

## ***SOCIAL ELECTRONIC COMMERCE***

### **LITERATURE REVIEW**



## ABSTRACT

Shopping on the web has become a common trend in today's life. The advent of E-Commerce over a decade has transformed the selling and buying of products including the support and marketing activities electronically over the web. A report by Episerver (2017), The online sales of US will reach the \$200 Billion mark this year. The success of social networking sites like LinkedIn, Facebook, Twitter etc. has slowly started to influence all areas of Online Business. According to Social Commerce Today, Social E-Commerce is considered as the subset of E-Commerce which deals with the online and social media for interaction and contributions in customer support in sales & other services. From the Business Perspective, Social Interactions are important as they can make the business to understand the customer behaviors. The Current paper (Literature Review) is a first step for research on Advantages and Disadvantages of Social Commerce on the topic social ecommerce.

## INTRODUCTION

In Simple, Social Commerce is the process of using the social media networks to promote the E-Commerce Transactions of the company such as assisting the users in buying & selling the products etc. According to an article published in Magzter, In Gulf people spend 58 million hours on Facebook at Ramadan Time, usually 5% extra time than usual and it is instinctive.

Jason Walkers (2011) For Customers, Social Commerce is just a kind of Online Shopping enabling their comfort in shopping with added wisdom and honest reviews from experts & others. Social Commerce can enrich the shopping experience of the customers with expert reviews & suggestions thereby increasing the customer loyalty. For example, when a user shops for a Laptop, It's really helpful to see the customer reviews and at the same time it is great to be informed that your colleague or a friend has purchased the same product which they are happy with. This information can be gathered while logging on to the Social networking site like Facebook or Twitter etc. David Beisel (2005) When the advertorial content on a product or company is published by a friend, an amount of special trust can be integrated.

Integrating the social media and commerce, organizations are finding better opportunities to promote their products and Sales. Customer engagement through Social media can be helpful in knowing the target customers. Rahul Saluja (2015) Organizations can analyze the results and can design their marketing strategies accordingly.

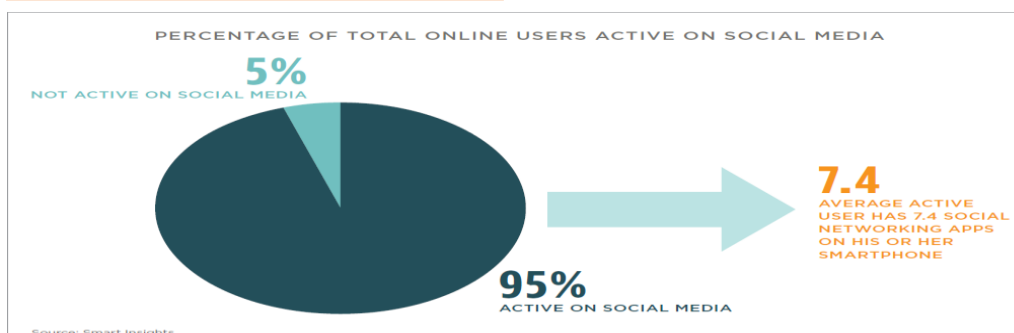
## 2. LITERATURE REVIEW

### 2.1 Evolution of Social Commerce:

We are aware the traditional retail websites in 90's is quite boring as it just provides you their online brochures and the way has changed with the step in companies like Pegasus, Amazon and EBay etc. in to the market. Ecommerce doesn't bring any interactions with the people who bought their products. Gideon Lask (2015) It was then two further major developments has helped for the existence of Social Commerce I.e. Broadband and Social Networks after 2003 and gradually their growth after 2005/2006. Booz & Co (2011) reported that Social Ecommerce has been growing rapidly ever since it started from 2011. Companies have started utilizing this opportunity to the core as it can help them in improving their revenues. The popularity of mobile computing can also be treated as one of the reasons for the growing concern for social commerce.

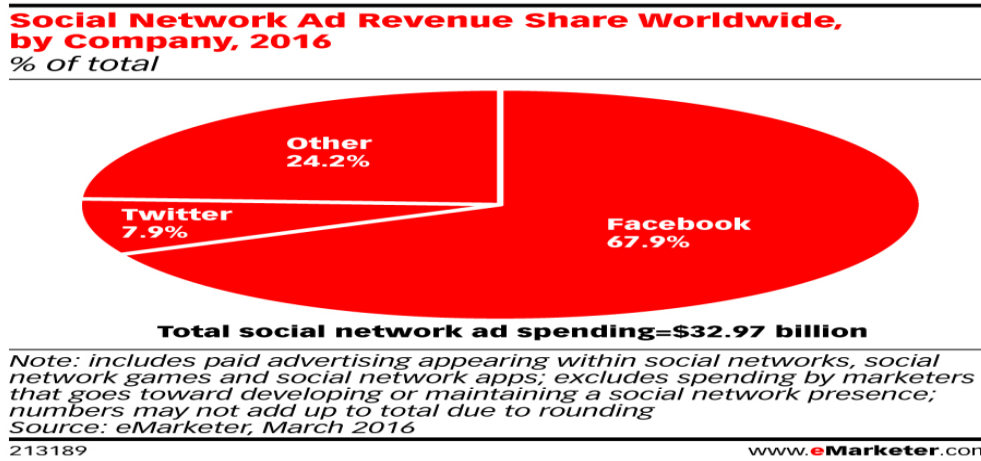
Kurtsalamon (2016), According to BigCommerce survey, it is noted that 95% of online users are active on social media and 30% of all online shoppers along with 50% of U.S. Millennials are happy to purchase through social media network. Cooper Smith (2016), According to Internet Retailer's Social Media 500, From Social Shopping the top 500 retailers have earned 3.3. Million Dollars for the year 2014.

*Two-thirds of online users are active on social media, many utilizing different apps.*



Source: Kurtsalamon (2016), Let's Get Social

Dillion Baker (2017) A survey emarketer in 2016 has provided the worldwide share of Social network revenue as follows

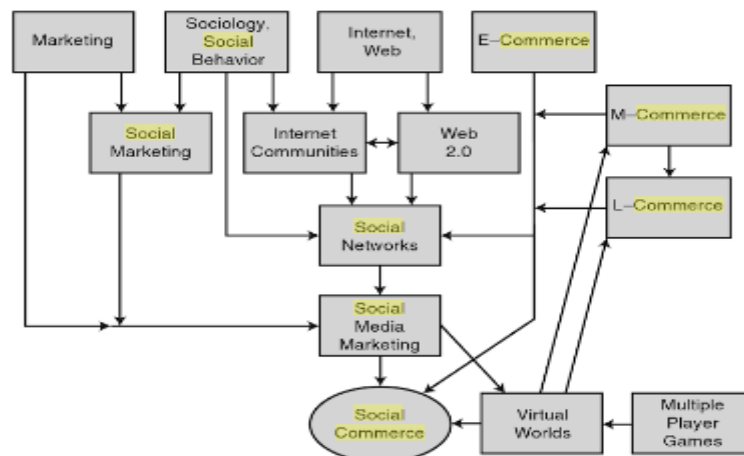


Source: Emarketer

Facebook has been accounted for almost 2/3<sup>rd</sup> of all the social commerce and spending.

## 2.2 Roots of Social Electronic Commerce:

As Discussed in the earlier section, Social Commerce is evolved from integration of different fields as shown in the figure 1.1



**Fig1.1 Source:** Efraim nTurban et, al. Social Commerce: Marketing, Technology and Management

The evolution of Web 2.0 Technologies made the applications to use the social networks and social applications like wikis and blogs. Globalization has also made the social commerce as major and an effective platform to collaborate the customers and business bodies. The rapid

development of Mobile computing and the increase in usage of smartphones has also made the social commerce as an essential option to perform the business. Baldwin Cunningham (2015) in Forbes stated that Social Commerce is a serious influencer to reach larger set of audience than any other traditional channels like TV or publications. With the advent of Social Commerce, the marketing communication strategy is transformed to a new level with the increase in number of target customers.

### 2.3 Traditional E-Commerce Vs. Social Commerce

Both the Commerce has a common agenda of showing a positive impact on sales but the ways of work addressed will be different. Donovan Dillon (2014) In E-Commerce, the transactions will be managed by the company itself whereas for Seller's website and Social Media in Social Commerce. According to Effraim n Turbam et, al (2016), the table further differentiates both.

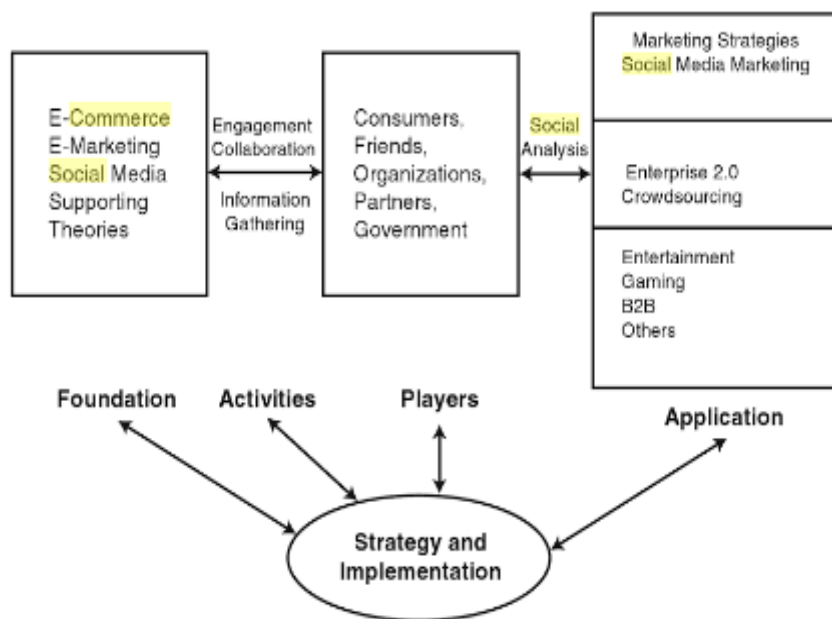
<b>Factors</b>	<b>E-Commerce</b>	<b>Social Commerce</b>
Objective	Transactions	Social Interactions
Activity	Publishing to draw sales	Customer Engagement
Content Creation	By the Company	User provides the reviews
Strategy	Segmentation & Mass Marketing	Micro Segmentation & Behavioral Targeting
Product Information	Description provided on the website	Description provided along with peer reviews
Problem Solving	Customer service & Business Experts	Crowdsourcing
Customer Relationship Management	Manufacturer/Seller Support	Peer Support and from employees and vendors

Loyal Customers always drives a company towards success and trust is the major factor that can influence the customers and make them loyal. Social Commerce can build a level of

customer trust through the shopping experiences, reviews and support. Consistent presence on social media and the customer mind can create enough buzz in the market. On a Whole, Social Commerce adopts the Ecommerce Techniques and make the shopping experience more enjoyable and informative.

**2.4 Process of Conducting Social Commerce:**

Based on the circumstances and Application, Social Commerce can be conducted in various ways. The below figure depicts various ways of conducting the Social Commerce.



**Source:** Efraim nTurban et, al. (2016) Social Commerce: Marketing, Technology and Management

It is known fact that companies and the customers will involve in interactions through social media. The engagement and interactions can be monitored using some monitoring devices like Google Alerts etc. The information collected through these devices or applications will be analyzed so that the management can take decisions on the marketing strategies on pricing, advertising etc. based on the intention of the company. Efraim n Turban et, al. (2016) IBM provides Advanced Social Analytics Platform” for collecting, analyzing the data which can be used to design the predictions and strategy.

## 2.5 Top Trends in Social Commerce:

According to Department of International Trade, The Biggest trend in Social Commerce is the Influencer Marketing, Where the people on the social media can create the brand or product awareness by validating the product or a company's services.

### Instagram:

Zoella, UK's most fashion and Beauty vlogger has nearly 11.1 million followers on Instagram with a global fan base is using the description box to share the links in her blog. She is having 1365 posts so far and this has made an increase in the online sales of the products she shared.



Source: <https://www.instagram.com/zoella/?hl=en>

### YouTube:

Lily Melrose, a popular blogger from UK has associated with Topshop Haul to share their products on her channel. Lily shares the video with the items she purchased along with the information on why she purchased the product and the trackable link of each product.



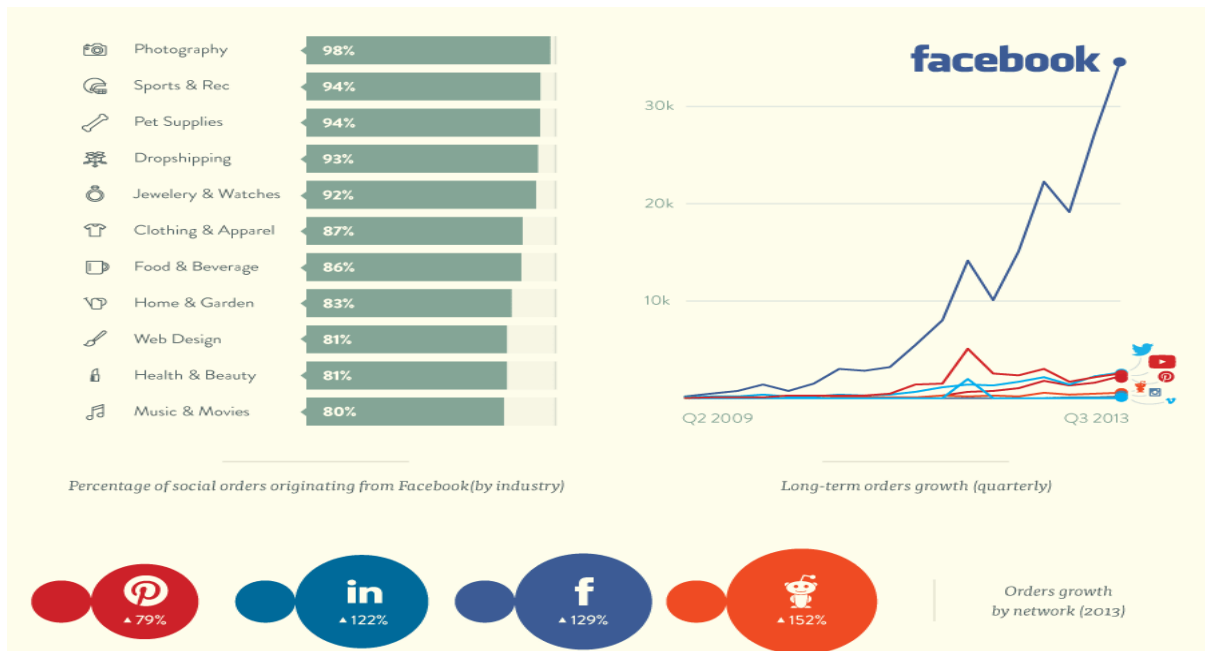


Source: <https://www.youtube.com/user/etcllymlrs>

The above image shows that she already has more than 50K views and this is how it works.

**Facebook:**

According to Shopify, an average of 85% of all online orders are from Facebook. This clearly shows the dominance of this social media for generating the ecommerce orders.

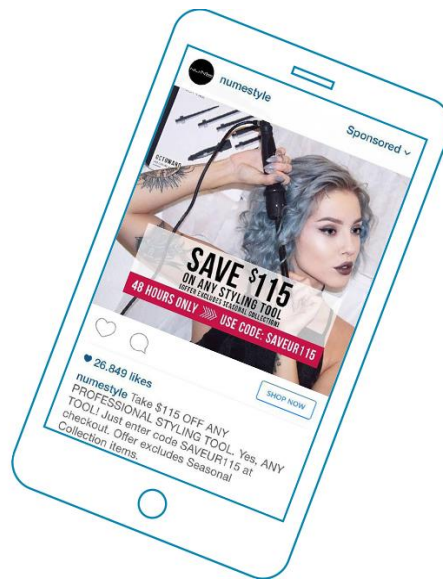


Source: <https://www.shopify.in/infographics/social-commerce>



Facebook has already started testing the Buy Buttons to continue its position in the social commerce market. Jimmy Rohampton (2017) It also taking an advantage by allowing the user to click on the ad which can make them directly chat with the brand representative.

Now many of the social networking sites are providing with different options to promote the sales by Buy Buttons and Call to actions like signup/download app/shop now etc.



Source: [www.instagram.com/numestyle](http://www.instagram.com/numestyle)

There are few tools like Wearisma, Depop etc. allowing the Instagrammers to shop with a link specified in the post. The users can directly buy from the blogger's post and interface is very much similar to Instagram with option of like, comment or post a message.

## 2.6 Opportunities for a Company from Social Commerce:

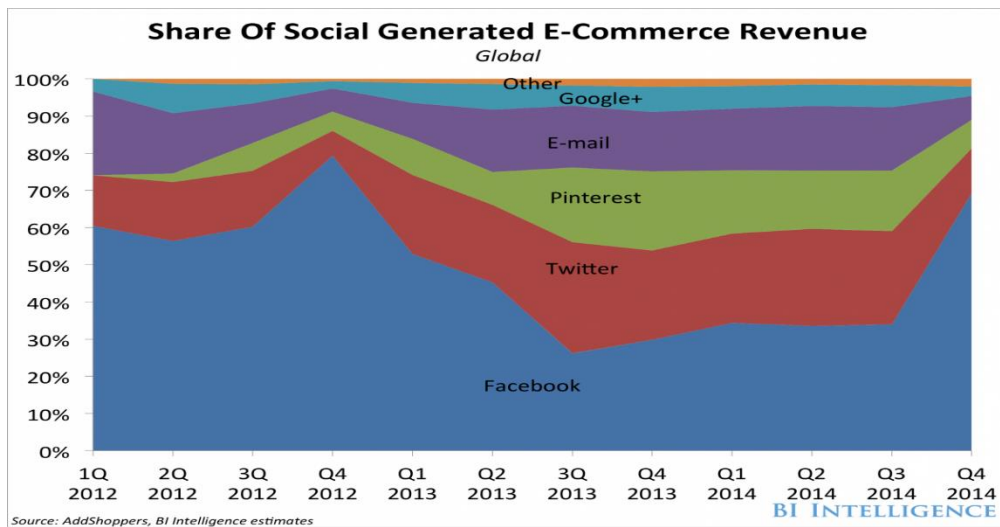
Doing Business will have a single agenda "Making Profit", None of them will continue doing business if they won't expect any profits further. Social Commerce has brought a new set of opportunities for the business people to improve their existing marketing strategy.

**Data Mining:** Social Media allows to gather the customer information where they can design the marketing strategy accordingly.

**Content:** Maddy Osman (2016) Relevant and Compelling content with the refined ad formats provided by the social networks Like Facebook Carousel etc.

**Advertising:** One of the important aim of doing business is to promote the services & products with maintaining a good relationship with the customers. As you can know better about the target customer, Marketing Strategy can be designed to increase the customer engagement by eventually increasing the customer retention and trust.

**Referrals:** Andrew Hutchinson (2015), The share of Referrals with increase in social driven sales and traffic, is increased nearly 200%.



**Source:** Andrew Hutchinson (2015), Social E-Commerce Referrals Have Increased Nearly 200% - Report

**Search Engine Ranking Boost up:** As the users will share the links on the social networks, it can influence the traffic to the company’s website which eventually benefit with a better ranking on search engine results.

**Consistent Growth in Audience:** It is known fact, that millions of people use the social media. According to Statista, Facebook notices billion active users each month with increase in users per every hour. This can gradually increase the audience /customers for the company’s promoting their products/services on social media.

**2.7 Drawbacks of Social Media in Business:**

- The Business can’t control the messages on social media and it would be fine if people love your product and the company, if not it can turn to be a disaster. For example,

recently Snap deal has a bigger level of embarrassment on Social media due to confusion raised with the names of snap deal and snapchat in India.

- You need a large team with lots of time and effort to maintain an interactive presence on social media.
- Mistakes on social media for companies with a larger section of audience doesn't go unnoticed for example Laura Stampler (2014) when the hashtag "WhyIStayed" regarding the victims of domestic violence is trending, DiGiorno Pizza has tweeted "WhyIStayed You had Pizza" which backfired

### **3. Future Research:**

It is evident that there is a minimal concentration of work on drawing the advantages and disadvantages of Social Commerce. The research on this topic can usually be helpful for the business people and can increase their retention on the social media. At this current era, while the market is growing bigger with the addition of new companies everyday making the competition tougher, it is important for the companies to stay focused and concentrate on the issues that can help them in achieving the competitive advantage and increase the sustainability.

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