AN INTRODUCTION TO SOCIAL COMMERCE

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Abstract

The changing technological landscape has given rise to new means of doing business. One of the such recent trends which change the dynamics of the business world is social commerce. It combines the power of connectivity of social media with ease of doing business of Web 2.0 technologies. Social commerce is still is in evolving stage and it is uncharted territories for many. The objective of this paper is to provide insights about the basic concepts of social commerce. This paper also aims at showing how social commerce is being used by business organization at present.

Key words: Social commerce, S-Commerce, social media, social media Platforms, Web 2.0.

INTRODUCTION

The advent of Web 2.0 technologies coupled with power of social media has completely changed the dynamics of business world. Introduction of android and iOS app-based technology has further revolutionized the service quality and ease of use. The changing technological landscape has given rise to new means of doing business. One of the such recent trends which rocked the business world is social commerce. It combines the power of connectivity of social media with ease of doing business of Web 2.0 technologies. The resultant amalgamation

is pure gold, at least on paper. The rise in popularity of social media platforms has unleashed world of opportunities for marketers.

The social media platforms have evolved from being a place for connection to a boiling pot of information, opinion and ideas. Social media now plays an active role in decision making process of consumers. And the emergence of social commerce has taken it to another level, a paradigm shifts altogether.Social commerce in its core is basically, an online shopping platform which combines the technology of Web2.0 with networking from social media platforms (Huang & Benyoucef, 2013). The social media allows the business to not only engage but also develop close relationship with their customer which in turns results in increased sales and brand loyalty.

On the other hand, it gives more bargaining power in hands of consumers. Social commerce has led to change in the e-business environment, from product centric to now a more customer centric (Huang & Benyoucef, 2013); (Benjamin, Wigand, & Birkland, 2008).Although the social commerce is still evolving, companies have started taking keen interest in it. As the social commerce is still in its nascent stage and there is very little understanding of the phenomenon. Business organization are still trying to figure out what fits best.

This paper aims at providing insights on the basic ideas and concepts of social commerce. It also tries to shed light on how social commerce is being used by business organization at present.

LITERATURE REVIEW

The social networking of consumers has resulted in development of s-commerce, a new form of e-commerce. Through social commerce, the businesses are able to integrate user generated content which increases the reach and efficiency of their interaction with the consumer. (Lu, Fan, & Zhou, 2016)

Various researchers have come up with various definitions of social commerce. (Stephen & Toubia, 2010) defined it as internet based social media which allows marketing and selling of products and/or services on online markets or communities. The social network of e-commerce is in form of various social feature like customer ratings, customers reviews, online forums and communities. According to (Liang & Turban, 2011) , Social commerce is use of Web 2.0 technology along with social media networking iinfrastructure that uses user generated content for selling of products and /services. They also emphasized that the social commerce websites have three main attributes: social media technologies, community network with commercial aspect and information and opinion exchange before sale of the product/service.

(Rosa, Dolci, & Lunar, 2014) stated that there are mainly 2 forms of social commerce. First one comprises of social network sites where ads are displayed as well as they have ability to do transaction like selling or buying of products/services. Facebook, Instagram, YouTube and LinkedIn are few examples of this kind of social commerce. The second one is usage of social networking feature in e-commerce websites to increase their

reach and trust. Examples of this social commerce is   Amazon.com, Netshoes, Ponto Frio etc. As social commerce is almost like an extension to e-commerce, the theories and models that are applied to explain e-commerce can be easily extrapolated to social commerce as well. ((Liang & Turban, 2011); (Zhang & Wang, 2012)

 In social commerce, the consumer is involved in direct as well as indirect form of transaction. The direct form is consumer purchase behavior during the decision phase of his buying process. While indirect transactions refer to activities like e-WOM, information search, after sales information sharing on social media etc. (Hong, Lu, Gupta , & Zhao, 2014)

 (Gundlach & Murphy, 1993)argued that trust plays a pivotal role in general networking and human relation-ship. Hence, trust is the most important factor for consumers in social commerce as well. He further stated that if a consumer trusts a particular website, then it is easier to persuade him to participate in social commerce.

 (Hajli, 2013)states that trust is an important issue in social commerce as in order to build trust , customers reviews, ratings, comments etc. come in handy. (Venkatesh, Venkataraman , & Massey, 2003) suggested that perceived usefulness of a website motivates the consumer to participate in social commerce . (Flavián, Guinalíu, & Gurrea, 2006) suggested ease of use of a website or system comprises of ease of understanding the structural make of the system, the simplicity of use of website, the speed of search and control of searching in the website. While (Kim & Park, 2013) argued that information quality plays a significant role in increasing the trust of consumers in social commerce.
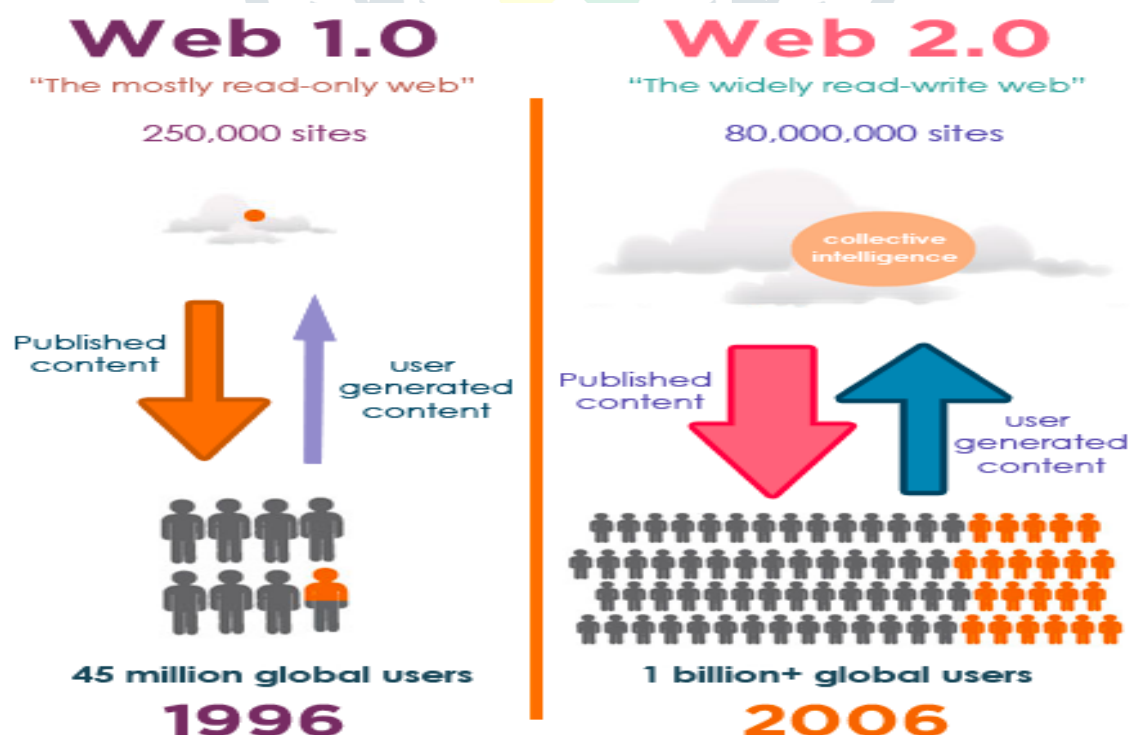
Web 2.0 Technologies

Figure 1 Web1.0 vs Web 2.0

The 4-core concept of Web 2.0 is user generated content (UGC), ease of use, participatory culture and interoperability for users. (Reilly, 2005) The term was first coined in 1999 by Darcy DiNucci.. In 2004, Tim O'Reilly and Dale Dougherty, brought this term to center stage at O'Reilly media web 2.0 conference. (Reilly, 2005). Figure. 1 explains the difference between Web 1.0 and Web 2.0. In Web 1.0 users were passive viewers of the content published on the web. But in Web 2.0, the users are in an interactive and participatory medium, where they can share, collaborate and post their ideas, opinion and information.

Social media

Social media are websites or web applications that enables the users to share content, quickly, efficiently and in real time. (Kietzmann, Hermkens, McCarthy, & Silvestre, 2011) There are mainly 6 categories of social media - relationship based network, media sharing network, discussion forums, social publishing forums, bookmarking sites and interest-based networks. Table 1. Mentions some of the famous examples of all 6 types of social media.

Social media	Examples
Relationship based network	Facebook, LinkedIn,Google +
Media Sharing network	Flickr, Instagram, YouTube
Discussion forums	Reddit, Quora, Digg
Social publishing forums	Twitter, Blogs, WordPress
Bookmarking Site	StumbleUpon, Pinterest, Flipboard
Interest based network	Goodreads, soundclouds

Table 1- social media and its type with examples

Social commerce

The term social commerce was first used in 2005 by Yahoo! Since then, a lot has happened. Social commerce is selling products and services using networking sites as vehicles to promote them. Social commerce can be considered as subset of e-commerce that uses social media and other online sites that allow social interaction and user contribution for selling products and services. In simple words social commerce is nothing but usage of social media for e- commerce transactions. Social commerce is the next logical step in social media marketing. Social media marketing helps in engaging the customers, while social commerce takes it a step further and turns this engagement to action.

Social commerce has been defined as "any commercial activities facilitated by or conducted through broad social media and Web 2.0 tools in consumers' online shopping process or business' interactions with their customers" (Lin, Li, & Wang, 2017)

In social commerce, a consumer receives information from two sources. One generated by the business organization (description of the product/service, price, availability, usage etc.) and another user generated content (reviews, recommendation, ratings, blogs etc.). They can use this information to make their decision. They can also share this information with others. They could even participate by adding their own opinion/reviews for business organization and other users to view, share or collaborate with them,

There are primarily two approaches of doing social commerce.

1) Addition of social interaction tools in e-commerce website

2) Addition of commercial element in the social networking sites-Shop now /buy now button

1) Addition of social interaction tools in e-commerce website. This approach is followed by e-commerce giants like Amazon.
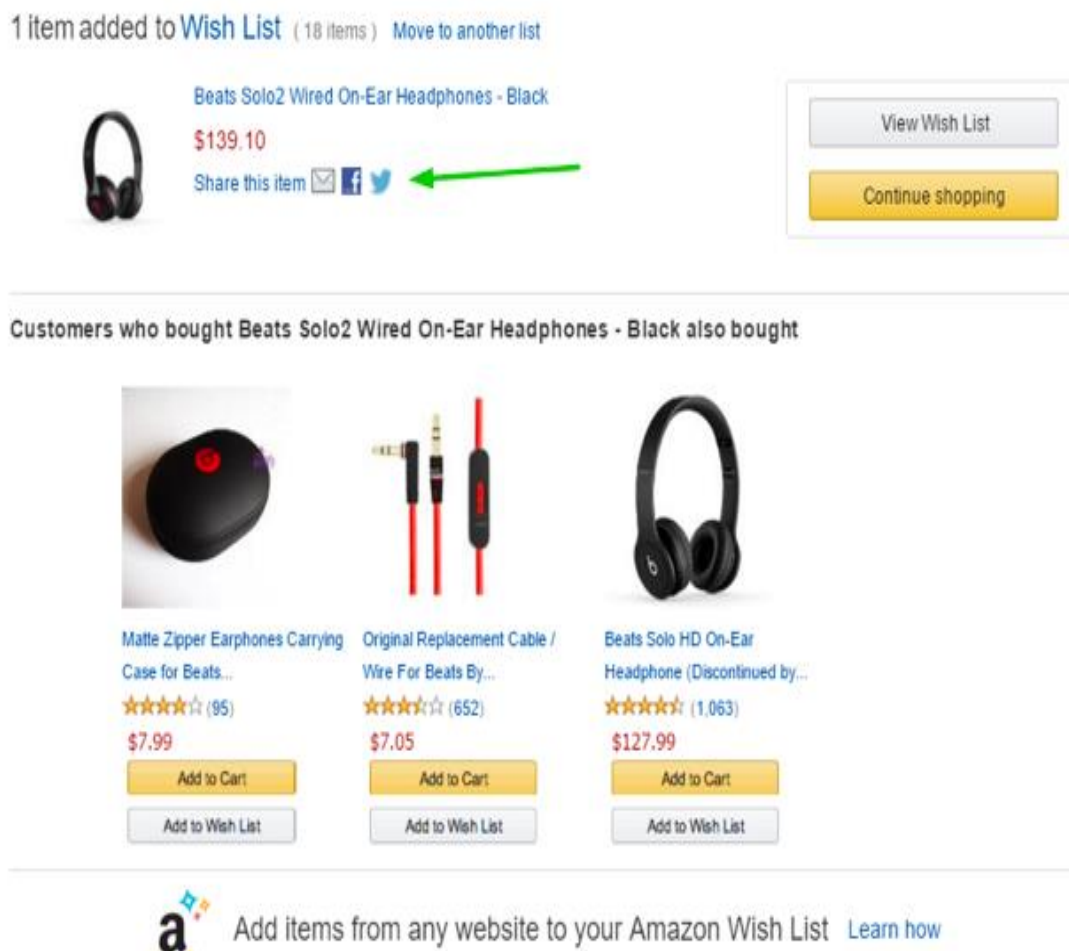

Figure 2.0 Social commerce on Amazon.

Figure 2.0 clearly shows how Amazon is using social commerce. The green arrow in the figure points where Amazon gives the option to its customer to share their purchase on social media platforms like Facebook, Twitter etc. If a user wishes to share this in their social media platform, they would be giving information to other users about the product.

The lower part of the figure shows the users what other customer purchased along with this product. This is recommendations from other users. So, we can see that Amazon is making the buying process more interactive and is using the social connection of the users for its benefit. The benefit derived can be in form of increased sales and/or better reviews and/or brand loyalty.

2) Addition of commercial element in the social networking sites-Shop now /buy now button available on
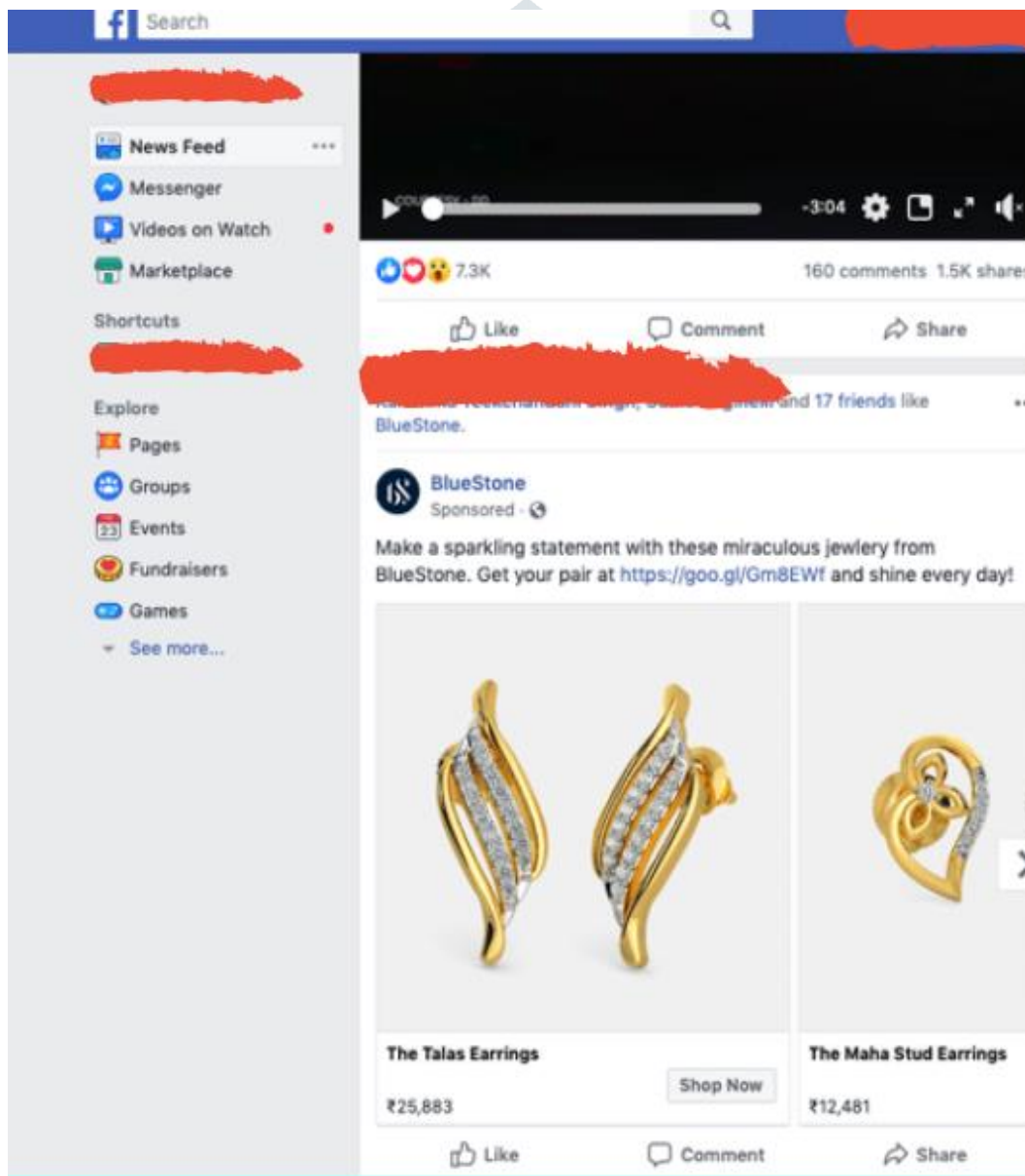

Figure 3.0 social commerce on Facebook

Facebook, Instagram or Twitter is the example of such approach. Figure.3 shows how social media platforms like Facebook add commercial elements for doing social commerce.

Shop now button allows the user to directly land in product page of the given product of Bluestone. The ease of finding a personalized product (based on the browser history) increases the chances of sale conversion. On the topmost part it shows how many friends have liked Bluestone, this information acts like recommendation from their peers which also increases the probability of sale conversion. At the bottom most part there is an option of liking, sharing or commenting on bluestone page. If the user likes/shares/comments on the business organization's page, they act like recommendations for other users.

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