

# Social Commerce Using Social Network and E-Commerce

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## INTRODUCTION

The role played by social network is officially recognized as online media that supports social interaction in real life. E-commerce regards buying and selling of products or services conducted over Internet and other computer networks. Combining the advantages offered by social network and e-commerce, it is possible to create a web business platform to generate and increase revenue by turning web visitors into customers.

Social Commerce involves social media and user contributions to assist in the online buying and selling of products and services, to design and deliver better customer experiences with the help of technology.

This article compares some technologies that can help define social commerce and social networking, it also discusses background, knowledge, challenges and critical factors necessary for successful Social Commerce business. Future trend are also illustrated.

## BACKGROUND

A social network is a social structure composed of individuals, organizations, company etc. which are connected by relationships and interactions. Web-based social networks are online communities that allow users to publish resources (personal data, photo, video, blog) and to establish relationships of a different type about business, entertainment, gaming, dating, etc. Usage and diffusion of social networking platform has been increasing, with hundreds web platforms in the world collecting the information of more than one billion registered users. Therefore, today social networks are used intensely to communicate, share information, make decisions, and do business in many ways. Well-known social networking websites are: Facebook as generic social network, LinkedIn and Viadeo as business social network, Flickr about photo

sharing and Google+ as solution from Google search engine. Thus, online social network is a relevant part of human life (Fu, Chen, Liu, & Wang, 2007; Goth, 2008) and it is truly the reflection of today's society.

Consumers generally want to ask their friends or experts about a shopping decision or want to share their new purchase with friends; therefore, conversations regarding shopping happen all the time. Consumers generally are communicating with each other via social network. For selling message and open up new sales opportunities, it is necessary to resound with customers and to take advantage of their social network channels by interacting with them, in order to send business messages to customers and their friends.

Electronic commerce, commonly known as e-commerce or eCommerce, is a type of industry where the buying and selling of products or services is conducted over electronic systems such as Internet and other computer networks. E-Commerce is not only limited to online sales, but also covers: real-time management of product availability (stock), online payment, delivery tracking and after-sales service. E-commerce sites are online stores which have at least the following elements at the front-office (customer) level:

- Electronic catalog listing all products for sale, their price and availability;
- Search engine which makes it possible to easily locate a product using search criteria;
- Virtual cart or virtual caddy, it makes possible to trace the purchases of the client along the shopping path;
- Secure online payment ensured by a trusted third party via secure transaction;
- Order tracking system, which allows tracking of order processing and provides information on pickup of the package by the shipper.

DOI: 10.4018/978-1-4666-5888-2.ch228

A back-office system allows the online dealer to organize electronic catalog, modify prices, add or remove product, handle client orders.

## MAIN FOCUS OF THE ARTICLE

Social Commerce is a subset of e-commerce that involves using social media, to connect, listen, understand, and engage people to improve the user shopping experience and to assist in the online buying and selling of products and services. In other words, these applications merge online shopping and social networking (Tedeschi, 2006). This is the latest solution to a chronic problem for online retailers and shoppers: many shoppers aren't sure what to buy, but they know they won't find it on the sites of mainstream retailers (Tedeschi, 2006). Social shopping plays to a natural extension of our everyday behaviors, where we go shopping with friends, seek advice from friends and then decide based, at least in part, their feedback. It is the concept of word of mouth from social media marketing (Singh, 2012), aligned to e-commerce.

The term Social Commerce was introduced by Yahoo! in November 2005] (available on line at [www.ysearchblog.com/2005/11/14/social-commerce-via-the-shoposphere-pick-lists/](http://www.ysearchblog.com/2005/11/14/social-commerce-via-the-shoposphere-pick-lists/)) to describe a set of online collaborative shopping tools such as shared pick lists, user ratings and other user-generated content-sharing of online product information and advice. Important dates about history of Social Commerce are visualized at website [http://socialtimes.com/social-commerce-infographic-2\\_b84120](http://socialtimes.com/social-commerce-infographic-2_b84120).

Social Commerce gives retailers opportunity to leverage benefits of interacting with consumers, discussing directly goods and their features, spreading information about retailer. Within this framework, customers have access to social knowledge and experiences to support users in better understanding their online purchase purposes, and making informed and accurate purchase decisions (Dennison et al., 2009).

There are three main steps in Social Commerce:

1. Searching information about product through tags, bookmarks, keywords, ranking created from other people on social network, blog, other websites;

2. Purchasing from sellers who are linking the social presence with e-commerce site, the online transaction and payment systems are based on e-commerce platform;
3. Sharing information that comments or recommendation the shopping experience with other people, adding social features such as social plugin by Facebook platform.

In this way, it is possible to apply word-of-mouth to e-commerce, by sharing purchasing decisions before, during and after buying. Solutions exist for brands large and small, making their products more available and more convenient for customers.

Social shopping is another frequent synonyms, but Social Commerce regards online sellers combining social network and e-commerce, social shopping regards collaborative activities by online shoppers. In other words, the distinction between social shopping and Social Commerce is that while social shopping connects customers, Social Commerce connects sellers and customers (Andrew, 2010).

Customer's roles vary across platforms and can range from only customer, customer generating content (e.g., product reviews and recommendations, consumer-generated media) to being sellers and curators of online stores.

Social psychology explains that there are rules that people follow to navigate the decisions that need to be made. Six principles of influence that human beings use in decision-making can be identified (Cialdini, 2006), so it is possible do identify six social principles that can drive sales to Social Commerce success:

1. **Scarcity:** Less is more is perceived as more valuable, so offering limited-time discounts, items with limited availability, limited access and exclusivity;
2. **Affinity:** Shoppers are likely to buy items that friends or VIP figures have recommended;
3. **Reciprocity:** Shoppers are more likely to buy items that they have sampled;
4. **Popularity:** Shoppers follow the crowd, so they are likely to buy an item with reviews or higher ratings;
5. **Authority:** Shoppers are likely to purchase an item recommended by a leader or an expert;

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