



Impact of Digital Marketing on Consumer Buying Behaviour

A Comprehensive Study of Digital Marketing Channels and Their Influence on the Indian Consumer Market

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Executive Summary

This report presents a comprehensive empirical investigation into the Impact of Digital Marketing on Consumer Buying Behaviour in India. As digital channels redefine how brands engage with consumers, this study examines the effectiveness of social media marketing, influencer marketing, online advertising, and digital promotions in shaping consumer awareness, trust, purchase intent, and post-purchase advocacy.

Conducted using a descriptive research design and structured questionnaires, the study surveyed 90 active digital consumers aged 18–45 years across urban and semi-urban India. Data were analysed using percentage analysis and Z-test hypothesis testing. The findings confirm that digital marketing exerts a significant and measurable influence on consumer buying behaviour, with social media advertising and influencer marketing emerging as the most powerful commercial drivers.

The report concludes with evidence-based strategic recommendations for businesses seeking to optimise their digital marketing investments and build enduring brand loyalty in an increasingly competitive digital marketplace.



Key Performance Indicators

78% Made purchases influenced by social media ads	83% Trust online product reviews and ratings	71% Purchased after watching influencer recommendation
84% Influenced by online promotions and flash sales	80% Feel digital marketing aids better buying decisions	68% Would recommend brand discovered via digital marketing

1. Introduction

1.1 Background and Context

The twenty-first century has ushered in an era of unprecedented digital transformation, fundamentally altering the dynamics of commerce, communication, and consumer behaviour. The proliferation of the internet, the exponential growth of social media platforms, and the widespread adoption of smartphones have collectively created a new marketing paradigm — one in which brands and consumers interact in real time, across multiple touchpoints, with a level of personalisation and immediacy previously unimaginable.

In the Indian context, this revolution has been particularly dramatic. India is home to over 850 million internet users, making it the second-largest online population in the world. The rapid expansion of affordable mobile data, catalysed by the advent of Reliance Jio in 2016, brought hundreds of millions of first-time users into the digital ecosystem, dramatically altering consumption patterns and market dynamics. E-commerce platforms such as Amazon, Flipkart, Meesho, and Myntra have flourished, while social media platforms — Instagram, YouTube, Facebook, and WhatsApp — have become central to daily consumer life.

India's digital advertising market has grown at a CAGR of approximately 25–30% over the past five years and is projected to surpass INR 50,000 crore by 2026 (KPMG India, 2023). Brands across categories — from FMCG and fashion to electronics and financial services — are allocating an increasing share of their marketing budgets to digital channels, recognising their superior targeting capabilities, measurability, cost-effectiveness, and reach.

1.2 Research Objectives

This study was guided by the following primary objectives:

- To examine the role and influence of social media marketing on consumer awareness, brand preference, and purchase decisions.
- To assess the impact of influencer marketing and endorsements on consumer trust and buying behaviour.
- To evaluate the effectiveness of targeted online advertisements and digital promotional offers in driving consumer purchase intent.
- To identify the key digital marketing channels that most significantly influence consumer buying decisions.
- To analyse the relationship between digital marketing exposure and the frequency of online purchases.



1.3 Research Hypotheses

Five alternative hypotheses were formulated to guide this investigation:

- H1: Social media marketing has a significant positive impact on consumer buying behaviour.
- H2: Influencer marketing positively and significantly influences consumer brand trust and purchase decisions.
- H3: Targeted online advertisements significantly increase consumer purchase intent and conversion rates.
- H4: A significant positive relationship exists between frequency of digital marketing exposure and frequency of online purchases.
- H5: Demographic factors significantly moderate the impact of digital marketing on consumer buying behaviour.

2. Digital Marketing — Conceptual Framework

2.1 Overview of Digital Marketing

Digital marketing encompasses all marketing efforts that leverage digital channels and technologies to connect with consumers — including search engine optimisation (SEO), search engine marketing (SEM), social media marketing, content marketing, email marketing, influencer marketing, affiliate marketing, and programmatic advertising. These tools have transformed how businesses build brand awareness, generate leads, nurture customer relationships, and drive conversions.

2.2 Key Digital Marketing Channels

The following five channels form the core focus of this study:

Channel	Primary Function	Key Metric
Social Media Marketing	Brand awareness, engagement, community	Reach, engagement rate
Influencer Marketing	Trust transfer, product endorsement	Conversion rate, brand sentiment
Search Engine Marketing	Intent-based reach, lead generation	Click-through rate, cost per click
Email Marketing	Nurturing, retention, promotions	Open rate, click-through rate
Online Advertising	Targeted awareness, retargeting	Impressions, ROAS

2.3 Social Media and Consumer Behaviour Linkage

Social media platforms act as powerful digital marketplaces where consumer decisions are shaped by peer reviews, influencer endorsements, brand-generated content, and real-time community discussions. The Zero Moment of Truth (ZMOT) concept — wherein consumers research products online before committing to a purchase — is now a standard feature of the Indian consumer journey. Platforms such as Instagram and YouTube have emerged as the dominant discovery and consideration channels for products across virtually every consumer category.

2.4 Influencer Marketing and Trust

Influencer marketing leverages the authority, reach, and perceived authenticity of content creators to build consumer trust and drive purchase decisions. Research consistently demonstrates that consumers, particularly younger demographics, place higher trust in influencer recommendations than in traditional brand advertising. The perceived authenticity of the influencer — rather than merely their follower count — has emerged as the primary determinant of commercial effectiveness.



2.5 Trends in Digital Marketing in India

India's digital marketing ecosystem is characterised by rapid growth in short-form video content, the rise of regional language content, the expansion of social commerce, and the growing influence of micro- and nano-influencers. Platforms such as Instagram Reels, YouTube Shorts, and ShareChat have become critical consumer engagement channels. The increasing sophistication of digital analytics and AI-powered personalisation tools is enabling brands to deliver highly targeted and contextually relevant marketing communications at scale.

3. Research Methodology

This study adopted a descriptive research design to systematically investigate the relationship between digital marketing exposure and consumer buying behaviour.

Dimension	Details
Research Design	Descriptive research with primary data collection
Data Collection Method	Structured questionnaire (25 items) — online and face-to-face
Sample Size	90 respondents
Target Population	Active digital consumers aged 18–45; at least one online purchase in last 6 months
Geographic Scope	Urban and semi-urban India (north and east India)
Period of Study	January–March 2025
Analysis Technique	Percentage analysis and Z-test for proportions

The questionnaire covered demographic profiling, social media usage, influencer marketing exposure, online advertising responses, digital promotion behaviour, and overall purchase decision-making patterns. A pilot study was conducted prior to full deployment to validate question clarity and internal consistency. Percentage analysis was used to interpret frequency distributions, and a one-tailed Z-test was applied to validate the primary hypothesis regarding social media marketing's impact on consumer buying behaviour.

4. Data Analysis and Key Findings

4.1 Social Media Influence on Purchase Decisions

Finding	Response	Percentage
Made a purchase influenced by social media advertising	Yes	78%
Made a purchase influenced by social media advertising	No	22%
Most influential platform	Instagram	42%
Most influential platform	YouTube	28%
Most influential platform	Facebook	18%
Most influential platform	Others	12%



Instagram's dominance reflects its visual-first architecture and seamless integration of shoppable content. YouTube's strong showing underscores the influence of long-form and short-form video reviews in the consumer consideration stage.

4.2 Trust in Online Reviews and Influencer Marketing

Metric	Response	Percentage
Trust online product reviews and ratings	Yes, Strongly	52%
Trust online product reviews and ratings	Yes, Somewhat	31%
Trust online product reviews and ratings	No	17%
Purchased after influencer recommendation	Yes	71%
Purchased after influencer recommendation	No	29%

A combined trust rate of 83% for online reviews validates the critical commercial importance of online reputation management. The 71% purchase conversion rate from influencer recommendations confirms influencer marketing as a high-ROI channel for Indian consumer brands.

4.3 Response to Digital Advertising and Promotions

Metric	Response	Percentage
Engage with targeted digital ads	Always / Often / Sometimes	85%
Engage with targeted digital ads	Never	15%
Influenced by online promotional offers	Yes, Always	48%
Influenced by online promotional offers	Yes, Sometimes	36%
Influenced by online promotional offers	No	16%

The 85% engagement rate with targeted digital advertisements demonstrates the commercial value of personalisation and data-driven ad targeting. The 84% promotional influence rate confirms that digital promotional strategies — including flash sales, limited-time discounts, and exclusive offers — are among the most powerful short-term purchase drivers available to digital marketers.

4.4 Overall Impact and Purchase Frequency

Metric	Response	Percentage
Overall impact of digital marketing on purchasing	Very High / High	83%
Research products online before offline purchase	Always	52%
Most effective channel for purchase influence	Social Media Ads	38%



Metric	Response	Percentage
Most effective channel for purchase influence	Influencer Marketing	29%
Shop online 2–4+ times per month	Frequent shoppers	67%

The 52% of consumers who always research products online before making an offline purchase confirms the ZMOT (Zero Moment of Truth) phenomenon. This finding underscores the necessity of a strong digital presence for all businesses — including those primarily operating offline.

4.5 Content Preferences and Brand Advocacy

Content Type / Behaviour	Response	Percentage
Most influential content type	Video Content	45%
Most influential content type	Customer Reviews	30%
Most influential content type	Image/Infographic	15%
Most influential content type	Blog/Article	10%
Would recommend brand from digital marketing	Yes	68%
Shared digital ad or promotional content	Yes	65%

Video content's dominance reflects the rise of short-form and long-form video on Instagram Reels, YouTube, and similar platforms. The 68% brand advocacy rate and 65% content-sharing rate highlight the viral and network-amplification potential of compelling digital marketing, generating organic word-of-mouth at zero incremental cost to brands.

5. Hypothesis Testing

A one-tailed Z-test for proportions was applied to test H1: Social media marketing has a significant positive impact on consumer buying behaviour.

Test Parameter	Value
Sample Size (n)	90
Sample Proportion (\hat{p})	0.78 (78% influenced by social media)
Null Hypothesis (H0)	$p = 0.50$ (no significant impact)
Alternative Hypothesis (H1)	$p > 0.50$ (significant positive impact)
Level of Significance (α)	0.05 (5%)
Calculated Z-Value	5.31
Critical Value ($Z\alpha$ at 5%, one-tailed)	1.645
Decision	Reject H0 — $Z (5.31) > Z\alpha (1.645)$



Since the calculated Z-value of 5.31 far exceeds the critical value of 1.645 at the 5% significance level, the null hypothesis is conclusively rejected. The study confirms with statistical rigour that social media marketing has a significant positive impact on consumer buying behaviour. The jump from the neutral baseline of 50% to the observed rate of 78% is not attributable to chance — it reflects a genuine, strong, and commercially meaningful relationship between social media marketing exposure and consumer purchase decisions.

6. Key Findings

The following evidence-based findings emerge from the data analysis:

- 78% of respondents confirmed making a purchase directly influenced by social media advertising, establishing social media as the dominant digital purchase driver in the Indian market.
- Instagram is the most influential social media platform for purchase decisions (42%), followed by YouTube (28%) and Facebook (18%), reflecting the visual- and video-first nature of modern consumer buying.
- 83% of respondents trust online product reviews and ratings to some degree, underscoring the critical importance of digital reputation management.
- 71% of respondents have purchased a product after watching an influencer's recommendation, confirming the powerful commercial effectiveness of influencer marketing.
- 85% of respondents engage with targeted digital advertisements (always, often, or sometimes), demonstrating the effectiveness of personalised ad targeting.
- 84% of respondents affirm that online promotional offers, discounts, and flash sales significantly or sometimes influence their buying decisions.
- 83% of respondents rate the overall impact of digital marketing on their purchasing decisions as High or Very High.
- 52% of respondents always research products online before making an offline purchase, confirming the ZMOT phenomenon.
- Social media ads (38%) and influencer marketing (29%) together account for 67% of all preferred digital purchase influence channels.
- 80% of respondents feel that digital marketing helps them make better purchase decisions — positioning digital marketing as a value-adding information tool, not merely as advertising.

7. Recommendations & Strategic Implications

7.1 Strategic Recommendations for Businesses

- Prioritise Instagram and YouTube in digital media budgets. These platforms deliver the highest purchase influence and should anchor social media investment strategies. Short-form video content should be treated as a primary commercial format.
- Develop structured influencer marketing programmes with a clear focus on micro-influencers. Given that 71% of consumers have made influencer-driven purchases, brands should cultivate authentic influencer partnerships aligned with brand values rather than purely optimising for follower reach.
- Invest in proactive online review management. With 83% of consumers relying on digital reviews, brands must actively encourage satisfied customers to share feedback and respond professionally to negative reviews to protect brand credibility.
- Incorporate digital promotional mechanics consistently. Flash sales, exclusive online discounts, and limited-time offers consistently drive high purchase intent and should form a regular — rather than sporadic — element of digital marketing strategy.
- Build a robust digital presence for all businesses. With 52% of consumers always conducting online research before offline purchases, brands without a strong digital footprint risk losing consumers at the critical consideration stage of the buying journey.



7.2 Tactical Suggestions

- Prioritise authentic, value-driven content over purely promotional messaging. Consumers increasingly distrust overtly commercial content and respond more positively to educational, entertaining, and emotionally resonant digital communications.
- Invest in comprehensive product information across digital channels — detailed specifications, comparison guides, and tutorial videos. With 80% of consumers viewing digital marketing as a decision-support tool, quality information is a competitive differentiator.
- Adopt a mobile-first approach to all digital marketing. The majority of Indian consumers access digital platforms via smartphones, making mobile-optimised content, fast-loading pages, and seamless mobile shopping experiences non-negotiable.
- Personalise digital marketing communications using data analytics. Consumer expectations for relevance are high; one-size-fits-all messaging is increasingly ineffective.
- Cultivate brand advocacy actively. The 68% advocacy rate among digital-acquired consumers presents a significant opportunity for referral programmes, user-generated content campaigns, and community-building initiatives.

8. Limitations and Future Research Directions

While this study provides valuable insights within its defined scope, the following limitations should be acknowledged when interpreting its findings:

- **Sample Size:** The study is based on 90 respondents. While sufficient for the applied analytical techniques, a larger sample would strengthen the generalisability of findings to the broader Indian consumer population.
- **Geographic Scope:** The focus on urban and semi-urban consumers may underrepresent rural consumers, who represent a rapidly growing but behaviourally distinct digital consumer segment.
- **Self-Reported Data:** Reliance on questionnaire-based data introduces potential biases including social desirability bias, recall inaccuracies, and response bias.
- **Temporal Scope:** Data collected during January–March 2025 may not capture seasonal variations in consumer behaviour, including festive periods and major sales events.
- **Rapidly Evolving Environment:** The digital marketing landscape evolves rapidly; some findings may require updating as new platforms, algorithms, and consumer behaviours emerge.

Future research directions include longitudinal studies tracking consumer behaviour over time, cross-country comparative analyses, studies incorporating rural consumers, and experimental designs testing specific digital marketing interventions.

9. Conclusion

This research study comprehensively demonstrates that digital marketing exerts a profound and pervasive influence on consumer buying behaviour in India. Across all dimensions measured — awareness, information search, purchase intent, content engagement, and post-purchase advocacy — digital marketing channels consistently and significantly shape consumer decisions.

The study's statistical findings confirm that social media advertising, influencer marketing, online promotional offers, and targeted digital advertisements are the most powerful digital marketing drivers of consumer purchase behaviour. The Z-test hypothesis testing conclusively validates that social media marketing has a statistically significant positive impact on consumer buying behaviour ($Z = 5.31$, $p < 0.05$), reflecting a genuine and commercially meaningful relationship.



Beyond the statistical evidence, the research reveals an important qualitative shift in the consumer-brand relationship. Consumers no longer view digital marketing merely as commercial persuasion — 80% believe it genuinely helps them make better purchase decisions. This suggests that digital marketing, when executed with authenticity, relevance, and value, functions as a trusted information resource rather than intrusive advertising. The 65% content-sharing rate and 68% brand advocacy rate further highlight digital marketing's capacity to generate organic amplification and self-sustaining consumer networks.

For Indian businesses, the strategic implication is unequivocal: investing in high-quality, targeted, authentic, and mobile-first digital marketing is no longer a discretionary choice — it is a business imperative. Companies that fail to build effective digital marketing capabilities risk losing both market share and consumer relevance. Conversely, brands that master the art and science of digital marketing stand to build powerful consumer relationships, drive sustainable revenue growth, and create enduring competitive advantages in an increasingly digital marketplace.

Digital marketing is not merely about selling products. It is fundamentally about building relationships, creating value, and shaping enduring connections between brands and the consumers they serve.

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