

SOCIAL COMMERCE: CONCEPT AND TREND ANALYSIS USING FACEBOOK AND TWITTER

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ABSTRACT

In this era, the use of technology is rapidly increasing in the world of commerce. Social commerce is becoming popular throughout the globe which works in combination with social media and the growth in online shopping. Facebook, Twitter, Instagram, Pinterest, LinkedIn etc. are the various social platforms that are providing bounce to social commerce as it motivates the consumer to buy online. The notion of social e-commerce has developed to influence online shoppers for purchases by giving reliable advices and reviews regarding the products and services. Social commerce provides retailers with a golden opportunity to promote and sell their products directly to the consumers. It is a way to connect and attract the potential consumers towards the products and retailers with the help of social media as in the technology dominated period people are addicted to the social media. Not only products or brands are advertised but advertisements for business services, consulting services and recruiting services are also displayed. The present study is an attempt to understand the concept of social commerce and to analyse the trend of social commerce with help of social media apps: Facebook and Twitter. To analyse the trend, secondary data has been collected from the annual reports of the respective companies from www.annualreports.com website. The data is for the period 2011-2018. To study and analyse the trend of social commerce, Total Revenue and Advertising Revenue are taken as base.

INTRODUCTION

Social commerce is basically a part of e-commerce which consists of social media and online shopping. In other words, it uses social networking sites such as Instagram, Facebook, Whatsapp, LinkedIn, Pinterest, twitter, snapchat, wechat etc. for e-commerce transactions. Yahoo was the first to introduce this term i.e. Social Commerce and the concept was developed by David Beisel. Social commerce refers to usage of social media as a tool for increasing sales of products and services by the retailers. Retailers encourage the people to visit their page or app by providing attractive advertisements on the social networking sites such as Facebook and Instagram. Nowadays people spent half of their time on social media especially the younger ones. So the retailers make pages on Facebook, business accounts on Instagram, tweets on Twitter etc. and provide the link for shopping directly from the site the user is using. The number of fans/followers, likes and comments regarding the product or services influence the user for buying decision.

Social commerce is of two types i.e. Onsite and Offsite.

Onsite Social Commerce: It is the actual Website. It includes the activities that happen inside retailer's website.

Example: Fab.com shows live feed of what other shoppers are buying.

Offsite Social Commerce: These include the activities that happen outside retailer's website. Example: Facebook, Pinterest, Twitter and other networking sites.

The following example will help to clearly understand the difference between onsite and offsite social commerce i.e. If one is using the particular app for buying the particular product say Amazon for online shopping. That is onsite social commerce and if the advertisement related to same product displayed on Instagram or Facebook that is offsite social commerce.

Advantages of Social Commerce

- Social commerce provides retailers an easy way to reach its target audience and sell their products and services.
- It is the best way to pull customers from social media users which increases the ranking on search engine
- It provides two way communications between customer and seller. Customers can directly interact with the product seller or service provider.
- It helps to build customer loyalty toward the brand and helps in retaining customer for repurchase. It can be done by efficient Customer Service Channel.
- It is easy to estimate the growth by the likes, comments, fans or followers etc.

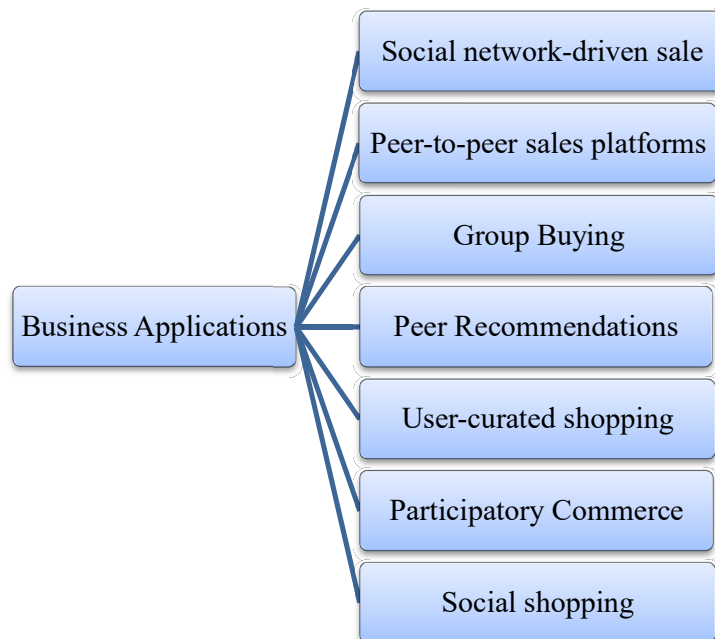
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Business Applications



Social network-driven sale refers to the sale from the networking sites such as Facebook and Twitter. Peer-to-peer sales refer to the sale in which users can sell product by communicating directly with other user such as olx. Group Buying refers to the users who purchase the products in group at lower prices. In peer recommendations users can buy products after reviewing proper recommendations provided by other users such as Amazon. User-curated shopping is the shopping in which the users provide 5the shoppers a list from which they can buy the products. The users are involved in the production processes in the Participatory Commerce. In social shopping chat sessions are provided to users.

Growth/Trend of Social Commerce

Social Commerce is growing year by year. Today most of the retailers publicise its brand through the social networking sites as the users spend most of the time on the social websites. The Social Commerce gained so much importance now days as it is the source for retailers to increase sales and increase customers which leads to handsome profits. In 2016 Facebook had 1.13 billion daily active users and by the end of 2017 the users increased to 2 billion active users. Instagram users also rose from 500 million active users to 800 million active users. Twitter has more than 313 million active users and Pinterest has more than 110 million active users. Thus, it can be conclude that Social Commerce is trending and increases day by day, month by month, and year by year

REVIEW OF LITERATURE

Liang et al., 2011 provide a brief introduction to the special issue Social Commerce. The research describes what social commerce is and provide framework to guide researchers. The research themes, fundamental elements, enrichments elements, commercial activities, social media, research methods, outcomes measures are discussed.

Wang et al., 2012 identifies various conceptualizations, terminologies, view and perspectives about social commerce and its relation to other well known concepts such as e-commerce

Bhat et al., 2016 give a review paper on e-commerce. The research describes the scenario of e-commerce and analyse the trends of e commerce. It also reveals the key variables influencing the increased usage of e-commerce.

Kamble, 2016 in his paper Social Media and e-commerce: comparative Study of Flipkart and Amazon India says that the Internet has affected the habits of the Indian consumers. The study is an effort to find out which online retailer is preferred by urban youth and what do they buy online? Do they use mobile app of their favourite online retailer?, do they visit social networking sites of their online retailer?, how social media platforms are being used by Flipkart and Amazon India.

Selevarju et al., 2016 find the variables that influence customer intention to purchase through online and to know about the highest influence variable through online buying behaviour. The study is undertaken to understand the relationship between the demographical variables that influence online shopping and understand the customer satisfaction level towards online shopping in the paper Impact on e-Commerce towards Online Shopping and Customer Buying Behaviour. Primary data was collected through questionnaire using G3 software to validate the

respondent. Visual PLSS software is implementing to modelling the cause and effect link between the construct and intra construct. Factor analysis and Chi-Square are used to determine the relationship between the variables.

Khan, 2016 studied the benefits and challenges of Electronic commerce in emerging economy. Its main aim is to get the full acquaintance of the e-commerce in Bangladesh. The study is qualitative in nature and data was collected from books, journals, magazines, newspapers, internet etc.

Kumar et al., 2018 analyse the rise of e-commerce in India. It highlights the growth of e-commerce in India in the last five years and studies the impact of E-commerce on Indian consumers and the Indian Economy. It was found that e-commerce has grown by a significant margin and technology has assisted in its growth.

Sheikh et al., 2019 investigate the influence of social commerce constructs, social support and relationship quality on social commerce intentions, which lead to use behaviour of social networking sites for social commerce.

OBJECTIVES OF STUDY

Following are the main objectives of the present study:

- To understand the concept of social commerce
- To analyse the trend of social commerce with help of social media apps Facebook and Twitter

RESEARCH METHODOLOGY

The present study is descriptive in nature. It is undertaken to understand the concept of social commerce and to analyse the trend of social commerce with help of social media apps: Facebook and Twitter. For the purpose of analysis secondary data has been collected from the annual reports of both social networking sites. The study covers the period of eight years from 2011 to 2018. Data related to total revenue and advertising revenue has been studied for the analysis. Clustered column graphs are used to present the data.

TREND ANALYSIS OF SOCIAL COMMERCE

As social commerce is the combination of social media and e-commerce where social media facilitates and promote e-commerce. So trend of social commerce can be better studied with the help of social media apps which are being widely used by numbers of retailers to promote the products and give push to their sales. Retailers put the advertisements of their brands and products on various social media apps and sites which are being liked, commented upon and shared by the users of these app and sites. The success of the social commerce for retailers can be inferred to the number of likes, comments, shares, followers, tweets and retweets on their advertisements, pages, hashtags etc. For getting their advertisements displayed on social media platforms retailers have to pay the money to these social media apps and sites. This advertisement expense has become the major source of income for these social media apps. Therefore the trend of social commerce can be analysed with the help of revenue earned by the social media by way of advertising the brands and products. Amount of revenue earned from advertising indicates that to what extent social media is being used for promoting e-commerce.

So for analysing the trend of social commerce the study is restricted to only two social media apps i.e. Facebook and twitter.

SOCIAL COMMERCE APP: FACEBOOK

Facebook is a social media app with currently 2.3 billion monthly active users. Instagram and Whatsapp (subsidiaries of facebook) are also social media apps that are widely used by the people. These apps provide a platform where numbers of users are indulge in liking, sharing and commenting on various posts, pictures, videos, news, expressing their views and opinions etc. and communicating with friends irrespective of any distance restrictio

Year	Total Revenue (in millions)	Advertising Revenue (in millions)	Advertising revenue as % of total revenue
2011	\$3,711	\$3,154	85%
2012	\$5,089	\$4,279	84%
2013	\$7,872	\$6,986	89%
2014	\$12,466	\$11,492	92%
2015	\$17,928	\$17,079	95%
2016	\$27,638	\$26,885	97%
2017	\$40,653	\$39,942	98%
2018	\$55,838	\$55,013	99%

ns and are also used for business and professional purposes.

In addition to these purposes, Facebook is widely used by retailers for their marketing activities. Famous brands are promoted by displaying advertisements and creating facebook pages on facebook which includes Nike, March of Dime, Taco Bell, TOMS, Nature valley, Microsoft, Universal Studios Orlando, Fitbit, Aerie, JustFab, Flipkart, Rakuten, Dresslily, Dafiti, eBay, Rosegal, Lazada, Avon, Amazon etc.

Source: www.annualreports.com

Table 1 shows the total revenue and advertising revenue earned by the facebook from 2011 to 2018. The maximum revenue is earned in from of advertising revenue which clearly indicates that facebook is widely used to promote and sell products. In 2011, advertising revenue amounts to 85% of the total revenue earned by the facebook. In 2018, 99% of the total revenue is earned by way of displaying product advertisements. This shows that the trend has changed over period of time and social commerce has gained popularity as indicated by ad revenue generated by facebook.

Figure 1: Total Revenue and Advertising Revenue of Facebook, Inc.

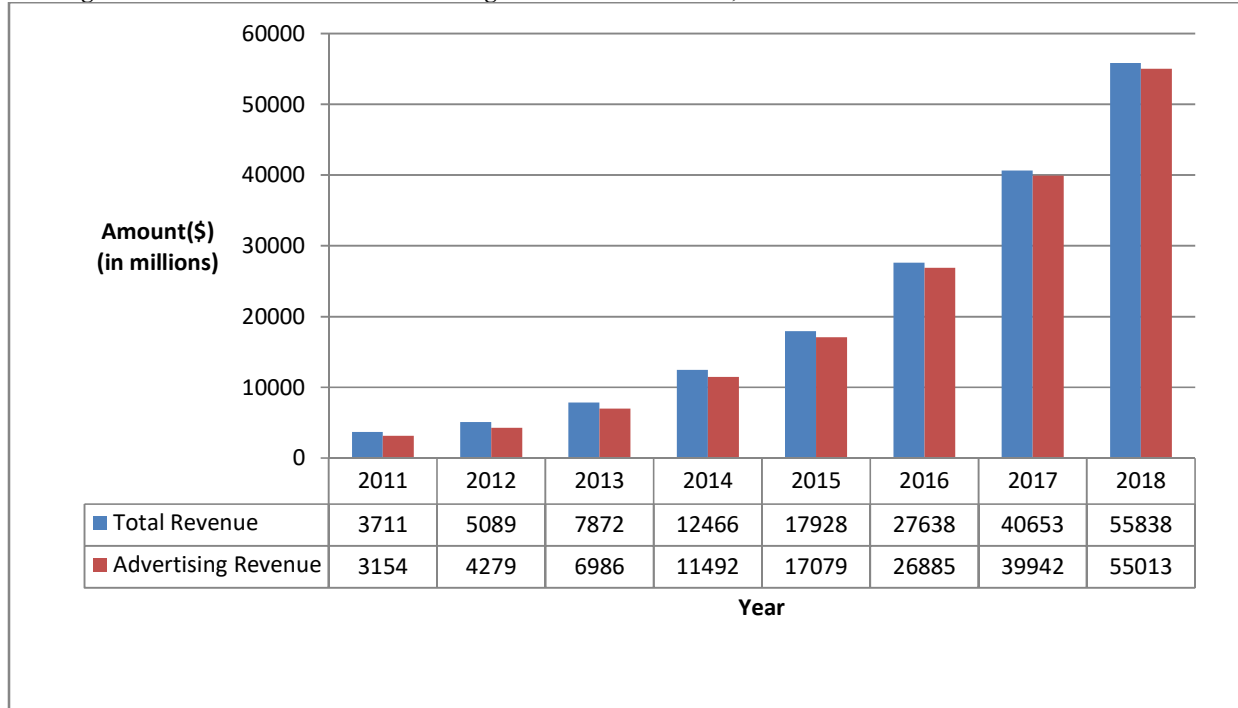


Figure 1 graphically shows the total revenue and advertisement revenue earned by the Facebook. It is clearly exhibited that the total revenue of facebook has increased due to increased advertisement revenue. It shows the increasing trend that indicates that social commerce has increasing trend in the current scenario.

SOCIAL COMMERCE APP: TWITTER

Twitter is also a social networking platform where people share their views in form of tweets and like, share and comment upon other's tweets. It serves as a great platform for marketing activities reaching out the large number of users within no time and boosting sales.

Starbucks, Playstation, Samsung, Whole Foods, Sony, Michael Kors, McDonald's, Calvin Klein, Etsy, Nintendo of America, Someecards, Subway, TOMS, Threadless, Forever21, Amazon, Treyarch Studios, Jetblue Airways etc. are the brands that are promoted through Twitter and are source of income for the Twitter.

Table 2 shows the total revenue and revenue earned through advertising services by the Twitter. In 2011, 73% of total revenue is earned by way of advertisements i.e. by giving space to the brands on its site for marketing activities. In 2018, the advertisement revenue is 86% of the total revenue earned. The composition of total revenue indicates the advertisement revenue has a major share in total revenue indicating rising trend of social commerce.

Year	Total Revenue (in thousands)	Advertising Revenue (in thousands)	Advertising revenue as % of total revenue
2011	\$106,313	\$77,710	73%
2012	\$316,933	\$269,421	85%
2013	\$664,890	\$594,546	89%
2014	\$1,403,002	\$1,255,688	90%
2015	\$2,218,032	\$1,994,036	90%
2016	\$2,529,619	\$2,248,052	89%
2017	\$2,443,299	\$2,109,987	86%
2018	\$3,042,359	\$2,617,397	86%

Source: www.annualreports.com

Figure 2: Total Revenue and Advertising Revenue of Twitter, Inc.

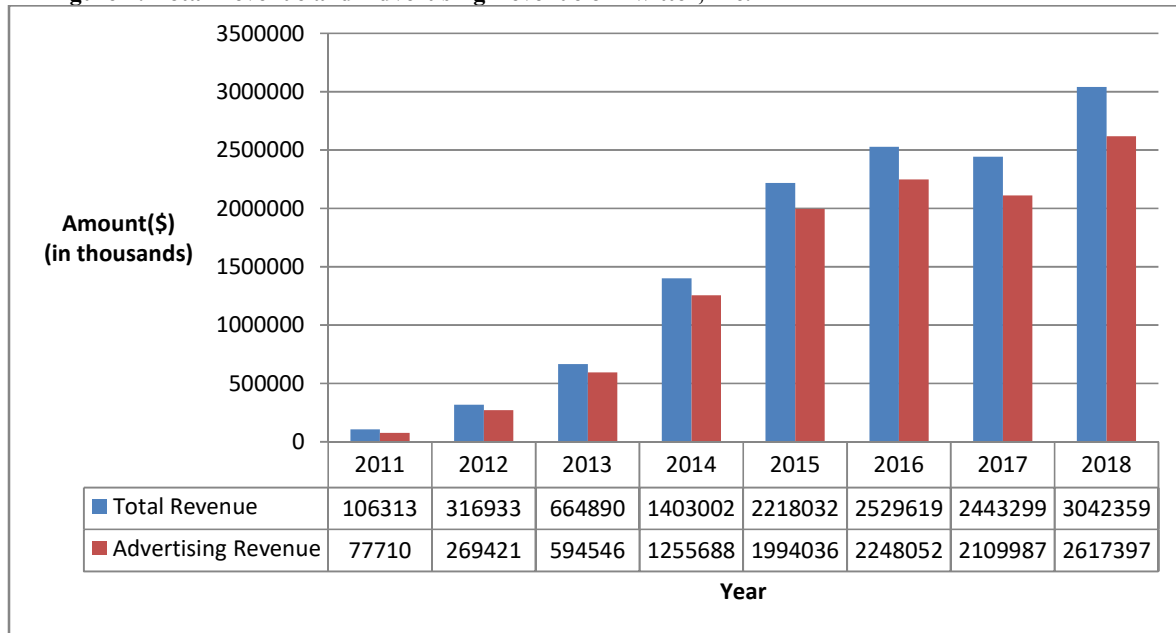


Figure 2 shows the total revenue and advertisement revenue earned by Twitter from year 2011 to 2018. The advertisement revenue indicates the increasing trend which in turn indicates the trend of social commerce. It means rising advertisement revenue from displaying ads leads to risen trend of social commerce.

CONCLUSION

Social commerce is an emerging trend and can be fruitful when used intelligently by the marketers. In recent years, social commerce has shown the increasing trend. This is clearly depicted by the analysis of Facebook and Twitter. This shows how marketers are changing their traditional methods of advertising and promoting products. Social commerce is even changing the way of e-commerce. It can be concluded that social commerce is a transformational step ahead of e-commerce that provides the large customer base for promoting not only products but services also.

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