

How Does Digital Marketing Influence Consumer Purchasing Decisions?

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Date of Submission: 20-01-2025

Date of Acceptance: 30-01-2025

“Digital marketing is the use of websites, apps, mobile devices, social media, search engines, and other digital means to promote and sell products and services” (Investopedia).

Digital marketing started to become popular with the widespread adoption of the internet in the 1990s. Traditional and digital marketing strategies are frequently combined by businesses and digital Marketing is frequently seen as an extra means for businesses to interact with customers and comprehend their behavior.

Digital marketing is an essential tool for businesses looking to connect with their target audience and increase customer engagement. A thorough understanding of digital marketing requires familiarity with various strategies and techniques used to promote products or services online.

These strategies may include search engine optimization (SEO), social media marketing, email marketing, and content marketing. Businesses that successfully implement these methods reach a larger audience while also improving brand visibility and conversions.

Digital marketing has revolutionized the way consumers behave in today’s world. From increased accessibility to personalized advertising, online reviews, and social media influence, the impact is undeniable. “North American and European Companies Allocated 9.1% of Their Total Revenue to Marketing in 2023. Seeing that digital marketing actually works, most chief marketing officers (CMOs) in North America and Europe are planning to increase their budgets for social media advertising, online videos, and influencer marketing” (Mauladhika, 2024).

In this paper, we’ll uncover the role of digital marketing in consumer decision-making, key digital marketing strategies adopted by marketers and their impact and the road ahead for digital marketing.

I. The Role Of Digital Marketing In Consumer Decision-Making

Access to Information

Digital marketing can help businesses build brand awareness and recognition. This is important for businesses that want to attract new customers and grow their business. Consumers can now gather all of the necessary information and compare brands before making an informed decision and purchasing the appropriate item. The consumer's decision on which product to purchase is heavily influenced by all of the information they discover while researching the product. This makes it critical for brands and businesses to have a strong online presence, as consumers will judge them based on it.

A brand's online presence can communicate its message more clearly and accurately because the business controls the information posted online. But at the same time, other than what a brand communicates about itself, online reviews by its customers are also highly important in framing a brand’s reputation. “Today, 95% of shoppers read reviews before making a purchase. And it does not matter to consumers that these reviews are from complete strangers. They trust the reviews more than they trust what brands themselves are saying. That’s why, consumers, not brands, are more responsible now for shaping the perception of a brand, says Chris Campbell, CEO of ReviewTrackers. These online reviews have become so important that 94 percent of people have avoided a business because of a negative online review, the company’s research shows” (ESW, 2022).

Consumers are also more price sensitive and do comparison shopping. They have the ease of comparing prices and products online from a wide range available, they look for discounts on different websites and read product reviews. It influences consumer decision-making and expenditure.

This has an impact on consumer behaviour because brand presence is now a collection of associations formed by consumers after interacting with a company, by getting to know its values, products, and ideals.

An online presence is also a means to communicate directly with costumers, this translates to a one-on-one communication medium with both happy and dissatisfied customers.

The combination of global reach and visibility is a great opportunity for any business. Traditional marketing is restricted by geography and creating an international marketing campaign can be hard, expensive, as well as labor-intensive. However, digital marketing happens on the Internet, which means that the reach a company can achieve with it is immense. Even a very small local business owner has the ability to reach an international audience with an online store.

Personalisation

Consumers value tailored experiences. Personalization in digital marketing includes using data to deliver content, product recommendations, and offers that are tailored to individual preferences. “Using customers’ names in email copy is the most common strategy marketers use to personalize their marketing emails” (MailJet, 2023).

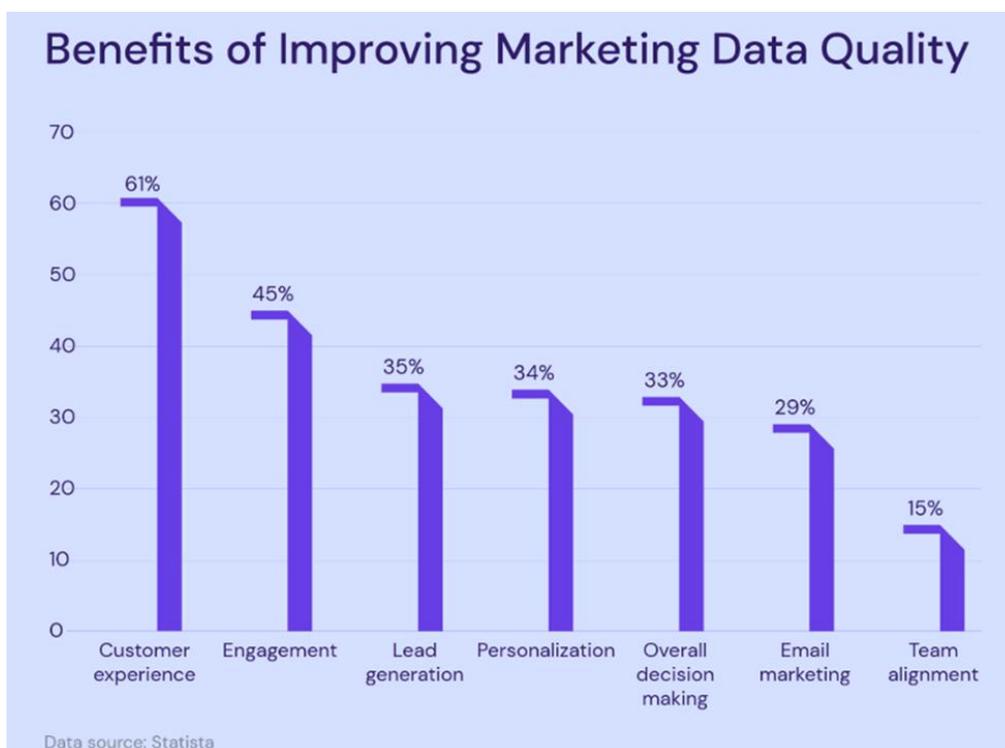
Companies use data collection tools like website cookies, surveys, and user profiles and use the information collected to segment their audience and deliver personalised content and recommendations. “A personalized landing page can make Pay-Per-Click (PPC) ad campaigns 5% more effective” (Ranktracker, 2022).

Now, consumers prefer personalised experience while shopping, which is seamless and convenient on different devices and at all stages of the buying process. “People are 40% more likely to spend more than they’d planned if their experience is personalised” (ESW, 2022).

For example, GOAT, a mobile sneaker marketplace lets its users create wish lists. The app sends the users a push notification, when their wish listed sneakers go on sale, or the price drops into the shopper’s target price range. This way the company has created a personalised experience that is driving business. The company now has more than 7 million users globally.

Artificial intelligence (AI) is a game changer for personalization. AI algorithms can analyse massive amounts of data to provide hyper-personalised recommendations, thereby increasing customer engagement and loyalty. Digital marketing enables brands to promote their products at the optimal time and location, where consumers are most likely to make spontaneous or impulsive purchases. Brands use deals, discounts, and special offers to entice customers to purchase their products. “Improved targeting is the main benefit of marketing automation. More than half of marketers (60%) believed improved targeting is the leading advantage of marketing automation. 41% mentioned higher efficiency and ROI, while 39% said better customer experiences” (Hostinger, 2024).

In the age of digital marketing, companies leverage improved marketing data to provide better customer experience and hence influence buying behavior as well. The following graph depicts benefits of improving marketing data quality.



Leading E-commerce companies invest in the right tools, partnerships, and capabilities to build an internal 360-degree view of consumers to meet shoppers’ increased demand for personalization. “Companies can aggregate transaction data, media exposure and interaction data, website activity, first-party data, and additional data sets to link a consumer ID across multiple different data systems. With this information, organizations can take chronological views of consumers’ engagement to build a fully automated, repeatable, scalable methodology to identify future activation opportunities in a personalized way. This approach can capture meaningful business value: for example, a food company recently improved its return on digital advertising spending more than 40 percent by targeting look-alike audiences using first-party data” (Chapple, 2022).

Key Digital Marketing Strategies and Their Impact

Social Media

“With more than 5 billion active user accounts, social media is a goldmine for brands to engage with a wider audience” (Mauladhika, 2024). Social media is a powerful tool for building brand awareness, engaging with customers, and driving website traffic. A strong social media presence is essential in today's digital landscape.

Social media platforms are among the most visited websites in the world, making them powerful tools for businesses to increase visibility and drive sales. “Over the past couple years, Instagram, Facebook, and TikTok have grown into more than just social media platforms — now they’re also hubs for social commerce. In fact, Insider Intelligence estimates that 110.4 million people will shop via social channels in 2024” (BigCommerce, 2024).

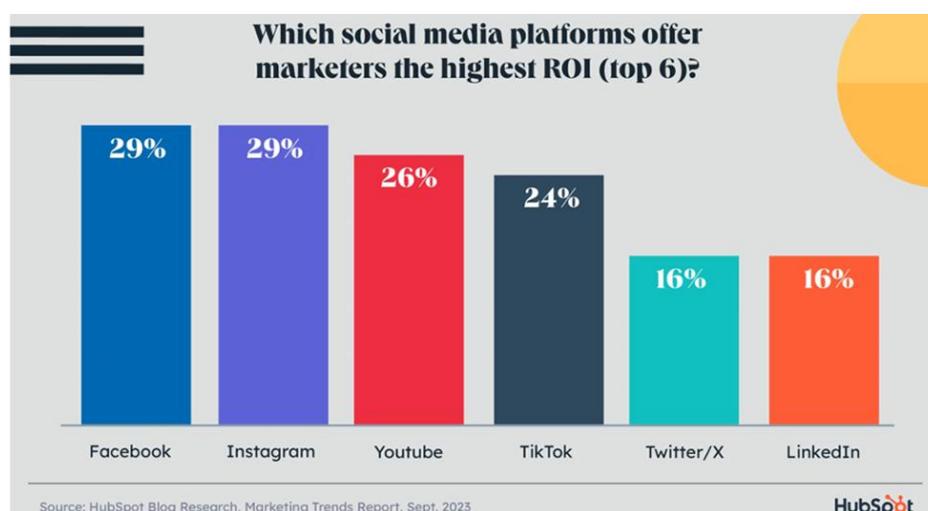
Organisations leverage social media platforms for brand visibility and engagement, they go for influencer endorsements, celebrity marketing to build brand awareness and consumer trust to drive purchasing decisions positively. “Facebook is the most popular social media platform marketers used in 2023, and marketers report that it has a better ROI than every other platform” (HubSpot State of Marketing Report, 2023). “89% of B2B marketers use LinkedIn for lead generation, and 62% say it produces leads for them effectively” (Sprout Social, 2023). “When people are exposed to brand messages on LinkedIn, they are six times more likely to convert” (LinkedIn, 2023).

Social media is also transforming eCommerce, with different platforms catering to distinct generational preferences. The line between social media and e-commerce is blurring, with platforms like Instagram, Facebook and Pinterest integrating in-app shopping features. This development allows consumers to purchase products directly from their social media feeds, creating a seamless browsing-to-purchase experience. “In 2023, 46% of respondents reported purchasing via Facebook, securing its position as the leading social commerce platform. TikTok follows closely at 26%, leveraging its short-form video content to boost product discovery. Instagram, popular among Millennials and Gen Z, ranks third with 21%, while Pinterest captures 16% of social shoppers” (Hostinger, 2023).

While social media advertising is still very effective, the trend shows that millennials trust the opinions of influencers more these days. “Nearly 50% of Millennials Find Influencer Recommendations More Engaging Than Regular Ads. 45% even said that they are more likely to buy products recommended by influencers” (Hostinger, 2024). This highlights that brands working with well-known content creators and influencers on platforms like Instagram and TikTok are able to tap into higher brand awareness, user engagement, and product sales.

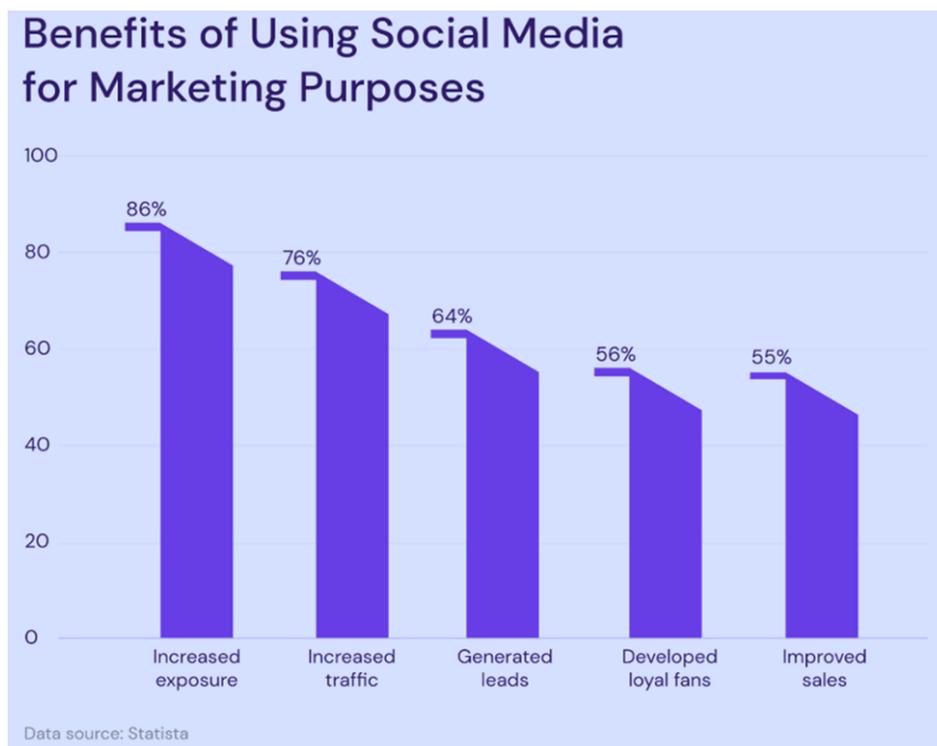
In addition, social commerce has a low barrier, allowing small online businesses also to get a level playing field by marketing on social media handles to targeted customers in a cost-effective manner.

Social media marketing offers clear benefits for businesses, as highlighted by recent surveys. “During a 2024 survey among marketers worldwide, approximately 83 percent selected increased exposure as a benefit of social media marketing. Increased traffic followed, mentioned by 73 percent of the respondents, while 65 percent cited generated leads” (Statista Research Department, 2024).



Different social media platforms provide varying levels of return on investment (ROI) for marketers, as shown in the graph below.

There are various benefits reaped by companies which use social media for as part of their digital marketing strategies. The following graph depicts the same.



“86% of marketing professionals saw social media as a key tool in improving brand exposure, while 76% believed it has helped them increase site traffic. Marketers also employ social media to generate leads (64%), build a loyal fan base (56%), and boost sales (55%)” (Hostinger, 2024).

Search Engine Optimization (SEO)

SEO focuses on optimizing a website's content and structure to improve its visibility and ranking on search engine results pages. It helps drive organic traffic and improve brand visibility. “Marketers use a search engine optimization (SEO) strategy to make their content stand out on the search engine results page (SERP). When done properly, SEO helps your business site rank higher on Google, which in turn will bring more organic traffic and, ultimately, sales” (Mauladhika, 2024)

Search engine optimization (SEO) allows companies to analyze and improve how consumers discover information about them and their competitors online. “Before Buying, 59% of Online Shoppers Use Google to Find Reviews. According to the latest eCommerce statistics, Google is the go-to platform for most online shoppers when it comes to finding authentic reviews of a product or service” (Hostinger, 2024).

By implementing effective SEO strategies, businesses can increase their website's visibility, attract relevant traffic, and enhance their overall online presence. “During a 2023 survey, half of interviewed marketing professionals stated search engine optimization (SEO) had a large positive impact on marketing performance and goals in their organizations in 2022. More than four in 5 respondents noticed positive impact in general” (Statista Research Department, 2023).

“80% of Gen Z, 62% of millennials, 66% of Gen X, 35% of Boomers, and 52% of the general population primarily use mobile search” (HubSpot State of Marketing Report, 2023). This highlights the growing necessity for businesses to optimize their content for mobile users to effectively reach their audience.

Appearing on the first page of search results is critical for influencing buyer choices. Studies show that the majority of users rarely scroll beyond the first page, with the top-ranking results capturing a huge share of clicks. “Ranking First on Google Means Generating 39.8% of All Organic Clicks. Featured snippets get an even higher share of the traffic, with an average click-through rate (CTR) of 42.9%. For the second and third positions, the number drops significantly to 18.7% and 10.2%, respectively” (Hostinger, 2024).

Video Marketing

The human brain is designed to process visual information faster than text, which is why videos are so effective in capturing the audience's attention. Video marketing impacts purchasing behaviour by engaging audiences visually and emotionally, making complex information easier to understand. Videos showcase products, tell compelling stories, and build trust, influencing consumer decisions. The following graph depicts the types of video content that marketing teams invest in for best results.



According to Vidyard, the top three most invested types of videos are product demos, explainers, and recorded webinars.

YouTube is the most popular video marketing channel. “As expected, around 90% of companies use YouTube to promote their video content. Facebook comes second with 86% of brands utilizing it, followed by Instagram (79%) and LinkedIn (79%). Surprisingly, major video platforms like TikTok and Snapchat have a lower percentage than one might expect, used by only 35% and 13% of brands” (Hostinger, 2024).

Short-Form Videos Bring the Highest Engagement and Return on Investment. With the ever-growing popularity of YouTube Shorts, Instagram Reels, and TikTok, consumers are constantly exposed to short-form video content. If a company is looking to boost engagement, short videos serve as the best video format for video marketing.

“39% of marketers agreed that one-minute videos bring the highest engagement and ROI. In contrast, only 16% believed that videos with a duration of three minutes or longer would perform better” (Hostinger, 2024).

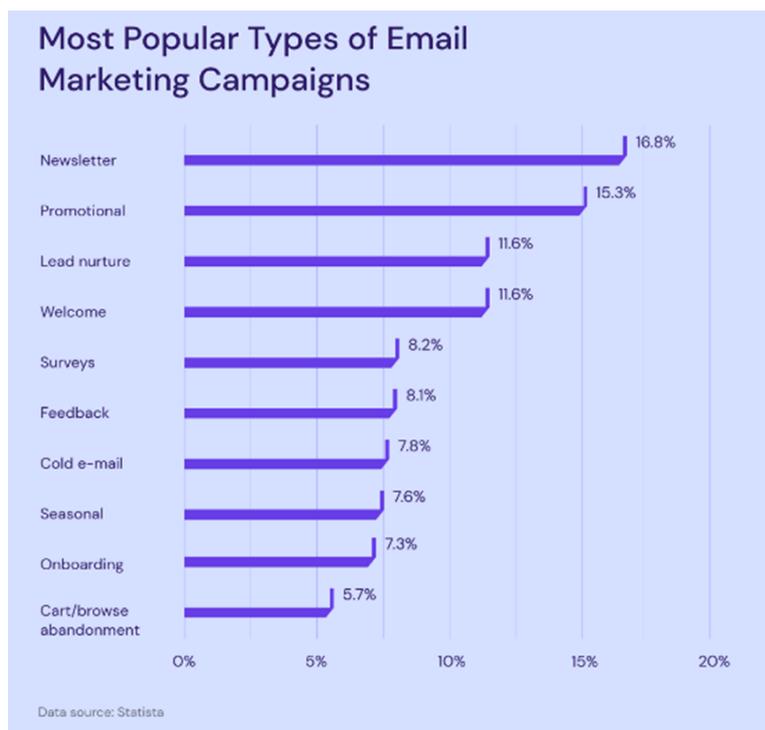
Email Marketing and Retargeting:

“Customers worldwide are increasingly relying on email as a primary communication channel, both for personal and professional purposes. Email offers convenience, accessibility, and the ability to easily organize and search for information. As a result, customers are more receptive to email advertising compared to other forms of advertising, such as print or television. Additionally, the rise of mobile devices has made it even easier for customers to access and engage with email advertisements on the go” (Alda,2024).

Email Marketing is still one of the most effective strategies to build long-term relationships with the existing audience. “The number of email users consistently increased each year from 2017 to 2022, and it’s set to grow to 4.73 billion users by 2026” (Mauladhika, 2024). Having a business email account will also make a brand look more professional. Email marketing significantly influences purchasing behaviour by delivering personalized messages directly to a consumer’s inbox. It nurtures leads, promotes offers, and provides tailored recommendations, encouraging engagement and repeat purchases.

Automation Is More Common in Email Marketing Than Social Media and Content Management. “58% of marketing decision-makers use automation in their email campaigns – this is higher than both social media management (49%) and content management (33%)” (Hostinger, 2024). Automation helps marketers can send emails based on a predetermined schedule, ensuring timely delivery without the need for manual intervention. “Automation actually brings positive results, as around 33% of recipients who opened automated emails ended up making a purchase” (Mauladhika, 2024). With a high return on investment (ROI), email marketing remains one of the most effective tools for converting prospects into loyal customers.

The following graph depicts the marketing campaigns adopted by companies using email marketing, suggesting the type of campaigns customers are more receptive to.



“Newsletters were used by 16.8% of marketers, followed by promotional content (15.3%), lead nurture campaigns (11.6%), and welcome emails (11.6%). The least popular type of email marketing was cart abandonment message, with only 5.7% of professionals using it” (Statista, 2023).

Content Marketing

Content marketing involves creating and distributing valuable, relevant, and consistent content to attract and retain a specific audience. It can be in the form of blog posts, articles, videos, infographics, or podcasts and helps build brand authority and nurture customer relationships. Content marketing, as a digital marketing strategy, influences purchasing behaviour by providing valuable, relevant, and engaging information tailored to consumer needs. “For small business owners with a limited budget, content marketing serves as the more affordable strategy to drive website traffic. Although the results won’t come as easy and fast as search advertising, your effort will pay dividends in the long run” (Mauladhika, 2024). The following graph depicts goals achieved by B2B marketers through content marketing which highlights its importance in driving customer behaviour.



According to data from Statista, around 84% of B2B Marketers Successfully Created Brand Awareness Through Content Marketing, 76% successfully created demand generation, and 58% have encountered sales boost. With the right content marketing strategy, B2B marketers were also able to increase customer loyalty (50%), grow a subscriber list (40%), and reduce customer support costs (10%).

“Blog Is the Most Popular Content Format. A whopping 76% of marketers use blog posts to distribute content. In terms of results, 10% said that blog content brings the best ROI, with 36% agreeing that it performs better than case studies, webinars, infographics, eBooks, and podcasts” (Hostinger, 2024). Therefore, content marketing is a useful digital marketing tool influencing purchasing behaviour as 58% marketers have received a sales boost.

Customer research, community building, and content quality improvement are areas which are highly focused on for content marketing to increase website traffic, ensure customer satisfaction and retention. Effective content not only educates potential customers but also fosters emotional connections, encouraging them to choose a brand over competitors. “Marketers want to focus more on generating high-converting traffic through guest blogging on authoritative sites, building an email list, and engaging with the target audience on social media platforms like LinkedIn, Reddit, and Quora” (Mauladhika, 2024).

Road Ahead

As digital marketing continues to evolve, businesses must prepare for emerging trends and technologies that will shape the future of consumer engagement. “To stay competitive, I believe marketers need to embrace emerging technologies, prioritize personalization and adapt to shifts in consumer behaviour. AI, voice search, AR and video will dominate digital marketing in 2025, while data privacy and sustainability will become essential for shaping customer relationships” (Bansal, 2024).

Artificial intelligence (AI) and machine learning will play a critical role in delivering hyper-personalized marketing experiences. By analysing vast amounts of data in real time, AI can help brands anticipate consumer needs and refine strategies to boost conversion rates. “In the near term, we can expect to see a few focus areas: AI will improve the individual’s shopping experience by leveraging data to improve personalization and customer service. It will provide services similar to what a consumer expects when they interact with a real-life salesperson. For example, generative AI will help buyers find products, answer their questions, complete orders, and process refunds” (Stabler, 2024).

Moreover, the increasing adoption of augmented reality (AR) and virtual reality (VR) is set to revolutionize how consumers interact with products online. These immersive technologies enable potential buyers to experience products virtually before purchasing. “Major brands like IKEA and Sephora have already implemented AR. IKEA’s AR app allows users to view furniture in their own space, while Sephora’s AR technology lets users experiment with virtual makeup try-ons. These applications are reshaping customer expectations and proving AR’s utility across retail sectors” (Bansal, 2024). For example, fashion and beauty brands could experiment with virtual try-ons, while real estate companies could benefit from virtual property tours. Early adoption can boost customer engagement and set brands apart in competitive markets.

Sustainability and social responsibility are also becoming key factors in consumer decision-making. As consumers grow more aware of environmental and ethical issues, businesses must align their digital marketing efforts and their company’s practices with these values.

The most successful brands combine innovation and authenticity, creating meaningful and personalized experiences that resonate with their customers. Staying ahead of these trends would allow digital marketers to create impactful campaigns that not only boost sales but also foster long-term connections with their customers.

II. Conclusion

The development of digital marketing has immensely altered the marketing space. It has given all organisations a chance to market and advertise their brand on a global platform, majorly growing their possible target audience.

Digital marketing has fundamentally transformed consumer behaviour and the ways businesses engage with their audience. “The world has gone digital, and the impact of digital technology on consumer decision-making cannot be overstated. With the advent of smartphones, social media, and e-commerce platforms, consumers have access to more information, products, and services than ever before. As a result, digital trends are having a significant influence on consumer decision-making” (Lerena, 2023). Strategies like SEO, social media, email marketing, video content driven by personalization and brand awareness are not only enhancing brand visibility but are also driving informed and emotionally connected purchasing decisions.

“The key to successful marketing has always been about connecting with the target audience in the right place, at the right time” (Duggal, 2024). The growing reliance on digital channels underscores the importance of adapting to consumer preferences, leveraging data-driven insights, and creating authentic, value-driven

experiences. By effectively integrating these digital marketing strategies, businesses can not only boost sales but also foster long-term customer relationships in an increasingly competitive landscape.

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