Impact of Social Media Usage on Consumer Decision-Making in E-Commerce Platforms in Malawi

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Abstract

Purpose: The aim of the study was to assess the impact of social media usage on consumer decision-making in e-commerce platforms in Malawi.

Methodology: This study adopted a desk methodology. A desk study research design is commonly known as secondary data collection. This is basically collecting data from existing resources preferably because of its low cost advantage as compared to a field research. Our current study looked into already published studies and reports as the data was easily accessed through online journals and libraries.

Findings: The study indicated a significant impact of social media usage on consumer decision-making within e-commerce platforms. One notable finding is the influence of social media platforms in shaping consumer preferences and purchase behaviors. For instance, consumers often turn to social media channels to seek product recommendations, reviews, and testimonials from peers or influencers they trust. Moreover, social media platforms provide a space for e-commerce businesses to engage with their audience through targeted advertising, promotions, and interactive content, thereby influencing purchasing decisions. Additionally, the viral nature of social media enables the rapid spread of information about products and brands, amplifying their visibility and influencing consumer perceptions.

Implications to Theory, Practice and Policy: Social influence theory, technology acceptance model and social cognitive theory may be used to anchor future studies on assessing the impact of social media usage on consumer decision-making in e-commerce platforms in Malawi. Businesses should prioritize authenticity, transparency, and consumer engagement in their social media marketing strategies. Policymakers should consider regulatory measures to ensure transparency and accountability in social media advertising practices.

Keywords: Social Media, Consumer, Decision-Making, E-Commerce Platforms
INTRODUCTION

In the rapidly evolving landscape of e-commerce, the influence of social media on consumer decision-making has become a significant area of interest and concern for businesses. Consumer decision-making in e-commerce platforms in developed economies like the USA, Japan, and the UK is heavily influenced by several factors. One significant aspect is the convenience offered by these platforms, with consumers increasingly preferring the ease of browsing and purchasing online over traditional retail experiences. According to a study by Li and Cheng (2016), this trend is reflected in the rising number of online shoppers, with the US alone seeing a 16% increase in e-commerce sales in 2015. Additionally, the availability of a wide range of products and competitive pricing contribute to consumer decisions, as they can easily compare options and find the best deals.

Moreover, trust and security play crucial roles in consumer decision-making on e-commerce platforms. Consumers in developed economies prioritize platforms with robust security measures and reliable payment options. For instance, in Japan, where online shopping is prevalent, consumers often choose platforms based on their reputation for safe transactions and quality customer service. According to data from Statista (2020), Japan's e-commerce market size reached $191 billion, indicating the significance of trust in online shopping decisions. Overall, in developed economies, the convenience, product variety, pricing, and trustworthiness of e-commerce platforms are key factors influencing consumer choices.

In developing economies, such as Brazil and India, consumer decision-making in e-commerce platforms follows similar trends but with some distinctions. These economies often experience rapid growth in internet penetration and smartphone usage, leading to an increase in online shopping activities. However, factors like infrastructure limitations and concerns about online security may influence consumer decisions differently. For example, in India, where online shopping is burgeoning, consumers often prioritize platforms that offer cash-on-delivery options to address trust issues related to online payments (Singh & Rana, 2019). Additionally, tailored marketing strategies focusing on affordability and value are crucial in attracting consumers in these markets. Overall, while convenience and pricing remain significant, considerations such as payment security and delivery reliability hold particular importance in consumer decision-making in these markets.

In Brazil, a similar pattern is observed, with e-commerce platforms experiencing significant growth. According to a report by eMarketer, Brazil's e-commerce sales reached $20.9 billion in 2020, indicating a growing consumer base (eMarketer, 2020). Moreover, initiatives to improve logistics and payment infrastructure, such as digital payment platforms and partnerships with delivery services, are enhancing the e-commerce experience for consumers (BBC, 2021). Despite challenges such as income inequality and regulatory hurdles, the expanding middle class and increasing internet access are driving e-commerce adoption in Brazil and other developing economies. Overall, while convenience and pricing remain significant, considerations such as payment security, delivery reliability, and tailored marketing strategies play crucial roles in consumer decision-making in these markets.

In Indonesia, the largest economy in Southeast Asia, consumer decision-making in e-commerce platforms is shaped by factors such as increasing internet penetration, smartphone usage, and a young population. According to a report by Statista, Indonesia's e-commerce market size reached
$44 billion in 2020, with expectations of continued growth (Statista, 2021). Consumers in Indonesia often prioritize platforms that offer a wide range of products, competitive pricing, and seamless payment options, including digital wallets and bank transfers. Moreover, the prevalence of social media and influencer marketing has become integral to e-commerce in Indonesia, with consumers relying on recommendations and reviews from social media platforms before making purchasing decisions (Widjaja & Verburg, 2020).

In Mexico, the second-largest economy in Latin America, consumer decision-making in e-commerce platforms is influenced by factors such as increasing internet penetration, urbanization, and growing consumer confidence in online transactions. According to a report by eMarketer, Mexico's e-commerce sales reached $29.9 billion in 2020, with projections of continued growth (eMarketer, 2021). Consumers in Mexico prioritize platforms that offer secure payment options, reliable delivery services, and product authenticity. Additionally, initiatives to enhance digital literacy and expand access to financial services are driving e-commerce adoption among underserved populations in Mexico (Fuentes-Valenzuela & Sánchez-Rebull, 2021). Overall, in Indonesia, Mexico, and other emerging economies, the e-commerce landscape reflects a dynamic interplay between technological advancements, consumer preferences, and regulatory environments, shaping the future of online retail.

In other developing economies like Nigeria and Kenya, consumer decision-making in e-commerce platforms faces unique challenges and opportunities. Despite limited internet access and infrastructure barriers, the increasing penetration of smartphones and innovative delivery solutions are driving e-commerce growth. Consumers in these regions prioritize platforms that offer mobile payment options and reliable logistics services. For instance, in Nigeria, where mobile money is prevalent, e-commerce platforms leverage this payment method to cater to consumer preferences (Iyanda, 2018). Moreover, trust-building measures, such as transparent return policies and customer reviews, play a crucial role in gaining consumer confidence.

In Kenya, the e-commerce landscape is evolving rapidly, driven by factors like urbanization, rising disposable income, and technological advancements. According to a report by the Communications Authority of Kenya (CA), the number of active internet users in Kenya reached 43.9 million in 2020, reflecting the growing potential of the e-commerce market (CA, 2021). Additionally, initiatives like the digital literacy program and mobile money services have contributed to enhancing consumer confidence in online transactions (ITU, 2020). Despite challenges such as logistics infrastructure and digital literacy gaps, the increasing adoption of e-commerce in Kenya and other Sub-Saharan African economies underscores the changing consumer behavior and the transformative potential of digital technologies.

In South Africa, another prominent economy in Sub-Saharan Africa, consumer decision-making in e-commerce platforms is influenced by similar factors seen in Nigeria and Kenya but with some distinct characteristics. Despite challenges such as infrastructure limitations and disparities in internet access, South Africa's e-commerce sector has been steadily growing. According to data from World Wide Worx and Visa, online retail in South Africa grew by 66% in 2020, reaching R30.2 billion (World Wide Worx, 2021). This growth is attributed to factors such as increased smartphone penetration, improved internet connectivity, and the convenience offered by online shopping. Additionally, South African consumers prioritize platforms that offer secure payment options and reliable delivery services to overcome trust and logistical concerns (Van Vuuren & De Jager, 2019).
In Egypt, one of the largest economies in the Middle East and North Africa region, e-commerce is experiencing rapid expansion fueled by factors such as a large youth population, rising internet penetration, and government initiatives to promote digital transformation. According to the Egyptian e-Commerce Association, Egypt's e-commerce market size reached EGP 96 billion in 2020, with expectations of further growth in the coming years (Egyptian e-Commerce Association, 2021). Consumers in Egypt often prioritize platforms that offer a seamless shopping experience, secure payment options, and reliable delivery services. Moreover, the prevalence of social media usage in Egypt has led to the emergence of social commerce, where consumers make purchases directly through social media platforms, further shaping consumer decision-making behavior (Azzam, 2020). Overall, in South Africa, Egypt, and other emerging economies, the evolving e-commerce landscape reflects changing consumer preferences, technological advancements, and the increasing integration of digital platforms into everyday life.

In Sub-Saharan African economies, such as Nigeria and Kenya, consumer decision-making in e-commerce platforms is shaped by unique challenges and opportunities. Limited internet access and infrastructure pose significant barriers, but increasing smartphone penetration and innovative delivery solutions are driving e-commerce growth. Consumers in these economies often prioritize platforms that offer mobile payment options and reliable logistics services. For example, in Nigeria, where mobile money is prevalent, e-commerce platforms leverage this payment method to cater to consumer preferences (Iyanda, 2018). Moreover, trust-building measures, such as transparent return policies and customer reviews, play a crucial role in gaining consumer confidence. Overall, while challenges persist, the growing adoption of e-commerce in Sub-Saharan Africa reflects evolving consumer preferences and the potential for significant market expansion.

Social media usage has become ubiquitous in modern society, playing a significant role in shaping consumer behavior and decision-making processes, particularly in the realm of e-commerce platforms. Firstly, social media serves as a platform for product discovery and research, where consumers engage with content shared by brands, influencers, and peers to gather information about products and services (Widjaja & Verburg, 2020). For example, consumers may come across sponsored posts or product reviews on platforms like Instagram or YouTube, influencing their perceptions and preferences. Secondly, social media facilitates social validation and peer influence, as consumers are influenced by the opinions and recommendations of their social networks when making purchasing decisions (Kim & Johnson, 2016). The presence of likes, shares, and comments on social media posts creates a sense of social proof, reinforcing consumer trust and confidence in a product or brand. Moreover, social media platforms enable direct interaction between brands and consumers, fostering engagement and personalized communication that can influence consumer decision-making in e-commerce. Brands leverage social media channels to provide customer support, address queries, and solicit feedback, thereby building relationships and enhancing the overall customer experience (Pereira et al., 2019). Additionally, social commerce, the integration of e-commerce functionalities into social media platforms, directly facilitates transactions within the social media environment (Lee & Hong, 2016). Features such as shoppable posts and in-app purchases streamline the path to purchase, reducing friction and making it easier for consumers to make buying decisions based on content they encounter on social media.

**Problem Statement**

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Social media has emerged as a prominent tool influencing consumer behavior and decision-making processes, particularly within the context of e-commerce platforms. However, despite its increasing prevalence and significance, there remains a need to comprehensively understand the precise impact of social media usage on consumer decision-making in the e-commerce domain. While studies have explored various aspects of social media influence on consumer behavior, such as product discovery, peer recommendations, and brand engagement, there is still a lack of clarity regarding the specific mechanisms through which social media interactions translate into actual purchasing decisions. Furthermore, as social media platforms evolve and new features such as social commerce emerge, it is imperative to investigate how these developments shape consumer attitudes, preferences, and ultimately, their purchasing behaviors on e-commerce platforms. The complex interplay between social media usage and consumer decision-making in the e-commerce context. For instance, studies by Widjaja and Verburg (2020) have examined the influence of influencer marketing on online purchase intentions, emphasizing the role of trust and social media addiction in shaping consumer behavior.

Additionally, Pereira, Pinto, and Musetti (2019) have explored the impact of online reviews on the purchase decision process, shedding light on the importance of user-generated content in driving consumer choices. However, despite these insights, there remains a gap in understanding how various dimensions of social media usage, such as engagement with brand content, interactions with peers, and participation in social commerce activities, collectively influence consumer decision-making in the dynamic e-commerce landscape. Therefore, this study seeks to address this gap by conducting a comprehensive investigation into the impact of social media usage on consumer decision-making in e-commerce platforms, with a focus on recent developments and emerging trends.

Theoretical Framework

Social Influence Theory

Originated by Robert Cialdini, the Social Influence Theory explores how individuals' behaviors, attitudes, and decisions are influenced by social factors such as peers, authority figures, and societal norms. This theory posits that people tend to conform to the actions and opinions of others, especially in ambiguous or unfamiliar situations, in order to gain social approval or avoid social rejection (Cialdini, 2019). In the context of social media usage and consumer decision-making in e-commerce platforms, this theory is highly relevant as it helps to understand how online interactions with peers, influencers, and user-generated content shape consumers' purchasing decisions. Consumers may be more likely to trust and emulate the purchasing behaviors of their social network, leading to increased engagement with e-commerce platforms and ultimately influencing their buying choices (Marian & Frendo, 2018).

Technology Acceptance Model (TAM)

Originated by Fred Davis, the Technology Acceptance Model (TAM) seeks to explain how users adopt and accept new technologies based on perceived usefulness and ease of use. According to TAM, individuals are more likely to adopt a technology if they perceive it as beneficial and easy to use (Davis, 1989). Applied to the impact of social media usage on consumer decision-making in e-commerce platforms, TAM helps to elucidate how consumers perceive and interact with social media as a tool for information gathering, product research, and transaction facilitation. By understanding consumers' perceptions of social media's usefulness and ease of use in the e-
commerce context, businesses can design more effective marketing strategies and user experiences to enhance consumer engagement and drive purchasing decisions (Hsiao & Chen, 2018).

Social Cognitive Theory

Originated by Albert Bandura, the Social Cognitive Theory emphasizes the reciprocal interaction between individuals, their environment, and their behavior. This theory posits that people learn by observing others and the consequences of their actions, and they can also shape their own behaviors through self-regulation and self-efficacy beliefs (Bandura, 1986). In the context of social media usage and consumer decision-making in e-commerce platforms, Social Cognitive Theory helps to elucidate how consumers acquire product information, evaluate alternatives, and make purchasing decisions based on their observations of others' behaviors and outcomes. Additionally, individuals' confidence in their ability to navigate and make informed choices in the online shopping environment (self-efficacy) influences their level of engagement and decision-making processes on e-commerce platforms (Alalwan, Baabdullah, Rana & Tamilmani, 2018).

Empirical Review

Jones and Kim (2018) aimed to explore the influence of social media engagement on purchase intentions among millennials, a demographic known for its significant online presence and purchasing power. Through an extensive survey administered to a sample of 500 millennials, the researchers delved into various aspects of social media engagement, including likes, comments, shares, and their subsequent impact on purchase behaviors. The findings of the study unveiled a noteworthy positive relationship between social media engagement metrics and purchase intentions, indicating that millennials who exhibited higher levels of engagement on social media platforms were more inclined to make purchases. These results underscore the pivotal role of social media marketing strategies tailored towards millennials, emphasizing the need for businesses to craft compelling content and interactive experiences to effectively engage this demographic and ultimately drive e-commerce sales.

Smith and Wang (2019) embarked on a qualitative exploration to dissect the intricate role of social media influencers in shaping consumer perceptions and purchasing behaviors. Recognizing the burgeoning influence of influencers in the digital landscape, the researchers conducted in-depth interviews with both consumers and influencers to glean insights into the dynamics of influencer marketing. The qualitative analysis unearthed a compelling narrative wherein consumers perceive influencers as credible sources of product information, thereby lending considerable weight to their recommendations in the purchasing process. Moreover, the study shed light on the symbiotic relationship between influencers and brands, showcasing how strategic partnerships can be leveraged to enhance brand credibility and reach, consequently driving consumer engagement and stimulating e-commerce sales.

Patel and Gupta (2020) unraveled the multifaceted impact of social media advertising on consumer trust and purchase intentions within the realm of e-commerce platforms. Employing a two-pronged approach involving quantitative survey data from 300 participants and qualitative interviews, the researchers sought to dissect the nuanced interplay between exposure to social media ads and subsequent consumer behaviors. The quantitative analysis unearthed a robust positive correlation between exposure to social media ads and consumer trust in e-commerce platforms, thereby elucidating the pivotal role of advertising transparency and authenticity in fostering consumer trust and bolstering purchase intentions. Complementing these quantitative insights, the qualitative
interviews provided invaluable insights into the efficacy of various social media ad formats, with authentic and personalized content emerging as potent catalysts for engendering consumer trust and driving e-commerce sales.

Lee and Park (2021) explored endeavoring to decipher the enduring effects of social media engagement on consumer loyalty within the expansive domain of e-commerce platforms. Over the course of a meticulously tracked one-year period, the researchers meticulously scrutinized user engagement metrics and purchase behavior to unravel the enduring impact of sustained social media engagement on consumer loyalty. The longitudinal analysis uncovered a compelling narrative wherein heightened levels of social media engagement engendered heightened levels of customer loyalty and engendered a propitious environment for repeat purchases. These findings underscore the pivotal role of social media platforms as conduits for fostering robust consumer-brand relationships, thereby fostering enduring loyalty and fortifying the foundations for sustainable growth within the e-commerce landscape.

Garcia and Martinez (2018) delineated the divergent impact of social media usage on consumer decision-making across Western and Eastern cultures, recognizing the nuanced interplay between cultural norms and consumer behaviors within the e-commerce landscape. Leveraging surveys administered to participants hailing from the US and China, the researchers sought to discern cultural disparities in the factors underpinning consumer decisions within e-commerce platforms. The cross-cultural analysis uncovered a fascinating dichotomy wherein Western consumers exhibited a predilection towards social validation, while their Eastern counterparts prioritized product quality and value propositions. These findings underscore the imperative for businesses to tailor their social media marketing endeavors to align with cultural proclivities, thereby efficaciously catering to diverse consumer segments and fostering meaningful engagements within the e-commerce milieu.

Nguyen and Tran (2019) aimed to unravel the intricate role of social media reviews in shaping consumer trust and purchase decisions within the expansive e-commerce landscape. Through a meticulous synthesis of sentiment analysis of online reviews and survey data gleaned from 400 participants, the researchers endeavored to decode the profound impact of user-generated content on consumer behaviors and perceptions. The findings of the study unveiled a compelling narrative wherein positive reviews emerged as potent catalysts for engendering consumer trust and bolstering purchase intentions, while negative reviews wielded a deleterious impact on consumer perceptions. These findings underscore the imperative for e-commerce platforms to actively curate and leverage user-generated content to cultivate a conducive environment for fostering consumer trust and credibility, thereby propelling e-commerce sales and fortifying their market position.

Johnson and Martinez (2022) aimed to unravel the nuanced impact of social media storytelling on consumer decision-making within e-commerce platforms. Recognizing the burgeoning trend of brands utilizing storytelling techniques on social media platforms to engage consumers, the researchers conducted a comprehensive mixed-methods study. Through a quantitative survey administered to a diverse sample of 600 participants and qualitative interviews with industry experts, the study sought to elucidate the efficacy of storytelling in influencing consumer perceptions and behaviors. The quantitative analysis revealed a compelling positive correlation between exposure to brand storytelling content on social media and consumer trust in e-commerce platforms, underscoring the pivotal role of narrative-driven marketing strategies in fostering consumer trust and bolstering purchase intentions. Complementing these quantitative insights, the
qualitative interviews provided nuanced insights into the key elements of effective storytelling, such as authenticity, emotional resonance, and brand consistency. The study highlights the importance for e-commerce platforms to harness the power of storytelling to craft compelling narratives that resonate with consumers, thereby forging meaningful connections and driving e-commerce sales.

METHODOLOGY

This study adopted a desk methodology. A desk study research design is commonly known as secondary data collection. This is basically collecting data from existing resources preferably because of its low cost advantage as compared to a field research. Our current study looked into already published studies and reports as the data was easily accessed through online journals and libraries.

RESULTS

Conceptual Research Gap: The study collectively explored various aspects of social media's influence on consumer behavior in e-commerce platforms. However, there is a gap in understanding the underlying psychological mechanisms driving these effects. Specifically, there is a need for research that delves deeper into the cognitive processes and emotional responses involved in consumer decision-making influenced by social media. By examining concepts such as cognitive biases, emotional contagion, and social identity theory, future studies could provide a more nuanced understanding of how social media content shapes consumer perceptions and behaviors in e-commerce contexts (Jones & Kim, 2018; Patel & Gupta, 2020).

Contextual Research Gap: While the existing studies predominantly focus on the impact of social media on consumer behavior within Western settings, particularly the United States, there is a dearth of research examining non-Western contexts, such as emerging markets in Asia, Africa, and Latin America. Understanding the unique cultural, social, and economic factors that shape consumer behavior in these regions could provide valuable insights for businesses operating in global e-commerce markets (Garcia & Martinez, 2018; Johnson & Martinez, 2022).

Geographical Research Gap: Another notable research gap is the lack of comparative studies examining the differences in social media usage and its impact on consumer decision-making between different geographical regions. While some studies briefly touch upon cultural differences, there is a need for more comprehensive comparative research across a broader range of regions. Comparative studies could help identify commonalities and differences in consumer behavior influenced by social media across diverse cultural and geographical contexts, facilitating more effective cross-border marketing strategies for e-commerce businesses (Lee & Park, 2021; Nguyen & Tran, 2019).

CONCLUSION AND RECOMMENDATIONS

Conclusion

The impact of social media usage on consumer decision-making in e-commerce platforms is profound and multifaceted. Through a synthesis of empirical studies conducted between 2018 and 2023, it is evident that social media plays a pivotal role in shaping consumer perceptions, behaviors, and purchase intentions within the digital marketplace. These studies have shed light on various aspects of social media influence, including engagement metrics, influencer marketing,
advertising strategies, and user-generated content, highlighting the complex interplay between online interactions and consumer choices.

Furthermore, the research has identified several key factors that contribute to the effectiveness of social media in driving consumer decision-making in e-commerce platforms, such as authenticity, transparency, cultural relevance, and emotional resonance. By understanding these factors, businesses can develop more targeted and impactful marketing strategies to engage with their target audience effectively. However, despite significant advancements in our understanding of social media's impact on consumer behavior, there remain notable research gaps that warrant further exploration. These include the need for a deeper understanding of the underlying psychological mechanisms driving social media influence, the exploration of consumer behavior in non-Western contexts, and the comparative analysis of social media usage across different geographical regions.

In conclusion, the empirical evidence underscores the transformative role of social media in shaping consumer decision-making in e-commerce platforms. By leveraging social media effectively, businesses can enhance brand visibility, build trust with consumers, and ultimately drive sales in the digital marketplace. However, continued research and exploration are essential to fully comprehend the complexities of social media influence and its implications for e-commerce practices in an ever-evolving digital landscape.

**Recommendations**

The following are the recommendations based on theory, practice and policy:

**Theory**

Further research should delve into the underlying psychological mechanisms driving social media influence on consumer behavior. Exploring concepts such as cognitive biases, emotional contagion, and social identity theory can enrich theoretical frameworks and deepen our understanding of how social media shapes consumer decisions. The development of comprehensive models that integrate various factors influencing social media influence, such as engagement metrics, influencer marketing, and user-generated content, can provide a holistic understanding of the dynamics at play in e-commerce environments.

**Practice**

Businesses should prioritize authenticity, transparency, and consumer engagement in their social media marketing strategies. Authentic content and transparent communication can foster trust with consumers, leading to increased brand loyalty and repeat purchases. Leveraging influencer partnerships strategically can enhance brand credibility and reach, particularly among younger demographics who value peer recommendations. However, businesses should ensure alignment between the influencer's values and the brand's identity to maintain authenticity. Actively managing and leveraging user-generated content, such as reviews and testimonials, can enhance credibility and trustworthiness with consumers. Businesses should encourage satisfied customers to share their experiences on social media platforms, thereby amplifying positive word-of-mouth and fostering a sense of community.

**Policy**

Businesses should prioritize authenticity, transparency, and consumer engagement in their social media marketing strategies. Policymakers should consider regulatory measures to ensure
transparency and accountability in social media advertising practices. Guidelines and standards for disclosing sponsored content and distinguishing between organic and paid promotions can protect consumers from deceptive marketing tactics. Collaboration between policymakers, industry stakeholders, and consumer advocacy groups can facilitate the development of ethical guidelines and best practices for social media marketing in e-commerce. This collaborative approach can promote responsible use of social media platforms while safeguarding consumer interests. Education and awareness campaigns aimed at informing consumers about the potential risks and benefits of social media usage in e-commerce platforms can empower individuals to make informed decisions. Promoting digital literacy and critical thinking skills can help consumers navigate online environments more effectively and discern credible information from misinformation.
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