

Social Commerce Benefits for Small Businesses: An Organizational Level Study

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ABSTRACT

Small businesses represent an important element of many western economies. However, they often struggle with resources needed to succeed, and small business owners often have to perform many, if not all, roles in their organizations. One of the key functions that small businesses need to excel at for business success today is social commerce since much of their business is migrating towards the use of social media for business. In this study, determinants of social commerce benefits for small businesses are explored. Using survey data from 60 small companies, this research identifies stakeholder pressure and partner pressure as the most significant factors in determining social commerce benefits for small business. Implications of these findings and provide suggestions for future research are discussed.

KEYWORDS

Organizational Perspective, Small Businesses, Social Commerce Benefits, Social Commerce, Social Media, Technology-Organization-Environment Framework

INTRODUCTION

There is no doubt that small businesses represent a core number of organizations in many countries. In fact, the Office of Advocacy of the Small Business Administration in the United States claims that small businesses have created more net jobs in 2011 than large firms, a pattern that has existed since 1992 (SBA, 2012). However, small businesses often face unique challenges in terms or skills and resources and small business owners must perform themselves all job functions, such as accounting, marketing, and employee management (Schaupp & Bélanger, 2014). Yet, they are also challenged with lack of technical skills needed to handle Internet-based requests. Hiring of technologically trained employees is expensive, and often beyond the reach of many small business owners. A solution for small business owners faced with these challenges is social commerce, which allows

DOI: 10.4018/JOEUC.2016070104

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them to use social media to reach new markets and potentially gain competitive advantages (Zhou, Zhang, & Zimmermann, 2013). Social commerce refers to using Web 2.0 in e-commerce (Kim & Srivastava, 2007), including user-generated content and sharing of content via social media (Huang & Benyoucef, 2013).

Social media is “the use of a technology platform to develop a community of stakeholders to collectively create, know, like, and trust relevant matters of the business entity” (Schaupp & Bélanger, 2014). A survey reveals that 66% of small business owners strongly agree that social media is important for their businesses (Stelzner, 2011). Social commerce for sales and marketing involves building relationships with individual consumers. While these relationships are superficial by their very nature, they can lead to substantial brand awareness; and, when customers are in the market to purchase the small business’ product, it becomes the best option because it is the customer’s “friend” (Wirthman, 2013). Indeed, advantages of social commerce for marketing include increased business exposure, increased traffic, and improved search engine rankings (Stelzner, 2011). Indeed, 74% of marketers believe Facebook is important for their lead generation strategy and social media generates almost double the marketing leads of trade show, telemarketing, daily mail, or pay-per-click (Anonymous, 2013). Not surprisingly, social media is now the top Internet activity, with Americans spending an average of 37 minutes daily on social media, a higher time-spent than any other major Internet activity, including email (Bendror, 2014). As of May 2013, 72% of online adults were using social networking sites (Brenner & Smith, 2013).

For small businesses, therefore, social commerce presents one possible means of obtaining business benefits by reaching a broader market and conducting sales and marketing efforts at reduced costs. Social commerce can help increase exposure and site traffic at a fraction of the cost of traditional marketing since the main cost is the time it takes to realize the benefits of the effort put forth (Schaupp & Bélanger, 2014). There are, however, a number of obstacles such as skills, regulations, and resources. This paper explores the factors that can lead to small businesses deriving benefits from their involvement in social commerce, which helps answer the call for “rigorous empirical work using business data” (Lang & Li, 2013, p. 5). The research is guided by the following research question: *What factors influence how small businesses perceive the benefits of social commerce for sales and marketing?*

From a research perspective, this study explores the use of social commerce from an organizational unit of analysis, which requires the use of potential adoption theories beyond the traditional individual level models, such as the Technology Acceptance Model (TAM) and Theory of Planned Behavior (TPB) used in other studies of social commerce (e.g., Hajli, 2013; Shin, 2013). This research uses and extends the Technology-Organization-Environment framework to the domain of social commerce benefits for small businesses. Few social commerce studies have focused on small businesses, which is one of the contributions of this study. The research model is tested with survey data from 60 small businesses in a variety of industries engaged in social commerce. This is another important contributions of the study as most prior studies have focused on social commerce use by individuals (e.g., Heinrichs, Lim, & Lim, 2011; Scott & Orlikowski, 2012; Shin, 2013) instead of by businesses.

The paper is organized as follows: First, theoretical foundations and relevant literatures used to develop the research model are presented. The methodology and data analyses are then presented. The paper ends with a discussion of results, including implications for research and practice, suggestions for future research, and concluding comments.

BACKGROUND

Social Commerce as a Sales and Marketing Tool

As social media has entered the mainstream as an efficient tool for socialization and information sharing, it has also created a new form of e-commerce called social commerce (Liang, Ho, Li, &

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