

# SOCIAL COMMERCE – A TOOL FOR BUSINESS SUCCESS

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**Abstract -** The advancement in technology web 2.0 resulted in innovations of many social media sites; wherein an individual shares and often discusses different information either it may be various aspects of individual's life or the products and services which he or she intend to use. Therefore, such an advancement in web 2.0 and social media resulted in changing the approach of the traditional e-commerce. Hence, the social commerce made the businesses to be more customers centric. Thus, we can find many advantages associated with social commerce. Therefore, the concept social commerce has attracted the interests of many researchers and businessmen. In the present paper the authors made an attempt to discuss the concept of social commerce, reviewed the literature, presented the model of social commerce and identified different advantages of social commerce.

**Key Words:** social commerce, e-commerce, social media, web 2.0, customer.

## I. INTRODUCTION

Advancement in technology Web 2.0 and social media provide great potential for businesses across the globe. Social media has huge impact on the human lives which is the reason behind many social changes. Social media platforms also provide great business opportunities, human interactions where people meet and greet each other and share many thing either they may be related to their own personal issues, general social issues or aspects related business etc., within the framework of web 2.0 and social media customers can be able to access their social knowledge and their experiences about the products and services to support them in better understanding their online purchase purposes, and in making more informed and accurate purchase decisions (Dennison et al. 2009). The social media platforms emerged as an important media that affects the buying behavior of individuals. Therefore, there is a trend in the use of social media for various activities like social media advertisements, creations of platforms, such other activities. Hence, businessmen across the globe are more relied upon these social medial platforms such as Facebook, LinkedIn, instagarm, twitter, etc., irrespective of their size and capital. Today there are many examples we can find those who relied upon social media for the promotion and sell products(e.g., CocaCola, McDonald's, Starbucks, and Dell) and service providers (e.g., banks and airlines)(Liang and Turban, 2011). As the social media is

the cheapest and better platform for the entrepreneurs to promote and sell their products therefore, there are large number of business men are using the social media as one on of the major contributor for the growth of a firm. Further, web 2.0 and social media helps the business men to understand better about the customer behavior, experiences, expectations and it helps the businesses to develop better strategies for business growth and success.

Unlike earlier in the present digital world setting up of a company (either physical or online) and waiting for customer is no more a business strategy. Rather, the businessmen shall be pro-active by identifying ways to engage customers, build relationships and create communities(Linda, 2010). The social elements imbibed in the social commerce differentiate the social commerce from e-commerce. These social commerce sites generally have characteristics like scope for customer reviews, ratings, customer recommendations, referrals, social shopping tools and online communities (Stratmann J, 2010). As mentioned by Linda, (2010) such features of social media has 'created a trusted environment for the customers where their friends, family members, and their other acquaintances constantly contribute content to the referrals and sale of goods and services though positive and negative feedback, reviews, ratings, testimonials regarding their experiences past and present'. Therefore in short it can be interpreted that, the social commerce is the trusted environment where

the potential customers make buying decisions based on the advice and network of friends and family, but not the strangers those who do not know and believe (Linda, 2010).

In the present study the authors made an attempt to analyze the concept of social commerce, review the literature on the social commerce, present the model and advantages of social commerce. The structure of the paper is as follows: section one focuses on the introduction of the concept social commerce and its utilities, section two presents review of literature, section three presents the model of social commerce, section four explains the advantages associated with the social commerce and section five concludes.

## II. REVIEW OF LITERATURE

### 2.1 Definition

Though there is no standard definition for social commerce (Liang and Turban, 2011), but in general the carrying e-commerce activities through social media environment like social network sites and by using web 2.0 technologies. Social commerce is an evolution of e-commerce (Huang and Benyoucef, 2013).

As Kim and Srivastava, (2007) defines social commerce refers to utilization of web 2.0 in e-commerce. Whereas, Linda, (2010) defined social commerce as 'use of social media, in the context of e-commerce, to assist with buying and selling products and services online'. As the author says social commerce is an outcome or blend of e-commerce and social media. As Kaplan and Haenlein, (2010) defined 'a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of user-generated content'. Example of social media sites are web-based forums, blogs, virtual communities and social media networks. According to Statista Research Department (2021) the world spends 145 billion minutes time on social media every day, the major social media brands are Facebook, Instagram, Twitter, YouTube etc.,

Huang and Benyoucef, (2013) states the social commerce is a combination of several disciplines such as computer science, marketing, sociology and psychology. Thus, these disciplines add to the diversity of definition of social commerce. As the authors defined social commerce is 'an Internet-based commercial application, leveraging social media and Web 2.0 technologies which support social interaction and user-generated content in order to assist consumers in their decision making and acquisition of products and services within online marketplaces and communities'.

### 2.2 Difference between e-commerce and social commerce

The first major difference between social commerce and e-commerce is the social commerce focused toward social objectives, such as networking, collaborating, discussion and information sharing, with a secondary focus on

shopping. Whereas e-commerce primarily focused on maximizing efficiency with strategies for sophisticated searches, one-click buying, specification-driven virtual catalogs and recommendations based on consumers' past shopping behavior. The second factor is in e-commerce the customers interact individually with the e-commerce company whereas in case of social commerce the customers discuss with the peer or friends about the products or its feature either it may be contentment what he or she has or it may be discontentment.

The third major differentiating factor is in e-commerce in general the communication is one way, the e-commerce companies share information. The customers of e-commerce companies are seldom sent back the information to the company. Whereas in social commerce the communication is not one way.

### 2.3 Researches on Social commerce

After realizing the significance of social commerce in the growth of businesses, it has attracted the attention of the researchers across the globe. Hence we can find there are large number of studies have been conducted by the researchers to examine the different dimensions of social-commerce.

Chen and Shen, (2015) conducted their study to examine the consumers' decisions in social commerce, in their study it is found that 'the relational factors such as social community commitment, trust towards community and members has explained the variations in the social shopping intentions about 44.44 percent and 31.8 percent of variations in social sharing intention'.

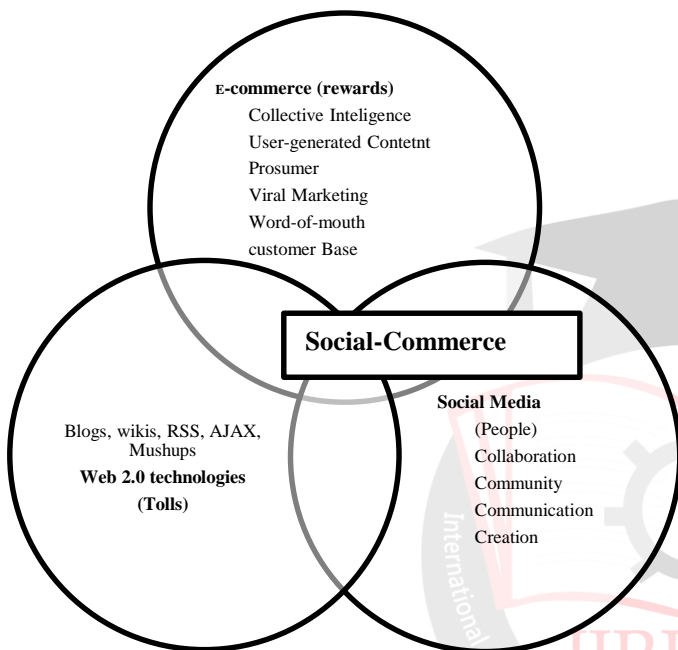
Lin et al., (2017) in their study found that three major research themes are in trend in the area of social commerce research; organization, advertisement, and word-of-mouth. Each of these themes discusses topics like innovation user-generated content, and reputation etc.,

Gibreel et al., (2018) made an attempt to explore the development of new form social commerce in three different folds in emerging markets. The first factor is social factors that have been represented by trust and familiarity; second factor is technical issues that include factors related to government regulations and technological issues; the third one is socio-technical factors, these factors include the perceived ease of use of the products, perceived usefulness of the products and actual usefulness of the products. The authors found that, governing form factors (for example mobile system) plays a major role in the development of social commerce in the emerging markets. Further it is also found that familiarity and trust plays crucial role in the sale process; and perceived positive opinions and word-of-mouth play very important role in development of trust and that helps in increasing customer propensity and willingness to search for products on these social commerce platforms.

Further some authors have conducted their research to prove that the power of seller is transferred to buyer, the implications of these argument is that due to social commerce the businesses are becoming more and more customer centric(Hajli, 2015; Hajli and Sims, 2015). While there are large number of other authors also acknowledges the bright future of social commerce in the competitive business world ((Bai et al., 2015; Shanmugam et al., 2016; Sheikh et al., 2019).

### III. MODEL OF SOCIAL COMMERCE

Based on the literature review the broader framework and the model of social commerce has been presented in the below figure-1.



**Figure 1: A Triad Relational Model of Socioeconomic Life on the Web**

Source: Linda, (2010)

As Linda, (2010) expressed ‘a marriage of social media and e-commerce have given birth to exchanges that cannot be found outside the Internet’. Thus, as it is depicted in the above figure-1 the outcome of integration of technologies (web 2.0), social media and e-commerce is social commerce. The success of social commerce depends on the all the three factors. For example Huang and Benyoucef, (2013) finds in their study for the success of ‘any social commerce website it is very crucial to have minimum set of social commerce design features. These design features must cover all the layers of the proposed model, including the individual, conversation, community and commerce levels’.

### IV. ADVANTAGES OF SOCIAL COMMERCE

- i. As social commerce lies on the word-of-mouth. When a delighted customer shares something or

- discusses in the social Medias with the friends, family members and other associated friends. Such products can go viral in the community, thus firms can be able to sustain.
- ii. It helps in understanding the customer needs and wants well in advances; hence the young entrepreneurs can start a business firm to meet the needs of customers.
- iii. It also helps in predicting the changing pattern of customers’ tastes, preferences, and socio-economic conditions etc., thus it helps in adopting different strategies according to the changing trends.
- iv. If there is any manufacturer earns margin of profits from the sale of any product or service, in such case the social marketing is about arguing on the consensus and creating something new of the difference(Linda, 2010).
- v. It helps start-ups to build online fan communities to promote their products or services, now even brands like Adidas, New York Times, BMW and Coco-Cola have created circles of “friends” that have become brand-building hubs.
- vi. The movement and the speed of information from one to another have been multiplied because of advancement in technology like blogs and wikis. Thus, the information quickly reaches to different persons.
- vii. As Bazaarvoice (2010) mentioned, that on an ‘average consumer mentions specific brands more than 90 times per week in conversations with family, friends and coworkers’. Hence the same friends, folks speak on social media sites. Therefore, it helps the businessmen sell his products quickly.
- viii. As the buyers are quickly able to transfer the information about the product quality and other features of a product, it helps the entrepreneur to build a brand at a shorter periods of time.
- ix. Consumer feedbacks provide insight into consumer desires and preferences.
- x. The consumers also return to specific websites until their needs are met. Thus, it also helps the business persons to develop niche marketing strategies by focusing on certain customers.

### V. CONCLUSION

Social commerce an outcome of technological advancement web 2.0 and e-commerce that has brought a revolutionary shift in the modern business world. It provides greater business opportunities for both new and existing businesses. As the literatures review indicates the social commerce has many advantages and has bright future. Therefore, based on the discussions in the present paper it can be concluded that social commerce is great opportunity

for businesses in India particularly for start-ups who can understand the customer needs and wants.

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