

The Influence of Social Media Data on Online Purchase: A Study on Relative Advantage of Social Commerce

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INTRODUCTION

The popularity of social media today cannot be undermined. While generation Y literally thrives on it for the latest scoops, companies use it as a medium to gain competitive advantage by integrating it into customer service. The beauty of social media such as Facebook, YouTube and Twitter is that it allows businesses to improve relationships because it can determine what and how customers will buy. Furthermore, the availability and accessibility to a wide range of social media data only serves to heighten the fact that more and more consumers are influenced by shopping opinions and experiences posted by others. It therefore becomes possible that consumers depend on shopping related information gained from social media before they actually decide to purchase a product or seek a particular service online.

In the light of this phenomenon, a framework for analyzing the influence of social media data on online purchase intention utilizing the consumer socialization process is proposed. This paper works on the premise that peer comments and social media communication can be internalized by customers in their perception of the relative advantage of an online purchase. The consumer socialization process is influencing the purchase intention of the buyer in terms of its perceived convenience, quality of information and online trust.

BACKGROUND

The exponential growth of social media and its applications is revolutionizing the way online businesses run. In the process, it is creating new opportunities and challenges for online commerce retailers and companies. Firms have begun to recognize two things that social networking sites have taught them over the years: the importance of having closer contact with customers and the necessity of cultivating relationships with customers (Meadow-Klue 2008). Social media in whatever form it might be, inevitably promotes engagement between people. This sort of interactivity enables better communication and collaboration within users in social commerce (Valacich & Schneider 2011, Tsekouropoulos, Andreopoulou, Seretakis, Kotroumanidis & Manos 2012). In other words, the contents that are readily available are created, shared, and co-created for the benefits of all parties involved.

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THE ISSUES AND PROBLEMS

The potential to target the right customers, according to Mangold and Fauld (2009) is more likely with the increased utilization of social networks. Studies have indicated that the hassle-free environment in which social networking websites find themselves, enables customers to voluntarily partake in sharing and giving of feedback which is invaluable to the company that is promoting its product or services. It facilitates the business process more effectively (Featherman & Halji, 2015). Zhang, Lu, Gupta and Zhao (2014) further adds that customers are also more willing to participate in social commerce due to stronger social support. This is typically the nature of human beings to jump the bandwagon. When a group of customers like a product or service and then give raving comments about it, the rest of the consumers, which now become potential customers, are very likely to think that the product is popular. To them, popular means good. There is no dearth of research relating brand popularity to support of social network. This mentality can actually work in the best interest of companies or vice versa. Companies can leverage on this; social media enables this. This phenomenon complements what Moe and Trusov (2011) say about peer ratings. Product rating by peers in online forums has great viral effect on purchase decision. This view is also shared by Ludwig et al. (2013) when he concludes that social networking sites assist in product selection.

Given this situation, we need to understand that online businesses, e-commerce and the like have become more of a social activity. The platforms that these sites subsist on are enabling customers and businesses to improvise the manner in which they communicate their needs and wants. Since, building relationships with customers are fairly difficult, as pointed out by Dowling (2002) and Salam, Iyer, Palvia and Singh (2005), weak social relationships can be improved with Internet technologies, according to Wellman, Haase, Witte and Hampton (2001). The socialization process can be a key in unlocking the weak ties between online customers and retailers (Donath and Boyd 2004). Donath and Boyd (2004) do make a valid point here because we have at some point or another engaged in some form of online feedback, whether or not it was specifically related to a business related exercise. Being so, there is no denying that this sort of activity does foster interaction and building of relationships. However, the linkage between this socialization process and the intention to purchase via social commerce applications has not been investigated further. This paper will serve to address this area in a more comprehensive manner.

Social Media Data in the Eyes of Business Firm

Social media data is not restricted to merely social communication, where people interact purely to enhance public relations, but instead, organizations are using it to communicate business information to potential customers (Mangold & Fauld, 2009). The trend is to integrate social media into customer service, such as the Customer Relationship Management (CRM) system as pointed out by Baird and Parsnis (2011). However, the dilemma lies in using these vast collections of social media data effectively. Liang, Lai and Ku (2006) added that online customers can customize their required media exposure and convert them into their own contents.

This can be seen as a double-edged sword as it implies the influence a user has over these data. This resonates in Vollmer and Precourt's (2008) research findings when they say that online customers have more controlling power on the Internet space and they influence what contents are required. Park and Kim (2014) have also highlighted how social commerce artefacts are influencing consumer attitude towards brand on social media. Hence, firms are repositioning and working toward a customer-centric orientation (Stefanou, Sarmaniotis & Stafyla 2003; Xie & Johnson 2004). With the wide availability of

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