

EVALUATION OF IMPACT OF SOCIAL NETWORKS

Critical Evaluation of Impact of Social Networks and Benefits, Risks, and Opportunities Associate with E-Commerce: A Theoretical Overview

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ABSTRACT

Social networks are becoming the use of everyday on internet, chatting with friends, uploading the Pictures, connecting the with people living other edge of the world, all these were not possible without the Social networks. This papers Examine the theoretical overview of how social networks are becoming the key pillar of E commerce. How companies are getting the advantage of E-commerce by utilizing the social networks platform. This paper assess the risks the of social networks for E commerce, benefits, and rapid growing opportunities for social networks in E-commerce. Social networks are providing the source of target marketing, promotional activities, reviews, customer relation, product development forums, after sales service forums such exceptional activities has made the social networks a very cost cutting and dynamic tool for the e commerce, where companies can directly go to their customer without any geographical restriction and promote the product in those area and can get feedback, exploit the need of the product without going direct to customers. As social networks revolutionized the E-commerce but it bring some pitfall of the Social networks. This paper has written to explain tothese issues theoretically and to understand the impact of social network on E-commerce.

Keywords:

E-Commerce, Social Networks, Online Business, E-Value Creation

INTRODUCTION

Social networks have changed the communicating, sharing and searching data style of the users. Users not just use these networks but on daily basis update his/her profile share photos and links to friends which shows that user find these networks trustworthy. Some school of thought believes that augmenting online marketplaces with social networking features should increase the user satisfaction level and improve the trust between the transaction partners. As we all are aware that online market places daily interact with strangers and the probability of making fraud is high because of the reason users play with their reputation system by artificially inflating their reputation values. Integration of social networking feature with online markets is beneficial for both buyer and seller. To evaluate the potential impact of social networking on online marketplaces we have to study the user connectivity and behavior.

Social media is playing a very important role in conveying information to the individuals and the organization. Social media is removing barriers among the person's means a person can communicate to a thousand miles far person easily (*Eisenhardt, Martin, 2000*). In 2009 first marriage through social media came in front of us. Many organizations have a different view about the social media.

According to (*Toshebasarwar Coe of Imanagers*) social media is a platform which facilitate communication where you can express what you feel what you think. Second social media make whole world very small. Third social media helps to save advertisement budget about 30 to 35%.

Higher education institutions in developed countries have started using social media for the provision of quality education and the production of valuable research because of the reason research gain attention of every field and business today. If we talk about the Human Resource social media tools such as Facebook, Twitter and My Space are increasingly being integrated into recruiting and outreach activities (*Petras Barsauskas, 2008*). However, the picture is not very bright in case of many developing countries.

Researchers must adapt their approaches to understand these tools and collect relevant data.

As we all are aware today every person who is using internet services have defiantly a Facebook account in any inspectional case it can't be. Facebook has become a path not only for student and their student connections, but increasingly for faculty and faculty student communication. Emphasis of using social media for educational institutions is basically focused on student perceptions of faculty their way of teaching, identity, and disclosure, educational impact on their personality and future, and guidelines for faculty and students communicating through Social media. Basically giving a platform both the faculty and the students where the communication gap between students and faculty can decrease.

Here we have an example of Overstock auction similar like eBay and uBid in sense of auction house but it's different because of its integration of social network into the social community. It encourages users to establish online presence through personalized home page with personal data and history, photos, links their online shopping preferences and return policies. Over stock auction maintains two distinct networks of its members. User can become a member of social network by becoming friend with an already user and 2ndly the one who buy or sell become the part of business network where each link connecting two users implies one or more prior financial transactions. For financial decision making guidance Website also offers users information about how the both potential parties are connected to each other. From its 400,000 users survey they conclude that majority of its users are not linked with social networking and social networking can have a dramatic positive impact on online marketplaces.

In reality, a person's decision to buy a product is often strongly influenced by his or her friends, family members and business partners, rather than strangers.



Figure1 represents the Buyers Behavioral stage and its behavior is highly influenced by the society. Social networking here plays a very vital role.

	Flicker	Livejournal	Orkut	Youtube
Number of user	1,846,198	5,284,457	3,072,441	1,157,827
Estimated fraction of user population crawled	26.90%	95.40%	11.30%	Unknown
Dates of Crawl	Jan 9,2012	Dec 9-11,2011	Oct 3-Nov,2011	
Number of friend links	22,613,981	77,402,652	223,534,301	4,945,382
Average number of friends per user	12.24	16.97	106.1	4.29

Today people make believe on Facebook, Twitter and linked in available data. They have a feeling like here we can make friend like me. They communicate, share data, talk about issues, and express positive or negative feeling about products or services. According to new research social network sites including MySpace and Facebook are driving an increasing volume of traffic to retail sites and are thus becoming a starting point for Web users who are interested in E-commerce.

According to the survey 80% of the organizations use Facebook. Today it's a great opportunity for the E-commerce companies to take advantage from these social networking blogs by knowing group of people's preference, interest, hobbies from the profile and target existing as well as potential customers profitably. As we have studied many times in marketing and its relevant courses that a human convey positive or negative trait or attribute of any product or a service to sixteen persons so a company can also take benefit in term of improvement by knowing what change a customer want in my existing product or service.

As we have discussed before 80% of the organizations are currently using these social networking.

Figure 2 explains number of users, number of friend links and number of users groups of Flickr, Live Journal, Orkut and YouTube. From the recent survey results the numbers of Facebook users are 500 million. If we assume Facebook as a country then Facebook is the 3 largest countries in the world(Harvey Jones, 2005).. The number of users of Facebook is growing rapidly (one new person join in one second).

Fraction of links Symmetric	62.00%	73.50%	100%	791%
Number of user groups	103,648	7,489,073	8,730,859	30,087
Average number of groups memberships per user	4.62	21.25	106.44	0.25

Wilson, C. (2011). Breakup Social Networks Use: Wall street Journal 2011

Just when things couldn't get better, Friendster, the first-of-its-kind social networking website was launched sometime in March 2002. Revolutionizing communication methods, your friends could remain all in one place. Instead of emails you dropped short messages that were visible to all. Then came Facebook, Orkut, MySpace.

Social network like Twitter and Facebook to promote our businesses. And those of us looking to connect with more business-related contacts may turn to sites like LinkedIn to develop relationships with people we have worked with (Harvey Jones, 2005). With the rising use of social networking by business professionals, there is a large number of social networking sites focused on business users and meeting their needs. Here social networking sites for entrepreneurs, business owners and professionals.

EVALUATION OF THE IMPACT ON E-COMMERCE:

E-commerce evolution is related to rapid perfection of information technologies, the growing possibilities of their adoption in various areas, and the decrease of their usage cost. Today e-commerce decisions more often are treated not as a competitive Edge, but as a necessity for the businesses, which helps to avoid the lagging behind competitor. With boom of the Information technology and social life styles of the people and way of communication have the business the way it was conducted earlier.

Since, mid-1990s, evolution of e-commerce conception has emerged that has evolved from separate electronic transactions in goods purchase or resource supply that based on business models like business-to-customer or business-to-business models, to dynamic business economic systems based on the merger of separate markets and value chains, which are created in the networks to communicate, but as the time goes on this model changed and give us the a type of e commerce that is supported with influence of social network (Petras Bars̃auskas, 2008). Although social network are influencing the in E-Commerce Decision Making (Kim, Srivastava). Online service providers, such as Facebook and Amazon, are beginning to collect various kinds of public and private data across the Web for the purposes of targeted marketing.

Today more and more companies become interested in social networks, blogs wiki as one of the instruments for business efficiency improvement. It is no longer treated as only a marketing instrument but also for the rating product, information, direct feeds from customer, products new features, add on service, purposes are being fulfilled. (*Benjamin and Elsie, 2003; Cloete et al., 2002; E-Business Watch, 2003; Subramani, 2003*).

OPPORTUNITIES FOR SOCIAL NETWORK IN E-BUSINESS.

Electronic commerce forms part of a broader process of social change, characterized by the globalization of markets, the shift towards an economy based on knowledge and information, and the growing rapid of all forms of technology in everyday life (*Development, O. F. E. C.-O. A. 1998*).

The social media landscape is changing quickly, but this change won't be immediate, or for that matter, efficient. And that's going to be a big opportunity for all e Companies. Opportunities for social networks increasing every day a new account on social network is signed up. There is still lot of gap to cover up like it can use their platform to:

1.recommendation: is a very powerful driver to decision making: whether it is for hiring a person, picking a new product, or finding a general direction, humans tend to look to their existing network do a subconscious "most-like" analysis of the information they receive. For example, Amazon has been very successful with the "people who bought this also bought portion where people can recommend the products. (*Fung, C. L. a. S. Ed 2007*)

2.Marketing: it always to very hot edge for social networks from marketing point of view, as they provide a very precise and comprehensive target marketing tools at lower and cheap cost. (*Louis,T. 2006*)

3. Sites like Google Answers are working on providing better answers to questions. Add-in some social network glue and one could be able to figure whether the person is a subject matter expert in the area he/she is answering the question about. It is impossible to know everything but you might have a friend of a friend of a friend who has the answer in a specific area you are researching. Like if you linked the user profile details with the answer then user can easily now that remote person has expertise in subject.

Some authors have the argue that it can be utilize as the management reputation like a person can specifically now how a particular person is doing at job, portal like LinkedIn are doing, some agree that overloads means also a opportunity for the new social network startup, like Google+ (*Spivack, N. 2011*).

BENEFITS BASED SOCIAL NETWORKS AID TO E-COMMERCE

The impact of the social network on the E-commerce is clearly visible in the way people share the e recommendations over the internet. It do not require any special knowledge of Information Technology, or no need to learn the coded language, as many social websites are visual oriented(*Cod,C. 2011*)

- Consumer may be source of information on particular product design and features, marketing promotional advertising campaigns, which can lead to innovation for a retailer.
- Rapidly increased web site traffic that is result of social marketing on Facebook, Google+, Twitter, AOL.
- Increased sales which are based on collaborating filtering, like retailers are always looking for the word(*Grau,J.06,2006*)

RISK OF SOCIAL NETWORKING ON E-COMMERCE

Now a day's social networks are growing and becoming more and more popular among the people. This popularity is creating challenges for the people who are in e-business because people are becoming more and more conscious and they have more information about products that are available in the market. By using social networks people do analysis of products.

According to a recent survey of 288 marketers and IT professionals at e-businesses in the US and Europe, 61 percent of respondents said they make decisions on half or less than half of the data available to them (*Hessinger, S.2011*)

Endeca Technologies released results of its survey, "eBusiness Analytics Trends for 2011 and 2012," at the annual Shop.org summit for online retailers this week in Boston

According to this study, many e-businesses start following term "big data". Social media is providing huge amount of data about the product.

Security is a major risk in using social networks. An intranet is used by business partners and internal users to share information about the company. It is difficult to define the security standards. To stay safe on a social network service it important to recognize those factors that can be harmful. Have to make some guidelines to save from threats and work within those guidelines.

Cyber crime is most common problem for the organizations. The information that is updated on the social networks can b hacked by the hackers. Because it is not related to physical world so it

is difficult to provide strong security. Although, security is provided but can be break because it is related to virtual world (Zott,R. A. a. C.2001)

ADOPT NEW RETURN ON INVESTMENT (ROI) CONCEPT:-

While you are in social networks means you are in both virtual and physical world. It is difficult to justify with traditional ROI concept. If the social network defines properly than the flow of ROI will easily performs.(Swamynathan, G.2008)

INTELLECTUAL PROPERTY:-

Social networks are easily and openly accessible by the general public. So, employees have to be very careful while updating or sharing information on the social networks. The risk of leakage of information is increased. Information is an intellectual property of the organization, employees should be trained about that.

INTELLECTUAL CAPITAL

Employees are the capital of any organization. Efficiency of the organization is based on the working efforts of the employees. Especially in service industry employees play main role in the growth. And employee turnover can make serious problems for the organizations. And through social networks it becomes easy to find and move from one organization to another.

INFORMATION LEAKAGE

Use of social media is a major risk for the e-businesses. E-business is mostly based on virtual world and most of the activities are virtual. The issue of theft of information and confidential documents are common. If secret information or important documents are stolen this can harm the business. And it can be used somewhere against you.

CONCLUSION

Our theoretical overview critically review the impact of Social networks on e-commerce, Social networks sourcing the increasing in high sales volume, marketing benefits, product development, but it is becoming the causing problems like privacy, security, intellectual property security issues saimentainouly. Many corporation are now enjoying the fruits of social networks as they are recommended by friends to friends over the internet just making by one click, so word of mouth phenomena has become very much instant and it cut down the cost of advertisement that are huge in traditional methods of marketing. As the number of user are sign up every day on social networks there is more room being generated for starting up the new and unique way of social communicating. Blogs wiki revolutionized the promotion of marketing the products, companies started writing blogs on the their product use, and industry they in which they are operating, RSS feed played a vital role in the social networking

marketing, anyone can have the subscription of companies new product, press releases, and monthly or weekly news letters are also giving an opportunity of keep in touch with customer and keep them up date with companies products.

RECOMMENDATION

There is huge room for Haggling in the social network based E-commerce, like tagged people can post the things for sale , these tags can be found by category, Location.

Social networks are giving opportunity to buy the products, but its not giving the merchant with personality to the sellers, so if networks allowed then to register the a sub company under the head of social network that will enhance the e-commerce efficiency and supply chain aswell. Filtering should be collaborative on social networks, like recommend that thing a person really needed.

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