Social Commerce: Catalyst for E-commerce

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ABSTRACT

We live in a world which is connected 24/7, internet helps us to communicate very easily and comfortably by using emails but Web 2.0 revolutionized are lives by introducing Social Networking Sites(SNSs) like Facebook, Twitter, Linkedln and YouTube etc. As we all are social individuals we love to share our good and bad. Sharing our thoughts is much easier and faster by using Social media platforms. Our thoughts may influence a persons' attitude for an event, product or service. Social relationships developed on electronic platforms create lots of business opportunities. We trust our friend's knowledge and experience. Business organizations are harnessing consumers liking, sharing and tagging on social media for new product development. The growth of social networking sites, such as Pinterest, Facebook, and Twitter developed enormous opportunities for marketing products and services. Marriage of social networking and e-commerce is social commerce. Social commerce is social interactions developed on electronic platform, which helps in growth of e-commerce. Maximum purchasing on e-commerce sites are diverting from Facebook and other social media sites. The purpose of this paper is to help e-commerce marketers in improvising their strategies to market their products on social media platforms. Results reflect marketers should capitalize the growing popularity of social media among customers and cater new social media tools in order to improve their online brand image and cater new customers.

Keywords: Social Networking Sites (SNSs), Social Commerce, Social Relationships, Product Development

INTRODUCTION

India is an active participant of world digital revolution. Due to variety of broadband subscriptions, fast internet connectivity with 3G and 4G services, affordable price of smart phones, busy lifestyle, high disposable income, nuclear families and increase in population of working women, discounts, offers and price comparison helps to attract more and more customers towards e-commerce retailers. As per the research by e-tailing India the e-commerce market, which is currently at Rs 78,000 crore is going to cross five corers by 2019. As per research they claim that like Apple changed the music industry, e-commerce will change the retail industry.

Forrester Asia Pacific online retail forecast published in early October 2013 explains that India's online retail spending was expected to reach $2 billion by the end of 2013. Near future Amazon, India can become fastest in the country and can reach to $ 1 billion in gross sales. Out of 22 million registered Flipkart users, 4 million visit daily. Report proofs that the majority of the online buyers few years back there are more buyers were from tier one cities but scenarios changes now there is increase in sales from tier two and tier three cities.

Internet is the lifeline of today's Indian citizen its helps them to stay connected with their family, friends, colleagues and customers. As number of individuals using Internet is growing but they are not using internet only for shopping, they are using this magical network for many other things like bill payments, online banking, buying movie tickets, social interactions, and travel bookings etc.

As people are spending more time on gadgets like smart phones, tabs and laptops and they are voraciously using social networking websites or apps like Facebook, Linkedln, Twitter and WhatsApp. We share our views, interests, likes and dislikes more on social media. As we spend more time on social media, it is

expected that some of our posts, comments, shares and likes must reveal our interest. Online retail organizations are using social media platforms for promoting their products and services. Social media has changed the way people communicate and maintain their relationships. According to an webinar organized by ComScore(NASDAQ: SCOR), a leader in measuring the digital world, today released a study on the top online sites and activities in India. The report explains that the Google Sites are the most popular destination and almost 95 percent of the online population is there on Google, while social networking is the top online activity and 25.2 percent of all online minutes are spent on social networking sites. As most of our time was spent on social media so we usually share what we like on our Facebook walls and our shares, likes and comments on the social networking platforms will affect our purchasing decisions and preferences.

Many online retail companies are getting benefits from the social networking websites by setting up Facebook pages, uploading corporate vides on YouTube or Twitter feeds. These are easy and powerfid ways of engaging the customer. As we all are having very strong social network on e-platform we enjoy chatting, liking commenting on our friends' pictures or post. As human is social animal we respect, trust our relationships irrespective of the platform. For many customer segments, shopping in the physical world is still been social we always accompany our friend or relative when we go for shopping to authenticate our choice. Now, some companies are using social media in a similar way, they provide the framework where customers can use the recommendations before shopping like Flipkart has added a new feature Ping to its Android and iOS application that allows users to chat with their friends while doing shopping and share experience using text, photos, emoticons in real time.

Social commerce is a form of commerce mediated by social media involving convergence between the online and offline environments (Wang and Zhang 2012). Social commerce involves the use of Internet-based media that allow people to participate in the marketing, selling, comparing, buying, and sharing of products and services information in both online and offline marketplaces, and in communities.

The integration of social networking sites and e-commerce is advantageous for both online retailers as well as customers as it provides a platform for customers to exchange and evaluate the information. This integration helps users to make purchasing decisions, and contribute in the growth of E-commerce.

Social commerce is doing commerce in a collaborative and participative way, by using social media, through an enterprise interactive interface that enables social interactions. (Youcef Baghdadi)

Our purchasing decisions related to products and service always influenced by other people. Social networking website provides discussion platform for customers; it can be utilized by e-retailers in order to influence customer buying decisions. Study of social commerce was started, with a focus on extracting value from the social web for both businesses and customers. (Morad Benyoucef and Amir Afrasiabi Rad)

According to IBM social commerce is the fusion of social media and e-commerce, social commerce is the concept of e-commerce applied to e-commerce. Social commerce is the subset of e-commerce that uses social media, online media that helps in social interactions that leads to e -purchasing.

TechCrunch reported that Facebook was testing buy button on the feed itself so the customer can purchase from there itself without moving to retailers. Facebook can save payment information in order to handle security issues. This would be the win-win situation for both Facebook can collect the fees from e-retailers and at the same time e-retailers could capture more customers. A "buy now" would definitely not increase the traffic for e-retailers, but it could enhance sales and loyalty.

Online shoppers are very price sensitive and much research online before making a purchase. Shoppers are 71 % more likely to buy from a company they follow on social media, making online presence more important

than ever. If buy buttons became commonplace on social sites, they would be easy call-to-actions that could definitely drive sales by simplifying the shopping process. Pinterest's price drop feature is the most innovative idea yet in social commerce, as it further incentivizes pinners to make a purchase using psychological pricing.

REVIEW OF LITERATURE

Social Commerce Dimensions: The Potential Leverage for Marketers by Mahdi Shadkam and James O'Hara (2013). Author emphasizes on the role of social commerce for engaging in collaborative online social environment. The paper explains the content related work in social media and business in order to propose a classification framework. This study also finds out new social media tools that help retailers in order to improve their business strategy. Study also explains the role of smart phones, as they are key drivers to improve social media. In order to leverage mobile customers many marketers are using mobile applications to connect online to their customers.

Social Commerce: A Contingency Framework for Assessing Marketing Potential by Manjit S. Yadav, Kristine de Valck, Thorsten Hennig-Thurau, Donna L. Hoffinan and Martin Spann (2013). Authors explain that the importance of social media for brand recognition is widely accepted but it is not clear whether social media can also help companies market and sell products. This paper explains the lack of clarity in the literature regarding the meaning and domain of social commerce; and they explained social commerce as well as develop a contingency framework for assessing the marketing potential that social commerce has to offer to firms.

Social Commerce: the underlying trend of social commerce by Shen and Yuhua (2012). Author explains the role of social network in order to improve the E-commerce according to users' perspective. Author uses two case studies Facebook and Groupon in order to explain the concept of social commerce. The result of this study explains that most of the users accepted the social commerce and Facebook commerce are more preferred over Groupon as more sharing, liking and tagging is possible in Facebook as compare to Groupon. He explains that there would be growth of communication on social platform.

A research framework for social commerce adoption by Mahmood Hajli(2012). Author explains that recommendations and referrals, forums and communities and rating and reviews can create social commerce. Paper highlights the role of ICT in the behavior of online customers, which leads to   e- buying.

Introduction to the Special Issue Social Commerce: A Research Framework for Social Commerce by Ting-Peng Liang and Efraim Turban(2011). Author explained role of social networking sites for social commerce. Authors explained that Social commerce using Web 2.0 helps to support online interactions and user contributions to help in the acquisition of products and services. They proposed framework for defining the scope and identifying potential research issues in social commerce.

A Model for Understanding Social Commerce by Amir Afrasiabi Rad and Morad Benyoucef (2010). Authors explain that for purchasing products and services, decisions customers have different decision making behaviors but other people can influence maj ority of decisions. Social web provides a discussion platform for customers, which can be leveraged by companies for their discussion making in order to attract customers. The paper contributes the efforts by evaluating the effects of the social web on various stages of purchase decision-making and proposes a model for understanding social commerce.

Social dimensions of the e-commerce world in India by Dr. Devendra Vyas(2009). Author explains that the Electronic commerce or ecommerce as the term as type of business, or commercial transaction that involves the transfer of information across the Internet. It covers different types of businesses like retail sites, auction

or music sites, Business to business trading of goods and services. Paper covers the social dimensions of e-business practices in India.

Impact of Social Influence in E-Commerce Decision Making by Young Ae Kim and Jaideep Srivastava (2007). Author explains that purchasing decisions are strongly influenced by people whom the consumer knows and trusts. He observes that many online shoppers wait for the opinions of early adopters before making a purchase decision in order to reduce the risk of buying a new product. Web-based social communities, allow consumers to share their personal experiences by writing reviews, rating others' reviews, and chatting among trusting members. They help to move the traffic to retail sites, which ultimately lead to purchasing. E-commerce companies have started using data on the social interaction between consumers to improve their sales.

METHODOLOGY

We have to choose research methodology to attain the aims and objectives of the research. The first aim is to review the literature and classify in order to give the better understanding and position the diverse aspects of e-commerce being presented in the literature. The literature review presented a inclusive understanding of e-commerce with main contexts like: advertising, social interactions and concept of social commerce. The aim of the literature review was to give an understanding of the social commerce involvement in e-commerce and to establish the list of all the important elements of social commerce

There are two types of data collection methods commonly used; these are qualitative and quantitative methods, and are the subject of many authors' particularly in terms of the differences between them (Lee, 1992). Mariampolski (2001) observes that the qualitative inquiry can explains various strategic information needs, when used in creatively for new product development, conception and evaluation of marketing or communications tactics.

A sample was selected using Non-probability sampling technique, which is basically convenience-sampling technique. Normal public from Indore is taken for the present study. The questionnaire was designed on the basis of availability of the literature. Before conducting final survey a pilot study was conducted. The purpose of pilot study for testing is to test the reliability of the questionnaire. After reviewing the respondents' answers during pilot study, some questions were modified to and few are changed altogether as per the suggestions from respondents. It is used in the present survey questionnaire as to collected quantitative data. Likert scale in this research ranging from 1 (highly disagree), 2(disagree), 3(neutral), 4 (agree) and 5(strongly agree). However few questions were Yes/No type and some of them are multiple-choice type in that respondents used to choose options might be more than 1, which are applicable to him. The questionnaire has been categorized in four sections first section is concerned with general profile which includes gender, age, monthly spending, and internet usage in terms of years and hours in a day, second section enquires about use of social networking sites, third section comprises of usage of e-commerce and fourth section focuses the usage of social commerce.

Using a survey of the sample of 300 people of different age, gender, education background in Indore, this study investigates the various factors responsible for use of social networking sites for e-shopping. Out of total 300 distributed questionnaires, 250 filled up questionnaire were received yielding approximately 83 percent response rate. The reason for such high response rate may be due to distribution and collection method used for the survey.

RESULTS

The total sample is composed of 300 respondents, aged over 18 years but we were able to receive 250

completely filled questionaires. The first section of the questionnaire focuses on general information like age, gender, monthly spending, time spend on Internet, items usually purchased online. From 250 respondents, 190(76%) are males and 60(24%) are females. 210(84%) are having monthly spending of more than 1000 rupees on goods and services. 200(80%) confirmed that they are using net more than 6 years.

80% of the respondents are spending around 3- 6 hours on Internet. More than 90% respondents have chosen book, music, clothes and shoes as the major shopping items however, 5% are shopping food and cosmetics.

When the respondents were asked to indicate which social networks they are using 80% have voted for Facebook and LinkedIn, YouTube 12% and 5% Twitter and the remaining social networks are not so much accessed by respondents so they are close to 3%.

Regarding the usage of social networking sites, 60% are using around 3-6 hours per day, 20% access 1-3 hours daily, while 10% said that they access at least an hour on daily basis, 10% access less than an hour.

Another question in the questionnaire was related to the online feedback trust of the respondents and if they bought the products of a company posted/recommended on their Facebook page, most of them replied that they did not do such a thing (54%), 33% said they had purchased such products, while 13% did not remember having made such purchases.

When it comes to reasons why respondents prefer buying online, the most important reason is cost (40%), in online purchasing variety and choices are also very important criteria so (30%) respondents go for online shopping only because of the availability of choices is much higher as compared to brick and mortar shops and (10%) respondents go for online shopping only for tun.

Respondents have to choose from different sources of information when they want to go for online shopping, i.e. search engine, links inside shopping sites, blog recommendations, friend recommendation, the company website and social networking page. The most used source of information is the search engine (35%), socializing page (20%), company website (17%), and the friend's recommendation (8%).

(90%) respondents recommend online sites to their friends and around (80%) respondents have done online shopping through Facebook.

Question related to Social commerce in section 4, where the respondents have to rate few statements on the scale of 5 where 1 (strongly disagree), 2(moderately disagree), 3 (neutral), 4(moderately agree) and 5(strongly agree). Regarding the comments read on a page of a product on Facebook that is investigated and the power of those to influence on the final purchase, respondents stated that they are not affected either small or largely in their choices they make (46%). (30%) respondents agree on the fact that they share shopping information on social networking sites which results in strengthening their connections, (60%) are convinced that information on social networking sites will assist them in purchasing, (10%) at the time of shopping influenced by total number of likes.

CONCLUSIONS

After the analysis of the collected information from the 250 respondents, we can conclude the fact that most consumers who buy products or services online are adults, this may be because they can take independent decisions and at the same time are financially independent as well having their own credit or debit cards. From this research we can chalk out consumer profiles that are more interested in online shopping. The consumers that go for online shopping are young, with monthly spending more than 1000 rupees on goods and services. Before purchasing a product online they usually gather information themselves from blogs, company's websites, Facebook accounts or friends.

The most common reasons for consumer's preference for online transactions are cost (40%) and variety and choices comes next with (30%). The most purchased products online by respondents are clothes, shoes, music followed by watches and jewelry. To conclude, we can say that social commerce that is interaction on social media sites plays a very important role in online buying decisions and that ultimately increases the e-commerce. As per online retailers point of view for improving online sales social interactions on company's Facebookpage plays a very important role, so e-retailers must have very much updated social media presence as well as creative pictures as posts so that more likes and shares could be possible.

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