

# Social Commerce Using Social Network and E-Commerce

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## INTRODUCTION

Social network is an 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. While traditional E-commerce supports the transactional and informational aspects of online shopping, Social Commerce fulfils the social aspects of shopping. 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 chapter describes some technologies that can help define Social Commerce, it also discusses background, knowledge, challenges and critical factors necessary for successful business. Future trend are described.

## BACKGROUND

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, 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:

DOI: 10.4018/978-1-5225-2255-3.ch249

- Electronic catalog listing all products for sale, price and availability;
- Search engine to easily locate a product using search criteria;
- Virtual cart, to trace the purchases of the client along the shopping path;
- Secure online payment via secure transaction;
- Order tracking system.

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

## **SOCIAL COMMERCE AND SOCIAL SHOPPING**

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). The social commerce website are sites designed specifically to support social interactions while online consumers shop.

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 is another frequent synonyms, but Social Commerce regards online sellers combining social network and e-commerce, social shopping regards collaborative activities by online shoppers. Social Shopping regards how customers use a social commerce website to shop, so it 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. 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).

The online shopper can be examined as a prospective user of an emerging social commerce platform. 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).

A systematic analysis to 64 papers is discussed on (Salvatori, 2014), to summarize the existing evidence concerning the social commerce and outline some open challenges.

## **Social Principles**

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 to identify six social principles that can drive sales to Social Commerce success:

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