2 on the next page explains to how these four types differ from each other.
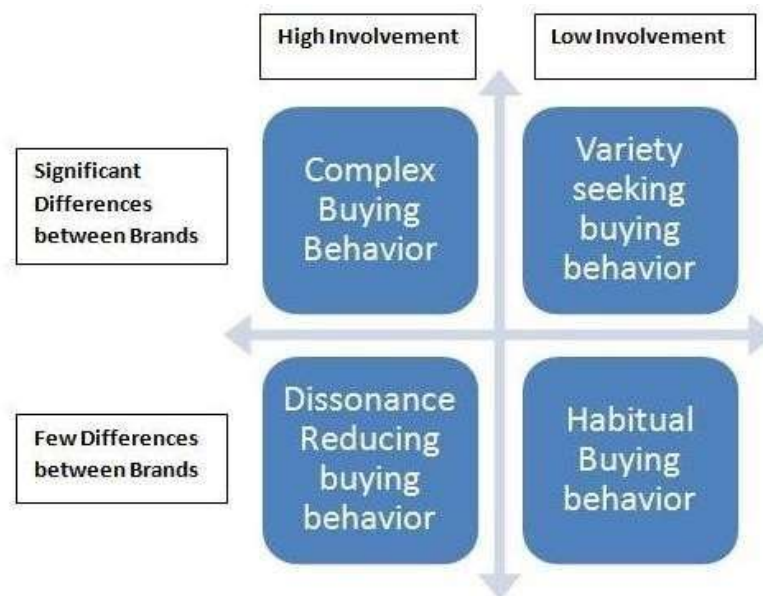

Figure 4. Four types of buying behaviors (Clootrack 2020)

Research Methodology

- When researchers meticulously design a study tailored to a specific research project, aiming to ensure reliable results that address research objectives, it constitutes research methodology (Jansen & Warren, 2020). This research primarily seeks to investigate the genuine impact of social media on consumer purchasing decisions or determine whether such influence exists at all. Its overarching goal is to offer both consumers and companies a clearer understanding of how extensively, when, and through what mechanisms social media influences consumer decision-making processes. Additionally, the research endeavors to provide guidance to companies regarding customer responses to various social media marketing practices and identify the most effective methods for meeting consumer needs.

- Theoretical frameworks serve as the foundation for this research and are utilized as secondary data sources. Primary data, conversely, aims to address the research objectives and provide supporting evidence for the secondary data. The primary data for this study was collected through an electronic survey.

- Quantitative research methodology was employed for this study. An electronic survey, facilitated by the Webropol web tool, was chosen as the data collection method. The decision to opt for quantitative research was grounded in its efficiency in gathering data from a large population. The survey's primary objective was to gain insights into the impact of social media on consumer purchasing behavior.

- Comprising 12 questions, the survey questionnaire was designed to be completed in approximately two minutes. It was disseminated across various social media platforms, including Facebook groups, Instagram, WhatsApp, and online chats, to ensure comprehensive data collection from individuals with diverse backgrounds. The questionnaire was meticulously crafted based on the theoretical framework, aiming to elucidate the reasons, timing, and mechanisms underlying social media's impact on decision-making processes. By ensuring respondents' anonymity, the survey aimed to foster honest responses. The questionnaire began with demographic inquiries regarding gender, age, and financial status. Subsequently, it delved into queries concerning social media usage patterns and factors influencing purchasing decisions. The final segment aimed to delineate the role of social media in customers' purchase decision-making processes.

Data collection took place between September 24th and October 15th, 2020, during which the survey garnered 139 responses.

Data analysis and key results

This following section presents analysis made on the data collected from the online questionnaire. The first three questions contained background information of the respondents as gender, age and financial status. By asking these two general questions, gender and age, may help to identify weather social media has impacted the decision- making processes differently based on these two segmentations. According to the data collected 37% of respondents were male, and 63% were female.
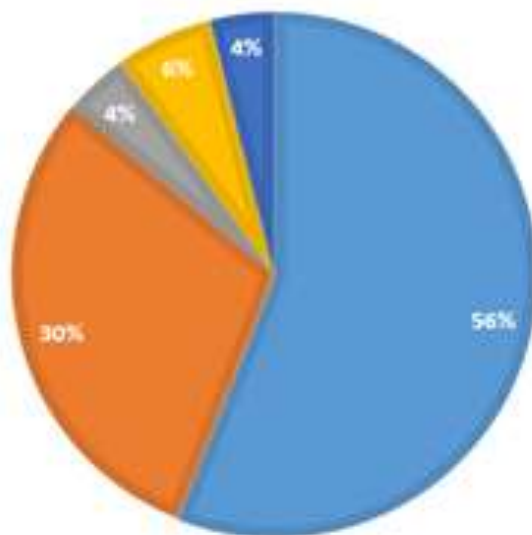

Figure 5: Age Distribution of Respondents

The data collected reflects responses from students across five different age brackets: 15-25 years old (56%), 26- 35 years old (30%), 36-45 years old (4%), 46-55 years old (6%), and 56-65 years old (4%). Notably, a majority of the respondents (56%) belong to the 15-25 age group. This breakdown offers valuable insights into the impact of Generation Z and Millennials on the collected data, given that they constitute the largest portion of respondents. Generation Z typically denotes individuals born between 1995 and 2012, while Millennials, also referred to as Generation Y, encompass those born between 1980 and 1994 (Robinson, 2020).

Furthermore, the survey included a query regarding the respondents' income to investigate any potential relationship between financial stability and purchasing behavior. A mere 4% of respondents chose not to disclose their income, while the remaining 96% were categorized based on their income levels. The distribution among income brackets is as follows: 0-500€ per month (9%), 600-1500€ per month (27%), 1600-2500€ per month (33%), and 2600-3500€ per month (23%). A small percentage (4%) of respondents reported earning over 3500€ per month after taxes. Interestingly, the data indicates that 83% of respondents earn between 600€ and 3500€ per month after taxes. Notably, all respondents aged 36-45 reported incomes ranging from 2600€ to 3500€ per month, while all respondents aged 56-65 reported incomes ranging from 1600€ to 2500€ per month.
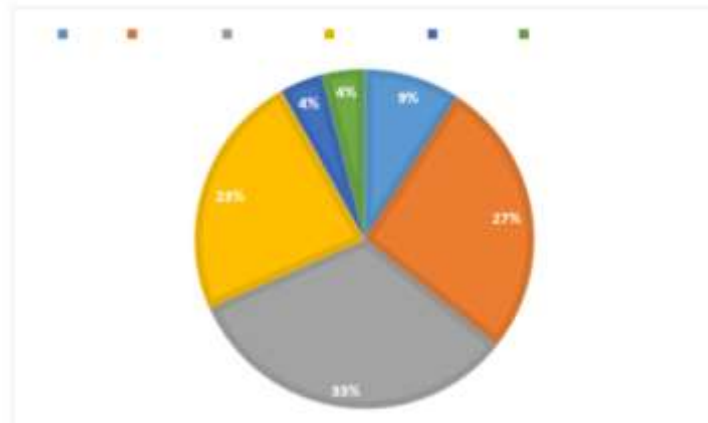
Figure 6: Monthly Income Distribution of Respondents After Taxes

Comparing income groups, those earning 600-1500€ per month were the only ones reporting they never use social media for product research (13%), yet 27% of this group frequently make purchases based on social media content. In contrast, 21% of those earning 2600-3500€ per month rarely and 7% never make purchases influenced by social media. However, 87% of the 600-1500€ earners still find social media useful for shopping.

The survey's fourth question aimed to identify the most used social media platforms by respondents, following Dataportal's research (refer to Figure 2). Messenger apps were excluded as they primarily serve communication purposes and don't directly affect social media purchasing behavior.

The subsequent table presents respondent data on their most used social media platform, categorized by age group.

Table 1. Most used Social media platforms used by the respondents
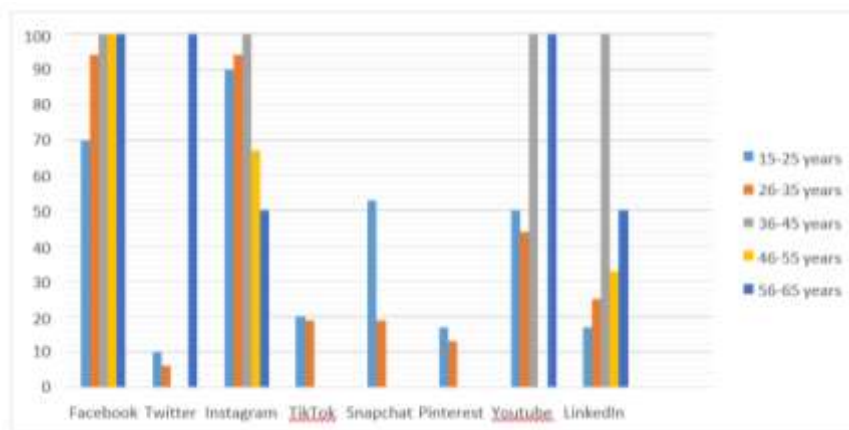
These findings indicate that TikTok, Snapchat, and Pinterest are primarily used by respondents aged 15-35 years old, while those aged 46-55 years old utilize fewer social media platforms compared to other age groups. Similar to the findings of Dataportal's research (refer to Figure 2), Facebook emerges as the most commonly used social media platform across most age groups, with Instagram being the top choice among respondents aged 15-25 years old.

The fifth question addressed respondents' habits regarding seeking product or service information from social media and the frequency of this behavior. While there are notable variations among income groups, an overview of all respondents reveals that 19% always search for product/service information from social media, 32% usually do so, and 34% search sometimes. Additionally, 9% indicated they do not usually seek information from social media, while only 6% never do. These findings underscore the frequent use of social media as a tool for gathering information on products and services, highlighting its significance for brands aiming to provide comprehensive information to potential customers.

In the subsequent question (Question 6), respondents were asked to identify the factor that most influences their purchasing decision-making process. The table below (Table 4) illustrates that nearly half (45%) of respondents rely on the opinions and recommendations of friends and family members. Additionally, 13% are influenced by social media influencers, 11% prioritize the quality of customer service, 10% value recommendations from Facebook groups, and only 4% are influenced by a brand's own social media accounts. Unfortunately, 17% of respondents either had no opinion on this matter or did not find any suitable option.
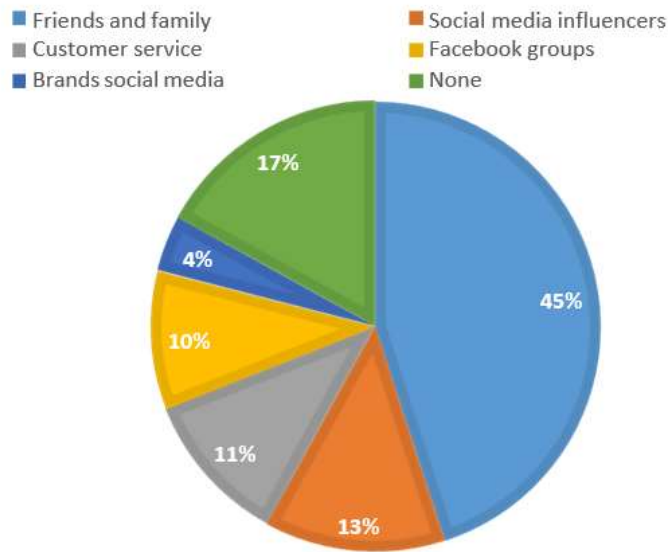
Figure 7: Influential Factors on Respondents' Purchasing Decision Making

In questions 7 and 8, respondents were queried regarding their propensity to discover new purchasing ideas from social media and their subsequent action of purchasing these products and services. The results reveal that a significant majority of respondents, 92% or 128 individuals, reported finding new purchasing ideas from social media at least sometimes or more often. Moreover, 115 respondents indicated that they complete the buying process at least sometimes or more often.

Table 2: Frequency of Discovering New Purchasing Ideas from Social Media
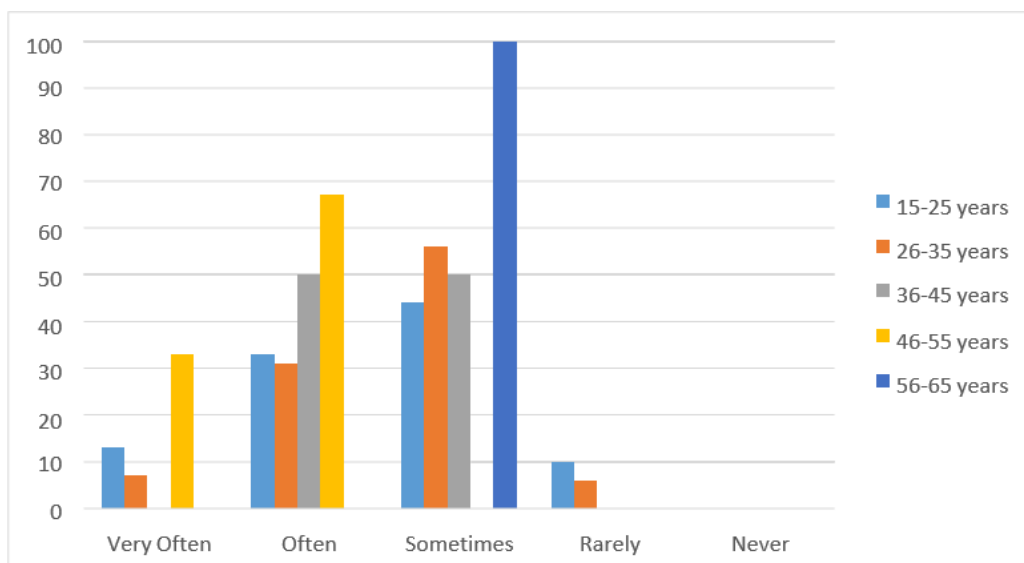
The table above provides statistics on how respondents discover new purchasing ideas from social media, segmented by age group to assess the impact of age on this behavior. The data suggests that various social media platforms indeed present enticing purchasing ideas for users across different age groups, as none of the respondents answered "never" to the question.

The subsequent table illustrates the frequency with which respondents purchase the ideas they acquire from social media. According to the collected data, only 2% of respondents reported never buying products or services they discover through social media.

Table 3: Frequency of Purchasing Ideas from Social Media

1.2 Results analysis

The analyzed results underscore the significant role of social media in purchasing decisions, particularly in information-seeking behavior. Consumers actively utilize social media as a tool to access vast amounts of information rapidly. Moreover, they demonstrate openness to new ideas and are receptive to targeted advertisements on social media platforms, indicating a willingness to make purchases based on these promotions.

This research reveals that neither age nor financial stability significantly influences social media behavior or purchase decision-making. Despite Generation Z's familiarity with social media from a young age, they exhibit the most diverse opinions regarding social media behavior and its impact on purchasing decisions.

Based on the findings, leveraging social media influencers in marketing strategies proves beneficial, as they effectively reach users across all age groups. Brands should prioritize maintaining active social media presence to cultivate consumer trust, provide efficient customer service, and facilitate easy access to accurate product information.

While consumers primarily trust friends, family, and their own knowledge in decision-making, the research confirms the utility of social media as a shopping tool, enabling swift decision-making through access to comprehensive product information. The growing importance of social media in consumer purchasing decisions is evident and is likely to deepen further with advancements in technology.

Conclusion

The abundance of information available via social media has led individuals to navigate various aspects of this information. Transparency and the rapid sharing of customer experiences and word-of-mouth feedback have compelled brands to prioritize customer- centric approaches to avoid negative reputations.

From a marketing perspective, adapting to the evolving needs of consumers on social media entails creating high-quality, consumer-relevant content. Traditional marketing approaches on social media may no longer yield desired results, given the changing digital landscape and consumer attitudes towards social media marketing.

This research aimed to investigate the impact of social media on consumer purchasing behavior. The data collected suggests that different social media marketing strategies can influence consumer purchase decisions and even create new consumer needs through targeted advertisements and accessible ways to fulfill these needs. However, consumers tend to seek more accurate and authentic information from social media before making a purchase.

The research sought to address why, when, and how social media impacts decision-making processes:

- Social media has seamlessly integrated into the buying process, providing consumers with easy access to services and products regardless of physical location.

-          The most significant impact of social media on consumer purchasing behavior typically occurs before the actual purchase, as consumers use it to gather information and explore alternative products.

-          Social media influences consumer purchasing behavior by offering relevant content tailored to individual preferences, influencing opinions and guiding the buying process.

In summary, consumers actively utilize social media to validate purchase decisions and seek relevant information. Throughout this research process, the author gained valuable insights into social media marketing, consumer behavior, and the interactive communication dynamics facilitated by social media platforms. Despite challenges in survey recruitment, the research was completed within the intended timeline, yielding up- to-date findings to address the research objectives.

1.1 Limitations

The results and implications derived from this study are applicable solely to the selected population and cannot be extrapolated universally due to variations in environmental factors and individual viewpoints among respondents. Achieving comprehensive insights into consumer social media behavior and the extent of its influence on purchasing decisions would necessitate broader, geographically diverse, and more extensive quantitative research. Given the constraints of time and scope inherent in this study, various theories pertaining to social media and consumer purchasing behavior were addressed in a generalized manner, aiming to offer a broad overview for readers.

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Appendices

Appendix 1. Online Survey

Thank you for participating in this survey, which aims to explore the impact of social media on consumer purchasing decisions. Your responses are valuable for academic research purposes only.

1 Gender:

• Female

• Male

• Other

2 Age:

• 15-25 years

• 26-35 years

• 36-45 years

• 46-55 ye rs

• 56-65 years

• Over 65 years

2 Which social media platforms do you use the most? (Select all that apply)

3 Facebook

4 Snapchat

5 Instagram

6 Other

What influences your purchasing decisions the most?

Recommendations/opinions from friends/family Recommendations/opinions from social media influencers Brands' own social media advertising

Quality of customer service Recommendations/opinions from Facebook groups None of these