EDITORIAL PREFACE

The Rise of Social Commerce

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ABSTRACT

Social commerce – a relatively new phenomena emerging from the intersection of social networks and e-commerce – is potentially the next area of electronic commerce to bloom. Despite the fuzziness of the social commerce concept itself, much hype permeates this nexus of both social networks and e-commerce. This paper discusses definitions of social commerce, ranging from Wikipedia to IBM to various research efforts. In this discussion, social commerce is differentiated from electronic commerce and mobile commerce. The paper suggests potential research directions on social commerce include establishing and capturing the metrics and examining the behavioral issues underlying social commerce.

1. INTRODUCTION

The idea of buying and selling electronically or online is really nothing new; much of the original idea can be attributed at least in part to Ross Perot’s imaginative concept of EDI or Electronic Data Interchange. Those ideas took substance in the early 1960s, not long after electronic computers burst full force into business, but before the conception of large scale networking, internetworking, the Internet or the World Wide Web. However, since then people, businesses and organizations have taken electronic commerce places few thought were possible, and in volumes and ways that continually push the boundaries of business and commerce.

Business has moved from basic electronic or online transactions conducted between two businesses in the 1960s to selling to consumers, and consumers selling to each other more recently. Computing has also moved from the mainframe world of the 1960s to client-server computing in the 1990s to the Internet, mobile devices, cloud computing, and virtual world environments of today (e.g., Sheng et al., 2005; Eschenbrenner et al., 2008; Siau et al., 2010; Gao et al., 2011). Commerce has followed the same path with electronic commerce, mobile commerce, cloud commerce, ubiquitous commerce, and virtual world commerce dominating the business headlines and populating the academic publications these days (e.g., Erickson & Siau, 2003; Southard & Siau, 2004; Nah et al., 2005, 2010; Fruhling & Siau, 2007; Chen et al., 2010; Zhao et al., 2010). The next steps businesses and more particularly, people as individuals, have taken involve the buying and selling of goods and services on social networking sites.

This paper investigates the phenomena of social commerce and suggests potential
research streams in social commerce. The paper also discusses the similarities and differences between social commerce, mobile commerce, ubiquitous commerce, and e-commerce.

The paper is organized as follows. The Introduction sets the stage for the discussion of social commerce as an emerging and distinct type of e-commerce, as well as an exploration of the connection that might exist with mobile commerce. Section 2 defines social commerce and examines existing literature in the general and related business commerce areas of social commerce and examines linkages (if any) that can be made within the various sub-types of electronic commerce. Section 3 reviews some of the existing literature in the area of social commerce. Section 4 concludes the paper with a call for research in the area of social commerce and points out some potential research areas.

2. E-COMMERCE TO FACEBOOK-COMMERCE, AND SOCIAL NETWORKING

In this section, we attempt to clarify our understanding of some often-used and more recent terms related to what is called social commerce. We begin by providing brief definitions of electronic commerce, mobile commerce, ubiquitous commerce, social commerce, and Facebook commerce. We also provide a context for social commerce as it involves social networking.

2.1. E-Commerce (Electronic Commerce)

E-commerce involves buying and selling via electronic means (Nah et al., 2010). Commerce generally refers to the transactional elements involved in buying and selling. Laudon and Laudon (2011) refer to e-commerce as the process of buying and selling electronically, usually using the Internet as a primary mechanism for the transaction. Other networks and digital technologies may also play a part in e-commerce, but the Internet as a means to conduct this type of transaction is now predominant for many businesses and people. Maamar (2003) proposes that e-commerce be “…seen as a general term for any type of business or commercial transaction that involves the transfer of information across the Internet.” There are many other definitions of e-commerce, but most are relatively consistent about the general idea of e-commerce.

2.2. M-Commerce (Mobile Commerce) and U-Commerce (Ubiquitous Commerce)

Mobile commerce represents a step beyond e-commerce, moving the electronic transaction into the mobile world of cell phones, smartphones, laptops, and tablets (Sheng et al., 2008). In other words, we can now take our portable devices with us and conduct business from anywhere at any time, which forms the definition of ubiquitous commerce (Sheng et al., 2008). In this context, portable communication devices engaged to perform m-commerce enable u-commerce.

2.3. Social Network Sites and Social Networking

Before defining social commerce, it would likely be prudent to first define social network sites. boyd and Ellison (2008) define social network sites as “web-based services that allow individuals to (1) construct a public or semi-public profile within a bounded system, (2) articulate a list of other users with whom they share a connection, and (3) view and traverse their list of connections and those made by others within the system”. It is also a common practice for many people to refer to social network sites and social networking sites interchangeably in terms of meaning. Because we are interested more in the business transactions that occur as a result of people visiting social network sites, and while there may be reasons to adopt either or both forms of the
name separately, they do not directly relate to this paper. In this paper, we will use the terms social network sites and social networking sites as interchangeable.

2.4. Social Commerce

Social commerce can be and has been defined in several different ways. There are several related areas that we will attempt to clarify understanding on. To begin, there is Social Shopping. Social Shopping can be defined as a way of combining two online activities, shopping and social networking, both of which people enjoy. The idea is to create a gathering spot, presumably online, where people can share ideas about shopping, and also share information about products, services and sites they are interested in. Kaboodle.com (http://www.kaboodle.com/), Wists.com (http://wists.com/), StyleHive.com (http://www.stylehive.com/), and thisnext.com (http://www.thisnext.com/) are sites that promote social shopping. Social shopping sites combine browsing for products or services with some form of blogging. Social shopping sites attempt to present people with shopping choices they will normally not see on mainstream sites such as Amazon, Wal-Mart or Target (Tedeschi, 2006). However, social shopping is distinct from social commerce at least in the way we define it here. We propose that social shopping could, and often does promote or enable social commerce.

According to Wikipedia, social commerce is “a subset of electronic commerce that involves using social media and online media that supports social interaction and user contributions, to assist in the online buying and selling of products and services.” IBM defines social commerce as “connect and foster active participation with customers to help improve your customer experience… including ratings and reviews, blogs, micro-blogging as well as forums and communities.” Yahoo describes social commerce as “creating places where people can collaborate online, get advice from trusted individuals, find goods and services and then purchase them.” Petersen (2011) points out that social commerce is a merger of social media and e-commerce.

Diner (2011) takes the Facebook connection to social commerce a step further by introducing a new type of social commerce, called Facebook commerce or F-commerce. Ente (2011) adds to the F-commerce furor by describing 4 types of F-commerce; Facebook-facilitated on-site selling, Facebook-initiated selling, Complete selling through Facebook, and iframes vs Facebook apps. Ente goes on to point out that a class of F-commerce software developers has emerged that specialize in creating iframes for Facebook or interactions with Facebook apps. Business development and opportunities such as these appear to have added a new level of hype to the already buzzing area of social commerce.

From a more research-based perspective, Stephen and Tobia (in press) propose that social commerce connects sellers, while social shopping connects customers. They use the connections between sellers as a focal point for examining the structure of the social network from a social perspective. This can be seen as a more narrow view of the phenomena than the way we choose to perceive social commerce, which would also include social shopping. Table 1 provides a summary listing of social commerce definitions.

Based on the above definitions and statements, we define social commerce as any electronic business transaction conducted from or involving a social network site or social networking activity. Clearly, there are overlaps between e-commerce, m-commerce, and social commerce. M-commerce is usually seen as a subset of e-commerce and social commerce is essentially a type of e-commerce.

3. LITERATURE ON SOCIAL COMMERCE

It appears at this point that little formal research has been conducted regarding social
shopping or social commerce. While the area of social network sites has garnered some research efforts (boyd & Ellison, 2008), much in social network sites remains unresearched to a large extent. Guo, Wang, and Leskovec (2011) examine the interactions and transactions that occur on TaoBao, the world’s largest e-commerce website. They analyze sellers’ ratings and reviews to attempt to estimate a price for trust. By doing this, they provide a glimpse into how social factors can affect consumer behavior. Leitner and Grechenig (2008) use the term collaborative shopping networks to describe shopping in an e-commerce environment, which also happens to describe social commerce quite well. They examine the business models of several social shopping sites, including some of those mentioned above, and go at least a step further by identifying success factors that might be relevant for the social shopping sites. This represents one of the few research projects involving social commerce as named, and beyond Leitner and Grechenig (2008), only a few practitioner or newspaper articles speak to the topic, but few of those rise to the level of research.

However, a number of preliminary analyses or reports indicate some interesting trends that should motivate research in the area. For example, a Webtrends (2011) whitepaper found that 68% of the Fortune 100 companies were experiencing negative growth in unique visitors to the company web site in the past year, and the average decline in unique visits was 23%. At the same time, 44 of those same companies experienced 40% more visits to their Facebook page and increased sales despite the drop in unique visits. While further research is of course necessary to formalize the implied correlations, the results, if valid, indicate a huge shift in the ways in which people online are using the Web to shop. In the same article, the authors also contend that, combined with the move to Facebook and other social media sites, the use of mobile devices for both social networking and commerce has reached “exponential growth.” If these and similar trends can be verified, this represents another fundamental change in the way consumers purchase products and services. In a similar vein, McKendrick,  

Table 1. Definitions of social commerce

<table>
<thead>
<tr>
<th>Source</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Tedeshi (2006)</td>
<td>Social Shopping: Usually combines browsing for products and services with blogging</td>
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<tr>
<td></td>
<td>Product/Service choices are usually not found at mainstream stores such as Target or even Macys</td>
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<tr>
<td>Wikipedia (2011)</td>
<td>Social Commerce: Subset of e-commerce that involves using social media to support social interaction and user contributions to conduct e-commerce</td>
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<td></td>
<td>Product/Service “likes” by social peers supported by online company links or presence on social networking sites i.e., New Egg site on Facebook</td>
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<tr>
<td>Petersen (2011)</td>
<td>Social Commerce: Merger of social media and e-commerce</td>
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<tr>
<td>Diner (2011) Ente (2011)</td>
<td>Facebook Commerce: Connects Facebook users with businesses through a Facebook link or a Company Facebook Page</td>
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<td></td>
<td>Emerging class of (IT) developers who focus on building pages and “apps” strictly for Facebook</td>
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<tr>
<td>Stephen and Tobia</td>
<td>Social Commerce: Social commerce connects sellers while social shopping connects buyers</td>
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<tr>
<td>(forthcoming)</td>
<td>More narrowly defined research that focuses on transaction only</td>
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<tr>
<td></td>
<td>Examine business models of social shopping sites</td>
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writing for smartplanet (2011) provides some evidence that social commerce is now used by 40% of online shoppers.

Marsden (2011) proposes that social commerce is composed of 6 distinct dimensions. Marsden’s 6 dimensions include: social shopping, ratings and reviews, recommendations, forums and communities, social media optimization, and social ads and apps. These 6 dimensions could provide a basis for research, assuming that the 6 dimensions are thoroughly investigated in terms of accuracy (Do they describe a distinct aspect of social commerce?), completeness (Are there other possible dimensions not included that explain some aspect of social commerce not covered by the 6 dimensions?), and overlap (How much, if at all, do any of the dimensions overlap with each other and/or interact with each other?).

4. CONCLUSIONS AND POTENTIAL RESEARCH DIRECTIONS

The area of social commerce research appears to be as wide open as the phenomena itself at this point. Many opportunities exist for researchers in many areas. From the business and economics sides, the metrics of social commerce Return on Investment (ROI) have not yet been defined adequately, much less thoroughly or adequately explained. Identifying the business models for social commerce is another area.

From the behavioral side, little has been done to get at the underlying theoretical underpinnings of people’s buying behaviors on social media sites. Trust is another potential stream of research for social commerce. Gender, age, and cultural differences in acceptance of social commerce and diffusion of social commerce are other areas. The applicability of constructs in consumer behavior theories to social commerce might be a place to begin examining this aspect of social commerce.

There are also technical areas that need attention. Identifying factors affecting the successful social commerce implementation is one (e.g., Siau et al., 2010). Another area is the user interface, functions, and features to enhance the experience of users participating in social commerce. Security, fraud detection, and privacy issues are keys to the adoption of social commerce and need to be researched. Social media mining and analytics would be invaluable to organizations and companies involved in social commerce.

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REFERENCES


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Keng Siau is the E. J. Faulkner Professor and full Professor at the University of Nebraska-Lincoln. Professor Siau has more than 250 academic publications. He received his PhD degree from the University of British Columbia. His master and bachelor degrees are in Computer and Information Sciences from the National University of Singapore. In 2011, he was ranked as one of the top researchers in MIS based on h-index and productivity rate in the paper by Hu, P. and Chen H. (2011) “Analyzing Information Systems Researchers’ Productivity and Impacts: A Perspective on the H Index”, ACM Transactions of Management Information Systems, Vol. 2, No. 2, Article 7. Professor Siau has received numerous teaching, research, and service awards. He received the University of Nebraska-Lincoln Distinguished Teaching Award as well as the College of Business Administration Distinguished Teaching Award in 2001. He also received the College of Business Administration Research Award in 2005. He is a recipient of the prestigious International Federation for Information Processing (IFIP) Outstanding Service Award in 2006, the IBM Faculty Awards in 2006 and 2008, and the IBM Faculty Innovation Award in 2010.

John Erickson received his PhD degree from the University of Nebraska-Lincoln. Professor Erickson’s teaching interests include systems analysis and design, programming (using MS Visual Basic), database development, IT applications (using MS Access, Excel, PowerPoint, and Word), decision support systems, object oriented systems development, and data communications (telecommunications and networking). Professor Erickson’s research interests include systems analysis and design, object-oriented systems analysis and design, complexity issues in systems development, UML (the Unified Modeling Language) learning and use, and ERP (Enterprise Resource Planning) systems implementation issues and problems.