

SOCIAL COMMERCE: A SHIFT FROM E-COMMERCE TO M-COMMERCE

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Abstract—Social commerce – one of the latest buzzwords, a phenomenon of global interest emerging from the intersection of social networks and e-commerce – is potentially the next area of electronic commerce to bloom. It is a leveraged word of mouth. In light of this development, it is expected that there is substantial rise in the number of publications focusing on this phenomenon at the interplay of electronic commerce and social media. Despite the ambiguity of the social commerce concept, much hype permeates this nexus of both social networks and e-commerce. The increased popularity of social networking sites, such as LinkedIn, Facebook, and Twitter, not only provide a new platform for entrepreneurs to innovate but also raise a variety of new issues for e-commerce researchers that require the development of new theories. This paper focuses on the definitions of social commerce, ranging from Wikipedia to IBM to various research efforts, shift from electronic commerce to mobile commerce, social commerce terms, benefits of social commerce and recent trends in social commerce.

Key words—E-commerce, M-commerce, social commerce, social media, social networking sites.

1. Introduction

Social commerce is one of the latest buzzwords that are making its way through the online marketing and e-commerce world. Word of mouth has long been known to be one of the most effective forms of advertising. Unfortunately, no matter how good a company is, one can't *make* people tell their friends about the company. However, an effective social commerce plan, gives the customers the tools to share message with their friends, and maximizes the chances of being talked about. Social commerce is the most recent addition in development of information and communication technology innovation in online business. Popularity of social media technologies has primarily contributed in this development which attracts individuals to be a part of an online social community and encourages interaction among peers (Liang & Turban, 2011). The idea of buying and selling electronically or online is really nothing new; Business has moved from basic electronic or online transactions conducted between two businesses in the 1960s to selling to consumers, and consumers selling to each other more recently. Computing has also moved from the mainframe world of the 1960s to client-server computing in the 1990s to the Internet, mobile devices, cloud computing, and virtual world environment of today. Similarly commerce has followed the path with electronic commerce, mobile commerce, cloud commerce, ubiquitous commerce, and virtual world commerce.

2. Objectives of the Study

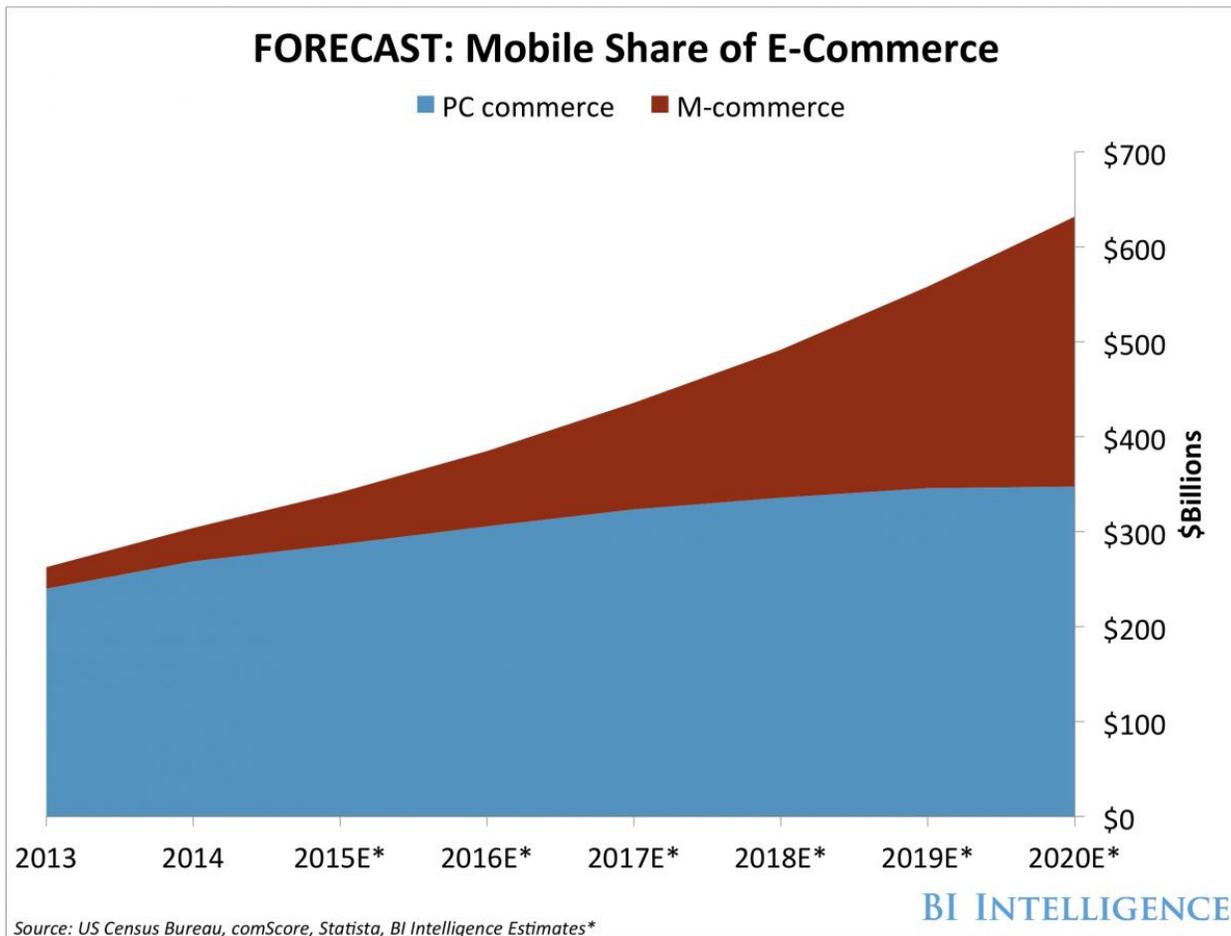
- a) To study the social commerce concept.
- b) To study benefits of social commerce.
- c) To study current trends of social commerce.

3.1 Shift From E-Commerce To M-Commerce

In recent years E-commerce has been on the rise extremely, but it may not be the next true forefront for shopping as m-commerce continues to become more popular. In M-commerce shopping is done through a mobile device (typically a smartphone), while e-commerce is shopping online through the computer. M-commerce is on the verge to burst into the mainstream due to a host of technological advances that are making it easier for people to shop on their phones. M-commerce will rise in the coming years as e-commerce grows to

become a larger portion of total U.S. retail sales. According to data from the U.S. Census Bureau in 2014, of the E-commerce total \$303 billion U.S. M-commerce made up 11.6%,.

BI Intelligence, Business Insider's premium research service, used this data to estimate that by 2020 m-commerce will extent to \$284 billion, or 45% of the total U.S. e-commerce market.



3.2 Social networking Sites

An online platform that allows users to create a public profile and relate with other users on the website is a social networking site. Social networking sites usually have a new user input a list of people with whom they share a connection and then allow the people on the list to confirm or deny the connection. After connections are established, the new user can search the networks of connections to make more connections. **Boyd and Ellison (2008)** define social network sites as “web-based services with which individuals (1) construct a public or semi-public profile within a bounded system, (2) communicate a list of other users with whom they share a connection, and (3) view and pass their list of connections and those made by others within the system” .

3.3 What Is Social Commerce?

Ambiguity Regarding the Domain of Social Commerce

Although there is no standard definition of the term, *social commerce* generally refers to the delivery of e-commerce activities and transactions via the social media environment, mostly in social networks and by using Web 2.0 software. Thus, social commerce can be considered a subset of e-commerce that involves using social

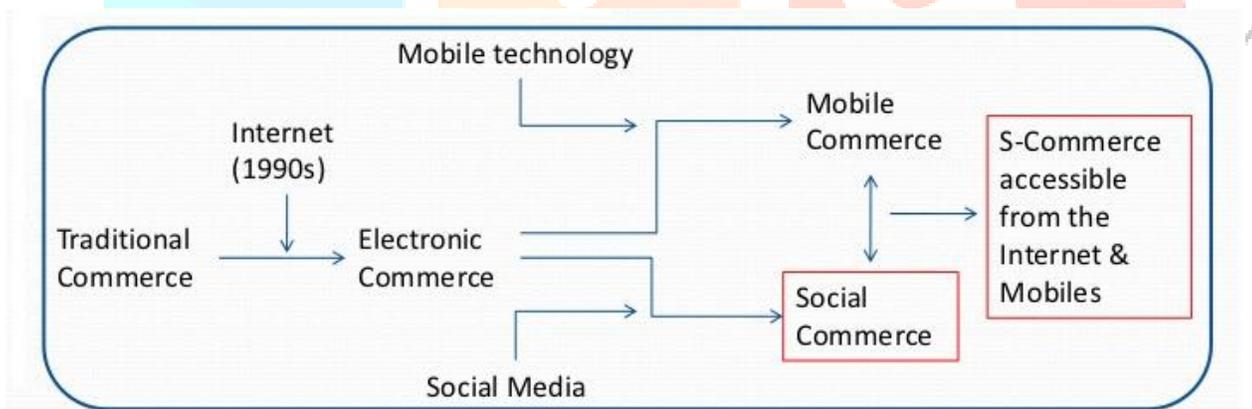
media to assist in e-commerce transactions and activities. Taking a combined look at present work that seeks to characterize the domain of social commerce, it is evident that there is much confusion about what the term social commerce means. It has been used to refer to a variety of firm-related activities, but also to activities that consumers engage in the digital marketplace (**Marsden and Chaney 2012**). The firm-related activities usually focus on creating such environments (e.g., the development of online communities where potential customers can interact with each other), while consumer-related activities often emphasize shopping/transactions in online environments that have ‘social content’ (e.g., buying a product after reading a review).

Stephen and Toubia [2010] defined SC as a form of Internet-based social media that allows people to actively participate in the marketing and selling of products and services in online marketplaces and communities.

According to **Wikipedia**, social commerce is “a subset of electronic commerce that involves using social media and online media that supports social interaction and user contributions, to assist in the online buying and selling of products and services.”

IBM defines social commerce as “connect and foster active participation with customers to help improve your customer experience... including ratings and reviews, blogs, micro-blogging as well as forums and communities.”

Based on the above definitions and statements, it can be concluded that social commerce is *any electronic business transaction conducted from or involving a social network site or social networking activity*. Clearly, there are overlaps between e-commerce, m-commerce, and social commerce. M-commerce is usually seen as a subset of e-commerce and social commerce is essentially a type of e-commerce. The following figure shows the evolution of e-commerce:



3.4 Literature On Social Commerce

The rising popularity of social media sites, such as Facebook, Google+, and Twitter, has influenced the behavior of consumers fundamentally. **Leitner and Grechenig (2008)** use the term collaborative shopping networks to describe shopping in an e-commerce environment, which also happens to describe social commerce quite well. Through social communities consumers have the potential to affect the buying decisions of much larger communities (**Afrasiabi Rad and Benyoucef 2011**). Consumers are encouraged by social media features to lucid their likeness or dislike towards products and services (**Lipsman et al. 2012**). **Shen (2012, p. 199)** defines social commerce as “a technology-enabled shopping experience where online consumer interactions while shopping provide the main mechanism for conducting social shopping activities”. Thus, social commerce is an emerging phenomenon at the interaction of social media and electronic commerce and is of global interest for marketers, businesses, and researchers alike (**Wang and Zhang 2012**). Already in 2011 5 % of all online and offline shoppers worldwide purchased at least one item via a social media platform Chinese consumers adopted

social commerce services quickly, with already 56 % of all Chinese online consumers buying products via social media platforms (**PricewaterhouseCoopers 2013**).

3.5 Social Commerce Terms

Social Commerce can be broken down into 8 types of buying and selling behaviors:

1. **Peer-to-Peer Sales Platforms:** It is community-based sales where individuals communicate, shop, buy and sell directly to one another. Example: Craigslist, EBay, and even Facebook groups
2. **Social Network-Driven Sales:** It includes the buying or selling of a product from the physical or online retail store or from the platform itself. Examples: Instagram, Pinterest, Facebook
3. **Coupon Platforms:** When multiple people buy a product in bulk purchase for a discounted price. Example: Living social, Group on
4. **Peer Recommendations:** Websites that reward customers for recommending products and services to their peers. These kinds of websites also recommend other products based on past purchase history. Example: Amazon
5. **Participatory Commerce:** Where consumers are directly involved in the financing of a product or service Example: Kick starter, Rocket Hub
6. **User-Curated Shopping:** Where users create lists of recommended products and services for others to shop from. Example: Lyst, Svvply
7. **Social Shopping:** Where consumers can shop online with their friends. Example: Rent the Runway
8. **On site** is when a website encourages customers to share their purchases immediately after the transaction.

3.6 Benefits of Social commerce

There are huge benefits for any company and it's hard to deny their influence.

- Marketers can measure the business value of social media marketing directly by making social media marketing an independent variable and e-commerce sales the dependent variable.
- Social commerce can drive traffic volume, improve conversation rates and increase average order value for online retailers.
- Social Commerce provides opportunity to all the business to create new revenue streams by curating and extracting value from social media content.
- By facilitating social interaction and user contributions on e-commerce related sites by empowering the users i.e. by allowing these users to post reviews and star ratings actually builds trust in the long run.
- More explicitly from a customer point of view, social commerce can increase their journey from need recognition and product discovery through product selection and referrals.
- It's well known that word-of-mouth marketing is the most powerful type of marketing. Apart from being used as an inexpensive place for advertising, social media sites also offer a podium for cybernetic word-of-mouth marketing.

3.7 Current trends of Social commerce

Social media has completely revolutionized the commerce. Multitude of people spend their hours on social media platforms, consuming quantity in astronomical proportions. Companies who want to drive sales have to be innovative in their social media tactics. Every year, these tactics change as social media platforms release new options. The trends expected for 2018 are as under:

Videos

Facebook, YouTube, Instagram, and Periscope have all released the option of live streaming video, all these platforms offer the ability to create video ads which also allows companies to create simple calls to action so that viewers can purchase their products. If the live video trend continues, we should expect to see almost every company selling their products live on social platforms.

Impulsive buying

Impulse buying is growing at an amazing rate with social networks. In 2018 it is expected to see more and more companies applying impulse buying options across social media platforms. Pinterest, for example, isn't just a place for posting recipes and interior decorating ideas but they also offer a "Buy Now" button which allows consumers to make immediate purchases from the platform.

Chat app purchasing

Chat app purchasing will be the year of 2018. Facebook now allows advertisers to put a "Send Message" call-to-action on their ads. Private chat channels create a much deeper sense of closeness than a simple sales page. With more and more users communicating via chat apps, it is expected to see companies utilizing these channels to increase their revenue. Finally, companies will begin developing more and more chat specific products, such as stickers, emojis, and gifs. This is already happening in the Apple App Store with iMessage.

Ratings

Most promising driving factor in social media commerce will be ratings. When a person shares a rating to social media, it results in a noteworthy uptick in conversion rates. These ratings function as social proof for a company and encourage users to purchase products.

Users

Companies are recognizing that content created by users can drive a huge amount of sales. With the explosion of video and photo apps, many users are creating content that features a company's products. Smart marketers are taking this user-created content and promoting it to drive sales.

Influencer marketing

These days, it's not extremely difficult for a person to build up a significant following on a social media platform. Many people on YouTube, Pinterest, Instagram, and Snapchat, have thousands of followers paying close attention to their every move. Smart marketers are approaching these influencers and paying them to show off their products.

4. Conclusion

Social commerce is a form of e-commerce where user-to-user interactions enable the sale, rather than company-user interactions. Social commerce is helping brands to expand beyond the usual online boundaries. Companies are gaining and maintaining long-term, trustful customer relationships. As of 2018, optimizing own website is still the most important investment one can make in e-commerce. Relying too much on a 3rd party platforms can easily backfire and destroy your business overnight. These days, it's not enough to just have a presence on social media and occasionally share an update. Companies who want to succeed have to craft a very specific strategy that will tap into these social media trends. They need to determine how they will put into practice things like live video, impulse shopping, and user-generated content. If they don't, follow they'll quickly find themselves falling behind and with falling revenues.

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