The Impact of Social Media Advertising on Consumers' Purchasing Decisions

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Abstract: With the rapid development and popularity of social media, social media advertising has become an indispensable part of enterprise marketing strategy. This study aims to explore the impact of social media advertising on consumers' purchasing decisions. Through literature review, questionnaire survey and data analysis, this paper in-depth studies the characteristics of social media advertising, consumers' attitudes towards social media advertising and the mechanism of social media advertising's influence on consumer purchasing behavior. The results show that social media advertising can significantly influence consumers' purchasing decisions by enhancing brand awareness, enhancing brand trust and promoting user interaction. In addition, this study also found that factors such as personalized push, content quality and user evaluation of social media advertisements have a significant impact on consumers' purchase intention. Based on the research results, this paper puts forward suggestions for optimizing social media advertising strategies, including improving the relevance and attractiveness of advertising content, strengthening interaction with consumers, and rational use of big data analytics. This study provides theoretical basis and practical guidance for enterprises to formulate effective social media marketing strategies, and also provides a new direction for future related research.

1. Introduction

With the rapid development of Internet technology and the widespread use of smart mobile devices, social media has been integrated into People's Daily life and become an indispensable part. The 49th report released by the China Internet Network Information Center (CNNIC) shows that the number of Internet users in China reached 1.032 billion by December 2021, with an Internet penetration rate of 73.0 percent. In such an environment, social media advertising has gradually emerged as a new marketing method, which has had an impact on traditional advertising models and consumer behavior.

Social media advertising refers to various forms of advertising published on social platforms, including graphic, video and live broadcast, etc. Compared with traditional advertising, this kind of advertising can accurately target users, have stronger interaction and faster transmission, and can better meet the personalized needs of consumers, thereby improving the advertising effect. Data from IIMedia Consulting shows that the size of China's social advertising market in 2021 will be 1180 500 million yuan, an increase of 27.4 percent from the previous year, by 2023, the scale is expected to exceed 200 billion yuan.

The rapid development of social media advertising has caused many challenges. In the context of information explosion, it is difficult to attract consumers' attention, improve AD conversion rate and coordinate user experience and advertising effectiveness, which have become important issues that enterprises and marketers must face. In addition, there are new features in the purchasing decision-making process of consumers in social media, which require further research and analysis. This study focuses on how social media advertisements affect consumers' purchasing decisions, analyzes the characteristics and development of social media advertisements, and further discusses the specific process of consumers' purchasing decisions. At the same time, it studies the mechanism of advertising on consumers' attitudes and behaviors, so as to provide theoretical support and practical reference for enterprises to formulate social media marketing strategies.

2. The characteristics and development of social media advertising

2.1 Definition and types of social media advertising

Social media advertising is a paid information dissemination activity carried out on social network platforms with the purpose of influencing users' attitudes and behaviors. This form of advertising is an important part of digital marketing, and with the help of the characteristics of social media platforms, it can achieve precise targeting, interactive communication and viral spread. Compared with traditional advertising, it puts more emphasis on user experience and sense of participation, and achieves marketing goals through content marketing and social interaction.

Based on form and content, social media advertising can be divided into the following main types:

① Information flow ads appear in the user's information flow in the form of graphics or videos, such as the ads of Weibo and wechat moments. This form of advertising is naturally combined with the user's browsing content to improve the touch effect.

Display ads cover banner ads and pop-up ads and other forms, which are generally fixed in specific locations on social platforms.

3. Social interactive advertising is a form of advertising that encourages users to engage, share and comment. For example, topic challenges and interactive games are examples of this type of advertising.

④ KOL/ influencer marketing: Product promotion through social media opinion leaders or influencers.

⑤ Live advertising: products are displayed and sold in live broadcast rooms on social platforms.

Enterprises can find the most suitable marketing method through these different types of social media advertising. There are various forms of advertising, which can be selected[4] according to product characteristics and target audience.

2.2 Development history of social media advertising

The rise and evolution of social media platforms have promoted the development of social media advertising, which can be roughly divided into several stages.

The embryonic period from 2004 to 2007 was dominated by early social networking platforms such as Facebook and LinkedIn, which began experimenting with simple banner ads as well as text-link ads.

The rapid development stage from 2008 to 2012 saw the rapid rise of platforms such as Twitter and Weibo, which promoted the diversification of forms of social media advertising. During this period, new forms of advertising such as keyword advertising and interest-oriented advertising appeared one after another.

The period from 2013 to 2016 was the key stage of mobile transformation. The widespread use of smart phones promoted the gradual development of social media to mobile terminals. During this period, mobile ads took the dominant position and short video ads also began to emerge[9].

Since 2017, it has been a period of fine operation. Advertising has become more accurate due to the use of big data and artificial intelligence technology, and personalized recommendation algorithms have been continuously optimized. Meanwhile, live streaming e-commerce and social e-commerce models have emerged and prospered rapidly.

In the process of development, social media advertising has gradually changed from a single display advertisement to a variety of forms including content marketing, interactive marketing and precision delivery, which has made it an important core part[5] of digital marketing.
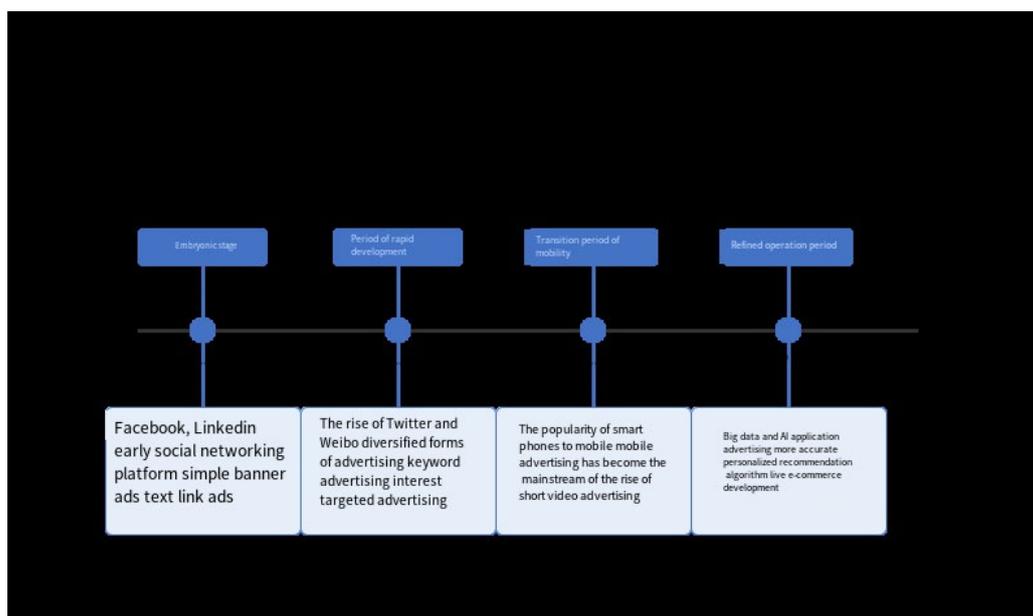

Figure 1 The evolution of social media advertising

2.3 Advantages and challenges of social media advertising

There are obvious benefits to social media advertising over traditional advertising, but there are also some difficulties. The following table lists the key advantages and problems of social media advertising:

Table 1. Advantages and Challenges of social media advertising

Advantages	Challenge
Precise orientation	User privacy protection
Highly interactive	AD fatigue and repulsion
Real-time feedback	ROI measurement difficulty
Go viral	Risk of platform policy changes
Low cost high efficiency	Content quality control
Data analysis support	AD fraud problem

Social media advertising occupies an important position in the marketing strategy of enterprises. It can accurately target the target audience and pass advertising information to potential consumers, thus improving the advertising effect. Through the highly interactive direct communication between brands and users, the distance between them[13] is narrowed and the affinity is enhanced.

Social media advertising faces many challenges. Users pay more and more attention to privacy protection, and too precise delivery is easy to cause aversion. Advertisers need to constantly update content and form to cope with users' fatigue and resistance to advertising. These issues have put forward higher requirements[6] for enterprises.

3. Consumer purchase decision-making process analysis

3.1 Theoretical model of consumer purchase decision

The process of consumer purchase decision refers to the whole process from the generation of demand to the completion of purchase. The traditional theoretical model includes five stages, namely demand identification, information search, program evaluation, purchase decision and post-purchase behavior. This model, proposed by Philip Kotler and other scholars, has been widely used in the study of consumer behavior.

In the demand identification stage, consumers will perceive the difference between their needs and the current situation, so as to stimulate the purchase motivation. After entering the information search stage, consumers obtain the product information related to their needs by active or passive means. In the scheme evaluation stage, consumers compare the advantages and disadvantages of different products according to the collected information, and then form the purchase tendency. In the purchase decision stage, consumers determine the final choice according to the previous evaluation results. Finally, in the post-purchase behavior stage, consumers will have a satisfaction evaluation after using the product, which will have an impact on the subsequent purchase behavior.

With the continuous development of social media, the traditional linear purchasing decision model has been unable to fully explain the complex behaviors of consumers in the digital environment. McKinsey & Company has come up with a more current model of the consumer decision process that includes consideration, evaluation, purchase, experience, and advocacy. These processes form a cycle that highlights the dynamic and ongoing nature[16] of consumer decision making.

In a social media environment where the purchasing decision process is complex and non-linear, these platforms provide a wealth of information and interaction opportunities, and consumers can quickly access information, seek advice or adjust their choices at every stage of the decision making process.
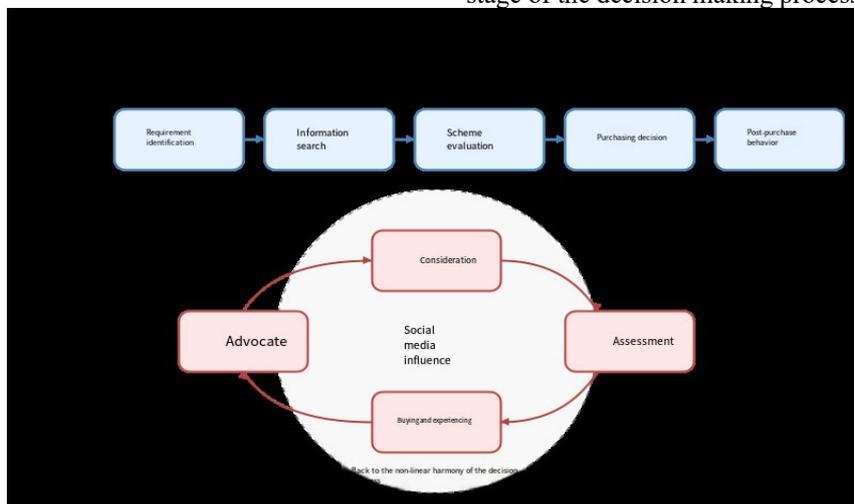

Figure 2. These platforms provide a wealth of information and interaction opportunities

3.2 Characteristics of purchasing decisions in the social media environment

The social media environment has changed the purchasing decision-making process of consumers, and the new characteristics reflect its profound impact on consumer behavior. The table lists the main characteristics[17] of purchasing decision-making under social media.

Table 2. Features of purchase decision under social media environment

Features	Description
Easy access to information	Consumers can quickly access a large amount of product information and user reviews
The decision-making process is fragmented	Purchasing decisions may be made in fragmented time and are no longer limited to fixed scenarios
Socializing influences are enhanced	Social factors such as recommendations from friends and online celebrities have a significant impact on decision making
Immediate demand satisfaction	The development of social e-commerce has greatly shortened the time from the generation of demand to the completion of purchase
Multi-channel interaction and integration	The line between online and offline channels is blurred, and consumers can switch freely between different channels
Personalized experience enhancement	Personalized recommendations based on user data enhance the shopping experience

As a result, the process of consumers' purchase decision-making has become more complex and dynamic. Convenient information acquisition and enhanced social influence make consumers more susceptible to external factors when making decisions.

3.3 Key factors that influence consumers' purchasing decisions

In the social media environment, the factors that affect consumers' purchase decision are more diverse and complex. After analyzing the effect of social media advertising on consumer behavior, several important factors can be found, including:

The quality of advertising content is very important. Creative and high-quality advertisements are more likely to attract consumers' attention, and can also enhance brand memory. Whether the content is relevant and valuable will directly affect consumers' participation and conversion.

Social proof has a significant impact on consumer decision making, including user comments, likes and shares. Positive social proof can enhance consumers' trust[3] in products.

The recommendation of opinion leaders has a significant guiding effect on fans' purchase decisions. Consumers are more willing to trust the Kols and Internet celebrities they follow. The influence of key opinion leaders is stronger, and fans are easy to be driven by their suggestions.

Personalized push: Advertising content customized according to users' behaviors and interests can improve the relevance and effect of advertising, and thus enhance consumers' purchase intention.

Social media ads offer interactive opportunities, such as live interactions and AR trials, that can deepen consumer understanding and interest in a product.

Social media ads can be targeted according to the user's immediate needs and specific context, which can improve the effectiveness of advertising conversion.

Brand image is very important on social media, it will influence consumers' purchase decision, good brand image can make consumers feel more comfortable to buy products.

Social networks have a direct effect on consumer decision-making. Discussions and recommendations in circle of friends and social groups change people's consumption choices. The effect of word-of-mouth marketing is further amplified through social media.

Consumers' purchase decisions in the social media environment are jointly affected by a variety of factors, which interact with each other. Enterprises need to fully consider these factors when formulating social media advertising strategies, so as to improve advertising effectiveness and consumer conversion[15] rate.

Different types of products and services are affected by these factors to different degrees. For example, in high-engagement products, consumers pay more attention to detailed information and professional evaluation, while impulsive purchasing products rely more on social proof and timeliness factors. Enterprises should design appropriate social media advertising strategies based on their product characteristics and target audience.

4. The influence mechanism of social media advertising on consumers' purchasing decisions

4.1 Information acquisition and demand identification

In the era of digital marketing, social media advertising has become a key way for consumers to obtain product information and clarify their needs. Data from China Internet Network Information Center (CNNIC) shows that as of December 2022, the number of Internet users in China has reached 1.067 billion, of which 95.3% of users use social media. Such a large user group provides a broad audience base for social media advertising.

Social media advertising relies on accurate algorithms and personalized display to deliver product information to potential consumers. The platform can push advertisements that meet the interests of users according to their browsing history, search history and social

interaction. This way realizes targeted delivery, which not only improves the reach effect of advertisements, but also gives consumers more opportunities to contact relevant product information.

Social media advertising has the function of interaction and sharing, which enables consumers to participate more actively in information acquisition, users through comments, likes or forward and other ways, in-depth understanding of product features, and spread relevant information in the social circle, this mode of communication not only broadens the coverage of advertising, but also stimulates the potential demand[11] of consumers.

4.2 Brand awareness and attitude formation

Social media advertising plays an important role in shaping brand image and consumer attitudes. According to the report of iResearch, China's social advertising market will reach 237.68 billion yuan in 2022, an increase of 15.2% compared with the previous year. Such growth shows that enterprises are paying more and more attention to the role of social media advertising in brand building.

Brands can display the characteristics of products, corporate culture and social responsibility through social media advertisements. For example, video advertisements can directly present the use scenario of products, and graphic advertisements can specify the advantages of products. Such information display mode can enable consumers to better understand the brand and form an initial impression.

The interactive nature of social media advertising allows brands and consumers to establish a closer bond. By responding to user comments and holding online events, brands show their humanized characteristics and enhance the closeness of consumers. Such interaction not only enhances the brand image, but also encourages consumers to form a positive view of the brand.

4.3 Comparative evaluation and purchase intention

When consumers make purchasing decisions, social media advertising facilitates product comparison and evaluation. According to PWC's Global Consumer Insights 2022 Survey,64 percent of Chinese consumers will use social media platforms to research and compare products. The results show that social media advertising plays an important role in consumer decision making.

Social media advertisements generally show specific information of products, such as price, functions and feelings, which provide a basis for consumers to compare different products. Meanwhile, many social media platforms have added user evaluation and rating functions, so that consumers can check the feedback of users. Through this kind of multi-faceted information summary, consumers' decision-making process becomes more efficient.

The personalized recommendation function of social media advertisements has an impact on consumers' purchase intention. By analyzing users' browsing history and purchasing habits, the platform can recommend products that are more in line with their needs and preferences. In this way, the conversion rate of advertisements is improved, and consumers' purchase intention is also enhanced[1].

4.4 Post-purchase behavior and word-of-mouth communication

Social media advertising not only influences consumers' purchase decisions, but also plays a key role in post-purchase behavior and word-of-mouth communication. According to McKinsey & Company's 2022 survey,78% of Chinese consumers will share their shopping experience through social media, which indicates that social media's role in consumers' post-purchase behavior cannot be ignored.

After purchasing goods, consumers usually share their feelings and comments on social media. These user-generated content provide references for potential buyers, and also bring important feedback information to enterprises. Many companies take the initiative to pay attention to and respond to these reviews in order to improve customer satisfaction and brand reputation[2].

Social media advertising provides an opportunity for brands to continuously engage with users. Through advertising content, such as follow-up care services and membership campaigns, brands can stay connected to consumers and increase customer loyalty. This type of long-term engagement can drive repeat purchases and help spread positive word of mouth.

The sharing function of social media makes it easy for consumers to recommend products to their social circle, which is built on trust relationships and usually has high credibility and influence, thus becoming a key channel[10] for brand word-of-mouth marketing.

5. Conclusion

The mechanism of social media advertising's influence on consumers' purchasing decision is the focus of this study. The research shows that consumers' purchasing behavior is fully influenced by social media advertising, which is reflected in multiple aspects, including information transmission, brand building, comparative evaluation and post-purchase interaction. Social media advertising plays a multi-faceted role in consumers' decision-making process.

Social media advertising is an important way of information acquisition and demand identification. Through precise push and interactive sharing, it improves consumers' cognition and interest in products. In terms of brand cognition and attitude formation, advertising creates a more three-dimensional and approachable brand image with the help of diversified content and interactive forms. In the process of comparison and evaluation, advertisements provide consumers with a large amount of product information and user evaluations to help them make rational choices. After the purchase is completed, advertising promotes the sharing of user experience and word-of-mouth dissemination, building a virtuous marketing cycle.

Social media advertising plays an important role in the consumption decision-making process, becoming a key

link between brands and consumers. The continuous progress of technology and the continuous deepening of user needs will promote the development of social media advertising in a more intelligent and personalized direction, providing consumers with more accurate and valuable information services. Companies need to pay more attention to the formulation of advertising strategies and align business objectives with user experience to achieve long-term marketing results.

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