



Social Commerce

The underlying trend of social commerce

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ABSTRACT

The purpose of this thesis is to figure out the underlying trend of social commerce from users' perspective. E-commerce is not a new concept for everyone, so this study will pay more attention to social network side and attempt to figure out how SNS impacts E-commerce activities. The analysis will be conducted from two aspects, the user's expectations and the user's experiences.

In the theoretical part of this thesis, following concepts including the basic knowledge of Web 2.0, SNS (Social Network Sites), E-commerce forms and development, and also the key point – social commerce will be covered. Compared to the theoretical part, the empirical section combines qualitative and quantitative approaches for analysing the data collected by the survey mainly based on two case studies.

The result of this study is that most users in a certain group have accepted the social commerce. However, it should keep the positive function – sharing and communication in original SNS, and improve in the future.

Key words: SNS, Social Commerce, Facebook, Groupon, Web 2.0

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1 INTRODUCTION

1.1 Research Background

Since the birth of the Internet, enormous new technologies, new theories and new concepts have been introduced to the world. Along with those new technologies and theories, fresh applications and services emerge endlessly as well. Several years ago, people were still enjoying surfing the Internet among the web portals, but time has changed. Web 2.0 has occupied peoples' lives nowadays with its personalized and socialized character. The world is stepping into the age of Web 2.0 with its rapidly permeated.

Web 2.0 is the Internet that focuses on human-centric character, with its basic elements of SNS (Social Network Service) and UGC (User Generated Content). As the representative use of Web 2.0, SNS becomes the most popular topic today. Facebook, Pinterest, Twitter, Tumblr... all kinds of SNS break out in our lives. It has to admit that SNS do brings a brand new world for the people to explore, and it makes communication easier and has more fun, and also lets people sharing ideas and exploring interests. Among those influences, the most important is that SNS linked people as a whole. How to use invisible resources behind the SNS becomes a worthwhile topic for every SNS provider (Shuen 2008).

The situation faced nowadays is that most services provided by social network sites are entertainment services. The accumulation of a large number of users' information along with their social relations has not been put into good use. Social network sites need new services and new applications to increase the viscosity of users. Then relatively speaking, users need better-designed functionalities to satisfy them from their own point of views.

Meanwhile, the growing E-commerce also faced new challenges together with opportunities. While B2C and C2C meet the specific needs of online customers, at the same time, people are still demanding a platform that authentic and share information effectively. Therefore, the SNS becomes the most suitable platform to share information and evaluation (Schneider 2010).

SNS and E-commerce integration is a great attempt under the needs of the market trend, and it not only expand the service fields of the SNS website, improve sites' value to users, as well as provide a platform for customers to exchange and evaluate information. These advantages will help users to make purchasing decisions, and contribute to the development of E-commerce. Certainly, the form of fusion is determined by users' demand for both users and SNS sides.

1.2 Objective

Under the background history mentioned in the previous section, this study is aiming to find out the underlying trend of social commerce from the users' perspective of view, and the start point is users' behavior and attitude represents.

Based on the objectives, there are two research questions raised:

What is users' expectation towards to social commerce?

What is users' experience of social commerce?

The first research question is addressing what the customers exactly want to get from social commerce activities, and the second one is analyzing the practical experiences of social commerce including the benefits and weakness comparing.

1.3 Scopes

As the name of social commerce, it means that combines the social networks and E-commerce together. The E-commerce is not a new concept for everyone, so the study will pay more attention to the social network side and attempt to find out how the SNS impact on the E-commerce activities on the user's perspective.

Afterwards, this study focuses on discovering the user's behavior towards to social commerce in order to analyze the underlying trend in social commerce at the user's perspective. However, the users in different ages and working areas will result difference between their expectations and requirements towards the products or services. Thus, the group of users will narrow down to a special group: students.

Moreover, two case studies will also involve in the study and the cases will represent the most representational use of combining social network and electronic commerce together. The cases will draw a general knowledge base of social commerce and provide examples that social commerce in real life; this will support a more comprehensive understanding and the conclusion.

1.4 Thesis Structure

The following figure.1 illustrates the structure of this thesis:

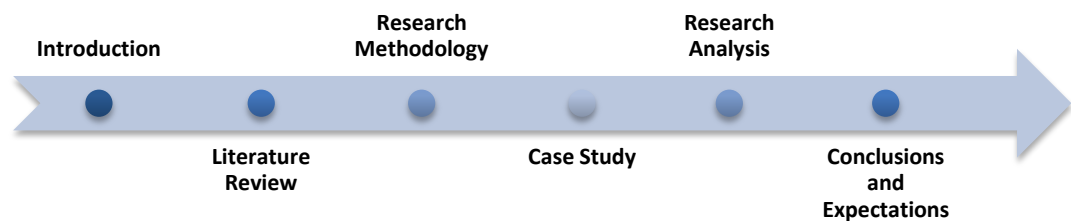


FIGURE.1 Structure of the thesis

The thesis starts from a short introductory chapter that includes a short description of the general background and aim of the thesis. In this chapter, research questions will also be presented, and as well as the scopes and limitations.

Chapter 2 belongs to theoretical review, the background behind each concept will be introduced, and literature review around those concepts will also be given. The basic concepts in this chapter include Web 2.0, SNS, E-commerce and Social Commerce.

After the overall view of the research topic and background, the methodology applied in this study will be demonstrated in Chapter 3, including the approach of both collecting data and analyzing data.

Following the design of research method, the case study will be given in Chapter 4. In this chapter, two typical but different models of social commerce will be analyzed and a survey based on two case studies will also be introduced. After that, Chapter 5 brings data analysis of cross-case and the survey, and summarizes the key factors refer to the different research questions.

In the final chapter, the conclusions from case analysis and survey are drawn, and each of the research questions will be answered completely. Lastly, the chapter ends with the expectations for further studies.

2 BACKGROUND THEORIES

Backgrounds are provided in the previous chapter along with the problem discussion of this thesis. In this chapter, recent situation of relevant subjects and interrelated literature in those fields will be introduced more explicitly.

2.1 Web 2.0

The concept Web 2.0 comes from a conference brainstorming session between O'Reilly and MediaLive International in March 2004 by O'Reilly's vice president Dale Dougherty. Differs from the Internet will be crashed saying, Dale Dougherty thinks the Internet is in its most crucial time. Many exciting new applications and websites are emerging with surprising regularity. Dale Dougherty believes that those companies that survived the collapse have similarity patterns, thus, the Internet is undergoing a further change. After analyzing those new technologies and new modes of those new websites, Dale Dougherty and Tim O'Reilly create the concept of Web 2.0 (O'Reilly 2005).

With the emergence of Web 2.0, many IT organizations or individuals are trying to assign a precise definition to Web 2.0. But in fact, it is difficult, because the people could understand and define Web 2.0 from different angles (Brown 2009). At present, the basic consensus of Web 2.0 applications or manifestations include Blog, RSS (Really Simple Syndication), API (Application Programming Interface), wiki, Tags, Bookmark, SNS, these applications are under the theories or ideas of Web 2.0 (James Governor 2009).

Web 2.0 is a symbol which indicates that the Internet is changing nowadays, and these changes are complementary to each other. The Web 2.0 makes the elements, for example, socialization, user participation and creation together become the backbone of modern Internet culture. Significantly features of Web 2.0 are personalized and decentralized, while emphasizing socialization, open, share, participation and create (James Governor 2009). Moreover, the biggest change in Web 2.0 is that ordinary began to change, to create networks; more and more non-professionals joined this party. Web 2.0 will highlight the value of each user.

Furthermore, Web 2.0 is an user-centric Internet. It can be seen that more and more users join the Internet, and they contribute and share content, and also provide links between those contents and navigation index. Two core elements of Web 2.0 are SNS and UGC. According to them, SNS could best represent the human-centered philosophy. SNS build a network in the world based on trust. (Shuen 2008)

2.2 SNS

SNS is the abbreviation of Social Networking Service, likewise it is a technology architecture based on Web 2.0 systems. The knowledge base behind SNS is Six Degrees of Separation theory set out by psychologist Stanley Milgram in Harvard University. (DeGrella 2011)

As the most human-centered applications under Web 2.0, SNS has the following characteristics:

Firstly, it is user-centric, and information always disseminates through interpersonal relationships. Network services provided by the traditional blogs are mainly based on the dimension of content when the services show their users by displaying the content. Meanwhile, SNS is organizing and disseminate the contents by focusing the user first and the user's awareness and behavior become the most concern. Thus, SNS could satisfy the users by fulfill the user's diversified demand. (Gauntlett 2008)

Secondly, the SNS is an integrated service platform. SNS combines traditional blog, BBS (Bulletin Board System), e-mail, and instant massaging together, and besides adding a variety of new applications and new features. It not only inherits the advantage of the traditional network, but also has its own characteristics to construct a comprehensive service platform based on user demands.

Thirdly, SNS could access to information through interpersonal relations. SNS uses the relation between people to change the relation between people and information and in turn, influence the relation between people. Users are starting to find and identify the information flow in the social network. This way of access the information will shift the focus to whom will users obtain information and will share information to whom.

Fourthly, along with the development of the network society, more and more people deeply felt the anonymous network can no longer meet the needs of people's real life interaction, and the trusts between people are threatened. Under the anonymous network, people are not necessary responsible for their behavior, and this time, people's network roles and social roles have a large conflict. On the other hand, in today's information explosion era, people need information, but occasionally may feel the dilemma of information overload. Information dominates people's attention and it far more than people's ability to absorb.

Thus, people care about the source when choosing the information. SNS, because of its relatively factual information registration, in large part to clarify the identity source of the registered users and improved the efficiency of interpersonal communication.

Lastly, SNS reveals the reality of social communication. Currently, with the development of the network society, the reliance of people in the network faces a huge threatens, because the information is anonymous. The people feel that the responsibilities of behavior are alleviated. However, the information on the SNS is much real than others comparatively, so it purifies the registered users to some extent.

2.3 E-commerce

The term electronic commerce may mean shopping on the Internet for many people. However, electronic commerce is more than that, it also includes other activities like trading between business and manage business internal processes to support their buying, selling, planning along with other activities.

Generally, the e-commerce can be classified into five general groups which are business-to-consumer, business-to-business, business processes, consumer-to-consumer, and business-to-government. The classification is based on the type of participation in the transactions and business processes.

In the past decades, the e-commerce is one of the typical industries has a remarkably growth, and it forms the third world besides the physical one and the spiritual one which is the Info world. In the future, the e-commerce will become a

fundamental, main stream and irreplaceable distribution method in the international business. Indeed, although e-commerce activities have already developed so many times, it still continually spread to new areas and create new business models for us. What is more, the feature of online services and products becomes more and more personalized. Therefore, the demand of the personalized consumer model and customized services will increase rapidly.

2.4 Social Commerce

“Social Commerce is a buzzword and its hot lexical real estate, evoking a fusion of two big digital trends of ‘social media’ and ‘E-commerce’” (Marsden 2009)

In November 2005, Yahoo! firstly introduced the term social commerce. Yahoo! defines the term social commerce as *“The Shoposphere and Pick Lists are examples of social commerce. We believe the community of shoppers is one of the best sources for product information and advice”* (Yahoo! 2005)

They are several definitions of term social commerce. This is because social commerce could mean different things based on the different demand of the business. Here are some representative definitions:

IBM defines the term social commerce as the concept in the context of E-commerce that connects and fosters customers in order to help improving experience. The term social commerce includes ratings, reviews, blogs, micro-blogs, forums and communities. (IBM Corporation 2009)

Bazaarvoice defines social commerce as the strategies of connecting customers together and use these connections for commercial purpose. (Decker 2007)

The Altimeter group defines social commerce as the use of social technologies in order to connect, listen, understand and engage to improve shopping experiences. (Cecere 2010)

Despite there are various definitions for social commerce, but when study them through, we may find they have a common point: social commerce is related to

connecting people and use the power of this connection to support commercial behavior.

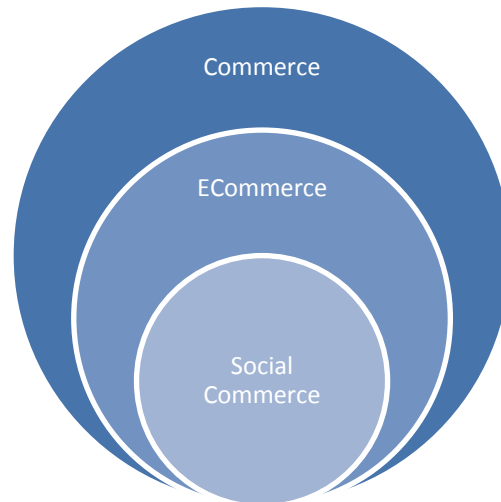


FIGURE.2 The relationship between social commerce, E-commerce, and Commerce

The figure 2 illustrates that the terms of social commerce is within the content of E-commerce. This also can be comprehended from studying the definitions of the term social commerce: it is using the power of social to support purchasing behavior.

2.4.1 Facebook Commerce

Facebook commerce is one form of social commerce that derived from E-commerce refers to the purchasing or selling behavior through Facebook. Facebook commerce use Facebook platform or Facebook Open Graph for facilitating and executing purchases.

2.4.2 Group Buying

Group buying or collective buying originally from China, in this social commerce form, business offers products and services at a reduced price on the condition that requires minimum participants. In recent years, group buying websites are emerged to growing rapidly and become the major player in social commerce.

3 RESEARCH METHODOLOGY

In the research methodology chapter, research approach, research framework, data collection methods and data analysis methods will be presented in order to provide a clearer vision how the study will be undertaken and how the analyze will be processed.

3.1 Research Approach

Qualitative research is to understand, describe and explain social phenomena. This can be achieved by analyzing experiences of individuals or groups. Experience can be related to life or practices that may address by analyzing knowledge, accounts and stories. It can be also achieved by analyzing interactions, communications or documents. (Flick 2007)

Because of the aim of this thesis is to analyze the users' expectations as well as experiences, thus qualitative research is considered more appropriate for this study.

Inductive analysis typically is defined as working from the data of specific cases to a more general conclusion. (Strauss 1987) Inductive approaches tend to let the data lead to the emergence of concepts and inductive approach may serve a helpful purpose: to determine whether reviewing the interpretations found in existing qualitative studies can derive some common lessons. Moreover, the inductive approach helps to display another aspect of the mosaic of qualitative research. (Yin 2010)

Consider those key points and combined with this study, inductive approach is found to be most suitable for this study.

3.2 Data Collection

Data are considered as the foundation for a research study. The data in qualitative research derive from four fields including interviewing, observation, collecting and examining. (Yin 2010) Data refers to the collection of organized information in textual or numeric form, are often comes from the result of experience, observation

or experience. Data is also understood as the evidence a researcher generates in a study. (Jane Elliott 2009)

With the research scope, the data collection sources will generate by observation. For getting a better understanding for the current situation and for obtain a more comprehensive, precession finds, two case studies will be conducted in this study. With the purpose to answer the research questions, two representative cases, Facebook and Groupon were chosen. Thesis two cases deliver the most representational examples of combining social network with E-commerce and it is significant to view the problem in different angles.

Considering the convincingly and stability of this study, a semi-structured survey was conducted within the students' group. The questionnaire was based on both research questions and cases in this study.

3.3 Data Analysis

Generally speaking, data analysis is using analytical and logical method to evaluate and examine the data collected. Because of different types of data, there are different methods for analyzing. (Business Dictionary) Basically, it can be divided into two categories which are qualitative and quantitative.

In this study, majority of the data are in context. Thus the main data analysis method will be the text and content analysis method. In practically, coding and pattern coding is supporting for the content analysis according to the collected data. Author will combine both of them, and summarized the data in order to describe and explain the results toward to the research questions.

Indeed, because the form of the survey, there is a part of quantitative data. Therefore, using of mathematics to illustrate the data in graphics is also needed.

3.4 Conceptual Framework

Conceptual framework is the system of concepts, assumptions, expectations, beliefs, and theories that supports and informs your research—act like a map that

goes to connect all aspects of inquiry including research problems, literature review, methodology and also the data collection and analysis method. (Maxwell, 2004)

According to this study, basic knowledge of SNS, Web 2.0 and social commerce is the concepts, which support the emergence of the typical forms of social commerce, and based on the fundamental concepts, the case study will easily be understood. Indeed, the survey is based on two case studies, and the result analyzed will point out and answer research questions.



FIGURE.3 Conceptual Framework of Study

4 DATA COLLECTION

In the data collection chapter, two represents of social commerce cases will be given - Facebook case and the Groupon case. Besides the inquiry of the case study, a comprehensive semi-structured interview also will be introduced.

4.1 Semi-structured Survey

The population of this semi-structured survey is 93, and the effective survey is 78 because of the scope of this study. The survey is conducted on February and March via the Internet.

4.2 Case Study

The reason for choosing these two cases because of although they are all belong to social commerce filed, but they are in totally different forms, and these two forms of social commerce are most representatives. Object of this case study will firstly present in this chapter and followed by two cases. In each case study, a brief history behind the case will be firstly introduced then use of the cases and processes behind the cases will be given.

The objective of this case study is to give reader a clear view of how social commerce is in real life. It is also a knowledge base for the next chapter, which is analyzing users' behavior and compare to the cases in order to have a more accurate and comprehensive study result.

4.2.1 Facebook

4.2.1.1 Facebook, history and nowadays

Nowadays, the most interesting social network site and the largest social community in cyberspace is at Facebook.com. Facebook is one of the many that built its social network exclusivity because it requires “.edu” email address to register at the beginning. The school community message provides a sense of belonging together with safety to those students in the college community who

flock to register at the site. Not only can 'like' people find each other on Facebook and only 'like' people can join in at the beginning.

The ".edu" email requirement for registration gives Facebook its unique ambience. Facebook has become the electronic replacement in college campuses for those ageing printed notebook which dispense as student directories in many schools. On Facebook, there are more than 6 million subscribers, many of whom are daily devotees. Recent estimated information shows that as many as 80-90% of students on campuses where Facebook has been adopted have profile pages and the majority of them check Facebook daily. (Raskin 2006)

4.2.2 Social commerce in Facebook

When combining Facebook with E-commerce, there are three forms, Facebook-Facilitated On-Site Selling, Facebook-Initiated Selling, and Complete Selling through Facebook.

4.2.2.1 Facebook-Facilitated On-Site Selling

Brands can combine their website with Facebook elements through putting social plugins to their website. This feature will allow costumers' connections and interests to support the purchasing process. (Ente 2011) With this method, brands website could be connected to the Facebook by customers' behavior like clicking the 'Like' button or send the website URL to their Facebook friends as a message. The 'Like' considers as the most common and most easy to use plugin and it usually regarded as a content sharing device. When the 'Like' button is used to conjunction the product page, it can display names together with profile images of those people who have liked the product, it will also present the number of people on Facebook who liked the product. (SSS4Success 2011)

The screenshot displays the ASOS.com product page for True Religion jeans. The main product image shows a pair of blue jeans. To the right, there are options to 'ADD TO BAG' and 'SAVE FOR LATER'. Below the product image, there is a 'MORE FROM' section with navigation links: 'Men > A To Z Of Brands > True Religion' and 'Men > Jeans > Straight Jeans'. The product details section includes 'INFO & CARE', 'DELIVERY', and 'RETURNS' tabs. The 'ABOUT ME' section states '100% Cotton'. The 'SIZE & FIT' section provides model height and fit information. The 'LOOK AFTER ME' section includes care instructions and a product code '196971'. Social sharing options for 'Tweet', 'Like', and 'Send' are visible. A Facebook message window is open, showing the product name 'True Religion Benny Straight Fit Vintage Wash Jeans at asos.com' and a URL. The footer includes payment logos (VISA, Mastercard, PayPal, American Express, Visa Electron, L.A. F.A., American Express, Delta) and international site links.

FIGURE.4 Facebook-Facilitated On-Site Selling

The figure.4 presents a case from ASOS.com. Customers can post the product on their wall by clicking the 'Like' button or share this product privately by sending the product page as a message through Facebook.

4.2.2.2 Facebook-Initiated Selling

With business accounts, brands can set up storefronts on Facebook. The major processes of Facebook-Initiated Selling starts from a storefront page on Facebook and jumps to the brand's own store at some point. (Ente 2011)

George Lopez's Facebook store is an example: Users are able to browse products through the George Lopez's Facebook storefront page, but when you choose your products and click the 'buy now' button, clicking will take the customer to the official product page in a new window. The same thing happens on the Best Buy's Facebook storefront. When customers click 'buy now' button, they will be transferred to Best Buy's official website in a new window.

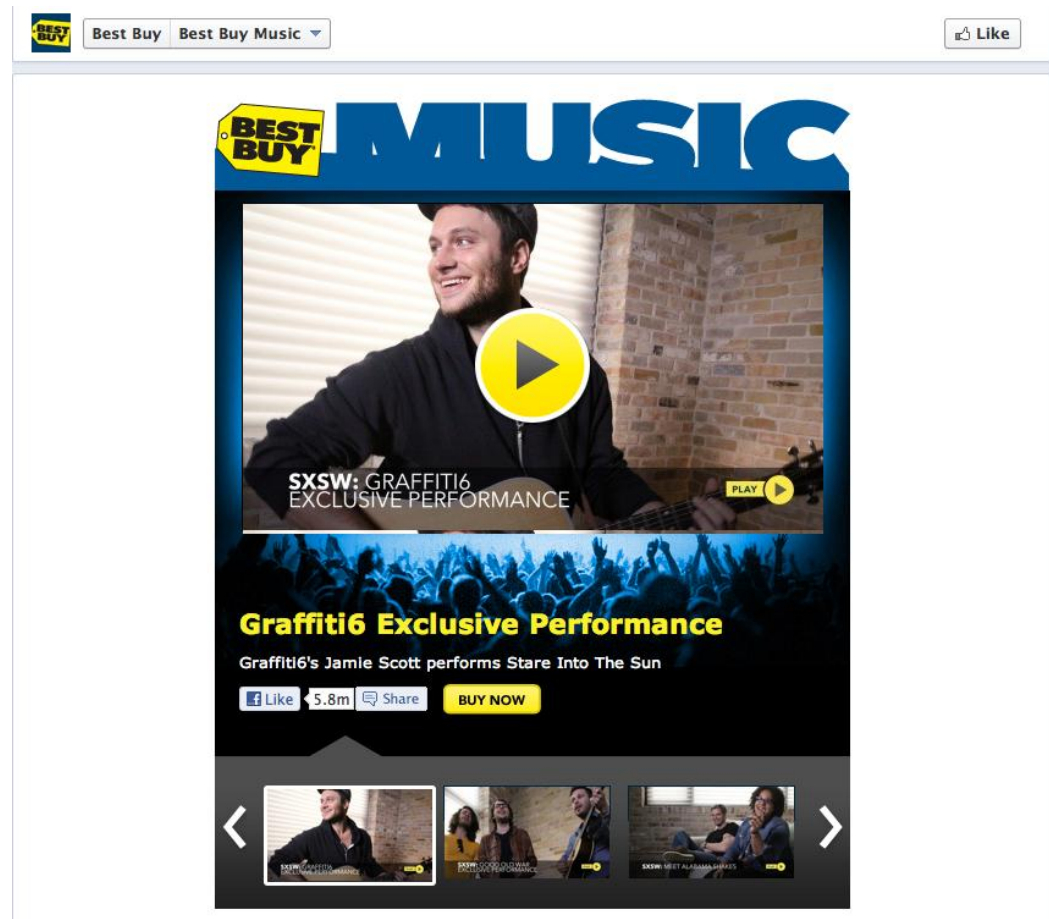


FIGURE.5 Facebook-Initiated Selling

4.2.2.3 Complete Selling through Facebook

Complete Selling through Facebook differs from Facebook-Initiated Selling. In this form, customers are able to complete their whole purchase behavior without leaving the Facebook page. (Ente 2011)

Lady GaGa's storefront presents an example in this complete selling form that never takes users away from Facebook, but on the storefront, a link to the official store is given to the customer for more flexible options. In Lady GaGa's Facebook store, customers can complete the purchase by fulfilling these 5 steps: the store, shipping address, shipping method, payment and review order. Moreover, when users on the product page, they can 'Like' the product or comment the product to share the product with their friends.

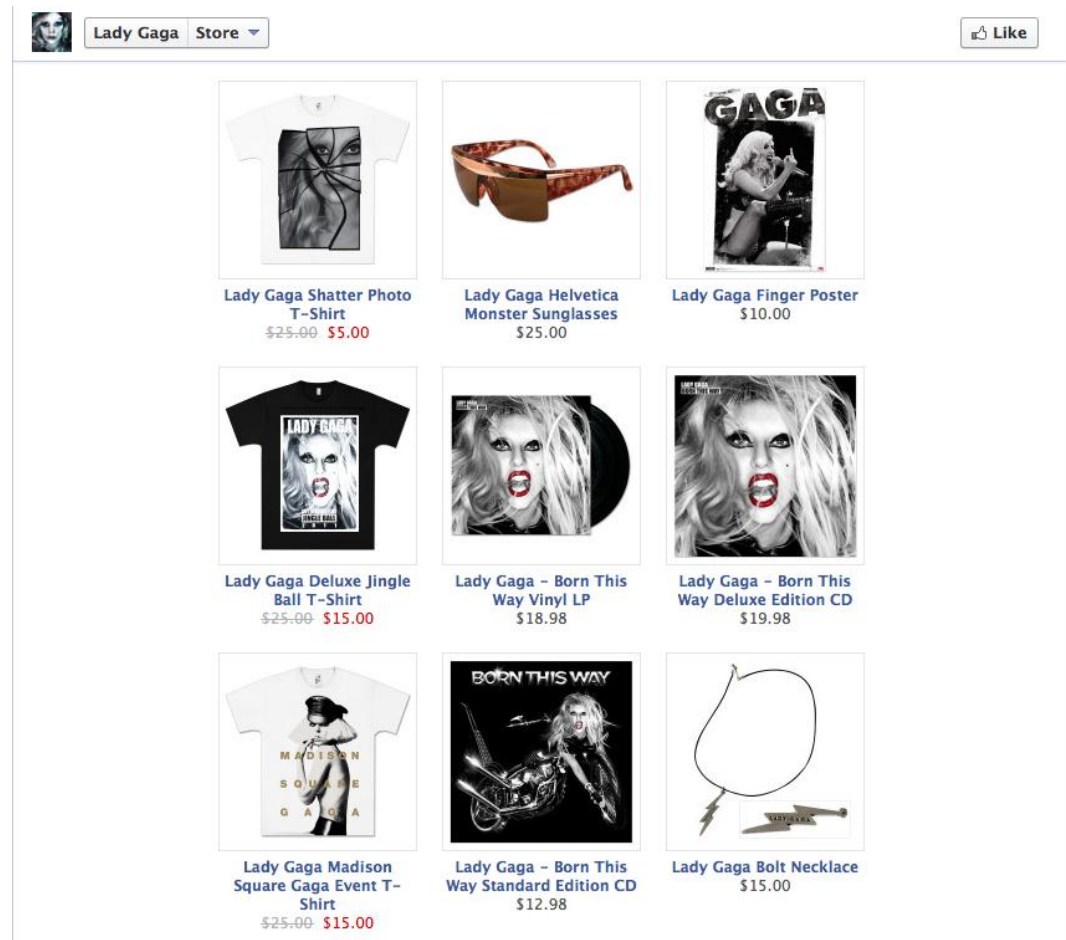


FIGURE.6 Complete Selling through Facebook

4.3 Groupon

4.3.1 Groupon, history and nowadays

“Andrew Mason figured out how to inject hysteria into the process of bargain hunting on the Web. The result is an overnight success story called Groupon.”
(Steiner 2010)

In November 2008, a 29-years-old boy Andrew Mason from Northwestern introduces Groupon, a company named by blends of ‘group’ and ‘coupon’, to the Internet. Today, Groupon offers its deal in 48 countries, it represents the most fast-growing company in Internet history, and it has huge sales, easy profits and solid connection between retailers and online customers. (Steiner 2010)

Groupon is growing at an incredible speed. In 2010, Groupon utterly destroyed its nearest competitor by incredibly ten times traffic. (O'Dell 2010)

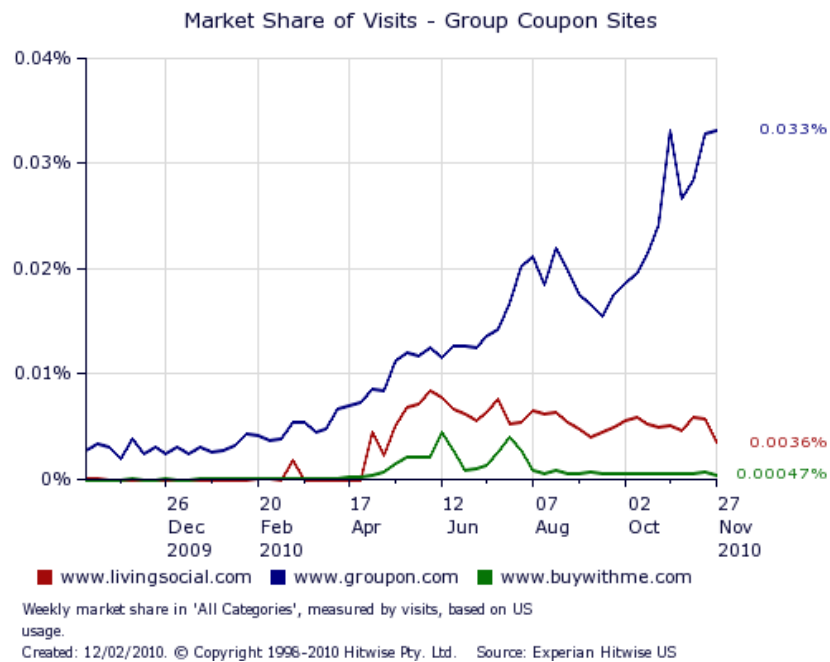


FIGURE.7 Market Share of Visits – Groupon, Living Social and Buywithme

In August 2010, Groupon is valued at 1.5 billion dollars and become the fastest company in history to reach 1 billion dollar revenue. Due to this rapidly growing, in November 2010, Google offers a 6 billion-acquisition plan to Groupon. This is almost twice than the largest purchase that Google ever made - the 3.1 billion purchases for DoubleClick in 2007. But Groupon rejected Google's offer. (WEISS 2010)

4.3.2 The Processes behind Groupon

The idea behind Groupon's deal is simple: everyday, Groupon sent an offer for online customers, customers have to subscribe the deal before this offer expires, however, customers can get the deal only if a certain number of people subscribe the same offer within a given time. With this group-buying behavior on Groupon, customers could have the goods or services at a low price. However, regardless of the fact that the price is setting lower, business owners could still get better profit under the relatively large quantity of purchasing. Groupon made this win-win situation that each side could get benefit.

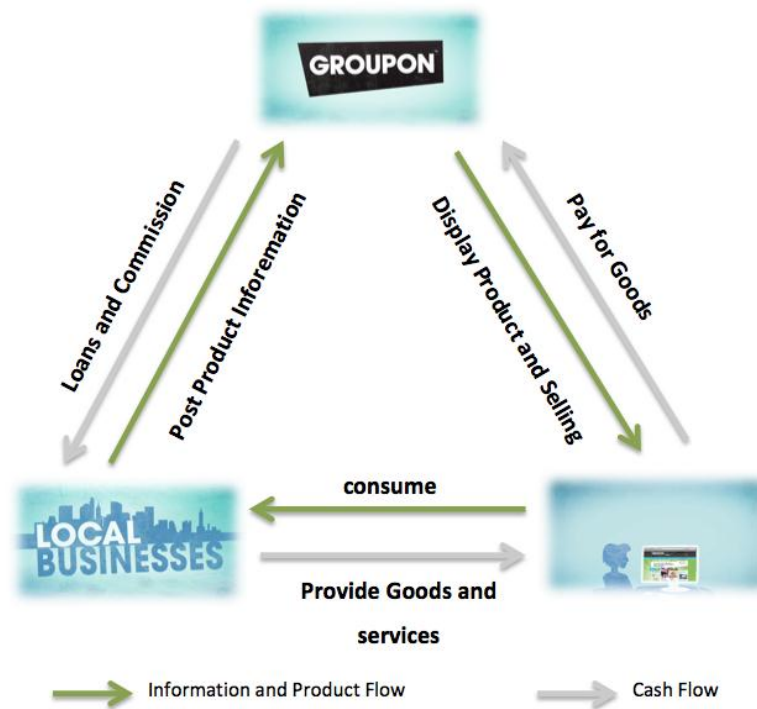


FIGURE.8 Process of Groupon

The figure shows Groupon's business operation model. Groupon established a bridge for local business and user, in this way, Groupon could get commissions from business owners and attract more users to increase their website traffic; Local business owners are able to benefit from consumers' purchases and those offers can be considered as a good marketing method; users in this chain definitely could save money and at the same time enjoy the quality service or goods.

The following figure will give a brief look at the offer on Groupon's website. This will give a more clear picture of the processes of making a deal and how the user could interact on the website.

Total Body Spas – Queens
 \$49 for Skincare Package with Skin Consultation, Facial Massage, Mask, and Microdermabrasion (\$200 Value)

A \$49 **Buy!**

| Value | Discount | You Save |
|-------|----------|----------|
| \$200 | 76% | \$151 |

C Buy it for a friend!

D Time Left to Buy
2 days 14:50:41

E 1 bought
The deal is on!

F Send Like

Groupon's getting personal.
 Click the hearts below to tell us the types of deals you love.

Well-Groomed

In a Nutshell
 Staff analyzes skin and massages facial muscles before exfoliating away dead cells and applying a moisturizing mask.

The Fine Print
 Expires Oct 10, 2012
 Limit 1 per person, may buy 2 additional as gifts. Not valid until 4/9/12. Appointment required. Must use all treatments on same area. Treatments must be used by the same person. Must use promotional value in 1 visit.
[See the rules](#) that apply to all deals.

How far is this from home?
[Add Home](#)

FIGURE.9 Groupon offers on website

The figure shows what a common offer looks like, based on those functions, the picture are divided into 6 sections, marked from A to F:

In Section A, it shows the price after discount. The section is in a shape of a price tag and in order to attract users to purchase the deal, both the price and buy button are in a larger font size.

Section B shows original price, discount level and how much could a customer save.

Section C allows users to purchase the deal for their friends; it is smart because if one thinks he/she does not need this offer, but a friend of his/her might like it, the user may still make the purchase.

Section D shows the time left till the offer expires.

Section E shows how many users have already purchased the offer. If minimum participants are not reached, the purchases will be unsuccessful.

Section F allows user to share this offer by social network. This could spread the offer to attract more users.

We might notice that both section A, B and D are caused psychological hint to the user and continue to remind consumers that this is a rare opportunity, rather than a purchase behavior.

Figure.10 below shows the key elements for users to choose shopping on Groupon and the relationship among them:

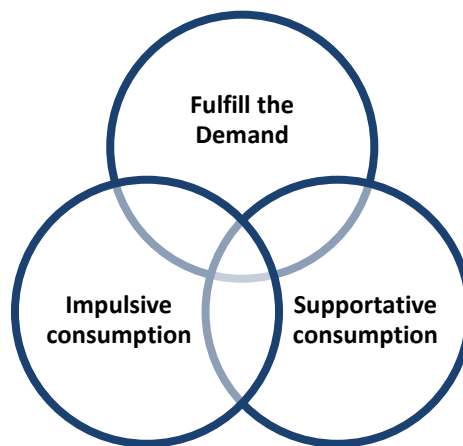


FIGURE.10 Key elements for users to choose Groupon

- Fulfill the Demand

The customer has a strong willing to buy this product, but the original price is too expensive.

- Impulsive consumption

The product is not necessary, but friends or colleagues had bought it.

- Supportive consumption

The consumer wants to buy the product but worried about the quality of it. Buying with others could alleviate the worries.

5 RESEARCH ANALYSIS

The previous chapter had gathered the qualitative data from the two cases and survey. All the collected data will be analyzed in this chapter based on the research questions.

The general information of the survey around use of social media and use of electronic commerce will be firstly analyzed to draw the overall situation of the usage extent of social media and electronic commerce. After the general information is analyzed, the raw data in the survey of social commerce users, Facebook commerce users and Groupon users will be analyzed in different categories by using the pattern coding.

5.1 General information analysis

According to the questions of the survey, basic information of the participants is collected. Authors will analyze those collected data in two sections: use of social media and use of electronic commerce.

5.1.1 Use of social media

For analysis how the participants use social media, the survey starts by raising a question to investigate what social media the participants have used before. The following Figure.11 shows those social media along with their percentage weights.

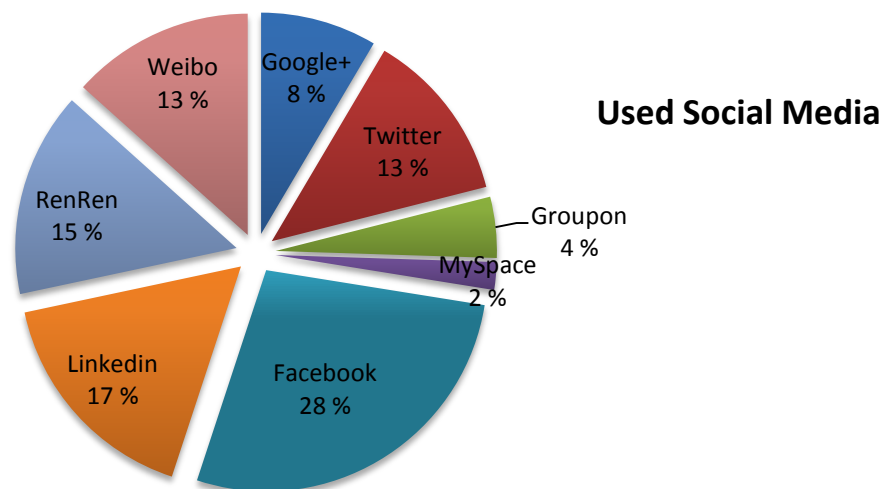


FIGURE.11 The social media people have used

The figure shows that Facebook is the most social media sites people used, followed by LinkedIn, RenRen, Weibo and Twitter. If categorized the result, the social media that people often used can be divided into two parts: first and also the biggest is social networking sites including Facebook, LinkedIn and RenRen; the second part is micro-blog services including Weibo and Twitter.

After knowing what social media people are using the most, it is also significant to know how much time they will spend on social media. The following Figure.12 and Figure.13 show the time of participants used in social media and how many times they are spent on social media every day.

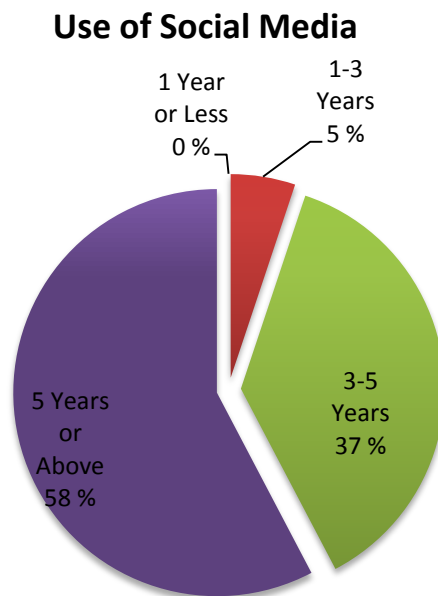


FIGURE.12 The years of people using social media

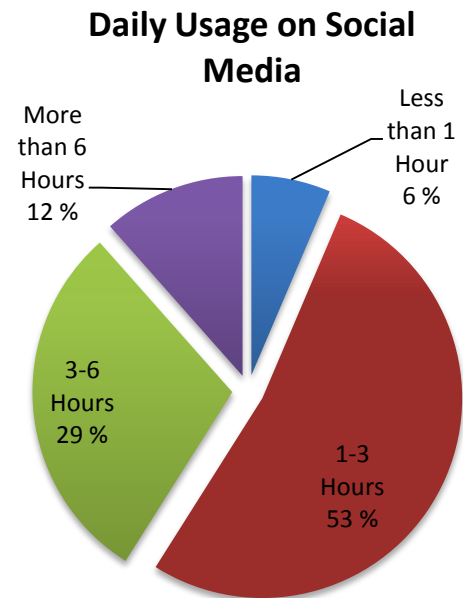


FIGURE.13 The time people spent on social media daily

According to Figure.12, most people have used social media for more than 5 years and a majority of people has used social media for at least more than 3 years. The Figure.13 presents a truth that most people spent 1 to 3 hours on social media, but there are still a large number of heavy users who spent 3 to 6 hours on social media.

5.1.2 Use of electronic commerce

After analyzing people's use of social media, analyzing people's use of electronic commerce become important for proving a base to acquire comprehensive analysis of social commerce.

The Figure.14 shows what motivates people to shop online and Figure.15 indicates how people find out online shopping sites.

Online Shopping Motivation

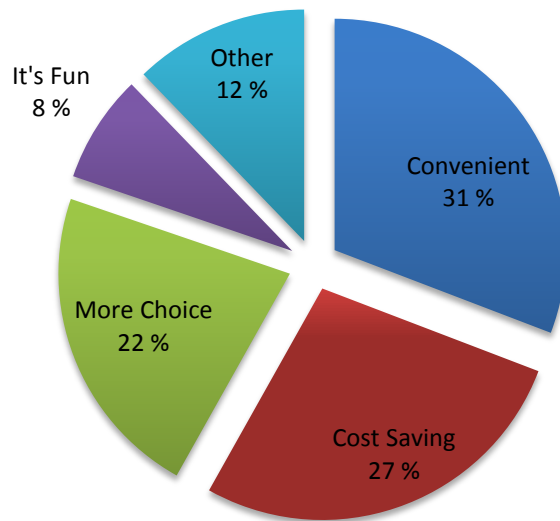


FIGURE.14 People's motivation for choosing shopping online

How People Find Online Shopping Sites

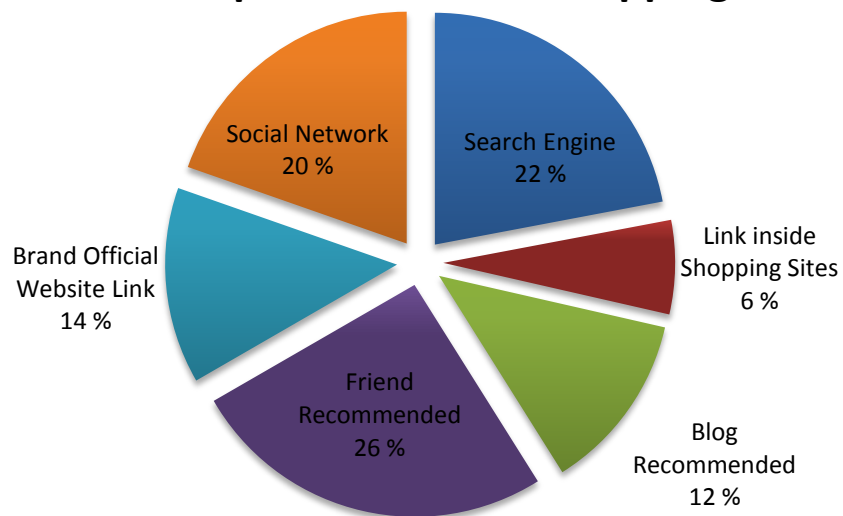


FIGURE.15 How People find online shopping sites

The result is, most of the people feel online shopping can bring convenience to them and save money for them. Moreover, there are a lot people think that online shopping could bring them more choices to choose from. The Figure.15 tells that the major method for finding an online shopping site are from friends recommendation, by search engine, by social network and by the link provided on the official website. This means most of the information is come from sharing, whether they come from friends' recommendation or social network.

Another question related information sharing is also in the survey for collect people's attitude. The result shows in Figure.16. It is very clear that people are willing to share information with others. This made a significant environment and opportunity for social media with its sharing character.

People's Attitude Towrds Sharing

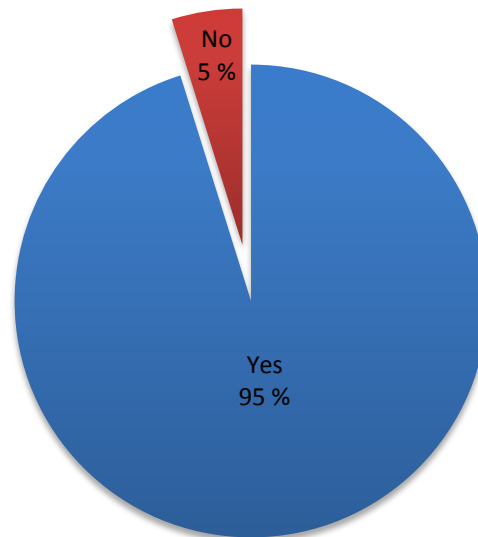


FIGURE.16 People's attitude towards sharing information to friends

In the end, the data of categories that people shop the most is collected in the survey for analyzing what people tend to buy in their live. This will indicate people's buying trends and also point out people's buying potential. The following Figure.17 displayed the result.

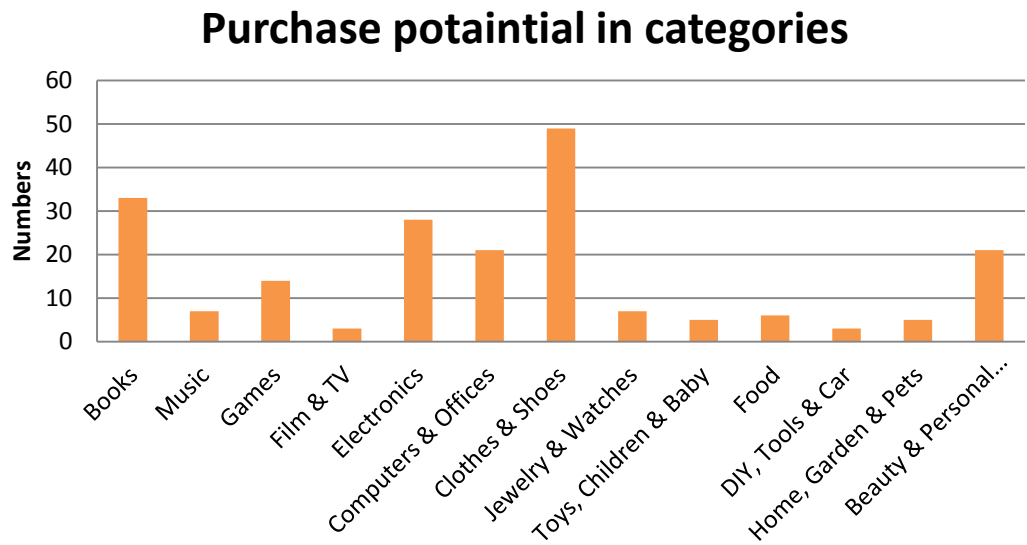


FIGURE.17 The categories people mostly tend to buy

Because the participants are from students group and majority of them is aging between 20 to 25. We could conclude easily from the figure that the student group is mostly tending to make purchase that category in clothes and shoes, books and electronics.

5.2 Case analysis

In case analysis, two cases and data from the survey will be combined to deliver a more comprehensive and more accurate analysis. Case analysis will break into three sections, and each section is focused on a specific user group: Facebook commerce section for Facebook commerce users, Groupon section for users who have used Groupon and the last section is for those users who have used them both. After analyzing the data of social commerce users, the last section will analyze those data from non-social commerce users, to perceive what their expectations towards social commerce are.

5.2.1 Facebook commerce users

When analyzing the user, firstly the basic information concerning the age, net age and how long they will spend on the Internet will be analyzed. According to the

data collected from the survey, 50 of the participants have used Facebook commerce before. The Figure.18 shows the age mix of these 50 Facebook commerce users.

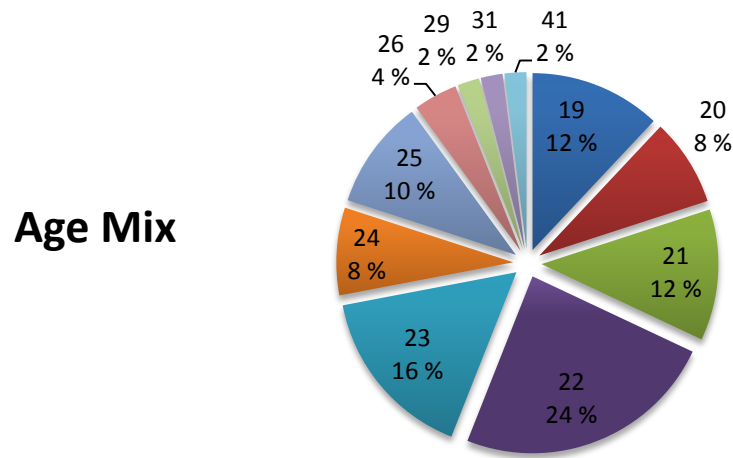


FIGURE.18 The age of Facebook commerce users

As to the result, those students aging from 19 to 25 are the main users of Facebook commerce. The participants involved in this survey are all students which it should be also considered as a key factor for resulting this age range.

The following two figures display the Facebook commerce users’ net age and how much time they spent on the Internet. According to analyze two figures, the users’ potential use of social commerce will be drawn as well.

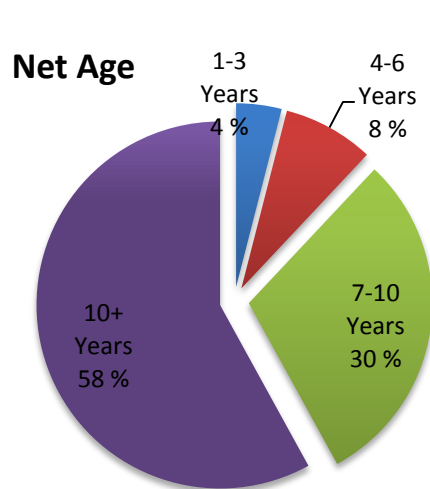


FIGURE.19 The net age of Facebook commerce users

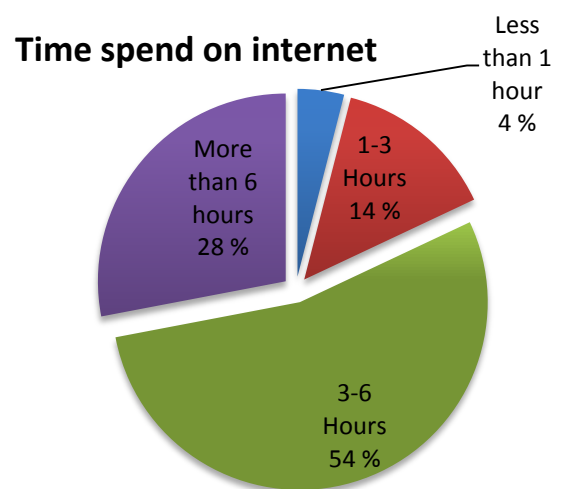


FIGURE.20 The time Facebook commerce users spent on Internet daily

The Figure.19 gives the situation that most Facebook users had at least 7 years of net age and within them, most people spent 3 to 6 hours on the Internet every day. Meanwhile, we cannot ignore there are still 28% of heavy users who spent more than 6 hours on the Internet daily.

From the survey, most of the participants do not have experience shopping on Facebook pages, but most of them had 'like' some product and share the product to their friend or comment the product and put the information on their Facebook wall; most people followed some brand pages. From the question that asked participants to rate their Facebook commerce experience, the average rating is 6.9 out of 10, which means people at least feel satisfied towards the Facebook commerce experience.

When asking whether the participant will recommend Facebook commerce to their friends or not, most of people tend to have qualified option. They thought that the Facebook commerce is not "As good as you may imagine", on the contrary, they through the Facebook at some extent is still flutiness. Meanwhile, participants also state that they are still welcome for more people to join Facebook commerce because the bigger the community is, the more and effective information they could share.

The part that most participants do not like about Facebook commerce centralized in two problems: first is when some brand starts promotion or activities, it may force you click the 'Like' button, otherwise you are not able to take part in the activity; the second is some brand or community may require you to follow their brand page to get qualified in some activities.

The following Figure.21 presents the result of the 5 scale rating from 5 questions. From analyzing the collected data, these key points can be drawn:

- People tend to shop via online shopping sites rather than on Facebook.
- The product gained more 'Like', the people will show more interest in the product.
- People think sharing product information could strengthen their connection with friends.
- The number of 'Like', the comment and other information will influence people's purchasing behavior
- People dislike neither news feed nor following too much brand pages.

5-Scale Questionnaire for Facebook Commerce Users

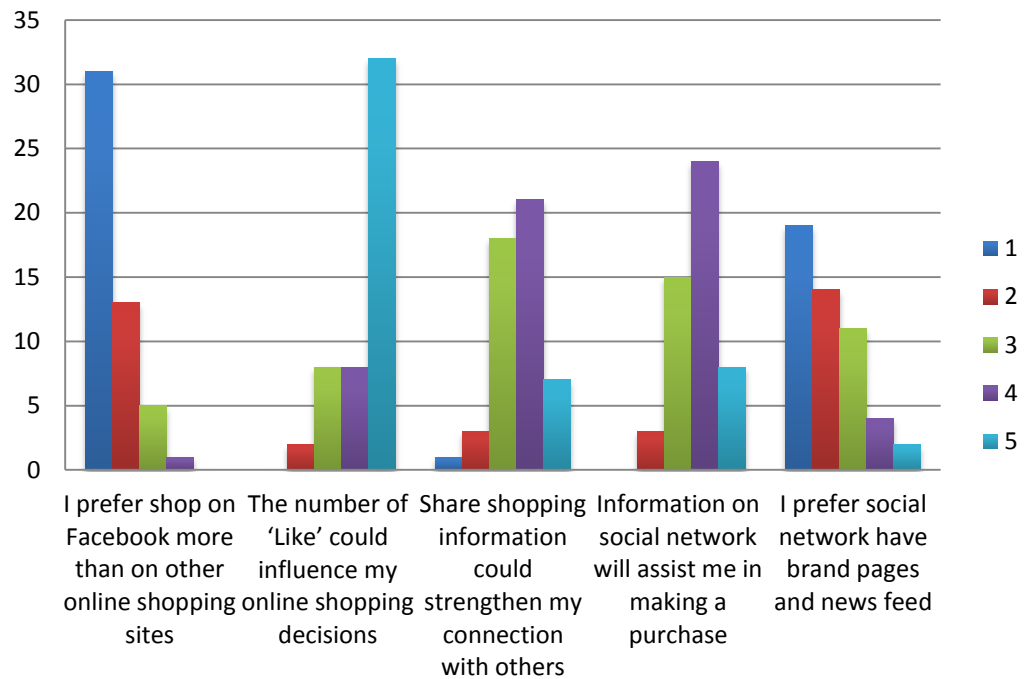


FIGURE.21 The 5-scale questionnaire for Facebook commerce users

5.2.2 Groupon users

At beginning, general information including gender and age of Groupon users will be analyzed. According to the survey, 11 users have used Groupon, the Figure.22 and Figure.23 displaying gender mix and age mix of Groupon Users.

The data shows that more female trend to use Groupon than male does. Age of Groupon users are separated from the range 20 to 25.

Gender Mix of Groupon Users

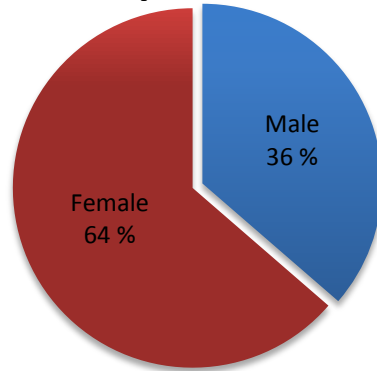


FIGURE.22 The age mix of Groupon Users

Age Mix of Groupon Users

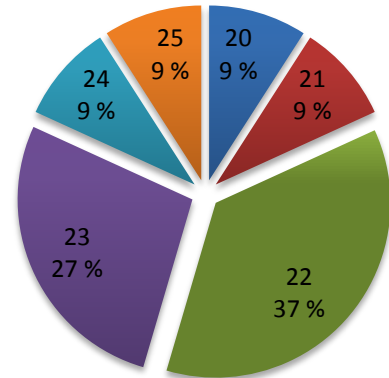


FIGURE.23 The Gender mix of Groupon Users

The participants' answers to the open questions led to finding that most Groupon users consumed services on Groupon rather than goods. Indeed, another surprising finding is that most users had consumed on Groupon once, but people seem not willing to have another attempt to make some purchase on Groupon. The average Groupon shopping experience rating had only 4.7 out of 10, and it could also support the findings.

When asking people whether they recommended Groupon to their friend, most of the answer is negative. Some participants point out that because Groupon mostly provide service and those service may not attract the students group, for example, they are not covering the demand of students, this results student group is not interested about Groupon. Heading to most dislike point of shopping on Groupon, many participants indicate that there are two issues they dislike the most. One is when you want to browse or just take a look at Groupon website, it requires registration, otherwise you cannot view the offers. Another issue is when you registered to Groupon, Groupon will sent you daily deals every day by e-mail and no one knows how to cancel it and stop receiving those annoying e-mails.

The Figure.24 present the result of 5-scale questionnaire for Groupon users:

5-Scale Questionnaire for Groupon Users

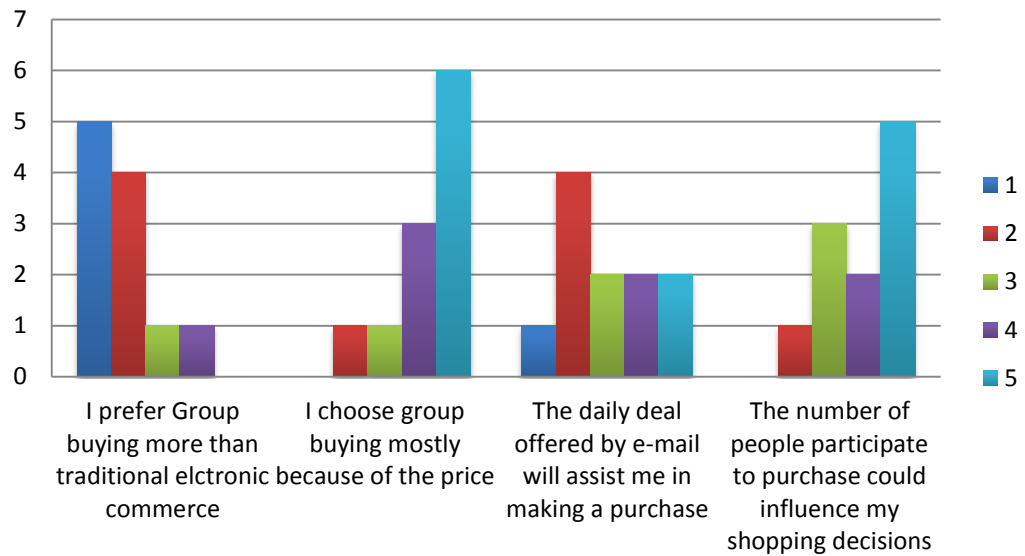


FIGURE.24 The 5-scale questionnaire for Groupon users

From the result of 5-scale questionnaire, conclusions can be made for the Groupon's character:

- People still tend to go to common online shopping sites rather than Groupon.
- Groupon's offers are low and attractive.
- E-mailing daily deals do assist people in making purchase decisions.
- The number of participants in group buying could influence people's shopping decision.

5.2.3 Users for both Facebook commerce and Groupon

For those users who have used both Facebook commerce as well as Groupon, their data are included in section Facebook commerce users and Groupon users. Yet, one questionnaire in the survey is raised especially for this group of users. The questionnaire asked these users whether they recommended Facebook commerce or Groupon and why. After analyzing their answers, the following points can be describing their opinion:

Most users still recommended Facebook commerce. They think Facebook has its natural characters of the social networking site which Groupon do not have. Within Facebook, people could make actions like clicking the 'Like' button, tag people,

share information and post them on their own wall or even their friends' wall, they are able to comment and repost friends activities. Those things are important in social life and same as in making purchasing behavior, but those things that Groupon do not have. Groupon's advantage is it can give an offer with a very attractive price that people are hard to resist. Moreover, Groupon's deals are local based, this means convenient, and buy the group buying natural, those products/services are considered quality ensured.

5.2.4 Non-social commerce users

Non-social commerce users are those participants who neither had use Facebook commerce before nor Groupon. But considered this group of people could be the potential user in the future, a 5-scale questionnaire is designed for them. The following figure.25 shows the survey result.

5-Scale Questionnaire for non social commerce users

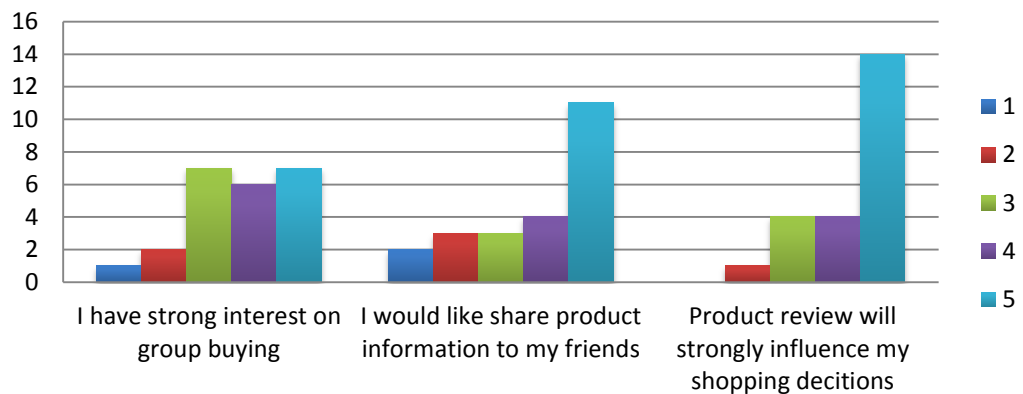


FIGURE.25 The 5-scale questionnaire for non-social commerce users

It is clear that people would like to share and reviews could highly influence people's shopping decisions from the figure above. There is an interesting point should be noticed, many non-social commerce users showing a great interest on grouping. It means Groupon still get its opportunities in developing potential users.

In the end, an open question asked for non-social commerce users for knowing their expectations of social commerce. Many people think if remain the social nature of

Facebook and also combining with a group buying features, it would be more than great.

6 CONCLUSIONS AND EXPECTATIONS

All the data gathered from case studies and surveys are analyzed in the previous chapter. General conclusions will be pointed out in this chapter, and research questions will be answered as well. In the end of this chapter, recommendations for the further development of social commerce also will be given.

6.1 Research question 1: What is users' expectation towards social commerce?

The most frequent word which users mentioned in the survey is sharing. With the combination of social media and electronic commerce, users do not want to see the natural characters of it lost. In another word, user wants social media still is the social media and remains in the original form which they could share information, tag people or leave a comment as a review.

Compared to the Facebook, Groupon gains much negative voice in the survey. There is no doubt that Groupon did really well in the electronic commerce field, because it gives the large discount that anybody else could not offer, and also it focused on local businesses which bring benefits to individuals. However, people still are more preferable Facebook commerce than Groupon. Obviously, the student group has various activities, and they pay considerable attention to sharing and communication. The social life means a lot to the students. The Groupon ends 'Like' this simple method, thus they lost the core factors that the specified group caring the most. Broadly, the most important expectation in student group is social commerce still should remain the original features of SNS and also provides a platform for them to share and communicate during the commercial activities.

Research questions 2: What is users' experience of social commerce?

Generally, the experiences can be evaluated from the attitude and feeling of the target group, for example, the extent of satisfaction, the barriers faced during the activities, and the positive or negative feelings.

For Facebook commerce users, they seem having a lot of fun while clicking the 'Like' button or commenting a product and everything is likely in order and harmony. However, there are still some annoying factors. When there are some

offers/activities on Facebook, in order to take part in, people may be required to click the 'Like' button. However, a new feed will show up in their homepage, and most users do not like this mandatory action.

Move to Groupon, people could get huge discount that cannot find anywhere else, and this is also the crucial factor to attract student group. However, Groupon send an e-mail offer to their members for delivering the everyday deal to people, and it makes a lot of people feel annoying too. Furthermore, if you are a new member of Groupon who just wants to check their website to see what are offered, you are not able to view without registration. Therefore, some of the student users do not keep a positive attitude because of forcing.

Based on the previous analysis, people are still tending to purchase through those online shopping sites, but Facebook is making students more satisfied, because it could be a great add-on for sharing product information or write reviews. All those Reviews, number of 'Like's and a group buying participation could influence customers' shopping decisions.

6.2 Future recommendations

From the view of improving in the future, the social commerce should remain the original core features of SNS site and keep the process of the social commerce clean and tidy which means to make the users feel comfortable.

Based on these improvements, the social commerce should also try to strengthen the connection between itself and the other online shopping sites in order to expend connections beyond more than 'Like' or comment. For example, finding friends with the same interest based on the product, and then social commerce could be used to expand personal social connections and expand personal interests.

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APPENDICES

Customer Trend for Social Commerce Survey

It is a pleasure to having you join in this survey. It is a great help to support my study. Thank you!

Section 1: Personal Information

Gender Male Female

Age _____

I am a Student Yes No

Monthly Spend 100€-300€
(Commercial Goods 301€-600€
And Services) 601€-900€
 900€+

Nets Age 1-3 Years
(Years using Internet) 4-6 Years
 7-10 Years
 10+ Years

Time Spend on Internet Less Than 1 Hour
(Daily) 1-3 Hours
 3-6 Hours
 More than 6 Hours

What's the categories Books
You Shop the Most Music
(Multiple Choice) Games
 Film & TV
 Electronics
 Computers & Offices
 Clothes & Shoes
 Jewelry & Watches
 Toys, Children & Baby
 Food
 DIY, Tools & Car
 Home, Garden & Pets
 Beauty & Personal Care

Section 2: Use of SNS

Social Network Sites
You Have Used
(Multiple Choice)

- Facebook
- Twitter
- Groupon
- MySpace
- Google+
- LinkedIn
- Other _____

How Long Have You Use
Social Network

- 1 Year or Less
- 1 Year to 3 Years
- 3 Years to 5 Years
- 5 Years or Above

How Long You Spent On
Social Network Sites
(Daily)

- Less Than 1 Hour
- 1-3 Hours
- 3-6 Hours
- More than 6 Hours

What's Your Most Favorite
Social Network Site and
Service

Section 3: Use of E-commerce

Why You Choose
Shop Online
(Multiple Choice)

- Convenient
- Cost Saving
- More Choice
- It's Fun
- Others (What?) _____

How do you find online
Shopping Sites
(Multiple Choice)

- By Search Engine (Like Google, etc.)
- By Link inside Shopping Sites
- By Blog recommended
- By Friend recommended
- By Brand Official Website Link
- By Social Network

Do You Have Some Online
Shopping Sites Would Like
Recommend To Friends
Where do you write
Product Review

- Yes No
- On my Facebook page or other
- In my blog

(Multiple Choice)

- Under original product page
- I don't write review
- Others (What?)_____

Section 4: Use of Social Commerce

Have you heard Facebook
Commerce or Groupon
Before

- I've heard Facebook Commerce.
- I've heard Groupon.
- I've heard both.
- I've heard neither of them. (Head to section 7)

Have you used Facebook
Commerce or Groupon
before

- I've used Facebook Commerce.
(Please complete section 5 and skip section 6)
- I've used Groupon. (Please Head to section 6)
- I've used both. (Please answer the following question and complete both section 5 and section 6)
- I've used neither of them.
(Please Head to section 7)

For users who have used both Facebook commerce and Groupon Only:

Facebook commerce and Groupon, which one you recommended the most and why?

Section 5: Social Commerce (Facebook Commerce) Users

Do You Have Shopping

- Yes
- No

Experience on Facebook pages

Have You 'Like' Some Products And Share Them to Your wall? Yes No

I Have Followed Some Brand Page Yes No

Please Rate Your Facebook

Commerce Shopping Experience ____ (Scale from 1 - 10 which 10 is Max)

Will you recommend Facebook commerce to your friends, why?

In which point of Facebook commerce you dislike the most? Do you have any suggestions?

What is your opinion towards group-buy?

Please rate the following statement from scale 1 to 5 and an optional scale 6:

**1 --- Strongly disagree 2 --- Moderately disagree 3 --- Neutral
4 --- Moderately agree 5 --- Strongly agree 6 --- Unable to rate**

You could circle the number to give your choice

| | |
|--|---|
| I prefer shop on Facebook more than on other online shopping sites (eg.ASOS) | 1 ----- 2 ----- 3 ----- 4 ----- 5 ----- 6 |
| The number of 'Like' could influence my online shopping decisions | 1 ----- 2 ----- 3 ----- 4 ----- 5 ----- 6 |
| Share shopping information could strengthen my connection with others | 1 ----- 2 ----- 3 ----- 4 ----- 5 ----- 6 |
| Information on social network will assist me in making a purchase | 1 ----- 2 ----- 3 ----- 4 ----- 5 ----- 6 |
| I prefer social network have brand pages and news feed | 1 ----- 2 ----- 3 ----- 4 ----- 5 ----- 6 |

Section 6: Social Commerce (Groupon) Users

Do you use Groupon more than once Yes No

Please Rate Your Groupon

Shopping Experience _____ (Scale from 1 - 10 which 10 is Max)

Will you recommend Groupon to your friends, why?

In which point of shopping on Groupon you dislike the most? Do you have any suggestions?

What is your opinion towards combine Facebook and E-commerce together?

Please rate the following statement from scale 1 to 5 and an optional scale 6:

1 --- Strongly disagree 2 --- Moderately disagree 3 --- Neutral
4 --- Moderately agree 5 --- Strongly agree 6 --- Unable to rate

You could circle the number to give your choice

| | |
|--|--------------------------------------|
| I prefer group buying more than on other online shopping sites (eg.ASOS) | 1 ---- 2 ---- 3 ---- 4 ---- 5 ---- 6 |
| The number of people participate the purchase could influence my online shopping decisions | 1 ---- 2 ---- 3 ---- 4 ---- 5 ---- 6 |
| I choose group buying mostly because of the price | 1 ---- 2 ---- 3 ---- 4 ---- 5 ---- 6 |
| The daily deal offered by e-mail will assist me in making a purchase | 1 ---- 2 ---- 3 ---- 4 ---- 5 ---- 6 |

Section 7: Non Social Commerce Users

Please rate the following statement from scale 1 to 5 and an optional scale 6:

**1 --- Strongly disagree 2 --- Moderately disagree 3 --- Neutral
4 --- Moderately agree 5 --- Strongly disagree 6 --- Unable to rate**

You could circle the number to give your choice

| | |
|--|--------------------------------------|
| I have strong interest on group buying | 1 ---- 2 ---- 3 ---- 4 ---- 5 ---- 6 |
| I would like to share product information to my friends | 1 ---- 2 ---- 3 ---- 4 ---- 5 ---- 6 |
| Product review will strongly influence my shopping decisions | 1 ---- 2 ---- 3 ---- 4 ---- 5 ---- 6 |

When knowing the term social commerce that is the combination of social media and electronic commerce, what you expect to have from social commerce?

**That's the end of this survey. I appreciate your participation,
Thank you!**