

ROLE OF SOCIAL MEDIA ON CONSUMER BUYING BEHAVIOUR-A CONCEPTUAL STUDY

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ABSTRACT: The impact of digitalization has resulted in the changes not only in human actions but also in their behavior. The buying pattern of consumer is changing at a faster rate in the customer-oriented market environment, mostly the behavioral pattern of youth has as greater influence in the purchasing behavior. The access to information and social networking is driving the impact of digital marketing deeper into the organization. Digital marketing has posed many challenges to the marketer in the present scenario. The purpose of this study is to explore the impact of social media in business in greater detail and gain insights about how consumers experience and are influenced by the digital environments in which they are situated as part of their daily lives.

Key Words: *Digitalization, Consumer Behavior, Behavioral Pattern, social technologies*

I.Introduction

In recent years the digital environment is viewed by users from a new perspective, in a commercial way. Its development and the emergence of online stores have turned users into consumers. Digital technology provides a new channel to acquire product information through peer communication, (Kozinets, 1999). Consumers and businesses around the globe have been more connected than ever before with the presence of Internet. An average Internet user has 669 social ties (Hampton et al. 2011); Facebook has more than 600 million daily active users, with over 1.5 million business pages (Facebook 2013), and 30 billion pieces of content shared monthly (McKinsey 2011). Approximately 500 million Tweets sent per day, at about 600 Tweets per second (Tweeter 2012). LinkedIn has more than 225 million professionals worldwide, including all Fortune 500 companies (LinkedIn 2013). The global average time spent per person on social networking sites is 6.9 hours per month (Delaney and Salminen 2012). Changes in consumer behavior due to social media are one of the most intriguing aspects in the contemporary marketing



The digital platform, on a mass scale, connect people in ways that facilitate sharing information, thereby reducing the opportunities for marketplace exploitation—whether by charging more than a competing supplier for otherwise identical goods and services or charging anything at all for products that simply don't work. The Social Web dramatically levels the playing field by making information plentiful, just as it also levels businesses and organizations that operate on the principles of making information scarce. The Social Web exposes the good, the bad, and the ugly, simultaneously raising up what works and putting down what doesn't without regard for the interests of any specific part. Web 2.0 is challenging business leadership not only in the marketplace but now as well across business fronts ranging from corporate reputation and the attraction and retention of key employees to the design of new products and services. Social business—the application of social

technologies as a formal component of business processes—revolves around understanding how your customers or stakeholders connect to your business and redefining your business to understand, accept, and innovate based on their involvement. Social business is about integrating all your business functions mainly customer support, marketing, the executive team, and more. Digital platforms not only facilitates transactions in tangible goods and services but also gives online access to content and services. Access to content and digital services create numerous advantages due to low marginal costs of distribution, instant and unlimited access and reduced environmental costs. Opening access to information and content could also lead to increased creativity and innovation.

II. Literature Review

Significance of Social Media in context of Businesses

“What’s so appealing about social media is its power to reach not just one consumer at a time, but a huge network of friends through the open graph. Businesses must learn to do this or risk losing their connection with consumers altogether. Social Media Marketing: The Next Generation of Business Engagement shows you how. —Roger Katz, CEO, Friend2Friend, Palo Alto, CA, and Barcelona

“Innovation is not a one-way street where you walk alone! Take your customers on the journey and see the difference. Social technologies, clearly explained in Dave’s book, enable you and your customers to work as a team.” —Kaushal Sarda, Founder, Uhuroo, Bangalore

“Purchase decisions are now influenced by complex networks of friends, family, and peers. The new market winners will be the companies that excel at identifying and engaging with their customers’ influencers across the Social Web.” —Paul May, Founder and CEO, BuzzStream, Austin, TX

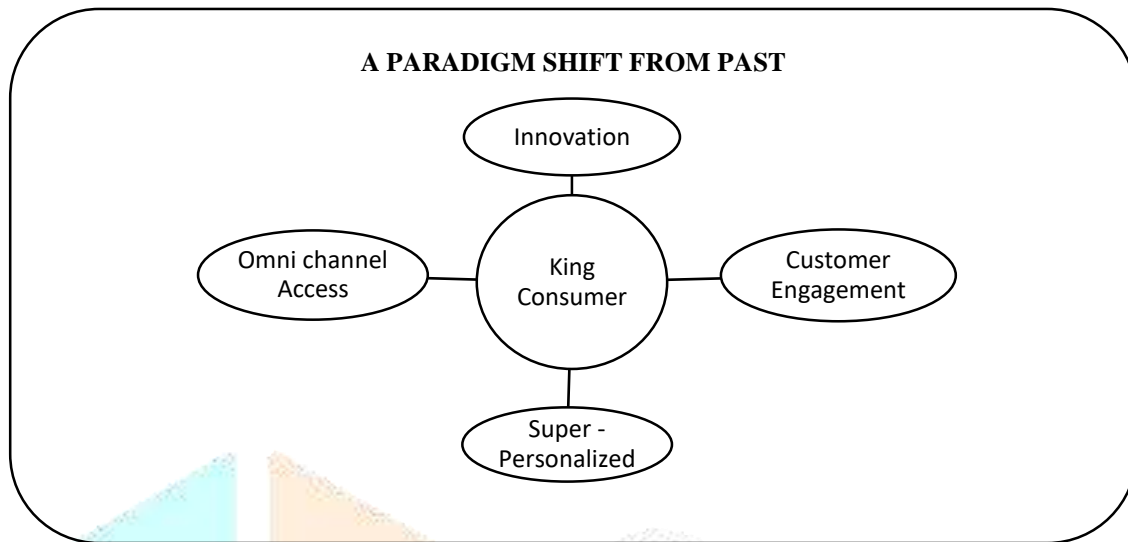
A study conducted on Consumer behavior in a digital environment in (August 2011) concludes that Consumers are unable to search and analyse all relevant information available online and use search and filtering tools to identify the most relevant information. A study conducted on Consumer Buying Behavior in Digital Era” by Prof. Lalitkumar P. Patil to study factors which affects consumer’s online purchase decision. The study concluded that Increased used of internet and social media are increasing online purchase. study shows that people are more likely to buy products and services online, there is much scope for the online sellers to grab customers who are not yet using internet services. A study conducted on Impact of Information Technology on Consumer Purchase Behavior conducted by Dr. Mahabir Narwa and Dr. Geeta Sachdeva in (July 2013). The Objective of Study was to measure the impact of IT on consumer purchase behavior. The findings state that every field of human activity, may it be his daily life, official life, everything is now influenced under the cover of IT. The findings highlight that IT has a great influence on consumer purchase behavior. It is argued that the outcome of the study will certainly be helpful for the marketers to define their marketing strategies accordingly. A study conducted on -A Shift Paradigm of Consumer towards online shopping by Dr. Vipin Kumar & Kadambini Kumari, the objective of study was to improve our understanding of online and physical consumer behaviour. People are intending to try new things & like to be noticed as early adopter of technology advancement.

Consumer engagement in social media and rise in use of technology has resulted in paradigm shift in consumer behaviour with respect to activities, habitats, attitude and interactions. Due to advancement of technology, the businesses have embraced the digital marketing as a tool for customer engagement. Being a new tool for interaction, organizations need to understand how social media has impacted consumer buying behaviour. Consumer behavior is defined as the study of how individuals, organizations and groups select, buy and make use of products, services, experiences and ideas to satisfy their need and wants (Kotler and Keller, 2012). With the dawn of the Internet, scholars began predicting a shift in power from the marketer to the consumer, suggesting a new form of consumer-firm relationship (Bakos 1991; Deighton and Kornfeld 2009; Kozinets 1999; Levine et al. 2000; Shipman 2001). The rise of Internet commerce removed geographic and time constraints, empowering consumers through expanded assortments, increased retail options, and new service features (Day 2011).

Using the internet, social media, mobile apps, and other digital communication technologies has become part of billions of people’s daily lives. This is for many purposes, including in their roles as consumers as they search for information about products, purchase and consume them, and communicate with others about their experiences. Marketers have responded to this fundamental shift by increasing their use of digital marketing channels. In fact, by 2017 approximately one-third of global advertising spending is forecast to be in digital channels. Thus, future consumer marketing will largely be carried out in digital settings, particularly social media and mobile. It is therefore necessary for consumer

research to examine and understand consumer behavior in digital environments. This has been happening over the last decade, with increasing amounts of research focusing on digital consumer behavior issues. The literature is still relatively nascent, however, and more research is of course needed— particularly given the ever-changing nature of the digital/social media/mobile environments in which consumers are situated and interact with brands and each other.

III. Area of Exploration



3.1 Recent Trends in Consumer Demand

3.1.1 Mobilisation of Consumption

Consumers increasingly consume at home or on the move. There is a trend that consumption takes place not only where the consumer wants but also when the consumer wants. These trends are facilitated by new technologies such as internet and mobile phone services with 24 hour access to sales platforms making it possible for consumers to make orders whenever they find it convenient.

3.1.2 Globalisation

Just as production has become increasingly international, demand is also affected by globalization trends. Consumers now expect products from all over the world to be delivered to their doorstep. Information and communication technologies have made cross-border trade easier and consumers in very different parts of the world now have access to very similar products.

3.1.3 Innovation

Advancement in technologies has enabled us to create in new ways--leading to new creative forms and helping us see a new appreciation of the digital as a thing of beauty. This use of science is no longer just for experts. Digital tools are enabling people to make the transition from users to creators. The digital tools are new source of inspiration and the means to create a big change possible now in the hands of everyone. Soon everyone will be a manufacturer, able to create what they want, when they want it.

3.1.4 Mindfulness.

In a world full of buzz and networking, people are seeking more depth and meaning. Leisure is becoming as much about self-development as pleasure-seeking, and there is a growing sense of earnestness, consideration and thoughtfulness. Consumer awareness towards the ethical impact of their everyday lives has increased. Consumers are encouraged to take responsibility for the ethical status of the things they do, buy and support.

3.1.5 Super-Personalized

Personalization has been taken out of the hands and tastes of consumers. While mass production is an important part of globalisation, an important counter trend is customization of products and services to individual needs and wishes. An example of this trend is the increasing importance of customized products and services in various sectors.

3.1.6 Customer Engagement

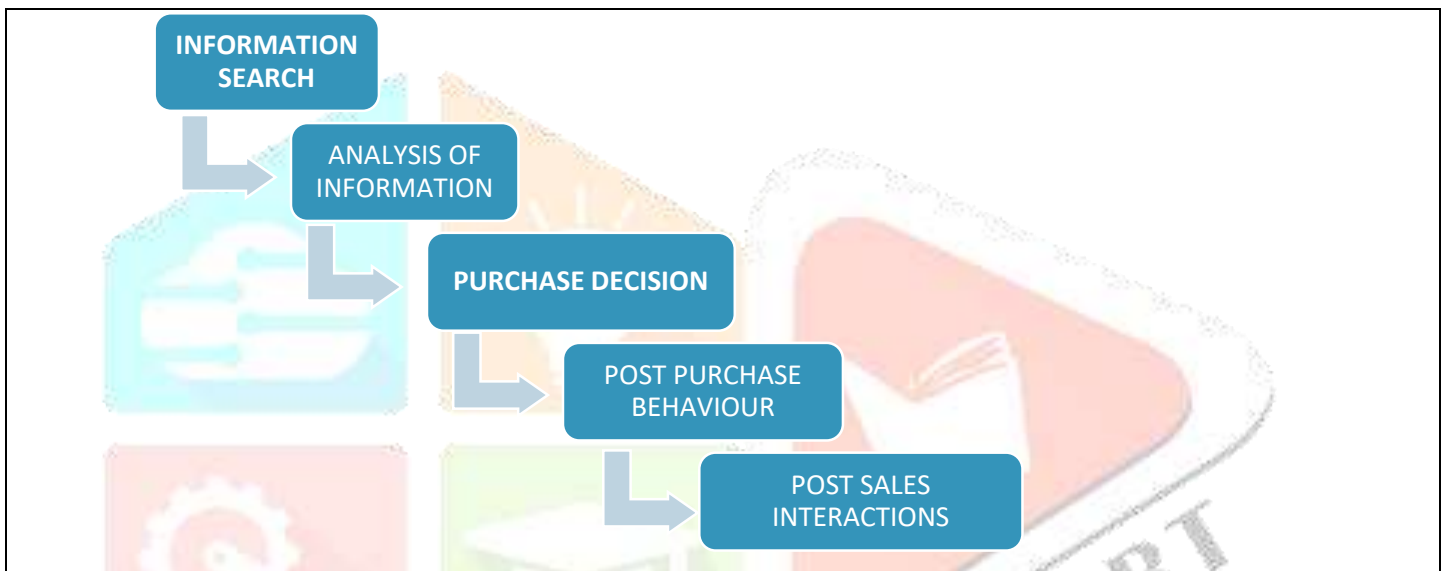
Engagement on the Social Web means customers or stakeholders become participants rather than viewers. The engagement process is, therefore, fundamental to successful social marketing and to the establishment of successful social business practices. Engagement in a social context implies that customers have taken a personal interest in what you are bringing to the market. Social business, therefore,

is about equipping your entire organization to listen, engage, understand, and respond directly through conversation and by extension in the design of products and services in a manner that not only satisfies customers but also encourages them to share their delight with others. If social media is the vehicle for success, social business is the interstate system on which it rides into your organization

3.1.7 Omni-channel Access

Widespread use of mobile devices has also raised the need for organizations to have a 24/7 presence on their social media pages to handle the complaints and queries of customers. Mobile devices are going to change the way organizations are encompassing the user's perceptions and feelings before, during and after their interaction. The m-commerce now outweighs the e-commerce traffic. Clearly, shopping on smartphones has already changed the game. Industry experts believe that m-commerce will soon contribute as the major revenue provider. Therefore, rather focusing on different channels of customer service, organizations should focus more on creating great user experience in the mobile-driven world.

3.2 Buying Decision Process in Digital Environment



3.2.1 Information Search

The information sources can be divided into two types: internal and external. Internal search indicates former information and experience of an individual that will result in future behavior. In External sources, consumers are affected by social influence from online reviews and their social networks, as well as from offline sources. The digital environment allows consumers to tap into recommendations and information from a much wider group of consumers, including people they do not know personally. Improved access to information about products, services and prices has been shown to have positive benefits for consumers, however, some consumers may find the volume of information available overwhelming. A social network provides a forum for consumers to ask for and give advice to friends in their network. In this respect, the social networking sites resemble other online discussion forums; although in social networks consumers can seek information from trusted friends and relatives in their network. Consumers may be more likely to trust information from people they know and may therefore put greater weight on information achieved via social networks rather than on information from other online reviews.

3.2.2 Analysis of Information

The online information available to consumers are not utilized efficiently and they consider the websites that appear among the top search results. Consumers form reference points during the search process and the first product or seller viewed as part of the search process is likely to serve as the consumer's reference point for the remainder of the search. Consumers compare subsequent search results to this reference point, they may require relatively large improvements in product attributes or reductions in price to choose another product or seller than the reference point. Trust in suppliers and the information they provide is one of the major issues in the digital environment. Online consumers trust well-known brands and, as a result, established brands are gaining market share. The perceived trustworthiness of different sources of information gives an indication of the perceived quality of the information provided through different sources, and also provides an indication of the relative weight consumers are likely to give to different sources of

information. Consumer reviews and recommendations are highly trusted sources of information that have been shown to influence consumer behavior.

3.2.3 Purchase Decision

This section looks at the stage of the purchase process where the consumer acts on the assessment of information and makes the actual purchase online. Buying process through digital platform is more convenient for consumers in case of time or geographic constraints. However, some barriers to e-commerce exist that may discourage consumers from buying online, such as privacy or security concerns.

3.2.4 Post Purchase Behavior

Consumer Behavior in the digital environment they may experience a change in the type of problem incurred compared to offline purchase. Most typically, problems with e-commerce are related to delivery or the quality of the product or service. Although consumers often think that problems with online purchases are difficult to resolve, the various study shows that majority of consumers are happy with the outcome of their complaint.

3.2.5 Post-Sale Interactions

Research suggests that post-sale interaction is key for long-term relationships. customers who have already bought something welcome ongoing communication with brands, but only if those interactions are relevant and reciprocal. The annual local consumer review survey conducted by Bright local states that nearly nine in 10 consumers have read online reviews and 88% of consumers say they trust online reviews as much as personal recommendations from friends and family. Research from Bazaar voice indicates that companies can reverse the negative effects a bad customer experience can have on their brands, as 95% of dissatisfied buyers said they'll buy from a brand again if a complaint is resolved quickly. Businesses can encourage repeat purchases through e-mail advertising. Post-sale emails may be used to both cultivate consumers and provide customer care. Reviews and user-generated contents such as rate movies, books, music, and other things on social media are involved a high degree of personal taste and subjectivity to users, in which these reviews have one overriding attribute that gives their influence on consumers' purchasing decision.

IV Conclusions

Customers today are highly informed and more demanding than before and businesses. Businesses can benefit from better access to larger markets and to markets in other countries. Consumers benefit from access to a wider variety of goods and sellers, greater convenience, improved possibilities to compare products and prices, and in some instances, lower prices. In addition, all users potentially benefit from better access to content and information, lower transaction costs, reduced environmental costs and wider benefits such as improved learning, innovation and creativity. In the interaction between consumers and businesses online there may be an issue of information overload. Consumers are unable to search and analyse all relevant information available online and use search and filtering tools to identify the most relevant information. The digital environment leads to lower transaction, storage and delivery costs.

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