

The Impact of Digital Marketing on Customer Buying Decision, Empirical Study Based on Georgian Market



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ABSTRACT

Purpose - The objective of the study is the concept of digital marketing, identification, and analysis of the factors that affect the Georgian customers – to buy online and not offline with traditional methods. A detailed review of the factors that may affect the customer's decision. Georgia is a small country and digital marketing is developing step by step. The main goal of the research is to help companies to understand based on what are customers making decisions.

Methodology - Data was collected from a variety of sources, including books, websites, and magazines. The paper describes the role of digital marketing in the modern world and demonstrates its importance in consumer decision-making, which in turn improves organizational productivity and expands the market area. The information was also collected through an online questionnaire and further processed in SPSS.

Findings - During the research Cronbach Alpha, Regression for the independent variables, Correlation for both independent and dependent variables, also descriptive statistics were found by using the SPSS software. The hypothesis which was identified during the review of secondary data was accepted. The correlation was positive which help the study to prove its overall value.

The results can be seen that digital marketing has a positive impact on customer decision-making, allowing us to assume that in a competitive environment, the traditional market will be replaced with digital commerce.

KEYWORDS: Digital Marketing, Customer buying decision, Consumer purchase decision, Social media marketing.

1. INTRODUCTION

Digital marketing is the new era of 21st-century marketing. It is noteworthy that as time goes on, companies are shifting from traditional markets to digital markets and e-marketing. Thus, enabling to reach more potential customers. Digital marketing makes it easier for customers to provide information, and they have direct communication with companies, which increases the trust and sense of security in the customer. At the same time reducing costs, allows every company to expand its business globally. With the advancement in technology and the high trend of using the internet, digital marketing will help companies to understand customer behavior.

Digital marketing is referred to in different ways in different literature, the same as online marketing, or it can also be referred to as internet marketing. It is defined as a marketing approach that primarily relies on the Internet to communicate to a target audience through a variety of digital channels. Digital marketing covers a large area and is also important for consumers as it provides a lot of opportunities for them to communicate directly with company representatives, on the other hand, to get additional information (impressions) from other customers, who are using the same products they want to buy. Over time, the use of technology and the internet will completely replace traditional marketing strategies. Digital marketing is a platform where consumers receive a wide variety of products, not only within their specific geographical boundaries, but from all over the world. Thus, in the age of digital marketing, there are no boundaries in the world, which led to the term digital marketing quickly became popular. (Mannu Garg, 2020)

Digital marketing helps marketers to sell their products and services with the help of web portals according to the requirements of the customers. Consumers consider digital marketing to be a useful tool because it helps them to choose product, obtain more accurate and reliable information, and solve problems relatively easily.

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Marketing refers to all the activities that a company does to facilitate buying and selling of its own product or service. Over time, marketing has become a broader term and its meaning has completely changed. Previously marketing consisted only of selling goods, now it starts with marketing research and ends with customer satisfaction. Marketing can be done both traditionally and digitally. Once companies start producing a product, their next goal is to inform the customer and raise brand awareness. Digital marketing includes various platforms such as: social media, websites, blogs, email and so on. (ციფრული ინდუსტრიის აკადემია, n.d.).

The concept of digital marketing has influenced not only the decision to acquire consumers, but also helped the organizations that carry out marketing campaigns. Overall, the costs of the firms developing the digital marketing concept have been reduced and they have been able to conquer a wider segment. (Mannu Garg, 2020)

The world we live in is full of technology. Without the use of technologies and innovations, business will not be able to create and produce a competitive product or service. At this particular stage and in a competitive world, digital marketing has become the most sought-after field for business. In 2020, the adoption of online space was vital for companies. Companies that were already active in the digital world became even more active, while those who were not involved in digital marketing at all moved from traditional sales to online. Sooner or later, Georgian companies, individuals or legal entities would be appeared in the Internet and social media to promote and sell their products, but COVID-19 accelerated these events even more.

2. INITIAL LITERATURE REVIEW

Though the term digital marketing is new it's very popular, despite this its impact is huge. It's one of the important tools for promoting businesses.

Based on the literature and existing studies, variables were identified. In the research process, we will find out the relationship between these variables and determine whether digital marketing influences the customer's decision.

A search study based on primary data was conducted, involving students from a Romanian university. The aim of the study was to find out how different types of audiences were attracted to social media marketing platforms (based on their online behavioral aspects) in order to maximize the impact of an online marketing strategy. A linear model was defined to find out how the various predictions related to online users and social networks work, and also to determine how positively online advertising would impact the audience. During the study, a positive connection was found between social networks and the audience. (Vinerean et al., 2013)

Clark and Melancol explored whether investing in social media actually helps build and maintain significant customer relationships (in a relationship marketing perspective). According to the authors, social media marketing communications are less effective because consumers have the opportunity to avoid unnecessary marketing activities by companies (advertising, paid media). (Clark et al., 2013)

Belanger has shown that the existence of technological competence (refers to as the TOE framework) is one of the potential prerequisites for a positive impact on the customer - perceived sales, marketing, internal operations, and customer service. (Schaupp et al., 2014)

Kunz and Hackworth conducted observations to examine the impact of social media marketing on retail. For eighteen weeks, they trained eighteen top marketers in five types of social media networks. To determine the level of their participation in each social network and to explore how successful retailers use social networks in their marketing communication strategy. The researchers based their observations on hypotheses for future empirical studies. (Anitsal, 2011)

The primary goal of Gerald Haubl and Valerie Trifts is to explore the nature of the effects that interactive decision support tools can have on consumer decision-making in an online trading environment.

When making a purchasing decision, consumers often fail to evaluate all the available alternatives in-depth and are thus prone to use two-step processes to make their decisions. In the first stage, consumers typically inspect a large range of available products and identify a subset of the most promising alternatives. They then evaluate the latter in more depth, make comparisons between products with significant attributes, and make purchasing decisions. Given the variety of tasks to be performed during this two-step process, interactive tools that provide customer support in the following areas are particularly valuable: (1) initial screening of available products to determine which ones are worthy of further consideration; and (2) in-depth comparisons of selected products. This paper discusses the ancillary effects of two solutions, each designed to assist users in accomplishing one of the above tasks:

A controlled experiment was conducted using a simulated online store to test the hypotheses. The article discusses how interactive decision aids have the potential to dramatically transform the way consumers search for product information and make purchasing decisions. (*Consumer Decision Making in Online Shopping Environments: The Effects of Interactive Decision Aids on JSTOR*, n.d.)

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Georgian researchers N. Todua and Ch. Jashi most of the Georgian customers have a nice notion toward social media advertising practices. From the findings, we can conclude that Georgian consumers are actively utilizing social media platforms, as an effective tool for small businesses and it has an impact on consumer behavior. (Todua, n.d.)

2.1. Customer decision Making

The consumer decision-making process involves the following steps:(SHEIKH QAZZAFI, 2019)

- 1) Problem recognition;
- 2) Information Search;
- 3) Evaluation of Alternatives;
- 4) Purchase Decision;
- 5) Post Purchase Decision;

A positive or successful purchase leads to customer satisfaction, resulting in repeat purchases and recommendations with potential customers. Which automatically leads to the prospect of increasing product sales.

There was a time when companies provided consumers with product information through traditional advertising methods such as billboards, posters, etc. After that, the information was obtained by talking to different representatives of the company, and the process could be in several stages and different groups were involved in it. Because the process could take several days, it often ended in failure.

In the age of digital advertising today, consumer behavior is more efficient and profitable for companies than it was in previous years. Once a customer has a need to purchase a product or service, he or she begins to search the Internet for information that takes just a few minutes, compared to hours of shopping and shopping. Users also have access to product reviews posted by other users. These assessments have a significant impact on business success. This is the main factor that distinguishes the old traditional advertising methods from the digital space. Both business and consumers as well as potential customers are united here. (*Traditional Marketing vs Digital Marketing | 10 Amazing Key Differences*, n.d.)

The development of digital marketing has completely changed the market scenario. It has enabled many companies to present their brand globally. In addition, the impact on the development of digital marketing is not just for the business, it also had an impact on consumer decision-making. (ბეგრძე ნათია, 2018)

2.2. Cost efficiency

Individuals claim that price will play an even smaller role on the Internet if an assortment is given. Some of them choose online shopping because of the low price. Online stores have relatively low costs; therefore, the price of the product should be lower. Brynjolfsson and Smith (Brynjolfsson et al., 2000) state that companies are less taxed on online purchases than in traditional stores. Also, different prices may be charged for the same product. They say cost plays a less important role in the consumer choice process. Hence, we have the following hypothesis: ***H₁: Price effects on customer behavior during purchasing process.***

2.3. Information satisfaction

Information satisfaction refers to customer satisfaction and dissatisfaction with the general information provided about goods and services. (Crosby et al., 1987) In order for a customer to have complete information and feel satisfied, information must be up to date when offering products and services, it must also be sufficient to help the customer make a choice. (Wang, 1996) Based on information system literature, information can be satisfied if quality is high. (DeLone et al., 1992) Therefore, we can say that information satisfaction will influence customer buying behavior. In this case the hypothesis would be: ***H₂: Complete information influences on customer behavior during purchasing process.***

2.4. Consumer trust

Gaining the trust of users in the online space is more difficult because communication with it is virtually established. Customers can verify a lot of information. Once fulfilled, hope can cost the company dearly. The customer is free to check the identity of the seller and reviews. Consumers are always wary when shopping online, as there are plenty of examples known when companies have "slipped" them. This is why gaining trust through internet channels is more difficult than with the traditional way. (Bitting et al., 2004) Therefore, we can say that consumer confidence will influence customer behavior when purchasing. In this case we will have the following hypothesis: ***H₃: Trust influences consumer during purchasing process.***

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2.5. Internet Shopping Experience

Internet Shopping Experience - Customers who have more online shopping experience are likely to have different perceptions of online channels as opposed to novice users and will also have higher confidence in online subscriptions. (Bart et al., 2005) Thus, users who have more internet shopping experience will use the internet as a source of basic information. Moreover, they are probably followers of online reviews. Therefore, we can assume that the internet shopping experience will influence the consumer buying behavior. Hypothesis: **H₄: Internet shopping experience influences customer during purchasing process.**

3. METHODOLOGY

3.1. Research Design

The study will be carried out with both primary and secondary data. The primary data was collected from samples of 178 respondents from the specified area. Secondary data was collected from articles, journals, blogs etc.

3.2. Research model

Based on the theory we can distinguish four independent variables: price, information satisfaction, trust, Internet shopping Experience. Also of course dependent variable: customer behavior at the time of purchase. The aim of the study is to determine whether digital marketing influences a customer's decision.

Independent variables	Dependent Variable
Price	Consumer purchase behavior
Information satisfaction	
Consumer trust	
Internet shopping Experience	

The regression equation looks like:

$$Y = mx_1 + mx_2 + mx_3 + mx_4 + C$$

$$Y (\text{consumer behavior}) = m (\text{price}) + m (\text{Information satisfaction}) + m (\text{Trust}) + m (\text{Internet shopping experience}) + c(0.88)$$

4. FINDINGS AND ANALYSIS

Data analysis was divided into two parts. The first part includes the validity check. In order to measure the reliability of the research Cronbach Alpha test has been used. If the Cronbach's alpha coefficient is higher than 0.6, it means that the data obtained by us are useful for the study, we see that the Cronbach Alpha coefficient is equal to 0.918, which means that the study is 92% valid from 100%.

Reliability Statistics

Cronbach's Alpha	N of Items
.918	4

Based on the model we need to define the relationship between the independent and the dependent variable. In the table of Model Summary, R defines a correlation equal to 0.978 which means that we have a high positive correlation between the independent and dependent variables. R² - indicates the variability of the dependent variable based on the independent variable. R² equal to 0.956 which means that the variability of the independent variable is equal to 95.6% which is almost 96% hence its value is high. Which found that digital marketing affects 96% of variability on consumer behavior.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.978 ^a	.956	.948	.21639	2.139

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The Durbin Watson coefficient is equal to 2.139. The Durbin Watson ratio is statistically normal when its value is in the range of 1.5 to 2.5. And outside of this range the model has a flaw. Since our Durbin Watson coefficient is equal to 2.139, we can freely say that the model is acceptable.

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	21.517	4	5.379	114.880	.000 ^b
Residual	.983	174	.047		
Total	22.500	178			

Based on ANOVA table, which basically shows the mean values; The average is equal 5.379 and the significant value is 0.000, which is statistically significant and less than 0.05. So $p = 0.000$, which means that the dependent variable changes according to the independent variable.

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-.354	.198		-1.790	.088
Experience	.274	.127	.195	2.162	.042
Information	.239	.097	.202	2.455	.023
Price	.490	.093	.486	5.246	.000
Trust	.230	.095	.187	2.404	.026

According to our analysis and the table of coefficients we see that coefficient of price is equal to 0.000. It is highly dependent on user behavior (dependent variable), and its significance level is high and $0.000 < 0.05$. Which means that the price of the product influences the behavior of the user and the coefficient is statistically significant and differs from 0. The **H₁: Price effects on customer behavior during purchasing process** is accepted.

Coefficient of variable- Information satisfaction is equal to 0.023 it is highly dependent on user behavior (dependent variable), and its level of significance is high and $0.023 < 0.05$. This means that comprehensive and satisfactory information influences consumer behavior and the coefficient - statistically significant and different from 0. The **H₂: Complete information influences on customer behavior during purchasing process** is accepted.

Coefficient of variable - consumer trust is equal to 0.026 and it is highly dependent on the user behavior (dependent variable), and its significance level is high and $0.026 < 0.05$. This means that trust in online shopping influences customer behavior and odds - are statistically significant and different from 0. The **H₃: Trust influences consumer during purchasing process** is accepted.

Coefficient of Variable- Internet shopping experience is equal to 0.042 and it is highly dependent on the user behavior (dependent variable), and its significance level is high and $0.042 < 0.05$. This means that the internet shopping experience influences user behavior and the odds are statistically significant and different from 0. The hypothesis is confirmed.

5. CONCLUSION

By accessing various websites and resources, we can conclude that digital marketing plays an important role in the process of product acquisition by consumers. We can also conclude that many factors lead to the consumer decision-making process, such as market replacements, product price, and so on.

There is also a direct link between digital marketing and consumer decision making. If any organization is searched in the digital world, it will automatically lead to a more positive attitude of users and it will contribute more to the development of organizational goals (recommendation, good evaluation online, etc.).

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Finally, we confirm that we have a positive correlation between customer behavior and digital marketing. The accuracy obtained by the questionnaire is 92%.

Digital marketing is a bridge between a customer and a company. Both parties need to listen to each other, in which case the customer will be satisfied and the company will be successful and in demand. Finally, it can be summed up that the "secret of marketing success" is not a secret at all; Digital marketing is just what is important today.

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