

The Influence of Social Commerce on Consumer Decisions

Hettiarachchi H.A.H.¹, Wickramasinghe C.N.², Ranathunga S.³

^{1,2} *Department of Commerce and Financial Management, University of Kelaniya*

³ *Department of Computer Science and Engineering, University of Moratuwa*

Sri Lanka

Abstract

Today, comprehending consumer behavior is becoming dynamically challenging with the emergence of social commerce. Business organizations are now striving to convince consumers by exploiting the advantage of social support empowered by online social networks. Importantly, social ties in such online social networks facilitate trust as the most compelling benefit while alleviating the perceived risk, which happened to be the major concerns with electronic commerce over the years. This research study is aimed at understanding the impact of social commerce on the consumer behavior, particularly consumer decision-making stages. Hence, this research was conducted as a quantitative study involving a cross-sectional survey and gathered valid responses from Facebook users. Structural Equation Modeling (SEM) was used to analyze data and test hypotheses. The findings exhibited significant positive effects from social commerce on all the consumer decision-making stages namely; need recognition, information search, alternative evaluation, purchase decision and post-purchase decision. Therefore, this study highlights the importance of employing an appropriate social commerce strategy for business organizations.

Keywords: Consumer Decision-Making Stages, Online Social Networks, Social Commerce, Social Commerce Constructs, Social Support

1. Introduction

Web 2.0 is the groundbreaking technological advancement that resulted to embark the virtual social communities. Unlike in the past, today consumers are highly exposed to different social media technologies in which extreme popularity is residing with the Online Social Networks (OSNs). Consequently, people started to seamlessly connecting each other by embracing the OSNs in an unprecedented way. Enabling users to instantly create content and the ability to seamlessly interact with others are the most salient features that accelerated the acceptance and usage of OSNs. Besides, OSNs are becoming a beneficial platform for business organizations to build their presence. Notably, OSN platforms are now highly recognized as commercialized platforms equipped with virtual social interactions. Thus, academia and practitioners coined the term as “Social Commerce” to name this technologically enabled phenomenon.

It is empirically evident that the Web 2.0, primarily including OSNs has a significant impact on our behavior. In fact, from a commercial perspective, it has extended its impact on offline and online purchasing decisions of consumers (e.g., Forman, Ghose & Wiesenfeld, 2008^[1]; Hajli, 2015^[2]; Han & Windsor, 2011^[3]; Kwahk & Ge, 2012^[4]; Stephen & Galak, 2012^[5]; Wang & Yu, 2017^[6]). Moreover, it is acknowledged that equipping strongly with social support, OSNs led to strengthen e-commerce acceptance by building trust and minimizing perceived risk. Therefore, social commerce is no more a new phenomenon, thus envisioned to be among the salient driving forces of the business domain. It was firmly accepted the fact that among the other related fields, this could be the increasingly appealing research area (e.g., Khang, Ki & Ye, 2012^[7]; Liang & Turban, 2011^[8]; Lin, Li & Wang, 2017^[9]; Zhang & Benyoucef, 2016^[10]).

¹ Corresponding author. Email: harshaka@kln.ac.lk