Current and Future Years of E-Commerce

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INTRODUCTION

E-commerce has grown dramatically during the last twenty years. The Internet has provided companies access to new markets, business models, and customers, which can’t otherwise be approached. Customers have found online business an effective way of researching and purchasing products and services without worrying about crowds, distance, and the limitation of regular business hours. The realities have constantly changed since e-commerce emerged and will keep changing in the future. Obviously the benefit of e-commerce cannot be gained if companies do not understand or adapt properly to these developments. In this chapter, we will not focus on recalling the history of e-commerce, but on currently exciting and promising trends in e-commerce. These have the potential to become the game changers in the near future. In the rest of this chapter we will explore a variety of ideas in social media, big data analytics and visualization, mobile commerce, rapid fulfillment, and sharing economy.

Social Media

On June 21, 2015, a week before Apple Music (a music streaming service) went online, pop music star Taylor Swift took her latest album “1989” off Apple Music because the latter planned not to pay singers, writers and producers during its three-month trial period. Soon after, Swift wrote a short but eloquent letter explaining her action and claimed Apple was “shocking, disappointing and completely unlike” the company. Within twenty-four hours, Apple backed down. Eddy Cue, the senior vice president announced on Twitter that Apple will pay artists during the trial period. This wouldn’t have happened ten years ago. At least it wouldn’t have happened so fast nor its impact been so widespread. To a large extent, this is due to the power of social media. The Nashville-born pop star has 71 million followers on Facebook, 59.4 million on Twitter, and 35 million on Instagram. If anyone, individual or business, wants the world hear their voice, they should not overlook social media.

Social media are nothing new. Many might still remember the famous YouTube related “United breaks guitar” story in 2009. Social media have flexed their muscles ever since. Based on the Alexa ranking (2015), two out of the top five globally most-visited websites are social media sites, namely Facebook, (number two) and YouTube (number three), while Twitter is number eight. With so much traffic, on top of their unique characteristics (user generated, categorized, and controlled content; online community; two-way communication; and connections with real people), social media have become increasingly important in various functional areas, such as collaboration, marketing, public relations, management, human resources, research and knowledge management, productivity, and even fund raising (Turban et al., 2015).

When mobile technologies become prevalent, social media are among the first to go wireless. At the end of 2013, 98% of time spent on Instagram was by means of mobile devices, 92% on Pinterest, 86% on Twitter, and 68% on Facebook (Richter, 2014). We Are Social’s Digital, Social and Mobile in 2015 Report (Kemp, 2015) found that in January 2015, there were:

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- 7.2 billion world population (1.6% increase in last 12 months)
- 2.1 billion active social media accounts (12% increase)
- 1.7 billion active mobile social accounts (23% increase)

From the numbers it is not difficult to discover that the mobile social user base has been expanding rapidly.

It is predicted that in 2015 U.S. social commerce sales will be 5% of online retail revenue or $14 billion, and 85% of these social related orders will come from Facebook (Bennett, 2014; O’Farrell, 2015). Based on a Wall Street Journal article, at the end of 2014, 69% of Facebook’s 3.6 billion advertising revenue came on mobile devices, up from 53% earlier in the same year (Albergotti, 2015).

Since April 2010, Facebook’s Open Graph has enabled other websites (such as online retailing and news) to use the Facebook “Like” button. It has also allowed its users to log in to other online services (e.g. Pandora, Pinterest, Yelp) using their Facebook accounts, sharing their Facebook profiles with those sites. This has enhanced the social richness and ease of use of Internet but, not unexpectedly, raised privacy concerns (Turban et al., 2015).

Social media have also reshaped the recruiting arena. Recruiters now prefer to hire on the professional networking site LinkedIn over traditional recruiting sites such as Monster, CareerBuilder and Craigslist, because the profile information found on LinkedIn is more relevant, and it is much easier to identify unqualified applicants even though there are already fewer to start with on LinkedIn. Employers can also make an active search to find potential employees based on certain qualifications, or based on reference and referral from their own professional networks. In addition, they can contact candidates directly through Inmail, the LinkedIn’s internal email system. Overall LinkedIn has provided a more effective, more cost-efficient, and less time-consuming way to hire.

Social media continue to lead customers to e-commerce sites which, in turn, build rating, loyalty, and referral systems that are tied back to social media. Furthermore, social referrals have made e-commerce brands ranked higher on the search-engine result pages (Rohra, 2014). When it comes to e-commerce, all signs point to social media only continuing to gain momentum.

In early 2014, Pinterest rolled out Product Pins, for real-time pricing and product availability. Later, Twitter announced its ‘Buy’ button feature to be added to a brand’s Twitter ads (O’Farrell, 2015). Soon after, on July 17, Facebook started testing a ‘Buy’ button on posts, which allows consumers to make purchases without ever leaving Facebook (Facebook for business, 2014). On May 21, 2015, YouTube initiated its TrueView for shopping in-stream video ads allowing video viewers to use the “CLICK TO SHOP” button on the video screen to make a purchase on brand or retail sites (Fein, et al., 2015). This has shortened the path to buy and is more efficient. Previously clicking YouTube ads only led customers to the information page of the product. Online home goods retailer Wayfair participated in an early test of the system and found revenue increased by three folds compared to previous campaigns (Fein, et al., 2015). Considering the prevalence of mobile technologies, both Facebook and YouTube have claimed efforts to make this quick purchase feature work seamlessly across different platforms such as desktops, smart phones, and tablets. These ‘Buy’ button functions will certainly be exploited by the e-commerce marketers in the coming years.

With big data analytics and social graph (online information about connections or relations of people, events, posts, and pictures), Facebook has enabled retailers to match their Facebook profiles with online and brick-and-mortar purchasing records, creating posts more relevant to user base, and generating greater visibility as well as more accurate targeted-marketing.
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