

THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

Evaluating the Relationship between Social-Commerce Adoption Process and WOM Referrals: A Consumer Behaviour Study in Saudi Arabia

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Abstract:

Social-commerce has become a significant research trend in online shopping with the growth of information and internet technology. Thus, the study aims to examine the factors, affecting intention to use social-commerce and the factors, influencing positive word-of-mouth. The study has used a survey strategy to arrive at a consensus through quantitative data. The sample consisted of 246 respondents from Saudi Arabia. The findings have provided great integrated model for adoption behaviour of social-commerce, word of mouth, and its impact on different organizations. These findings further mentioned that advanced research is needed to derive comprehensive outcomes related to social-commerce.

Keywords: Social-commerce, e-commerce, social media, social network sites

1. Introduction

The growing popularity of social networking sites and social media in the last years and enormous turnout towards them have led to the emergence of a new stream of e-commerce, generally known as social commerce (Wang and Zhang 2012). Social commerce is emerging as an important platform in e-commerce due to the increased popularity of social networking sites; such as Facebook, LinkedIn, and Twitter. It was enabled by the appearance of Web 2.0 application that shifted the traditional use of internet to social environment, where people can interact and linked together by social media. It led to change in the way of communicating with others. Web 2.0 has appeared to offer users easier interconnectivity and involvement on the web. In recent years, the user's point of view towards the online environment has changed to commercial perspective and shifted the users to consumer as they depend on collecting product information through social networks site.

Social media is considered as a good mean to get product information through friend's peer communication and have the ability to influence their purchasing decision. It makes easier for consumers to share their purchasing experience, get advice and assistance from trusted peers, and collaborate online to get good offers and discounted or custom-design products. These activates have huge impact on users' behaviours in term of communication and purchasing decision. Many daily purchasing decisions would like to have some assistance and advice from others, as online shopping being more accessible for most people. The social networks have become a good platform for users to gather information and share experience. Social interaction with others affects consumer daily purchasing decision, especially between family members, friends, coo-workers, and peer influences (Wang and Zhang 2012; Teves 2013).

Users of social media attempt to share their shopping experiences, product features and information, get advice from peer influences, and collaborate online to custom-design products or receive price discounts via social media. These activates may have huge impact on behaviour of the users in term of communication and purchasing decision. To conduct such activity; there is certain accessible function for users to simply share commercial information through social network. With the growth and spread of social media and Social Network Sites (SNSs), these platforms became one of the first and effective option to study the consumer behaviour. Social media have big role on developing marketing strategy in companies by trust building utilizations.

Consumer influences other buyer intention and decision by the power of social media through feedback and reviews on their merchandises. On the other hand, there are many other psychosocial factors that affect company performance and reputation, purchase drives, company or brand's presence on social networks, demographic variable (age, gender, disposable income etc.), process of payment, and nature of stores (online or physical). The present study has examined impact of social networking on the purchasing decision. There is a massive growth of social-commerce market in the world; however, the researchers argued and differed on the factors causing consumers to choose social-commerce and dose WOM influence on consumer intention. The previous studies have not highlighted the opportunity, offered by social commerce to the firms.

There is a lack of studies regarding phenomenon of social commerce especially in the area of consumer behaviour, because of the lack of knowledge of these emerging commerce technologies. The determination of factors affecting consumer behaviour in social-commerce require more investigation to analyse and evaluate social commerce theoretically

and empirically. Therefore, the present study aims to examine the possible factors affecting consumers' behaviour adoption to fill the research gap in the literature and to address these questions. The study has also used the current widely exist literature and the other external factors that have been identified as influential in the adoption process. This study also intends to examine the role of WOM in consumer acceptance of the social-commerce.

1.1. Research Questions

This study attempts to fill the research gap in the literature and to address these questions.

- What factors influence consumer to participate in social commerce?
- How dose these factors affect positively WOM?
- Why do companies involve in social commerce?

2. Literature Review

Social Commerce is the new phenomenon that consoled ate two common trends, which aree-commerce and social media. The combination of them resulted in the emergence of social commerce. It is necessary to present more explanation on two important terms to have deep understanding on the concept of social-commerce.

2.1. Electronic Commerce

The buyers have shifted the in-store shopping experience to online experience, due to the increased use of the internet and its rapid spread. It has resulted in the emergence of e-commerce (Teves 2013). Regarding business goals e-commerce emphasized on business transaction that is conducted through an online intermediate by maximizing productivity with strategies for sophisticated searches. However, social-commerce focused on social objectives such as sharing information and interacting with others (Wang and Zhang 2012). Communication between consumers in social-commerce is different as they connect through social media, which enhance relationship and empower consumer.

Regarding system interaction e-commerce customer generates the interaction; while, social commerce allows current customers to share experiences. E-commerce purchases are managed directly from the company website; while, social commerce sales are managed through social media and the seller's website. The significant transfer from e-commerce to social commerce is because of the rapid development of Web 2.0 technologies. Social media has transformed the scenery of e-commerce by leveraging it from a product-oriented medium to a more social and customer-centric environment (Wignd et al. 2008).

2.2. Social Media

According to Marsden (Marsden 2010), social media would become the key factor in user and community-generated content, which is the new face of marketing. Further, Nutley(2010) revealed that social commerce is a form of social media that allows people to sell services/products, and participate in marketing in online communities and marketplaces, especially through social networking sites. Consumers are interested on the internet not only for gathering information about service or products, rather for commercial reasons as most of people conduct shopping through social networking sites (SNS) (Gatuatis and Medziausiene 2014).Consumers have the tendency to share their experiences with others and have access to the social knowledge provided by others that influence them to make better purchasing decisions.

2.3. Social Commerce

Social commerce concept was first presented by Yahoo referring to the process, which can be defined as a subset of electronic commerce that involves using social media (Yahoo 2005). The online media supports social interaction, and user contributions to assist in the online buying and selling of products and services(Yahoo 2005). The new generation of online trade will be generated and built on communications to enhance business outcomes. Social commerce has huge impact on encouraging people to online buying through social networks, which significantly affects trading. Social commerce has become one of the most significant trends and it is preserved as electronic commerce extension published by social networks tools. It refers to applications of social media that alter the business in a way that transform market of goods and services into more socially cantered and user driven marketplace (Shen and Eder 2009).

Social commerce is a subset of e-commerce; but with more interactive, personal, and social relations approach. It is a network of buyers as well as network of sellers(Huang and Benyoucef 2013). An internet based commercial application leverages Web 2.0 technologies and social media to support user generated content and social interaction that assists consumers in decisions making and acquisition of products/services within communities and online market places (Gatuatis and Medziausiene 2014). Social commerce is basically the deployment of social media tools in e-commerce that has evolved through e-commerce and is facilitated by new advances in Web 2.0 technologies (Hajli and Lin 2015).

The most common aspect was social media as it has huge impact and enable the exchange of information between users. They allow consumers to relate and share information between them and the haul experience regarding conducting shopping or just participating interest. This involvement has an advantage to better understanding on the consumer need by maintaining long relationship between consumers and business. This relationship will also benefit company as it creates a need to consumer and gain profit to company.

2.4. Word of Mouth (WOM)

WOM is not new idea or emerging term, it has been always important to market and biasness. It is known to have huge impact on consumer behaviour and intention (Song 2009). It is termed as the exchange of oral or spoken messages

between a sender and a receiver concerning the purchase of a good or services. In marketing, word-of-mouth communication involves the passing of information between a non-commercial communicator (i.e. someone who is not rewarded) and a receiver concerning a brand, a product, or a service (Chaney 2012). A study showed that 64 % of all customers read product ratings and recommendations before conducting purchases (Intertone 2010). Moreover, 75% of consumers, who are shared friends preferred to be inspired by finder or family or co-workers before conducting purchase. Therefore, it is not surprising that 68 % of choose to use groups while they make buying decision.

However, this does not confirm that WOM becomes one of the most significant and effective tool to concede as a marketing tool that can increase profit for companies. WOM is very powerful tool but it is a double-edged sword for firm and businesses. The firms have to pay great attention as it can be competitive advantage, which may lead to customer satisfaction and increase the purchasing or can be reason for losing. The main reason is that consumer believe more in the advice from friends or member of family or even co-worker and seek their recommendation. Negative word-of-mouth is found to be more effective in the consumer decision making process and can cause businesses to lose customers (Chevalier and Mayzlin 2006). The transfer of power has shifted to consumers from sellers as a brand is no longer what sellers tell consumers, it is what consumers tell each other (Hajli and Lin 2015).

2.5. Social Commerce and Firms

It is important to keep in mind that company's ability to integrate social media into their operations can provide a direct communication through intermediaries (platforms) with your existing and potential customers. It tends to lead to more open, personal, and social communication (Zhou et al. 2013). Social commerce aims to build long relationship between consumer and brand to help companies to engage with them. this related to better understanding of the consumers and create strong bond to generate more customer to the company. Social commerce can offer an incentive for customers to return to their website and provides customers with a platform to talk about their brand between other potential clients. Social commerce can also help consumer in many ways by providing information that would help them to compare and chose the best alternative and make it easy to search for them.

Zhang et al.(2013), argued that majority of the consumers rely on social networking sites as a source of information about companies, products, services, and brands as social media platforms have become readily accessible. Social Media impacts customers before, during, and after the purchasing process (Ickler et al. 2009). The positive impact not only for consumer but also company; although, it was originally designed for private use (Bughin and Manyika 2007). The companies have been presenting their brands and products on SNSs to leverage their popularity and profit.

3. Material and Methods

The study has been organized using adequate logical system to tackle issues and make new information. Logical techniques comprise of precise perception, arrangement, and elucidation of information (Kothari and Antal 1985). The information gathered needs be solid, believable, and significant to accomplish a decent after effect of this exploration work. In this manner, certain systems and techniques are utilized under particular circumstances to give an exact, substantial, and tasteful examination of information. As to information accumulation strategy, the analyst depends on both essential and optional information. Essential information was gathered by the scientist himself and for his own particular venture. One needs to obtain information that is straightforwardly pertinent to the issue in circumstances where optional information is not accessible and can't answer the examination questions.

3.1. Data Analysis

Two hundred and forty-seven (247) questionnaires were collected, and there were no disqualified questionnaires. Majority of the respondents (85.5%) were female. Table 1 has shown the gender distribution of respondents. Of the 247 respondents who reported their age, 78 were from 35 years to 44 years old (31.6%), 59 were from 25 years to 34 years old of age (23.9%), 58 were from 45 years to 54 years old of age (23.5%), 34 were from 18 years to 24 years old of age (13.8%), and 18 were from 55 years or older of age (7.3%). The age ranges appear consistent with that reported for all respondents; although, reported in a different rating scale (Table 1). 62.3% of the people had Bachelor's degree, 25.9% had a high school or equivalent, 6.9% had other degree, 4.5% had a Master's degree, and 0.4% of the people had a Doctoral or professional degree.

	Frequency	Percent
Gender		
Male	35	14.2%
Female	212	85.8%
Age		
from 18 years to 24 years old	34	13.8%
from 25 years to 34 years old	59	23.9%
from 35 years to 44 years old	78	31.6%
from 45 years to 54 years old	58	23.5%
from 55 years or older	18	7.3%
Occupation		
Student	30	12.1%
Public sector employee	69	27.9%

	Frequency	Percent
Private sector employee	33	13.4%
Retired	49	19.8%
Something else	66	26.7%
Current educational level		
High school or equivalent	64	25.9%
Bachelor's degree	154	62.3%
Master's degree	11	4.5%
Doctoral or professional degree	1	0.4%
Other	17	6.9%

Table 1: Demographic Profile of the Respondents

3.2. Reliability and Validity

The reliability of any measurement would necessarily depend upon the consistency of its use in relation to the individuals being assessed. In support of this suggestion, the reliability is determined by a consistency of score gained from the same individuals who are duly to be re-examined using the same tests on variety of occasions. Cronbach alpha coefficient confirms the need for a consistency of answers made to items within a specific measure. In this survey, there are total 247 feedbacks from sample population. All the feedbacks were complete, i.e. no missing data in the questionnaires. It is necessary to measure internal reliability of each construct with its different number of items. Cronbach's alpha is calculated for items designed for the same construct to test the internal reliability. If the items are multi-dimensional, Cronbach's alpha will generally be low. It can either make use of factor analysis or the correlation matrix of the items to select a subset of items that tend to be one-dimensional. The Cronbach's alpha value has been confirmed at 0.989 (Table 2).

Constructs	Cronbach's Alpha	Number of Items
User's behaviour in Saudi Arabia	.988	16
Social commerce	.989	13
All Variables	.993	29

Table 2: Cronbach's Alpha Test for Constructs

3.3. Empirical Data of Correlation Analysis

The correlation analysis provides the results about the variables and consider if they tend to indicate variety or not. From the correlation matrix, almost all the variables were positively correlated to each other at the 0.01 (Table 3).

Correlations				
		User's behavior in Saudi Arabia	Social commerce	All
User's behaviour in Saudi Arabia	Pearson Correlation	1	.982**	.997**
	Sig. (2-tailed)		.000	.000
	N	247	247	247
Social Commerce	Pearson Correlation	.982**	1	.993**
	Sig. (2-tailed)	.000		.000
	N	247	247	247
All	Pearson Correlation	.997**	.993**	1
	Sig. (2-tailed)	.000	.000	

Table 3: Pearson's Correlations between Constructs

4. Results and Discussion

In the survey, 58.7% of the respondents indicated that they always use social networking sites. However, 23.5% of the respondents replied that they often use social networking sites. More than 15.0% of the respondents indicated that they sometimes use social networking sites; while, 2.4% of respondents rarely use social networking sites, and 0.4% never use social networking sites (Table 4).

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Never	1	.4	.4	.4
Rarely	6	2.4	2.4	2.8
Sometimes	37	15.0	15.0	17.8
Often	58	23.5	23.5	41.3
Always	145	58.7	58.7	100.0

Table 4: Usage of Social Networking Sites

The respondents were also asked about social networking sites that were frequently used by the respondents. 25.1% of the respondents indicated that they used Snap Chat frequently. However, 17.4% of the respondents replied that they use twitter and Instagram frequently. 8.9% of the respondents indicated that they used frequently other side; while, 5.3% of respondents used YouTube frequently, and 0.8% used Facebook (Table 5). In the survey, 22.7% of the respondents indicated that they influenced you to make a purchase online using a social network website (Table 6).

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Face book	2	.8	.8	.8
YouTube	13	5.3	5.3	6.1
Twitter	43	17.4	17.4	23.5
Instagram	43	17.4	17.4	40.9
Snap Chat	62	25.1	25.1	66.0
Most of the above	62	25.1	25.1	91.1
Other	22	8.9	8.9	100.0
Total	247	100.0	100.0	

Table 5: Which Social Networking Site Do You Use Frequently?

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Ease of Purchase	45	18.2	18.2	18.2
Accessibility	37	15.0	15.0	33.2
Less Price, discounts, offers, coupons	40	16.2	16.2	49.4
Delivery	35	14.2	14.2	63.6
Choice/Variety	56	22.7	22.7	86.2
Other	34	13.8	13.8	100.0
Total	247	100.0	100.0	

Table 6: What Influence You to Make a Purchase Online Using a Social Network Website?

In the survey, 38.1% of the respondents indicated that social media advertisements affect buying decision. However, 21.1% of the respondents replied that social media advertisements affect their buying decision always. Moreover, 20.2% of the respondents indicated that social media rarely affected their buying decision; while, social media was not able to affect buying decision of 15.0% of respondents (Table 7). 32.8% of the respondents indicated that they sometimes asked the opinion of friends on social networks sites about a particular purchase. However, 21.9% of the respondents replied that they always asked the opinion of friends on social networks sites about a particular purchase (Table 8).

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Never	37	15.0	15.0	15.0
Rarely	50	20.2	20.2	35.2
Sometimes	94	38.1	38.1	73.3
Always	52	21.1	21.1	94.3
Often	14	5.7	5.7	100.0
Total	247	100.0	100.0	

Table 7: Do Social Media Ads Affect Your Buying Decision?

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Never	34	13.8	13.8	13.8
Rarely	43	17.4	17.4	31.2
Sometimes	81	32.8	32.8	64.0
Always	54	21.9	21.9	85.8
Often	35	14.2	14.2	100.0
Total	247	100.0	100.0	

Table 8: Opinion of Friends on Social Networks Sites about a Particular Purchase

44.5% of the respondents indicated that they often read reviews and feedback of social websites before making a purchase online. However, 28.7% of the respondents replied that they always read reviews and feedback of social websites before making a purchase online. 14.2% of the respondents indicated that they sometimes read reviews and feedback of social websites before making a purchase online; while, 7.3% of respondents rarely read reviews and feedback of social websites before making a purchase online. However, 5.3% never read reviews and feedback of social websites before making a purchase online (Table 9).

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Never	13	5.3	5.3	5.3
Rarely	18	7.3	7.3	12.6
Sometimes	35	14.2	14.2	26.7
Always	71	28.7	28.7	55.5
Often	110	44.5	44.5	100.0
Total	247	100.0	100.0	

Table 9: Feedback of Social Websites before Making a Purchase Online

In the survey, respondents were asked if social media comments, feedback, rates, and reviews regarding a particular product or service influence affected their purchase behaviour. 35.2% of the respondents indicated that they always follow social media comments, feedback, rates and reviews regarding a particular product or service influence whether or not you purchase it. However, 29.6% of the respondents replied that they often follow social media comments, feedback, rates and reviews regarding a particular product or service influence (Table 10).

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Never	10	4.0	4.0	4.0
Rarely	11	4.5	4.5	8.5
Sometimes	66	26.7	26.7	35.2
Always	87	35.2	35.2	70.4
Often	73	29.6	29.6	100.0
Total	247	100.0	100.0	

Table 10: Social Media Comments, Feedback, Rates and Reviews Regarding a Particular Product or Service Influence

The participants were asked to respond to 5 Likert-type statements dealing with their perceptions about social commerce (item 1-5) (Table 11).

Variable	Strongly Disagree	Disagree	neutral	Agree	Strongly Agree	Mean	Std. Deviation
I will prefer online shopping only if I have discount code.	2.4%	4%	30.4%	43.7%	19.4%	3.74%	.901
It is a great advantage to be able to shop at any time of the day on network shopping	2%	2.4%	15.4%	42.9%	37.2%	4.11%	.893
Shopping online is risky.	1.2%	6.5%	31.6%	42.9%	17.8%	3.70%	.879
As long as social network provides me what I need with delivery, it makes it easier to buy Online.	2%	8.5%	19.4%	47.4%	22.7v	3.80%	.953
It is risky for me not to see the product in real.		%3.2	%12.1	%40.9	%43.7	4.25	.792

Table 11: Perceptions about Social Commerce

It was found that more than 43.7% of the respondents agreed that they would prefer online shopping only, if they have discount code. A substantial percentage of respondents amounting to more than 42% felt that it is a great advantage to be able to shop at any time of the day on network shopping. A very interesting finding is that more than 42% of the respondents agreed that shopping online is risky. More than 47% felt that it is easier to buy online, as long as social network provides me what I need with delivery. More than 42% felt that the product may come different from the website. 33.2% of the respondents agreed that they love shopping in store more. 52.2% of the respondents agreed that Shopping Online save time.

5. Conclusion

The study has evaluated factors affecting intention to use social-commerce and the factors influencing on positive word of mouth and firms. The results supported direct relationship between consumer behaviour and social commerce.

The results have also revealed that WOM have positive impact on consumer intention and company. The social commerce and WOM influence the consumer that have that attention to buy, but also can create the need to involve. Many of the consumers depend on friends, family member, and peers before conduct purchasing or even involve in social commerce. Overall, this study offers direction for future studies on the topic of the adoption of social-commerce and WOM referred in social-commerce. Conducting similar research with larger sample in other cities of the country would strengthen interoperability and establish the validity of the findings.

6. Acknowledgments

The author is very thankful to all the associated personnel in any reference that contributed in/for the purpose of this research.

7. Funding

This research did not receive any specific grant from funding agencies in the public, commercial, or not-for-profit sectors.

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