

A STUDY ON SOCIAL COMMERCE AS A CHANGE AGENT IN RETAIL COMMUNICATION

-with special reference to Social and On-Line Word-of-Mouth

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Abstract:

The present study aims to contribute to the academic community and adds to the existing body of literature relating to the social and online word of mouth retail communication. Retailing is a high-tech global growth industry that plays a very vital economic role in the society. As it continues to evolve and change, it is essential to understand that retail communication ensures that the customers receives the correct message. Communication is an integral part of the retailer's marketing strategy. Communication is to inform the customer about the retailers, the merchandise & services. In the retail industry digital marketing strategies are aligned to meet the retailer-customer demands. The social networking sited have developed e-commerce as an excellent channel for meeting business solutions. Consumers regularly search for specific product and service information. Retailers have to focus more on their on-line strategies and identify social networks as a tool for brand enhancement. People engage in the WoM communication for the social acceptance and recognition, distinction, knowledge and authority, the urge to do good, sharing experiences etc.,. Thus organisations must adopt an integrated social and e Word of Mouth communication strategy for profiting from long-term customer relationships and reaching the right audience at the right place and time.

Keywords: Social Commerce, Retail Communication, Social Word of Mouth, eWoM, Multichannel marketing, Integrated marketing communication.

1. Introduction:

Retailing is a social institution traditionally associated with the selling of products to consumers. Retailers meet the needs of their customers by providing essential services such as accessibility of location, convenience of timing, size, information and lifestyle support. The changes in our national and social environment have been constantly affecting the wants of consumers and how these wants are satisfied by the retailers. The developments in the retail and consumer technology has increased the spread of shopping. Consumers expect better services from retailers as their standard of living and lifestyle have improved. Retailers are interested in the changing environment which is affected by the changes in the demographic, technology, economic, social, political and cultural factors.

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The retailers use a range of methods to promote their offerings. The factors that determine the effectiveness of the retailer's communication and the choice of appropriate goals are based on the messages that are sent out. The message has to be appropriate to the social and cultural context of the intended audience. The retail communication ensures that the customers receives the correct message. Communication is an integral part of the retailer's marketing strategy. Communication is used inform the customer about the retailers, the merchandise & services. It is also serves as tool for the building the store image. Retail communication has moved on from the time when the retailer alone communicated with the customers. There are different methods in retail communication such as - Direct Marketing, On-line Marketing, Sales promotion, Personal selling, Advertising and Public relations.

According to **Fill (2009)** four important characteristics can guide the choice of the communication tool used for delivering marketing communication messages to the customers by the retailers - Communication potential, Credibility, Cost and Control. A communication program can be designed to achieve a variety of objectives for the retailer, such as building a brand image of the retailer in the customer's mind, increasing sales and store traffic, providing information about the retailer's location and offering, and announcing special activities. Retailers communicate with customers both online and off line interactively and passively. Direct marketing has received the greatest increase in attention by retailers and can occur using telemarketing (offline/ interactive), mobile marketing (online/interactive), direct mail and catalogues (offline/passive), and e-mail (online/passive). These elements in the communication mix must be coordinated so that customers have a clear, distinct image of the retailer and are not confused by conflicting information.

Retailers go through four steps to develop and implement their communication program: Establish objectives, determine a budget, allocate the budget, and implement and evaluate the program. Marginal analysis is the most appropriate method for determining how much should be spent to accomplish the retailer's objectives because it maximizes the profits that could be generated by the communication mix. Since marginal analysis is difficult to implement, however, many retailers use rule-of-thumb methods to determine the size of the promotion budget. The internet and social network has brought new digital marketing perspectives to the retail industry as it serves as an additional channel for communication and promoting brand image and product information.

In the retail industry digital marketing strategies are aligned to meet the retailer-customer demands. The most popular digital marketing techniques available are Content marketing, social networking tools, re targeting community building etc., Digital Marketing in the present environment is able to speak to a large number of relevant people directly, effectively and relatively cheaply.

It is understood that about 40% of the retails marketing spend are on digital marketing techniques compared with less than 10 % about five years from now. The digital marketing has become the most celebrated way to speak to the customers. A purchasing decision after doing research on-line, or via mobile and flipping the different purchasing options, has replaced the earlier version of shopping where 70% of purchasing decisions were made in-store. The relationships on the internet through social networking sites and the emergence of Web 2.0 applications has created enormous opportunities for business. The social networking sites have developed e-commerce as an excellent channel for meeting business solutions.

Consumers regularly search for specific product and service information. Retailers have to focus more on their on-line strategies and identify social networks as a tool for brand enhancement. The consumers still have a fear to buy on-line as they are not sure whether the retailer will support them after sale or whether they have to face a product or service failure. The electronic environment in retail sales is always challenging. The electronic marketing environment still has a greater scope and more to be achieved. The effect of social interactions through the social networking sites on on-line and off-line purchase behaviour, among the different sections of customers will be explored and compared in the present study.

The word-of-mouth (WOM) marketing has been an effective component of retail marketing communication. The power of personal recommendations has taken on a completely new and far-reaching spectrum through the social media networks.

2. Statement of the Problem

The Word Of Mouth (WOM) is considered as the primary source of information that would influence the Consumers purchase decisions. Although WOM has a significant role to be played in the Consumers Pre-purchase and Post-purchase decisions, relatively less attention has been focussed on the measurement of the variables of WOM that influence the purchase decisions. The present study focus on the effect of social and on line word of mouth on Consumer purchase decisions.

3. Objectives:

1. To discuss the multichannel retail communication in the social commerce platform
2. To compare the social and online WoM in retail communication
3. To discuss the effect of positive and negative online word of mouth on consumer decision process

4. Literature

Jones (2009) summarizes it well in stating that "Social media essentially is a category of online media where people are talking, participating, sharing, networking, and bookmarking online." From the above, it is evident that social media sites as a construct have evolved over time to encompass a considerably wider scope of the consumers' online experience. When consumers make a purchase, they are buying more than just the product; they are buying into the brand.

Keller (1993) maintains the above statements by putting forth that brand perceptions are attributes in consumer memory that are linked to the brand name. **Solomon(2010)** defines perception as the process by which stimuli are selected, organized or interpreted. Marketers play a crucial role in shaping and defining brand perceptions in consumers.

Research studies previously conducted indicate that brand perceptions play a pivotal role in the consumer purchase experience because they are said to influence consideration and evaluation, and therefore ultimately, purchase (Nedungadi 1990; Keller 2003). Although social media is a relatively new construct in the communication world, a great many researchers and authors have provided their own interpretations of what it can be defined as (Chung and Austria, 2010; Dutta, 2009; Hoffman, 2004; Cova & Pace, 2006 Jones, 2009). As varied as the understandings may be from author to author, one thing remains consistent; social media is growing at a phenomenally rapid pace. Furthermore social media has revolutionized the way in which people communicate and that brands communicate with their consumers.

Burke (2006) defines social networking sites as: "a loose affiliation of people who interact through websites. The web enables any person to build a vast number of relationships with others, regardless of geographical distance." **Kaplan and Haenlein (2010)** define social media as "a group of Internet based applications that build on the ideological and technological foundations of Web 2.0, and allow the creation and exchange of user generated content." **Sinclair and Vogus (2011)** social media is a broad term that describes software tools that create user generated content that can be shared.

Chung and Austria (2010) Social media includes various methods of online communication such as social networking, user-sponsored blogs, multimedia sites, company sponsored websites, collaborative websites as well as podcasts.

Dutta (2009) points by stating “it’s no secret that social media—global, open, transparent, non-hierarchical, interactive, and real time—are changing consumer behavior and workplace expectations.” It is becoming increasingly difficult and in some cases, impossible to follow traditional communication structures of non-transparency and hierarchy when people communicate via social media platforms. This is particularly true of business communication. Consumers now have more access to information than they ever had before.

Hoffman (2004) supports the above statement, “the Internet makes available numerous information sources that consumers may draw on as they search for information and construct choices about commercial offerings. These information sources include social media sites, online product reviews (either by peers or experts), and uncensored in-depth product information on a variety of Websites, among many other sources.

Cova & Pace (2006) put forth that “consumers in consumer-generated brand communities want to become influential participants and regard brands as ‘belonging to us’ and not as companies that supposedly own them. They are driven by a similar passion or ethos to form and engage in online brand communities, thereby producing their own cultural meanings around brands.

Hennig-Thurau et al., 2004; Brown et al., 2007; Cheung and Thadani, 2012; Hussain et al., 2017; Yang, 2017 The rapid growth of online communication through social media, websites, blogs, etc., has increased academic interest in word of mouth (WOM) and electronic word of mouth (eWOM)).

Steinkuehler and Williams, 2006 have indicated that there are three theories about consumers engaging in word of mouth:

1. Satisfied customers call word of mouth for many reasons, including:

they like to help others, to appear knowledgeable or smart, for the reduction of cognitive conflict, draw attention to them may have reservations about what others think positive, avoid going into the negatives.

2. Dissatisfied consumers call word of mouth, to vent about what offended, reduce anxiety, warn others, the desire for revenge.

3. The third theory is talking about word of mouth, from extremely satisfied customers, and

those who are not satisfied a tall, both, have greater impact, because word of mouth by them will be more extreme.

5. Summary of Findings

Social Commerce is a subsection of electronic commerce that uses social and online media to support interaction and user contribution. This facilitates the buying and selling of products and services online. Social commerce is the use of social networks within the context of e-commerce transactions. 6 C's of Social Commerce – Content, Community, Commerce, Context, Connection, Conversation

Seven Types of Social Commerce

1. Peer-to-peer sales platforms
2. Social network-driven
3. Group buying
4. Peer recommendations
5. User-curated shopping
6. Participatory commerce
7. Social shopping

Retailers use multiple channels to communicate with their current and prospective customers. The major channels are – Catalogue, Stores, Internet, Mobiles etc., The increasing desire of customers to communicate with the retailers any time, anywhere and any place has led to the evolution of multichannel retailing. The Electronic channel are one among the three major communication channel that offer unique benefits to the customers and the other two channels being the Store and the Catalogue. Internet retailing also called as online retailing is influenced by both social and online Word of Mouth (WoM). Retail communication builds an appealing and attractive brand image.

The customers are attracted to the store or the internet site encouraging the customers to buy the merchandise. It also plays a vital role in developing the revisits, customer loyalty and repurchases. Retailers can make their brand name to leverage the growth strategies and make their retail communication strategies more effective. Retailers communicate with their customers using multiple channels such as advertising, sales promotion, publicity, email, blogs, social media such as – Facebook, Twitter, Youtube, etc., The firm manages to use these multichannels to deliver the right kind of message to the right audience through the right media with the goal of profiting from long term customer relations management.

5.1 WoM Retail Communication:

The impact of word of mouth (WOM) on a consumer's decision-making process has grown with the development of the Internet. The characteristics of the Internet, such as immediacy and interaction, facilitate consumers' information searches and communications with others. WOM communication in virtual communities is much more influential in terms of speed and scope than ever. Due to an increase in user popularity, social networking sites (SNS) have become resources and new platforms for marketers to disseminate and exchange information with their targeted population.

Electronic word of mouth (eWOM) has become one of the important routes for consumers to obtain product information. Recent research shows that 80% of consumers trust online recommendations. This percentage is far beyond that of consumers who trust traditional advertisements. Investigating the factors that influence eWOM credibility will be of great interest to scholars and practitioners. Consumer motives relevant to traditional WOM can also be expected to be of relevance for eWOM. Prior research has identified speakers' motives for positive WOM, as well as characteristics of WOM speakers and listeners of positive eWOM refers to user generated content on the Internet. It differs from traditional WOM in several aspects, such as information amount and format. The forms of WoM Retail Communication are:

5.1.i Experiential

Customer Experienced WOM result from a consumer's direct experience with a product/service and experience deviates from what's expected. Negative experience affect brand sentiment, positive generates a tailwind for a product or service. In a given product category the Experiential WOM is the most common and powerful form, typically accounting for 50 to 80% of WOM activity. It results from a consumer's direct experience with a product or service, largely when that experience deviates from what's expected. It is believed that the Consumers rarely complain about or praise a company when they receive what they expect. Experiential WOM can be both positive and negative.

5.1.ii Consequential

Consequential WOM, occurs when consumers are directly exposed to traditional marketing campaigns pass on messages about them or brands they publicize. The impact of those messages on consumers is often stronger than the direct effect of advertisements, because marketing campaigns that trigger positive WOM has comparatively higher campaign reach and influence. Consequential WOM is result of marketing activities performed by marketers. They are driven by messages delivered via marketing campaigns. These messages have stronger impact on consumers than advertisements.

5.1.iii Intentional

Influenced WOM is influence created through celebrity endorsements to trigger positive buzz. Marketers find them difficult to measure their impact and are unsure when to call campaign execution successful. This is a less common form of WOM. When marketers use celebrity endorsements to for product launches this could generating intentional WOM.

eWoM is creating observable effects in the online world with product reviews, ratings, social media communications and the like. This helps the marketers to - identify and nurture the loyal customers, seek reviews/ratings, use social media as a referral channel, use tools to automate the process, ensure service, staff, and support, crowd source feedback to make staff and support improvements

The marketers can use eWoM and encourage user generated contents by having a unique hashtag to identify content created by customers, providing incentives for creating and sharing pics, videos, and gifts on social media, offer free gifts, discount, or feature, creating a sense of community, Showcasing the user-generated content prominently on the website .

Testimonials can be written or video taped and can be hosted on your website .Offering incentives gives customers a reason to share, which can enhance word-of-mouth marketing. Good referral programs can also be created The factors which influence the adoption of online word-of-mouth communication that arises from customers' in-store shopping experiences.

Social media is a fundamental shift in the way we discover and share information. It provides individuals and particularly retailers with the ability to cultivate and have ongoing conversations and touch points with their customers and potential customers. Every retailer has a unique tribe of customers or a niche group of consumers. Social media helps broaden that group and engage with them like never before.

The rise and spread of the Internet has led to the emergence of a new form of word of mouth (WOM): electronic word of mouth (eWOM), considered one of the most influential informal media among consumers, businesses, and the population at large.

5.2 Social WoM vs. eWoM.

5.2.i Social WoM

There is a positive influence on credibility as the receiver of the information knows the communicator. The communication is conducted in real time and the communication is private and interpersonal through dialogues. The user must be present at the time of sharing the information and the message spreads slowly. The information are less accessible.

5.2.ii eWoM

There is a negative influence in the credibility as the receiver of information does not know the communicator. The information that is shared is not private and can be viewed by anyone at anytime. Messages are conveyed more quickly between the users through the internet at anytime The information are easily accessible

eWoM is the electronic versions of traditional WOM reviews. The first such difference is credibility as an information source (Cheung and Thadani, 2012; Hussain et al., 2017), since it can influence consumers' attitudes toward products or services (Veasna et al., 2013), for example, with regard to the purchase of tourism services, which are considered to be high-risk (Sotiriadis and Van Zyl, 2013). Luo et al. (2013) have suggested that the anonymity of online messages could have a negative effect on their credibility. In contrast, other studies (e.g., Hussain et al., 2017) have argued that consumers use eWOM more to reduce risk when decision-making. Likewise, eWOM tends to be more credible when the consumer using it has previous experience (Sotiriadis and Van Zyl, 2013).

Message privacy is another feature that sets the two media apart, since with traditional WOM information is shared through private, real-time, face-to-face dialogs and conversations. In contrast, information shared through eWOM is not private and can sometimes be seen by anonymous people who do not know each other. Furthermore, reviews can be viewed at various points in time (Cheung and Thadani, 2012). Indeed, because eWOM reviews are written, consumers and companies can check them at any time; this stands in contrast to traditional WOM, where once the message has reached the receiver, it tends to disappear.

Another salient difference between the two media is the speed of diffusion of the message; eWOM statements spread much faster than WOM statements because of where they are published, i.e., on the Internet (Gupta and Harris, 2010). Online platforms for sharing information (social media, websites, blogs, etc.) are what set eWOM apart from traditional WOM (Cheung and Thadani, 2012). First, they make the reviews accessible to more consumers (Cheung and Thadani, 2012; Sotiriadis and Van Zyl, 2013). Second, because they are written, they persist over time (Hennig-Thurau et al., 2004; Cheung and Thadani, 2012).

WOM is both the oldest medium for sharing opinions about products or services and the one most likely to influence consumer behavior, due to the high reliability and credibility transmitted by family and friends. In contrast, few studies have examined the interaction between perceived risk and eWOM source credibility (Hussain et al., 2017).

The Internet has transformed traditional WOM into eWOM. The communication of opinions is no longer done interpersonally (i.e., person-to-person or face-to-face), but rather is mediated by ICT. However, the many studies conducted (e.g., Katz and Lazarsfeld, 1966; Brown et al., 2007; Daugherty and Hoffman, 2014; Yang, 2017) agree that they are the media most able to influence consumer behavior and the most often used to obtain information before, during, and after consuming a given product or service. For example, in the field of tourism, eWOM is considered the most influential pre-purchase source of travel information (Sotiriadis and Van Zyl, 2013).

A communication program can be designed to achieve a variety of objectives for the retailer, such as building a brand image of the retailer in the customer's mind, increasing sales and store traffic, providing information about the retail's location and offering and announcing special activities.

As consumers are constantly connected and can share whatever they think whenever they want, all the ratings, opinions, posts etc., about a product are electronic word of mouth. It is becoming an important and integral part of a organisation's marketing strategy. The eWoM effects the business through two factors- the volume and the valence.

Volume includes the number of ratings and opinions are online. Valence identifies whether the ratings and opinions are positive or negative usually measured on a scale 1 to 5. When the volume increases it is understood that more and more consumers get awareness about the product. When compared with the volume, the valence is more impressive. The power of persuasion is far more important than the power of information and awareness. Thus the customers are more focused on what other people say rather how many people say. The volume and valence of eWoM has more effect on sales on specialised websites rather than the product page of the retailer.

The WoM is one of the oldest and most effective way of communication. It is a consumer-to-consumer discussion about a product, brands, services, retailers, manufacturers etc., . A positive WoM is a result of greater customer experiences. The WoM is free, not marketer controlled and powerful and credible. In online WoM eventhough there will be larger audience, the personal communication. A positive WoM is due to the internal motivation, trying to be helpful, personal interest. A negative WoM is due to vengence, trying to be

helpful, reducing anxiety and to seek advice. A positive or negative WoM is also triggered by the environment or the organisation

5.3 The main benefits of eWoM communication are:

It is customized to the digital network society, presents a powerful answer to modern marketing challenges, it is an answer in the client-oriented economy, it appears reliable, can be managed and can accelerate the purchase process. The role of WoM depends on the news worthiness that is being sent. People rarely gives opinions about the products that they have not experienced. Some people pass the information that they have received from others. In most cases the positive WoM relates to the products and brands the customer currently uses rather the previous brands and the brands they have not experienced. A negative WoM is usually given for the previous brand or the brand that they haven't experienced compared to the brand the customers currently used. The volume of the WoM should correspond with the number of customers.

The newer customers give the more positive WoM than the old customers, because the new customers find it more interesting and exciting. It is also understood that both men and women participate in the WoM communication. The major outcomes of WoM communication is persuasion, nudging, reinforcement, contrary impact and passing on. Customers will continue searching various channels for inputs that leads to the purchase decisions. The multichannel marketing and other innovative marketing strategies continue to change both offline and online environment as more and more companies move to provide a better and enhanced marketing experience to their consumers.

6. Conclusion:

Word-of-mouth is more than just being satisfied or dissatisfied. It is a social activity, that is influenced by the external environment. The innovative marketing communication strategies backed by extensive research with academic interest will provide a better platform to track changes in the offline and online retail communication, and making a massive change in the perception of social and online WoM communication in the retail sector. The offline face-to-face communication are also relevant in the eWoM marketing communication. **Lue, 2009** The word of mouth is a double –edged Sword, because the organization can reap many benefits through the positive word of mouth, where has reported that word of mouth, or the voice of the customer is one of the most effective tools for generating sales and future cash flows. People engage in the WoM communication for the social acceptance and recognition, distinction, knowledge and authority, the urge to do good, sharing experiences. Thus organisation must adopt an integrated social and e Word of Mouth communication strategy

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