

HOW DIGITAL MARKETING AND PERCEIVED PERFORMANCE AFFECTS CONSUMER BUYING BEHAVIOR: AN EMPIRICAL STUDY OF KARACHI GEN Y AND GEN Z

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ABSTRACT

Currently, digital marketing has become an essential factor in campaigns to attract and retain online buyers. This study aims to identify how different digital marketing tools impact consumer buying behavior. This research shows the most appropriate actions to take while planning an online strategy and retaining users. This research also signifies that the perceived performance of those tools should be compatible with running an effective digital marketing campaign. The conclusion of this research shows factors that should be utilized while planning a campaign with digital marketing tools. The effect on Consumer buying behavior for online purchases is necessary for all SMEs, eCommerce, and online retail industries, especially their performance. Through this research, companies can identify which campaign is suitable for them to run in the market of Karachi. A full detailed study is required by having different performance indicators as mediators or moderators in the future.

Keywords: Digital Marketing, Consumer Buying Behavior, Perceived Performance, Digital Channels, Consumer Online Purchase Behavior

INTRODUCTION

Scholars have studied the function of digital marketing in-depth for the past three decades. However, current research is mostly concerned with the function and effects of digital marketing in business-to-consumer (B2C) settings (Kim & Moon, 2021). The recent advancement of social platforms is one of the most significant changes in how people connect. This study aims to study how digital marketing affects consumer behavior in the expanding online purchasing industry. We'll also learn how the effectiveness of each digital platform affects consumers' decisions to shop online.

The emergence of the internet and the digital economy of business in recent years has forced a reconsidering of marketing strategies and, most of all, the purchasing habits of consumers by granting individuals access to global content, the ability to produce content, the ability to access Spreading infrastructure for consumer-generated media, and the ability to access an viewers (Tiewul, 2020). Communication, sharing knowledge, and encouraging individual creativity and invention have all benefited greatly from the internet.

Over 70% of the Pakistani audience uses a digital platform to access the internet and social platform to stay in touch with close ones. As a result, digital marketing is the starting point for any business looking to enter the Pakistani market and gain online sales and leads (*Scope of Digital Marketing in Pakistan - Digital Marketing Pakistan*, n.d.). Today, huge numbers of people use the social sites, media platforms, smartphone apps, and other forms of digital communication technologies on a regular basis. For illustration, 37% of individuals in Pakistan currently use the internet.

Digital marketing is also helpful for online customer purchases because it may be a source for products that are available online and that customers may like to choose and follow up on. Digital marketing also served as a platform for images, videos, and customer testimonials about their experiences using products and services. Social media gives information pertaining to all customers extremely clearly; therefore, using it would transform the way that people explore information about products or services.

In order for businesses to effectively compete in the new 2.0 & 3.0 marketplaces, ICT (Information and Communication Technologies) have been incorporated into all of these contemporary marketing techniques.

This technical business perspective can help micro, small, and medium-sized businesses modernize, obtain the tools they need to establish a lasting position in the market, particularly in the 2.0 and 3.0 sectors, and successfully identify their customers online. In fact, by 2017, digital channels are expected to account for approximately one-third of global advertising spending (Stephen, 2016).

The impact of digital marketing on Pakistan's major city was investigated in this study. The purchasing habits of Karachi residents are studied when they make direct or online purchases. The segments that follow will go

over the study's theoretical foundation, methods, findings, discussions, and conclusions.

Research Objectives:

- To measure changes in consumer purchasing patterns caused by digital marketing technologies.
- To assess which digital marketing platform is most effective at altering consumer behavior.
- To determine the frequency of internet purchases by customers.
- To examine the many products and services that consumers are purchasing online.
- To understand the behavior of online buyers by perceived performance.
- To determine effectiveness of digital marketing by having high performance rate.
- To learn several performance-enhancing techniques that could improve online purchases

Problem Statement:

This study's main objective is to determine how digital marketing affects consumers' purchasing behaviors. An increasingly common channel for brand and consumer involvement over the past few years has been digital marketing. In order to serve customers and advertise goods and services, marketing experts have used a variety of media for years. The performance of those platforms is crucial since digital marketing also serves as a route for online purchases. With a focus on consumer time and security, we must examine what motivates customers to shop online and how any digital marketing agency may enhance its performance to attract more users as customers on online platforms. We can considerably understand consumer buying behavior online by analyzing the performance impact of each digital marketing instrument.

LITERATURE REVIEW

The general consensus is that large corporations, like Apple and Amazon, are reaping all the advantages that digital technologies can provide, whereas small or local businesses find it difficult to gain in any way (Makrides et al., 2020). Online surveys are considerably more practical for organizations to

use to collect pertinent information from certain target audiences and analyze the results based on their responses. To decide wisely whether to purchase a good or use a service, prospective customers can check for reviews and suggestions. On either hand, companies use pertinent online customer feedback to understand their customers' demands better.

Setting a goal to increase brand awareness abroad through the use of digital marketing strategies necessitates the development of a well-thought-out strategy that can successfully take advantage of new technical developments.

For businesses that use it, digital marketing offers five significant benefits.

- First, both big and small businesses can do this.
- Second, Comparing the advertising space to print and broadcast media, there are no restrictions.
- Third, compared to express mail or even faxes, information access and search are quite quick.
- Fourth, anyone from anywhere in the globe can access the website at any time.
- Fifth, shopping alone can be done more quickly.

The attributes of digital marketing as it relates to promotion as a component of the marketing mix (4Ps). These effects persisted despite posters' favorable product experiences and commitment to these (Schlosser, 2005) there are Website, Search Engine Optimization (SEO), Paid Search Click- based Advertising (PPC advertising), Affiliate marketing, and strategic partnerships (affiliate marketing and strategic partnership), online public relations (Online PR), social networks (social networks), Email marketing (Email marketing), Customer relationship management (Customer Relationship Management. In addition, digital marketing has SMM, Mobile marketing, Content marketing and management, and Marketing analytics. The study makes an effort to thoroughly investigate the relationship between each aspect of the digital marketing tool and Consumer behavior on its own. Contrarily, a number of hypotheses have advocated undertaking additional research to comprehend the behavioral aim of people like the CBB.

Consumer behavior studies how people choose what to buy? It attempts to comprehend the many steps people take before making a purchase and how consumers choose, utilize, and dispose of goods and services. Consumer

behavior is also known as how consumers' feelings, attitudes, and preferences influence their purchasing decisions.

Understanding the various consumer types and their distinct purchasing behaviors based on their involvement with the purchasing process and their capacity to recognize key brand differences is crucial when it comes to an understanding how consumers behave when making purchasing decisions. (Hawkins, 2012) says as the level of interest a consumer has in purchasing a good or service, the phrase "buying engagement" might be used.

(Kotler, 2011) give the following description of Assael's model of the many customer purchase choice behavior types:

1. Complex buying behavior - this term describes consumers who are highly involved in the purchasing process and who are able to discern substantial brand distinctions.
2. Dissonance-reducing buying behavior - describes consumers who are very involved in the purchasing process but who are unable to distinguish meaningful distinctions between brands.
3. Habitual purchasing behavior - This relates to consumers' poor purchase engagement and their incapacity to recognize important brand differences.
4. Variety-seeking purchasing behavior - describes customers' minimal purchase engagement and their capacity to recognize substantial variations between products.

Buyer decisions are influenced by several important cultural, psychological, social, and personal factors. Consumer behavior research looks at demographics, social groups, like families and friends, and media influence on consumer behavior.

Previous studies have shown that even a small number of unfavorable reviews can significantly influence consumer purchasing behavior and choice (Schlosser, 2005). This is because a consumer may create a fundamental link with the other buyers. As a result, consumers increasingly rely on social media networks and websites to gather information about products before making a decision (Ramsunder, n.d.).

Hypothesis:

In the evidence of above literature review following are the hypothesis

which are formed by author:

H1: Digital marketing (DM) has positive impact on consumer buying behavior (CBB)

H2: Mobile marketing (MM) has positive impact on Consumer Buying Behavior (CBB).

H3: Social media marketing (SMM) has positive impact on Consumer buying behavior (CBB). **H4:** Pay-per-click (PPC) advertising has positive impact on consumer buying behavior (CBB) **H5:** Search Engine Optimization (SEO) has positive impact on consumer buying behavior (CBB)

H6: Email marketing (EM) has positive impact on Consumer buying behavior (CBB)

H7: Consumer buying behavior is positively influenced by digital marketing tools.

H8: If perceived performance (PP) is effective than digital marketing (DM) tools will be more effective.

H9: Perceived performance (PP) influences the relationship of Digital marketing (DM) and consumer buying behavior (CBB)

METHODOLOGY

Research Approach

This research is a combination of exploratory and Descriptive research, as some variables are unstructured, and the suggestion was so important in data collection. Using primary data, this research employs a Qualitative and quantitative (Mix method) approach to gathering data. The main cause of this is that it prompted the investigation into the causal relationships between factors in an effort to comprehend consumer behavior in comparison to digital marketing and their perceived performance in Karachi.

With a limited sample size, the qualitative research approach conducts an exploratory study to better understand the issue at hand. Flexible methods, such as interviews, open-ended questionnaire questions, and observations, are used to gather qualitative data. These methods aid the researcher in collecting replies to research questions which are based on the respondents' reflections on their expressions of emotions and experiences related to the issue (O'Gorman, 2015)

The study's primary goal is to evaluate consumer purchasing patterns in relation to digital marketing when those campaigns perform poorly with consumers who use or shop online. The study's main goal is to gather information and generalize findings from a wide sample of the population. As a result, it emphasizes completing a structured questionnaire with formal questions asked in a precise order and structured response options.

Whereas on our variables like Digital marketing and CBB consumer buying behavior, research has already taken place, but we are applying it to an exploratory variable, so questions driven from both are interlinked with descriptive and exploratory, and their correlation over each other. This research has a proposition of scientific knowledge and business sciences thus, the approach of this research is Basic. It is theoretical base and theories which are being used in this research are UTAUT (Unified Theory of Acceptance and Use of Technology), TAM (technology acceptance model), and CBB (consumer buying behavior).

Measures of Constructs

Digital marketing measurements were adapted from (Tiago & Veríssimo, 2014) based on nine attributes of online or digital presence of people on social media, search engines ads, emails, mobile applications, mobile marketing and their behavior with online advertisement. Second, consumer buying behavior (CBB) was analyzed by (Verplanken & Herabadi, 2001).

Consisting of seven constructs mainly focused on buyer's behavior towards each online platform, their buying consistency, their ease of shopping, their satisfaction with digital purchases. The idea for the third measure, Perceived performance, was taken from (Tran et al., 2019), which has seven questions analyzing customer experience with online performance, their reaction to speed and interface while using any application, devices they feel easy to use while purchasing online stuff and for discussion, we asked for their feedback that what can improve customer experience by digital buying.

Sampling Technique

According to the (worldpopulationreview, 2022) world population review, it is estimated that the population of Karachi is 17.6 Million. and in the report of statistics of Pakistan (statista, 2021), it is concluded that 60% of the population is lying between the age bracket of 15-64.

It is also stated in a report published by “date reportal (Digital 2022:

Pakistan, 2022)” that around 40% of the population is lying between 18-44.

In another report of date reportal (Digital 2022: Pakistan, 2022), it is stated that 36.5 percent of the total population is using the internet.

Therefore according to facts and figures, the total population size for this research is probably 2.5 million.

Stratified Random Sampling technique is used for the Overall population. The target audience is stratified into five subgroups which is their area of living. The researcher chose District East, District West, District South, District Central and Malir District and questionnaires were spread in each district. The idea behind choosing these districts is that these areas have the most coverage of the city.

Research Design:

The questionnaire is created in such a way that responders would find it engaging and simple to understand. Furthermore, the created questionnaire gathered only relevant information and included questions that were required to achieve the research objectives.

The questionnaire was constructed with the assistance of the research supervisor. Language which is used in questionnaire is English for the targeted group of people. The questionnaire was created in such a way that it will be confidential, and people who fill that out will stay anonymous. This allowed respondents to remain anonymous and avoid personal identification.

Questionnaire followed a specific framework and included several types of questions. The first part of questionnaire is to collect demographic containing age, gender, educational level (EL), area of living, and furthermore, in a multiple-choice format. The second part is for the use of Digital Marketing for online purchases in respondents' daily routines. The third part was to collect Consumer behavior toward behavior towards different online channels. Last and fourth we obtained their response on the Perceived performance of digital marketing which respondents are using and what are the most sources they used for their online purchases.

Data Collection:

The questionnaire was used for data collection. Every survey was conducted online via Google Forms. The five-point Likert scale, which is strongly agree to strongly disagree, includes 4 parts. The age range of the

study's target population is 18 to 40. There are differences in Gen Y members' educational levels and access use of digital marketing. As a result, it is clear that discrepancies between age groups will exist depending on the greatest level of education, gender, and occupation (Noble et al., 2009).

Self-administered paper-and-pencil intercept survey was deemed appropriate for the purpose of this research as the target group is young adults (De Vries & Carlson, 2014). Respondents were also approached through online surveys and personal interviews. Only those respondents were allowed who are likely to use online channels to buy stuff online.

Questionnaire was spread among 600 people between the period of august 2022 and November 2022. In that period author received 492 responses of which 458 were selected for data analysis.

Software:

SPSS software and SmartPLS 4 (Ringle, 2022) was used to check confirmatory factor analysis (CFA). The PLS-SEM model is used to check outer loading and discriminant values of collected responses. Abstracted data from SPSS is then transferred into an excel file to create bar diagrams and pie charts for better presentation.

Data Analysis Technique:

For descriptive statistics, SPSS software is used, and to analyze inferential statistics researcher used SmartPLS. For all direct models, SPSS analytics is used. Hypothesis test runs are performed in the same tool.

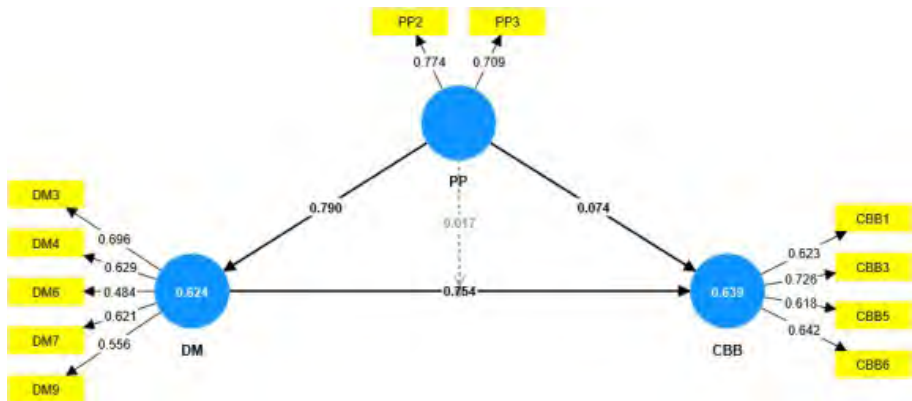
In SPSS linear equation model is used to run hypothesis and correlation formation. For analyzing data, the author uses PLS-SEM, and for the calculation, the researcher uses a consistent PLS algorithm technique.

The measurement model was reflective, and all outer loadings are analyzed in SmartPLS. The same software also identifies Cronbach's alpha and Construct reliability and validity.

Cronbach's alpha is acceptable at the level of .70; in this study, Cronbach's alpha crosses 0.70 (Fornell & Larcker, 1981a). The acceptance rate of composite reliability is 0.60; the three variables in this research have Composite Reliability between the range of 0.71 to 0.748, which is a good result. After analyzing data, the value of average variance extracted (AVE) was less than 0.50 in 2 variables, but according to (Fornell & Larcker, 1981b)

that if composite reliability is higher than 0.60 then the value of AVE less than 0.5 is acceptable, which indicates that this model has accurate reliability and validity.

Results and Findings:



The reflective model is derived from SmartPLS version 4, indicating the relationship of each variable. PP (perceived performance), DM (Digital Marketing), and CBB (Consumer buying behavior). The R square of CBB is 0.639, and the R square of DM is 0.624, showing a good relationship.

Discriminant Validity:

In the Discriminant validity of this paper, the author has analyzed a strong relationship between DM and CBB of 0.8, with PP and CBB having positive relation of 0.644. PP and DM relationship is high with a value of 0.786. between Digital marketing, perceived performance, and consumer buying behavior there is a positive correlation. HTMT matrix is used for correlation for different variables.

Heterotrait-monotrait ratio (HTMT)	
DM-> CBB	0.800
PP-> CBB	0.644
PP->DM	0.786
PP x DM-> CBB	0.326
PP x DM->DM	0.410
PP x DM->PP	0.607

Demographic Information:

Age of Respondent		
	Frequency	Percent
18-24	256	55.90%
25-30	154	33.6%
31-39	48	10.5%
Total	458	100%

Gender		
	Frequency	Percent
Male	254	55.5%
Female	204	44.5%
Total	458	100%

Education Level		
	Frequency	Percent
Matric	20	4.4%
Intermediate	106	23.1%
Bachelor's Degree	170	37.1%
Master's Degree	144	31.4%
Professional Certification	18	3.9%
Total	458	100%

Occupation		
	Frequency	Percent
Employed full time	232	50.7%
Self Employed	56	12.25
A Housewife	28	6.1%
A Student	142	31%
Total	458	100%

Do you buy things over the internet?		
	Frequency	Percent
Yes	408	89.1%
No	50	10.9%
Total	458	100%

In this research, the data is collected from 17% of district malir, 15% from district ease, 36% from district central, 15% from district west, and the remaining from district south. The researcher analyzed that 48% plus respondents are buying products from online channels every month, and 37% are utilizing this channel once or twice a year.

Discriminate Validity:

	CBB	DM	PP	PP x DM
CBB	0.91			
DM	0.800			
PP	0.644	0.786		
PP x DM	0.326	0.410	0.607	0.420

Summary of Results:

Proposed Paths	Pearson’s Correlation	p-values	Hypotheses
H1: DM ---> CBB	0.412	0.00	Supported
H2: MM --> CBB	0.215	0.00	Supported
H3: SMM --> CBB	0.521	0.00	Supported
H4: PPC --> CBB	0.321	0.00	Supported
H5: SEO --> CBB	0.382	0.00	Supported
H6: EM --> CBB	0.042	0.00	Unsupported
H7: CBB --> DMT	0.488	0.00	Supported
H8: PP --> DM	0.932	0.00	Supported
H9: DM x CBB --> PP	0.326	-	Supported

DISCUSSION

This study is for a specific geographic region and the central idea of this research is to conclude how consumer behavior is being changed by different digital marketing tools and if the perceived performance of those tools gets better, how will this impact consumer buying behavior.

Karachi is one of the most populated cities in the world, with internet users thirty-six percent and in this figure, around 82% of people are those who have purchased any kind of product or service through online stores. This research is based on a small group of people but if we look at overall factors, there are 17.6 million people who have the potential to buy stuff online.

From the authors' point of view, the purpose of this research met its objectives and this study is conducted successfully. The finding of Karachi cannot cover the population of the whole city but in different areas and different age groups, it is clear that digital marketing and its performance is affecting consumer buying behavior.

It is also clear that email marketing is not suitable for this audience because it is forming low relations among each other.

From asking people their opinion for better performance of the online channel, they recommended that by having multiple payment methods, making it more user-friendly, integrating it with different social platforms, and adding video teasers and genuine reviews of the product, buyers will be more attracted towards online marketing.

RECOMMENDATION:

The majority of the population is buying Apparel, fashion accessories, groceries, and food through the online channel so those SMEs who are newly entering this industry have a good scope and market. For those marketing agencies which are in the market and working on inbound campaigns, this research will help them to analyze the best audience to target from specific online mediums.

LIMITATIONS:

This research is limited to the boundaries of Karachi and from Karachi, there are two other districts that can be utilized in the next research. Time was

limited to meet research submission, therefore by taking more surveys, this research can be used for the population of major cities in Pakistan.

A full detailed study is required by having different performance indicators as mediators or moderators in the future.

This research can also be used from the company's perspective, and that will signify how digital marketing channels are helping their business and what performance indicators can be improvised for more customer buying. For B2B market, data should be collected in qualitative form purely for better ideas.

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