

# Social Media – Influence on Consumer Behavior in E-commerce

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### **Abstract**

“Social Media allows us to behave in ways that we are hardwired in the first place – As Humans. We can get frank recommendations from other humans instead of from faceless company”

– Francois Gossieaux

Companies throughout the world are regularly seeking new ways to realize and acquire new customers. Nearly a decades past, the television set and therefore the print advertising media were the sole basic parts of promoting ways and advertising. During this current era, these ancient commercialism streams are merely a little section of the many approaches. The customers are not moving towards the e-commerce construct for buying good/services however they're additionally logging on to consult and derive an opinion regarding many services/products. In this modern era keeping oneself enlightened is changing into straightforward as all the knowledge is on the market on a click of a mouse. The technology is growing speedily and so the customers is well equipped with all the knowledge offered online. Social media connects folks from round the world with one another. The social media has not restricted itself to socializing with friends and family however has gone way above. People also use various products and provide their honest opinions that influence the potential users to form a choice to shop or to not buy the product. Social media offers the customers power to explore product that they're willing to obtain.

Electronic commerce offers economy-wide advantages to every countries. The gains are highly likely to be targeted in developed countries within the short run, however, developing countries will have more to benefit in the long haul. The quantity of international trade will increase via e-commerce. The countries open to imports from high-income economies will be benefitted from knowledge spillovers. Additionally, electronic commerce is anticipated to make and destroy jobs.

### **Keywords:**

Social structure analysis, Social media management, Online target groups, Customer behavior, Consumer Decision making, Consumer Empowerment, Social Media.

## **E-commerce: An overview**

E-commerce can be termed as the use of the Internet in conducting business transactions anywhere across the globe. E-commerce has come up to emerge on to 2 necessary roles; 1st as a more practical and economical passage and individual of knowledge, and second, as a possible mechanism for the replacement of the many economic activities once performed among a commerce by those who is done by outside suppliers with one another to execute these activities.

The internet is highly mounting opportunities for B2B and B2C e-commerce transactions across borders. For B2C transactions particularly, the internet has set up a possible revolution in international commerce: the individualization of craft. It provides shoppers the flexibility to conduct a dealings directly with a foreign supplier while not traveling to their respective country. The Internet permits sellers to place their storefronts, in a way of multiple website pages for his customers across the globe. Technology has diversified the patron of marketplace to a very new level. The e-commerce & the internet has been changing their model of operating by revisiting their respective back-end operations – product style and development, procurable, production, inventory, distribution, aftersales service desk, and even the marketing department – are functioned.

During this function, the e-commerce & internet rework on the roles and relationships of assorted parties, fostering new supply networks, services and business models. The final results are potency enhancements, improved asset utilization, quicker time to promote, reduction in overall order fulfillment times, and increased client service. Numbers will indicate the importance of the e-commerce growth. In 1999, world e-commerce was valued over \$150 billion. Around 80% of these transactions were between one business and another. In accordance with a far-famed magazine though the CAD and US lead the world in ecommerce payment, difference countries are more and more into on-line nowadays.

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By 2021, the world's ecommerce expenses are projected to extend over 90 %. An enormous portion of that growth is predicted to be received from Latin America, wherever the amount spent on-line is projected to over double. If these projections are apt, annual ecommerce payment, in billions for 2021 can be: North America \$212.8; Western Europe \$186.5; Asia Pacific \$93.2; Latin America \$27.1; Japanese Europe & Russia \$28.0; Australia \$6.9; Africa & the center East \$5.0. The amount of internet users additionally reached 2 billion worldwide and is still growing. The influence of e-commerce stretches farther. It's used additionally as a tradeoff system within which consumers, and sellers may establish a real market value. For example, with over 9 billion active users globally, amazon is that the world's largest on-line marketplace, wherever much anyone should purchase and sell much something. Supported in 1995, this connects a various and fanatic community of individual consumers and sellers, similarly as little businesses. Their collective impact on e-commerce is staggering: In 2019, the entire value of products sold on amazon was \$6000 billion -- \$20,000 each second.

## **Consumers' Acceptance of the Social Media and their Contribution**

In this era of digital economy, setting up a shop (physical or online) and awaiting customers to arrive is no longer enough. Instead, companies must be proactive by finding ways to engage customers, build relationships, and create multiple communities. What distinguishes the social commerce from any conventional e-commerce site are the social elements involved. Social e-commerce sites includes the vital features like user ratings and reviews, customer testimonials and referrals, social shopping tools and other online communities. These features produce a trustworthy environment where anyone dynamically can contribute relevant content to the referral and sale of goods, products and the services though helpful and bad feedback, reviews, rankings and testimonials regarding their personal experiences happened in past & present. Thus, the research and purchasing cycle are shrunk by the establishment of a single destination powered by the supremacy of many. In short, social commerce is a reliable environment of which potential consumers make purchasing decisions based on the piece of recommendation of a network of friends and family, not unknown people they don't know or trust.

## E-commerce, M-Commerce and Social Media in 'Paraguay':

The evolution of e-commerce began mostly within the developing countries in the beginning of early 90's. The number of E-commerce transactions in developed countries has been increasing rapidly in the past decade<sup>1</sup>. Such number is ordinarily acknowledged to be a factor of economic advancement in developing countries<sup>1</sup>. It was reported that the global spending progress resulting from e-commerce transactions reached around 30.27 trillion USD in 2008 significantly jumped to 100 trillion USD after a decade. It is anticipated that e-commerce market share in Paraguay will reach 230.3 billion USD in 2021 with 80% of all its retail will become online. Around 35% of internet users in Paraguay are deeply involved in e-commerce transactions<sup>2</sup>. There is still a lack of research related to the effect of social media and mobile usage on E-commerce in Paraguay and is highly recommended for a further research to be conducted in this area.

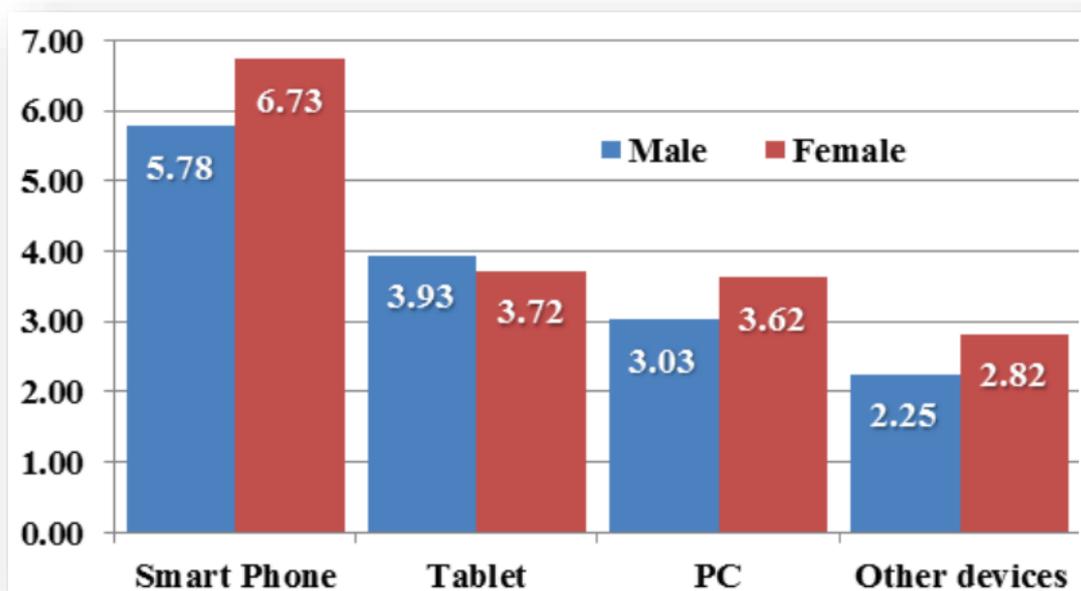


Fig 1. The average hours a person spent online per day using various devices

<sup>1</sup> (AlGhamdi (AlGhamdi, Drew, et al., 2012).

<sup>2</sup> Visual overview of E-commerce market in Paraguay [Infographic]," 2014

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Many statistical and research reports exemplify that there is a significant growth of internet, mobile and social media usage in Paraguay. Further additional works studied the business perspective only regarding the acknowledgement of E-commerce in. For examples, Al-Hudaif & Alkubeyyer studied internal and external characteristics of E-commerce acceptance. Brdese et al. studied E-commerce adoption in Paraguay from a cultural outlook (Brdese et al., 2012). Almousa, Khan and Alshehri steered a research in profiling online buyers in Paraguay (Almosa, 2011; M. Alshehri et al., 2012; Khan, 2014). Abed et al. studied research efforts related to E-commerce and social media in Paraguay (Abed et al., 2015). An interesting report by de Kerros Boudkov Orloff debated different factors related to business, government, consumers and banks (de Kerros Boudkov Orloff, 2012). 95% of its residents own mobiles at a rate of 1.8, which ideally means that for every 10 individuals there are 18 mobiles. A MasterCard report quantified that Paraguay's smartphones penetration is ranked third highest in the world (Fig.1). According to 'The Social Clinic' report in early 2013 titled "The State of Social Media in Paraguay 2012", Paraguay ranked No. 1 in the world for the number of daily viewed videos, 90 million, in YouTube. Alike numbers can be found in its next year's report "The State of Social Media in Paraguay 2013" which exhibited 90 million videos were actually viewed daily on an average of 7 videos every day for each of the internet user. Paraguay also ranked No. 1 in the world in Twitter with a growing rate of 3,000% from 2011 to 2012, and is still growing. This growing rate is 10 times more when compared to the average global rate. Statistics shows that there was an average of 70 million tweets per month (Fig.2) in 2014 and 250 million tweets in 2013 in the country. Besides, 2 million out of 6 million of Facebook users in Paraguay only use their mobiles to access Facebook in 2012 and this count has increased to 5 million in 2013. Some research results indicated that internet and technology negatively inhibit Ecommerce acceptance and execution in the country, which might be currently inappropriate (AlGhamdi, Drew, et al., 2012; AlGhamdi, Nguyen, et al., 2012).

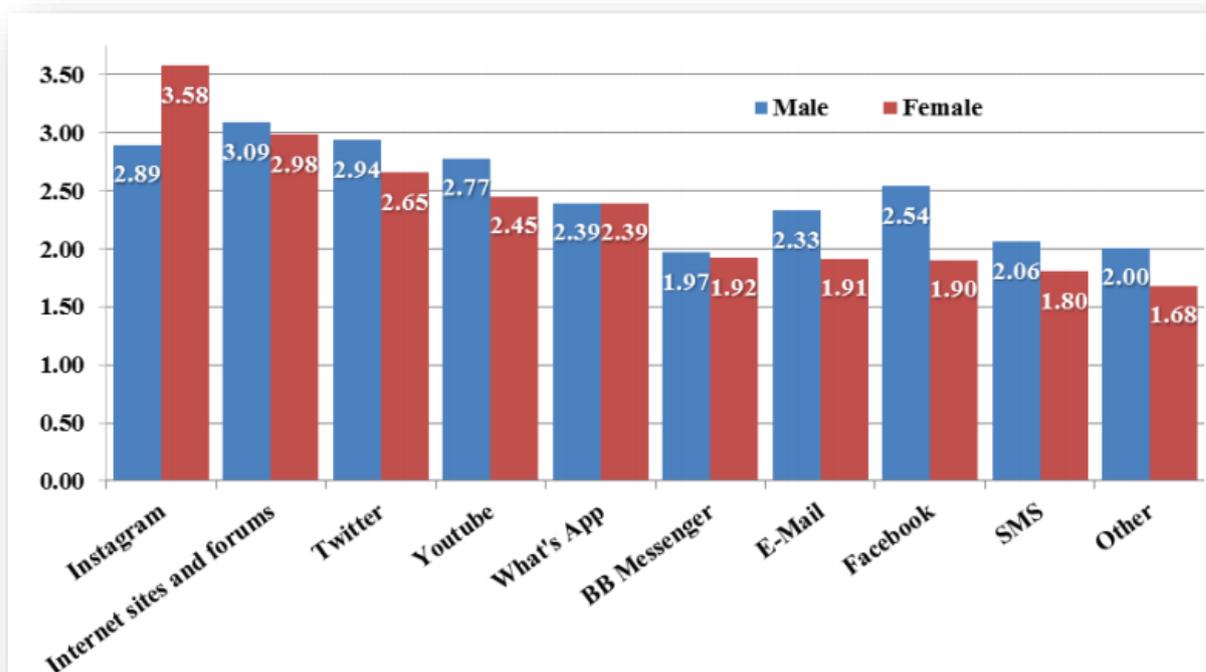


Fig 2. Estimated average rate of various social media affecting online purchasing decisions.

## Suggestions

Due to the narrowed time and scope of this study, many common concerns are covered for the readers to understand the impact of social media on consumer behavior but research can be undertaken on certain specific cases like the case of Paraguay which prove the general theory and also research can be undertaken on how the marketers will incorporate the changing behavior of the consumers. A gradual shift from mass media marketing to social media marketing can also derive more in-depth perspective of social media.

## Conclusions

This work studies the impact of social media and related's usage of Social Media and its impact on the consumer's behavior. A specific case study depicting the pattern of acceptance and

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implementation of E-commerce in Paraguay. Data is pulled from various related sources and compiled to derive a concrete inference. The foremost challenge of the study is that the use of social media plays a judgment role in online purchase decision making with more influence in female user. The use of social media helps in constructing a stronger customer relationship and enhancing the product awareness. The overall social media accounts and the immense usage of them in the country also indicate consumers' readiness to employ social media for E-commerce. Mobile usage in Paraguay is excessive, especially used to access the internet. Large companies should not be skeptical of the revenue generation potential of M-commerce as well. Mobile marketing should be considered seriously by corporates when building their websites assuring that all visitors from different devices will have no concerns accessing their sites such as when using devices with multiple screen sizes. We recommend that e-commerce sites should make an effort for a responsive website ensuring their sites are mobile and tablet compatible as well. In conclusion, the consumers choose to shop online using mobile devices. Social media has significant impact on consumers' decision making for online purchasing as it greatly assist in the increase of public e-commerce awareness. Social media, especially sites like Instagram, can be an extremely effective tool in enhancing product awareness and delivering the e-marketing promotion. The substantial potential of social media and mobile usage on e-commerce in Paraguay warrant further examination. The consumers have a decision-making process before making a purchase and thus it is very crucial to study what kind of influence does social media has in the decision-making process of the consumers. 3 out of 5 stages are highly influenced by the evidence provided by social media. Social media is supportive to prospects seeking information about the products, there is abundant information readily available on social media about numerous products and thus by collecting information from several social media, the prospective buyer can narrow down the alternatives in mind. The alternative evaluation is possible through social media by reading the reviews about each alternative and selecting the best out of all the options available based on how effective it has been for other consumers.

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