The Empowerment of Digital Marketing among SMEs in Chengdu, Sichuan Province, China: The Influence of social media towards Purchase Decision

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ABSTRACT

The proliferation of internet, social media, mobile applications, and other digital communication technologies has permeated the daily routines of billions of individuals globally. Undoubtedly, social media has emerged as an integral facet of contemporary existence, exerting a profound impact on consumer behaviour that is beyond dispute. Extensive documentation exists on the impact of social media marketing on customer purchasing decisions, particularly within the younger age. The present study aims to examine the impact of social media marketing on customer purchasing decisions, focusing specifically on the influence of product quality within this dynamic. In the contemporary era of digital marketing, it is imperative to comprehend the intricate mechanisms underlying the persuasive impact of social media on consumer behaviour. This research examines the correlation between the effectiveness of social media marketing and the quality of products in shaping consumers’ buying decision. The development of the conceptual framework aims to enhance the existing knowledge on digital marketing strategy, providing valuable insights for both academic researchers and practitioners. This framework will serve as a valuable resource for future research endeavours through the use of empirical data and advanced statistical analysis.

Keywords: social media marketing, product quality, purchase decisions, China

I. INTRODUCTION

A. Background of the Study

The proliferation of internet, social media, mobile applications, and other digital communication technologies has permeated the daily routines of billions of individuals globally. Based on the latest statistical data from January 2020, it has been reported that there are approximately 4.54 billion individuals who actively utilize the internet, constituting approximately 59% of the worldwide population (Statista, 2020a). The utilisation of social media has become a fundamental aspect of the daily routines of numerous individuals worldwide. According to data from
2019, the global number of active social media users reached 2.95 billion individuals. According to Statista (2020b), it is projected that the aforementioned figure would experience a growth and reach around 3.43 billion by the year 2023. The utilisation of digital and social media marketing enables organisations to effectively attain their marketing goals while incurring very little expenses.

According to Lister (2017), a significant number of registered businesses, exceeding 50 million, utilise Facebook pages, while a substantial majority of firms, amounting to over 88%, employ Twitter as a means of marketing. The utilisation of digital and social media technologies and applications has been extensively employed for the purpose of generating awareness regarding public services and political campaigns (Hernandez, Sentosa & Sharin, 2023; Grover et al., 2019). There is a growing trend among individuals to allocate a greater portion of their time to online activities, such as information retrieval, product and service exploration, consumer-to-consumer communication regarding personal experiences, and interaction with businesses. Organisations have adapted to this shift in consumer behaviour by including digital and social media into their corporate marketing strategies as a crucial and inseparable element (Stephen, 2016).

Undoubtedly, social media has emerged as an integral facet of contemporary existence, exerting a profound impact on consumer behaviour that is beyond dispute. The influence of social media marketing on customer purchasing decisions, especially among the younger demographic, has been extensively documented. Based on a study conducted by the Pew Research Centre, it was found that a significant proportion, specifically 72%, of individuals belonging to the young adult demographic (aged 18-29) utilise social media platforms as a means to acquire knowledge about novel products and services. Furthermore, a substantial 60% of these young adults assert that their purchasing decisions have been influenced by the information they have encountered on these platforms (Hanaysha, 2022).

A recent survey conducted by Nielsen revealed that a significant majority of individuals belonging to the millennial generation, specifically those aged between 23 and 38, exhibit a level of trust in online reviews that is comparable to their faith in personal recommendations received from friends and family. Based on the results of this study, it can be concluded that social media marketing has the potential to serve as a robust tactic for exerting influence on purchase decisions, with a special emphasis on its efficacy among the younger demographic. However, the influence of social media marketing can potentially be reduced by the quality of the product. Put simply, the impact of social media marketing on consumer purchasing decisions may have a more significant effect on high-quality products. The advent of social media platforms has revolutionised the manner in which businesses establish connections with their clientele. The field of social media marketing (SMM) has evolved from its initial role as a straightforward means of communication into a potent instrument for enhancing brand recognition, fostering customer interaction, and shaping consumer purchasing patterns. The exponential expansion of social media platforms, including but not limited to Facebook, Instagram, Twitter, and TikTok, has significantly transformed the landscape and potential of marketing strategies (Chen & Lin, 2019).
As we can see in this era which young consumers who have grown up in an era of technological progress dominate the digital world. As digital natives, they are intimately acquainted with the virtual domain and smoothly integrate social media into their daily life. As a result, their experiences with Social Media Marketing (SMM) have a significant impact on their views, preferences, and purchase decisions. Therefore, in Malaysia, social media marketing is becoming increasingly significant, with firms investing more in this sector each year. Malaysia's yearly spend on social media advertising is predicted to reach $419.2 million in 2022, representing a 35.8% rise over the previous year. Indeed, young people, which can be classified among university students, adults and teenagers, have been steeped in the digital environment since birth and use it on a daily basis. Generation Z was born during the dawn of the internet, while generation Alpha, which began in 2010, saw the introduction of the iPad and Instagram. Both generations lived through a period of significant technological advancement (Wikantari, 2022). However, this research aimed to develop how social media marketing influences purchase decisions which moderated product quality.

During this particular period, a significant concern within the business sector revolved around the absence of social media marketing, which played a pivotal role in shaping customer purchasing decisions, with product quality serving as a moderating factor. In essence, the influence of social media marketing on consumer purchase decisions may exhibit more potency for products that are believed to possess superior quality. Moreover, a significant number of enterprises shown a lack of awareness regarding the significance of product quality in shaping consumer purchasing choices. It was posited that social media marketing might be effectively employed to promote any product, irrespective of its quality. However, enterprises initiated the promotion of substandard items using social media platforms, resulting in detrimental effects on their reputations and subsequent consumer attrition (Angelyn & Kodrat, 2021).

Consequently, enterprises were allocating substantial financial resources towards social media marketing endeavours, however failing to attain a significant return on investment. In addition, the absence of inadequacy of social media marketing might result in consumers having restricted access to product information. Insufficient exposure to the product may lead to a limited understanding and knowledge of its features, benefits, and value proposition. Nevertheless, the influence of the absence of social media marketing on client purchasing decisions may be alleviated by the quality of the product. Despite minimal marketing endeavours, a superior product that effectively fulfils consumers' desires and meets their expectations has the potential to attract purchasers. Moreover, in the event of subpar product quality, the absence of social media promotion could potentially exert a more significant adverse impact on consumer buying choices (Yogesh et al., 2021).

If efficient marketing strategies are not employed to highlight the benefits or compensate for the defects of a product, consumers may exhibit reduced inclination to acquire a product of average quality. The significance of social media marketing lies in its ability to shape consumer views and exert influence on their purchasing behaviour. Without the presence of a proficient marketing strategy, consumers may lack awareness regarding the favourable attributes of the product and may not possess any grounds to have confidence in its quality. Consequently, they may choose to pursue alternative possibilities (Ajina, 2019). Hence, the objective of the study

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is to investigate the correlation between characteristics related to social media marketing and consumer purchasing behaviour. Other than that, the researcher targeted to investigate the effect of product quality characteristics on consumer purchase decisions. Additionally, the study seeks to explore the relationship between purchasing choice variables and social media, with a focus on the role of product quality.

II. LITERATURE REVIEW

A. The Purchase Decision by Consumer

The purchase decision refers to the process through which a consumer evaluates a range of preferences before making a purchase. Consumer preference for a brand is established during this stage (Albari & Safitri, 2018). According to Kotler and Armstrong (2014), the purchase decision stage refers to the point at which a consumer makes the decision to acquire a certain product. The aforementioned process commences when the consumer exhibits a desire to satisfy a particular need. The decision encompasses various factors, including the preferred brand, quantity of purchase, specific model, purchasing location, monetary value, timing of purchase, and method of payment (Hanaysha, 2022). The past purchasing experience is considered an internal source of knowledge that consumers rely upon while making decisions. Furthermore, customer decision-making is influenced by a multitude of elements, including but not limited to, prior purchase behaviour, marketing initiatives, and non-commercial considerations.

According to Nowicki and Sikora (2012), the purchase procedures observed in markets primarily strive to fulfill the needs of consumers. It has been shown that consumers prioritise sensory evaluation as the initial stage in their decision-making process, subsequently considering factors such as price, purchasing conditions, health/nutritional value, as well as marketing and information operations. Individuals make purchasing decisions by considering the need for a specific product and evaluating its associated benefits and qualities. Moreover, it is stated that various food goods are purchased from distinct locations. The determinants of product selection across various store types often include product quality, in-store service, pricing, and store accessibility (Berenfors, Engstrand & Koste, 2023).

The buying intentions of the consumer are an indicator of the extent to which people are willing to carry out a specific behaviour, which in this research would be translated as online purchase behaviour. It has been found that the lack of intention to buy online is one of the first obstacles for the development of e-commerce and note that online purchase intention and online purchase behavior need to be explored more (Peña-García et al., 2020). In essence, marketers must possess a comprehensive understanding of the various aspects that influence the decision-making process of consumers when it comes to selecting choices. In light of the ongoing epidemic, customers have exhibited a heightened sensitivity to pricing and are actively seeking out greater value and reduced emphasis on branded products. The comprehension of consumers empowers them to make informed judgements. The influence of these choice cues has the potential to impact businesses within the context of retail
marketing strategy, specifically in terms of conveying product information across various channels (Majid et al., 2023).

B. The Concept of Social Media Marketing

Social media marketing is “a process by which companies create, communicate, and deliver online marketing offerings via social media platforms to build and maintain stakeholder relationships that enhance stakeholders’ value by facilitating interaction, information sharing, offering personalized purchase recommendations, and word of mouth creation among stakeholders about existing and trending products and services” (Yadav & Rahman, 2017). Kaplan and Haenlein (2020) assert that social media platforms are intentionally used to accomplish three primary objectives: enhancing corporate visibility, producing potential customers, and facilitating sales or conversions to augment revenue.

Organisations have the ability to employ diverse social media tactics and methodologies, hence highlighting the adaptability of social media marketing (SMM) in efficiently attaining these objectives. Evidently, individuals are increasingly engaging with digital and social media platforms. This serves various objectives, encompassing the role of individuals as consumers, wherein they engage in activities such as seeking information about things, making purchases, consuming goods, and exchanging opinions with others over their experiences (Aji, Nadhila & Sanny, 2020). In response to this fundamental shift, marketers have augmented their utilisation of digital marketing platforms. According to an estimate, it is anticipated that digital platforms would account for nearly one-third of worldwide advertising spending by the year 2017. Hence, forthcoming consumer marketing endeavours will predominantly occur within digital platforms, specifically social media and mobile applications. Hence, it is imperative for consumer research to thoroughly investigate and comprehend customer behaviour inside digital contexts.

Over the past decade, there has been a growing body of study dedicated to examining challenges related to digital consumer behaviour. The existing body of literature in this field is still in its early stages, and further research is necessary. This is especially important due to the constantly evolving digital, social media, and mobile environments in which consumers are located and engage with companies and one another. Disha et al (2023) stated in their study that its important to provide an overview of the most recent advancements in the field of consumer behaviour and psychology, with the intention of inspiring further research in this area.

The transformation of social media from a platform primarily used for networking and staying connected with family and friends to a space where consumers can access and exchange extensive information about numerous brands, products, and services has contributed to the shifts observed in consumer purchasing patterns (Siddiqui & Singh, 2016). Numerous studies conducted in the past decade have highlighted the increasing impact of various social media applications on individuals’ personal and social lives, academic pursuits, business and commercial activities, and political engagement. Consequently, businesses seeking to cultivate stronger connections with their target consumers have turned to social media platforms as a means to promote and advertise their products and/or services (Bazi, Filieri & Gorton, 2023; Suchánek, Richter & Králová, 2015).
C. The Mediating Effect of Product Quality

Over the past three decades, a substantial body of literature has emerged about the management of product quality. Within this field, one particular approach involves the utilisation of a dynamic model, which aims to capture the notion that enterprises have the ability to enhance the quality of their products as time progresses. Previous study provides an overview of the existing body of literature that examines the dynamics of a particular subject, both within the context of a single enterprise and within a competitive environment. There are multiple justifications for embracing a dynamic approach in the context of managing product quality. Consumers’ preferences undergo evolution through time, necessitating firms to consistently enhance the quality of their products in order to maintain competitiveness and ensure long-term survival in the market (Zhu & Chen, 2015).

Furthermore, the enhancement of a product's quality necessitates ongoing investments to enhance production techniques and utilise superior materials. Furthermore, it is important to note that environmental and safety standards are subject to periodic revisions, necessitating corresponding adjustments in the quality of the product to ensure compliance. This may potentially place certain constraints on the manufacturing process. Ultimately, the cultivation of a reputable image necessitates the ongoing implementation of both marketing and operational endeavours (Giovanni & Zaccour, 2023).

Historically, product quality is linked to the ability of a product to satisfy requirements of a customer, with customer satisfaction being determined by transaction-specific and cumulative concepts. The transaction-specific concept defines customer satisfaction as an evaluation of a particular purchase opportunity following a prior selection (and purchase, if made) of a product. The cumulative concept, on the other hand, determines customer satisfaction as an overall evaluation of a complete purchase and the experience of a consumer with that particular good or service over a specific time period (Anderson et al., 1994). Therefore, based on the above literature, the researcher generating three (3) hypotheses:

**Hypothesis 1 (H1):** There is an influence between social media marketing and purchase decision mediated by product quality.

**Hypothesis 2 (H2):** There is a direct influence between social media marketing and purchase decisions.

**Hypothesis 3 (H3):** There is a direct influence between product quality and purchase decision.

### III. CONCEPTUAL DEVELOPMENT

#### A. Marketing Equities Theory

The Marketing Equities Theory (MET) is a theoretical framework within the field of marketing that proposes the existence of four distinct marketing equities that collectively contribute to the overall value of a brand. These equities are identified as brand awareness, brand image, brand loyalty, and brand equity. Social media marketing has the potential to enhance all four dimensions of brand equity. It may effectively heighten brand recognition, cultivate a positive brand image by delivering engaging and innovative content, nurture brand loyalty by
facilitating consumer engagement, and ultimately bolster brand value through generating leads and money. According to the findings of a study conducted by Kim and Ko (2012), the use of social media marketing activities in the context of a luxury fashion firm was observed to have a beneficial influence on customer equity. This influence was manifested through the enhancement of various factors such as brand recognition, brand image, customer loyalty, and buy intention.

1) **Chaffey’s Theory**

Chaffey (2012) proposed a theoretical framework for social media marketing that encompasses five essential elements: social media listening, engagement, publishing, advertising, and analytics. These components facilitate corporations in comprehending customer requirements, establishing connections, and delivering assistance. The practice of social media listening enables organisations to gain insights into client opinions, while engagement strategies foster the establishment of relationships and the attraction of clients. The act of publishing entails the dissemination of pertinent information, whereas advertising aims to reach a broader spectrum of individuals and specifically target particular audiences. Social media analytics play a crucial role in enabling businesses to monitor the outcomes of their campaigns and pinpoint areas of success. This hypothesis holds advantageous implications for firms of varying scales seeking to leverage social media platforms in order to accomplish marketing goals.

**B. The Related Theories with Framework**

Chaffey’s social media marketing theory and Marketing Equity Theories are both important to our framework. Chaffey’s idea highlights the use of social media to generate great brand experiences and build relationships with customers, which can impact purchasing decisions by making customers feel more connected to the company and more willing to trust it. Marketing equity theories concentrate on elements that contribute to the value of a brand, such as brand recognition, brand image, and consumer loyalty. Combining these theories can help us understand how social media influences purchasing decisions. Social media may help businesses create relationships, raise brand awareness, stimulate consumer participation, spread positive word of mouth, and drive traffic to websites and other online channels. These elements contribute to a brand’s equity, which leads to increased sales and profits.

![Figure 1. Conceptual Framework](image)
The utilisation of the aforementioned conceptual framework (Figure 1) is suggested by the researchers to facilitate a quantitative assessment of the purchasing decision-making process among clients of small and medium-sized firms (SMEs) in Chengdu, a city situated in the Sichuan Province of China. The present evaluation will centre on the diverse components related to digital marketing in the particular domain of social media, with product quality serving as the mediating factor. To ascertain the verifiability of the observed link between exogenous components, specifically social media marketing, it is advisable to employ additional survey instruments in future research endeavours. This study offers a comprehensive examination of the foundational components that establish the basis for future investigations into the phenomenon of technology development and its influence on the formulation of innovative marketing strategies (Sharin, Hernandez & Sentosa, 2023).

Furthermore, the methodology considers the possible contributions that business organisations, namely those operating within the Chinese market, could provide in augmenting the efficacy of the firms under investigation. The adoption of a holistic perspective allows individuals to understand and provide explanations for intricate and well-coordinated phenomena, in which all component aspects are interconnected and make substantial contributions. The study's sample will consist of consumers from the retailing business who are affiliated with small and medium-sized enterprises (SMEs) located in Chengdu, China. The selection of these individuals is based on their representation of the population of interest. A discernible differentiation is noticed in the diverse elements of digital supply chain management and its influence on business success. Furthermore, the framework demonstrates a notable level of efficacy when utilized in conjunction with other management systems, and its adaptability facilitates seamless integration into pioneering management frameworks (Santy & Atika, 2020).

IV. CONCLUSION AND RECOMMENDATIONS

In conclusion, this study has provided vital insights into the complex interaction between social media marketing (SMM) and product quality, emphasizing their significant impact on consumer decisions. This research has yielded several key findings and implications that significantly contribute to our understanding of contemporary marketing dynamics through a comprehensive examination of consumer behaviour, engagement patterns, and sentiments on social media, as well as a thorough exploration of the various facets of product quality. The conceptual framework (Figure 1) clearly show that social media marketing has a wide field to study further on the investigation towards significant impact on consumer purchasing decisions. SMM has evolved as a powerful force in moulding customer preferences in today’s digital landscape, as social media platforms are fundamental to consumers’ lives. On these platforms, the value of persuasive content, interactive participation, and the potential to develop brand narratives cannot be overstated. This study emphasizes the importance of SMM as a significant driver of consumer choices (Bae & Jeon, 2022).

From previous literature, it is also worth noting that the influence of SMM on purchasing decisions is mitigated by the perceived quality of a product. Consumers’ perceptions of product quality, informed by both objective and subjective features, have a considerable impact on their preferences. The interaction between SMM and product quality is dynamic, with SMM frequently serving as a medium to express and improve quality.
perceptions. As a result, firms must recognize and capitalize on the symbiotic link between these components. The possible synergy between SMM and product quality is highlighted in our research. Organizations can leverage the combined power of these elements by carefully aligning marketing activities with product qualities and ensuring consistency between marketing promises and actual product performance. SMM can be used to highlight product quality, stimulate user-generated content that boosts perceptions of quality, and foster consumer trust (Ansari et al., 2019)

The existing research indicates the need for additional investigation into the analysis of relationships among relevant variables, which has the potential to contribute to the advancement of knowledge in the field. For practitioners in the industry, it is imperative that these organisations give utmost importance to the perception of quality, engage in comprehensive market research, and allocate resources towards enhancing the quality of their products and services. In order to mitigate the adverse consequences of social media, it is imperative for firms to establish explicit objectives, employ analytical tools, and swiftly address customer grievances. In order to enhance the utility value of unattended coffee shops, it is recommended that businesses implement strategies such as setting reasonable pricing, providing discounts, and ensuring the upkeep of high-quality equipment. In order to exert a positive impact on consumer behaviour, it is imperative for businesses to ensure the delivery of items of superior quality, facilitate the accessibility of relevant information, foster customer connections, leverage social media platforms, incorporate loyalty programmes, and provide exceptional customer service.

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