

## **An Analysis on the Purchasing Behavior of the User through the Characteristics of Social Commerce**

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### **Abstract**

In addition to the increased use of smart phones daily, various characteristics and problems for social commerce have been drawn attention recently, and also, have been analyzed by various impact factors which were given to the purchasing behaviors of consumers through social commerce. The study investigated consumers' use of social commerce based on SNS by using articles of Fair Trade Commission, Korea Consumer Agency and so on.

As a result, cost reduction characteristics of social commerce, the impulse buy, and to understand in Review effect, latest mobile shopping growth of increases explosively, market by market conditions to move from offline to online, the social commerce it was found to have a significant impact on the time of the purchase of the consumer. In addition, the study has discussed the results of the significance and limitation. With those things, they can be a suggestion for future research. More than half of the consumers were satisfied with social commerce. The consumers made use of social commerce 1 or 2 times a month and when they were watching banner advertising. In detail, food and beverage tickets such as restaurants, café and bars occupied 35%, and they showed the highest. 'We-make-price', 'Ticket Monster' and 'Coupang' were used to investigate as representative social commerce companies.

**Keywords:** Social Commerce, SNS, Smart Phone, Purchasing Behavior.

### **1. Introduction**

These days, social commerce is said to be revolution of the shopping and to be popular. The sales of social commerce exceeded 2 trillion KRW at the end of 2013. The social commerce has become shopping trend in South Korea to be e-commerce based on social networks such as face book and twitter and so on and to sell products at great discount price and to call social shopping.

The social commerce market shall be developed continuously owing to IT technology development and connection with SNS. The social commerce was called because the ones who wanted to buy products made use of social network services when inviting joint buyers to give discount for success of business. The social commerce market

grew up day by day. The Fair Trade Commission estimated about 5 trillion KRW of social commerce market at the end of 2015 in ten years after social commerce business made appearance in the Korean market.

## **2. Associated Studies**

### **2.1. Social Commerce and Group Buying**

Groupon is said to be the first social commerce business that was established in 2008. Groupon belonged to e-commerce that made use of word-of-mouth effect. Similar types of businesses were established in Korea according to the principle of low prices by gathering. Coupang, Ticket Monster and We-make-price are representative businesses in Korea to grow up so far and to record sales of more than 2 trillion KRW in 2013. Young people had good response to social commerce mobile app to be likely to grow up continuously.

### **2.2. Features of Social Commerce and Consumers**

Consumer groups with variety and wide ranges of ages were involved in not only consumption but also various areas. So, specific consumer groups bought to participate in marketing process and to react to social issue and/or fresh news sensitively and to take the lead in consumption trends.

These days, consumers took the lead in online consumption trends owing to consumer oriented community development and use. And, social commerce was given attention the most.

The social commerce took the lead in changes of consumption trend and market change. Consumers made use of smart phone, tablet PC and other devices to get information from online community and to express ideas and to join marketing activities actively and to give influence upon consumption trends. As such, consumption trends shall make change quickly to give information and to keep such a trend for a considerable time. The value consumption trend is sensitive to the prices and to put emphasis upon individual's satisfaction and/or values and to expand market. The social commerce buys products in group and/or in bundle on Internet to lower prices that is conventional type of buying. So, young consumer groups who are sensitive to prices and trends prefer social commerce.

### **2.3. Social Commerce and Consumer Satisfaction**

Most of consumer expanded social commerce expand by taking advantage of prices and needed concrete information and explanation on the products. Consumers' satisfaction and response to the product had great deviation to classify deviation much. Reliability was said to be the greatest disadvantage of e-commerce and to be of problem. Consumers who bought inexpensive and popular products at social commerce were satisfied with online shopping malls of frequently used and high price products.

Such a problem occurred continuously because consumer groups were young based on SNS of online system. This study investigated ages of customers of social commerce.

## **3. Analysis**

### **3.1. Market Survey and Hypotheses**

The study investigated consumers' use of social commerce based on SNS by using articles of Fair Trade Commission, Korea Consumer Agency and so on.

Growth rate of the social commerce of three of social commerce companies such as Coupang, Ticket monster and We-make-price recorded 100% in 2012 and 50% in 2013 to grow up remarkably and 50% in 2014 (Table 1). The

social commerce market with 3 trillion KRW could do business successfully owing to concentration on selling products of 2,000 to 3,000 kinds on average and mobile environment system enough to satisfy consumers. Good access and convenience of mobile system were effective in the market. Strategies focused on age groups made appearance continuously.

**Table 1: Sales and growth rate of three of social commerce companies**

Sections	2010	2011	2012	2013	2014
Sales (100 million KRW)	500	10,000	20,000	30,000	45,000
(Growth rate, %)	-	-	(100.0%)	(50.0%)	(50.0%)

Note: Three of social commerce companies (Coupang, Ticket monster, We-make-price)

Social commerce customers had consumption trends depending upon ages to have various kinds of strategies: Hypothesis was:

※ Hypothesis: Social commerce customers have high use frequency at younger age. The study and preliminary study investigated questionnaire to test the hypothesis.

### 3.2. Methodologies

A preliminary study investigated satisfaction, dissatisfaction, access, social commerce use frequency, and consumers' reaction of social commerce users. And, 15 copies of questionnaire were used to investigate validity.

In this study, users of social commerce were in their 20s to 30s to investigate 20 days from October 12, 2014 to October 31, 2014. 30 copies of the questionnaire were finally used.

### 3.3. Analysis

In this study, consumers' use frequency varied depending upon ages.

**Table 2: Hypotheses**

Section	Contents	Accept or reject
Hypothesis	Younger customers of social commerce make use of social commerce often.	Accept

The hypothesis was found to be significant: Younger customers made use of social commerce a little more.

## 4. Discussions

### 4.1. Summary

More than half of the consumers were satisfied with social commerce. The consumers made use of social commerce 1 to 2 times a month frequently, and when watching banner advertising: And, food and beverage ticket at restaurants, café and bars occupied 35% to be the highest. We-make-price, Ticket monster and Coupang in order were used. Cost saving, impulse buying and mouth-to-mouth effect had the greatest influence upon buying intention, and more use of SNS increased the effect to evidence that increase of SNS population could activate social commerce in

modern society.

#### 4.2. Studies in the Future

Low service quality and neglect of consumers' complaints and other problems occurred at time elapse. This study investigated consumers' dissatisfaction with social commerce and expressions of dissatisfaction after experiencing. Enterprises should make effort to lessen consumers' damages by keeping mind of improvement and to give consumers better quality services rather than careless business expansion.

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