

Impacts of Social Media on Consumer Decision Making Process

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Abstract: The advent of social media has created a new landscape which lays out a new grid of personal connections. Businesses see enormous opportunities and are eager to tap into the trend, whereas consumers are put back to the center in the business world because of social media. There are many studies explaining reasons to tap into social media and to help companies to gain a better position in the transition; yet a few intends to study from the perspective of consumers. Oftentimes, consumers feel differently from what marketers think, for instance what “brand engagement” via social media looks like to consumers may not be quite what marketers think (Sniderman, 2012).

The objective of the research is to explain why, when, and how social media has impacted on consumer decision process. The theoretical framework rests on literature of consumer decision making process, social media, as well as previous studies relating to social media marketing. This research gives explanation on how individuals are attending, processing, and selecting the information on social media before a purchase.

Keywords: Social media, brand engagement, decision making process.

INTRODUCTION

The technical revolution during the last decade has drastically revolutionized the traditional marketing approaches and brought marketers to a new era. In the new marketing era, the social media has likely to revolutionize the relationships marketers have with retailers, channels of distribution, their ultimate consumers, etc. It is an Information Age, and consumers are inundated with overwhelming quantities of information each and every day.

Based on the findings from McKinsey (2011), it has revealed that when companies go about their business and interact with individuals, they are generating a tremendous amount of digital “exhaust data,” i.e., data that are created as a by-product of other activities. Social media sites, smart phones, and other consumer devices have allowed billions of individuals around the world to contribute to the amount of big data available.

Traditional advertising via mass media is on decline; Sergio Zyman (1999), former Chief Marketing Officer, Coca Cola, believes, “The era of marketing as we have known it is over & dead – and most marketers don’t realize it...” he further clarifies that technology has given people many more options than they had in the past and has created a consumer democracy in which people around the world constantly use social-media platforms to seek and share information from discussing consumer products to organizing political movements.

Social media puts consumers back to the center of the business world and provides marketers a new set of tools to interact with consumers and to integrate them into the brands through innovative ways. In essence, marketers have to understand how the social media has influenced consumer buying behavior.

OBJECTIVES OF THE STUDY

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SOCIAL MEDIA MARKETING

Social Media Marketing is an umbrella term that can be described as the utilization of social media platforms as marketing tools. According to Weinberg (2009), he refers *social media marketing* as *leveraging the ‘social’ through the ‘media’ to ‘market’ businesses’ constituents*; in other words, it is a process in empowering individuals to promote their websites, products, and/or services through online social channels, to interact with and to tap into a much larger community that may not have been available via traditional advertising channels.

It is no longer a striking fact that most of the advertisements via mass media are not as efficient as in the past, because by advertising through the mass, the message is generally reaching far more people than the potential customer intended to reach (Weber 2009; Weinberg 2009). Social web is where people with a common interest can gather to share thoughts, comments, and ideas; hence, *instead of continuing as broadcasters*, marketers should become *aggregators* of customer communities; that is, the Web should not be considered as a mere advertising channel, it is a place where marketers can listen and respond to communities,

review contents, as well as promote a particular piece of content within the vast social sphere (community building) (Weber 2009).

SOCIAL MEDIA REPRESENTS CONSUMERS VOICE.

Having explained the possible components involved in the consumer decision process, the nature and the essence of social media, as well as having a brief discussion of the prominent features in different social media outlets, the researcher believes that social media is an essential touch point in today's consumer decision process, from stage quo to the stage of post purchase; likewise, companies are engaging with the purpose of creating brand awareness, engaging their existing customers, driving traffic to other marketing properties and growing channel number (Zarella 2010; Weber 2009; Weinberg 2009; Smith and Zook 2011). The following section discusses on how consumers are affected by social media, and identify which would be the considerate phase of the purchase process that marketers should tap into.

Regarding the information processing theory of consumer choice, it is mentioned that there are vast amount of advertisements competing with each other in order to grasp individuals' attention (Fennis and Stroebe 2011) and the fact that human beings have an obvious limited brain capacity in processing information; therefore, it is a challenge for each discrete message to get heard above the din (extraneous factors that distract or distort the message), even if marketers have the right message (Silverman 2001, 67). Each of the social media platforms plays a role in *giving out, receiving, and exchanging information without any boundary limitations*, and as mentioned previously that social media enables two-way flow of information. Since the flow of communication does not merely impact how companies can access their targeted groups, but also it influences throughout the entire decision process, from interpreting the message, searching for available alternatives, as well as actions carried out in the after the purchase; thus, It is important to denote that message rejection, misinterpretation, and misunderstanding are the possible pitfalls in the flow of communication (Smith and Zook 2011, 120).

In relating to social media marketing, the biggest fear of companies and brands is *to give up the control over the content, and the frequency of information*; however, it is essential for marketers to realize that reviews and discussions, as user-generated contents, serve to demonstrate a company's transparency. (Weber 2007).

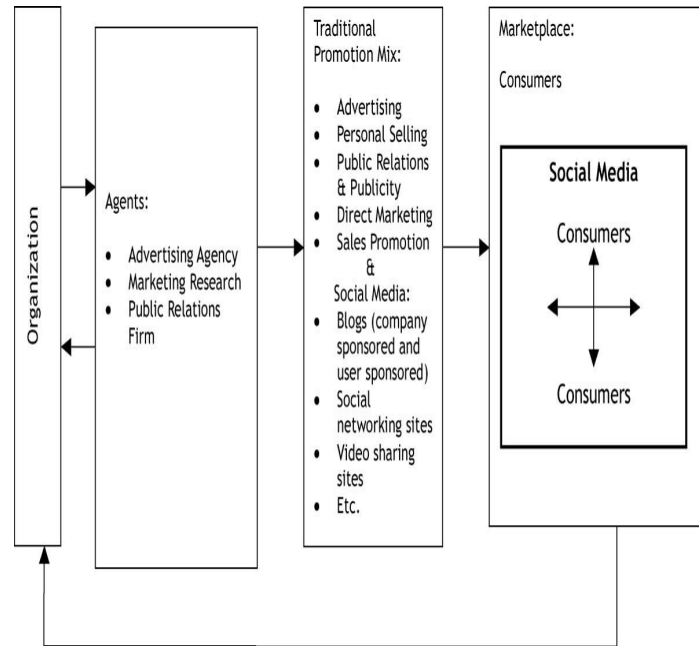
When Zagat and Amazon started inviting individuals (such as consumers and users) to give their opinions, there was no stopping the trend (Weber 2007); that is, the communication in present-day has drastically altered into a medium that is composed of millions of people who can actually contribute or detract from a marketing message. Consequently, comparing to offline traditional marketing channels (such as television, newspaper, magazines, and so on), word-of-mouth solely relies on social media outlets in this digital age (Knowledge @Wharton on Forbes 2012), due to the fact that websites allow users to create their own virtual spaces in which fosters and ignite the word-of-mouth. (Weinberg 2009.)

Conversation in traditional media is one-way: *the company spoke, an audience listened*. Mass messages are filtered through opinion leaders to the mass audience, in which opinion leader is very hard to be identified since they are not formal experts and do not necessarily provide advice but *have a certain degree of influence on consumers* (Katz and Lazarsfeld 1955).

In the notion of communication models theories (Goldenberg, Han and Lehmann 2010), the findings (Katz and Lazarsfeld 1955; Bulte and Wuyts 2007) have provided that opinion leaders are those *initially* exposed to certain media content who interpret the message based on their own opinion, and are more active than others both in seeking information and in conveying it to others. (See Wuyts et al. 2010, 283-300).

Mangold and Faulds (2009) has presented a new communication paradigm, figure below , indicating that the independency of social media platforms has amplified consumers' ability to communicate with one another, in which has profoundly affected consumer behavior, and has bestowed consumers with power they have not previously experienced in the marketplace. (Mangold and Faulds 2009.)

Figure: THE NEW COMMUNICATION PARADIGM (Mangold and Faulds 2009).



Eventually, information and feedbacks are constantly circulating among the online communities and individuals are able to access to the information easily. Besides, considering that an average Internet user has 669 social ties (Hampton et al. 2011), as a result, word of mouth undoubtedly works much quickly online comparing to offline.

Most of the diffusion modeling (describes the process of how new products get adopted in a population) associated with marketing have suggested that the process in which a social system adopts an innovation is largely based on interactions among potential adopters; in this regard, consumer’s decision to perform an action may be influenced by the decision of those around them (Hui et al. 2012).

During the phase of information acquisition in the decision process, consumers are influenced by external and internal source of information, Glodenberg, Han, and Lehmann (see Wuyts et al 2010, 284) have explicated that internal sources of information are previous adopters of the innovation who can influence potential adopters by digesting, analyzing, filtering, customizing, and spreading word-of-mouth and functioning as role models in the market.

THE INFLUENCE OF SOCIAL MEDIA ON DECISION MAKING PROCESS

As the business world re-centers around serving and delighting customers, CMOs are confident that social media impacts sales, brand awareness, and loyalty (Olenski 2012); as a result, social media data impacts their decisions while making predictions or forecasts. According to social media marketing industry report, the social media realm is not a mere fads in which marketers are increasingly attracted and 83% of them place high value on social media of their businesses (Stelzner 2012).

Social media, as a new component, has further complicated the time-honored buying behavior process theory wherein the buying attitudes are not impacted merely by the traditional channels but *extend to the online platforms*. Preferences and decision marking are prompted depend upon the inputs provided by parties beyond the control of online marketers, such as peer reviews, referrals, blogs, social networks, and other forms of user-generated content.

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 – *trust*. (Silverman 2001.) “*More than a quarter of social media users say they are more likely to pay attention to an ad shared by one of their social connections,*” Bannon noted. “*Additionally, more than a quarter of consumers are OK with seeing ads on social networking sites tailored to them based on their profile information*” (Miller 2012); that is, individuals tend to trust these contents so as to filter, distill, and *objectively evaluate the mound of information* (Silverman 2001).

Regarding the phase of marketers tapping into the purchase process with social media, Evans (2008) has presented the classic purchase funnel model as an indicator of how social media has impacted on consumer decision making process in different stages. Figure below illustrates the purchase funnel and the buying phases of awareness, consideration, and purchase.



Figure: Classic Purchase Funnel (Evan 2008).

Consideration links the buying process activities by connecting awareness and purchase, thus all considered factors, such as *brand reputation, applicability, performance, and so on, trigger a potential purchase*. In comparison to traditional media, since social media connects with and involves consumers from awareness all the way through consideration in which simultaneously tackles awareness and consideration instead of inciting a purchase from the awareness perspective.

As indicated previously, one of the most valuable aspects of social media is in building and maintaining a feedback loop, as the conversations are more dynamic and flow in two-way. The difference that social media has impacted on the purchase funnel is the *accessibility and transparency* of experiential data generated by current customers for the benefit of the next wave of shoppers and prospects.

CONCLUSION

The aforementioned theories have proven that, no matter it is in association with social media or mass media, consumers are highly selective in attending, process, and selecting the information before a purchase takes place. Information exposure is highly selective in the initial stage of information, because consumers have the selections of information source, in which determinates the type of information that consumer will be exposed to. To be noted, personal attitude is a crucial factor which underlines during the course of information acquisition and evaluation.

As a result, not only judgments regarding products or services are presumably based, but also it is a vital determinant of the information consumers will seek out, in which it eventually affects the extent of the information reception.

At the essence, all platforms available on social media have offered a two-way communication flow, which is highlighted theoretically. Consequently, this principle feature of social media has created a new landscape in supporting the socialization of information, and has forced marketers to give up what they old mindset in dealing with mass media marketing. As the collected feedbacks from the individuals, it has emphasized that, in particular with social media, consumers are able to access to customer experiences and word of mouth, in which surpasses the marketing and advertising mumbo-jumbo or polished slogans.

In other words, marketing via social media is more about creating high-quality contents that are consumer relevant (Drury 2008), instead of being a brash product placement. Moreover, marketing through social media focuses on building relationships between consumers and companies. The findings have shown that the position of the consumer in the new marketing approach is the centralized gravity, because consumers are empowered. As many studies have reflected that social media has provided a more effective platforms to communicate with one another and with the company.

The accessibility and transparency of information that social media has offered to consumers have been indicated throughout the entire research. Consumers are able to access to relevant information not only in a great range but also in a faster speed, which mass media consumes more time in searching information. In contrary, contents are not in control and monitored, thus the chance of getting false and nonfactual information which the consumers have shown concern of. In terms of a business context, marketers have to be aware of the bad mouth on social media, because it can be spread virally and led to a damage to brand's reputation.

Social media has altered the communication model which it used to be in mass media (see Smith and Zook 2011), instead of having companies deliver messages to the public all times, social media has fostered a web communications between customers and opinion leaders in which spins around the brand; consequently, this particular new communication flow has built interactivity and communities among all users, which the effects of it has penetrated in every stage of the decision making process.

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