

SHORT COMMUNICATION: THE EFFECT OF SOCIAL MEDIA ON CUSTOMER BEHAVIOUR

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Summary: One of the most important marketplace for the transactions of goods and services is the internet. The internet usage has been increasing and so does the transactions through internet. It is important to consider, that the internet buyers have different approaches to buying and their responses to marketing from the traditional offline consumers. In fact, in these digital era days marketing needs to change. It needs to adapt in developing brands and improving customer relationship through online marketing channels. The firms need to engage more in social media, since, more customers are engaging in social media. Thus, in this paper we want to demonstrate the effect of social media on consumer behavior. This outcome of the study can be utilized by the firms to enhance their output.

Keywords: Social media, Consumer behaviour, Internet marketing, E-Commerce

1. Introduction

Nowadays, it is really appreciating to witness the wealth of new digital technologies, direct marketers can communicate with consumers, anywhere, at anytime and about anything. E-commerce became one of the most controversial topics in most of the business journals. Also you can find the specific journals which focus on e-commerce such as Journal of Electronic Commerce in Organizations.

Also, the overwhelming internet recognition has brought in various online social networks or web communities. Numerous autonomous and commercial web sites have increased, giving consumers a medium for congregate, socialize, and exchange views and information.

There are two ways marketers can engage in online communities, partake in existing web communities or by setting up their own. The best would be to join the existing network. However, there are challenges present while participating in the existing online social network. Firstly, the effective use of the existing online social network are on experimenting stage, and the results are hard to measure. Secondly, these online networks are largely user controlled. The company's aim is to promote their brand. However, it is not so simple for the marketers to start interacting with consumers, since they need to earn the trust (Kotler and Armstrong, 2012).

This paper begins with an explanation of terminology that defines marketing and social media marketing. Also, it will analyze literature on social media and present its effect on consumers, and will highlight the advantages and disadvantages of these effects.

2. Social Media Marketing

There is one thing common with the successful companies nowadays. These companies are strongly customer focused and heavily committed to marketing. In fact, these companies are ready to understand and fulfil the customer needs. Marketing deals with the customers, similar to any other business function. In every marketing definition, the significance of customer relationship and firms can be noted. For instance, Kotler and Armstrong (2012) define

marketing as the process by which firms create good relationship with customers, to lure value from customers in return.

Social media are the websites which bring millions of users with the same interest from the globe. Some examples of most popular social media are Blogs, YouTube, Myspace, Facebook. There are various reasons people use social media (Sin, Nor, and Al-Agaga, 2012). Mostly, the people want to maintain their relationship with relative or friends/colleagues. The online users of social media have gained social support, friendship and intimacy from establishing and maintain contact with other users (Dholakiaa, Bagozzia, and Pearo, 2004). In addition, the social media website has provided a platform for the businesses to connect and network with the potential consumers, and build relationship with them (Mersey, Malthouse, and Calder, 2010). E-commerce can be built through social media, which in turn can connect to more potential buyers.

The online shopping is a process of electronic commerce, as, customer directly contact e-vendors and purchase goods and services from an online store (Chaffey, 2009). The process of gaining attention through social media sites is called social media marketing (Trattner and Kappe, 2013). For instance, social network such as, Facebook advertise with information about the likes and dislikes of the customers and assist the firms to learn more about customer needs.

3. Social Media and Consumer Behaviour

It is important for the retailers and marketers to know about the factors affecting the consumer attitudes and motives, since, consumers are aware about the brands (Heinonen, 2011). These days there is a vast change in communication technologies and has been related to user participation. Thus, more customers engaging with social media should encourage firms to engage with social media as well. The marketing communications are incorporating with digital space, marketers can link with the customers using social media (Tiago and Veri'ssimo, 2014).

This century is the age of social commerce and it has two most important potential challenges for firms:

1. The ability to generate and leverage deep customer insights;
2. Managing brand and reputation in a marketing environment where social media plays an important role;

In this digital era, large data have become the norm. Large data provide more chance to follow customers, for instance, following customer from the orientation on a product to purchase and even to becoming loyal to the product. Following of the customer journey efficiently is a key component to perfect advertising campaigns and budgets. The most important benefits that companies wish to obtain from the customer data analysis are that; these data drive sales volume, induce innovation, and enhance customer engagement also through the creation of stronger brand loyalty.

The social network affects people through complex interpersonal influences. These can be conscious or unconscious, active or passive, normative or informative. These social networks provide an opportunity for consumers to advertise their perceptions of the purchased products and create a network of communication.

Creating brand fans and investing in social media by managers, have a positive effect on the firm word of mouth and loyalty. The brand reputation of companies is controlled by the social media, though, they are struggling to measure its real impact. One of the most important tension perceived, is that the role of social media playing in managing brand health and reputation (Leeflang *et al.*, 2014).

Building consumer trust is the main factor to achieve success against competitors (Pavlou and Fygenson, 2006). Nowadays, there are a lot of advertisements on the internet, also lots of comments criticizing brands and products, so it is hard for people to decide and trust. Social media can play an important role here, where firms can build consumer trust and advertise their products.

According to Edelman (2010), two-thirds of respondents from 2100 companies, were using social media, many perceived that it was still an experiment with blurry future. Only 7% successfully integrated social media into their marketing activities. Social media can improve the design and promote of brands and has the capability to do this on an enormous scale, as, the consumers are skillful in controlling and influencing marketers through its use. Consumers not only control the information, but, also pass information to others if they find useful or interesting. Furthermore, social media has the potential to provide information very easily, and to move it, and to magnify it.

Consumers get information through their peers, thus, limiting the power of advertising, and making it challenging for the companies to justify large upfront investments. Social media has made consumers more demanding and discriminating. This shows the power has shifted in their favour, and they can insist marketers to provide their specific needs. Also, communication built by the consumers influences the target market and creating of the product and its delivery. Consumers would most likely respond if their specific needs are met and social media acts as a medium for sharing information about brands that best suits ones needs (Kohli, Suri, and Kapoor, 2015).

Shopping has always been a social experience and social media provides an opportunity for consumers to communicate with individuals—many of whom are likely to be strangers. The informational society influences affects the consumer decision processes and product evaluations. As discussed earlier, social media provides the power to the consumers to influence other buyers through the evaluation of the products or the services. Social networks can play a key role in influencing the behaviour of consumers in the digital environment. The social sites are considered as valuable and reliable source for researching products and services (Ioană and Stoica, 2014).

4. Conclusion

First, it seems necessary for firms to enter e-commerce, also using social media marketing and establish an internet marketing campaign to decrease the likelihood of collapse in the digital era.

Secondly, social media sites are a great platform for the retailers to create an experience and the information stored on the sites can be used to enhance user experience with their brand. Also, the awareness of the retailer's brand can be achieved by being creative when engaging customers on the social media sites.

In addition, retailers must go beyond the advertising aspects of social media sites and need to be more creative to communicate with consumers. Also, retailers need to enter their brand to the people's conversation instead of just one way communication.

Furthermore, people rely more on information from the other people who leave a comment on social media. Thus, firms should follow the customers' comments about their product and when they notice a lot of people complain about a specific issue, try to solve the problem and sometimes ask the customers to give them some solutions or comments.

Last but not least, the consumers buying behaviour through the internet has changed, since, the advent of social media. People search for product's information and features through social media before purchasing. it seems useful that firms provide adequate information about their products before other companies and people talk about them and criticize them.

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