

The Impact of Social Media Marketing on Consumer' Purchase Decision in (City of Jeddah) in Saudi Arabia

أثر وسائل التواصل الاجتماعي على قرار الشراء للمستهلك في مدينة جدة في المملكة العربية
السعودية

Enas Taha Temraz 213000706

Raghad Nahed Aldahri 20222005931

Supervisor: Dr. Waleed Sadeq

Program: Final Project **Code:** MGM697

Department: Master of Management

Institution: Everyone's Smart University

Date: 3 March 2023

Table of Contents

Introduction.....	3
Background and Context	3
Problem Statement.....	5
Research Questions.....	6
Relevance and Importance of the Research.....	7
 Literature review.....	 7
Key Debates and Controversies.....	8
Gaps in Existing Knowledge.....	9
 Research Design and Methods.....	 9
Research Design.....	9
Methods and Sources.....	10
Practical Considerations.....	10
 Implications and Contributions to Knowledge.....	 11
 References.....	 12

Introduction

Background and Context

The term social media refers to developing online content that is freely accessible for wider audience. Social media was emerged (Miller et al., 2016) in the context of commercial marketing for different companies, which were inspired from the online presence at global level through IT innovation. Resultantly, the innovative marketing technology became the source of stimulation for the corporate sector. Social media has successfully assisted in promoting the business advertising tactics, while resulting as significant growth of the revenue earned by the business. This success was observed within different business areas, such as retail sector, as well as other utility providers.

Due to increasing use of social media (SM), business and consumer relationships have grown more intricate, varied, and intense during the past 10 years. On one side, businesses are utilizing SM channels to broaden their geographic coverage to consumers, improve brand perceptions, and forge stronger relationships with clients. On the other side, consumers seem to become message producers, partners, and critics using SM, while also controlling the marketing communication method. There have been multiple studies, which have demonstrated that SMM is highly cost effective, as compared to other marketing methods. Also, it is a direct method for brand promotion, which can guarantee positive results.

Thereby the need for advertising agencies to advantageously use or influence SM to gain a productive edge and deliver outstanding efficiency has grown as the involvement of social media might have progressively changed from something of a solitary promotional platform to something of a marketing insight origin, where businesses can watch, evaluate, and anticipate behavior of customers.

Notwithstanding the fact that most marketers are aware of the necessity of engaging clients on SM channels, only a small number of businesses have effectively planned their social media presence and participation. Subsequently, it may be noted that social media can be an important source to influence the sales increase for the businesses. In Saudi Arabia, almost 98% are using social media platforms as part & parcel of their daily lives in 2022 and 29.3 million people in KSA are social media users. On average these digital users spend 3 hours & 24 minutes a day on social media.

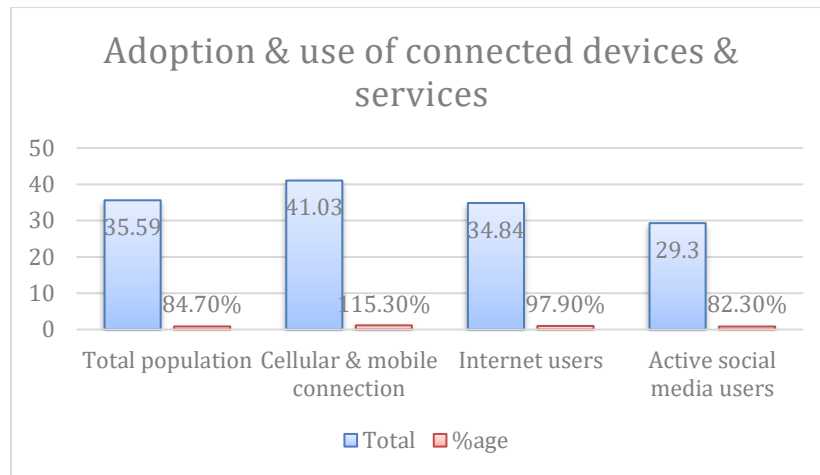


Figure 1: Adoption & use of connected devices

The proposed research will evaluate various sources of social media which can be involved by the marketers to increase their businesses' revenues and have an impact on the purchase behavior of consumers in KSA, Jeddah city.

Consumer purchase decision under the influence of SMM is embedded within the customer's tendency to find simple ways for performing their daily activities. Resultantly, the customers perceive utilizing social media for purchase of items and obtaining knowledge regarding different businesses to be a simple method. Moreover, companies can also use social media for motivating the customers paying a higher price by applying effective strategy for marketing. In this reference, Godey et al. (2016) explored the association between consumer intent to purchase, brand equity, and price estimates for the products. By finding information on these areas of knowledge, an efficient strategy can be designed for the businesses. In another study, Laksamana (2018) explored the link between consumer intent to purchase, brand loyalty, and integration of social media. Resultantly, it was found that consumer intent to purchase is strongly linked with SMM strategy. Subsequently, the consumers like to participate in open discussion forums, which could be availed through social media platforms (Goel et al., 2014). By applying this approach, the customers can easily evaluate the authenticity and credibility of the information about the brand. It can also be found that brand loyalty and social media are strongly connected because people feel comfortable to share both positive and negative experiences regarding the products on social media (Hasson et al., 2019). Resultantly, it can be identified that the companies, which receive positive customer feedback and efficient customer response on social media can enhance brand loyalty and trust among the customers. Moreover, it has also been found that consumer purchase intent is significantly connected with the use of social media.

Problem Statement

The use of social media to improve businesses is gaining popularity with the evolution of Internet technology. considering the current patterns, social media has become a part of every individual and business activity. That is the reason why it has been claimed by that if the people do not participate on Facebook, Second Life, and YouTube, their existence on cyberspace will be at risk (Kaplan & Heinlein, 2010).

Managers face several challenges in using social media holding their marketing strategies, to promote creativity for establishment of competitive brand messages, which could be able to grab attention of the customers without creating a boring impact. Along with the message, the focus is applied on making projections, monitoring, assessment, and creating special responses for the customers to influence sophisticated customers, who may be difficult to persuade, while their retention may also be a challenge. Latest research studies show (Kera and Kaynak, 1997) that new customers demonstrate high behavioral tendency towards using social media. For example, the demand for having customized products and willingness of active involvement in product development process is on rise (Prahalad and Ramaswamy, 2004; Piller and Walcher, 2006; Drury 2008). Moreover, the modern-day customer is anxious to include its say at different stages within the business process. Due to these evolving trends, the marketers' way of impacting their marketing practices considering tactical and strategic needs may become more challenging.

Research studies regarding the marketers' experiences in adopting social media reveal that it should become an integral part of marketing strategies. However, there is a dire need of enhancing knowledge on the best possible strategies and their outcomes (Kim and Bae, 2008; Steinfield et al., 2009). For instance, Zabin (2009) found the impact of social media marketing is highly positive for all types of companies. Moreover, it was also found that the use of social media for marketing can enhance the likelihood of gaining customer recommendation for the positive endorsement in most of the cases up to 95%. As a result, the return on investment made on the marketing is also high up to 87%, whereas the rate of customer acquisition is also recorded high up to 95%. Further to this, Altimeter Group (2009) also found correlation between the social engagement of the brand and the financial performance. Also, the brands, which are actively involved with social media marketing may have the potential of 18% growth of revenue, contrarily, the brands not using social media may lose their revenue by 6%.

Therefore, it becomes significant to evaluate the implications of social media on the sales processes. To identify the potential advantages of social media in terms of sales processes, it is important to investigate its diverse aspects, which may be utilized for developing the strategies for the business. In this reference, comprehensive knowledge on the subject is not readily available, which creates barriers in attaining the optimum benefits from social media in the sales processes. To address this problem, it is important to conduct primary research to complement the information that is already available with the missing

knowledge. Currently, it has already been established that social media can benefit the businesses due to its capacity to connect the businesses with the customers. Moreover, research studies have been proven that various products from different companies are increasingly prefer using SMM for increasing their revenues (Kim & Ko, 2012). The possible usage of SMM-based business goods indicates effective results to determine a company's performance (Muniesa & Giménez, 2020). However, it is yet to be explored with detailed focus; what implications of social media must be noted with reference to sales and revenues of the businesses. Therefore, the proposed research will explore these implications and emphasize on how it influences the purchase decisions of consumers in Jeddah, in Saudi Arabia.

Research Questions

The research will investigate the following research questions which are directed to two sample groups of respondents: businesses CEOs and Consumers:

CEO Questions:

- A- What are the implications of social media on the average sales process of the businesses in Jeddah, Saudi Arabia?
- B- What is the average revenue increase after using Social Media marketing? and which platform?
- C- How can Social Media Tactics gain competitive advantage by implementing efficient approaches for increasing business revenues?
- D. How can Social Media Tactics gain competitive over your competitors?
- E. If you have a budget, which marketing channel you will choose from the following? And why?
 - Face to face activation
 - Social media platform

Consumers Questions:

- A- How often have you purchased a product from Social Media marketing?
- B- Which Social media platform you have used to purchase most of your products?
- C- What made you decide to purchase the product from Social Media?
- D. How many times per day do you see Social Media advertisements and in which platform?

Relevance and Importance of the Research

With the evolution of internet technology and social media, various channels have become an integral part of the routine life of the people. Due to its ease of accessibility using the cell phones, every customer is engaged with different social media channels. Due to its increased popularity, social media has resolved its distinct position in the organizational practices as well. Resultantly, most of the business entities in the current era maintain their social media mechanism to promote their business. Considering this unavoidable significance of social media in the businesses, it may be suggested that focused research on the impact and implications of social media in the business and sales process can be highly productive. Moreover, the role of social media in sales processes is still an emerging and evolving concept, therefore, this research will be important and highly relevant with the objectives of improving sales processes through social media.

Literature review

Key Concepts, Theories and Studies

Social media are viewed as channels in the marketing world where individuals can connect with one another and exchange knowledge and opinions, as mentioned by Li, Larimo and Leonidou (2021). Social media are unique in that they are engaging, reactive, networked, democratic creatures that have caused three major changes in the economy. SM make it feasible for businesses and consumers to interact in methods that weren't before conceivable. Other tools, such as social network, microblogs, and content forums, enable this connectivity by enabling social networks to grow out of common ideals and goals. In this sense, social connectivity has alternatively been referred to as social links, and the strength or weakness of these relationships depends on how long they last.

Small and medium-sized businesses (SMEs) could utilize SM due to its minimal expense, technological ease of maintenance and convenience of usages, but also its capacity to interact with and attain a sufficient number of customers, even though larger firms worldwide can embrace SM and many internet-based techniques without needing extra support. Usage of SM is presently regarded as a crucial approach in SMEs and is continually expanding businesses in emerging nations; on the other hand, SMEs are utilizing multiple SM podiums. Since it enables quick and transparent interaction between two sides, allowing businesses to comprehend client requirements and reply professionally and actively to these requirements, it is among the best preferred options for small enterprises in emerging nations.

For statistics, conversion monitoring, content administration, automatic posting, and consumer targeting, SM is also a reasonably affordable option. According to earlier studies, using SM by SME has several benefits. For instance, it expands brand engagement's impact, enhances knowledge exchange behavior and

accessibility to international industries via a digital setting, and attracts the managers of SMEs in terms of visualizing and taking time, space, and geographic places into account. The research on enterprise and commerce, both in industrialized and emerging nations, emphasizes the importance of SM adoption by SMEs. Also, it helps SMEs keep their position as market leaders by improving customer ties, which has a beneficial effect on sales results (Qalati, Yuan et. al, 2021).

According to Dolega, Rowe and Branagan (2021), internationally, 3.03 billion regular social media consumers were reported in 2018. During 2016, 99% SM users between the ages of 16-24 reported using social media within a week. In 2018, there were 3.2 billion everyday pieces of material exchanged over social media, up from 27 million during 2011. Due to the rise in consumers and engagement on social media, organizations are now embracing platforms like Facebook (FB), the largest prominent social media network with 2.3 billion members worldwide, for advertising and communication purposes. According to study, 79% of surveyed businesses had a social media profile, and 38% of those businesses intended to invest more than 20% of their overall advertising expenditures on social media platforms in 2015. This suggests that social media networks serve an increasingly crucial part in the age of digital marketing and seek to change how businesses sell their products and interact with consumers.

The development and widespread use of social media have inspired SMEs to accomplish their goals of more readily and broadly marketing their goods, trademarks, or services. As stated by Wardati and Mahendrawathi (2019), there is a growth in the number of users of SM every year. Additionally, not just the number of users but likewise the number of different channels on SM keeps growing. Social media is used in everyday life to disseminate data & communication. Companies need to focus on it, since it has altered consumer behavior. Since the emergence of social media, approaches and methods used by businesses to communicate with consumers have undergone a significant change. For businesses, especially small and medium-sized ones, using various social media channels as part of their marketing plans has become second nature. Social media generally provides businesses with a number of advantages and prospects because it aids in bringing in new clients and preserving connections with current ones.

Key Debates and Controversies

SM has received rising management and scholarly interest, as argued by Fraccastoro, Gabrielsson and Pullins (2021), however areas concerning the sales process are yet to be explored. Social media communication frequently results in creation of viral ideas that advertisers and salesperson use to highlight the company's superiority over competing businesses. Advertisers have employed user-generated material on social media in general to achieve online brand awareness, which is favorably correlated with sales, however authenticity of SM content has always been a part of debate creating controversies. Due to its capacity to improve business efficiency, social media is thought to be pertinent for marketing. However,

while utilizing social media more frequently to interact with customers and add quality, businesses continue to use electronic and conventional sales interaction methods, which results in a scattered choice of communication channels.

Recent findings by Fraccastoro, Gabrielsson and Pullins (2021) have made an effort to confront this problem by examining the incorporation of various marketing communication methods, by taking into account the impacts of social media and traditional advertising on various customer indicators, with respect to one's time-varying efficiency, and by illuminating their prospective outcomes on brand development and new client acquirement. Nonetheless, prior studies have mostly concentrated on business-to-consumer (B2C) sectors, notwithstanding studies covering media segmentation and the usage of social media in advertising and sales.

Gaps in Existing Knowledge

Although there is significant amount of literature available to discuss the role of social media in business marketing and promotion; however, gap was found in existing knowledge regarding the information related to its connection with the sales processes. Moreover, data scarcity was noted while searching for literature in the context of the businesses in KSA, which was another gap. The knowledge gap related to various implications of social media on sales processes can be filled through conducting primary research in the target area. The proposed research will contribute towards the subject and fill the knowledge gap.

Research design and methods

The methodology of the research will be designed according to the need of the research questions. for this purpose, the following research design has been developed:

Research design

The research involves positivist paradigm which considers objective phenomena without involving the researcher's opinion on the subject. In this regard positivism deals with the research for describing and understanding the concept and sharing the obtained understanding with others. Resultantly, positivists deal with authentic information obtained from the research and convey the objective knowledge to others (Richey and Klein, 2014). The research will involve primary data collection for which, quantitative methodology will be applied. This methodology will provide the statistical information around the research questions and deal with the objective approach of study. therefore, survey strategy will be used to get their responses from the sample population. Inductive design, adopt which implicates that there is no existing

hypothesis to test. the inductive approach will develop a conclusion based on analyzing the collected data from the process of research (Cresswell, 2014).

Methods and Sources

Survey questionnaire will be developed to collect objective data in quantitative design through closed ended questions. A sample size of 95 respondents has been proposed, comprising social media users, likely to purchase different products under the influence of social media marketing. The other group of respondents will comprise 5 CEOs of the companies, which use SMM as their key marketing tactic. The research will be conducted through an online platform, such as SurveyMonkey, on which survey questionnaire will be uploaded and link to survey will be generated. This survey link will be provided to the potential respondents using social media as business owners or consumers. Online platform provides consolidated data sheets with quantification in terms of tables and graphic representation for further analysis and interpretation of results.

Practical Considerations

Reaching the target population may be a challenge and a limitation to conduct this research. limited timeline is another limitation due to which, it may be hard to access a large number of respondents by physically visiting them. Also, the participants may be reluctant to share their identity while responding to the questionnaire. To overcome these limitations, online survey platform has been proposed to access the maximum number of participants without any hurdle within the limited timeline. The respondents can click the link and enter the survey without revealing their identity, which will also ensure the concerns related to anonymity and confidentiality. The process also involves informed consent, based on which, they will be free to participate in the survey and may quit at any stage as they want.

Implications and contributions to knowledge

The proposed research will significantly contribute to the knowledgebase concerning the role of social media in sales processes by providing theoretical awareness and extracting knowledge from practice to help the marketers. It will develop a clear idea on how the businesses can utilize social media as a tool to improve their sales process, which can assist in developing policies and strategies for the teams. Consequently, it can significantly change organizational practices regarding the use of social media in sales process. As a result, better business models can be designed around the use of social media for sales process and improving the business, which may contribute to addressing several challenges, leading to enhanced efficiency. It is predicted that the proposed research may identify the need for future research.

References

- Alatawy KS. The Role Social Media Marketing Plays in Customers' Purchase Decisions in the Context of the Fashion Industry in Saudi Arabia. *International journal of business and management*. 2022;17(1).
- Creswell J.W., 2014. *Research Design: Qualitative and Quantitative*. Lawrence Erlbaum Associates, Inc., Publishers.
- Digital 2022 Saudi Arabia (February 2022) V01 https://www.slideshare.net/DataReportal/digital-2022-saudi-arabia-february-2022-v01?from_search=0
- Dolega, L., Rowe, F., & Branagan, E. (2021). Going digital? The impact of social media marketing on retail website traffic, orders, and sales. *Journal of Retailing and Consumer Services*, 60, 102501.
- Drury, G. (2008). Opinion piece: social media: Should marketers engage and how can it be done effectively?. *Journal of direct, data and digital marketing practice*, 9(3), 274-277.
- Fraccastoro, S., Gabrielsson, M., & Pullins, E. B. (2021). The integrated use of social media, digital, and traditional communication tools in the B2B sales process of international SMEs. *International Business Review*, 30(4), 101776.
- Godey, B., Manthiou, A., Pederzoli, D., Rokka, J., Aiello, G., Donvito, R., & Singh, R. (2016). Social media marketing efforts of luxury brands: Influence on brand equity and consumer behavior. *Journal of business research*, 69(12), 5833-5841.
- Goel, L., Blackwood, G., & Person, K. (2014). Social media in small and medium enterprises. *Journal of Digital & Social Media Marketing*, 2(2), 176-184.
- Hasson, S. G., Piorkowski, J., & McCulloh, I. (2019, August). Social media as a main source of customer feedback: Alternative to customer satisfaction surveys. In *Proceedings of the 2019 IEEE/ACM International conference on advances in social networks analysis and mining* (pp. 829-832).
- Kaplan, A. M., & Haenlein, M. (2010). Users of the world, unite! The challenges and opportunities of social media. *Business horizons*, 53(1), 59-68.
- Kera, A., & Kaynak, E. (1997). Markets of a Single Customer: Exploiting Conceptual.
- Laksamana, P. (2018). Impact of social media marketing on purchase intention and brand loyalty: Evidence from Indonesia's banking industry. *International Review of Management and Marketing*, 8(1), 13-18.
- Li, F., Larimo, J., & Leonidou, L. C. (2021). Social media marketing strategy: definition, conceptualization, taxonomy, validation, and future agenda. *Journal of the Academy of Marketing Science*, 49, 51-70.

- Miller, D., Sinanan, J., Wang, X., McDonald, T., Haynes, N., Costa, E., ... & Nicolescu, R. (2016). *How the world changed social media* (p. 286). UCL press.
- Obermayer N, Kővári E, Leinonen J, Bak G, Valeri M. How social media practices shape family business performance: the wine industry case study. *European Management Journal*. 2022 Jun 1;40(3):360-71.
- Piller, F. T., & Walcher, D. (2006). Toolkits for idea competitions: a novel method to integrate users in new product development. *R&D Management*, 36(3), 307-318.
- Prahalad, C. K., & Ramaswamy, V. (2004). Co-creating unique value with customers. *Strategy & leadership*, 32(3), 4-9.
- Qalati, S. A., Yuan, L. W., Khan, M. A. S., & Anwar, F. (2021). A mediated model on the adoption of social media and SMEs' performance in developing countries. *Technology in Society*, 64, 101513.
- Richey, R. C., & Klein, J. D. (2014). *Design and development research: Methods, strategies, and issues*. Routledge.
- Wardati, N. K., & Mahendrawathi, E. R. (2019). The impact of social media usage on the sales process in small and medium enterprises (SMEs): A systematic literature review. *Procedia Computer Science*, 161, 976-983.