

## **Examine the Effects of Social Commerce on the Willingness of Customers to Buy**

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### **ABSTRACT**

New developments in the field of information and communication technologies and the emergence of Web technology have created a new branch in e-commerce called social commerce. The present paper aims to examine the effects of the social commerce on the willingness of customers to buy. Therefore, we have distributed 308 questionnaires among University students in Sanandaj. Using PLS method the results indicated that social commerce has a positive and significant impact on willingness to buy. But as we consider trust as an intermediate variable between these two the level of effect increased.

**Keywords:** Social commerce, Willingness to buy, Trust, Sanandaj.

### **INTRODUCTION**

New developments in the field of information and communication technologies and the emergence of Web technology have created a new branch in e-commerce. The popularity of social commerce in areas such as social network sites can be considered as an example of the branches (Liang and Turban, 2011). Social commerce has been able to motivate people to online purchases through social networks, which could play a substantial impact on trading (Fue et al., 2009). This also has changed the perspective of customers towards an online purchase because in this case, they can talk to each other about buying goods and services, giving comment about it, rating the products, and read customer's views about the product. They can register on these sites and share their experiences (Fuller et al., 2009). According to Wang and Hajli, social commerce is creating value for firms (Wang and Hajli, 2014). The concept of customer willingness to buy is not a new concept. This issue refers to decision-making process at different stages of buying and using of goods and services. Although there is an agreement on the impact of social networking on customer's willingness to purchase, but there is no systematic analysis of this impact. Although extensive studies have been conducted in the field of e-commerce in customer purchases, but there is no study on determining the effects of the social commerce on the willingness of customers to buy in Iran despite the increasing role of e-commerce marketing topics. Thus, the researcher is trying to fill the existing gap by this research. Therefore, the present paper aims to examine the effects of the social commerce on the willingness of customers to buy in the city of Sanandaj<sup>2</sup>.

### **THEORETICAL FRAMEWORK AND REVIEW OF LITERATURE**

#### **Social Commerce**

Social commerce is raised as a new issue in e-commerce, in which social factors determine its phenomenon, and enables consumers to create the context using social media via online communities, forums, ratings, reviews, and recommendations. Social commerce has emerged with the increasing popularity of social media and integration of social media in e-commerce structure (Hajli, 2013). Social commerce is the integration of e-commerce with electronic marketing using the Web and social media applications. This integration is supported by theories such as social capital, social psychology,

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consumer behavior, and online collaboration. As a result, it is a set of useful software to stimulate social commerce (Turban et al., 2015). Social commerce refers to all kind of internet-based commercial programs, which supports social interaction and users provide content through social media to support individuals in their buying decisions (Huang and Ben Youssef, 2013). Preparation and applying online social networks for sales activities are known as social commerce (Rimantas and Audrone, 2014).

### **Social Commerce and Customer Willingness to Buy**

Willingness to buy is a structure of technology acceptance model (TAM) and it is one of the most successful theories in predicting people's willingness to apply a system (Pavlou, 2003). Willingness to buy is the customer's willingness to buy online in social networking sites (Martinez et al., 2014). The impact of social media on the market can be seen when electronics retailers provide more opportunities to interact with consumers (Amblee and Bai, 2011). Social commerce facilitates ratings and reviews, recommendations, and consumers' referrals with the help of the web and social media. Ratings and reviews will enable customers to see their friends review. This will help them in the decision-making process of buying. Brand reputation can affect the feedback obtained from the reviews (Davidson and Copulsky, 2006). Orders also strongly affect the customers' behavior as a source of information. Participation in online communities with the exchange of information is the most important reason is to join the communities. This has a direct impact on customer behavior. Social commerce increases the willingness to buy by creating opportunities for making groups, collaboration, information exchange, and membership in consumers. Thus providing social commerce platform can lead to more desired purchases that are one of the main objectives of the economy. Therefore, social commerce can have an important role in increasing the rational purchase of customers by creating a communication chain between individuals (Hajli, 2015). Some previous studies tested social networking features and its effect on purchase intention (Shin et al., 2011). Previous studies indicate a significant positive relationship between the structure of social commerce and customer willingness to buy reveals (Hajli, 2015). Some studies also showed that social commerce is directly correlated with social support and quality of relationships (Kamangarpour and Shahmoradi, 2015). Accordingly, raising the first main hypothesis of the research is investigated as follows:

The first main hypothesis: Social commerce has a significant and positive impact on the willingness of customers to buy.

In this research, the variable of social commerce has three dimensions namely, recommendations and referrals, reviews and ratings and communities and forums to decide to purchase. Accordingly, introducing three subsidiary hypotheses is reasonable to measure the effects of the dimensions of the customers' willingness to buy.

First subsidiary hypothesis: Recommendations and referrals on social networking sites have a significant and positive impact on the willingness of customers to buy.

Second subsidiary hypothesis: Communities and forums on social networking sites have a significant and positive impact on the willingness of customers to buy.

Third subsidiary hypothesis: Reviews and ratings on social networking sites have a significant and positive impact on the willingness of customers to buy.

### **The Relationship between Social Commerce and Customer's Trust**

Trust is a major issue in many economic and social exchanges, especially in the online field where there may be unreliability (Pavlou, 2003). Trust becomes more important when the perceived risk is high, as is raised in the e-commerce (Matz, 2005). Trust plays an important role in the process of adaptation to e-commerce (Aljifri et al., 2003) and it has a significant role in online commerce (Giffen et al., 2003). With the increase in social and communication technologies of the internet, some kind of trust and security is required to reduce the perceived risk of the transactions in both sides (Hajli and Lin, 2014). Many types of research indicate that people tend to reduce their social unreliability (Giffen and Straub, 2004). They also argued that if an e-commerce website accurately describes the products or services, consumers would rely more on the website (Ming Hsien et al., 2009). This can be facilitated by social technologies like customer's views, information and experiences of others in forums and communities. For example, when a well-known member of an online forum or community

suggests a seller with good feedback, other members may have a higher level of trust in the process (Lu et al., 2010). Previous studies reveal a positive relationship between social business and consumer's trust (Hajli, 2015). Lee also showed that the visual appearance of social commerce sites has an important effect on trust (Lee, 2014). Based on the posing the second main hypothesis, the research is reasonable as follows:

The second main hypothesis: social commerce has a positive and significant impact on customer's trust.

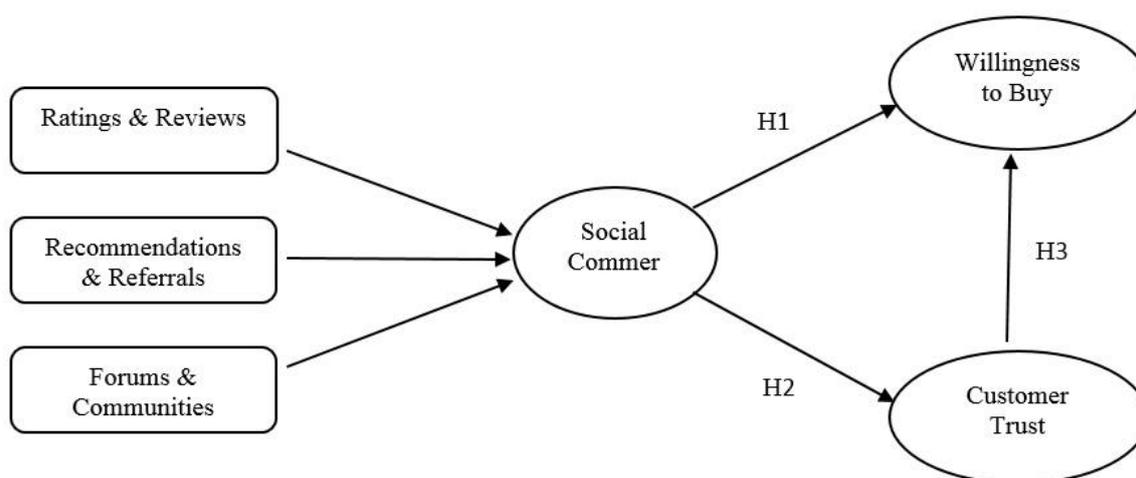
### The Relationship between Trust and Willingness of Customers to Buy

Trust is one of the most important requirements of e-commerce (Giffen and Straub, 2004; Matz, 2005; Pavlou, 2003). When the rules are not enough, customers will rely on trust to reduce social unreliability. When people register on social sites and exchange information with each other, or they read comments on goods and services and rate them, then the level of trust in a website or online social network increases. Since confidence plays a mediating role in the electronic market (Pavlou, 2003), trust can be a determining factor in the success of e-commerce (Ming et al., 2009). In addition, as surveys show trust plays a passion role in encouraging customers to buy (Lu et al., 2010; Shane, 2010). When we are searching the internet for purchasing goods or services, high reliability, and less risk are considered as important factors (Hsanin and Head, 2007; Shane, 2010). Furthermore, previous studies indicated a positive relationship between customer trust and customer willingness to buy reveals (Hajli, 2015; Kim and Park, 2013; Lee et al., 2014). Accordingly, posing the third main hypothesis is reasonable as follows:

The third main hypothesis: customer trust in social networking sites has a significant and positive impact on the willingness of customers to buy.

### THE THEORETICAL FRAMEWORK

The theoretical framework of this study indicates the relationship between the research variables. According to the theoretical framework, the independent, dependent, and mediated variables in this study are social commerce, customer willingness to buy, and consumer trust. To assess the relationship between the research variables Nick Hajli (2015) model was used. Therefore, this overall structure of the research has measured the relationships in accordance with the Figure (1).



**Figure1.** The research model adopted from Nick Hajli (2015)

### Research Framework

In this research, the relationship between the three variables of social commerce, customer willingness to buy, and consumer trust have been widely investigated in the statistical population included all students of Payam Noor University and Islamic Azad University of Sanandaj. In the following, we discuss the research methodology, statistical population and samples, data collection tools, and validity and reliability of measurement.

## Research Methodology

The statistical population of the present study includes all students of Payam Noor University and Islamic Azad University in Sanandaj who has at least an experience of using internet services or membership in social networking sites. Since the research population is unknown, thus 386 students were determined using Morgan table. After distributing the questionnaires, 303 out of 386 questionnaires were collected and used for the analysis.

### Data Collection Tools

In the present study, Nick Hajli (2015) questionnaire with some modifications was used to assess the impact of social commerce on the customer's willingness, which contains 20 questions. 12 questions were used to measure social commerce (including three dimensions: recommendations and referrals, reviews and ratings and communities and forums), 4 questions were used to assess the customer's willingness to buy, and 4 questions were used to assess the variable of trust. Also the five-point Likert scale (1 = strongly disagree, 5 = strongly agree) was used in the questionnaire.

### Validity and Reliability of Assessment Tools

Since the questionnaire was based on Nick Hajli's (2015) questionnaire, therefore its validity assumed to be valid. In order to determine its reliability, we use Cronbach's alpha coefficient. Cronbach's alpha values for each of the variables of social commerce, customer willingness to buy and customer trust were higher than 0.7, which showed the reliability of the questionnaire.

### Analysis of Research Data

Descriptive statistics such as calculating the average was used to analyze the statistical data and the correlation between the variables and factor analysis methods were used in inferential statistics. LISREL 8.5 and SPSS17 were used for data analysis. In addition, the partial least squares (PLS) method was used to assess the validity of structural equation modeling.

### Research Findings

*Descriptive statistics:* According to the descriptive indicators, most respondents to the questionnaires were male which account for 59% of the respondents. Based on the age, the age group from 20 to 30 years old has the highest frequency, and in terms of educational level, almost 80% of the people had a Bachelor's degree. Nearly 89% of respondents were membership in social networks and 95% of them had online shopping experience. Further details can be found in table 1.

**Table1.** Demographic Characteristics of Respondents

Demographic	Range	Frequency	percentage
<b>Gender</b>	Male	179	59.07
	Female	124	40.93
<b>Age</b>	≤ 20	73	25.41
	20-30	194	64.02
	30-40	24	7.92
	40-50	12	3.96
<b>Educational level</b>	Diploma	27	8.91
	Bachelor's degree	242	79.86
	Master's degree	34	11.22
<b>Job</b>	Employee	51	16.83
	Free	79	26.07
	Other	57	18.81
<b>Membership in social networks</b>	Yes	270	89.10
	No	33	10.90
<b>online purchase experiences</b>	Yes	288	95.04
	No	51	4.96

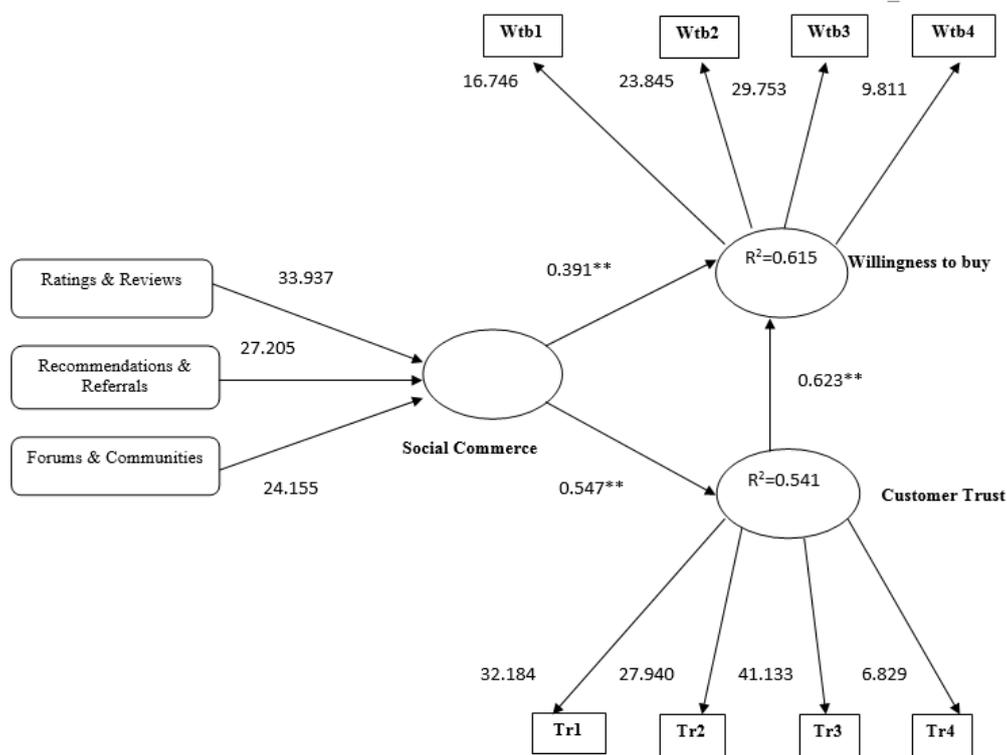
*Analytical statistics:* correlation analysis was performed in order to investigate the relationship between social commerce, customer willingness to buy and customer trust. Table (2) shows the Cronbach's alpha coefficients and correlation between variables. The results indicate that social commerce variable has the strongest correlation with customer willingness to buy and it has the lowest correlation with customer trust. Among components of social commerce, suggestions and comments have the highest correlation and groups and forums have the lowest correlation. The results also showed that the trust variable has the strongest correlation with the customer's willingness to buy.

**Table2.** Cronbach's alpha and Pearson's correlation coefficients between variables

Variables	Cronbach's alpha	(1)	(2)	(3)	(4)	(5)	(6)
(1) Social commerce	0.89	1					
(2) Recommendation and referrals	0.83	0.79**	1				
(3) Forums and communities	0.85	0.64**	0.53	1			
(4) Rating and reviews	0.86	0.74**	0.49	0.71	1		
(5) Customer trust	0.70	0.66**	0.68	0.84	0.75	1	
(6) Customer's willingness to buy	0.84	0.82**	0.58**	0.53**	0.56**	0.75**	1

$P < 0.01$ . Numbers with highlights are the average variance obtained and the rest are the square of correlation. \*\*

In addition, to measure the effects of the independent latent variable on the dependent latent variable structural equation model is used thus based on that we can test the main hypothesis. Figure (2) shows the structural model of the study. As can be seen in figure (2), all the path among variables are positive and significant at the level of 0.05. Furthermore, the results of R square showed that higher than 50% of the variance in the willingness to buy was accounted by social commerce and trust. Therefore we can conclude that the results of R square are at a satisfactory level. According to the path coefficient the direct effect of social commerce on the customer willingness to buy is 39%, but by entering the variable of trust, the customer trust increases. This means that social commerce affects the customer trust as much as 55%. And the customer trust affects the customer willingness to buy as much as 62% therefore, customer trust has a positive effect on the willingness of customers to buy. The figure shows that all relationships between social commerce, customer trust, and customer willingness to buy are significant. Now we are in the position to make the summary results of our hypothesis. Table 3 shows that all the considered hypothesis mentioned above were supported by the results of our structural model.



**Figure2.** The results of PLS analysis, \*\* $P < 0.01$

**Table3.** Summary results of the structural model (Path estimates ( $\gamma$ ) and t-value)

Hypothesis	path estimates ( $\gamma$ )	t-value	Results
H1. Social Commerce $\rightarrow$ Willingness to Buy	0.391	2.964	Supported
H1a. Ratings & Reviews $\rightarrow$ Willingness to Buy	0.841	33.937	Supported
H1b. Recommendations & Referrals $\rightarrow$ Willingness to Buy	0.839	27.205	Supported
H1c. Forums & Communities $\rightarrow$ Willingness to Buy	0.889	24.155	Supported
H2. Social Commerce $\rightarrow$ Customer Trust	0.574	18.680	Supported
H3. Customer Trust $\rightarrow$ Willingness to Buy	0.623	7.462	Supported

## **CONCLUSIONS AND RECOMMENDATIONS**

The results of this research show that social commerce has a significant and positive impact on the willingness of customers to buy. In accordance with the findings, the main hypothesis of the research based on the positive and significant impact of social commerce on the willingness of customers to buy was confirmed. According to Hajli (2015), social commerce increases the willingness to buy by creating opportunities for making groups, collaboration, information exchange, and membership in consumers. Thus, providing social commerce platform can lead to more desired purchases that are one of the main objectives of the economy. Therefore, social commerce can have an important role in increasing the rational purchase of customers by creating a communication chain between individuals. The results are also in line with the results of the Qin et al (2011), Angie (2013), Zhang et al. (2014), Lee et al. (2014), and Bai et al (2015).

The second main hypothesis was the positive and significant impact of social commerce on customer's trust in their purchases, which was confirmed. According to Gaffney and Straub (2004), trust is certainly one of the key elements in internet commerce and social commerce. When, laws and regulations are not enough, customers try to reduce their social unreliability by relying on trust and familiarity. Thus, people try to increase their information about a product or service by participation in groups and communities or reviewing views and customer's opinion. Consequently, the customers trust increases. It should be noted that the results of this hypothesis are in consistent with the findings of Kim and Park (2013), Lee (2014), and Hajli (2015).

The third main hypothesis about the significant and positive impact of customer's trust in social networking sites on the willingness of customers to buy was confirmed. According to Hajli and Lane (2014), due to the unique position of trust in online purchases and in social commerce, thus the tremendous impact of this variable on the willingness of customers to buy can be observed. With the increase in social and communication technologies on the web, a kind of trust and security is required that will allow both sides to reduce the perceived risk of the transactions. The results of this hypothesis are also in line with the findings such as Angie (2013), Kim and Park (2013), Lee (2014), and Hajli (2015). The first subsidiary hypothesis based on the positive and significant impact of recommendations and referrals on social networking sites on the customer willingness to buy was confirmed. According to Senekal and Natel (2004), customer's suggestions and opinions have a strong influence on customers' behavior as a strong source of information. In addition, suggestions on social networks can also affect the election. The results of this hypothesis are also in line with the findings of researchers such as Ridings and Gaffney (2004) and Hajli (2015). The second subsidiary hypothesis based on the positive and significant impact of communities and forums in social networking sites on the customer willingness to buy was confirmed. According to Ridings and Gaffney (2004), potential customers make groups and communities in the virtual space to do their rational shopping. Today, we are observing the significant increase in these communities and groups on social networks. Creating online groups in order to exchange the information reveals the impact of these networks on decisions and desires of customers. The results of this hypothesis are also in line with the results of Ridings and Gaffney (2004) and Hajli (2015). The third subsidiary hypothesis based on the positive and significant impact of reviews and ratings on social networking sites on the willingness of customers to buy was confirmed. According to Yubo and Jinhong (2005), review and comment by third parties that have no interest in selling the product can certainly have a considerable influence on the decision to buy or not. Chris et al. (2008) believe that one of the important reasons for review and comment for customers is that this information is useful information and experiences that a customer has about the product or the product. The results of this research are in line with the findings of researchers such as Yubo and Jinhong (2004), Chris et al. (2008), and Hajli (2015).

## **APPLIED RECOMMENDATIONS**

With the expansion of the internet in different fields of life, many types of research have been conducted to encourage customers to do life affairs in the digital environment. Due to the characteristics of the digital environment and behavioral characteristics of consumers in order to facilitate the process for online services, the following suggestions are recommended:

- Creating the required infrastructure for the full deployment of technologies related to the possibility of social commerce
- Training and introducing social commerce sites to public through mass media

- Giving free consultation to companies, organizations, and suppliers of goods and products in the field of social commerce
- Introducing methods for the detection of forged and false social commerce sites and ways to deal with it

## **RECOMMENDATIONS FOR FUTURE RESEARCHES**

Since one of the concerns of social commerce is unhealthy competition in the field, thus it is recommended to conduct a research on the identification of unhealthy competition practices in social commerce sites and ways to deal with it. Due to unavailability of documented data on social commerce of internet service users and demographic characteristics related to them, it is recommended to investigate and identify the impact of demographic factors on the adoption of social commerce by customers. Future researches are also recommended to assess the impact of social commerce on the willingness of customers to buy with respect to other dimensions.

## **RESEARCH LIMITATIONS**

Although it has been tried to make the respondents familiar with the purpose of the study and its implications for them, but some of them considered social commerce the same as e-commerce due to being a new topic, therefore, it can affect the results drastically.

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