

Chapter 11

Social Media and Online Communities: Investigating the Role in Understanding Consumer Behavior

Jyoti Chauhan

Faculty of Commerce and Management, SGT University, Gurugram, India

Swati Chawla

 <https://orcid.org/0000-0001-5543-9764>

Amity School of Business, Amity University, Noida, India

Nidhi Gupta

Amity School of Business, Amity University, Noida, India

Shalaghya Sharma

Amity School of Business, Amity University, Noida, India

ABSTRACT

Social media and online communities are the most prominent factors that influence consumer behavior in the online world. This chapter tries to undertake an analysis of the complex processes through which these platforms influence and reflect customer choice, behavior, and decision-making processes. The initial part of the chapter will discuss modern approaches to marketing and increasing attention given to social media and online communities as important aspects. This section shall also entail discussion on growing powers of social media influencers and discretionary powers to exercise consumer choice. Then, it sheds light on the associated benefits of online communities for brands, direct consumer feedback, brand advocacy, and co-creation opportunities that come along the way, alongside associated challenges of managing such communities will also be explored. This study will demonstrate how incorporating social media and online communities into marketing strategies can enable elements work in concert to help develop brand presence and consumer engagement.

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1. INTRODUCTION

The last twenty years have seen a shift in the digital landscape in terms of how consumers connect, make decisions, and engage with brands. According to Deloitte's Global Marketing Trends Report (2023), 70% plus of today's consumers now expect brands to provide a seamless digital experience: consumer behavior has been influenced by the shift from traditional in-store interactions to a digitally driven world brought about by the widespread use of smartphones, e-commerce, and hyper-personalized marketing. Consumers gain easy access, information, and products with an influence on buying decisions. This shift produces a more informed and empowered consumer who anticipates more from the business, including greater levels of transparency, convenience, and value. This chapter is an exploratory study based on a comprehensive review of extant literature on social media, online communities and consumer behaviour.

Social media and online communities have therefore become critical vehicles by which to engage and analyze consumer behavior in this context. According to reports published by Statista in 2023, over 4.8 billion people use social media actively, making these vehicles critical channels for understanding consumer preferences and behaviors. Social media platforms include Facebook, Instagram, and Twitter, which allow consumers to connect, share experiences, and express opinions. Online communities provide avenues for deeper communication between people who share interest in the same thing. The Hootsuite Digital 2023 Global Overview ensures that a considerable number of consumers follow their thoughts through the globe, using social media channels to research products and interact with brands. It has evolved and is still a treasure trove of consumer information, providing brands with knowledge on trends and activities. Hence, understanding the behavior of consumers in this digital age requires deep exploration into the roles of social media and online communities, that influence decision-making process, build brand loyalty, and change consumer perceptions in real time.

The digital transformation has dramatically changed consumer engagement with a brand, product, and service. Of course, this is driven by the integrated approach of advanced technologies such as AI, big data, machine learning, and IoT - not only changing traditional business models but also greatly shifting consumer expectations, preferences, and behavior.

1.1 The Evolution of Consumer Behaviour in the Digital Era

Before the digital era, consumers mainly depended on their own experiences, recommendations from others, and traditional forms of advertising when making purchasing decisions. Their access to information was limited to just print media, television commercials, and consultations within stores. The consumer of today lives in a hyperconnected world, and the internet opens their doors to instant wealth. Reviews, product comparisons, tutorials, and advice from online communities are just a few clicks away for most buyers.

Of course, this has been further helped by the growth of e-commerce and mobile technologies. Now consumers expect to be engaging with brands through multiple channels, whether it be websites, social media platforms, or mobile apps. The idea of omnichannel presence resulted in the expectation of seamless, personalized experiences. A study by Gao and Liu(2023), shows personalization has become a key consumer driver; 71% of the surveyed consumers believe that companies should offer them personalized experiences. Those who fail to do so only succeed in pushing their customers towards their competitors who can provide them with an integrated and friendlier experience.

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