# Exploring factors affecting social e-commerce service adoption: The case of Facebook Gifts

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A B S T R A C T

Although social commerce is an important trend in practice, relatively few research studies have explored the impact of social commerce innovations launched within social networking sites. The deployment of a gift-giving service within a social networking site provides a unique opportunity to study the intersection of technological innovations and social norms and its potential to generate new revenue for ecommerce sites. Using Facebook Gifts as a real-world context for the study, we explore the factor structure of salient user beliefs influencing usage intention, and examine the relationships between beliefs and intention to use the service in a broader nomological network. Instead of adopting constructs from existing models, we started with the elicitation of salient beliefs and proceeded with successive stages of refinement to develop a suitable model. The empirical results show countervailing effects of perceived social utility and perceived convenience of the service on one hand, and low perceived value and privacy concerns on the other. A notable finding is the potential conflict arising between the expectations of effort associated with the procurement of a gift and the common perception of technology as reducing the required effort. The net result is that a technology-mediated gift service in the context of a social networking site runs counter to the social norms associated with traditional gift exchanges. This insight provides evidence of the dual challenge for social commerce initiatives. In order to be successful, new services in this area must leverage the potential of the technology as well as social practices.

## 1. Introduction

The continuous development of e-commerce has produced a noticeable shift in consumer spending away from traditional physical retailers to online vendors. As a result, e-commerce accounted for more than $341 billion in sales in the United States in 2015, and it is expected to continue its double-digit growth through 2017 (Zaroban, 2016). This substantial growth is due in part to social commerce, which integrates e-commerce, social media, and social networking sites. Social commerce affords the opportunity to leverage existing social connections and resources within the business value chain for a variety of purposes including product idea generation (Leimeister, Huber, Bretschneider, & Krcmar, 2009), production (Brabham, 2008), marketing (Kane, Alavi, Labianca, & Borgatti, 2014), and service and support (Chen, Marsden, & Zhang, 2012).

The increasing popularity of social networking sites presents a natural opportunity to expand B2C and C2C e-commerce. For example, Facebook, the largest social networking site, now boasts over 1.79 billion users worldwide ("Facebook Company Information," 2016). Usage statistics indicate that an average Facebook user spends 50 min per day on the site (Stewart, 2016). While the potential exists, the successful development of the social commerce opportunities requires an understanding of the interplay between the users, technology and social factors (Wang & Zhang, 2012). Consequently, the aim of this study is to investigate individual beliefs influencing the intention to use a gift-giving social commerce service offered within a social networking site.

Facebook Gifts service is the context for this study. The service represents Facebook's first explicit attempt to leverage social commerce and, as such, it offers a natural context to examine the factors that influence users' intentions to engage in social commerce. Facebook Gifts was the result of partnerships established with 1-800-Flowers, Starbucks, and other retailers. The service offered gift options including both physical goods, such as flowers, and digital products, such as electronic gift cards. In order to promote the adoption of the service, Facebook Gifts offers were tied to Facebook birthday notifications, such that a notification about a friend's birthday included a link offering to send a Facebook Gift.

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Gift exchanges serve an important role in the maintenance and development of social relationships (Sherry, 1983) and thus represent a significant social phenomenon. Gifts can carry economic, symbolic, and social value (Belk, 1996). Estimates suggest that Americans spent over $20 billion on gifts in 2013 (IBISWorld, 2014). Consistent with other commercial trends, consumers are increasingly purchasing gifts online (Heller, 2013). The selection of a gift-giving service offers a unique context to explore social commerce, not only because of the significance of gifts in social relations but also because the service is provided within a social networking site.

To investigate the factors influencing the intention to adopt Facebook Gifts, we use the Theory of Reasoned Action as the foundation. This theory posits that individual beliefs and subjective norms are key predictors of behavioral intentions in different spheres of human activity (Fishbein, 1979; Fishbein & Ajzen, 1975). Drawing from this theoretical foundation, we conduct three consecutive empirical studies. The first study seeks to elicit salient Facebook user beliefs with respect to Facebook Gifts. The second study examines the factorial structure of these beliefs. The third study, evaluates the predictive value of the relation between beliefs and intention to use Facebook Gifts in a nomological network of demographic and psychographic factors.

The results revealed a novel set of constructs that encompass beliefs that affected the intention to adopt the Facebook Gifts service. On the one hand, *perceived social utility* and *perceived convenience* had a positive relationship with the intention to use the service. On the other, low *perceived value* and *privacy concerns* had a negative effect on the adoption intention. *Perceived social utility* represents a novel construct in technology adoption research and it highlights the critical role of social considerations in social commerce adoption. We also discover that *low perceived effort* which is commonly a positive predictor of technology adoption intention, is a part of a higher order construct that reflects *low perceived value* of gifts available through Facebook Gifts thus undermining the service adoption intention. The remainder of the manuscript is structured as follows. First, we discuss the theoretical foundation of our work. Next, we discuss the methodology and we present the results. We conclude with a discussion of our contributions to theory and practice as well as study limitations and opportunities for future research.

## 2. Theoretical background

To develop the list of factors driving the adoption of a social commerce innovation (i.e. a gift service within a social networking site), we draw on the Theory of Reasoned Action (Fishbein, 1979; Fishbein & Ajzen, 1975). The core proposition of TRA is that individual beliefs as well as subjective norms influence behavioral intentions (Fishbein and Ajzen, 1975). TRA has been applied across a broad spectrum of human activities and it has proven its value by identifying beliefs which can be modified in order to influence behaviors (Sheppard, Hartwick, & Warshaw, 1988). While the Theory of Reasoned Action provides a general theoretical background, the salient beliefs that may predict the intent to engage in a specific action are always context specific; particularly when the context involves technology adoption. The identification of factors influencing technology adoption has been a prolific area of research in Information Systems (King & He, 2006; Schepers & Wetzels, 2007). The Unified Theory of Acceptance and Use of Technology (UTAUT2) (Venkatesh, Thong, & Xu, 2012), and the seminal Technology Acceptance Model (TAM) (Davis, 1989; Davis, Bagozzi, & Warshaw, 1989), posit that performance expectancy (perceived usefulness) and effort expectancy (perceived ease of use) play a key role in influencing technology adoption, but their influence varies with respect to the adoption stage. Accordingly, longitudinal studies have shown that perceived usefulness is a stronger predictor of adoption prior to use, whereas perceived ease of use becomes important in the early stages of system adoption as users begin to utilize the system (Venkatesh & Davis, 2000).

In technology adoption research, the central tenet of TAM and UTAUT2 is that perceived usefulness will be the major determinant of the adoption intention. The original conception of technology usefulness – developed in the context of workplace systems – defined it as "the degree to which an individual believes that using a system would enhance his or her job performance" (Davis, 1989). However, two additional factors incorporated by UTAUT2 recognize the importance of pleasure motive (Heijden, 2004) and habit (Khansa, Ma, Liginlal, & Kim, 2015; Kim, Malhotra, & Narasimhan, 2005; Ma, Kim, & Kim, 2014) in adoption and use of systems that transcend the typical workplace.

Both models, TAM and UTAUT2, are built on the foundation provided by the Theory of Reasoned Action (TRA). The subjective norms in TRA point to the importance of social factors in influencing individual behavior, but the technology adoption research produced conflicting findings on the role of subjective norms in technology adoption. The original TAM formulation suggested that subjective norms were not predictive of the technology adoption intention (Davis, 1989), while subsequent studies provided a more nuanced view in which subjective norms may be important in the early stages of technology evaluation, but not in continued use (Karahanna, Straub, & Chervany, 1999). Further, more recent studies uncovered complex interactions of gender and cultural values in moderating the effects of subjective norms in technology adoption (Srite & Karahanna, 2006). The effects may be nonlinear (Titah & Barki, 2009) and social inertia can also inhibit technology adoption (Polites & Karahanna, 2012). Exploring these normative influences in more depth will shed light on the particular factors that influence the adoption of social commerce.

### 2.1. Social commerce

Social commerce is formally defined as e-commerce that involves social media and social networks (Liang & Turban, 2011). Although the term has been used to define a particular area of ecommerce recently, consumers have been sharing insights about e-commerce products and services before the definition of social commerce. Yahoo is credited with the formal introduction of social commerce as an area of practice, with its pioneering design of features to support social feedback, information sharing and social connections among its users (Yahoo, 2005). At the same time, the proliferation of social media services, such as Facebook, Twitter, Instagram, Tumblr, among many others, offer new platforms to incorporate social inputs across business functions. As it is the case in other emerging fields, practice is evolving rapidly, while scholarly research in social commerce is lagging behind (Wang & Zhang, 2012).

Although academic research in social commerce is underdeveloped (Shanmugam, Sun, Amidi, Khani, & Khani, 2016), prior studies can be classified into two major streams. The first stream deals with the incorporation of social commerce innovations such as social presence, word-of-mouth, and social support within traditional commercial websites. For instance, a study of trust towards an online retailer has shown that social presence is an important factor influencing trust and the intention to transact on an e-commerce site (Gefen & Straub, 2004). In B2C, electronic word-of-mouth has led to higher sales (Chevalier & Mayzlin, 2006). In C2C, an experimental study found that the introduction of social commerce features can create substantial economic value (Stephen & Toubia, 2010). Prior research has shown that perceived availability of social support is positively related to social commerce adoption and continuance intention on a micro-blogging service (Liang, Ho, Li, & Turban, 2011). However, research has also shown that social feedback can have a negative impact on consumer creativity and satisfaction with products (Hildebrand & Häubl, 2013).

The second stream of research in social commerce deals with the incorporation of e-commerce within traditional social networking sites. The basis for the success of this type of social commerce is established with studies examining information dissemination through social media