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Analysing the Role Online Social Networking Sites Play in Consumers Decision Making Process

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Abstract
Social media is a revolution. It facilitates interaction and cross-communication to take place like never before. Be it social networks, blogs or forums people can now have a conversation online with anybody anytime and on any subject. In has caused a paradigm shift in the way people communicate and connect with each other, express and share their thoughts and the way in which they engage with brands
Unlike traditional modes of communication which were based on one way experience, social media is built on two-way interactive experience between the company and the consumers. Social media offers businesses huge opportunities to promote their brand, products and services and to enter into long term relationships with their customers. It also facilitates interactive dialogues to take place amongst the consumers.
Under social media, the growth of social networks like Facebook has been phenomenal. The freedom and personal autonomy that social networks offer, consumers are actively interacting and connecting with each other and talking about their experiences and sharing their opinions about the products and services they have tried or even heard about. It has become an important source of consumer knowledge and may have an impact on people's behaviour when it comes to purchasing. This paper seeks to understand the role online social networks play in the consumer decision making process.

Keywords: Social media, online social networks, Facebook, Consumer behaviour

1. Introduction
The emergence of web 2.0 has been the most challenging development in the history of commerce. Social media is an outcome of Web2.0 which allows the users to generate content and share the generated content amongst various networks. Social media transformed the traditional marketing approaches by changing the relationship that marketers have with channels of distribution as well as the ultimate consumers.

Companies across all sectors have modified their marketing approach to include web 2.0 because of the dual advantage it offers in terms of cost efficiency and easy accessibility to the target audience. The traditional communication tools like newspapers, television, magazines convey the message to mass audience with the hope of reaching a few interested ones. In contrast, through social media channels the message is directed only to the target audience, thus, making it more cost efficient.

With social media consumer democracy has emerged and consumers have become the focal point of businesses. In today's globalised world, the aim of businesses is not to sell the products but instead to create need for the product they wants to sell, which has put all the power in the hands of those who are being dealt with i.e. the consumers.

During the past decade, online social networks and virtual communities have emerged as important communication channels and their growth of has been enormous. For instance Facebook has grown from one million active users in 2004 to 1.11 billion in 2013. Groups on these social networks that have never met in the real world are having an effect on behaviour including the decision to purchase a product or service. According to a survey by OTX, a global consumer research and consulting firm 70 % of consumers visit social media websites such as blogs; social networking sites etc to get information about products/services and 49% of these consumers make a purchase decision based on what they gather.

2. Social Media
The era of social media started when Bruce and Susan Abelson founded "Open Diary" a social networking site that bought together online diary writers into one community. At the same time the term "Weblog" was first used and abbreviated as "blog" a year later when one blogger transformed the noun "weblog into a sentence "we blog". Growth of internet added to the popularity of the concept, leading to the formation of social networking sites such as Myspace and Facebook. In turn the term Social media was coined and contributed to the prominence it has today.

Safko and Brake in their book The Social Media Bible. Tactics, Tools and Strategies for business Success have defined social media as "activities, practices, and behaviours among communities of people who gather online to share information, knowledge, and opinions using conversational media".

3. Social Networking Sites

Social Networking sites are platforms that help in building an online community of people with common interest who use a website to communicate with each other and share information resources etc. Social network sites as web-based services that allow individuals to (1) construct a public or semi-public profile within a bounded system, (2) articulate a list of other users with whom they share a connection, and (3) view and traverse their list of connections and those made by others within the system. The nature and nomenclature of these connections may vary from site to site

Online social networking sites such as Twitter, Facebook, and YouTube. According to Cheung & Lee are platforms where individuals as members create public profiles to share their knowledge and their experiences, to post information about themselves and contact with others who exchange and share similar interests.

Weinberg in his book "The New Community Rules: Marketing on the Social Web" has defined social networking sites as "a generic term for sites that are used to connect users with similar backgrounds and interests"

Social networking sites are characterised by certain basic features such as a profile picture, photo albums, and ability to add friends and interact with them and share content. Social networking sites can be broadly classified into two sub categories: popular or niche. Popular social networking sites such as Facebook, Myspace and LinkedIn gather millions of users and have a wide appeal. On the other hand appeal niche social networking sites cater to smaller audiences of specific topics. For e.g. Sharecipe, focuses on recipes and cooking tips; For the Love of Film connects fans of classic films and ActiveRain is a social network for real estate professionals.

A large number of marketers are turning to social networking sites to promote their businesses. According to the social media marketing industry report 2013, Facebook is the top choice of marketers with 92% marketers using it and 66% planning on increasing their activities. These sites serves as mediums through which consumers can establish close relationships with brands via functions such as fan pages, plug in applications groups etc. According to a study by the digital marketing agency ODM Group, 74% of consumers rely on social networks to guide purchase decisions.

4. Consumer Decision Making Process

A consumer is a person or group of persons who purchase or consume a products or services. Consumer decision making process refers to the cognitive process undertaken by the consumer in regard to potential market transaction before, during and after they purchase a product or service. The decision making process is complicated as consumers often have a number of alternatives from which they have to choose. The decision making process is influenced profoundly by transparency and accessibility of information.

Solomon defines consumer behaviour as 'the study of the process involved when individuals or groups select, purchase, use or dispose of products, services, ideas or experiences to satisfy needs and desires.'

A consumer passes through 5 stages while taking a decision to buy a product. These stages have been shown in Figure 1.
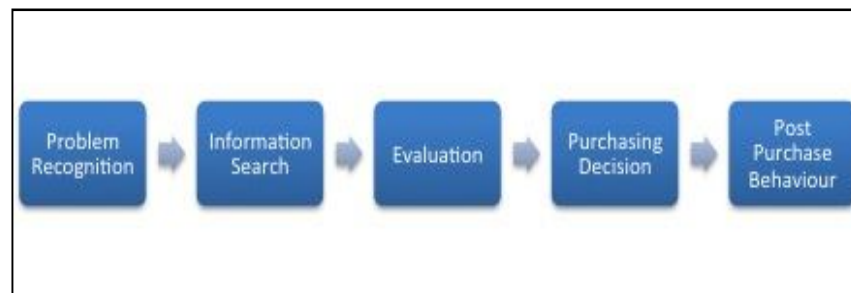

Figure 1: Consumer decision making process

The first stage in the consumers buying process is problem recognition or need recognition. In this stage the consumer identifies a problem or need that needs to be fulfilled. Problem arises when there is a difference between the desired and the actual state of affairs. Needs trigger because of internal as well as external stimuli. For e.g. if a person sees an advertisement for a vacation the stimuli might trigger a thought or idea about the possibility of making a purchase. This difference or need should be significant in magnitude to arouse and activate the decision process.

Once the consumer realizes a problem, he initiates the process of searching for information which is the next step in the consumer decision making process. In this stage the consumer tries to gather as much information as he can from different sources. The sources may be personal (which includes his friends, family members, co workers and other acquaintances), commercial (such as advertisements, sales people, packaging of a particular product), public (such as newspaper, Radio, Magazine) or experiential (which is individual's own experience with the product or prior handling of a particular product). In this stage the consumer learns about various alternatives, their features, strengths and weaknesses.

The next stage in the consumer decision making process is evaluation of alternatives. From the information gathered in the previous stage all the available alternatives are compared as per some criterion. The criterion on the basis of which comparison is made depends upon the motive or goal that the customer wants to satisfy. For some consumers easy availability might be a criterion while for some ease of operation might be an important consideration. Experiences of other users might be used as a criterion by some. Generally consumers have a need to confirm whether or not the information is reliable and to verify that the product will work out as anticipated.

Once the available alternatives are evaluated by the consumers they formulate beliefs regarding the alternatives which have an impact on the attitude, intention and ultimately the choice that the consumers make among the various alternatives.

During the course of evaluation, consumers form preferences among the alternatives available. There are two factors which can interfere between the purchase intention and purchase decision- attitude of others and unanticipated situational factors. Attitudes of others is the amount to which another person's negative attitude towards the preferred alternatives results in a readjustment of the consumer's purchase decision.

Unanticipated situational factors refer to unexpected changes that might occur and alter the purchase intention. For e.g. there might be some unexpected purchase that is more urgent than the purchase the consumer was first stimulated to buy.

After the chosen alternative is consumed by the consumer a post purchase evaluation takes place wherein certain level of satisfaction or dissatisfaction is experienced by them. They evaluate the wisdom of the choice made in selecting the alternative.

From this stage two possible outcomes are derived-satisfaction or dissonance. If a consumer experiences dissonance towards the selected alternative the alternative is 'devaluated' and the consumer begins the process of searching, obtaining information and evaluating other alternatives for future buying decision. In this stage the consumer decides whether or not to fully adapt the chosen alternative that is whether to use the product repeatedly or not. When individuals are satisfied with the chosen alternatives they will recommend it to others also.

5. Different Types of Consumer's Purchase Decision Processes
There are different types of consumers purchase decisions depending on the level of involvement on the part of the consumer.
- Nominal decision making- when the level of involvement of consumers is very low. It includes the stages of problem recognition and internal search. Evaluation of alternatives does not take place in it.
- Limited decision making- it is quite similar to nominal decision making. Apart from problem recognition and internal search, a limited amount of external search and evaluation of few alternatives takes place.
- Extended decision making-the level of consumer involvement is high making the decision making process highly complex. All the 5 steps of the purchasing decision are completed by the consumers.

6. The Impact of Online Social Networks on Consumers Purchase Decision
The fact that online social networks have become a force to be reckoned with cannot be denied. In the last 9 years, Facebook alone has increased its user-ship by over 1000%. Social media has completed restyled the way we think, communicate and most importantly the way we shop. In the last 2 decades excessive consumption and the decision to purchase based on desire rather than necessity were unheard of, nut the proliferation of online social networks have led to a sudden increase in compulsive consumption and businesses are scrambling for a slice of the social networks pie with 15 million businesses, companies, and organisations throughout the world have a Facebook page. According to Hub Spot's Corey Eridon recently published 12 Revealing Marketing Stats About Facebook for Business, Social Media Has a 100% Higher Lead-to-Close Rate than Outbound Marketing and 80% of Social Network Users Prefer to Connect with Brands through Facebook.

Online social networks are turning traditional consumer behaviour on its head. The most significant influence of online social networks on consumer behaviour is its ability to convince consumers that when they feel a desire they are feeling a need. Consumers today have an insatiable desire for more. Online social networks are capitalising on this insatiable desire by providing information about consumer's digital profile to businesses. This leads to building of a meaningful and intimate relationship between businesses and their consumers as it allows more effective and targeted marketing communication to take place.

Traditionally consumers would assess a decision to purchase a product based on their needs and wants. The problem or need recognition stage was basically a state of felt deprivation. The rapid growth of online social networks has led to an alleviation of this feeling felt by the consumers as through online social networks consumers are directly targeted based on their social interactions.

In contrast to the traditional consumer behaviour process, problem recognition isn't necessarily the starting point of the decision making process. Rather through online social networks enabled targeted marketing communication, consumers purchasing desire is triggered when they are introduced to a product, generally with no prior intention of actively searching for the product. For instance, Facebook extracts and analysis information of its users based on their interests, desires and online activities, businesses then purchase this information from Facebook with the hope that they will be able advertise about their product/service to their target audience. Online social networks provide organisations means to track and target customers and provides customers a platform through which they can have a meaningful connection with brands.

Online social networks have also changed the way in which information is searched for. Information could be collected by customers internally or externally. Source of internal information is the consumer's memory or their subconscious interaction with a product. Sources of external information include interaction with family friend's acquaintances, packaging, advertisement on mass media etc.

Today finding information is not at all difficult and often consumers don't even need to search for information. Online social networks enabled targeted advertising has led to a culture of suggestive selling. Often consumers are triggered into making a purchase by targeted and relevant information that is suggested to them on their digital profiles multiple times a day.

Evaluation of alternatives takes place after all the relevant information has been gathered. Online social networks provide forums to consumers wherein they can discuss and review product traits. Consumers generally look for some kind of reassurance to verify the validity of a product or service. As per a study conducted by Heinonen, it was reported that user generated information influenced and changed their opinion about products or services. Online review sites such as Tripadvisor, Yelp! Are providing consumers a platform wherein they can research and evaluate alternatives based on experiences of other customers. These sites are

being called as "earned media" and are far more trusted than paid form of mass media communication. According to a new study from Nielsen, a leading global provider of information and insights into what consumers watch and buy, 92 % of consumers around the world say they trust earned media, such as word-of-mouth and recommendations from friends and family, above all other forms of advertising.

After the alternatives have been evaluated, the consumer decides to make a purchase. The decision to purchase is made on the basis of information collected and evaluation of all the potential alternatives. Online social networks although have a large impact on the early stages of the purchasing decision; it is less involved in this stage. Though it's the power of online social networks exerted in the earlier stages of the decision making process that result in consumer arriving at the decision to purchase immediately.

The last stage in the consumer purchasing decision is the post purchase evaluation wherein the consumer compares what they have actually received with what they expected. In this stage consumers review and evaluate their decision and it is in this stage that consumers exert the most power through online social networks. Consumers based on their experience post their opinion on review forums present on social networks which act as information and recommendations from potential consumers. Online social networks are an organism that is controlled by its cohort of users. There is no one organisation that can dictate what is said and what is done on online social networks. Also, consumers have become more vocal and opinionated about their experiences with products and services. Information in the form of feedback is more sought of by potential consumers. Online consumers have become more powerful because of online social networks.

7. Conclusion

The growth of online social networks is like a double edged sword. It empowers consumers by enabling them to have access to information which they could previously not avail. It has accelerated the information flow and is enabling discussions about products and services to take place at the global level. It has offered the marketers an opportunity to target their customers more efficiently and to develop relationships with their consumers. On the other hand, the easy and fast dissemination of information and low entry barriers takes away the control from the marketers as they can no longer have control what is being said about them. The most valuable feature of online social networks is its ability to build and maintain a feedback loop by facilitating two-way conversations that are more dynamic. Online Social networks have made the purchase funnel more accessible and transparent by providing prospective customers experiential data generated from current customers.

Online Social networks have a huge impact on how people gather unbiased information, seek find and obtain a wider range of products and services and share with others their experiences both before and after making the purchase.

The main task of marketers with regard to online social networks is to get people to talk about their positive experiences about the products and services and to accelerate the spread of these contents around the web.

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