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**FROM E-COMMERCE TO SOCIAL
COMMERCE: EXPLORING GLOBAL TRENDS**

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From E-commerce to Social commerce: exploring global trends

Summary

Internet has had a significant impact on everyday life of everyone. Web users buy, do researches, connect with friends and colleagues, and sometimes simply browse without any specific purpose.

A particular area in which this impact has been substantial is the one of the online retail, since a growing number of entrepreneurs are turning to the electronic commerce (e-commerce), benefiting from lower costs and a broader reach. Therefore, the aim of this thesis is to analyze the characteristics of e-commerce, starting from the implementation stages and the factors that have supported the Internet penetration in several countries. After analyzing the main steps taken in this area up to the present, the thesis will focus the attention on the way in which ITCs enable a new form of commerce referred to as Social Commerce. The purpose is to show how Web 2.0 technology and Social Media have created new way to communicate, collaborate and share content: an increasing number of people is inclined to cultivate virtual social relationships and virtual life. In this context the consumer becomes a social consumer, a more active consumer, who uses new communication tools to connect with those who have the same passions and interests. It also changes the purchasing behavior: it is not just about click-to-buy but more about enveloping the shopper into an experience, creating a “place” where customers can browse and connect with people interested in the same products and brands.

As it emerges from **Chapter 1, “Introduction to the concept of E-commerce”**, the e-commerce is a so broad phenomenon that requires a multidisciplinary perspective, even if two are the main approaches: the technical approach and behavioral one. The first focuses on e-commerce as an application of Internet technology, useful to achieve efficient business operations, conversely the behavioral approach considers e-commerce in terms of its impact on industry structure and corporate strategy. Therefore there is no definition of e-commerce that is universally established, anyhow it can be broadly defined as *“the purchasing, selling and exchanging of goods and services over computer networks through which transactions or terms of sale are performed electronically”*. An integral part of e-commerce is represented by e-business, that

is “*the conduct of business on the Internet, not only buying and selling but also servicing customers and collaborating with business partners*”. E-commerce and Internet are two so connected concepts that cannot be mutually excluded one from the other, as a consequence they follow the same path of evolution. Thus, even if the idea and the first applications of e-commerce have been implemented several years before the spread of Internet, it was only with the advent of Internet that emerges a flexible system closer to the electronic commerce as it is understood nowadays. In this way, through essential feature such as ubiquity, global reach, universal standards, richness, interactivity, information density, personalization/customization, it brings a shift into the world of commerce, reducing information asymmetry among all market participants. In relation to the terms of sale and the types of products, we can distinguish between two kinds of e-commerce: direct and indirect. In addition to this classification, e-commerce can be classified more specifically by transaction partners in 16 different types, the most important of which are: business to business, business to consumer, business to government, consumer to business, consumer to consumer and peer to peer. As can be observed in this thesis, benefits and limitations of each of these types affect organizations, consumers and society. E-commerce markets and players are analyzed in **Chapter 2, “E-commerce in Italy and all over the world”**. Here, noticed a steady e-commerce sales growth over the year, the two main markets identified are the North America (United States and Canada) and the countries of Asia-Pacific, that account for the 30% of the global value. Follows a description of the top e-commerce players in terms of revenues and market capitalization, the so-called Internet “Big Four”: Amazon, eBay, Google and Apple. In addition to these players, there is another player that deserve to be mentioned, Alibaba, because it is about to sweep away both Amazon and EBay. Characteristics and perspectives of these resourceful marketplaces are highlighted, together with a study of mobile commerce (m-commerce). In fact, recognized that the weight of mobile on total online sales is different in the various sectors, the purchase made using a mobile phone is now for retailers a source of considerable gain. All this happens due to an increased number of people owning a mobile device, as well as due to the multiple benefits (relational, operational and strategic benefits) related

to mobiles' features. The m-commerce growth gives hope also looking to Italy, that in terms of e-commerce is a latecomer. Italians are buying less than other countries, as a result in the European ranking for e-commerce use Italy takes the last positions, just before Greece, Romania and Bulgaria. Italian delay affect both people and companies and may reflect a cultural, entrepreneurial and institutional delay. Nevertheless a geographical and by sector analysis shows that future sales growth bodes well: it is estimated that by the end of 2016 the e-commerce in Italy will double its value. The Italian e-commerce market still remains dominated by the big, since the top 20 players account for nearly 70% of sales, but anyway, according with a survey conducted by Human Highway, to run e-commerce in Italy is especially the fashion commerce. In this area two Italian winning business models are Luisa Via Roma and Yoox. As it emerges, they represents two phenomena started from two completely different directions, the first from a beautiful shop in Florence whereas the second one from the "virtual" intuition of its founder Federico Marchetti, to accomplish the same mission: the e-commerce. They are furthermore two different business models so close and so distant but nevertheless leader, emblematic example of the radical change taking place in the relationship between customer and company. But the dynamism of fashion on the web is not just an Italian phenomenon, a large part of the European e-commerce is represented by the buying and selling of clothing products. The share of individuals purchasing clothes and sports goods online increased significantly, which results into an unavoidable increase in revenues of the major fashion commerce players (i.e. Otto Group, Zalando, Asos, Abercrombie & Fitch and so on). So fashion commerce represents an area that still has infinite potentialities to be explored and future predictions are hopeful. Always talking about increases, also the number of worldwide social media active users is even more rising, as shown in **Chapter 3, "From E-commerce to Social commerce"**. Social media, transforming a relation one-to-many into a relation many-to-many, reflect a shift in the way in which people learn, read and share information and content. Defined as *"a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, which allows the creation and exchange of user-generated content"*, social media take on different forms and there is no

single way in which they can be categorized. Particularly, Kaplan and Haenlein classified them into the six analyzed categories: blogs, collaborative projects, social networking sites, content communities, virtual social worlds and virtual game world. Social media play a key role in a context in which firms adopt the philosophy of Web 2.0, the same context in which arises a new kind of customer, the Social Customer. It is a more active consumer, who uses new communication tools to connect with those who have the same passions and interests. These are instruments such as blog, wiki, instant messenger, tagging, following and so on, that impact positively on productivity and facilitate the transformation of the corporate culture toward a customer-centered perspective. As a result, existing company-centric CRM programs become obsolete, therefore, from the integration between social technologies and traditional CRM, it develops the Social CRM (SCRM). Through a comparative analysis emerges how SCRM does not arise as a substitute of CRM, but rather as its own extension, necessary to adapt to the presence on the market of the new social customer. Social media and ITCs support the development of new business opportunities and new business models. In particular, from an e-commerce perspective, a new form of commerce is developed, referred to as Social Commerce. Amazon, one year after its first recorded e-commerce transactions, was already doing Social Commerce, allowing customers to publish ratings and reviews of purchased products. In spite of this, the term is relatively new and stands for *“a noticeable trend in online marketplaces where businesses leverage social media (or Web 2.0) as a direct marketing tool to support customers’ decision making processes and buying behavior”*. Beyond all the available definitions, result of different authors and different perspectives, Social Commerce can be defined as an instrument for monetizing social media with e-commerce. In this regard, its main dimension (social shopping, ratings and reviews, recommendations and referrals, forums and communities, social media optimization and social adds and applications) should be used allowing people to connect wherever they buy and, at the same time, to buy where they connect. Among the many applications of social commerce, the one that grows faster and that may just become bigger than any webstore is the f-commerce, the e-commerce via Facebook. Founded on February 2004 by Mark

Zuckerberg with his college roommates, nowadays it is considered the largest social network in terms of estimated global monthly active users, with 1,2 million users and more than 70 languages. Facebook allows people to stay in touch with friends and family wherever they are and wherever there is an internet access, giving people also the possibility to share common interests in groups and other pages. Therefore it affects users' social life in many different ways, including its use as a platform for facilitating and executing sales transactions. This is nothing more than the definition of f-commerce, that integrates e-commerce and social commerce in a shopping platform, shifting business models and creating new opportunities for online sales. There are four types of f-commerce (Facebook-Facilitated On-Site Selling, Facebook- Initiated Selling, Complete Selling through Facebook and iFrames vs. Facebook Apps) and seven main dimensions, grouped into the "On-Facebook" f-commerce and the "Off-Facebook" f-commerce. These, together with f-commerce strategies (facebook stores, group buying, exclusive offers, facebook connect for network recommendations, shop and tell, facebook check in deals, in store f-commerce), drive customer loyalty and e-commerce traffic. But beyond the fact that hundreds of millions of people have a facebook account, its ability to increase e-commerce businesses revenues is still limited, showing that Facebook could probably be more useful for marketing than selling.

This thesis has attempted to describe the e-commerce and its evolutions over the years, where for e-commerce is meant digitally enabled commercial transactions between and among organizations and individuals. It represents a new and constantly changing area of business management, that in recent years has grown exponentially also thanks to further developments in the ITCs. As a result, new purchasing behaviors and new consumption's styles have emerged, abruptly changing our economy.

The main issues that arise are those associated with a market which, due to the web, becomes global, with clear advantages for consumers who, comfortably seated in front of their computer, can select, choose and purchase whatever they want. And these advantages are even greater if we consider mobile devices' benefits, as well as the over 1.2 billion people accessing the web with their mobile

devices. Thus, it is not surprising the fact that mobile sales doubled and will account for 50% of Web sales by 2015. Quantitatively all this results in a growth in the global value of e-commerce: it has increased from 254 billion dollars to 1,300 billion dollars just within a year, with a slight delay for Italy where the absolute market size is of about 15.5 billion dollars.

The e-commerce leads also to a redefinition of the supply, which must adapt to changes and innovations imposed by the Web: it is necessary not only to offer products that meet customers' desires, but to focus on all the elements that can foster a "virtual" relationship. In this process it is particularly highlighted the importance of all those activities enhancing relationship with customer, including the analyzed implementation of CRM into Social CRM. The aim is to facilitate interactions with a new social customer, result of the new ways to communicate/collaborate/share content created by social media. This more active customer aspires to a "customer empowerment", in order to participate with companies in the co-creation of content and product/services. Therefore it has been shown how it is important to invest in marketing activities and technologies that enable the evolution of e-commerce toward a new dimension, such as the one of social commerce. One of the application of social commerce is the analyzed f-commerce: *"the use of Facebook as a platform for facilitating and executing sales transactions, either on Facebook itself or externally via the Facebook Open Graph. F-commerce is a form of social commerce, the use of social media, online media that support social interaction and user contribution, to assist the online buying and selling of products and services"*.

This example is nothing more than a concrete evidence of what we have described and analyzed in the previous pages. In fact, according to the large amount of Facebook users, Mark Zuckerberg (founder and CEO) snatches the potentialities of one of the fastest growing social commerce applications, the F-commerce, that may become bigger than any other webstore. Mentioning his own words, he said:

"If I had to guess, social commerce is the next area to really blow up".

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