

# *Commercialization of Social Networks*

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**Abstract:** Under the background of new technology and new media, social commerce has developed rapidly and has produced a variety of new scenarios such as live shopping. Many people have studied social commerce and social networks before, but there is still a lack of research on new business models. The paper intends to summarize the current way of social network commercialization and put forward prospects for future development: it mainly summarizes the current development of social commerce and analyzes social networks in it; Also, it summarizes the problems arising in these new scenarios and puts forward solutions. The study finds that the current new social business model makes efficient use of social networks to increase sales, but the problems it brings are also serious and should be paid attention to. It is hoped that the research can make social commerce pay attention to sustainable development in the future and solve problems promptly, and also provide a reference for future research on social commerce.

**Keywords:** social network, influencers, consumers

## **1. Introduction**

### **1.1. Background**

Social commerce is a combination of social media and e-commerce. It allows sellers to promote products on social media, and consumers can buy products through social platforms. This convenient and efficient way of shopping is preferred by people. The outbreak of COVID-19 has accelerated the development of social commerce as being at home strengthened the contact between brands and consumers. Research has shown that when U.S. consumers had more time at home during the pandemic, their social media use increased, which in turn increased their social platform engagement [1]. At the same time, brands were trying to strengthen communication with consumers through social media to increase their sales volume. For instance, when in-store sales were not possible, a skincare brand started offering skincare advice online and successfully increased sales [2]. Due to the pandemic, social commerce has been booming-TikTok is a good example. The future of social commerce is limitless.

### **1.2. Related Research**

Stephen and Toubia studied online stores before and after the formation of social networks between sellers. They employed time series analysis at the market level and Bayesian statistical analysis at the

store level. The results showed that social commerce networks formed by sellers are very important for sales-network density, and network location is a factor that influences their performance [3].

Through Facebook, Linda analyzed the current trends and changes in social commerce and proposed new directions for the future. Linda believed that in the future, online shopping companies that promote collaboration among users of the World Wide Web would be successful. Besides, successful companies should be those that encourage consumers to participate in and guide the design of products and services [4].

Hajli used theories to create a framework for accepting social commerce. The model showed that trust persisted in e-business and could be established at the time of social-commerce creation. Also, suppliers for online businesses can enter new business plans through forums, reviews, and some other channels [5].

Hajli conducted an empirical study using PLS-SLEM to prove the important influence of SCCs on purchase intention while the SCCs were positively correlated with trust. The biggest contribution of the study was that social commerce constructs showed that social relationships and interactions can influence individuals' purchase intentions. Participation, information sharing, and other activities were also allowed by these constructs, which were conducive to improving consumers' purchase willingness [6].

Liang et al. adopted an empirical method and used a popular microblog to show that consumers' use of social commerce was positively influenced by social support and website quality. The result is helpful when explaining the reasons for the popularity of social commerce and designing future social commerce strategies [7].

Chen and Shen studied social shopping and social sharing. They created a model based on social support theory. Results showed that social shopping and social sharing intentions were influenced by consumer trust as well as a community commitment, both of which can be influenced by emotional social support and informational social support [8].

Curty and Ping established a framework to study the transactional, relational, and social of e-commerce. Then they used it to study five e-commerce companies. It is found that these three characteristics have always been reflected in the company and affected the company's strategy for many years. Companies have tried to strengthen the relationship between consumers and merchants through relational features [9].

A model based on theories such as social support was proposed by Hajli and Sims and it focused on the effect of social media on consumer communication. The author used SEM-PLS data analysis to prove that social media promoted online communication through social commerce constructs and that consumer behaviors were generated while social support was also affected [10].

Bugshan and Attar collected data on consumers in the Asian market by sending questionnaires in the form of emails. Using PLS-SEM analysis, they found that purchase intention increased because shared social commerce information improved trust and reduced perceived privacy risks [11].

Maia et al. surveyed 229 users on Facebook and found that trust was the main factor affecting an individual's social commerce engagement, with perceived importance and information quality also influencing social commerce engagement. Research also showed that ratings, recommendations, and comments were used more for expensive goods and computer-related goods than for other goods such as books [12].

### 1.3. Objective

The second chapter mainly summarizes the latest development of social commerce: First of all, the new scenes under the new social commerce include their appearance and operation mechanism; and then the use of social networks in each of these situations. In the third chapter, firstly, the problems brought by the new social commerce are put forward, then potential solutions for different groups of

people who play important roles in social commerce are proposed and finally, there is a beautiful vision of social commerce.

## **2. The Development of Social Networks**

### **2.1. New Scenes of Social Commerce**

Under the scenario of new technology and new media, live shopping and buying goods through video are two popular shopping methods. Also, fun group chats have become popular.

For live shopping, it was used by approximately half a billion people in China [13]. It runs in the form that sellers show the products in a live way to explain the products and encourage viewers to buy, and buyers can interact with the sellers and ask some questions about the products. On the live page, buyers can purchase goods directly within the platform or go to the purchase website by clicking on the link [13]. This way of selling has made many people successful, for instance, Velez generated \$100,000 per day through live streaming while closing all his locations [14].

Buying goods through video refers to the purchase behavior generated by an advertiser's advertising on the influencer's video. With the development of platforms, it is much easier for brands to contact satisfied influencers for advertising [15]. The following steps are required for creator collaboration on YouTube: To begin, the brand will find the creator to negotiate the price and other issues. After the negotiation, the two sides will develop a concept for the video. Then the creator will create according to this concept and may communicate with the brand during the creation. Following that, the brand needs to make sure that the video follows the rules before it is published [16].

In Douyin, influencers would build their fan group chats after accumulating a large group of followers. In these fun group chats, influencers would communicate with their fan. Interestingly, many influencers give benefits to those with high follower ratings, which are determined by factors such as activity within the group.

### **2.2. Applications of Social Networks in New Scenes**

Now, the marketing tools that make social commerce successful are becoming more diverse. The essence of these methods is to enhance the communication between influencers and fans. Social networks have played a crucial role.

Many of the items in the live stream are purchased in "packages"-consumers need to buy a "package" at once even though many of the items in it may be things they are not interested in. Despite that, there are still many people who buy because of the low price. Among these consumers, some use their social networks to maximize their advantage wittily-they buy the "package" with their friends or family members. Such behavior not only allows customers to enjoy the low price but also avoid waste thanks to the contribution of social networks. Furthermore, to look at it deeply, this sales model and the purchase behavior of fans have promoted the development of the broadcast room and influencers. In theory, consumers would choose to purchase orders with someone who has the same demand for goods of a certain category, then because of such demand, he/she is likely to become a fan of the broadcast room or the influencer (each influencer is likely to have a specific content positioning and every broadcast room usually sells products in certain categories). In real life, peer recommendations increase this probability. Then, assuming the person becomes a fan, his/her purchasing behavior with another person in the social network will also attract fans-in the same way that he/she is attracted. The spread of information and peer effect in social networks result in a larger number of fans for broadcast rooms and influencers. Thus, sales are increased.

Apart from the content of influencers' videos, collaboration with influencers also takes social networks as a tool for finding suitable influencers to make videos. Influencers have their fan network, in which characteristics are obvious such as age and video preference. The adviser would choose the

influencer whose fan network has the characteristics of targeting audiences. For example, cosmetics advertisers tend to collaborate with influencers who have a fan network of young females. Social networks are helpful to advisers when they are targeting their collaborators to increase sales.

Building fan group chats can bring the relationship between influencers and fans closer and increase fan engagement. It turns out that there is a positive correlation between fan engagement and loyalty. So because of increased loyalty [17], fans are more likely to be influenced by influencers' recommendations on products. Building fan group chats is a way to drive business activity. The same goes for benefits given by influencers to high-level followers-encouraging fans to interact more by creating a competitive atmosphere to increase engagement and ultimately loyalty. From another perspective, the essence of building fan group chats is that influencers artificially influence the fan network. For example, in a group where two people who would otherwise not know each other become friends because they resonate on the same topic, the fan network will add a connection; or two old classmates meeting again may turn a weak connection in the fan network into a strong one. In short, the fan group chats can make the fan network more complex. Therefore, when some items are sold in "packages", fans will not give up buying because they can not find a partner, and sales will therefore increase.

### **3. Problems, Solutions, and Expectations**

#### **3.1. Problems**

Social commerce does bring many benefits such as authentic customer engagement, but it still has problems.

First and foremost, a large number of influencers rely on traffic to sell goods in their broadcast room, they may not understand the product well, so in the process of explaining the product, they may mislead consumers. Second, some influencers are not strict when choosing products for video cooperation or even just for high advertising rewards given by advertisers. Third, many brands spend less on research and development than on advertising on social platforms. Fourth, it is a characteristic of social platforms that everyone is given the equal opportunity to speak, but some consumers use this characteristic to deliberately publish videos including bad feelings to attract attention, resulting in brand reputation loss. Fifth, some influencers would use their fan group chats to lead their fans to attack other influencers by commenting on the bad stuff. In the worst cases, such an "attack" can even run afoul of the law. Sixth, it is difficult to protect privacy on social platforms. Every time customers buy something, their address, and personal information are exposed, causing security risks [18].

#### **3.2. Solutions**

The development of social commerce requires the efforts of many people. The platform should strengthen supervision and improve its rules and regulations. Brands should concentrate on making products better and do moderate publicity. While enjoying the opportunities brought by The Times to ordinary people, the influencers should also be strict with themselves, strictly select products, and consider the interests of consumers. At the same time, a consumer or a fan of an influencer should have their judgment and not blindly believe the information on the Internet. They also need to raise legal awareness and not follow the trend to "attack" other influencers.

#### **3.3. Expectations**

In addition to the impact of the epidemic, the tremendous development of social commerce in recent years is also inseparable from the change of platforms, brands, influencers, and consumers-the potential of social commerce is huge because people are willing to change. In the future, it is hoped

that social commerce can vigorously develop its advantages and effectively avoid disadvantages—brands strive to make good products, consumers can sincerely voice suggestions for the brand, and social platforms provide effective communication channels in this process and help to promote good brands and products. Finally, brands and consumers will achieve mutual benefits and a win-win situation. A harmonious and friendly social business environment is a beautiful vision.

#### 4. Conclusion

The paper studies the latest developments of the commercialization of social networks. The developing problems and solutions are also proposed. It turns out that live shopping, advertising cooperation with influencers' videos, and fan group chats are new scenarios arising from the development of social commerce. These ways can enhance communication between influencers and fans, through live interactions, comment sections, and in the form of daily chats. Meanwhile, the characteristics of these scenarios also make them achieve the effect of increasing sales. The "bundled purchase mechanism" of live streaming enables consumers to use their social networks to buy with others, which plays a good role in publicity; When cooperating with influencer videos, advertisers can use social networks as a tool: advertisers can find the influencer whose fan network attributes are most consistent with the characteristics of the targeting audience, to achieve the effect of accurate delivery; Fan group chat is a way to increase fan purchases by increasing fan loyalty or by making the fan network more complex. The development speed of social commerce is rapid, but people can not only focus on their immediate interests. Instead, they should make the potential of unlimited social commerce to achieve sustainable development. Therefore, all people involved in social commerce should be strict with themselves and make efforts for harmonious and prosperous social commerce in the future.

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