

Chapter 9

Social Network and Social Commerce

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ABSTRACT

A social network refers to a network of social interactions using various social media sites such as Facebook, WhatsApp, Twitter, Snapchat, Instagram, Pinterest, and LinkedIn. This chapter will first explain various concepts of social commerce involving the use of social networks and then elaborate on the key characteristics of social commerce and will highlight how it is different from e-commerce. A discussion is included on the concept of cross-border social commerce and its specific characteristics. Further, this chapter examines the trends in social commerce adoption by companies to promote international sales and the related benefits and challenges. It also presents a discussion on the use of social networks to understand and influence cross-cultural consumer behaviour in social commerce. Additionally, this chapter explores how social commerce can specifically benefit SMEs and born global firms to reach a larger audience in foreign countries and includes a discussion on cross-border social commerce strategy for business.

INTRODUCTION

A social network is generally conceptualised as a network of social actors including individuals, groups and organizations. The members in a social network often share common interests and maintain interpersonal relationships to exchange opinions, ideas, information and events. The interactions between social network members can be termed social networking (Zhang & Benyoucef, 2016). Thanks to the

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Internet age, web-based social networking now offers ubiquitous connectivity to the users of social media (e.g. Facebook, WhatsApp, Twitter, Snapchat, Instagram, LinkedIn). Using smartphones and computers, individuals can easily interact with family, friends, acquaintances, co-workers, customers and clients. Social media or social networks can also support buying and selling products, which is known as social commerce (Busalim, 2016; Hajli & Sims, 2015; Zhang & Benyoucef, 2016).

This chapter will first explain various concepts of social commerce involving the use of social networks. Essentially, social commerce shares some common features with e-commerce in that involves the use of the online medium to perform business transactions. However, several unique characteristics of social commerce make it different from e-commerce. Therefore, the chapter will elaborate the key characteristics of social commerce and will highlight how it is different from e-commerce. This follows a discussion on cross-border social commerce and its specific features. The rapid growth of social media has significantly contributed to the growth of cross-border social commerce. The chapter examines the trends in cross-border social commerce adoption by companies to promote international sales and the related opportunities and challenges. Customer knowledge is an important organisational resource.

A deeper understanding of customers is essential for companies to be able to offer the right products, design an effective marketing strategy and improve customer purchase and retention. The chapter presents a discussion on the use of social networks to understand cross-cultural consumer behaviour in social commerce. SMEs and born global firms often face problems in achieving international success largely due to their lack of market knowledge and limited access to overseas distribution channels. The chapter explains how social commerce can specifically benefit SMEs and born global firms to reach larger audiences in foreign countries. The continuing growth of social networks and encouraging success stories of companies using social commerce might have already inspired many international businesses to explore further the optimal social commerce strategy. Accordingly, the chapter also includes a discussion on cross-border social commerce strategy for business.

SOCIAL NETWORKS, SOCIAL COMMERCE AND CROSS-BORDER SOCIAL COMMERCE DEFINITIONS AND CONCEPTS

A **social network** refers to an online site that allows individuals to create and maintain interpersonal relationships with friends, acquaintances, family, co-workers or even strangers with similar interests (Ellison & Boyd, 2013; Grabner-Kräuter, 2009). Examples of popular social networks include Facebook, Twitter, Instagram, Pinterest, WhatsApp, Snapchat and LinkedIn. These are, however, Web 2.0 applications as they provide the user with opportunities to share online information with others and create information individually as well as in collaboration with other network members (Bicen & Cavus, 2011; Newman et al., 2016; Rasul, 2016b).

Social networks offer higher levels of user interactivity than static online platforms (e.g. a website); hence there is greater scope for collaboration and real-time communication (Hiremath & Kenchakkannavar, 2016; Newman et al., 2016). The five key features of a social network are the following (Amichai-Hamburger & Hayat, 2017; Eginli & Tas, 2018; Ellison & Boyd, 2013; Gao et al., 2018; Prabhu, 2017):

1. **Ubiquitous connectivity** – Participants can connect with each other anytime from anywhere.
2. **User-directed** – Social networks are controlled by users. They create and disseminate information (through conversations or sharing content).

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