

POLTECNICO DI MILANO

Scuola di Ingegneria dei Sistemi



POLO TERRITORIALE DI COMO

Master of Science in Management Engineering

**SOCIAL COMMERCE: CONCEPTUAL MODEL
AND CUSTOMER PERCEPTION**

Supervisor: Prof. Riccardo Mangiaracina

Master Graduation Thesis

THAIS DA COSTA TEVES

Student Id number: 777448

Academic Year 2012 / 2013

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“Thus, the task is not so much to see what no one yet has seen, but to think what nobody yet has thought about that which everybody sees.”

Arthur Schopenhauer

ABSTRACT

The development of the Web 2.0 and Social Media, mainly Social Networks allowed users to create content in the web and influence each other lives and purchasing decisions. In this context, it can be perceived a shift in the traditional “company to consumer” dialogue to a “consumer to consumer” dialogue, giving rise to a new phenomenon called Social Commerce. Despite all the efforts done by researchers to explain Social Commerce, there are still some conceptual differences in its definitions, scopes and boundaries. In this way, this research aims at studying deeply this phenomenon in order to propose a model that defines Social Commerce through the analysis of several existing definitions and their classification into a Framework proposed, highlighting the similarities and differences. In addition, a study about the customer perception was carried out through a survey made in 4 countries. As one of the most relevant outcomes obtained in this research, Social Commerce is explained as all the purchasing decisions resulted, exclusively, from the interaction between one or more consumers. It focuses on social interaction for need creation and/or decision-making, covering both online and in-store purchase. Social Commerce has potential to improve the actual online purchase process and increase customer trust. Although it has been considered a new phenomenon, its idea is not new. Social Commerce is related to the concept of WOM applied to commerce and powered by Social Medias, facilitating the process for spreading information in a larger scale.

Key Words: Social Commerce; Social Networks; Conceptual Model; Framework; Customer Perception; F-commerce.

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LIST OF ABBREVIATIONS

E-commerce	Electronic commerce
F-commerce	Facebook commerce
SC	Social Commerce
SCPM	Social Commerce Process Model
SM	Social Media
SN	Social Network
SS	Social Shopping
UGC	User-Generated Content
WOM	Word-of-Mouth

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1 INTRODUCTION

This section presents an introduction of the topic addressed in this thesis, justifying its pertinence and relevance. Besides, it identifies a problem that needs to be solved, defining the objective of this research. Finally, it presents the structure used to organize this work.

1.1 Motivation

As the use of the Internet has evolved, shoppers have transferred the in-store shopping experience to the online experience, giving rise to what is called E-commerce. Nowadays, with the Web 2.0¹ and the diffusion of Social Media, users are shifting their behavior from a passive information consumer to an active content creator and distributor, resulting in the emergence of a new type of online commerce known as Social Commerce.

Social Media (SM) and Social Commerce (SC) are two different concepts that are intrinsically linked. Thinking on them as the same concept is a common mistake. (POWER RETAILER, 2011)

Kaplan and Haenlein (2010) define Social Media as a group of Internet-based applications that allows the creation and exchange of User-Generated Content (UGC). Social Media enables the interactions among people and the creation, sharing, and exchange of information and ideas. It can take many different forms, including Internet forums, weblogs, social blogs, micro blogging, wikis, podcasts, pictures, video, rating and reviews, social bookmarking and Social Networks. (AHLQVIST, BÄCK, *et al.*, 2008)

Despite Social Commerce definition is still not clear, it is strongly connected to the using Social Media to facilitate commerce. It has become a new phenomenon primarily due to the increased popularity of Social Networking sites. (LIANG, HO, *et al.*, 2012)

¹ Web 2.0 is a term used to describe web sites that use technology beyond the static pages. It allow users to interact and collaborate with each other in a virtual community as creators of user generated content, in contrast to websites where people are limited to the passive viewing of content. (OREILLY, 2007)

Since the launch of the first recognizable Social Network (SN), Six- Degrees in 1997, multiple SNs such as Facebook, Twitter, LinkedIn, Pinterest and Google+ have become popular Internet platforms, where people around the world congregate and get connected. (HEIDEMANN, KLIER e PROBST, 2012)

The use of SNs has reached an enormous scale. In general terms, every minute 100,000 tweets are sent and around 684,478 pieces of content are shared on Facebook. Other statistics show that approximately 48 hours of video are uploaded to YouTube and 3,600 photos are shared on Instagram every minute. (JAMES, 2012)

The number of people using Social Network has been increasing every year. In 2008, in the U.S., 24% of the population had a personal profile in any Social Network. In 2012, this number increased dramatically to 56% (EDISON RESEARCH, 2012). Not only the number of users but also the average time spent on Social Networks have been rising, representing, nowadays, 25% of the total time that a regular user spends online.

Table 1-1 - Average time Americans spend on various activities per month

Activity	2006	→	2012
Social Networking	2.7h	↑	7.8h
Phone, email, mail	5.7h	↓	4.8h
Socializing in person	22.8h	↓	21h
Watching TV offline	71.1h	↓	59.4h
Watching TV online	6.3h	↑	23.1h

Source: <http://infographiclist.com/2013/03/14/time-spent-statistics-infographic-2>

As can be seen in Table 1-1 people have been spending more time online, especially in Social Networks, than in 'offline' activities. In fact, Facebook outperformed Google as the most frequently visited website of the week in the U.S. in March 2010. (DOUGHERTY, 2010)

Another fact that contributes to the increase on time online is the use of mobile devices that keeps users connected anytime and anywhere. Chart 1-1 shows the time spent on Social Network per month per person on a computer and also on a mobile device.

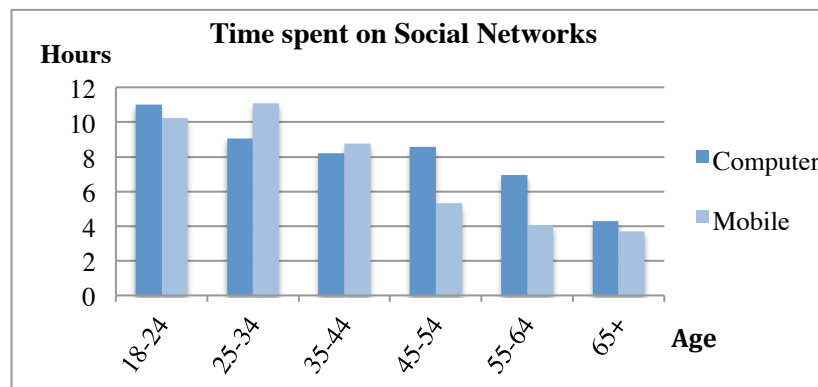


Chart 1-1 - Time spend monthly on Social Network per person

Source: The Nielsen Company. State of the Media: The Social Media Report, 2012

Social Media influences customers before, during and after the purchasing action (ICKLER, SCHÜLKE, *et al.*, 2009). Although it was originally designed for private use (BUGHIN e MANYIKA, 2007), companies have been presenting their brands and products on SNs to leverage their popularity. (HEIDEMANN, KLIER e PROBST, 2012). According to Fortune 500 Social Media Statistics (BARNES e ANDONIAN, 2011), 58% of Fortune 500 companies have an active corporate Facebook account while 62% have an active corporate Twitter account.

Regarding advertising on Social Media during the pre-sale phase, despite 33% of users find ads on Social Networks more annoying than other online ads there is still an opportunity to be exploit. Approximately 26% of users are more likely to pay attention to an ad that has been posted by one of their Social Network acquaintances and 17% of them feel more connected to brand seen on Social Networking websites. (THE NIELSEN COMPANY, 2012)

In fact, social ads can be more effective than traditional advertisement. According to a survey conducted by Nielsen (2012), after seeing social ads on Facebook 15% of users shared the ad, 26% liked the ad and 14% purchased the product. In addition, 90% of consumers trust peer recommendations, compared to only 14% who trust companies' recommendation. In this way, online Word-of-Mouth (WOM) has become a powerful tool to bring brand awareness and profit to the companies (BAZAAR VOICE, 2012). Worldwide advertisement spending on SNs is therefore expected to grow from US\$ 5.2 billion in 2011 to US\$ 11.9 billion in 2014 (DWYER, HILTZ e PASSERINI, 2007) and SC sales are expected to climb from \$9.2 billion in 2012 to \$30 billion in 2015, as shown in Chart 1-2.

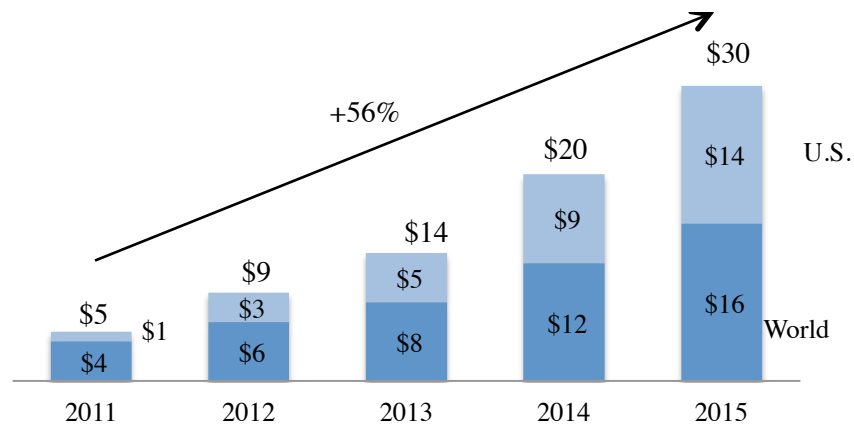
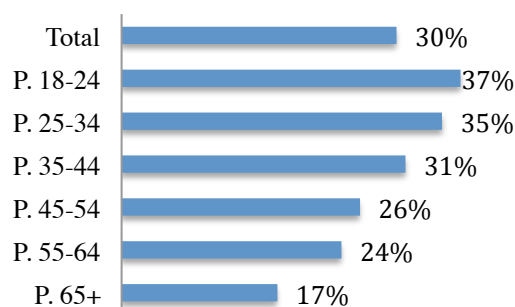


Chart 1-2 - Estimation of Social Commerce Market Size (in US\$ Billions)

Source: Booz & Company. Turning 'Like' to 'Buy', 2011.

Social Media can directly influence the purchasing phase, a survey made by Booz & Company (2011) with consumers who spend at least one hour a month on Social Networking sites and who have bought at least one product online in the last year shows that 27% of the respondents would be willing to purchase physical goods through SNs while the remaining 73% would not purchase due to concerns related to security and privacy - two areas that many big Social Networking sites are already working to improve. (EECKE e TRUYENS, 2010)

In the after sales phase, an emerging trend is the Social Care (being understood as the SM tools used by companies to guarantee a successful customer care and support online); one example is the customer service via Social Media. On average, 47% of Social Media users engage in Social Care and one out of three prefer Social Care than contacting a company by phone. As shown in Chart 1-3, this number has been increasing from generation to generation.



Source: The Nielsen Company. State of the Media: The Social Media Report, 2012

Chart 1-3 - Percentage of people who prefer Social care than Traditional customer care

Summarizing, Social Media has revolutionized the way people communicate and maintain relationships. Therefore, it is inevitable that Social Networks will start to affect what consumers buy and how they shop (BOOZ&COMPANY, 2011). Social Media influences consumers' decisions as consumers are more likely to make buying decisions based on what they read and see in social platforms. Besides, it is no longer enough to have standard product descriptions with static text and descriptions, shoppers are expecting an interactive and more social experience online. (IBM, 2009)

Despite Social Commerce is still nascent, its evolution has been quickly and innovation has been a key for the success in the industry. In the Table 1-2, some examples of companies that are innovating in this area are summarized.

Table 1-2 - Company inserted in Social Commerce

Company	Description	Reference
1-800-Flowers	Allow consumers to make quick purchases without having to leave Facebook	(BOOZ&COMPANY, 2011)
AirTran Airways	Use Twitter to sell discounted tickets	(BOOZ&COMPANY, 2011)
Amazon & Best Buy	Allow users to create an universal wish lists extending their desired to more than one site	(MARSDEN, 2010)
Dell	Sell products through Twitter feed	(OSTROW, 2009)
Hyves, Netherland social platform	Allow members to post item for sale and transfer as much as 150 euros to other users to pay for the goods available	(BOOZ&COMPANY, 2011)
Mattel, toy manufacturer	Allow friends to shop and chat together whilst browsing	(MARSDEN, 2010)
The Limited, US fashion chain	Allow users to buy directly from newsfeeds	(MARSDEN, 2010)

1.2 Identification of the problem

Social Commerce is a new phenomenon that has been attracting researcher's attention lately. As it is an emerging phenomenon, Social Commerce has been characterized by different views and perspectives, resulting in some descriptions that can be in conflict with each other. (WANG e ZHANG, 2012)

Although the efforts done by researchers to explain the variables influencing Social Commerce, how to derive and measure its value, the benefits it can bring to the purchase process and its social implications, the academic effort to define Social Commerce has been minimal and less substantial. There are conceptual ambiguities on the definitions, scopes and boundaries of Social Commerce and several related concepts. Furthermore, several studies using the term without providing an explicit definition of it.

Indeed, following the methodology applied for carrying out the literature review only few articles focused on the definition of Social Commerce. Chart 1-4 shows the percentage of articles, related to Social Commerce in some way, which was read during the first phase of the literature review.

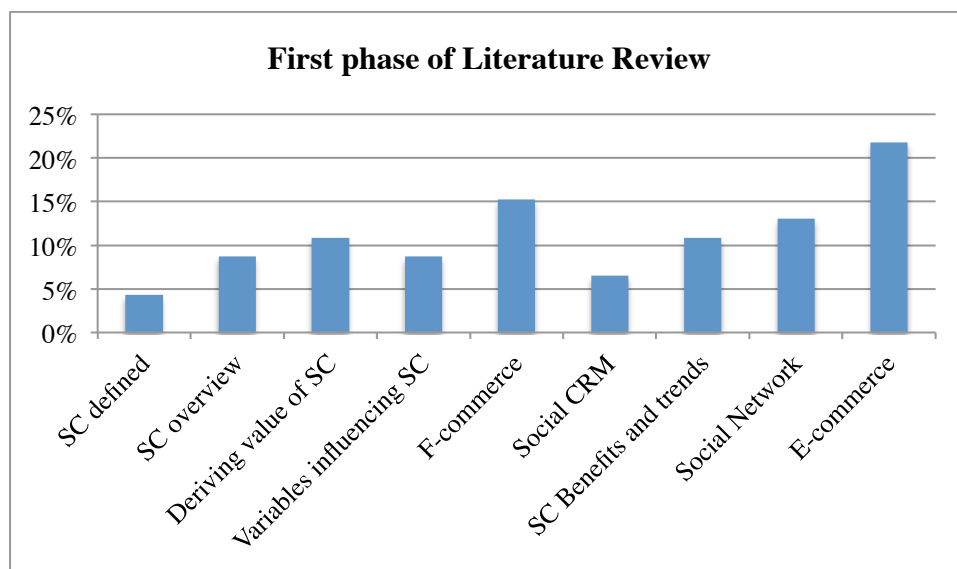


Chart 1-4 - Percentage of article found within each topic

1.3 Objectives

Due to the complexity and innovativeness of SC and its unclear definitions, it is necessary a study to organize all the relevant knowledge regarding the scope of SC in order to guide researchers and practitioners to a common path in the future.

In this way the present study seeks to:

- (1) Propose a Conceptual Model to define SC
- (2) Conduct a survey to access the customer perception about SC

The literature review implemented in the next chapter aims at answering the following research questions as a guide for achieving the expected objective, which answers will serve as main inputs for the development of this work.

Research Questions:

1. What is Social Commerce? (Characteristics, models, concerns)
2. How has Social Commerce evolved across period?
3. What are the existing definitions of Social Commerce?
4. What can Social Network offer to E-commerce?
5. What are the benefits of SC for consumers according to the literature?
6. What are some examples of Social Commerce?
7. What are the steps in online Decision-making Process?

1.4 Structure of the thesis

This work is organized as follow:

Chapter 1, Introduction: it explains the motivation for the research and identifies a problem that needs to be solved with the development of the work. In this way, the objective of the work is defined.

Chapter 2, Literature Review: it presents the theoretical background about the key concepts involved in this work. The main issues addressed are: Social Commerce and Consumer Buying Behavior.

Chapter 3, Methodology: it explains the methodology used to perform the literature review and the survey. Besides, it recaptures the objectives of the research and presents the methodology used to reach these objectives.

Chapter 4, Results: it presents a Framework designed to classify SC definitions and the classification of the main definitions. Furthermore, it presents the Conceptual Model developed to define SC and the outcomes of the survey.

Chapter 5, Discussion: it performs a critical assessment of the solution and the results achieved, pointing, also, some limitations of the work and possible future contributions.

Chapter 6, Conclusion: it summarizes the study developed in the current work, highlighting the most relevant points coming out from the model and survey. Additionally, the chapter recaptures the work contributions and the topics for future research.

2 LITERATURE REVIEW

The concepts studied in this chapter can be divided into two fields: Social Commerce and Consumer Buying Behavior. The literature review related to the first topic is relevant to have a better understanding about the scope of SC, its difference from E-commerce and Social Shopping and the benefits it can bring for both consumers and retailers. The second topic focuses on accessing the steps involved in a Decision-making Process, serving as basis for the development of the Framework proposed in this work.

2.1 Social Commerce

Before deeply explore Social Commerce, it is necessary to present some clarification about two terms that are closely linked and that have appeared in the majority of the articles read during this literature review.

2.1.1 Social Shopping

Some authors refer to “Social Commerce” and “Social Shopping” as synonymous (LEITNER e GRECHENIG, 2007; TEDESCHI, 2006). Others see a slight difference between these two concepts (STEPHEN e TOUBIA, 2010; MARSDEN, 2010; BEISEL, 2006). The explanations given below aims at giving a general idea about the concept of SC and SS, without having the intention to discuss them exhaustively but just to show the reader the existence of divergent ideas.

Beisel (2006) defines Social Commerce as creating places where people can collaborate online, get advice from trusted individuals, find goods and services and then purchase them. While Social Shopping is defined as the action of sharing the experience of shopping itself with others. Marsden (2010) states that Social Commerce is about adding a social layer to retail’s website and Social Shopping is about shopping using social tools. Thus, for both authors the two terms are different in scope. Social Shopping is a subset of Social Commerce, and consequently it has a narrower scope than SC.

For Stephen and Toubia (2010) both Social Commerce and Social Shopping have the same scope, involving the creation of a community to facilitate the purchase or the sale of a product or service online. The term Social Commerce is used when

the connection happens among sellers in order to increase sales. In contrast, the term Social Shopping is used when the connection is made among consumers, assisting the decision-making process.

In order to allow the comprehension of the rest of work, the definition of Beisel (2006) was chosen as general perception of SS given that many other authors basis their definition on it by just complementing or restricting this idea. Thus in general terms, SS will be understood as the action of sharing the shopping experience with others.

2.1.2 E-commerce

The follow explanations are based on the most common points of view about the topic, which means that these explanations are not necessary accepted by all researches.

The differences between E-commerce and Social Commerce can be understood in terms of three perspectives: business goals, customer connection and system interaction (HUANG e BENYOUCEF, 2012). Regarding business goals, E-commerce focuses on transactions (KEENEY, 1999) and maximizing efficiency by using strategies for sophisticated searches, one-click buying, specification-driven virtual catalogs and recommendations based on consumers' past shopping behavior (CARROLL, 2008). Social Commerce, however, focuses on branding (CLAWSON, 2008), networking, collaborating and information sharing, with a secondary focus on purchasing (CARROLL, 2008)

Regarding customer connection, customers usually interact with E-commerce platforms alone and independently from other customers, while Social Commerce involves online communities that support social connection to enhance conversation between customers (KIM e SRIVASTAVA, 2007).

Now getting deeper into system interaction, it is important to remark that E-commerce provides one-way communication, meaning that information from customers is rarely sent back to companies or to other customers. Social Commerce, on the other hand, provides two-way communication, allowing interaction with the company as well as among customers. In this way, they can share information with each other and express their opinions, doubts and concerns. (HUANG e BENYOUCEF, 2012).

Despite initial differences between a traditional E-commerce website and a Social Commerce website, the adoption of social tools, regardless of the type of the website, are making increasingly difficult to distinguish one from another. Examples of these tools are rating and reviews, recommendations, forums and communities. Thereby, nowadays E-commerce and Social Commerce overlap each other in several dimensions (MARSDEN, 2010) blurring the boundaries between them mainly regarding customer connection and system interaction.

Due to the different points of view concerning the distinction between Social Commerce and E-commerce it is difficult to define SC scope. Some authors consider Social Commerce as a new category of E-commerce, and some consider Social Commerce as a sub-category of E-commerce, others view Social Commerce as a revolution while others advocate that it is not a revolution but an evolution built on the concepts and applications of E-commerce (WANG e ZHANG, 2012), some others researchers instead are considering Social Commerce as an extension of E-commerce. (LIANG e TURBAN, 2012)

In order to elucidate this issue and propose a conceptual model capable of explain SC more clearly, a deeper research of SC literature is presented next.

2.1.3 Social Commerce

Several authors affirm that the next generation of online business will be based on communities to attract new customers and to leverage business results (HAJLI, 2012). In this way, Social Commerce is a buzzword evoking a fusion of two big digital trends: Social Media and E-commerce. Whereas E-commerce refers to selling and purchasing of products and services online, Social Media provides ways for users to interact. Commons ways of interaction are file sharing, blogging, and discussion groups, aimed at building communities of people who have common interests.

The word "commerce" paired with "social" reflects the ideas of community-level participation and social influences in the online commerce. It is envisioned to combine both B2C (Business to Consumer) and C2C (Consumer to Consumer) approaches (CURTY e ZHANG, 2011).

The evolution of Social Media and other Web 2.0 tools has a significant impact on the way consumers interact with companies and on the level of control companies have over their sales and marketing (IBM, 2011). Consumers are not just buying a product or services anymore, they are creating content and, consequently, participating in the business process with an active behavior. Currently, information provided by other consumers is getting more and more importance for the companies than data given by marketers of products and services (FORRESTER RESEARCH, 2009). In this environment, as indicated by Stephen and Toubia (2010), the market power shifts from companies to customers. As a result, E-commerce without social tools has begun to be considered old-fashioned, conventional and might no longer be competitive online. (HAJLI, 2012)

Social Networks are facilitating the shift from a “company to consumer” dialogue to a “consumer to consumer” dialogue once they have enabled people to build and maintain relationships with other people and brands in a way that no other online platform has done before (JWT, 2011). Social Networks learn about consumers through their interactions with other people and brands. The first consequence is that SNs are becoming a new channel for marketing (STELZNER, 2011) and CRM (IBM, 2011). The second is that Social Commerce has been considered to be more advanced than search engines, once these last ones presents mainly two limitations: they cannot tell shoppers what their friends or other shoppers think or purchase and they restrict small businesses with limited budgets for being know. (MC CARTHY, 2007)

In the broadest sense, Social Commerce is the strategy of promoting customer interactions and participation for commercial purpose. (HUANG e BENYOUCEF, 2012). It has three major attributes: Community Interactions, Social Media Technologies, and Commercial Activities. (LIANG e TURBAN, 2012)

The first attribute of SC indicates that interactions are fundamental to be community-based and not one-to-one based (STEPHEN e TOUBIA, 2010). Creating a community is important because consumers are interested more in other people’s recommendation and Word-of-Mouth referrals than merely vendor information (THE NIELSEN COMPANY, 2012). Thus, a community allows collaboration and information sharing among individuals, increasing consumers’ trust on the product or

services. In other words, it increases the intention of purchase by facilitating WOM to occur. (KIM e PARK, 2012)

The second attribute implies the use of any social tools in order to consider a website as part of the SC world. At last, the third attribute refers to the commercial requirement of SC, being a reminder that together with the idea of information sharing on Social Media should exist a commercial intention or implication. Therefore, without a commercial benefit, interactions cannot be identified as Social Commerce. (LIANG e TURBAN, 2012)

According to a longitudinal analysis made by Curty and Zhang (2011) most of the websites that fit into the category of Social Commerce do not present functions for consumers to accomplish shopping. Although some of them provide the possibility to complete the transaction in a third party website, some other just offer product/service descriptions, pictures, videos and price comparisons. In addition, there are many others that are merely focused in brand awareness. This study shows that even though one attribute of SC is its commercial purpose, some websites that do not have the same goal still has been considering SC.

Despite all the effort done until now to summarize and analyze the literature, there is a lack of consensus about the basic requirements of Social Commerce, mainly regarding its commerce implications. The reasons for such disagreement might be due to the lack of a standard definition and a defined scope for Social Commerce.

Continuing the analysis, it is important to mention that although the term 'commerce' in the dictionary involves the exchange of goods or services for money or any kind of retribution, websites that does not have purchase mechanisms has been considered Social Commerce as their content aims at creating a buying intention or changing consumers' attitudes toward the brand perception.

The rationality behind this idea is that not all consumers access online stores with the final purpose of buying online. Some might use those spaces essentially for collecting impressions and opinions which can support their decisions about a product which will be purchased in another website or in a brick and mortar store (HUANG e BENYOUCEF, 2012). To complement and support this argument, it is important to remark that the Decision-making Process is more than just "ordering" and "paying" for items, it also includes the steps before and after the purchase

action (KIM e SRIVASTAVA, 2007). Websites focused on brand awareness and product advertisement or those seeking to disseminate information about products and services to users offer a variety of functions that assist in the decision-making. In this way, they play an important role in the buying process, regardless of the presence or absence of payment mechanisms. (HUANG e BENYOUCEF, 2012)

In this perspective, adding the term ‘social’ to the term ‘commerce’ results in a broader definition. As explained above, SC involves not just interactions that lead to the exchange of goods or services for money but also those resulting in the exchange of ideas, opinions and information.

Due to the different perceptions about Social Commerce it is possible to find website with diverse characteristics, features and goals inserted in its context. Based on the analysis proposed by many authors it is possible to classify these websites into groups according to two different perspectives: technology used and objective sought.

Regarding the technology perspective, websites are classified in Social Networks sites or in traditional E-commerce site. In this first category, Social Networking sites add commercial features to allow advertisements and/or purchase, guiding people to buy where they usually connect. One of many examples of this category is Starbucks on Facebook. On the other hand, the second category covers the traditional E-commerce websites that includes social tools to take advantage of the power of Social Networking, helping people to connect where they usually buy. A good example of websites in this category is Amazon.com (MARSDEN, 2010; LIANG e TURBAN, 2012)

Considering the objective-sought perspective, websites are classified based on the business goal when engaged in SC: sales website or referrals website.

Sales websites are those websites that have an internal full-transaction platform for commercialization, from which consumers can complete the full purchase cycle without being redirected to third parties. By contrast, referrals website are those websites at which potential buyers can compare prices and reviews about different retailers and explore others’ recommendations and opinions for a better purchase decisions. Consumers complete the purchase cycle by necessarily being directed to external websites. (CURTY e ZHANG, 2011)

Despite Social Commerce does not have specific defined characteristics, Marsden (2010) introduced six dimensions that can be associated to it, independently of the groups and classifications above mentioned. Those dimensions are shown in Table 2-1 together with a brief explanation and features, allowing a more tangible comprehension.

Table 2-1 - Six dimensions of Social Commerce

Dimension	Explanation	Features
Social Shopping	Sharing the act of online shopping together	Social Media stores, portable social graphs, group buying, group gifting, co-browsing, Social Shopping portals
Rating and reviews	Allows people to exchange product's feedback	Customers rating & reviews, expert rating & reviews, sponsored reviews, customer testimonials
Recommendation and referrals	Similar to rating and reviews but not visible to all	Social bookmarking, referral programs, recommender systems, social recommendation
Forums and communities	Assist product discovery and it is organized around a particular theme, task or category	Discussions forms; Q&A forums, retail blogs, customer communities
Social Media optimization	Toolset designed to attract visitors to the website	News feeds, deal feeds, media sharing, Social Media events, link building
Social advertising	Social applications and social ads linked to the website	Social apps, social ads, shop widgets

The proposal of these six dimensions creates more debates around the topic. This time, the focus is not in the transaction mechanisms, it is centered in how far E-commerce websites containing Rating and Reviews or recommendations tools should be considered Social Commerce. Jochen Krisch, founder of Exciting Commerce, argues that Rating and Reviews are absolutely necessary for almost any online shop to attract customers, thus it shouldn't be included into one of SC dimensions. In addition, recommender systems that pretend to suggest 'personal' recommendations but, in reality, are relied heavily on automatized algorithms shouldn't be related to any of the social dimension.

Alexander Graf, founder and C&O of eTribes, contributes to the debates supporting the idea that ‘social’ is about a constant dialog with customer and among customers. In this way, in order to classify a website as SC, the site should be customer-oriented and not product-oriented. Thus, it should contain elements that encourage the communication between users and company and not just social elements to support sales.

Regarding to the last two dimension proposed by Marsden (2010), Social Media optimization and Social advertising, Jochen Krisch also criticizes them by affirming that the focus of Social Commerce, as its name suggest, should be related to commerce rather than marketing, having no need to include these marketing elements into the SC dimensions. Those elements could be included in the definition of Social Marketing instead.

Another study developed by Marsden, Curty and Zhang (2011) identifies the expected and desired technological features to support Social Commerce, being shown in Table 2-2. This research also discovered that ratings and reviews, recommendations, promotion tags, wish lists, pictures, videos and podcasts provided by consumers are the most adopted mechanisms for users to share content.

Table 2-2 - Expected and desired technological features

	Category	Features
Expected	E-commerce functions	Shopping car/bag, checkout/payment, product visualization (images), product price, shipping
	Social Channels	Chats, for a, groups/communities/ friends’ lists, user’s blogs, website blog, user’s profile, wiki
	Content to socialize	Emoticons, favorites, images, open comments, wish lists, podcast/videos, rankings, ratings, tags, polls
Desired	Social Networks	Facebook, twitter, MySpace, Foursquare, Digg In
	Organizers/ Management tools	Calendars, geolocators, price comparison, RSS, to-do lists, shop lists, price alert
	Mobile	Site mobile version, mobile apps
	Augmented reality	3D bar codes, avatars (users), virtual reality tools (fitting room, shopping visit)

Regarding the desired features, Mobile and Augmented Reality are some underexplored features (CURTY e ZHANG, 2011). On the other hand, Social Networks have been increasingly exploited by brands to generate and increase direct or indirect revenue. Indirect revenue is the result of a future sale that is expected to happen due to the interaction, conversation, engagement and recommendations among users. (BUDDY MEDIA, 2011). In contrast, direct revenues are those resulted from selling a product through SN.

It is possible to demonstrate the use of Social Networks for commercial purpose by taking as an example Facebook. Since the first secure retail transaction on a Facebook page (1-800 Flowers) for a \$34 bouquet of flowers in 2009, it can be considered that Facebook commerce (F-commerce) has emerged. Despite the business buzz around F-commerce, doubts about the possibility to generate high profits and compelling success stories persist (MARSDEN, 2011). Several studies have been performed in this area, critics suggest that people do not use Facebook to shop therefore F-commerce could not have a future (MARSDEN, 2011). On the other hand, F-commerce advocates point to a small but growing revenues stream in addition to many opportunities to be further exploited, opening the doors to a promising future for F-commerce. (MILYONI, 2011; MOONTOAST 2011; SYZYGY, 2001).

Another trend that has been spreading through the world in recent years is the Internet Group Buying (WEI, STRAUB e PODDAR, 2011). A collective buying websites such as Groupon, Gilt and Vente-Privée basically offer timed daily deals clustered by region/location. Along to F-commerce, it has become, for some authors, a synonym of Social Commerce (WIENER, 2011; MARSDEN, 2011).

In contrast, some researchers believe that considering Group Buying as Social Commerce has no sense due to the fact that apart from member-get-member recruitment, it does not have anything else to be called social. (MARSDEN, 2010)

All these arguments take us again to two unsolved questions:

- What can be considered SC?
- What are the requirements of a website to be considered SC?

In order to answer these questions it is necessary to define SC and to delimit its scope. To sustain the definition of SC that will be presented in Chapter 4, a study of the existent definitions of SC and their evolution across time will be carried out in the following sections.

2.1.4 SC Definitions

As previous mentioned, there is no a standard definition for the term Social Commerce, finding different explanations and arguments coming out from a variety of researchers. All these definitions are business focus (strongly influenced by the characteristics of the company), resulting in conceptual explanations that are developed according to the convenience and based on what is being sold.

To have a better understanding about the scope and boundaries of Social Commerce, Table 2-3 summarizes some definitions found in academic articles, white papers and websites, highlighting main aspects of Social Commerce.

Table 2-3 - Definitions of Social Commerce from the literature

#	Definition	Reference
1	Subset of “advertorial content”, where content is the advertising generated by a friend (wish lists, gift lists, pick lists, tags, recommendations) to provide consumers rich social context and relevancy to the purchases which they are making.	(BEISEL, 2005)
2	Creating places where people can collaborate online, get advice from trusted individuals, find goods and services and then purchase them.	(RUBEL, 2005)
3	“This ‘Social Commerce’ is creating new and more meaningful ways for retailers to interact with customers. Search, communication and community have the potential to have an even more powerful impact on commerce when closely tied together”	(GOLDSTEIN, 2006)
4	Strategy of connecting customers to customers online and leveraging those connections for commercial purpose.	(DECKER, 2007)
5	“A trusted environment where friends, family and acquaintances dynamically contribute content to the referral	(RAITO e HEYER, 2007)

	and sale of goods and services though positive and negative feedback, reviews, ratings and testimonials regarding their experiences past & present. In short, Social Commerce is a trusted environment of which prospective consumers make buying decisions based on the advice of a network of friends and family, not strangers they don't know or trust"	
6	Buying and selling stuff online with friends helping.	(AGRANOFF, 2008)
7	Social Commerce is about conducting commerce using Social Networks.	(DERAGON, 2008)
8	Monetizing Social Media sites with applications that transform a profile page on a Social Network into an online store, complete with payment processing.	(GIBBONS, 2008)
9	Social Commerce is the concept of Word-of-Mouth, applied to E-commerce. It is the marriage of a retailers products and the interaction of shoppers with the content. It comes in many forms, although the most common is online rating and reviews.	(IBM, 2009)
10	Social Commerce enables consumers to browse, view, and add products to a shopping cart, within the context of a social site, like Facebook or a blog.	(MATSUMOTO, 2009)
11	"Social Commerce rises through trusted advice in conversations and Word-of-Mouth among your friends and relations in Social Networks, blogs, and communities, helping to make shopping decisions and transactions".	(RAIMAN, 2009)
12	"An extension of Business-to-Consumer E-commerce where consumers interact with each other as a main mechanism in conducting online shopping activities, such as discovering products, aggregating and sharing product	(SHEN e EDER, 2009)

	information, and collaboratively making shopping decisions.” (p.1)	
13	Social Commerce is the use of social technologies to connect, listen, understand, anticipate, personalize and engage to improve the shopping experience	(ALTIMETER, 2010)
14	“Social Commerce is about leveraging word of mouth referrals to support the sales process; harnessing the power of social and participatory technologies to drive conversions.”	(HUGHES, 2010)
15	Social Commerce: The ability of two or more people to collaborate online, to share opinions and influence each other’s buying decisions.	(JACKSON, 2010)
16	Social Commerce models are E-commerce models that focus on people instead of products. No marketing, no Social Media non-sense, just pure commerce.	Jochen Krisch (MARSDEN, 2010)
17	Simply defined, Social Commerce is the fusion of Social Media with E-commerce. More fully, Social Commerce is a subset of electronic commerce that uses Social Media, online media that supports social interaction and user contributions, to enhance the online purchase experience. [Update] The concept of Social Commerce has been expanded beyond E-commerce to include the use of social technologies in the context of retail – whether online or in-store.	(MARSDEN, 2010)
18	“Social Commerce is an emerging trend in which sellers are connected in online Social Networks, and where sellers are individuals instead of firms” (p.1)	(STEPHEN e TOUBIA, 2010)
19	“Refer to both networks of sellers and networks of	(RAD e BENYOUCÉ)

	buyers; it is the evolution of “E-commerce 1.0” which is based on one-to-one interactions, into a more social and interactive form of E-commerce.” (p. 2)	F, 2010)
20	“Social Commerce is about customers having the means to interact with one another in order to make better buying decisions” (p. 5)	(ZUJEWSKI, 2010)
21	Represents the merger of E-commerce and Social Media, as transactions are performed within the platform rather than at the retailer’s E-commerce site	(BOOZ&COMPANY, 2011)
22	Social Commerce is an emerging category of E-commerce, based on Social Media platforms like Social Network services. It allows its users to participate in buying and selling products and services through the platforms	(CURTY e ZHANG, 2011)
23	“Means enabling shoppers or users to do one or more of the following things: (1) See what others are researching, considering and actually buying; (2) Sharing one’s own purchases or information about a purchase; (3) Interacting with other shoppers – synchronously or asynchronously, during the shopping experience.”	Josh Goldman, (POWER RETAILER, 2011)
24	Social Commerce refers to the effective employment of Social Media tools to drive ROI, generate conversions and maximize sales. It’s about using Social Media to facilitate commerce.	(POWER RETAILER, 2011)
25	"It's not enough to simply facilitate purchasing through Facebook, or any Social Network with a 'lite' version of your online store - Social Commerce must be about creating a truly Social Shopping experience. Through tapping into the power of recommendation and brand awareness, giving fans special offers and getting friends to	Ralph Risk (HAVAS MEDIA SOCIAL AND LIGHTSPEED RESEARCH,

	buy together, Social Commerce will carve its own niche, offering something that the traditional purchasing process cannot."	2011)
26	"We define Social Commerce as a an Internet-based commercial application, leveraging Social Media and Web 2.0 technologies which support social interaction and user generated content in order to assist consumers in their decision making and acquisition of products and services within online marketplaces and communities" (p.2)	(HUANG e BENYOUCE F, 2012)
27	"Its major feature is conducting various types of commercial activities on Social Media to take advantage of online social capital. Users of Social Media are encouraged to share product information with their friends or sell products or services via Social Media. Consumers may also consult their social community to seek advice in their purchasing decisions" (p.1)	(LIANG, HO, <i>et al.</i> , 2012)
28	Is a form of commerce that is mediated by Social Media and is converging both online and offline environments. Social Commerce involves using Social Media that support social interactions and user contributions to assist activities in the buying and selling of products and services online and offline. It represents potential merchandizing opportunities that combine shopping and Social Networking activities together through Social Media. Benefitting from the advantages of interactive information technology infrastructure, Social Commerce is regarded as a new category of E-commerce.	(WANG e ZHANG, 2012)
29	"Social Commerce isn't engaging about transactions. Social Commerce is the transaction that results from engagement"	(BRESNAR K, 2013)

2.1.5 SC Evolution

The label Social Commerce was first introduced by Yahoo! in 2005 (CURTY e ZHANG, 2011), since then both the concept and the practice of Social Commerce have been constantly evolving. To better understand these changes, Wang and Zhang (2012) conducted a study based on trade articles and academic publication from 2005 to 2011 to provide an analysis of Social Commerce development. Table 2-4 summarizes its evolution.

Table 2-4 - Social Commerce evolution

2005	<p>Social Commerce is portrayed as E-commerce sites making use of the user-generated platforms like blogs</p> <p>Consumers rely on peers (peer-generated content) rather than marketers (marketer-generated content) as their information sources.</p> <p>Online ads should shift from attracting potential consumers to giving advice to consumers, allowing shoppers to discover products based on lists by other shoppers</p>
2006	<p>The general trend is to incorporate Social Networking functions into shopping activities</p> <p>Instead of focusing on transactions, which is believed to be the main focus of E-commerce, businesses are advised to provide collaborative spaces for shoppers to exchange shopping ideas, thereby enhancing their overall shopping experience.</p>
2007	<p>IT platforms expand from blogs, to Social Networking sites (i.e., MySpace, Second Life, Facebook), and to user-generated content sites (i.e., YouTube).</p> <p>Focus on peer recommendations to trigger a sense of credibility and trust in consumers' minds, making them more likely to purchase and/or recommended a products As such, the concept of Social Network becomes linked to the concepts of peer recommendations, peer trust, and credibility.</p>
2008	<p>The general trend is to incorporate shopping functions into Social Networking sites.</p>

	<p>It is speculated that Social Networks are beneficial for marketing and branding, but not beneficial in terms of making money or business transactions.</p>
2009	<p>Convergence in Social Commerce in regard to integrating online and offline Social Networks (multi-channel concept), as well as integrating different Social Media. The IT platforms supporting Social Commerce further expand from Facebook, MySpace, and Twitter to include applications for smart phones.</p> <p>More attention is also given to trying to better understanding consumers. New challenges are identified, including how to engage and collaborate with consumers and how to identify influential customers in online communities</p>
2010	<p>Social Commerce goes from a branding orientation to a transaction orientation. Facebook begins to make money. As such, the term F-commerce (Facebook E-commerce) is coined</p> <p>It merges the needs of social fun with social savings (team bargaining and group coupons practices)</p>
2011	<p>Social Commerce further advanced to map interest graphs of people. The info graph of Social Network mapping moves from social graphs (friends) to interest graphs.</p> <p>The demand for niche and localized content continues and increases in order to suit shoppers from different cultures and with different interests.</p>
2012	<p>Expected to see Social Commerce to continue from F-commerce, to g-commerce (Google+ commerce) and t-commerce (Twitter commerce)</p> <p>Mobile phones in particular are considered a fertile arena for future growth in Social Commerce embracing a multi-channel concept</p>

2.1.6 SC Benefits

Despite different definitions given to Social Commerce, there is a common agreement among practitioners and researchers about the benefits of using Social Media platforms in Social Commerce.

Social Medias have created a more effective communication forum between companies and customers and today has started to have significant impacts on marketing, advertising, and many other corporate functions such as customer support, product development, knowledge management, and recruiting (WEI, STRAUB e PODDAR, 2011). Therefore, this section attempts to understand what Social Media (Social Networks, blogs, forums, rating and reviews, bookmarking, etc.) can offer to E-commerce.

According to Power Retailer (2011), Social Media has an impact on the product development as it helps to understand better the customer. This better understanding is related in one side to the identification of their expectations and wants, and on the other hand, their dislikes and distastes. This source of information allows a more successful approach from firms towards customers, allowing a greater fulfilling of their needs. Besides, it stimulates co-creation and offers an immediate feedback to the company by eliminating the need of doing a market research in order to determine whether the customer will like the new product or not. This last fact allows the companies to save time and money.

Social sharing refers to the action of sharing information on Social Network sites. It is considered superior when compared to traditional advertising, as it provides recommendations from the most influential and relevant people of all, the prospective buyer's friends and family. (BOOZ&COMPANY, 2011). In this way, Social Media influence business transactions and add significant credibility to a website. Moreover it can increase traffic on the company websites, generate brand awareness and contribute to the identification of new business opportunities. It may also enable businesses to predict market trends, improving marketing strategies and maximizing the effectiveness of marketing campaigns. (HAJLI, 2012)

These platforms can largely increase the competitive advantage of small businesses, giving them capabilities similar to large companies once the costs of social customer care and social marketing are lower in comparison to the same activities performed in traditional channels. (HUANG e BENYOUCEF, 2012)

Another point to highlight is that conversion rates (percentage of people who see the product and decide to buy) and customer satisfaction increase on products that offer reviews content (IBM, 2009). By promoting customer ratings and reviews, brands can engage shoppers and transform their most influential customers into brand advocates. This brand advocates will share product feedback with other potential buyers, helping them to make more informed purchases (BZZAGENT, 2011). As a consequence, there will be a direct impact on revenues both by increasing sales and decreasing product return rates. (POWER RETAILER, 2011)

Social Media allows a more direct interaction with consumers in a way that it is easier to obtain their feedback. Customer opinions are important to improve the products, customer service, and merchandises. An additional benefit of this direct interaction is that relationships are strengthened, valuable customer insights are acquired, brand loyalty increases and product innovation can be fostered.

It is believed also that Social Commerce will lead businesses to have better CRM (SAP, 2011). By making social CRM, companies enhance their skills for understanding better their customers, being useful to increase sales and decrease marketing costs. In addition, companies are better positioned to achieve a stronger and more differentiated market position, to provide superior customer service, to lower operational costs and to attain a competitive advantage (ACCENTURE, 2010).

Summarizing, commerce mediated by Social Media brings benefits both to consumers and firms. First of all, consumers are able to make more informed and accurate purchase decisions based on information provided not only by the firms, but also from other consumers. On the other hand, firms are capable to attract potential buyers using positive recommendations of other costumers. In addition, firms are able to capture customers' behavior, which gives firms relevant insights about the shopping experiences and expectations, helping them to develop successful business strategies and, as consequence, increase revenues.

After highlighting the benefits that Social Media can bring to retailers, the analysis will focus on the reasons why companies are using Social Media tools. In 2011, SAP conducted a survey in order to understand the behavior of companies regarding the use of Social Media. As a result of this survey it can be seen that they are using these platforms more for marketing purposes than for building a

relationship with costumers. Chart 2-2 shows the most common activities that companies engage in Social Media sites.

Moreover, as it is shown in Chart 2-1, it is important to remark that the primarily objective of companies' Social Media initiatives is not related with the increase in sales. In contrast, it is focus on the increase of brand awareness. This fact shows an alignment between companies' objects in using SM sites and they actual activities performed in these websites.

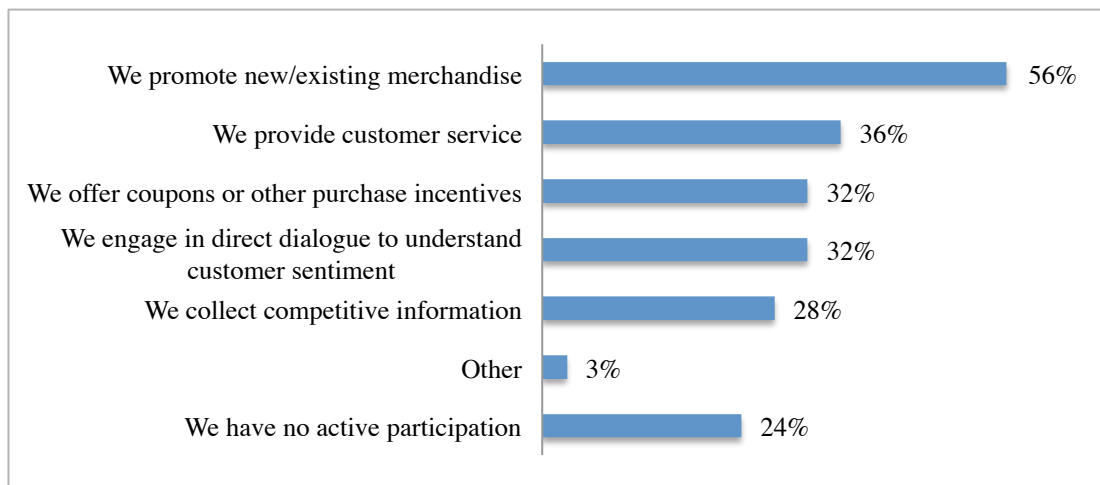


Chart 2-1 - Objectives of using Social Media sites (% respondents)

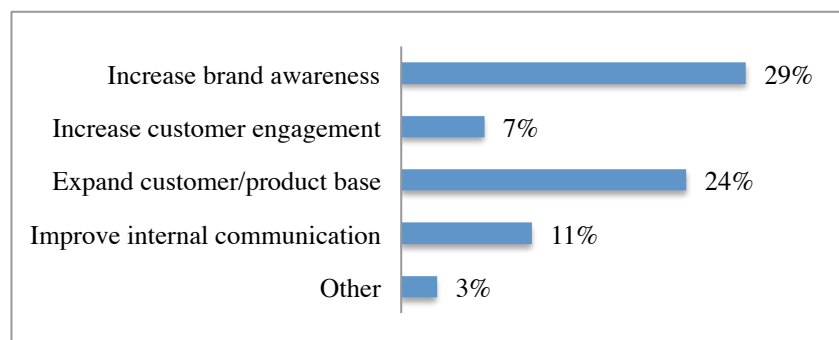


Chart 2-2 - Activities performed on Social Media sites (% respondents)

Since this topic will be further explored in Chapter 4, it is important to organize the results of this analysis to ensure that there is no relevant concept missing. In order to consolidate the ideas, the three stages of the purchase processes pre-sales, sales and post-sales will be used to understand the impact of Social Media in E-commerce. Figure 2.1 and Figure 2.2, summarizes the outcomes of the research under two different perspectives, the company and consumer point of view.



Figure 2.1 - Impact of Social Commerce – Company perspective



Figure 2.2 - Impact of Social Commerce – Consumer Perspective

2.1.7 SC State of Art

A survey developed by Havas Media Social and Lightspeed Research and applied among UK Social Networkers suggested that whilst Social Commerce has been considered as the next big thing, it will not happen anytime soon. The majority (89%) of people have not bought anything on Facebook yet. Over (38%) believed that none of their online shopping will be conducted via a Social Network over the next year, and finally 44% answered that are not interested in doing it, because they believe that a store on a SN is less secure than a regular E-commerce site.

It looks like the main factors driving consumers to buy via Social Networks are exclusivity, ease of purchasing and trust in brands. One quarter (25%) stated that they would buy a product on Facebook if it was not available anywhere else, and 11% said that they would do it if the product was exclusive to fans. Almost (17%) believe they would buy from a Social Network if it was easier than the traditional E-commerce experience. Likewise 22% of respondents said that they would buy in Facebook only from a brand they know and trust. In addition, the survey suggested that consumers will be less likely to spend money on high-ticket items – 65% of

respondents stated that they would only spent between £1 and £50 on a social site such as Facebook. And while clothes, music and tickets for entertainment were cited to be the most likely type of product that consumers would buy on Facebook, only 6% of people believed that they would buy a travel package on the platform, for example. (HAVAS MEDIA SOCIAL AND LIGHTSPEED RESEARCH, 2011)

Rather than just promote purchases on Facebook, social technologies can be used to improve the commerce process both offline and online, converting it into a better and more social experience. Some examples³ of brands engaged in Social Commerce were identified, analyzed and then classified into eight different groups according to its purpose. The result of this process is presented below.

Social Media Store: it groups all the stores involved in F-commerce and T-commerce for instance.

- Delta Airlines: embedded their booking engine into Facebook;
- Dell: uses Twitter for sales promotion;
- Starbucks, Walmart, Carrefour, Best Buy, Nine West: offer flash-sales on Social Networking platforms;
- Hallmark cards: sells cards on Facebook;
- Channel: allows fans on Facebook to purchase products ahead of the main launch;
- Moontoast: allow fans to listen music, share it with friends and buy tracks and albums without leaving Facebook;
- Chirpity and 8thBridge: tools enabling Facebook, Twitter, Instagram users to buy, donate, sell things, make payments and fundraising.

² <http://online-behavior.com/analytics/social-commerce-examples-from-big-retailers-1288>
<http://socialmouths.com/blog/2013/02/05/the-state-of-social-commerce/>
<http://socialmediatoday.com/index.php?q=brendanhughes/229863/social-commerce>
<http://econsultancy.com/it/blog/7540-101-f-commerce-examples>
<http://socialcommercetoday.com/f-commerce-beyond-the-f-store-20-notable-examples/>
<http://socialcommercetoday.com/directory-of-major-brands-retailers-selling-on-facebook/>
<http://www.simplyzesty.com/technology/uncategorized/social-commerce-by-brands-5-great-examples/>
<http://www.yourbrandlive.com/>
<http://www.socialpositives.com/2013/01/chirpify-a-social-network-to-watch-in-2013-by-cnn-what-is-chirpify/>

E-commerce with social integration

- Amazon, Sears, Juicy Couture, Levi's: allow to share products with friends and to see what they like;
- EventBrite: allows event organizers to plan, set up ticket sales and promote events of any size and publish them across Facebook, Twitter and other social-networking tools.

Facilitate Social Shopping

- Mattel: they launched 'Shop Together' which enabled people in different locations to see what the others are browsing (co-browse) and to talk about different products using an onscreen chat window;
- Wrapp: allows a group of friends to buy a gift for someone using a gift card. The transaction is done by all the friends together.
- Macy's: helps customer to connect where they buy (in-store). 'Magic fitting room' where you can create your own look and share with them on Facebook in order to ask for a second opinion;
- Louis Vuitton: allows sharing the in-store experience on Social Networks.

Build a Virtual Community: intends to help, "motivate, and give confidence" to consumers, thus to encourage their purchase decisions. Critics argue that this type of website should not be considered as Social Commerce even if it is a place where people shares information with a lot of affiliate links to E-commerce websites. In the other hand, advocates affirm that those discussions may fuel sales thus it should be considered as Social Commerce.

- Trip Advisor: they have recently developed a integration with Facebook that allows to see which of your friends have been in a particular location and ask them question directly through the website;
- B&Q: the third largest DIY store in the world, has launched a 'Social Hub' which enables customers to add product ratings and reviews, ask and answer each others' questions about products, share stories and experiences with the products;
- Your Brandlive: combines live video with customer questions and comments to create a custom brand retail store experience.

Incentivize Social Referral: among others, includes all type of group purchasing and co-buying websites (collective buying).

- Dropbox: users can get extra free space by inviting others to join it.
- Groupon: offers a deal per day with a significant discount on a product or service. The deal only becomes active when enough people sign up – encouraging people who sign up early to share with friends;
- LivingSocial, a group-purchasing platform, gives deals for free if the user can get three friends and convince them also to purchase it;
- Twongo and BuyaPowa, continually reduces the prices when more people sign up for a particular deal.

Trading with Friends

- TradePal like eBay, but instead of trading with merchants that the user does not know, it is allow trading with people in its own Social Network, overcoming any trust issues.
- Weedle is similar to TradePal but it is focused on procuring services from people in its own social or professional networks or based on recommendations from people connected with the user.
- Zopa is a social site that facilitates peer-to-peer lending – get a better deposit rate than you would in the bank or get a better loan rate by dealing directly with other individuals;
- Currency Fair is similar to Zopa but facilitates peer-to-peer currency exchange.

Co-Creation: its aim is to encourage greater participation in product development.

- Dell: Through ‘Ideastorm’ they encourage users to outline improvements that they would like to see in its products;
- Easy fund raisin: organizers set up a facility where people could create and sell their own online ticket booth; 25% of the ticket revenue was then given directly to charity of their choice;
- NikeID: enables costumer to create a design; share it with friends to see what they think, buy and wear it;

- BaubleBar: Jewelry retailer, who gives fans a choice of three deals, then ran the most requested deal for 24 hours.

Facilitate Offline sales

- Meetup: New tools used for encouraging online communities to meet offline. Oddbins, for example, facilitate wine tasting in their shops by using services such as Meetup. Now brands have a way to facilitate like-minded individuals or fans to gather at their outlets;
- Starbucks: it integrates their promotions, discounts and products with location-based using Social Networks such as Foursquare to reward customers who 'check-in' or visit their coffee shops regularly
- LocalResponse and GeoDealio: enables people to see the best deals and offers them around. Users browse the deals based on their location from their smart phone or on the website;
- Best Buy, Sports Authority, Domino's: location-based check-in services that reward customer who enters in the store.

2.2 Consumer Buying Behavior

The study of consumer behaviors is not new and one of its focuses is related to the comprehension of the Decision-making Processes of buyers. Some of the best-known consumer Decision-making models were developed in the 1960's and 1970's. Howard developed the first consumer decision model in 1963. Others important models include the Nicosia model (1966), Howard-Sheth (1969), Engel & Blackwell (1968), Andreason (1965), Hansen (1972) and Markin-models (1968/1974). (ERASMUS, BOSHOFF e ROUSSEAU, 2001)

The Nicosia model was the first to shift the focus from the act of purchasing to a more complex consumer Decision-making Process, beginning with advertising and ending with consumer feedback. The act of purchasing is only one stage in the entire ongoing decision process of consumers. (SAHNEY, 2011)

The messages from the company initially influence the predisposition of the consumer towards the product and service. Based on the situation, the consumer will have a certain attitude towards the product. This may result in a search for the

product or an evaluation of the product attributes by the consumer. If this step satisfies the consumer, it will produce a positive response, with a decision to buy the product or not (SAHNEY, 2011). Figure 2.3 shows a summarized scheme of the Nicosia Model.

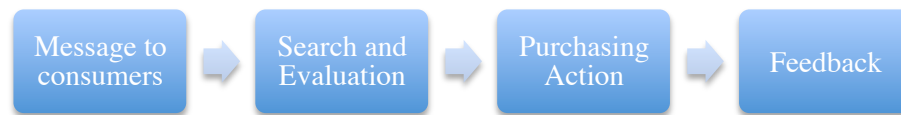


Figure 2.3 - Nicosia Model

The Howard-Sheth model, outlined in Figure 2.4, addressed customer behavior in the presence of multiple product choices, explaining the way consumers compare available products in order to choose the best that fits their needs and desires. It highlights the variables influencing the buyer behavior before and during the purchase: perception, learning and attitude formation.

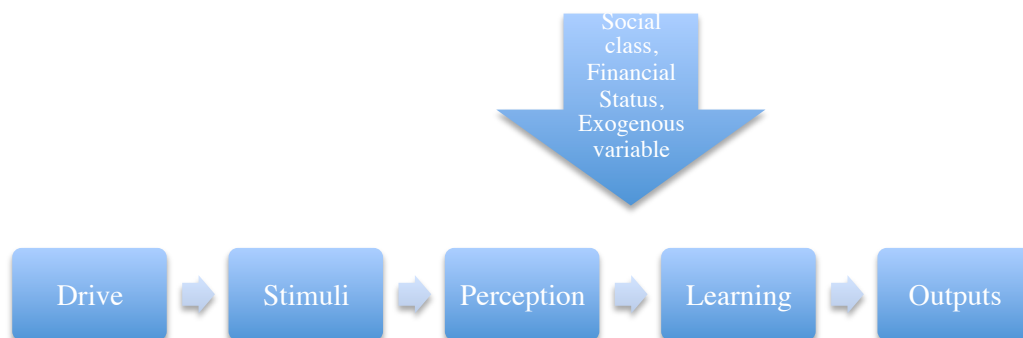


Figure 2.4 - Howard-Sheth model

The Engel-Blackwell model, showed in Figure 2.5, detailed the consumer's Decision-making Process by analyzing step-by-step. It proposes 5 steps: need recognition, information search, evaluation, purchase and after purchase evaluation. (KIM e SRIVASTAVA, 2007)

In the first stage, the customer identifies an unsatisfied need. In the second stage consumer, it collects information about the product and brands. In the third stage, the consumer evaluates all the alternatives with the help of available information. Later in stage four, the customer makes a purchase decision. And finally in the fifth stage, consumer experiences post-purchase satisfaction or dissatisfaction.



Figure 2.5 - Engel-Blackwell model

In addition to the five steps of the consumer Decision-making Process, some researchers prefer to add one or more stages to give specific importance to certain activities. For example, Miniard created a model with seven phases: need recognition, search for information, pre-purchase evaluation of alternatives, purchase, consumption, post-consumption evaluation, and divestment. This last phase, divestment is related to options of disposal, recycling or remarketing (ERASMUS, BOSHOFF e ROUSSEAU, 2001). Figure 2.6 shows a scheme for this model.

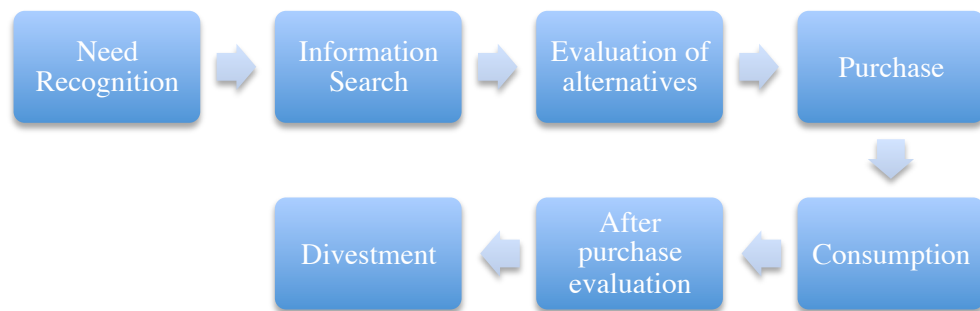


Figure 2.6 - Engel-Blackwell-Miniard model

The Consumer Buying Behavior has already been investigated both in the context of traditional and online marketplaces. However, due to the new trend in online shopping, an analysis of the process in the context of Social Networks is required.

Rad and Benyoucef (2010) proposed another model for understanding Social Commerce based on six basic stages concerning customer behavior. These stages are: Need Recognition, Product Brokerage, Merchant Brokerage, Purchase Decision, Purchase and Evaluation. Although each stage represents a decision making step in the purchase process, it is important to notice that not all customers follow them in the specified order. In the following paragraphs, a brief description of each phase is exposed.

- **Need Recognition:** identifying the need for a specific product or service. Even though this is considered the first stage in the process, the role played by businesses in creating brand and product awareness begins before customers become aware of a need.
- **Product Brokerage:** it is the stage of information and product search and where consumers determine what to buy after a need or want has been recognized.
- **Merchant Brokerage:** it is the stage where happens the comparison of merchant alternatives. The result may lead to the next stage or send the customer to the previous stage to search more information that can clarify its decision. In this stage, the buyer establishes a criteria to evaluate related products, taking into account also the promotions and accessories provided by the merchant.
- **Purchase decision:** it is the stage of negotiation where the price and other terms of the transaction are determined. There is a possibility that the customer returns to the previous stages to do more analysis. Recommender systems are used to suggest accessories or related products.
- **Purchase:** it is the stage of placing the order and making the payment. It also includes the process of recommending the product to a friend.
- **Evaluation:** it is a post purchase stage involving customer service, evaluation of the product and customer satisfaction with the buying experience. It acts as a transition stage for customers to move from being influenced to become potential influencers.

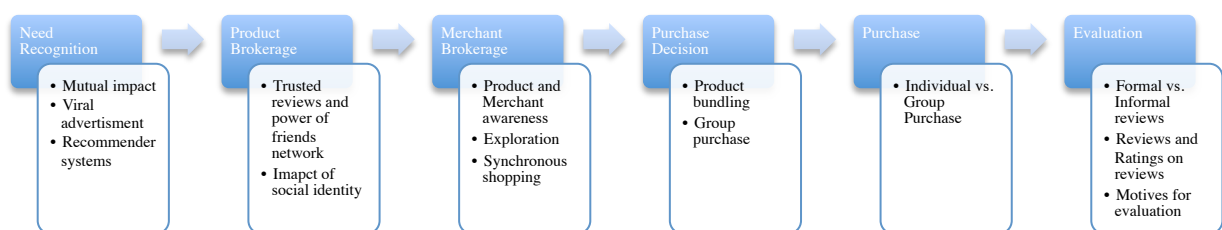


Figure 2.7 - Rad and Benyoucef model

In order to understand the customers' behavior and needs, the customer process has to be modeled, strictly, from a customer's point of view. This can only be

achieved by analyzing customer-specific activities, decisions and their influencing factors instead of services and products offered by the company.

In this way, the last model considered was proposed by Ickler et al. (2009). Trying to understand how Social Commerce influences the customer process, Ickler et al. have defined a model that is summarized in Figure 2.8. The model analysis the 'customer buying cycle' from the customer's point of view to provide a better understanding of the customers' behavior and needs. The model proposed consists in five phases:

- Goal definition: definition of goals and requirements.
- Information: information search and seeking of advices.
- Selection: evaluation and prioritization of alternatives, decision about which products or services will be bought.
- Buying: purchase of chosen product or services
- After sales: buying complementary products, recommendation, and evaluation



Figure 2.8 - Ickler model

3 METHODOLOGY

This chapter describes the methodology used to conduct the research. Before having the objectives of the research defined, a general analysis about Social Commerce was carried out in order to discover the gaps existent in the literature. Based on these gaps the research objectives were proposed.

3.1 Literature Review

Before entering into the climax of the thesis, a brief search was performed using secondary sources in order to have a general idea about the meaning of Social Commerce, evaluating its potentiality to become the topic of this research. Besides defining it as the topic of this research, other pieces of information were obtained in this phase and used later as feed for the main research

(1) The term Social Commerce was introduced in November 2005;

(2) www.socialcommercetoday.com is the leading online publication for news, comment and analysis in the field of Social Commerce.

The objective of the first step of the Literature review was to understand in deeply the idea of SC. In this way, it was defined that the current study would focus on reading all articles, since 2005, resulting from the search: ‘Social Commerce’ in Google Scholar, Emerald, ScienceDirect, Springerlink, Jstor. As the result is not always accurate, in order to select an article for reading it should contain either the words Social Commerce or Social Media/Network and E-commerce together in the title. This initial analysis took around one month to be completed and the second phase lasted approximately one month and a half.

After discovering some gaps in the literature, the objectives of the research were defined and a focused research was performed. The topics selected to be further investigates were: (1) Social Commerce definition and scope; (2) Social Commerce benefits; (3) Consumer Decision-making Process.

For the first two topics, the websites mentioned above were queried once more, but the result was not satisfactory. The articles found in the second phase were similar to those in the first phase. Due to the fact that there was not substantial changes either in the number of articles or in the subject covered, the approach for the literature review had to be changed. New articles were found by exploring the

references cited by the authors of the articles already read. During this process, the website Social Commerce today was rediscovered and therefore further explored.

In this website, there are many reports and white papers from 2009 to 2012. Although not all the reports and white papers were directly related to the topic, all of them were read as they tackled, indirectly, Social Commerce definition or the impact of Social Media in E-commerce. Besides, these documents, the website offers the option to receive by email weekly posts related to Social Commerce. These posts were relevant for the literature review not just because of their content but also due to the comments derived from it. In general terms, the website has become a platform where experts debate the subject matter on its forum.

For the last topic, Consumer Decision-making Process, the approach used was the same as the first search. This time, as the topic was not the main focus of the research but it would support the design of the Framework, it was established that 12 articles would be read. The key words identified were: consumer behavior, consumer decision-making, Decision-making Process in E-commerce.

Table 3-1 shows the quantity and the type of papers read during the literature review phase. In addition, Chart 3-1 shows, more in detailed, the number of articles and white papers read in each topic.

Table 3-1: Quantity of paper read

Type of paper	Quantity
Articles	56
White papers	16
Reports	13
Articles in website	+ 30

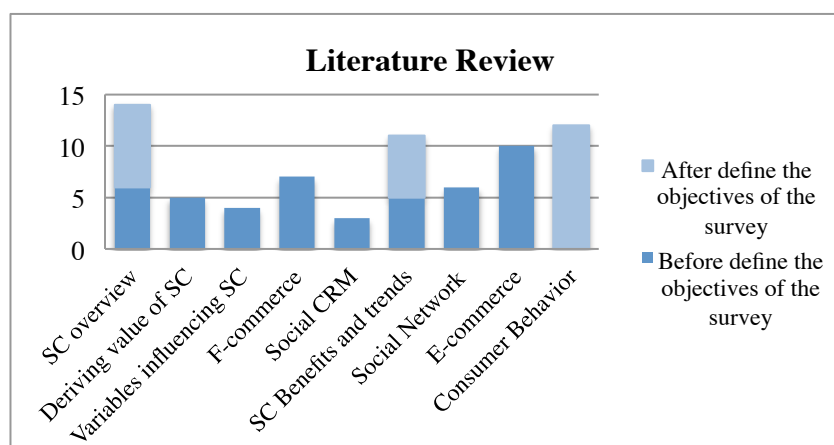


Chart 3-1: Literature Review topics

3.2 Research Objectives

The current research targets to understand the scope of Social Commerce in order to propose a Conceptual Model capable to describe the term. Additionally, a second objective is to access the customer perception regarding Social Commerce to better comprehend its State-of-Art.

The methodology followed to reach the objectives proposed above can be described in five steps:

- (1) Analyze the main definitions of Social Commerce found in the literature and highlight their similarities and differences, forming groups;
- (2) Propose a framework, based on the Consumer Decision-making Process, to classify the definitions;
- (3) Classify the groups of definitions into the framework;
- (4) Use the classification, the framework and the knowledge acquired during the literature review to define Social Commerce;
- (5) Conduct a survey to access the customer perception and its State-of-Art.

3.3 Data collection

This section attempts to describe and explain briefly the methodology used to develop the survey.

The main objective of the survey is to access the customer perception about Social Commerce, enabling to understand the value they attribute to it and to describe its State-of-Art. In order to achieve these goals, the data was collected focusing in three minor objectives:

- (1) Analyze the actual online purchase process
- (2) Understand the importance of interaction along the purchase process
- (3) Analyze the power of Social Media

In this way, the questionnaire was divided in three parts. The first part is aimed at discovering more about the actual situation of online purchases and understanding its weak points. Based on that, an analysis will be carried out in order to verify if Social Commerce can add value to the process, solving some of its limitations. The second step focused on understanding the importance of interaction along the purchase process by a consumer point of view. The third step is centralized

on Social Networks, with a focus on Facebook and intends to contrast the ideas exposed in the literature with the opinions and tendencies seen in different markets. Thus, some statements found during the literature review phase will be used to trace the analysis path. The results obtained in this last part will allow comprehending how Social Networks are influencing people in take their decisions and if SNs have the potential to be used as a platform for commerce.

Have done a preliminary draft of the survey, it was sent for four persons in order to receive a feedback. These feedbacks allowed finding some points that were not clear and, thus, needed be improved. After the improvements, the survey was resent to two of the previous persons and to another two people. The process of correction happened once more. Finally, the survey was ready to be spread.

Once the final version of the survey was developed, the current study focused on the definition of the target audience. In order to analyze if the differences between cultures can influence the consumer behavior and the successful development of Social Commerce, the survey will be applied in four different countries. In addition, it will provide a better understanding of the current situation of SC in a worldwide context. For this purpose, two developed countries and two developing countries were chosen. Representing the developed countries USA and Italy were selected, the first due to its importance in the world and the second because it is the country where this work taking place. In order to represent the developing countries, Brazil and Colombia were chosen. As Brazil is the home country of the researcher, South America received specific attention during this survey. Among the countries in South America, Colombia was selected due to its increasing relevance in terms of technological improvement inside the region (Global technological Index ³).

According to studies (L2, 2010) the Generation Y, also known, as the Millennial Generation or the Internet Generation, is the future of prestige when it comes to Social Commerce, they have a strong preference for digital content and social interaction. This generation was born between 1977 and 1994, being in 2013 persons between 19 to 36 years old. In this way, due to time constraint and lack of resources to interview a larger sample, the current work targeted to reach at least 200 persons belonging to Generation Y in each country, having a significant sample of the population that better represents the future of Social Commerce.

³ <http://www.mintic.gov.co/index.php/mn-news/2073-colombia-mejora-su-posicion-en-informe-del-foro-economico-mundial-que-mide-el-desarrollo-tecnologico-de-los-paises>

After a month of running the survey in each country, a total of 938 respondents were reached, being described in Table 3-2.

Table 3-2: Profile of the respondents

Country	Participants	Age range	Age Average	Male (%)	Female (%)
USA	213	19-35	25	47%	53%
Italy	242	17-36	24	47%	53%
Brazil	251	16-37	26	50%	50%
Colombia	232	18-33	25	48%	52%

4 RESULTS

This chapter presents the results coming out from the research. The first section includes the analysis of the definitions of SC, the proposed Framework to classify them and the final classification of the main definitions. The second section presents the Conceptual Model used to define Social Commerce. Finally, the third section shows the results of the survey performed in this work.

4.1 Classification of SC definition

As a starting point, before reading this section, it is highly recommended to recapture all definitions exposed in Section 2.1.4 in order to facilitate the comprehension as the definitions will be referenced but not rewritten.

4.1.1 Grouping the definitions

By reading the definition of Social Commerce, it is easy to notice that many of them have the same scope, changing just the way they were written. Therefore, a first analysis was carried out in order to group similar definitions together and reduce the quantity into a more useful set of definitions. After grouping them, a comparison among each group was done to have a better understanding about their differences.

To help with the analysis of the similarities and to guarantee an unbiased result a computer program was used to access the words used the most in definitions of Social Commerce. Figure 4.1 presents the result of this process, the number showed in brackets indicates the frequency of the words.



Figure 4.1 - Most common words used to define Social Commerce

Bearing in mind there are 29 definitions of Social Commerce and considering the quantity of the words that appeared the most, it is possible to affirm that one similarity among all definitions is that Social Commerce is related to the use of Social Media. This characteristic is worthless for dividing them into groups but is useful to get insights about the scope of Social Commerce.

Another common point found, this time not detected with the previous method but after reading carefully all definitions, is that Social Commerce uses Social Media to support interaction.

Continuing the analysis, it can be noticed that other import words are: Online, Purchase (buying), Consumers (customers), Networks, E-commerce, Shopping, Decision, Interaction, Friends, Experience. Relying on these words, each definition was analyzed and divided into one group. Table 4-1 shows the result of the analysis.

Table 4-1 – Social Commerce definition divided in groups

Words used	Scope	#	Reference
E-commerce Purchase	Using Social Media tools in E-commerce sites to support purchase decision	1	(BEISEL, 2005)
		2	(RUBEL, 2005)
		6	(AGRANOFF, 2008)
		19	(RAD e BENYOUCEF, 2010)
		26	(HUANG e BENYOUCEF, 2012)
Social Network Purchase	Commerce in Social Networks with complete payment mechanism	7	(DERAGON, 2008)
		8	(GIBBONS, 2008)
		10	(MATSUMOTO, 2009)
		18	(STEPHEN e TOUBIA, 2010)
		21	(BOOZ&COMPANY, 2011)
		22	(CURTY e ZHANG, 2011)
Online, Purchase	Use of Social Media tools to support online or offline purchase decision	27	(LIANG, HO, <i>et al.</i> , 2012)
		4	(DECKER, 2007)
		14	(HUGHES, 2010)
		17	(MARSDEN, 2010)
		24	(POWER RETAILER, 2011)
	28	(WANG e ZHANG, 2012)	

Interaction, Costumer	Transaction as a result of interaction between company and customers	3	(GOLDSTEIN, 2006)
Interaction, Decision	Transaction as a result of interaction among customers	5	(RAITO e HEYER, 2007)
		9	(IBM, 2009)
		11	(RAIMAN, 2009)
		12	(SHEN e EDER, 2009)
		15	(JACKSON, 2010)
		20	(ZUJEWSKI, 2010)
		29	(BRESNARK, 2013)
Shopping Experience	Connect to customer to listen and understand them, anticipating and personalizing shopping offers	13	(ALTIMETER, 2010)
	Shopping together	23	Josh Goldman,
	Offer something that traditions purchasing processing cannot	25	Ralph Risk

Although it is already possible to have a general idea about Social Commerce, there are still some aspects to be understood, requiring further exploration efforts.

- (1) Among whom SC intends to promote interaction?
- (2) What is the business model of SC?
- (3) What are the objectives sought for those engaged in SC?

Up to this point the study was dealing with similarities of Social Commerce, but in order to find the answers to the issues mentioned above, it is necessary to focus on the differences among the definitions.

Even if the scope of SC is not well defined, finding an answer for all the questions based on the definitions gathered is not difficult. Regarding the first question, SC promotes interaction between companies and consumers and among consumers. Social Commerce is addressed for consumers and it can be performed by a company (B2C) or by an individual itself (C2C), answering the second question. Concerning the third question, the main purposes of SC are: to sell, to build a community and to create a new shopping experience. Table 4-2 summarizes all the information explained above.

Table 4-2 - Differences in Social Commerce

Issues Addressed	Differences
Interaction	Among consumers Between companies and consumers
Business Model	B2C C2C
Objectives	Build a community Promote sales Creating a new shopping Experience

Resuming the group divisions made in Table 4-1, it is important to remark that despite having the same objectives within each group, they still are not completely homogeneous inside. The heterogeneity is related to the path used by companies to reach the final objective. Therefore to analyze the differences between Social Commerce definitions is important to understand all possible ways to achieve a desired goal.

Regarding website focused on building a community, the community can be built for interaction among customers or to establish directly dialogue between the company and its customers. In the first case, the objective is to promote information sharing to increase consumers' trust on products and on brands. In the second case, the objective is to understand better customer needs, getting feedback from them and even providing customer care.

Concerning website aimed at selling, the main difference among them is related to the channel used to conduct sales. Social Media tools can be used to promote purchase online or in Brick and Mortar stores. For online sales, it can be done by adding SM tools in the E-commerce website, or by adding E-commerce functions, e.g. transaction mechanisms, to Social Networks. In contrast, for offline sales, SM tools can be used to promote the circulation of coupons, discounts and promotions codes.

Considering websites targeted at creating a new shopping experience, it is possible to innovate the traditional online purchase process in three different ways. The first one has its focus on the purchase phase, allowing people to shop together. The second way is to promote integration between company and customers. This integration has a broader purpose, it is more than just understanding customers'

needs and getting their feedbacks, it is about acquiring a large amount of information to provide personalized offers for each customer. The last alternative is by joining many features together - Social Shopping, personalized offers, co-creation, multichannel interaction and etc. - in order to offer a different and more complete experience that traditional purchasing process is not able to offer. To facilitate the comprehension of these ideas, Figure 2.2 outline the analysis done so far.

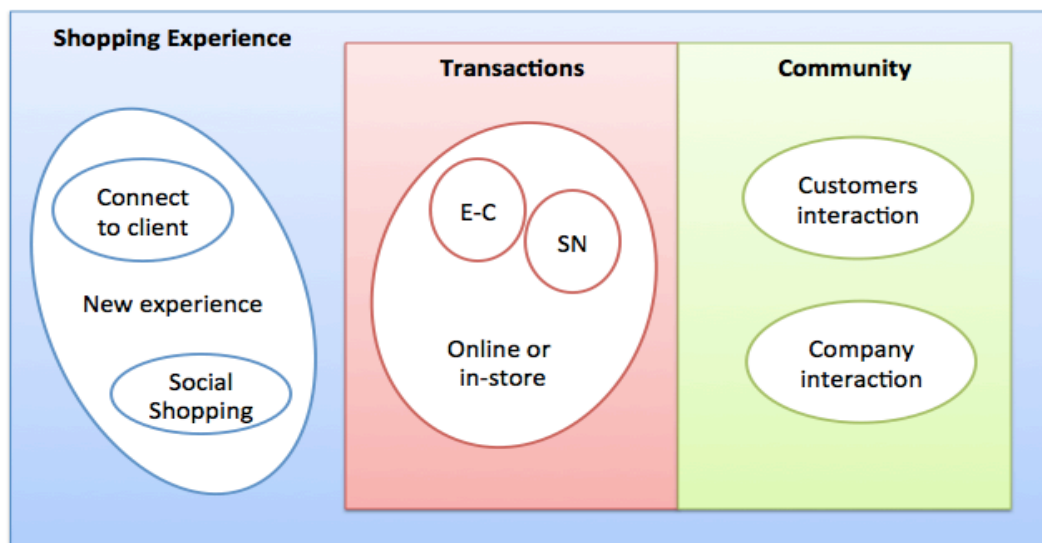


Figure 4.2 - Scope of Social Commerce

After all similarities and differences in Social Commerce definitions have been identified, the next phase focuses on the proposal of the Framework.

4.1.2 The Framework

The Framework designed in the current study is based on Decision-making models and attempts to analyze the sequence of steps the customer should go through in order to reach successfully the desired outcomes. The choice of a process as the base of the Frameworks lies in the fact that the difference between definitions is not just present in the final purpose of the organization – selling, building a community or creating a new shopping experience – but it can be found all along the path that companies take to reach these objectives. Based on Section 2.2 where the Consumer Buying Behavior was analyzed, the Decision-making Process can be summarized into a five phase processes, showed in Figure 4.3.

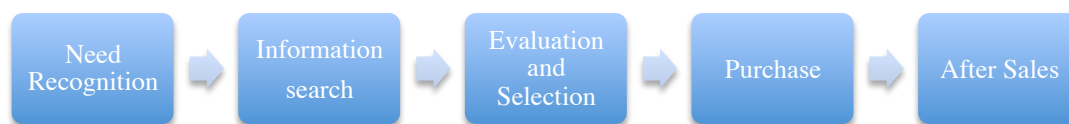


Figure 4.3 - Consumer Decision-making Process

As was showed in Section 2.1.6, Social Commerce has an impact in all of these phases. Therefore, based on the information gathered in both sections the result is presented in the scheme showed in Figure 4.4. This scheme will be used as a starting point to design the Framework.



Figure 4.4 – Impact of Social Media in the Decision-making Process

To complement the information presented in Figure 4.4, the outcomes of the analysis about the similarities and differences in Social Commerce definition (see Figure 4.2) will be used to guide the design of the Framework as well.

The first stage to be explored is the Pre-purchase stage. This phase covers three steps of the purchasing process: Need recognition, Information Search, Evaluation and Selection of alternatives. Traditionally, companies focus on marketing and advertisement in order to create a need in their costumers, but also to establish a competitive advantage. In fact, to create a competitive advantage more and more companies are involving customers in the development phase not just to provide them personalized solutions but to increase their involvement during the buying process. Therefore, before the phase of Need Recognition, a phase called Co-creation will be add in the model. Another change that will be proposed is to merge the phase of Information Search and Evaluation and Selection of alternatives in just one phase called Decision-making.

The second stage is the Purchase. Social Media can transform the traditional model of buying a product into a new shopping experience. This new shopping experience involves the mixture of the online and offline dimension, as well as the creation of a platforms allowing sharing the action of buying with friends or even allowing people to buy where they connect.

The Post-purchase stage covers all activities that happen after the product is sold. Social Media can be use to support customer care, to get feedback from costumers or to built a community either to encourage Word-of-Mouth referrals or to establish a dialogue between company and customers. In this way, this phase can be explained based on these three main functions: support, feedback, and community.

The analysis of the main phases of the Decision-making Process provided a complete overview about the Framework but some small changes need to be made before presenting the final proposal. The Framework is developed from the company's point of view, thus, the first change is to rename the phase 'Need Recognition' based on the customer's perspective for 'Need Creation' more appropriate for the company's perspective. The second change is to break the idea of a process, discontinuing the notion of a sequence of steps that need to be followed one after the other but keeping the dimensions that should be covered by each phase. After have done all the modifications and adaptations, Figure 4.5 presents the Framework proposed.



Figure 4.5 - Framework

4.1.3 The classification

Once the framework has been defined the next step targets to classify the groups of definitions. But for classifying them it is necessary to describe, in more details, each one of the group considered. In order to clarify possibles doubts derived from similar descriptions the main objective of each group was o identified.

A website that fits into the description of one group but does not have the same purpose of it cannot be labeled with that name. Table 4-3, presents a explanation for each cluster.

Table 4-3 - Social Commerce groups explained

Group	Focus	Description
Social Network commerce	Sales	Online stores, containing payment mechanisms, in Social Networks. The transactions are performed within the platform rather than at the retailer's E-commerce site.
E-commerce with Social tools	Sales	E-commerce websites that use Social Media tools to support social interaction (collaboration, advice, information sharing) in order to assist consumers to make better decisions about the purchases they are making.
Social tools to support purchase	Sales	Businesses that use social tools to promote purchases, either online or in a brick and mortar store.
Community build	Interaction	Aimed at promoting WOM referrals and interaction among customers, mainly with trusted individuals to increase trust in products and brands. The community can also be built as a communication channel between company and customers. Transaction is a consequence of interaction.
Shopping Experience	Shopping Experience	Focus on the interaction between company and customers (listen, understand, personalize, provide special offers for fans) and among customers (recommendation, information share, WOM, shopping together) to improve shopping experience.

Due to the importance of Facebook and the new trend of F-commerce it is important to explain some points to avoid misunderstandings. Although all Facebook stores are classified as F-commerce, regardless of their purpose, concerning to Social Commerce it is necessary to differentiate them. If the store in Facebook has the objective to sell, i.e., it contains a transaction mechanisms that allows customers to purchase a product or a service without being redirected to another website it should be considered 'Social Network commerce', otherwise it should be classified into 'E-commerce with social tools' or 'Community built' depending on the objective sought. The same is valid for the other Social Networks, for instance Twitter and Google+.

Another aspects that are worthy to mention is about Social Networks' profiles used for marketing. In a first scan, it may seem that there is no group to classify them, but marketing in Social Networks receives a specific name, Social Marketing and it relies on social interaction either to increase brand awareness or to promote new products across the community. Therefore, the focus of Social marketing is not, merely, advertisement, it is also to create a community to promote interaction. Thereby this type of Social Networks' profiles should be classified into 'Community built'.

Additionally, for better understanding the classification done it is important to explain that each dimension of the selling process was considered as essential, desirable or unexpected depending on the purpose of the group. An essential dimension is a specific requirement for the group. Therefore, all essential dimensions together impose the specific areas that a website should cover in order to be considered part of the group. These prerequisites are the ones that really differentiate one definition from the others. As it can be noticed, there is no definition that exactly matches the same essential dimensions. On the other hand, a desirable dimension is not mandatory but is expected to be seen in that group. They are not the main focus of the group but their existence will support the achievement of the final goal. At last, an unexpected dimensions are the ones that are not expected to be presented which does not mean they are undesirable. They can be used as a mechanism of differentiation, adding value to the business.

Once all considerations have been made, Table 4-4 presents the result of the classification.

Table 4-4 - Classification of Social Commerce Definition

		Pre sales			Purchase				After Sales		
		Social interaction for:			How purchases are made?				Focus		
Clusters	Dimension	Co-creation	Need creation	Decision Making	Social Shopping	Online	Offline	On Social Networks	Support	Feedback	Community
	Social Networks commerce							●			●
	E-commerce with Social tools			●		●				○	
	Social tools to support sales		●		●						○
	Community build	●							○	○	●
	Shopping Experience	●	○	○	●					○	●

Caption:

●	Mandatory dimension
○	Expected dimension
	Unexpected dimension

In the same way that all models and methods proposed require validation, the Framework developed and the classification made also need to be validated. In order to prove the consistence of the work done, some examples of Social Commerce collected in the Section 2.1.7 of the Literature Review are going to be used.

The first step of the validation process is to select one website of each group to represent the whole group. As just one website will be chosen the selection should be done carefully for not invalidating the final result. Thus, a preliminary analyze of all examples available in each group will be carried out to verify whether the group is homogeneous or not. In case of heterogeneity, the group will be divided in sub-groups and one example of each sub-group will be chosen. Table 4-5 shows the result of the first phase.

Table 4-5 - Social Commerce examples

Group	Examples	Sub-group	Site selected
Social Media Store	Delta Airlines, Dell, Starbucks, Walmart, Carrefour, Best Buy, Nine West, Hallmark cards: sells cards on Facebook, Channel, Moontoast, Chirpity, 8thBridge.	SN with payment	Hallmark cards
		SN without payment	Starbucks (on Facebook)
E-commerce with social integration	Amazon, Sears, Juicy Couture, Levi's, EventBrite.	-----	Amazon
Facilitate Social Shopping	Mattel, Wrapp, Macy's, Louis Vuitton	Multichannel	Marcy's
		Social Shopping	Mattel, Wrapp
Build a Virtual Community	TripAdvisor, B&Q, Your Brandlive	Focus on sell	B&Q
		Focus info share	TripAdvisor
Incentivize Social Referral	Dropbox, Groupon, LivingSocial, Twongo and BuyaPowa	Cloud Services	Dropbox
		Group-buying	Groupon
Trading with Friends	TradePal, Weedle, Zopa, Currency Fair	---	TradePal

Co-Creation	Dell, Easy fund raisin, NikeID, BaubleBar	---	NikeID
Facilitate Offline sales	Meetup, Starbucks, LocalResponse and GeoDealio, Best Buy, Sports Authority, Domino's:	---	GeoDealio

The second step is to analyze all the selected websites in more details and classify them into the Framework. In order to perform a more discerning classification, attributes related to each dimension in the model were identified beforehand. These attributes, summarized in Table 4-6, establish some characteristics more concrete and ease to identify, facilitating the classification. The results of step two is presented in Table 4-7.

Table 4-6 - Attributes of each dimension

Dimension	Attributes
Co-creation	Personalization, co-creation, suggestion
Need Creation	Promotion, special offers, discounts, recommender system, Popularity Lists, marketing email, advertisement of products
Purchase decision	Chats, discussion boards (question & answers), 'Share, like, tweet, +1, Pin it' button, Ask a friend
Online	Shopping Cart, buy button
Offline	Check-in functions, promotion code, coupon, mobile app
Social Shopping	Platform allowing to share the action of buying, refer a friend
On Social Networks	Buy button on Social Network (without been redirected to another website)
Support	Functions for customer care
Feedback	Rating and reviews, comments, Tell us your opinion
Community	Social Network profiles, forum, follow us, blog

The last step is to insert each website into one of the five clusters previously defined - Social Networks commerce, E-commerce with Social tools, Social tools to support sales, Community build, Shopping Experience - using as the criteria the mandatory dimensions. In this way, it will be possible to check if the classification of the websites match the classification of the cluster and if the five clusters were enough to explain all the cases. The results of this phase can be seen in Table 4-8.

During the validation phase, a gap regarding the clusters defined was found. Initially there were five clusters but the analysis of the examples showed the necessity of creating a new one that involved just the Social Shopping experience itself and no other requirements. Adding this new group, called 'Social Shopping', to the existing clusters, the current study came up with a more complete and reliable classification of Social Commerce definitions that helps in the development of the next steps of the research. The final classification of Social Commerce definition is shown in Table 4-9.

Table 4-7 - Classification of the selected examples

	Pre sales			Purchase				After Sales		
	Social interaction for:			How purchases are made?				Focus		
	Co-creation	Need creation	Purchase decisions	Social Shopping	Online	Offline	On Social Networks	Support	Feedback	Community
Hallmark cards	X						X			X
Starbucks	X								X	X
Amazon			X		X				X	X
Macy's				X		X				
Wrapp				X	X					X
Mattel			X	X	X				X	
B&Q			X		X			X	X	X
TripAdvisor			X						X	X
Dropbox		X							X	X
Groupon		X		X	X	X				X
TradePal			X		X					X
NikeID	X	X	X	X	X				X	X
GeoDealio		X	X	X		X				X

Table 4-8 - Validation of the Framework

Table 4-8 – Validation of the Framework

	Pre sales			Purchase				After Sales		
	Social interaction for:			How purchases are made?				Focus		
	Co-creation	Need creation	Purchase decisions	Social Shopping	Online	Offline	On Social Networks	Support	Feedback	Community
Social Networks commerce							●			●
Hallmark cards	X						X			X
Community build	●							○	○	●
Starbucks	X								X	X
Dropbox		X							X	X
TripAdvisor			X						X	X
EC with Social Tools			●		●				○	
Amazon			X		X				X	X
TradePal			X		X					X
Mattel			X	X	X				X	
B&Q			X		X			X	X	X
Social Shopping				●						
Macy's				X		X				
Wrapp				X	X					X
Shopping Experience	●	○	○	●					○	●
NikeID	X	X	X	X	X				X	X
Social tool to support sales		●		●						○
Groupon		X		X	X	X				X
GeoDealio		X	X	X		X				X

Table 4-9 - Final classification of Social Commerce

Clusters	Dimension	Pre sales			Purchase				After Sales		
		Social interaction for:			How purchases are made?				Focus		
		Co-creation	Need creation	Decision Making	Social Shopping	Online	Offline	On Social Networks	Support	Feedback	Community
Social Networks commerce								●			●
E-commerce with Social tools				●		●				○	
Social tools to support sales			●		●						○
Community build		●							○	○	●
<i>Social Shopping</i>					●						
Shopping Experience		●	○	○	●					○	●

Caption:

●	Mandatory dimension
○	Expected dimension
	Unexpected dimension

4.2 The Conceptual Model

The analysis and classification of the websites into the Framework designed was essential to reflect more about the meaning of Social Commerce. Combining this information together with everything that was learned in the literature review it is possible to explain what, exactly, is Social Commerce.

From the beginning, it is important to say that, in contrast to many definitions, SC shouldn't be seen as a synonymous of:

- A specific type of website
- Social Shopping
- Purchases through Facebook or other Social Network
- Group buying
- Creation of a new shopping experience
- Space for shoppers to interact and exchange information for a better decision making
- Interaction among Business and Consumers
- Engagement or Co-creation
- Marketing in Social Network to increase brand awareness

All that was mentioned above is related to Social Commerce but cannot be used to define it, being just ways to promote or facilitate SC. Social Commerce is all about interaction among consumers. It is also related to the concept of Word-of-Mouth powered by the Social Media. Therefore, all purchasing decisions resulting from the interaction between one or more consumers that plays the role of initiator or influencer are considered Social Commerce.

It is important to highlight that an organization may relate to different audiences simultaneously, for example, consumers, others companies and government. However, in the particular case of Social Commerce, the main concern is the consumers. The company can interact with its customers during the selling process (online or in-store) or can have a one-way interaction with them through advertisement. Even though this process involves the participation of consumers it is not enough to be consider SC, as it should be based on the interaction, exclusively, among consumers. In order to provide a graphical scheme about what was explained previously, Figure 4.6 is introduced to illustrate in brief the scope of SC.

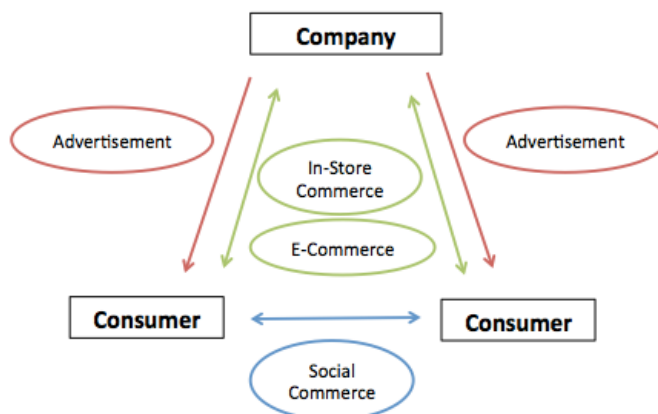


Figure 4.6 - Social Commerce scope

Social Commerce should be seen as a dynamic process without a settled starting and ending point. The process starts from an initial state of small relevance and, depending on the number of people involved in the process can remain small or become larger. The consequences might be beneficial if consumers start to act as advocates or might be disastrous if the opposite happens.

Social Commerce shares some characteristics of the traditional buying process but has its focus on the interaction with other people to create a new need or to be used as an information source for the evaluation of alternatives. As a consequence of these interactions a purchase decision will be taken.

It is important to remark that SC is not limited to the online environment. The purchase can be done either online or in a store and the interaction can happen through the Internet or personally.

Another point to clarify is that interaction between company and consumer is a key element for social CRM, social marketing and co-creation but is not a key element for SC, as it can happen even without the interference of the company. In spite of not being necessary, this interaction can be good in the sense that the company can create content for people to talk and socialize, ending up in a sale.

Having provided all the information necessary for understanding the base of Social Commerce, the model developed in the current study is based on the analysis of the level structure showed in Figure 4.7.

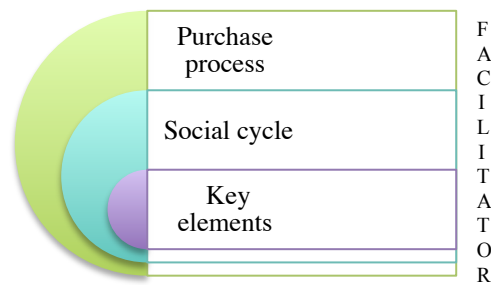


Figure 4.7 - Structure of analysis

The first level embodies Social Commerce as a purchase process. Moving towards a more detailed level of analysis, the current study attempts to differentiate Social Commerce from others types of Commerce, highlighting the social attributes involved in the process. A further breakdown of the structures stresses the key elements used to clarify and explain the process. Finally, the structure proposes the identification of social tools to support and promote Social Commerce.

Once the structure of analysis have been settled, the current work proceeds with the elaboration of the Conceptual Model, showed in Figure 4.8, aiming at defining the Social Commerce process.

A brief description of the model suggests that Social Commerce can be seen as a process involving five steps and it can be influenced by some factors called Facilitators. In this way, Social Commerce shifts its definition into a wider concept, requiring some changes in the initial Framework, showed in Figure 4.5. The idea of three phases - pre sales, sales, and after sales – continues to exist in the model but the dimensions considered important in each phase needed to be redesigned. The main reason of these changes lies in the fact that the Framework was developed to classify the definitions of Social Commerce and not to provide a conceptual definition of it. According to this, the dimensions that are not essential to define Social Commerce were excluded of the model and those most relevant were classified as facilitators or split within the levels of analysis.

A more detailed study is necessary to explain each level of analysis and the facilitators involved in the process. Thus, the complete breakdown of the model is presented in the following sections.

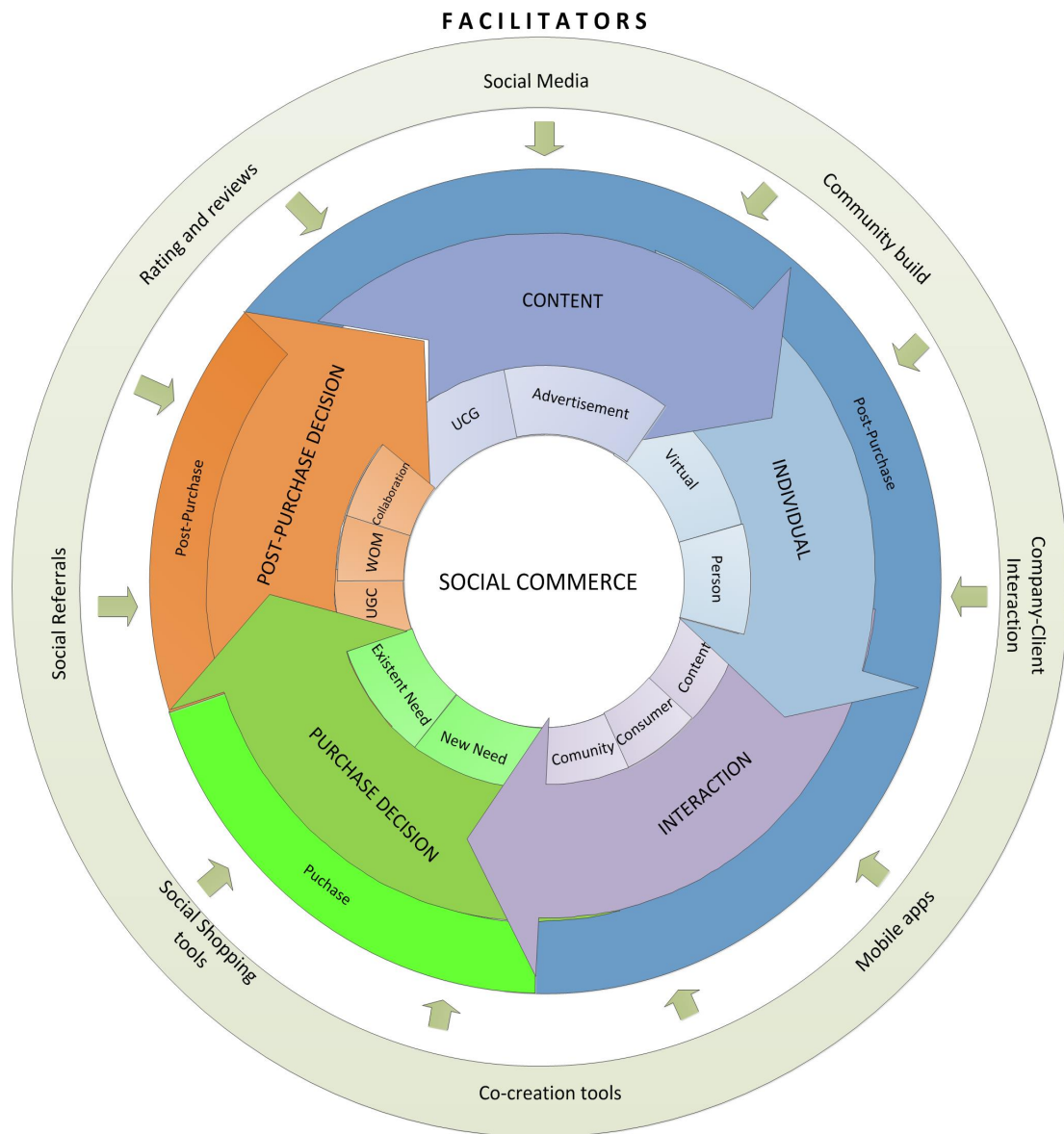


Figure 4.8 - Social Commerce Conceptual Model

4.2.1 Level 1: Purchase process

The first level assures that Social Commerce is, in fact, a process, involving the three main phases of a traditional purchasing process. In general terms, the three phases considered are: Pre-purchase, purchase, post-purchase. In order to provide more information about the process it is recommended to review the Section 2.2.

4.2.2 Level 2: Social Cycle

The second level adds a social dimension to the purchase process. It consists in five phases: Content creation, individual assimilation of the content, social integration, purchase decision and post-purchase decision. The first three phases belong to the pre-purchase stage, while the others two belong to the purchase stage and post-purchase stage, respectively. Generally, the social cycle starts with the creation of content. This content, at some point, will reach an individual, provoking integration and conversation. As a consequence, a purchase decision will be made, leading to a post-purchase action.

4.2.3 Level 3: Key elements

The last level includes all the elements used to explain the phases in level two. Trying to explain them separately and out of context it is difficult and, therefore, an integrated analysis is required to link both levels. In this way, the following investigation begins with the description of each phase in level two, targeting the identification of the elements that play a significant role in the process.

4.2.4 Integrated analysis

The process starts in the pre-purchase phase. The first step of this phase is the creation of content to socialize, consisting on texts, images, video, or other information that can be shared during a conversation or through posts over the Internet. This content is created by the companies, in the form of advertisement, or by the consumer, in the form of User-generated Content. UGC is defined as the material available online that is produced by the users, for example, question-answer databases, videos, photos, personal blogs, podcasts, forums, consumers' reviews, Social Network posts and wikis.

The content will start spreading and, eventually, it will reach an individual. In order to emphasize that this process can happen both in the online universe and in the real world, the category of individual was divided into two: virtual person and natural person. The individuals play an important role in the process, acting as intermediaries between companies and other individuals and separating what will be

considered Social Commerce from what will not. Messages coming from companies and reaching, directly, a consumer can be treated as advertisement or commerce but not SC. For this to happen, the message should arrive to the consumer through another individual whoever it is, a previous buyer, a potential buyer or a person without buying intention. Figure 4.9 explain in detail a summary of the discussion.

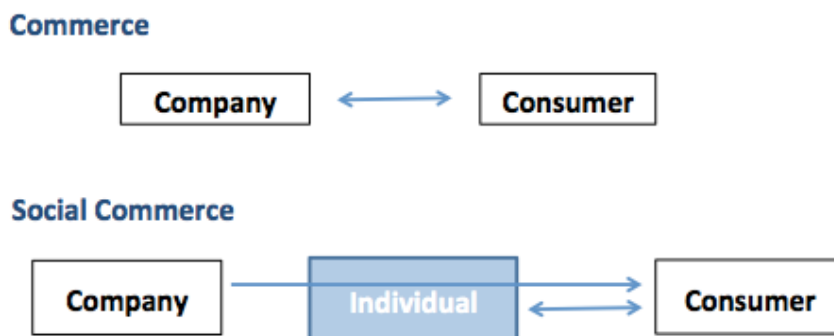


Figure 4.9 - Relationship in Social Commerce

Continuing the process, people will respond to what was seen, read or heard by interacting with it. It is worthy to mention that the interaction is not limited to a conversation between people. It can also comprise the attention given to certain content if this content affect or change the individual perception or behavior. According to this, interactions can occur in three different ways: between an individual and content, between consumers, or among individuals belonging to a community. The interaction between an individual and content doesn't involve another individual. It can occur, for example, when a person see a post on Facebook and get interested about the product or the service. The interaction between consumers, normally, happens when the potential buyer is looking for information to make a better purchase decision, starting the interaction with other persons in order to gather knowledge and evaluate alternatives. Finally, the last type of interaction takes place within a community, where a group of people is connected around a common interest and collaborates by sharing ideas and information.

As already mentioned, consumers could have an existent need, initiating the interaction intentionally. Contrasting to this case, a consumer can enter in the process without any purchase intention, being driven to the creation of a new need due to its

interaction in the process. What really matters at this point – purchase stage – is that a purchase decision of buying or not buying a product will arise as result of these interactions.

The last step covers the actions performed after the purchase, known as the post-purchase stage. The individual, after testing a product or receiving the service, evaluates its degree of satisfaction with respect to its expectations. Consequently, the consumer is able to decide whether to create more content, helping future buyers in their decision-making and feeding the Social Commerce cyclical process or not. The creation of content can be done through the WOM, by creating more UGC or by collaborating within a community. In this way, the Social Commerce process is recycled assuring its continuity and dynamism. It is important to consider that some individual will stop its participation in the process, some will remain and new entrants will appear, updating and re-starting the process.

4.2.5 Facilitators

Once the process has been explained, this section focuses on the analysis of the facilitators of Social Commerce. A facilitator, as its name suggests, is any type of tool that, even without taking a particular position in the process, helps to support and promote SC.

Summarizing, the most important tools are listed below:

- Social Media: this facilitator groups, mainly, Social Networks. Additionally, it covers blogs, forums, wiki, videos and photos sharing platform, podcasting and bookmarkers. This category also includes Social Media store engaged, for example, in F-commerce. The following figure summarizes how Social Media facilitates Social Commerce.



Figure 4.10 - Influence of Social Media in SC

- Community Build websites: sites focused on building virtual communities, connecting consumers or companies and consumers. These communities focus on instigating the collaboration among members in order to share ideas, information, solve problems and doubts. It is aimed at contributing, motivating and giving confidence to the participants, encouraging them to take purchase decisions. The following figure summarizes how building a community facilitates Social Commerce.



Figure 4.11 - Influence of Community build websites in SC

- Company-client interaction: it refers to any contact between the company and the client, whichever reason, being for advertisement, post-purchase support, feedback and/or customer insight. The following figure summarizes how this interaction facilitates Social Commerce.



Figure 4.12 - Influence of Company-Client interaction in SC

- Mobile apps: applications used to keep people always connected, facilitating integration and also purchases. The main group of apps in this category involves the Check-in's apps based on customer location to promote offline sales. The following figure summarizes how mobile facilitates Social Commerce.



Figure 4.13 - Influence of Mobile apps in SC

- Co-creation tools: Tools use to encourage participation of consumers in the product development. It attempts to reach a higher level of engagement and, consequently, a higher probability of sharing this experience with others, attracting new entrants in the process. The following figure summarizes how Co-creation facilitates Social Commerce.



Figure 4.14 - Influence of Co-creation tools in SC

- Social Shopping Tools: tools that allow sharing the action of buying with another individual, for example, real time chatting, co-browsing and share-buttons. The following figure summarizes how Social Shopping facilitates Social Commerce.



Figure 4.15 - Influence of Social Shopping Tools in SC

- Social Referrals: It occurs when one consumer calls another individual in order to join an activity or purpose. There are specific websites that target to incentivize social referrals, including all type of group purchasing and collective buying websites. The following figure summarizes how Social Referrals facilitates Social Commerce.

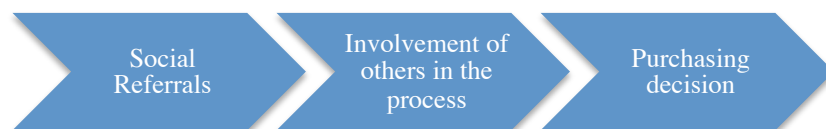


Figure 4.16 - Influence of Social Referrals in SC

- **Rating and Reviews:** It is the most basic and used tool to add a social layer to the traditional E-commerce websites. This tool helps to increase the level of confidence on products, services and sellers. It is important to remark the key role that ratings and reviews play in websites specialized in C2C commerce, such as eBay, being one of the unique ways to guarantee the quality of the product sold and the trust on the seller. The following figure summarizes how Rating and Reviews facilitates Social Commerce.



Figure 4.17 - Influence of Rating and Reviews in SC

4.3 Survey Results

In this section the results coming out of the survey are exposed and analyzed. The structure of this section is divided into three steps following the configuration of the survey.

4.3.1 Step 1: Traditional online purchasing

As a start point, the objective is to discover how happy are buyers with the actual online purchasing process and verify how Social Commerce can improve its weaknesses. The survey shows that more than 90% of consumers are satisfied or very satisfied with the actual online purchase process. But, despite the high satisfaction, consumers still have some complains about it.

The majority of complaints submitted were recurring and similar among all countries, Table 4-10 summarizes them. In general terms, the main complains were about trust, returned products, payment and delivery conditions. Three out of four can be, directly or indirectly, minimized by Social Commerce, the only one that cannot is the delivery conditions once it is strictly related to the company policies

Table 4-10 - Main complains about the actual online purchase process

Phase	Category	Complain
Pre purchase	Product	More detailed description about the product (mainly in the apparel sector)
		More information about the return and exchange policy
		More information about the vendor and/or the precedence of the product
		Better and more photos showing the real attributes (color, dimension...) of the product
		More photos and videos of the products posted by other customers
		More reviews from other customers
		Possibility of testing/seeing/touching/feeling the product
		More discounts
	Site	More simplicity in the search
		Less advertisement
		Tool for compare products
		Better recommender system
		More privacy regarding all customer's information
	Decision making	Interaction with other people
		Ways to contact the seller to clarify any doubt (Q&A directly to a person)
		Augmented reality to better visualize the product
		Possibility to customize a product
Purchase	Payment	Transparency during the payment (no hidden fees)
		Easier and safer transaction
		Agility in the purchasing
		Possibility to purchase without register
	Delivery	Shipping price
		Faster and more precise delivery date
		Possibility to scheduled delivery date
		Possibility of tracking the product

Post purchase	Support	Customer service more interactive
		Better customer service in solving problems
	Returns	Clear policy for returning a product
		More agility and trust to change a product

Many people buy online products that they saw first in a store and found online for a cheaper price. Others use the Internet just for gathering information, going to a store to purchase the product. The reason for that, according to the survey, it is the lack of guarantee that the website/seller is reliable or the product is really what it seems to be, as it is not possible to see or touch it. In order to solve this problem, consumers are claiming for more information, photos and, especially, feedback from other customers. These feedbacks would help consumers to increase their credibility either on the website, seller, product offered or service provided. In addition, it would help them to be more aware about what they are buying. The two points benefits also the business itself, as it contribute for increasing both online sales and customer satisfaction and decreasing the rate of returned products.

Social Commerce can mitigate the problems of credibility and awareness because for it to happen is necessary interaction among people, resulting in advises, recommendation or feedbacks that will increase consumers' trust and lower their uneasiness about the post purchase actions.

Another reason for discontentment is that consumers would like to have a faster payment process, being by purchasing without register or without inserting credit card details in every purchase. With the rise of Social Commerce, the integration between E-commerce websites and Social Networks has increased, permitting a quicker purchase process due to the information already saved within the Social Network account, avoiding the need of register or inserting credit card details in every acquisition. Thus, Social Commerce, once more, provides solutions to improve the online commerce.

Recommender systems have become extremely common in recent years. It produces a list of product recommendations that users may have an interest in. This system is another factor of dissatisfaction, as can be seen in Chart 4-1. Although it attempts to provide good suggestions, just few users find it useful. Some respondents

mentioned that recommender systems should be improved but the privacy issue should be always taken into account, mainly in the USA.

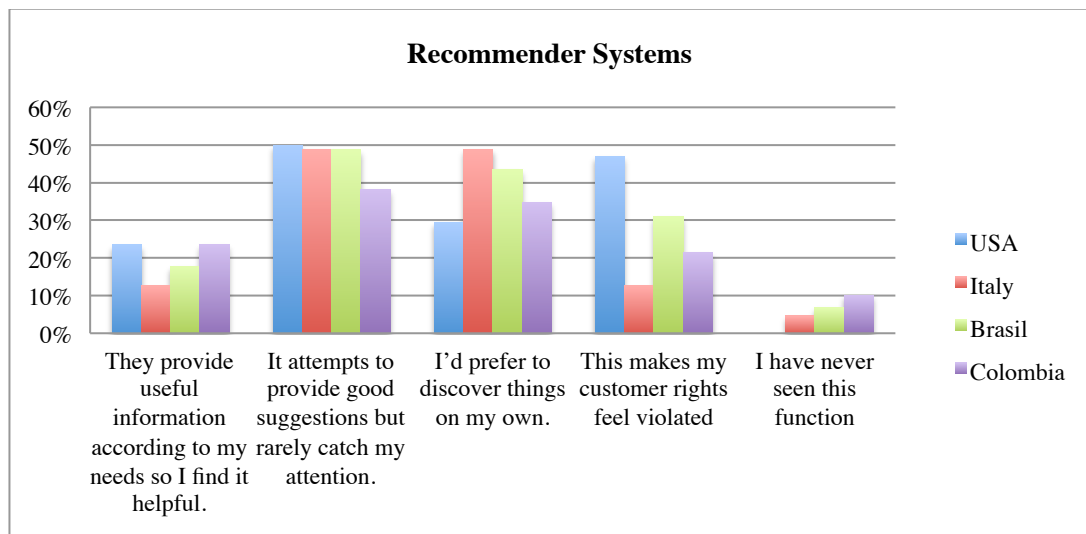


Chart 4-1 - Perception about Recommender System

4.3.2 Step 2: Interaction

The objective of step two is to analyze, by a consumer point of view, the importance of interaction among consumers along the purchase process. Chart 4-2, attempts to compare the degree of relevance that customers see in interacting with another customer during the pre-purchase and the purchase phase.

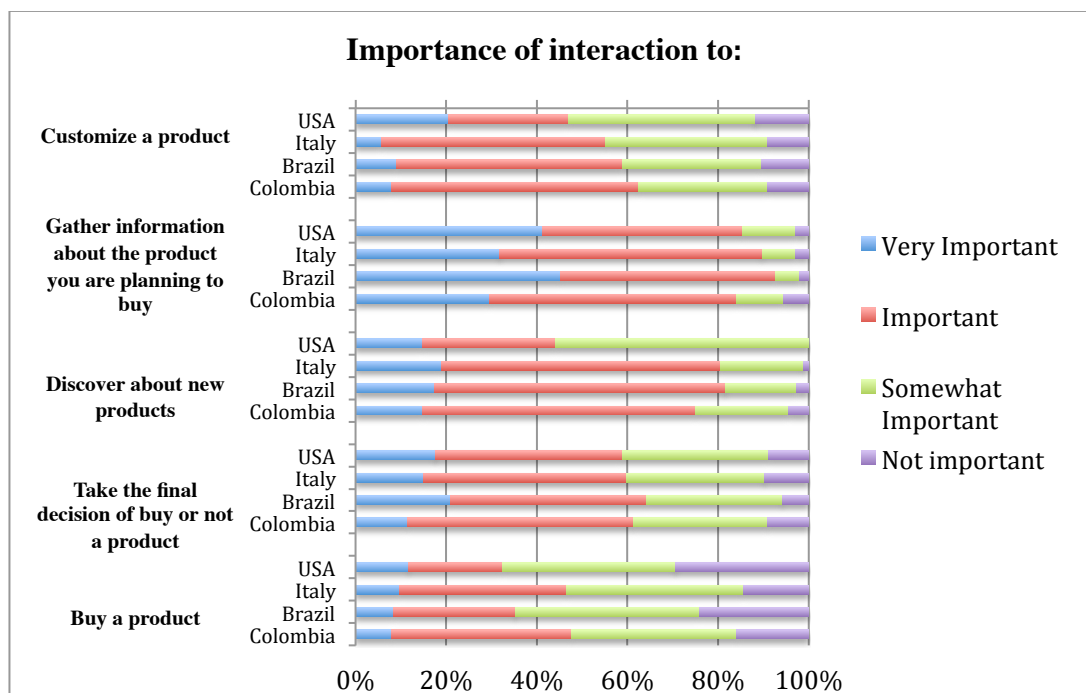


Chart 4-2 - Importance of interaction in the pre-purchase and purchase phase

According to the respondents interaction is really important during the pre purchase phase and it is mainly used to gather information about the products. In contrast, interaction is seen as not so important when buying the product. In this way, the new trend of Social Shopping is not yet well recognized among consumer and Chart 4-3 reaffirms it. It is important to remark that Colombia and USA, at some questions, presented a particular behavior. Generally, interaction has also its importance for discovering about new products and customizing a product, but Americans do not see the same value on it. On the other hand, Colombia is the country that assigns more value to Social Shopping, showing more interest in interacting with people during the purchase of the product.



Chart 4-3 - Interest in Social Shopping

A further analysis of the results exposed by the survey allows highlighting that the participants prefer to do traditional shopping with friends than doing it alone. However, when the context changes and the shopping is done online, the number of people willing to do shopping in group reduces significantly, being more the persons that prefer to do shopping alone than with friends. Despite it is difficult to understand this behavior, it can be suggested that this dramatic change can be explained due to the lack of technological tools (such as apps, chats and so on) that motivate people to purchase together. In addition, the results exposed the idea that traditional shopping is a completely different experience than online shopping and for that reason preferences change significantly from one to another.

4.3.3 Step 3: Social Network and F-commerce

The step three focuses on Social Networks, especially on Facebook. Before each Chart, a statement will be presented in order to trigger the analysis, contrasting the ideas exposed in the literature with the opinions and tendencies seen in different markets.

Statement 1: *Opinions from peers are still the most trusted information for purchase decisions.* (BAZAAR VOICE, 2012)

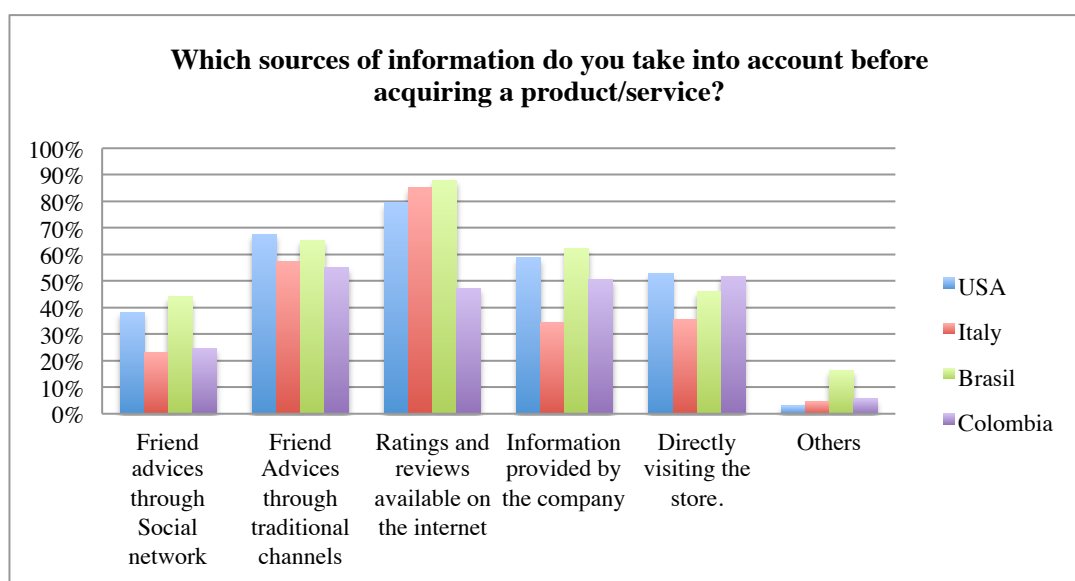


Chart 4-4 - Source of information used during the Decision-making Process

Regarding information searching, all countries, except Colombia, prefer to use ratings and reviews available on the Internet as first source for decision-making. In fact, it is aligned with many research works and studies available in the literature that support the importance of ratings and reviews. In contrast to other countries, first source used by Colombia is the opinions provided by friends through traditional channels, having more or less the same relevance of information provided by the company or the sellers.

In addition, friends' advices through Social Network was mentioned, in all the countries, as the less important source for information searching. It can be understood that either users haven't discover that SNs can be used for this purpose or they do not consider it as good platform for gathering trustable information.

Statement 2: *When asked why they connect with brands on Facebook, consumers say it's to shop and for deals.* (IBM, 2011)

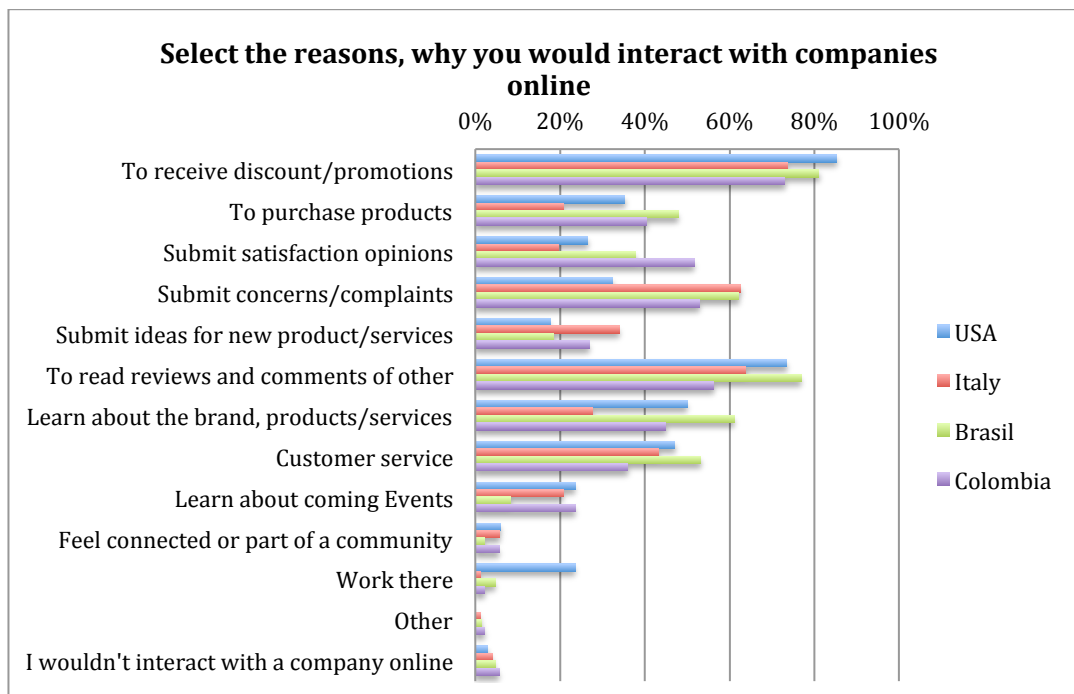


Chart 4-5 - Reasons for interacting with companies online

Over the last years, interacting with brands through Social Media has become common. Based on the survey results, approximately an average of 40% of people feel more connected to brands that are involved in Social Networks. In addition, the main reasons why users interact with brands online is to receive discount and to read reviews or comments of other customers. In USA, people interact also to learn more about the brand, current products and new launches. While in Italy, Brazil and Colombia the interaction are more likely to happen to submit concerns and complaints about a product or service.

To complement the analyze, the IBM Institute for Business Value surveyed more than 1,000 consumers worldwide to discover what drives users to engage with companies in Social Media. The study also expose that the main driver for interacting with companies is the opportunities of obtaining discounts. However, as second driver the IBM report results showed the intention of purchase, fact that is different from the outcomes of the current survey.

Statement 3: Peer recommendations seem desirable because they would trigger a sense of credibility and trust in consumers' minds, which in turn would make them more likely to purchase the recommended products. (WANG e ZHANG, 2012)

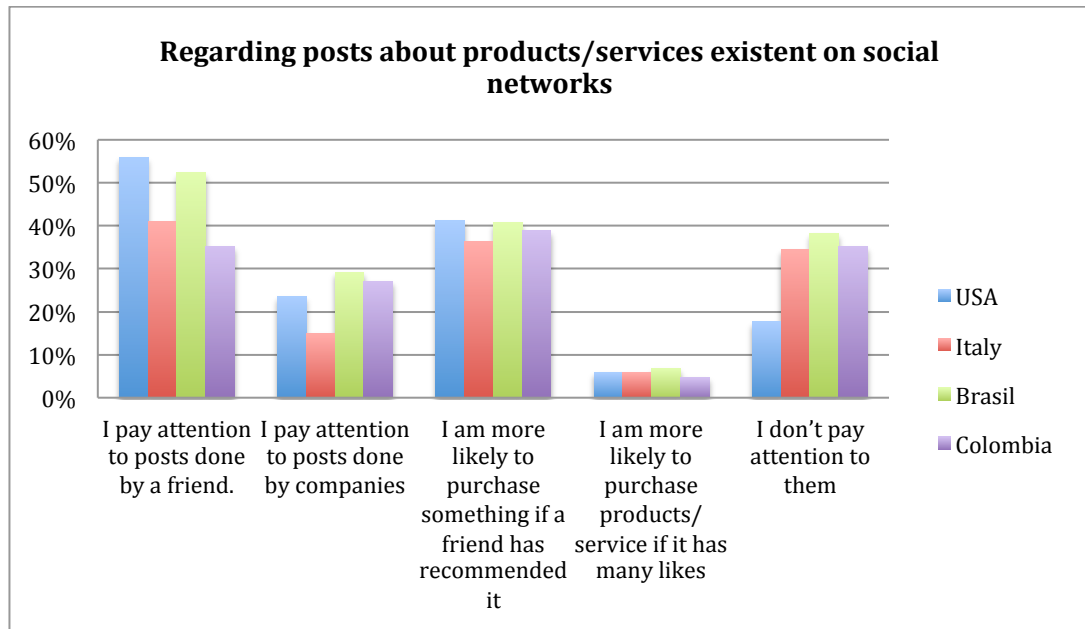


Chart 4-6 - Posts on Social Networks

According to many papers, sharing opinions, desires, and preferences over social channels has been an inherent part of many people lives. However, according to the survey performed, users do not have the habit of sharing products and services on Social Networks, existing just around 5% of people doing it frequently (see Annex B). This small percentage may lead to misleading assumptions about the SNs potential for promoting Social Commerce. In this way, to avoid misjudgment, it is important to take into account also its capacity to influence people. As can be seen in Chart 4-6, people pay attention to posts done by friends and are more likely to purchase something if a friend has recommended it. Therefore, if an increase in the number mentioned above happens over time, Social Networks will have a great potential to trigger Social Commerce.

A further analysis of the results exposed by the survey brings the idea of SNs advertisement ineffectiveness into question. Future researches taking into account not only advertisements done by companies but also those done by friends should be performed in order to understand better if this perception has been changing.

Statement 4: *More and more of us are now hearing about things from friends on Facebook and less and less are hearing from brands on Facebook. (Gerten, T, Forbes⁴)*

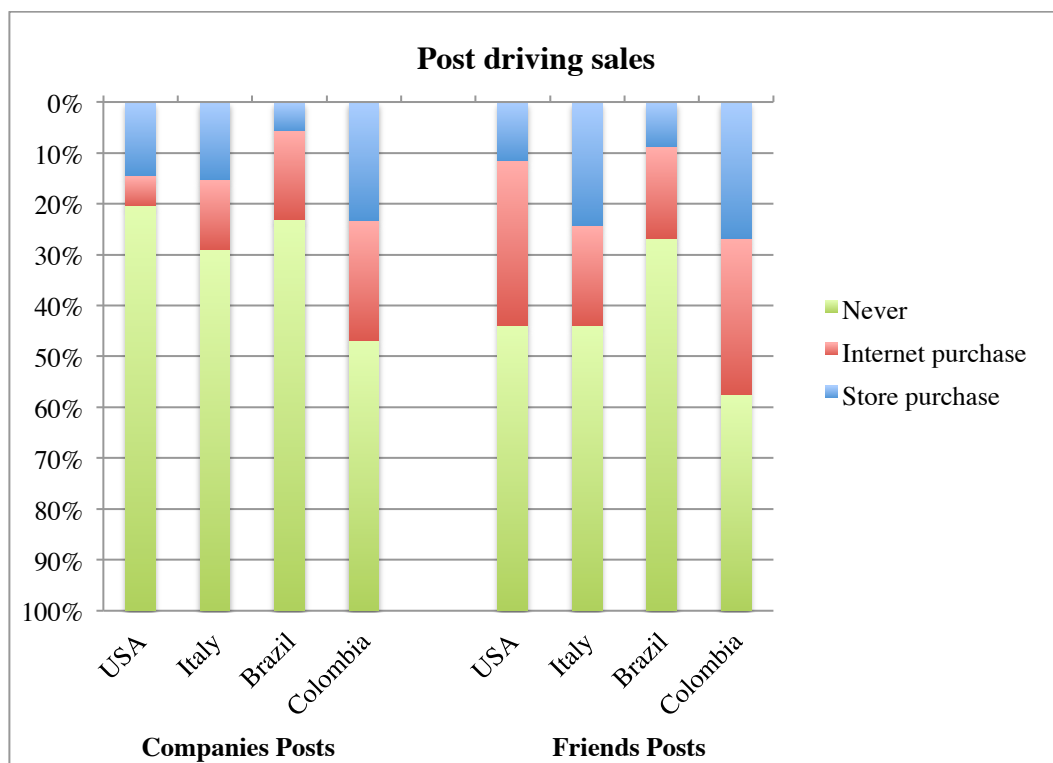


Chart 4-7 - Posts as a driver for sales

As can be seen in Chart 4-7, Social Networks posts have already driven people to make online or in-store purchases. Although the rate among people who have bought a product or a service after seeing a post on Facebook is still low, it significantly increases when the post is done by a friend. It is relevant to observe that this situation is not valid for Brazil, where the percentage of posts that lead to sales is more or less the same in both situations. Additionally, Colombia highlights, once again, a different attitude in comparison to other countries, showing a higher potential for purchasing no matter the agent who posts the information.

It is relevant to remark that the survey results confirm the statement introduced in the Forbes article and reaffirm the necessity of further researches regarding advertisement on Social Networks.

⁴ <http://www.forbes.com/sites/tomiogeron/2011/04/12/what-is-facebooks-future-as-an-e-commerce-platform/>

Statement 5: It appears that the main factors driving consumers to buy via Social Networks are exclusivity and ease of purchasing. (HAVAS MEDIA SOCIAL AND LIGHTSPEED RESEARCH, 2011)

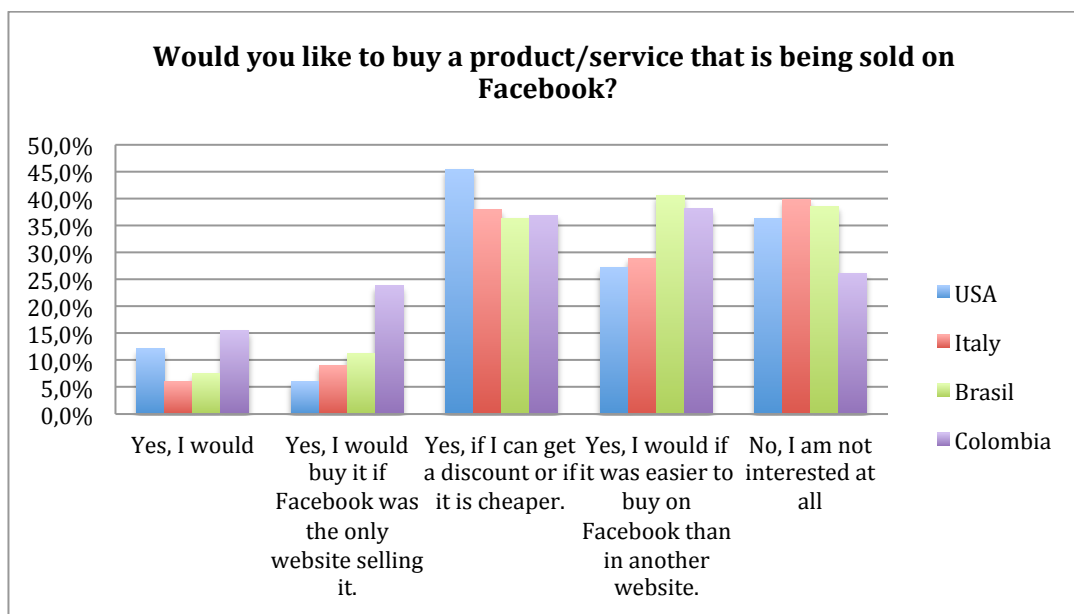


Chart 4-8 - F-commerce perception

At this point, a deeper analysis focused on Facebook will be done aimed at understanding its potential for doing commerce. The situation of F-commerce changes from country to country and although the number of people that are not interested in buying through Facebook is high in all countries, Colombia shows a higher inclination towards F-commerce.

Among those people who are willing to join F-commerce the tendency is that they would be more interested in buying a product or a service on Facebook if it is cheaper or easier to buy, as shown in Chart 4-8. However, it is not fully aligned with the statement found in the literature that indicates exclusivity as one of the main drivers for commerce on Social Network. This inconsistency can be related to the different scope of exclusivity considered in both cases. The survey covered the idea of products that can be found just on Facebook. In contrast, the statement has a broader sense, involving not just the idea previous mentioned but also the one of exclusivity to fans to provide them a sense importance.

Statement 6: A store on a Social Network are seen as less secure than a regular E-commerce site. (HAVAS MEDIA SOCIAL, 2011)

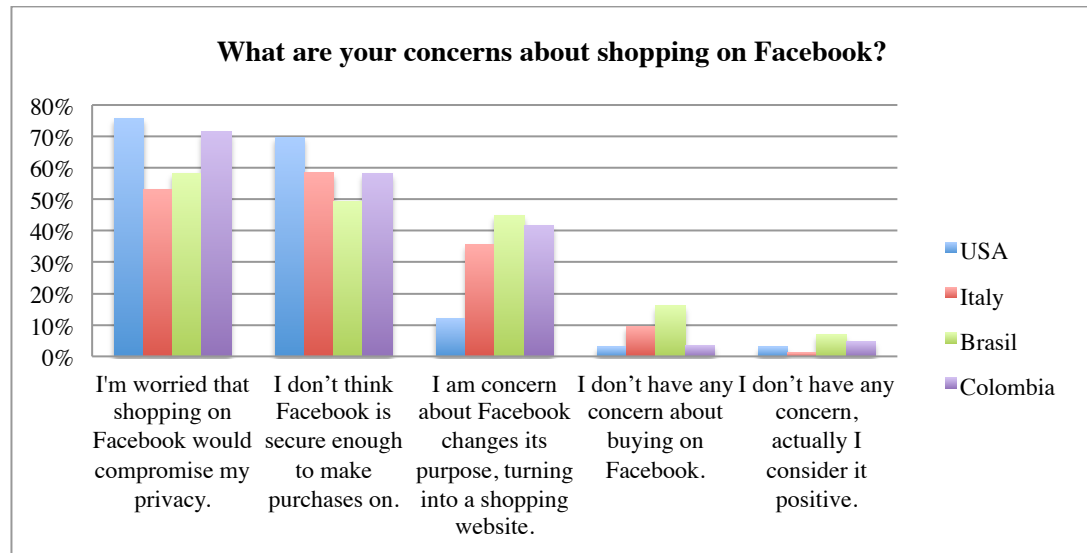


Chart 4-9 - F-commerce concerns

The main concerns about shopping on Facebook can be seen in Chart 4-9, being related to privacy and security. It is valid to notice that although the statement also mentions security as an issue for doing commerce on Social Networks, apparently, the issues related to privacy are slightly higher.

Its nature of sharing content added to its configuration set, by default, to treat all information as public, added to the fact that it has been routinely scrutinized for privacy issues has lead users to shape a bad perception about the privacy policy of Facebook. Consequently, users are suspicious that the same approach can be taken with their credit card details and purchases information.

Therefore, in the process of becoming an E-commerce platform Facebook needs, first, to work on its image towards users in order to gain their trust. One way of doing this is to clarify, always, which information will be shared and how. This is an essential step for convincing people that Facebook can offer both social and commerce features, changing the mind of 45% of users who believe that Facebook is not for shopping.

Statement 7: Consumers are less likely to spend money on high-ticket items on a social site such as Facebook. (LIGHTSPEED RESEARCH, 2011)

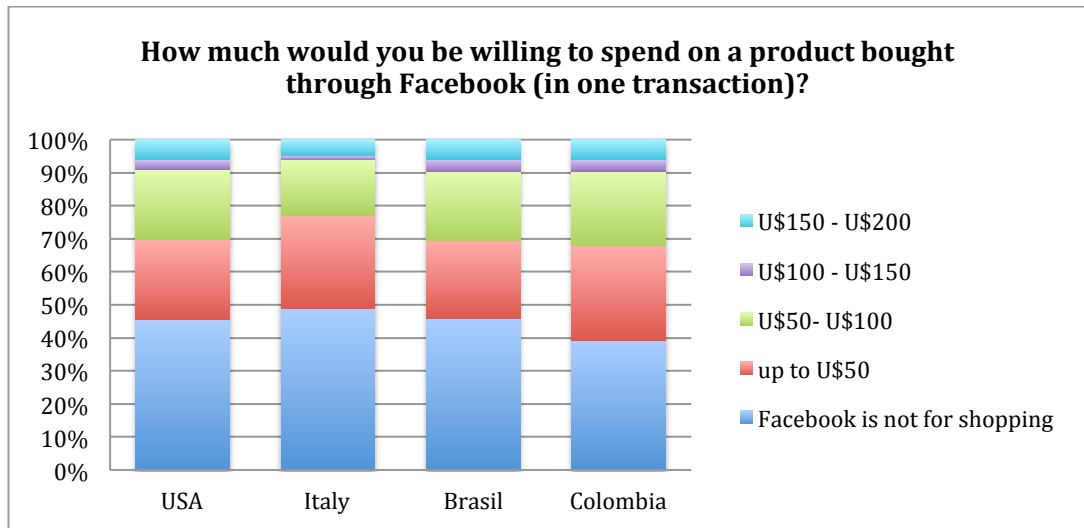


Chart 4-10 - F-commerce ticket

Consumers are influenced by friends' and brands' Facebook activity all the time, however few of them access the site with the intention of shopping (360I, 2011). This fact added to the privacy and security concerns can reflect the lower disposition of users to spend money on Facebook. Considering those people who are willing to buy through this platform, the survey shows that almost half of them (48%) wouldn't spend more than U\$50 in a purchase done on it, confirming the statement introduced previously.

An integrated analysis of the results achieved with the survey suggests that F-commerce has a long way to go before reaching its possible success. While Facebook works on its image towards users, a recommendation that can be given to firms is to start its business on Facebook with lower-ticket products, offering also some discounts and a faster and simpler purchase process. These factors are expected to attract people's attention, motivating them to make their first purchase on Facebook.

5 DISCUSSION

This chapter aims at presenting a critical assessment of the results achieved in the previous chapter. The first section analyzes the Conceptual Model, pointing some advantages and limitation of it as well as some possible future contributions. The second section perform the same analyze explained above but covering the survey. The last section presents some other important aspects that are relevant to discuss for the accomplishment of this study.

5.1 The model

A new Conceptual Model for SC was introduced, aiming at providing a definition to the term and giving insights into Social Commerce and the overall relationship among companies, individuals, content, community and commerce. This study is one of the few studies that intend to provide a more complete definition of SC, many uses the term without defining it. Thereby, it contributes to the academic literature, which still has a long path in order to describe the Social Commerce phenomena.

Have developed the model it is possible to classify it on the Framework designed to compare definitions, highlighting the main similarities and differences among them. The classification of the Social Commerce process model (SCPM) is show in Table 5-1.

	Pre sales			Purchase				After Sales		
	Social interaction for:			How purchases are made?				Focus		
Dimension	Co-creation	Need creation	Decision Making	Social Shopping	Online	Offline	On Social Networks	Support	Feedback	Community
SCPM		●		●					○	○

Table 5-1 - Classification of Social Commerce Process Model

A brief summary of the past definition classification is showed on Figure 5.1, for the complete explanation review Section 4.1.3. The circles represent each one of the phase, the groups were inserted on it according to its mandatories dimensions (black dot in the Framework).

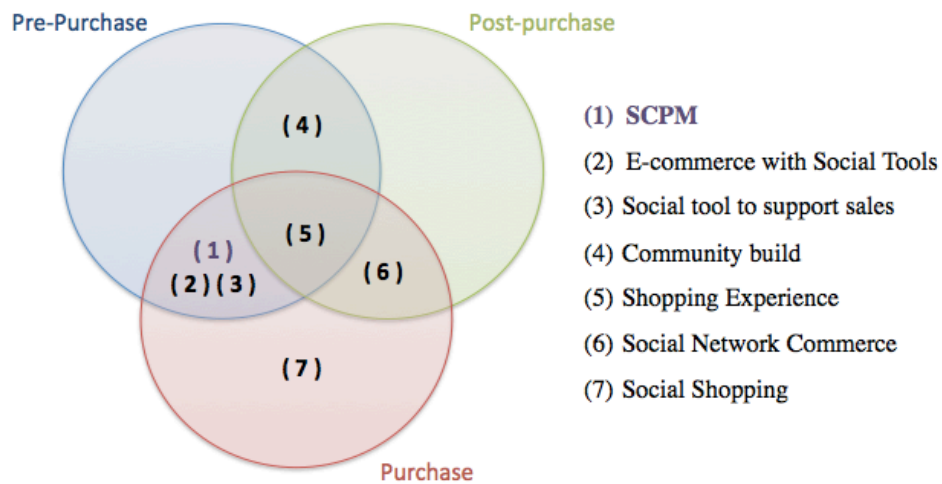


Figure 5.1 - Review of the classification of SC definitions

At a first glance, it may appear that the definition provided in this work (SCPM) has the same scope of two other groups. However, a deeper analysis can explain their differences. Table 5-2 recapture the three classifications in order to facilitate the study.

Table 5-2 - Classification of the three most similar definition of Social Commerce

Dimension	Pre sales			Purchase				After Sales		
	Social interaction for:			How purchases are made?				Focus		
	Co-creation	Need creation	Decision Making	Social Shopping	Online	Offline	On Social Networks	Support	Feedback	Community
(1) SCPM		•			•				○	○
(2) Ecommerce			•		•				○	
(3) Social tools		•			•					○

The differences in scope of Social Commerce is bigger between (1) and (2) than between (1) and (3). Starting the analysis with the group with bigger gap, it is easy to notice that (2) Ecommerce cover just online purchase while (1) SCPM covers all forms of purchase. In addition, while (1) SCPM promote social interaction for both need creation and decision-making, (2) Ecommerce focuses on the use of interaction just for decision-making. In contrast, the difference between (1) SCPM

and (3) Social tools is slighter and refers only to the use of social interaction, having a narrow scope in comparison to (1) SCPM. Taking into account also the expected dimensions (white circle on the Framework), it can be noticed that Feedback is not so important for (3) as it is for (1).

In the following section, the current study identifies the contribution of the model to the field by identifying the most significant advantages.

5.1.1 Advantages

The main advantage of this study is that it presents a model to define Social Commerce, making significant efforts to include elements, dimensions and variables not considered in previous research works. Thus, it is possible to have a clear and more comprehensive knowledge about what is Social Commerce, avoiding misunderstanding. Another important point achieved in the current study is that it shifts the definition of SC into a wider concept, having no sense anymore to discuss about the requirements for considering traditional E-commerce websites as SC or if Group Purchase and SNs profiles should be considered Social Commerce. In general terms, every purchase decision taken as a result of interaction with other individual is seen as Social Commerce.

Going deeper into the model itself, Social Commerce can be explained as a process without a defined starting and ending point, suggesting the idea of never-ending process. It is important to notice, that this definition does not limit Social Commerce to purchases done online.

Despite the significant effort to develop a good model capable of describing SC and defining its the scope, it is important to recognize the limitations of the current work in order to propose future research topics that can enhance the knowledge and understanding on the field.

5.1.2 Limitations

In the following sentences, some of the limitations found during and after concluding the current study are exposed.

The fist limitation that can be pointed is that the Conceptual Model was not validated, missing some case studies to confirm its consistence and veracity. A

second limitation concerns the identification of the facilitators, the main elements were identified and included in the model but some others can be missing. The fact that the model was developed to explain the definition of SC can be considered a third limitation. Even though the definition of SC presented in this work was created based on many previous studies some authors can disagree with it and, consequently, with the model. The last limitation important to be highlighted is the non-dynamism of the Model regarding technology aspects (facilitators), meaning that it can become out of date over time.

5.1.3 Future works

After this study, a number of future researches can be carried out. As a starting point, a research to validate the model could be done. It is also suggested a deeper study to include more facilitator and set the relevance of each one according to the strategy of the company. Additionally, it would be interesting a study to understand the importance seen by customers in each facilitators depending on the nature of the seller (company or other individual), sector of the company or the type of the product or service that is being sold.

5.2 The Survey

The survey allowed to acquire more knowledge about the state-of-art of Social Commerce and to understand the value perceived by consumers on it. The most important key points highlighted with this survey and with the support of the literature review are presented bellow.

- ***Social Commerce potentiality***: Social Commerce has the potential to increase consumer's trust, decrease the customer concerns of returning products and faster the payment phase. Social Commerce has a lot to due with feedback from other customers. Feedback increase the trust on the product, service, seller or website, allowing a better and clear purchase decision that will reflect in a higher customer satisfaction and lower uneasiness about the post purchase actions. Another improvement that is possible with SC is to accelerate the payment process as the

integration between E-commerce websites and Social Networks permits a quicker process, avoiding the need of register or insert credit card details in every acquisition due to the information already saved within the Social Network account.

- ***Social Commerce perceptions:*** Regarding the main key point of Social Commerce, customers recognize the value of interaction among people during the pre-purchase phase, mainly for information search. However, interaction is seen as not so important during the purchase phase. In this way, the new trend of Social Shopping and the value derived from it is not yet well recognized among consumer.

- ***Trusting:*** People trust others when purchase decision must be taken, influencing their opinions and in some case their actions. Shopping information received from friends is viewed as more valuable and, consequently, it may influence more the online purchasing. In this way, Social Network have a great potential to trigger Social Commerce once it has been one of the best tools to promote integration among people. Therefore, as people pay more attention to posts done by friends than by companies and they are more likely to purchase something if a friend has recommended it, Social Networks play a key role in Social Commerce.

- ***F-Commerce Role in Social Commerce:*** Focusing on the functionalities of Social Networks, apart from commerce features, they can be used for companies to decrease their barriers for interacting with customers, making it as easy as possible for users to begin to engage. SN has given voice to consumers and it creates a more effective communication between companies and customers, resulting in a significant impact on marketing, advertising, and many other corporate functions such as CRM and customer services. It is important to remark that one of current roles of Social Networks in Social Commerce is focused on the creation of need among customers, due to its interaction. This means that the even if SN is not selling product or service directly, it is creating brand awareness and desires along the network communities.

- ***F-commerce future:*** The main reasons why users interact with brands online, it is to receive discount and to read reviews or comments of other customers and not for buying products. A reasonable explanation could be that, besides the security and privacy concerns, few users access Social Networks with the intention of shopping. F-commerce is in its initial phase and Facebook needs to work on its image towards users in order to gain their trust. Therefore, is not possible to expect

an imminent success, it will require time to understand its chances for being successful or not. But it is unavoidable not to agree that SNs are already affecting what consumers buy and how they shop.

5.2.1 Limitations

Although the findings are interesting, the study is not without limitations. First of all, the size of the sample is not enough to represent well the whole population. Therefore, a specific segment of the population was targeted – people from 17-34 years old with a proper level of education and with Internet access. This segment plays a key role in Social Commerce but it is not enough to guarantee its success. The second limitation is an inherent limitation of survey studies, it is impossible to assure that what respondents said is, in fact, the same as what they would do, and the result might be different from the actual user behavior. The last limitation lies in the fact that a unique survey does not allow a comparison across time to understand the changes that have been occurring in the individuals' behavior toward Social Commerce and, consequently, its future.

5.2.2 Future works

The limitations of this research can be considered as a motivation source for future works. Besides, the results obtained disclose some potential topics to be further investigated. For instance it will be interesting to go deeper in the analysis of how the social advertisement is affecting and influencing consumers. Additionally, the current work opens the discussion about the psychological that Social Network interaction produces in customer purchasing behavior and interests. Also, as future work the research should focus on the tracking and measuring of the efficiency and value creation that Social Commerce generates for the companies.

5.3 Other Relevant Aspects

The Conceptual Model of Social Commerce developed in the previous chapter and discussed along this chapter, allow the reader to have a better understanding

about its definition and scope. Based on the knowledge acquired in this process the objective of this section is to contribute to the field of SC by clarifying some arguments and unanswered questions discovered during the literature review phase.

5.3.1 Social Commerce

The following questions recapture the points that were debated in the literature review. They will serve as a guide for the analysis presented below.

- What are the requirements of a website to be considered SC?
- How is it possible to differentiate E-commerce from Social Commerce?
- What can be considered as SC?
- Does a transaction need to take place in order to be considered SC?

The answers of these questions are correlated and have been indirectly presented in Section 4.2, where Social Commerce was defined.

The key element for understanding SC and, consequently, solve the issues presented above is to change the idea that links SC to a certain type of website. In other words, the characteristics of a website (e.g. Rating and Reviews tools, Forum or Recommender Systems, etcetera) do not turn it directly into Social Commerce. Bearing this fact in mind, it should not be compared with any E-commerce website due to the fact that there is no SC website indeed. What is going on is that E-commerce websites are integrating more and more social tools to allow consumers to interact. These websites that are trying to position themselves in the SC context are being called SC websites. However, these websites should not be named in this way as these tools do not guarantee Social Commerce to occur. For example, a website with absolutely no social tools can serve as platform for SC if someone has recommended one of its products in Facebook. In contrast, a website with many social tools can be excluded of SC if a consumer, after seeing an advertisement, decides to go to this site to buy the product without asking the opinion of another customer or making use of the social tools. This means that SC is not just a website, instead it is a process that combines several elements involving interaction, social tools, customers and purchase decisions.

Actually, Social Commerce should be seen as a dynamic process where purchase decisions are derived, exclusively, from the interaction between one or

more consumers. It is important to remark three key points in this process. First, the information should arrive to a customer from another customer. Second, this information supports the decision-making (buy or not to buy) or creates a new need in the consumer. Third, the purchase can be done either online or in-store.

Regarding the decision-making mentioned in the second argument, it is important to emphasize that a process that fits all the requirements described above should be considered SC even if the final decision is not to buy a product. In other words, Social Commerce can occur even without having a purchase.

5.3.2 Social Shopping

In the literature review some conflicts related to the definition of Social Shopping were highlighted. In general terms, SS is considered as the action of sharing the act of buying with someone else. However, this sentence has different meanings according to different authors. As the current study requires a SS definition, the concept used in this work simply joins many definitions, as its discussion is not an objective of this survey.

The first definitions constraint the general idea provided above, highlighting the fact that the action must be done online and on real time. Nowadays, this is possible because some websites are providing tools to imitate the social interaction experienced in physical stores, allowing people to share their screens in order to choose a product or to share the final expenses.

The second group includes online stores and Brick-and-Mortar stores into the SS definition, if they allow users to post on SNs in real-time. The posts are commonly used to inform other users what it will be bought. With the rise of mobile devices, it has been easier to extended SS beyond the online world by using check-in apps to stimulate friends to meet offline.

The last one is the one that generates more disagreements. It comprises Group-purchasing websites that encourage a group of people to buy together a product or a service online.

5.3.3 SC and F-commerce future

Even though Social Commerce has been considered a new phenomenon, its idea is not new due to the existence of WOM. However, there are two significant differences between these concepts that must be noticed. First of all, SC is linked, strictly, to commerce while WOM is connected to any kind of oral information passed from one person to another with all kind of purposes. Second, SC uses Social Media to spread of information in a larger scale, while WOM its simple oral communication.

In addition, Social Commerce does not require structural changes in the way people shops. Meaning that, customers are able to maintain theirs shopping preferences (buying online, in a store, through SNs or mobile) also in a SC context.

These two facts together let no doubts about the success of the future of Social Commerce. In fact, it is already happening and it is molding a new way of customer decision-making process.

Despite that F-commerce is strongly linked with SC, it success does not follow the same path of SC. The reason is that F-commerce requires structural changes on the process of shopping online. In other words, people need to migrate from an E-commerce platform to Facebook. This movement will require not just more trust on Facebook but also something else to motivates this change. Therefore it is impossible to expect an imminent success, requiring more time and research to understand its future.

6 CONCLUSION

Social Commerce is a new phenomenon that emerged with the development of the Web 2.0 and Social Media, mainly Social Networks. These tools have changed the individuals' behavior not just in the way they communicate and maintain relationships but also in the way they shop. Consumers don't have a passive behavior towards the information received anymore, they are increasingly creating content in the web and influencing each other lives and purchasing decisions, shifting the traditional dialogue from "company to consumer" to "consumer to consumer".

Social Media has supported the Decision-making process, bringing many benefits both for consumers and companies that can be summarized in Figure 6.1.



Figure 6.1 - Benefits of SC along the purchase process

Social Commerce is all about interaction among people, but due to the novelty of the term, there is no standard definition for the term, being used with different meanings and scopes. Therefore, this work had as main objective to propose a Conceptual Model to define SC.

6.1 The Model

As one of the most relevant outcomes obtained in this research, SC is explained as a process where purchase decisions are derived, exclusively, from the interaction between one or more consumers. It is important to remark that:

- The information should arrive to a customer from another customer.
- This information should support a decision-making (buy or not to buy) or create a new need in the consumer.
- The purchase can be done either online or in-store.

A brief description of the model presented in Figure 6.2 suggests that Social Commerce can be seen as a dynamic process, without a settled starting and ending point, involving 3 levels that can be influenced by some factors called Facilitators. The first level assures that Social Commerce is, in fact, a process, involving the three main phases of a traditional purchasing process: pre-purchase, purchase, post-purchase. The second level adds a social dimension to the process, starting with the creation of content that, at some point, will reach an individual, provoking integration and conversation. As a consequence a purchase decision will be made and a post-purchase action will be taken. The last level includes all the elements used to clarify and explain in more details the previous level. It is important to remark that individuals play an important role in this process, acting as intermediaries between companies and other individuals.

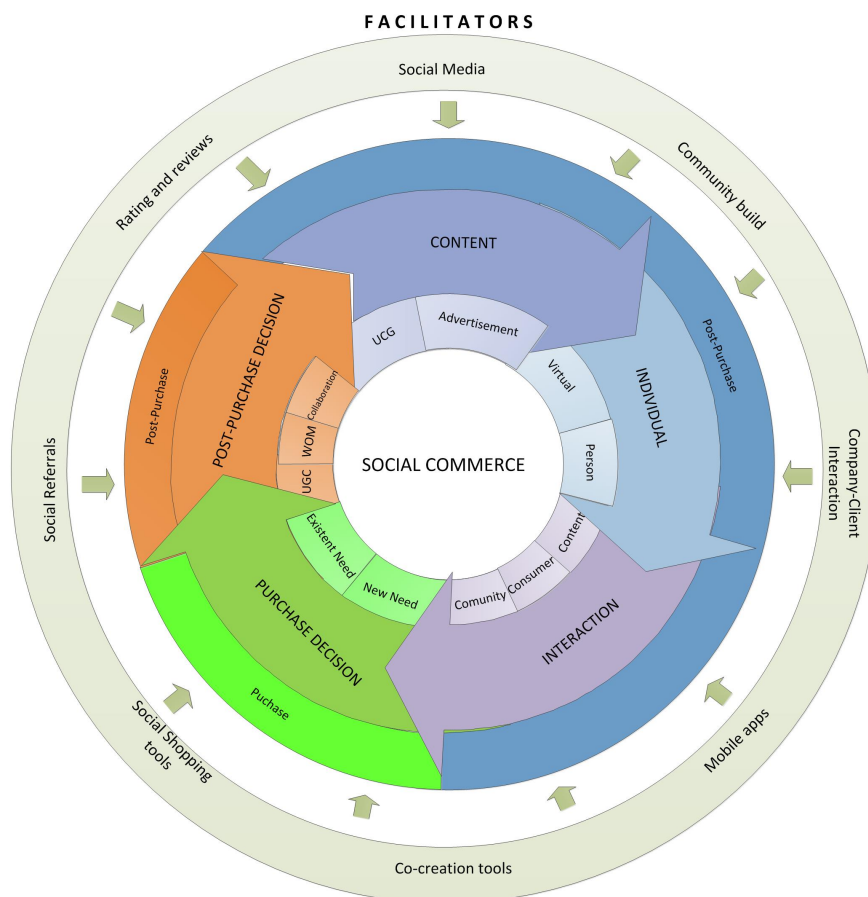


Figure 6.2 - Social Commerce proposed model

The main advantages and limitations of the Model developed in this work are showed in Table 6-1. The advantages represent, among other things, the difference between it and other existent definition found in the literature.

Table 6-1 - Advantages and Limitations of the Model

Advantages	<ul style="list-style-type: none"> ✓ It shifts the definition of Social Commerce into a wider concept; ✓ It does not limit Social Commerce to purchases done online; ✓ It includes elements, dimensions and variables not considered in previous research works; ✓ It sees SC as a process, without a defined starting and ending point; ✓ It considers as SC both one-to-one interaction and community-level interaction; ✓ It focus on both decision-making (buy or not to buy) or need creation.
Limitations	<ul style="list-style-type: none"> ✗ It is missing validation; ✗ It includes just the main elements as facilitators; ✗ It can become out of date over time mainly on aspects related to technology (facilitators).

6.2 The Survey

In order to complement this work a survey was performed to understand the value perceived by consumer on SC and to acquire more knowledge about its State-of-Art. The most important key points highlighted with this survey and with the support of the literature review are presented bellow.

- Social Commerce has the potential to improve the online purchasing process by increasing consumer's trust on product/seller/websites, decreasing the customer concerns of returning products and fastening the payment phase.
- Customers recognize the value of interaction among people for evaluating alternatives but not during the purchase phase. Therefore, the new trend of Social Shopping and the value derived from it is not yet well recognized among consumer.
- Shopping information received from friends and other costumers is viewed as more valuable and it may influence more the purchases decisions.
- Facebook can be used for companies to decrease their barriers for interacting with customers and to give voice to consumers. But to be used as a commerce tool it will require time, especially to understand its chances of success.

Although the findings are interesting, the study has some limitations. The size of the sample is not bigger enough to represent well all the segments of the population. In addition, it is impossible to assure that what respondents said is, in

fact, what they would do. Besides, a unique survey doesn't allow a comparison across time to understand the changes that have been occurring in the individuals' behavior toward SC.

6.3 Research Contributions

This study is one of the few studies that intend to provide a more complete definition of SC, once many uses the term without defining it. Thereby, it contributes to the academic literature, by organizing all the relevant knowledge regarding SC definition and proposing a Conceptual Model to describe this new phenomenon, helping to guide researchers and practitioners to a common path in the future.

In relation to the main contribution to firms it can be said that the model developed in this work allows them to have a better understanding about their role in Social Commerce. Moreover, it introduces some facilitators of the process, showing companies what can be done in order to stimulate and promote Social Commerce among consumers.

6.4 Future Investigations

The limitations of this research can be considered as a motivation source for future works, furthermore the results obtained discloses some potential topics to be further investigated. Regarding the Conceptual Model, to complement this study it is suggested a deeper research to include more facilitator and set the relevance of each one according to the strategy of the company. Additionally, it would be interesting a study to understand the importance seen by customers in each facilitators depending on the nature of the seller (company or other individual), sector of the company or the type of the product or service that is being sold. Considering the survey made would be interesting to go deeper in the analysis of how the social advertisement is affecting and influencing consumers. Additionally, the current work open the discussion about the psychological effects that Social Network interaction produces in customer purchasing behavior and interests. Also as future work, the research could be focus on tracking and measuring the efficiency and value creation that Social Commerce generates for the companies.

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8 ANNEX

Annex A – Survey: A New Online Experience – English

Have you ever thought about how the way we shop has evolved over time? Are you satisfied with the actual online buying process or would you like to turn it into a more dynamic, interactive and enjoyable process?

This survey is part of my Final Work about Social Commerce at Politecnico di Milano (Italy) + Universidade de São Paulo (Brazil). I would appreciate if you could take 5 min of your time to answer this survey and also share it with your friends.

Nationality: *

Age: *

Gender: *

Have you ever bought something online? *

- Books
- Clothes
- Tickets
- Eletronics
- Coupons
- Food
- Music, Movies, Games, Toys
- Perfumes, Beauty products
- Others
- I have NEVER bought something online

How would you describe the degree of satisfaction on the online shopping experience? *

- Very Satisfied
- Satisfied
- Neutral
- Unsatisfied

What, in your opinion, is missing in traditional E-commerce website that would help you to improve or facilitate the purchase decision?

Buying Process

Information search, decision making and post-purchase services. How is your behavior in each phase of the buying process? Let's check!

- Which sources of information do you take into account before acquiring a product/service? ***
- Friend advices through Facebook or another social network
 - Friend Advices through traditional channels (calls, messages or personally)
 - Ratings and reviews available on the internet
 - Information provided by the company
 - Directly visiting the store.
 - Others

- What do you think about websites that use your previous purchases information and/or your Facebook personal profile (or other social networks) to propose you additional products or services? ***
- They provide useful information according to my needs so I find it helpful.
 - It attempts to provide good suggestions but rarely catch my attention.
 - I'd prefer to discover things on my own.
 - This makes my customer rights feel violated
 - I have never seen a feature like that in a website

How interaction with friends and other customers is important to help you to: *

	Not important	Somewhat Important	Important	Very Important
Customize a product (asking for opinion for instance)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gather information about the product you are planning to buy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Discover about new products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Take the final decision of buy or not a product	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Buy a product (shopping together with another person)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

- Will you be interested on interacting on real time with other users/friends while shopping online? ***
- Yes, in this way online shopping experience will be similar to going to a shopping mall.
 - Yes, but It does not add value to online shopping.
 - No, I like shopping with friends but I will not do it online.
 - No, I like to shop alone.

- Would you be interested on customizing your purchasing experience online? ***
- Yes, I will
 - No, I would prefer to choose already well described products or services.

- Select the reasons, why you would interact with companies/brand online (by Facebook, twitter, blogs, wikis, forums)? ***
- To receive discount/promotions/offers/coupons
 - To purchase products through these sites
 - Submit satisfaction opinions on products/services
 - Submit concerns/complaints on products/services
 - Submit ideas for new product/services
 - To read reviews and comments of other customers
 - Learn more about the brand, (current and new) products/services
 - Customer service (contact the company asking for support)
 - Learn about coming Events
 - Feel connected or part of a community
 - Work there
 - Other
 - I wouldn't interact with a company online

- What would you like to experience in the post-purchase phase ***
- Online support
 - Phone/mail support
 - Keep in touch with the Company/brand (receive information about promotions, products, etcetera).
 - To have the opportunity to give my opinion (positive or negative) about the product or service to help future customers to make a better purchase de
 - Provide a feedback for companies about possible improvements on their products/service.
 - I don't want to experience anything

Social Networks

Don't give up! We are almost done!

Now, let's jump into the world of social networks.

Do you have a profile in any social network site (Facebook, Twitter, Linkdin...)? *

- Yes, I have
 No, I haven't

Have you already signed up in another website using Facebook or another social network account? *

- Yes, I have
 No, I haven't

Do you feel more connected to brands that are involved in Social networks (Facebook, Twitter, Linkdin...)? *

- Yes, I do
 No, I don't

Have you ever shared a product/service on Social networks (Facebook, Twitter...)? *

- Frequently
 Sometimes
 Never
 I don't remeber

Regarding posts about products/services existent on social networks *

- I pay attention to posts done by a friend.
 I pay attention to posts done by companies
 I am more likely to purchase something if a friend has recommended it
 I am more likely to purchase products/service if it has many likes
 I don't pay attention to them

Has a Facebook (or other social networks) post driven you to make a purchase? *

	Internet purchase	Store purchase	Never
Companies Post	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Friends Post	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Buying things on Facebook

Nowadays, although not very widespread, it is possible to buy real things on Facebook. This new type of E-commerce is called Facebook-commerce. Keep that in mind to answer the following questions:

- Would you like to buy a product/service that is being sold on Facebook? ***
- Yes, I would
 - Yes, I would buy it if Facebook was the only website selling it.
 - Yes, if I can get a discount or if it is cheaper.
 - Yes, I would if it was easier to buy on Facebook than in another website.
 - No, I am not interested at all

- How much would you be willing to spend on a product bought through Facebook (in one transaction)? ***
- Facebook is not for shopping
 - up to U\$50
 - U\$50- U\$100
 - U\$100- U\$200
 - more than U\$200

- What are your concerns about shopping on Facebook? ***
- I'm worried that shopping on Facebook would compromise my privacy.
 - I don't think Facebook is secure enough to make purchases on.
 - I am concerned about Facebook changes its purpose, turning into a shopping website.
 - I don't have any concerns about buying on Facebook.
 - I don't have any concern, actually I consider it positive.

Submit

Annex B – Survey Results

