# Adoption of Social Media by Online Retailers:
## Assessment of Current Practices and Future Directions

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## ABSTRACT

*In the online environment, the absence of social presence may prevent consumers from purchasing online, while it can enhance their trust, loyalty and enjoyment toward the e-retailer. Thus, today many online retailers try to create social presence by adopting media-rich technologies. In this paper, the authors assess to what degree social media cues are currently adopted by thriving web-vendors and on that basis speculate about future developments. To this purpose, 210 top B2C e-commerce websites have been content analyzed to identify how they differ in the deployment of diverse social media cues. While a wide range of social media cues are adopted by a majority of top e-retailers, a number of more advanced social media features like avatars, recommendation agents, and video-streams are in their infancy where adoption is concerned. The paper demonstrates that the utilization of social media features differs according to the monetary and symbolic value of products sold by the e-commerce vendors.*

*Keywords:      Content Analysis, E-Commerce, Social Cue, Social Media, Social Presence, Website Design*

## INTRODUCTION

Forecasting how rapidly tchnologies will advance and how society will use them is not an easy task. While a decade ago, many scholars predicted that by offering 24x7 online services, internet retailing would be superior and would replace traditional retailing instantaneously (Peterson et al., 1997; Swinyard, 1997), current U.S. e-commerce sales still only account for 3.4 percent of total retail sales (U.S. Census

Bureau, 2009). One of the main factors holding back consumers from purchasing online is the lack of social contact with store employees as well as with other shoppers (Lowry et al., 2010). As this deficiency can be overcome by the application of new media-rich technologies conveying social-presence (Gefen & Straub, 2003, 2004), we feel this can be an important factor contributing to the future success of e-retailers.

While the absence of social-presence in the online environment may prevent consumers from purchasing online, its presence can enhance

customer trust, loyalty and enjoyment towards the e-retailers. Thus, today many e-commerce businesses are trying to create social-presence by adopting media-rich technologies. The aim of this paper is to provide an understanding of how the adoption of different social-media features can affect online sales and also to assess the current deployment of diverse social-presence enhancing technologies among 'top' e-retailers in order to reveal opportunities for other e-commerce businesses and to speculate about future developments in this area.

We will first discuss how different social-media features can be applied by e-retailers to enhance perceptions of social-presence and why this can be important in generating online sales. Because it is necessary to understand the present adoption of technological trends before making any predictions for the future (Odlyzko, 2010) we subsequently investigate the current adoption of such social-media features by top business-to-consumer (B2C) online retailers. We also examine more specifically how e-commerce websites differ in their utilization of these social-media cues depending on the monetary and symbolic value of the products they sell. Based on these findings we will point out prospects for other e-businesses and will discuss what the future may bring. Understanding how top e-retailers differ in their utilization of social-media cues depending on the monetary and symbolic value of the products they sell will contribute to a better understanding of social-media diffusion among the variety of e-retailers and will allow us to make better predictions about the future.

## THE IMPORTANCE OF SOCIAL-MEDIA CUES FOR E-RETAILERS

In the offline retailing world, direct contact with a salesperson provides the customer with important cues for the establishment of trust (i.e., eye contact and gestures) which enhance the relationship and intentions to buy (Steinbrück et al., 2002). In contrast, the Internet lacks these kinds of human aspects, limiting the potential of purely virtual businesses (Anderson et al., 2010). To enhance this capacity, e-commerce companies must deploy mechanisms which enable two-way interactions between customers and e-retailers. This involves embedding social-media cues (i.e., cues based on human characteristics) into website interfaces via different communication media (Wang & Emurians, 2005). Today, new media tools like weblogs, instant messaging platforms, video conferencing, and online social-networks are reengineering the way people interact and are unleashing the potential of businesses worldwide (Hawn, 2009; Reding, 2010). Face-to-face communication is being replaced by synchronous and asynchronous communication such as e-mail, texting, blogging, podcasting, instant messaging and mobile devices (Badawy, 2009). The integration of such social-media cues into retail websites will increase the perception of employee presence and improve consumers' online experiences (Wang et al., 2007). 'Virtual advisors', one particular form of website social-presence, may for instance facilitate customers to make a decision to purchase the right product (Dash & Saji, 2007).

Scholars found that social-presence has a positive impact on trust, loyalty, perceived usefulness and enjoyment, and in turn positively influences the customer's intention to purchase products and services online (Cyr et al., 2007; Dash & Saji, 2007; Gefen & Straub, 2003). Social-media permit firms to engage in timely end-consumer contact at relatively low cost and with high efficiency (Kaplan & Haenlein, 2010). Dell Inc., for example, generated a total of $6.5 million in revenue in orders for PCs, accessories and software from their social-presence on Twitter (Guglielmo, 2009). Active users on Facebook are contributing more than 3% of all traffic to the top retail sites online, and 25% of social-network users post links to other companies, products or services (Mahoney, 2009). Thus, e-retailers need to invest in creating and maintaining effective social-media channels with potential customers if they want to stay competitive in the future. While it is necessary

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