



## Customers' purchase decision-making process in social commerce: A social learning perspective



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### ABSTRACT

The proliferation of social commerce has changed customers' purchase decision-making process. However, few studies have investigated the roles of social commerce factors on customers' purchase decision-making. Based on the social learning theory, we develop a research model to examine how customers' learning behavior along three main social commerce components (SCCs) affects customers' attitude in both cognitive and affective dimensions and how such attitude determines customers' purchase intention. The results from a survey of 243 actual users of social commerce websites suggest that cognitive and affective appraisals are the main predictors of purchase intention, with cognitive appraisal having a higher predictive power than affective appraisal. In addition, learning from forums and communities and learning from ratings and reviews have significant influences on both cognitive and affective appraisals, while learning from forums and communities plays a more important role in formulating affective appraisal and learning from ratings and reviews plays a more important role in determining cognitive appraisal. Contrary to our expectation, learning from social recommendations has no significant influence on either cognitive or affective appraisal. In summary, these findings provide a comprehensive understanding about customers' purchase decision-making process and extend the application scope of social learning theory. The findings also provide social commerce managers guidance in designing more effective websites and allocating resources and efforts reasonably on different SCCs.

### 1. Introduction

*Social commerce* is a form of commerce mediated by social media involving convergence between the online and offline environments (Bai, Yao, & Dou, 2015; Chen & Shen, 2015; Shanmugam, Sun, Amidi, Khani, & Khani, 2016). Social commerce websites provide various applications including product recommendation to a friend, customer review provision, discussion board, and writing and rating a review, all of which are called social commerce components (SCCs) (Hajli, 2015). Within this environment, customers have access to social knowledge and experiences that support them to better understand their online purchase purpose and make more informed and accurate purchase decisions (Huang & Benyoucef, 2015). However, how SCCs facilitate customers' purchase decision is not yet fully understood by both academia and industry.

From the corporate perspective, quickly and efficiently implementing the social commerce business model is both rewarding and challenging. Hajli (2015) points out that adding SCCs in existing business platform is the most efficient and effective way to implement social

commerce. Since resources are limited, managers are looking for a quick start in developing the specific SCC which is key to facilitate customers' purchase, other than distributing resources on all the SCCs equally (Chen, Lu, & Sumeet, 2017). Thus, understanding the different roles of various SCCs in customers' decision-making process can provide guidance in allocating resources in different SCCs. On another hand, the primary revenues of a majority of social commerce websites only rely on advertising (Kim, Gupta, & Koh, 2011). A unitary profit pattern would make the company face a high risk when the market changes. By having a better understanding of the roles of SCCs on customers' purchase intention, social commerce websites can implement these strategies to obtain alternative or additional sources of revenue.

From the customer perspective, customers gather information in the process of purchasing a product to aid their decision (Bai et al., 2015). In e-commerce, studies have shown the factors surrounding the merchant (e.g., website design, reputation, service quality) or product (e.g., specification, quality) or individual factor (e.g., trust, self-efficient) significantly impact the consumer purchase decision (Bai et al., 2015; Li, Wu, & Lai, 2013; Luo, Ba, & Zhang, 2012). In social commerce,

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customers make their purchase decisions by participating in online social media to acquire social knowledge about the product they want (Huang & Benyoucef, 2015). It is also possible that the purchase stimulus is aroused by browsing social media (Chen et al., 2017; Kim & Park, 2013). Customers may also look at comments from other customers and social recommendations on social commerce sites (Zheng, Zhu, & Lin, 2013) or solicit opinions from their friends (Lecinski, 2012; Shin, 2013). Before customers visit the store shelf, they have already made their decisions. However, there have been very few studies discussing the effect of social information on the consumer purchase decision.

Besides, both online and offline buyers are increasingly using the social media as a source of information to assist them in purchasing (Rondán-Cataluña, Arenas-Gaitán, & Ramírez-Correa, 2015). The greater accessibility to different information sources that provides the social media not only might help consumers to be less susceptible to potential deceptive offerings online, but also might be critical in driving their perceptions and behaviors when they shop offline (Riquelme & Román, 2014). The cross-channel effects (i.e., get information online, but purchase offline, or vice versa) are also significant, which has been indicated by recent research (Dinner, Van Heerde, & Neslin, 2014). Given that consumers use more online media when making online purchases than when making offline purchases and consumers use offline media to the same extent when buying online or offline (Voorveld, Smit, Neijens, Segijn, & Bronner, 2014), this study investigates how online SCCs facilitate customers' online purchase decision.

In this study, we incorporate three main SCCs (forums and communities, ratings and reviews, and social recommendations) in the research model. Based on the social learning theory (Bandura, 1978), we hypothesize that learning from the three SCCs can influence customers' cognitive appraisal and affective appraisal during their purchase decision-making process, which in turn influences their purchase intention. Findings of this study enrich the existing literature on social commerce and deepen our understanding about the different roles of various SCCs in changing customers' purchase decision-making process. In addition, our results provide social commerce operators practical implications on how they should design their websites and allocate resources in various SCCs in a more optimal fashion.

The rest of the paper is organized as follows. The second section presents the theoretical background and literature review. After that, we discuss hypotheses development, the research methodology, and the results. Finally, we conclude with a discussion of the results, the contributions and limitations of the study, as well as avenues for future research.

## 2. Theoretical background

### 2.1. E-commerce and social commerce

The differences between e-commerce and social commerce can be highlighted in terms of business goals, customer connection and system interaction (Huang & Benyoucef, 2013, 2015). With regard to business goals, e-commerce focuses on maximizing efficiency with strategies for sophisticated searches, one-click buying, specification-driven virtual catalogs and recommendations based on consumers' past shopping behavior. Social commerce, however, is oriented toward social goals, such as networking, collaborating and information sharing, with a secondary focus on shopping (Wang & Zhang, 2012). Regarding customer connection, customers usually interact with e-commerce platforms individually and independently from other customers, while social commerce involves online communities that support social connection to enhance conversation between customers (Zhang & Benyoucef, 2016). As for system interaction, e-commerce in its classical form almost always provides one-way browsing, where information from customers is rarely sent back to businesses or other

customers. Social commerce, however, develops more social and interactive approaches that let customers express themselves and share their information with other customers as well as with businesses (Shanmugam et al., 2016).

### 2.2. Social commerce components

Yadav et al. (2013) defines social commerce as the “exchange-related activities that occur in, or are influenced by, an individual's social network in computer-mediated social environments, where the activities correspond to the need recognition, pre-purchase, purchase, and post-purchase stages of a focal exchange”. Recent research identified two major types of social commerce: (a) traditional e-commerce websites that add social tools to facilitate social interaction and sharing; and (b) social networking sites that incorporate commercial features to allow transactions and advertisements (Zhang & Benyoucef, 2016; Zhou, Zhang, & Zimmermann, 2013). That means there are two essential components (i.e., commercial components and social components) no matter which type the social commerce service is. The commercial components have been investigated largely, such as website design, reputation, service quality, product, trust and self-efficient (Bai et al., 2015; Li et al., 2013; Luo et al., 2012). Then what do the social components incorporate and how do they influence customers' decision?

For many customers, shopping is a social experience, and they often want to get other people's opinions before making a purchase. Contrary to the traditional e-commerce, social commerce introduces a set of social components such as online forums, consumer ratings and reviews, and social recommendations to e-commerce (Li et al., 2013; Rad & Benyoucef, 2010). The social commerce components/constructs (SCCs) is defined as the constructs that are derived through social commerce such as online forums, ratings, communities, reviews and recommendations (Chen et al., 2017; Hajli, 2015; Shanmugam et al., 2016). The information produced by these social commerce platforms or communities can affect consumers' purchasing intention or behavior (Shanmugam et al., 2016). Companies use these SCCs as a platform to communicate with customers and to enable customers to communicate with each other, leading to a new channel for customer relationship management (Hajli, 2012b; Liang & Turban, 2011). Social commerce enables businesses to build customer trust, increase sales, and decrease marketing cost. It brings new challenges and advantages to the online shopping experience, triggering the analysis of consumer buying behavior in social commerce (Rad & Benyoucef, 2010). Although some other types of components such as social advertising and social shopping can be included in SCCs, most researchers identify forums and communities, rating and reviews, and social recommendations as the most important social components in changing customers' decision-making process (Chen et al., 2017; Hajli, 2012b; Huang & Benyoucef, 2013; Kim & Park, 2013; Marsden, 2010; Rad & Benyoucef, 2010).

Specifically, forums and communities are useful and effective social media tools for social commerce that assist product discovery, selection and referrals by providing a moderated environment around a particular theme, task or category (Shadkam & O'Hara, 2013). Forums and communities can be used as a source of product know-how and help retailers to provide user-generated content that can engage customers and drive sale (Hajli, Lin, Featherman, & Wang, 2014). It is also argued that consumer online communication in social commerce constructs provides social support, which leads in turn to trust in the network (Chen, Lu, Wang, Zhao, & Li, 2013). These types of support, which can be both informational and emotional, persuade individuals to reuse the system or try a new product again. Hence, these communities are valuable sources of innovation for the marketplace. In addition, communities are the main drivers of change from e-commerce to social commerce (Huang & Benyoucef, 2013).

Ratings and reviews are original social commerce toolset that allow people to exchange product feedback and inform each other's choices with independent views and experiences (Shadkam & O'Hara, 2013).

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