Chapter 1
How Social Commerce Emerged:
The Role of Social Word of Mouth – Social Commerce

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ABSTRACT

Individuals perform social interaction with others through online communities, which support their decision behaviour on the Internet. These abilities are mostly due to the rise of social networking sites through the recent development in Web 2.0 technologies such as social media. The increasing popularity of social media and social networking sites has developed e-commerce to social commerce. Social commerce is a new stream in e-commerce, in which consumers use social media in their purchasing journey. In this social climate, the social commerce era, consumers provide social support for the network by not only persuading consumers to have more interconnectivity with their peers, but also by giving a number of unique opportunities to firms. In this chapter, the author discusses the way social commerce has been emerged. As social word of mouth is one of the key constructs of social commerce, social word of mouth as well as the applications of social commerce and social support theory in business context have been explained in detail in chapter.

INTRODUCTION

The increasing popularity of social media has been attracting many individuals to join social networking sites (SNSs) to have social interaction with peers (Liang, Ho, Li, & Turban, 2011). These interconnectivities have different values for firms seeking to improve their performance in the market. Social media, as a new media in contrast to paid media such as TV advertising, is accessible for free to the business sector (Onishi &

Manchanda, 2012), thus increasing their popularity. SNSs are facilitating social interaction of users, while providing an important and valuable tool for firms (Hartmann et al., 2008). For instance, businesses may use it for new product development (Pitta & Fowler, 2005).

Users of social media, such as members of online communities, are not only communicators who interact with peers, but also they are marketing agents by their development of Word of Mouth (WOM) (Kozinets, de Valck, Wojnicki,

& Wilner, 2010). They are supporting businesses through co-creation of value (Zwass, 2010) for a new product development, for instance. Social media empowers consumers to generate content and share their knowledge and experiences with peers through social interactions within a network. Consumers with more need for social interaction have more engagement in Electronic Word of Mouth (eWOM) (Wolny & Mueller, 2013). Engagement of consumers and ideas generated through online communities persuade organizations to adopt this support for open innovation (Paul M. Di Gangi & Molly Wasko, 2009), for example. Therefore, social media is playing an important role in developing eWOM. The value of social media in this context is that it facilitates social interaction of consumers; this information generated online influences the decision of users (Wu & Gaytán, 2012). These users may not have experience of a new product and will seek a buyers' view of a product. Some users participate in idea generation for business such as experts who participate in the open innovation community of Microsoft (Kaiser & Müller-Seitz, 2008) or Dell's community of innovators (Paul M Di Gangi & Molly Wasko, 2009) or maybe in an open innovation community of a software company (Dahlander, Frederiksen, & Rullani, 2008). As such, social media enables social interaction of consumers in online platforms and offers different marketing values for firms (Rapp, Beitelspacher, Grewal, & Hughes, 2013). Businesses can develop social media strategies to establish trust, deliver their information to consumers or provide enjoyment to consumers through their participation in online communities. With the advancement of Web 2.0 technologies, individuals now use social media such as SNSs to connect to each other. To join SNSs, they need to develop a profile indicating their identity and circumstances; this brings credibility to the information they provide. As identity is a key issue in online WOM that influences the credibility of eWOM (Dellarocas, 2003; Forman, Ghose, & Wiesenfeld, 2008), online communication of

consumers through social media can impact on the reduction of uncertainty and enhance credibility in the network (M. Adjei, S. Noble, & C. Noble, 2010). Therefore, firms perform WOM marketing through online communities and blogs to increase the credibility of customer to customer WOM (Kozinets et al., 2010). In addition, consumers use social media by participating in reviewing or recommending a product to other users; these activities further increase the usefulness of a platform (Kumar & Benbasat, 2006). These opportunities attract individuals to online communities and it facilitates their involvement with peers in online travel communities. In addition, social involvement is one of the motives that drive individuals to adopt the information produced through online word of mouth (Khammash & Griffiths, 2011). Social interaction of consumers using social media produces social support (Obst & Stafurik, 2010) as they share their knowledge, experiences and information with peers. As the voice of consumers is strong on the internet (Kaplan & Haenlein, 2010), this voice has supportive value in the form of informational and emotional support.

Social Media and Word of Mouth

Consumers in an online context have different restrictions such as touching or smelling a product, which is available in traditional or offline shopping. Therefore, e-vendors develop their online platforms by providing some opportunities to consumers to share their evaluations about a product (M. Huang, Cai, Alex, & Zhou, 2011). The content provided in these platforms is important for customers as it provides indirect experiences of a product (Do-Hyung, Jumin, & Ingoo, 2007), indicating the value of eWOM for online marketers. Online word of mouth has been developed by the emergence of Web 2.0 technologies and the rise of social media. Enabled by social media, consumers can exchange messages through online communities (Zhang & Watts, 2008), producing valuable information as a result. Information pro-

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