

From E-Commerce To Social Commerce: How Way Of Doing Commerce Has Changed?

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Abstract

In the past few years the phenomenon of Social Commerce has gained a lot of momentum and had become a global interest for marketers, business and researchers alike. Over the past years, the social activities over the internet has increased tremendously. People are more on internet, for that matter on social networking websites then on any other websites. This has paved way for new business opportunities. One of these new opportunities is Social Commerce, which is a branch of E-Commerce. Social Commerce is a way of doing commerce activities (E-Commerce) over internet with the help of social media. This paper aims to study the concept of Social Commerce, describe its characteristics and to put more light on the potential future directions.

Keywords: Social Commerce, E-Commerce, Social Media, Consumer Behavior

Introduction

Nowadays, the social networking sites like Facebook, Twitter have gained a lot of popularity. And, these sites are also influencing the consumer behavior significantly. Through the help of social media websites, the users can very easily share information about different products. Also, these websites provide different features that allows the users to share their positive or negative views on these products. Consumers are also using these websites to make their own virtual communities and then to seek advice from these communities on purchasing decisions. These social communities over the internet have grown so much exponentially, that now these communities can easily affect the buying behavior of large number of consumers. "Thus, the

emergence of social media has created opportunities for new business models and delivery platforms in electronic commerce referred to as social commerce (Liang and Turban 2011)".

Social networking sites has gained a lot of popularity among the different generations in the world. Hence, it has posed a lot of business opportunities of which many business firms have taken advantage of, which is why social networking sites have become a commercial success. After the success of social networking sites, the term Social Commerce emerged, which in itself is altogether a new emerging and evolving phenomenon. Social Commerce is a way of buying and selling of the products directly on the different Social Media Platforms. In this, the user can buy a product without leaving the social media platform, i.e. the user does not have to click on a link on a social media platform which will redirect the user to a 3rd party website in order to complete the purchase. For instance, Facebook now provides its user with the capability to browse, compare and purchase product directly on its platform without following a link to the seller's website. Social Commerce is the integration of Social Media with E-commerce and is an evolution in the way people use to shop. Social Commerce is now considered as a new branch of E-Commerce.

Due to the immense popularity of social media, Social Commerce (being a way of doing E-commerce on social media platforms) has also gained a lot of popularity. Consumer evaluates a product and discuss that with peers of social media which further enhances their buying decisions. "Social media usage may be a good strategy for businesses to increase sales by retaining current customers and developing new customers (Hajli, 2015a)." Now a days, many business firms have actively started using social media tools to reach consumers in different part of the world, which further creates value for the firm. Social commerce is a new way to do business and to interact with the consumers. In this competitive business environment, the companies that will understand social commerce and its characteristics will always be ahead of its competitors and would create value for the business.

Literature Review

(Liang et al., 2011; Ng, 2013) "Social commerce can be classified into three primary trends: adding commercial features to social media tools (e.g. SNSs), adding social media features

to e-commerce sites (e.g. Amazon), and the increasing use of social media by traditional offline firms to improve business performance (e.g. customer service)".

(Trusov, Bucklin, & Pauwels, 2009; Wang & Zhang, 2012) "Social media is the platform where social commerce activities occur, and focuses on users' online collaborative shopping via information sharing, with an emphasis on improving WOM and brand loyalty".

(Cecere & Owyang, 2010; Dennison, Bourdage-Braun, & Chetuparambil, 2009) "Social media empowers users to share their shopping experiences and knowledge about products with consumer peers in a social commerce environment. Peer consumer-generated content provides a background for people's evaluation of products, which influences their online purchasing decisions and shopping experiences".

(Amblee & Bui, 2011; Michaelidou, Siamagka, & Christodoulides, 2011; Hajli & Sims, 2015) "Furthermore, the unique characteristics of social commerce provide enterprises with opportunities to strengthen relationships with customers in order to achieve desirable economic boosts such as increased sales and successful marketing".

(Liang et al., 2011; Zhang, Lu et al., 2014; Hajli, 2014b) "Via their information sharing behaviors, social commerce users provide social support before and after their online shopping experience". **(Hajli, 2015b; Wang, Hsiao, Yang, & Hajli, 2016)** "Consumers' shared information, such as ratings, reviews, recommendations, and referrals, has been demonstrated to influence their social commerce use".

(Xiaolin Lina, Yibai Li, Xuequn Wang, 2016) "In a brief summary, social commerce involves a variety of commercial activities that are able to assist in consumers' pre-purchase product evaluation, shopping decisions, and postpurchase behaviors. Social commerce can serve as a business strategy for enterprises to manage their business.".

Research Objectives

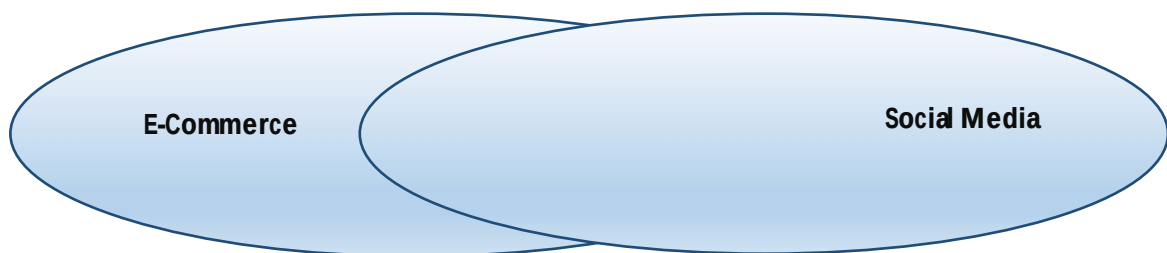
1. To study the concept of Social Commerce.
2. To study how the way of doing commerce has changed from E-commerce to Social Commerce

Research Methodology

The research design used in this paper was exploratory research, so to form further knowledge into the Social Commerce field. Therefore, a qualitative research design was employed. While the earlier research in Social Commerce were the guide, this subjective research gathers rich information about the field so as to inductively produce new bits of knowledge.

What is Social Commerce?

In simple words Social Commerce is the amalgamation of social media with E-Commerce. Social Commerce is made of two words Social and Commerce. Commerce simply means buying and selling of different products and services and social in dictionary means relating to society or its organization. The combination of both means a process in which the buying and selling of products is done through social media available on Internet.



Social Commerce is a subset of electronics commerce in which social media is used. Social media is an online media available through Internet, which supports interaction among different users. This platform combined with commerce activities enhances the purchase experience for users. Through social commerce, users can buy, sell and also promote their products and services over the internet using social media platforms which is much more convenient to the both consumers as well as the sellers.

Social Commerce is not new but the term “Social Commerce” in itself is relatively new, termed in 2005 by Yahoo. It represents the platform where users can share their products/services experiences, get and give advice on different new things, and obviously can purchase anything with just one click.

Few examples of social commerce of recent times are, 1-800 Flowers (online retail store embedded into Facebook, Dell offering a 'deal feed' on Twitter and many more. The social commerce is being possible because of services such as Facebook Connect and Google's Friend Connect, that allows the user to login to E-commerce website using their social networking websites accounts.

Social Commerce in its true sense, focuses first on social media i.e. social interactions, collaborations, information sharing and secondly on selling or purchasing. (Wang and Zhang 2012)

Social Commerce: Advantages and Disadvantages

Advantages of Social Commerce:

1. The very first advantage of using social media for commerce activities is that the users (buyer or seller) find it very pleasurable.
2. The next advantage being that users (buyer or seller) do not have to physically go anywhere.
3. Everything can be purchased online and as social media is being used to do the buying and selling, so you can do these activities with your friends also. Consumers can discuss with their friends about the product that they are going to shop and keep in mind their opinion while doing so.
4. Next advantage being, the capability of the sellers to give huge discounts and deals on products and services as they save money by not spending on infrastructure as in a traditional market setup.
5. Last but not the least, through social commerce the sellers or the business firms providing different products and services can faster respond to consumers complaints, customers helping other customers and business firms get faster feedback about their products.

Disadvantages of Social Commerce:

1. The benefits of Social Commerce are more intangible than tangible and companies may have to abandon this concept all together as the revenues may drop significantly during the initial years.

2. As in this phenomenon the commerce activities is done over social media where there is a lot of private information of user's stored, so invasion of this private information is the major issue, where the social networking websites can sell members crucial information to advertisers
3. Insufficient security is another issue that harms both businesses and customers.
4. A major problem that exists in E-Commerce as well is Fraud, which but obviously exists in Social Commerce as well. Fake Accounts are made to dupe people and steal identities.
5. Companies may also face problems over violating intellectual property laws.
6. Lastly, as in e-commerce, keeping reviews and recommendations honest is another problem.

Difference between E-Commerce and Social Commerce

S.No	Basis	E-Commerce	Social Commerce
1.	Where to Buy?	In this the interactions are managed from Seller's website.	In this the sale interaction takes place on social networking websites and as well as on seller's website.
2.	Level of Interaction	Customers can not interact or share their experience with friends.	Customers share their experience with their friends. Receive and make recommendations.
3.	Relationships	As in E-commerce there is no interaction hence customers have very traditional type of relationship with the seller.	In Social Commerce, the customers enter the store, make comparisons, ask questions. Customer builds a relationship with the brand being purchased and conversion rate decreases.
4.	Customers Identification	In E-commerce, the users cannot be identified.	In Social Commerce, the users can be identified and the shared information could help sellers in getting an idea about customers buying behavior.
5.	VIP Sales	As in E-Commerce the customers identity is not visible so no exclusive promotion idea is possible to implement.	In Social commerce, the loyal customers could be offered exclusive promotion as these customers could be identified.

Social Commerce: Future Directions

Social Commerce is relatively a new concept as compared to E-commerce, hence more research is required in this area so as to fully understand this field. One thing that has not been fully taken into consideration in social commerce field is that the customers input in designing and improving the company's product and services. Companies could use social media by having an open discussion forum where the customers are allowed to give their view on how the product could be improved or what new products/services companies could introduce to increase their market share. Companies could start surveys or initiate polls for the features to be included in the design of a new product. This would be a win-win situation for both the companies and customers.

Social Commerce is a broader concept and there could be many more sub areas under this major heading which could be explored and researched upon. Research on these different areas of Social Commerce is important so as to fully explore the potential of Social Commerce and to get much more benefits from its implementation.

Conclusion

In this paper, the concept of Social Commerce was studied with its advantages, disadvantages, difference between Social Commerce and E-commerce and its future directions. Social media has become the most useful media through which businesses could market and sell their products easily to their customers, this is because a huge amount of today's population spend their majority of the time on social media websites. With this in mind, a much more research could be done in this area to tap the benefits that could give a business its profits in multiple folds. Hence, a basic understanding of Social Commerce concept is important so as to know the various reasons for which the customers use social media. Knowing these reasons could greatly improve the social commerce strategies.

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