

SEMESTER – SEMESTER 2 (B.Com)

SUBJECT – E-Commerce

NAME OF THE TEACHER – DEEPASHREE CHATTERJEE

LECTURE NO. – 5

CHAPTER 5 - NEW TRENDS IN E-COMMERCE

Social Commerce

Social commerce is a subset of electronic commerce that involves social media, online media that supports social interaction, and user contributions to assist online buying and selling of products and services.

More succinctly, social commerce is the use of social network(s) in the context of e-commerce transactions. It is a form of e-commerce, where goods are promoted through word-of-mouth.

The term social commerce was introduced by Yahoo! in November 2005[3] which describes 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.

The concept of social commerce was developed by David Beisel to denote user-generated advertorial content on e-commerce sites, and by Steve Rubel to include collaborative e-commerce tools that enable shoppers to get advice from trusted individuals, find goods and services and then purchase them. The social networks that spread this advice have been found to increase the customer's trust in one retailer over another.

Examples of social commerce include customer ratings and reviews, user recommendations and referrals, social shopping tools (sharing the act of shopping online), forums and communities, social media optimization, social applications and social advertising.

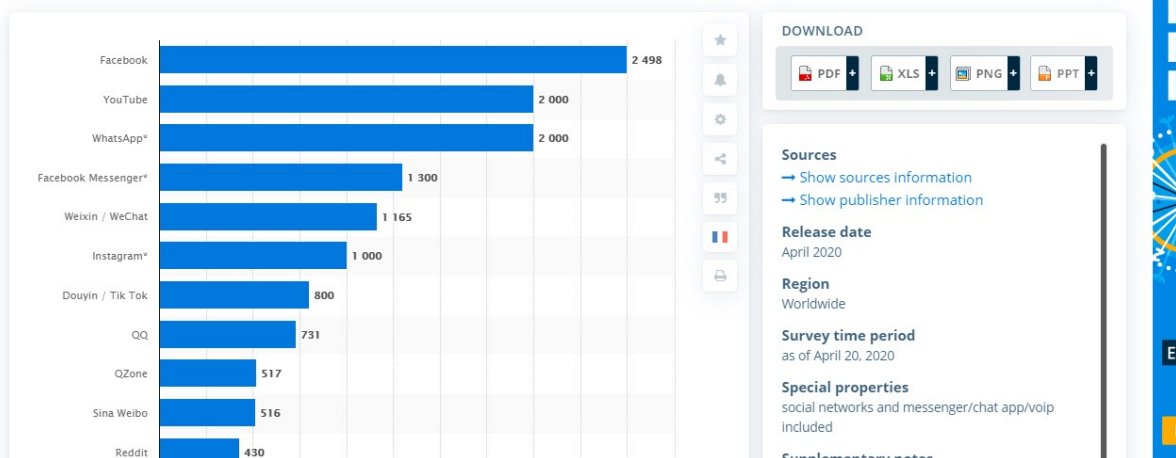
Today, people believe more on those who have already used particular product and trust their feedback. Hence, companies in try to satisfy users and encourage them to give positive feedback about their products to increase their sales.

How companies are benefitted by Social Commerce:

1. Social commerce helps companies engage customers with their brands according to the customers' social behaviours
2. It provides an incentive for customers to return to their website.
3. It provides customers with a platform to talk about their brand on their website.
4. It provides all the information customers need to research, compare, and ultimately choose you over your competitor, thus purchasing from you and not others

These days, many companies have opened their accounts in social media like facebook and encourage users to like their page and give feedbacks. Many a times, various competitions are also organized wherein people are encouraged to share their experiences and awards are given to the winners of the contest. Thus more and more people are encouraged to share positive experiences.

Most popular social networks worldwide as of April 2020, ranked by number of active users (in millions)



Number of active users in millions

Elements of Social Commerce

How social commerce works can be understood from the various elements of social commerce explained below:

- **Reciprocity** – When a company gives a person something for free or extra, that person will feel the need to return the favour, whether by buying again or giving good recommendations for the company. Hence, both are benefitted. Eg, lifecell

encouraging people to refer pregnant woman and giving financial rewards when their referrals buy their product.

- **Community** – When people find an individual or a group that shares the same values, likes, beliefs, etc., they find community. People are more committed to a community that they feel accepted within. When this commitment happens, they tend to follow the same trends as a group and when one member introduces a new idea or product, it is accepted more readily based on the previous trust that has been established. It would be beneficial for companies to develop partnerships with social media sites to engage social communities with their products.
- **Social proof** – To receive positive feedback, a company needs to be willing to accept social feedback and to show proof that other people are buying, and like, the same things that I like. This can be seen in a lot of online companies such as eBay and Amazon, that allow public feedback of products and when a purchase is made, they immediately generate a list showing purchases that other people have made in relation to my recent purchase. It is beneficial to encourage open recommendation and feedback. This creates trust for you as a seller. 55% of buyers turn to social media when they're looking for information. Infact when customers' rating is included in one of the filters in most of the e commerce sites like amazon and people generally prefer those which have high rating.
- **Authority** – Many people need proof that a product is of good quality. This proof can be based on the recommendations of others who have bought the same product. If there are many user reviews about a product, then a consumer will be more willing to trust their own decision to buy this item.
- **Liking** – People trust based on the recommendations of others. If there are a lot of "likes" of a particular product, then the consumer will feel more confident and justified in making this purchase.
- **Scarcity** – There are people who like buying products which others cannot afford to own. Therefore, if a person is convinced that they are purchasing something that is unique, special, or not easy to acquire, they will have more of a willingness to make a purchase. If there is trust established from the seller, they will want to buy these items immediately. This can be seen in the cases of Zara and Apple Inc. who create demand for their products by convincing the public that there is a possibility of missing out on being able to purchase them.

Types of Social Commerce

Onsite Social Commerce

Onsite social commerce refers to retailers including social sharing and other social functionality on their website. Some notable examples include firstcry which enables users to share their purchases. Maggi organizes frequent 'share your story' contest to encourage positive stories from consumers. Onsite user reviews are also considered a part of social commerce. This approach has been successful in improving customer engagement, conversion and word-of-mouth branding according to several industry sources.

Offsite

Offsite social commerce includes activities that happen outside of the retailers' website. These may include Facebook, Twitter, Pinterest and other social networks, advertisement etc. Companies open their account in facebook and encourage people to like their page as a part of promotion.

Difference between Onsite and offsite

Onsite social consists of adding a social layer to your actual website, while Offsite social is made up of social media brand pages or plug ins that live on social platforms and not on your actual website.

Onsite social commerce can immediately turn a visitor into a customer, if they are convinced, while in offsite social commerce, users have to ultimately visit company's web page to buy the product.

The main benefit of Onsite social is that you are keeping the user on your site where they can actually convert and you can improve your site experience through this social layer. Although social commerce will continue to grow and evolve, it is clear that that onsite social commerce is extremely valuable for both retailers and consumers alike.