

The Study on Blending Modes of Social network and E-commerce

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Abstract—Social network reflects the realistic social activities by the net interaction, and electronic commerce build the trade and other business activities on the network platform. In recent years, the fusion of social networking websites and e-commerce sites gets more, the combination encounters bottleneck as well. This paper divides the ways of fusion into two parts: e-commercial social network and social e-commerce. After analyzing a large number of data and combining practical experiences, we advise developing mobile business, cultivating opinion leaders and valuing the social part for e-commercial social network, and optimizing the terminal of social, cultivating social habits and increasing the credit strength for social e-commerce.

Keywords—SNS; electronic commerce; e-commerce; social network; blending mode

I. INTRODUCTION

Recently, Pinterest launches a new tool to offer companies the numbers of visitors who visit their websites by Pinterest. This is one of the methods of improving its e-business. Pinterest does not put any advertising products on its website yet, but retailers and brands such as Dell, The Gap and Patagonia are increasingly promoting their products on this website. Pinterest is toward the commercialization for providing business companies the users' data.

The China Internet Network Information Center (CNNIC) published the *2012 Internet users on social networking sites applied research report in China*, analyzing the present situation and the tendency of the development in Chinese social network sites in 2012 [1]. The report shows that more than forty percent of users' consuming behaviors is affected by the public praise of social networking sites. The "trusted information" such as friends' share and reviews will produce multiple effects to users' purchase psychologies and behaviors, which reflects the powerful and complex effects on e-commerce of the social network.

The integration of e-commerce and social network has become the mainstream in recent years. From above we can know that the users' consuming behaviors are affected by other users in the social network. But the integration of e-commerce and social network is not fully formed and still in perfecting and developing. In addition, the high replicability and slowly updating of social network make the users' viscosities lost. The mode has started to wobble. So in this special period, studying

how to integrate better is very necessary. This paper explores the modes of integration between e-commerce and social network.

II. PRESENT DEVELOPMENT SITUATION OF SOCIAL NETWORK AND ELECTRONIC COMMERCE

A. Current situation of the social network's development

As early as in 1929, the Hungarian writer Frigyes Karinthy wrote in his short story *Chains* that two strangers could establish the connection by up to five people. And by the 1960s, the professor of Yale University made a chain letter experiment and got the six degrees theory. The phenomenon of six degrees is not to say that all the connections between people must pass six levels but expressed such an important concept: any two strangers, through certain contacts, can always produce connection or relation. Then according to this theory, someone created the Internet for social networking services to broaden the social sphere by friends' acquaintances, such as Friendster, Wallop of Microsoft and so forth. And the meaning of SNS is far above the friends' friends now. Its scope has expanded from the traditional social to online, and the social networks such as Weibo, twitter are the mainstream of current social patterns. Social networks have become diversified. But by the characteristic of high reproduction, the problems gradually exposes at the same time with social networking websites springs up. According to the survey of CNNIC and Marketingcharts, the users have begun to decrease mainly because of the social network websites' wasting too much time and lacking of innovation [2]. And the current social network websites' innovation on function is insufficient, resulting in a decline in users' interests so that there are quite a lot of users who say the sites are not much useful, already sick of it.

B. Present situation of electronic commerce's development

The US market research firm eMarketer estimates that the sales of global e-commerce in 2012 are more than 1 trillion dollars for the first time [3]. eMarketer anticipates that the sales are expected to grow 18.3% to 1.3 trillion dollars this year. In recent years, e-commerce has gradually penetrated the world and society, and the enterprises and individual users also have been getting used to the trading which is electronic and networked. But the development of electronic commerce still exist some distinct problems. The inhibitory effect of e-commerce to the traditional retail industry is typical. In

addition, for lacking of relevant laws, the credit problems, such as Internet fraud, to a certain extent, affects the people's trust on electronic commerce. What's more, the e-commerce business model itself is not mature enough, and the cost of e-commerce sites, including advertising, manpower, logistics cost is expand at a high speed. The competition among peers is very fierce which leads to the price war every now and then. So it is very difficult for the e-commerce companies to make profit in current situation. The fusion of e-commerce and social network is the trend of the times, but as they are from different fields their combination still needs to be improved.

III. FUSION OF E-COMMERCE AND SOCIAL NETWORKING

Our integration of e-commerce and social network can be classified into two types currently. One is to conduct e-commerce activities on the basis of the social network websites, namely e-commercial social network. The other one is to carry out the community and other social networks on the basis of e-commerce sites, namely social e-commerce. The two types are the same on the form, but different on essence. So the improving opinions are put forward according to their respective development features.

A. E-commercial social network s

On the one hand, SNS websites attempt to use the traffic for income in electronic commerce. On behalf of the sites are Facebook and Douban. According to the released data of Gartner [4], 20% of online users consume on the social platform of brand page first, and Facebook's current flow guide for e-commerce sites has up to 26%, which is expected to grow. Douban is also guide users to e-commerce websites by recommendation, single price comparison and so on. On the other hand, social network begins to expand its own electrical business in recent years. Kaixin introduces special offer tickets, movie tickets, etc. And Renren has opened its own group-buying websites Nuomi. Cofco's website puts much promotion on social networks and communities. At the same time, more and more new social companies come out as Pinterest, Mushroom, etc. And this is a new mode of combination that websites use pictures to draw users' attention. Although the websites above have formed their own fusion mode, they have to ameliorate themselves always. The author thinks that the e-commerce part of social network can be emphatically improved from the following points at present.

1) The core development --"mobile business"

With the development of mobile network and wireless network, the number of mobile users is growing. Twitter and Compete's latest research report shows that the mainly mobile terminal Twitter users are more young and more willing to accept the brand content. These mobile priority users prefer to use when get up, on the way to work, go to work or school, shopping and before bedtime [5]. It can be seen from TABLE I that mobile terminal is more likely to promote the business transactions in social network. So the author thinks that social network could let the mobile terminal be a part of the development center.

TABLE I PRIMARY MOBILE USERS ON TWITTER

Primary Mobile Users On Twitter	
Aspects	Percent (%)
Less likely to use Twitter on Desktop	57%
More likely to be on Twitter several times a day	86%
Use tablets as the primary way to access Twitter	15%
Follow brand accounts over 11	57%
Easier to remind of the ads on Twitter	58%
Tweet/Retweet/Favorite	70%

Source: Compete2012

2) Word of mouth marketing --cultivating opinion leaders

Many social network sites are focusing on the cultivation of opinion leaders. The most people in social network sites are relatives, friends, classmates or people with common interests and hobbies. These members can share information such as purchase experiences and prices on the Internet. When consumers cannot make a decision for facing a mass of goods, friends from the consumer's social circle can be as a filtering, shortening the process consumers see evaluation and sales, and help customers save time. When some users have strong insights and filtered abilities, they often can provide information with high qualities to users around, and will guide many users' consuming behavior over time. We use Python language to excavate the data on Flickr in order to get the relationships of two main users in Flickr, and finally get the partial social net structure of the main users as Figure 1 shows. We can see it from Figure 1 that the center user's influence is magnificent, so the opinion leaders can promote the development of the e-commercial social network.

two flickr main users partial social net

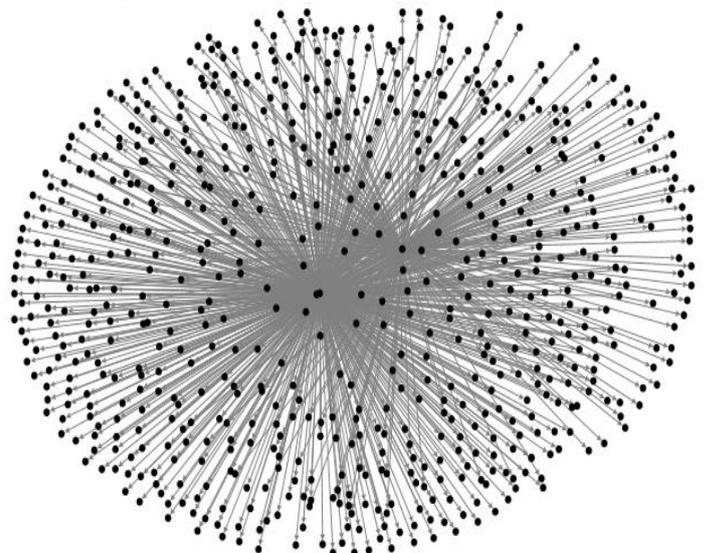


Figure 1 The Flickr Users Social Net

3) Social part is the base.

Women are the aiming customer groups at present. With people's interests as a rallying point, social network sites are forming a kind of brand-new user experience of "online shopping" by browsing the goods like waterfall flow, using shopping share, the current users prefer, to operate the websites. This kind of mode is a deformation model of Pinterest. And these websites completely focus on women's shares of shopping and consider the waterfall flow as its form of expression. This model first occupies part of users, even the most important users. But if only attaches great importance to the item's display and links, not cultivate the habits of social aspects, the communication among users will be blank, leading into more water armies which makes websites' reputation declining, and the viscosity of the sites may be difficult to sustain. The author thinks that social network websites cannot place too much value on e-commerce because social is the nature of maintaining the websites. Social network is the base of development, and the e-commerce is an important means of turning traffic into profit.

B. Social e-commerce

The e-commerce websites have gradually began to add social features in recent years. Wal-mart, the global retail giant, pays 300 million dollars for a social media company called Kosmix, which is a topic content organization based on the social network platform. In China, Taobao launches social products *Tao Jianghu*, *The Shopkeeper Says* and *Share*. Vancl launches a social marketing platform *Vancl Platform*, which let people buy goods and release their photos about the goods' matching on the platform to achieve the purpose of recommending potential customers. The author thinks that the current e-commerce sites can put a lot on the following points.

1) Optimizing the terminal of social

The docking between e-commerce sites and social networks isn't very good. As the vigorous development of mobile e-commerce in recent years, the wireless terminal consumption of the e-commerce sites also occupies the part of the profits. We can see it from TABLE II that the world's mobile e-commerce users have occupied a large part in the e-commerce market, and China gets the highest penetrations of mobile shopping. And from

we can see that the transactions on the mobile terminal are growing in China. That is to say that mobile terminal has a significant role in the field of e-commerce, and developing the mobile terminal community can also be used as an important means of expanding websites' sociality. But at present, Taobao, Dangdang and other sites' mobile terminal do not include the community, which is not conducive to promote the sociality of e-commerce users. Therefore, the author thinks that open community on the mobile terminal is a necessary step for developing social e-commerce sites.

TABLE II INTERNET USERS WHO HAVE MADE A PURCHASE VIA MOBILE PHONE BY COUNTRIES, Q4 2012

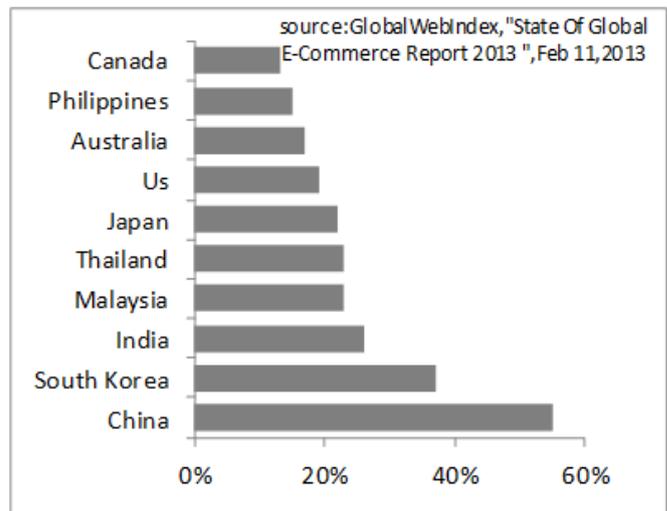


TABLE III MOBILE SHOPPING MARKET SIZE

Seasons	Mobile commerce (billion yuan)	Quarter-on-quarter growth	Year-on-year growth
2011Q1	10.6	21.8	253.3
2011Q2	19.8	86.8	360.5
2011Q3	31.2	57.6	403.2
2011Q4	53.1	70.2	510.3
2012Q1	66.7	25.6	529.2
2012Q2	116.4	74.5	487.9

Data source: iResearch

2) Cultivating social habits

The target of building community is to make the users share shopping experiences and communicate with each other. But most of the users are for the purpose of purchase, so the probability which can produce follow-up communication is very small. Even buy books that allow users to produce the strongest feeling of communication, people are willing to share them in the Douban than Amazon and Dangdang, which provide discounts and more convenient comment sections. So e-commerce sites need to pay more attentions on how to cultivate costumers' social habits in order to expand the development of e-commerce community. Taobao and Dangdang maintain the social part by *Tao gold* and *Silver*, but the users' activities are still unable to ascend. The author thinks that sites should increase the interests of the community and users not only the privilege on the cable but the offline.

3) *Increasing the credit strength*

The *China's e-business monitoring and complaints from users' experiences report 2012Q3* shows that refund, logistics and account security problems are serious [6]. E-commerce sites, therefore, should note that the social benefits brought by sociality will be greatly reduced if the websites' credibility goes down, and the community's credibility will also decline. The Credibility is a tool for compressing the supply chain will directly, so its descent will lead to no sustainability of sociality. And the social e-commerce will be in a dilemma. Therefore, we have to enhance the credibility of e-commerce sites. The author advises that e-commerce sites should increase the strength on the examination of qualification and resist the phenomenon of false trading. In addition, the websites should also perfect the security of warehousing, trading and logistics and improve the credit evaluation.

IV. CONCLUSION

The integration of e-commerce and social network has been the focus of social research in recent years. And with the time goes by, the fusion reveals some problems in the process. People start to look for more new ways of fusion. According to the data from Marketingcharts, the promotion efficiency of Google shopping in the second half of 2012 is 32% higher than Amazon [7]. And Baidu also publishes the concept of *Micro Purchase*, the combination of e-commerce, social network and search engines, which also attracts the attention of people. And the author will go into this direction next. In conclusion, the current science and technology develops rapidly, and along with the science and technologies' constant updating, there will be more new ways of developing e-commerce and social network.

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