



**A STUDY OF SOCIAL COMMERCE BUSINESS MODEL**

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## A STUDY OF SOCIAL COMMERCE BUSINESS MODEL

**Thematic Certificate**

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## ABSTRACT

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Driven by the rapid development of information technology and internet, the identity of every network user is gradually changing, from a single information acquirer to a content creator; from a one-way purchaser to a recommendation, The theory of opinion, rating integrated multi-faceted personalized content media. The platform that bears this change is the social network and social commerce. It brings about a further increase in consumer satisfaction and loyalty, resulting in more space for consumption and profit, as well as a number of emerging business models. Future social commerce will be integrated smart e-commerce that integrates social networking, content, marketing, sales, payment, after-sale, and mobile. It will overturn many barriers to traditional business models, change the business landscape, and have a profound impact on the world's macroeconomics.

Social commerce is a sustainable business model because it gives consumers more incentives and excludes factors such as identity and geography that limit consumption. Since many technologies and business models of this emerging phenomenon are still in an evolutionary stage, academic and commercial fields have different views on their future development trends.

This paper focuses on researching social commerce models from various dimensions, studying the current scale of e-commerce in the world's leading social platforms, and the status of development in Southeast Asia, and predicts and analyzes future evolution trends.

**Keyword: Social Media, E-commerce, Business Model, Social commerce, Facebook, Sina Weibo, Mogu Street.**

## 摘要

题目： 社交电子商务模式研究

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在信息科技和互联网飞速发展的驱动之下，每一个网络用户的身份都在渐渐发生转变，从单一的信息获得者进化为内容创造者；从一个单向的购买者变成了一个可以推荐、品论、评级的整合型多方位个性内容媒体。承载这一变化的平台就是社交网络和社交电子商务，它带来的是消费者用户满意度、忠诚度的进一步提升，从而产生更多消费和盈利空间，也催生了一批新兴的商业模式。未来的社交电子商务，将是集社交、内容、营销、销售、支付、售后、移动为一体的整合型智能电子商务。它会颠覆传统商业模式的很多壁垒，改变商业格局并对世界范围内的宏观经济产生深远的影响。

社交电子商务是一个可持续发展的商业模式，因为它给予消费者更多的激励机制并且摒除了身份和地域等等限制消费的因素。由于这一新兴现象的很多技术以及商业模式都还处于进化阶段，学术和商业领域对其未来发展趋势意见不一。

本文着重从各个维度分析社交电子商务模式，研究目前世界主流社交平台电子商务的规模以及在东南亚的发展状况，并且对未来演变趋势进行预测和分析。

关键词： 社交媒体，电子商务，商业模式，社交电子商务，Facebook，新浪微博，蘑菇街

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This article was carefully guided and selflessly assisted by the tutor during the writing process. From the selection of topics to the outline of the thesis, thanks to Associate Professor Li Chiao-Ming for guidance with his rich experience and profound theoretical knowledge in the field. Under the guidance of the instructors and frequent supervision, this article can only gradually shape. Looking back at the writing process of the entire dissertation, although it was not easy, it made me indulgent, experienced thoughts and inspirations, and experienced the essence and significance of management more deeply. Therefore, I cherished it.

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# A STUDY OF SOCIAL COMMERCE BUSINESS MODEL

## CHAPTER 1 INTRODUCTION

### 1.1 Background

Since the development of the Internet technology, the cumulative speed of users and the renewal of technology have been developing every day. Personalization and socialization are rapidly infiltrating and the world is entering the era of Web 3.0. Today's the Internet information search and sharing methods are gradually relying on social media. It brings a whole new world, makes communication easier, has more fun, and allows people to fully share ideas. Jeff Howe wrote in his book *Crowdsourcing* that "It uses the deeply ingrained social attributes of human beings. Some anti-Utopian views believe that the Internet is first to serve isolated individuals, but the opposite is true. "The Internet and social networks serve the public. Social applications are becoming more and more abundant, and the platform effect is continuously magnified. A wave of "socialization" is gradually evolving. Socialization continues to penetrate the economy and society through the Internet and gradually changes people's lives. Similarly, today's online transactions and business practices have also undergone tremendous changes. Under the previous B2C and C2C models, only one-to-one or one-to-many consumer behavior can no longer satisfy consumers' desire for transparency in information. People need a more open market and share real and effective information. Therefore, the social network will be the most suitable platform. This technology has sparked alternative sources of media and provided consumers with more information and resources. Technology has removed walls between channels, and consumers are increasing the Internet access through smartphones, tablets, notebooks, and more. Product reviews, recommendation systems, and search capabilities are integrated into e-commerce sites. Social commerce is becoming a force in the online economy with his open real-time nature and convenience.

In this context, a new round of economic forms is underway. Don Tapscott wrote in the book *Wiki Economics*: "Wiki/Social Economics is a new science and art. It has four new rules are based on openness, reciprocity, sharing, and global operations." The resulting new patterns and consumer trends are the main points of this study. At present, although many technologies and profit models are still unclear, markets and investors are undoubtedly full of confidence and belief that he will revolutionize and promote the development of e-commerce. In the future, socialized e-commerce will evolve into an indispensable and even main channel for all branded businesses.

Social commerce (s-commerce), an evolution of electronic commerce (e-commerce)

that highlights the role of online social networking in facilitating business, has gained popularity recently (Wang & Zhang, 2012). As a network platform featuring real-time interaction, participation by all citizens, and authenticity and reliability, social networks can help consumers complete a series of behaviors such as exchanging experiences, commodity information consultation, and shopping experience sharing. The positive interaction of consumers on social networks makes The role of consumers has changed from unilateral information receivers, commodity buyers to information disseminators and product appraisers. Therefore, the construction of social networking platforms is not only based on the actual needs of online consumers, but also a reliable guarantee for the healthy development of e-commerce.

The decentralization and precise marketing of social commerce greatly reduce the marketing cost of e-commerce and the time cost of consumers looking for goods, which is its unique advantage. In general, social commerce relying on social networks for dissemination and promotion has brought new momentum to social and economic development. The growth of social commerce in just a few years has become an indispensable business form in the business process, which has aroused scholars' interest in researching consumer behaviors of social commerce and social commerce.

Web3.0 is a combination of social media and e-commerce. It promotes the sale and service of online products through the sharing and mutual assistance of users. In recent years, social media such as Facebook, Sina Weibo, and Mogu Street have sprung up. The influence of social media is getting more and more optimistic. Many merchant websites want to use social media for product marketing. In this era of information explosion, improving the efficiency of web search has always been the wish of users. In this case, they are often more likely to believe in recommendations or share with friends. Social commerce provides consumers with a brand-new lifestyle, and consumer behavior patterns have undergone tremendous changes. Social commerce consumer behavior has new features, including a focus on word-of-mouth, universal access and mobilization, and a seamless experience online and offline. Based on similar hobbies of users, social commerce runs through the entire shopping process, including merchant selection, information exchange, product comparison, and post-purchase evaluation. This all determines that social commerce will be the next tip for the Internet marketing point.

## **1.2 Research purpose**

Although the investment in the e-commerce industry has been alarmed by some people in the industry, the growth momentum is hard to conceal. With the continuous increase of online retail platforms and the increasing variety of retailers, it has become a dilemma for consumers to quickly retrieve the goods they need and confirm their purchases. At this time, social circles that have formed a trust relationship can find the desired products through mutual promotion among friends. In the future, not only will a

considerable part of e-commerce website traffic come from social networks, social networks themselves will also become a platform integrating marketing, sales, payment, and other functions.

As an emerging global phenomenon, social media and the consequent social commerce continue to evolve. Social commerce has evolved quickly; thus, it has not been studied as extensively as e-commerce and social media (Curty & Zhang, 2013)

Summarize various forms of socialized e-commerce, with two core features: First, it helps consumers answer the "what to buy? Where to buy?" problem, that is, the role of shopping guide; Second, there is a user or between the user and the company interaction and sharing means having a social element. Both academia and the business community are taking research to cope with this emerging product. Among them, this article focuses on the business model and profitability of social commerce. It mainly deals with and answers the following three questions:

- (a) The business model of current social commerce platform
- (b) A case study of the status quo of social commerce development in the world, China, and especially Southeast Asia
- (c) Inadequacies of the business model of social commerce and future development forecast

### **1.3 Research framework**

The thesis start with the evolution of this social commerce field and introduce the concept behind each step of the development process: basic concepts including SNS, e-commerce and social commerce; case selection, case analysis and comparison; and then The analysis of existing business models and profitability in the field is mainly about data collection and analysis; then it is the effectiveness of the proposed strategy. In the current business development trends, technological evolution, consumer potential needs, and other issues to start with advice; feasibility and possibility of future business model research; the final conclusion is the impact of social commerce on the macro-economy and Southeast Asia social commerce market outlook analysis. From the origin to the status quo to the model to the capital market and the extent to which consumers respond to it, then through the prediction of technology trends, the analysis of consumer purchasing psychology and behavior deduces the business model and future development of social commerce in the future.

## **CHAPTER 2**

### **LETERATURE REVIEW**

#### **2.1 Social media definition**

Social media are computer-mediated technologies that facilitate the creation and sharing of information, ideas, career interests and other forms of expression via virtual communities and networks. The variety of stand-alone and built-in social media services currently available introduces challenges of definition; however, there are some common features:

- (a) Social media are interactive Web 2.0 the Internet-based applications.
- (b) User-generated content, such as text posts or comments, digital photos or videos, and data generated through all online interactions, is the lifeblood of social media.
- (c) Users create service-specific profiles for the website or app that are designed and maintained by the social media organization.
- (d) Social media facilitate the development of online social networks by connecting a user's profile with those of other individuals or groups.

According to the definition of Wikipedia, social media is the media that achieves the purpose of communication through social interaction. The basis of knowledge behind social media is the six-degree theory proposed by Harvard University psychologist Stanley Milgram: that no one between strangers will be separated by more than five people. Social media supports the need for human interaction, transforms the traditional one-to-many communication model into many-to-many social media conversations, and transforms people from content consumers to content producers, so the information in social media is again User-generated content (UGC).social commerce builds on social-media supported commercial activities, its use fulfills users' social gratification needs (Chen & Shen, 2015).

#### **2.2 Business model definition**

Business model describes the design or architecture of the value creation, delivery, and capture mechanisms employs. The essence of a business model is in defining the manner by which the enterprise delivers value to customers, entices customers to pay for value, and converts those payments to profit. (Teece, 2010)

#### **2.3 E-commerce definition**

E-commerce is the process by which entities and individuals exchange commodities online using the Internet-mediated systems with the support of both the transmission of data between internet-mediated systems and electronic monetary systems (Wigand, 1997).

E-commerce is the activity of buying or selling of products and services online or over the Internet. E-commerce draws on technologies such as mobile commerce, electronic funds transfer, supply chain management, the Internet marketing, online transaction processing, electronic data interchange (EDI), inventory management systems, and automated data collection systems.

#### Impact on markets and retailers

E-commerce markets are growing at noticeable rates. The online market is expected to grow by 56% in 2015–2020. Traditional markets are only expected 2% growth during the same time. Brick and mortar retailers are struggling because of online retailer's ability to offer lower prices and higher efficiency. Many larger retailers are able to maintain a presence offline and online by linking physical and online offerings.

### **2.4 SNS definition**

A social networking service (SNS) is an online vehicle for creating relationships with other people who share an interest, background or real relationship. Social networking service users create a profile with personal information, photos, etc. and form connections with other profiles. These users then use their connection to grow relationships through sharing, emailing, instant messaging and commenting. Social networking services may also be referred to as a "social networking site" or simply "social media."

The social networking service business model is based on online advertising, either through direct, targeted advertising that utilizes an individual's personal information, search habits, location or other such data or by selling the personal information to third-parties. The proliferation of mobile technologies, such as smartphones and tablets, has helped the growth of social SNS adoption and use.

While social networking services may take many forms, they share several characteristics, such as all utilizing the Internet. Other similar characteristics include user-generated content, such as photos, videos, and posts that inform other users about the activities and interests of the poster. The ability to connect individuals from all over the world, though some platforms recommend that individuals know one another in real life before connecting online.

### **2.5 Social commerce definition**

The concept of social commerce was first proposed by YAHOO. In November 2005, the term was defined as “the use of social media to provide online assistance for the purchase and sale of products and services in the context of e-commerce. Social commerce, It is a new derivative model of e-commerce, which uses social networking

sites, SNS, Weibo, social media, and online media as means of communication to support the purchase and sale of goods through social interaction and user self-generated content. The phenomenon of social elements such as attention, sharing, communication, discussion, and interaction applied to the e-commerce transaction process, the two digital trends it evokes, and the integration of e-commerce and social media.

Social commerce applies the core social aspects of attention, sharing, communication, discussion, and interaction to the e-commerce model resulting from the e-commerce transaction process. From the perspective of e-commerce companies, through socialization tools and cooperation with social media and networks, on the one hand, corporate marketing, promotion and final sales of goods are directly achieved through social networks, and on the other hand, product feedback is received from consumers. Reverse revision of all aspects of the product supply chain to achieve greater benefits.

Social commerce is a new development in e-commerce generated by the use of social media to empower customers to interact on the Internet. The recent advancements in ICTs and the emergence of Web 2.0 technologies along with the popularity of social media and social networking sites have seen the development of new social platforms. These platforms facilitate the use of social commerce.

Social commerce is a variation that evolved from e-commerce by capitalizing on the usage of large reservoirs of social capital and interaction data inherent in such widespread social networks. Its objective is to provide personalized service and product delivery based on consumer preferences, interest, and interactions through the net. Social commerce builds upon the usage of e-commerce. They include the “delivery of e-commerce activities and transactions via the social media environment, mostly in social networks, and by using Web 2.0 tools and capabilities” (Liang & Turban, 2011). Another definition of social commerce introduced (Laudon & Traver, 2016) states that “social commerce is e-commerce that is enabled by social networks and online social relationships. It is sometimes also referred to as Facebook commerce, but in actuality is a much larger phenomenon that extends beyond Facebook.” Social commerce is evolving from the usage of users of social network platforms to the progressive Web 2.0 and Web 3.0. Social commerce describes a new trend and fast-growing e-commerce business model that utilizes social connections in social networking to promote commerce in the online space.

The world’s fascination with the success of social networking sites such as Facebook and LinkedIn has slowly but surely affected all areas of online business. Both networks of sellers and networks of buyers, it is the evolution of E-commerce 1.0, which is based on one-to-one interactions, into a more social and interactive form of e-commerce” (Rad & Benyoucef, 2011). We propose that social commerce harnesses its powers from the social

capital embodied in and interconnected with social networks and the interactions through use on a daily basis of sites such as Facebook, Twitter, Instagram and Pinterest.

Social Commerce, synonymous with the term “social shopping,” simply refers to the integration of social media into traditional online shopping. For consumers, social commerce is the equivalent of shopping from the comfort of your home with the added wisdom and honest opinions of family, friends, and experts. For businesses, social shopping opens the gates for creativity, invaluable consumer insights, and building customer loyalty through stronger methods than ever before.

Figure 1: Scope relationship between commerce, e-commerce and social commerce



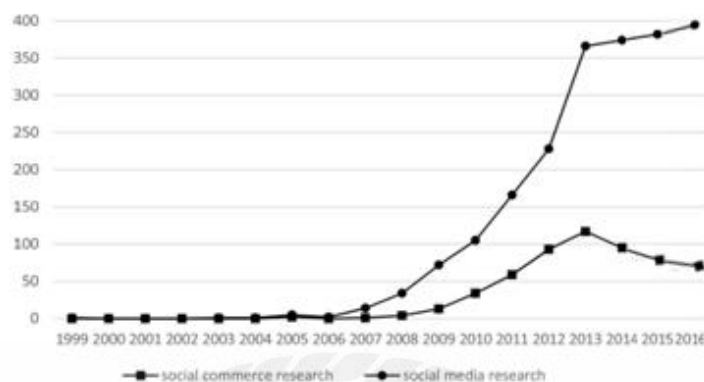
However, to the best of our knowledge and based on a review of the literature (Liang et al., 2011). Social commerce has become popular consumer tools to socialize and share commercial-related information. Due to the popularity and growth of social media tools, consumers are now able to interact actively with consumer peers, which enhances their evaluations of products and leads to better-informed purchasing decisions (Wang & Zhang, 2012). Social media usage may be a good strategy for businesses to increase sales by retaining current customers and developing new customers (Hajli, 2015). In today's challenging business environment, social media tools have been actively used by firms to present their business online and achieve marketing values (Stephen & Toubia, 2010). For example, firms may have a fan page on Facebook that allows management to interact directly with customers in order to improve and manage customer relationships. As such, social commerce has facilitated new channels that enhance communications between business enterprises and customers, thus, providing an innovative approach for changing business practice. Further understanding of social commerce phenomenon is essential for firms to achieve their profitable marketing values in today's digital business environment.

Social commerce research can be traced back to the late 1990s, although the explosive growth of this research area started in 2004, the same year in which Facebook and many other social media sites were founded. Based on an extensive literature search, social commerce has always been a significant research topic in the broad social media research area. The earliest scholarly publication on social commerce that we found is in 1999, since then, it has grown proportionally with the social media research in terms of



the number of publications, as shown in Fig2.

Figure 2: State of research on social business



## 2.6 Analysis of social commerce business model

### 2.6.1 Compared with e-commerce

First, there is a fundamental difference between social commerce and traditional e-commerce in terms of meeting the primary needs of consumers. The initiation of traditional e-commerce is usually initiated by consumers, starting from the demand for goods, submitting them to the e-commerce side, and confirming the transaction goods through screening to complete the transaction process. The primary demand for traditional e-commerce consumers is merchandise. The initiation of social commerce is usually initiated by e-commerce. Starting from emotional communication, liaising to consumers, and becoming friends with consumers, product interests trigger consumer interest and trigger subsequent transaction processes. The primary demand for social commerce consumers is communication, and secondary demand is goods. In short, traditional e-commerce focuses on product sales, social commerce first focuses on customer relationships, and secondly, it is product sales. For social commerce, the customer relationship is more important than sales. It is the source of sales. This forces social commerce to pay more attention to brand image and service quality, so as to maintain long-term customer relationships and maintain stable sales results.

Second, from the perspective of pulling employment, traditional e-commerce focuses on commodities. How merchants make their products have a comparative advantage over others is an important threshold for entry. This threshold may be the cost of goods, the innovation of goods or the channels for promotion. The comparative advantages of different merchants vary greatly, resulting in higher access thresholds. Social commerce focuses on customer relationships and the operation of customer relationships. Human beings are social creatures, and anyone has their own customer relationship groups, so the threshold for entry is relatively low. From this perspective, social commerce has a greater significance in promoting employment.

Third, from the perspective of stimulating consumption, the current global economy, although recovering after the financial crisis, is still in a downturn. The main features are

the persistently low consumption, the slow growth of world trade, and the seriousness of employment. The global economic downturn requires the development of new economic growth points, further stimulating people to use consumption and merchants to develop global trade to boost the employment population. E-commerce is one of the important economic growth points. Among them, self-operated e-commerce and trading platform e-commerce have developed for a long time and the market has been fully activated. It is difficult for them to bring in more new consumer demand depending on their inherent business and operating models. Only the innovative SNS social commerce can become an important means to further increase the level of online shopping consumption, promote global trade, and increase employment opportunities.

### **2.6.2 Characteristics of social commerce**

Social commerce has three core features, First, that has the role of shopping guide; Second, there is interaction and sharing between users or between users and enterprises, that is, having social elements; Third, the most critical, with the "social communication multi-level rebate" mechanism, that "SNS" spread, you can benefit. Unlike real social relationships, the close relationship between media users on the social commerce platform is called quasi-social. Platform users can establish quasi-social relationships with other users, including reds and experts.

Originally in the different fields, because of the commonality of traffic, they have complementary and seek mutual infiltration at the edge. "Under the prevailing social media environment, consumers' purchase behavior has not only depended on products and sales presentations provided by merchants. They are more inclined to listen to the opinions of their friends and other users." The SNS character relationship is just a network topology. Its value lies in who share above this level of relationship. One of the two relationships in a social network is a strong relationship. The trust between acquaintances is high, so when acquaintances share good things, they drive the user's curiosity and enthusiasm for shopping, which greatly stimulates the elastic needs of users. The second is the weak relationship. Users observed that: Douban has no related products, but the wishes albums of various small group leaders, the use of product collection albums, and the exposure of the products of rich people can all lead to a strong desire to purchase. Strong and weak relations play a role equal to elastic demand under rigid demand. It is worth noting that word-of-mouth communication has a significant influence on social commerce. "The influence of word-of-mouth communication is viral and geometric." Mogu Street is using this point to gain the support of users.

### **2.6.3 Social commerce platform types**

In the development of social commerce, its e-commerce platform has the following three categories:

(a) Community forms of e-commerce.

By building an existing e-commerce service community, B2C, C2C, and other companies are among the more mature e-commerce companies. Among the common projects is Taobao. This kind of social commerce mainly relies on existing e-commerce service projects and then establishes a corresponding community platform to share. It can share the products it purchases, attract buyers through the buyer show and shopping experience, and make the website click-through rate to reach a certain height; and through community exchanges between user groups, free speech, increase the feeling of the product. Increase the connection between users and social commerce communities, further increase consumers' purchase of products and promote the development of e-commerce.

(b) Third-party e-commerce platforms.

Among the third-party e-commerce platforms, the platform itself does not provide any goods and services and only operates as a third party. In this type of e-commerce platform, the platform is built on the existing e-commerce services. For example, Mogu Street, Beauty, and other sites are more representatives of the development of third-party social commerce platforms in China. They first provide an interesting platform for the people who love shopping, allowing users and users to share and communicate product or shopping information, so that more users who like shopping together become a powerful consumer group.

(c) A social commerce community.

In recent years, the rapid development of the Internet and the popularity of mobile networks have prompted the development of various e-commerce communities. Among the more famous e-commerce communities are Facebook and Sina Weibo. Among these platforms, there are a tremendous influence and user groups. Sina Weibo has used its own user base to cooperate with third-party applications of micro-flicks. These enterprises have enabled micro-hop applications to gain a vast market and provide more convenience to users of Sina Weibo. It can be seen that the cooperation between social platforms and e-commerce is a win-win situation, and it can provide corresponding benefits to consumers and platforms.

#### **2.6.4 Social commerce platform features**

(a) E-commerce websites increase social functions

The social functions of an e-commerce website include the following aspects: user reviews and evaluation functions, user sharing functions, recommendation functions based on collaborative filtering, and inviting friend functions. Like Amazon, the platform displays not only the product information but also the evaluations given by other customers after purchasing the product. Such a form can not only dispel the customers' suspicion of buying this product but also greatly increase the consumer's consumption

behavior. In addition, the platform has a collaborative filtering recommendation function - customers who purchased the product also purchased "XX", which makes e-commerce sites more social.

(b) Social network increases e-commerce functions

For example, Sina Weibo and other platforms are the first to add e-commerce functions through social networks, and the user-generated consumer behavior in this mode is voluntary and long-term.

(c) E-commerce + socialization + mobile + social commerce localization

The combination of e-commerce and the social, mobile, and social commerce local integration model is the fundamental meaning of social commerce. By combining them with each other, network information and society can be integrated with each other. In this model, it is better to Mobile application sites, they all have e-commerce, social, mobile, localization and other characteristics.

## **2.6.5 Social commerce platform profit model**

(a) Advertising

Among various types of the Internet e-commerce websites, the main income of the Internet depends on advertisements, and the various contents of the website are maintained and operated through various advertising information costs. The social commerce platform is increasingly favored by companies because of the convergence of many target customers with the same preferences and needs. Therefore, companies use this social network relationship chain to place advertisements on them, and the benefits are often more than those on television. According to statistics, 80% of social commerce platform revenue comes from the advertising industry. For example banner ads, button ads, etc. There are also many websites that embed ads into their own products, such as Mogu Street Beauty Videos.

(b) Commission

The mode of commission commissioning is mainly operated in third-party social commerce platforms. In these e-commerce platforms, there is no need for direct sales of goods, but rather the corresponding commissions are earned through the transaction of goods, such as only one when a user purchases a product, he earns a commission. This kind of cooperation model has great advantages. Eliminating logistics management and commodity supply chain management is equivalent to saving a lot of expenses. As Mei said, the platform provides product information and a large number of users publish and share on the website and direct links to some sites such as Taobao for publicity. However, there are certain shortcomings in such a model, relying too much on the cooperation platform. If the operation of the Taobao platform is inconvenient, it will bring a heavy

blow to beauty.

(c) Value-added services

The profit-making method of value-added services is to collect membership dues, users pay to become platform members on the platform, access to only members can use the permissions. For example, Lily.com and Zhilian Recruitment are websites that use special permissions to attract users to become members, so as to obtain long-term and stable income. In addition, users are encouraged to make virtual value-added services to purchase virtual products. For example, QQ farms developed in Tencent software are used to stimulate users' virtual consumption by purchasing equipment. Many commercial companies issue virtual currency to stimulate users to purchase virtual goods, such as Q coins and beans in school gardens.

(d) Third party plug-in application profit sharing

In the e-commerce platform, many social commerce companies have developed their own company's games. However, because online games are now updated very quickly and it is difficult to attract users for a long time, many e-commerce companies now choose to build their own e-commerce. The platform attracts third-party companies to build an APP to let the user choose, and then to extract profits from it. However, the social attributes of social commerce also involve many subtle relationships, because the acquaintance economy and trust economy are the essences of social commerce. This nature determines the advantages of social commerce rapid channel expansion and linkage of the industrial chain, but its disadvantages are also very obvious, including the difficulty of forming a large-scale and excessive dependence on interpersonal influence.

## **2.6.6 The role of social commerce in corporate marketing**

(a) E-commerce has become a social way to reduce marketing costs

The social deduction process of e-commerce from mail, forums, blogs, and social networks is a low-cost alternative to information. It takes time to read emails, post in forums, or establish friendly relationships with friends' blogs. But in reality, socialization not only requires a lot of time and energy but also requires a steady and stable transaction of money. Therefore, when social media is free, getting information from it becomes cheaper. Under the influence of socialization, marketing combines the advantages of fast and convenient network and improves the marketing efficiency of the company. Take full advantage of this efficiency, integrate effective information into all aspects of sales activities, and guide companies to use the platform as the primary part of product marketing and promotion.

(b) Social commerce is an effective means of maintaining customer relationships.

The process of buying can be divided into five periods according to the user's needs and hobbies. That is the period of demand, the period of data collection, the period of

product selection, the number of evaluations, and the purchase behavior. It was decided that social media has a certain influence on each of these five periods. The use of social commerce will affect consumer demand and increase transaction rates. Usually, consumers do not know in detail which product, and there is no clear demand, that is, in the process of social interaction of consumer demand caused by other consumption, through promotion. With the way of publicity, many consumers even have the curiosity to participate in transactions even if there is no demand, thus creating a new demand. Among them, pictures are an important element of social commerce. They can not only provide users with free download software but also can share shopping experiences by uploading photos. This way, consumers can choose products they like, and be able to customize the photos of the shopping list and provide a social network with a source of income. In this case, the website can earn profits according to the standard of click charges, but also can provide market-related information, and retailers can also benefit from improving their social product clicks and helping consumers find related products.

### **2.6.7 Consumer behavior analysis in social commerce**

#### **Impact of social networks on consumer purchase decisions**

There is a saying in the academic field that "scholars create a library through a library." Knowledge needs to be copied, disseminated and passed on. Similarly, in the social commerce space, a consumer creates a new deal through a transaction that affects the next consumer. From this standpoint, the value of the customer is mainly based on their recommendation value. Trading is no longer a simple transaction. You sell a product or service through a social network, and the impact this behavior will have will be divergence and will radiate into the consumer's social relationships.

According to a survey, 91% of participants said they use online reviews, blogs and other forms of UGC before purchasing a new product or service, and 46% of participants indicated that these comments influenced their decision (Cheung & Thadani, 2012). Online reviews can reduce the risks perceived by consumers (Cheung et al., 2009b).and improve their degree of satisfaction (Liang et al., 2007), as well as their efficiency in making decisions (Cheung et al., 2009a).

Enabled by Web 2.0 technologies, consumers use social media to share their experiences and knowledge about products and services on the Internet (Pitta & Fowler, 2005). Individuals are now content providers (Phillips, 2011). In recent developments, the Internet provides the facilities for users searching for goods by offering tools to consumers to search online and access information and experiences of other consumers before making a purchase. Therefore, digital content generated by individuals has economic value (Pitta & Fowler, 2005) and information created by other customers is the main source of purchase decision making (Do-Hyung et al., 2007). These are the benefits of social media creating a social climate on the Internet.

Research and analysis of two different types of social commerce consumer behavior: E-commerce consumer behavior based on social media and e-commerce consumer behavior based on a third-party social commerce platform, from different perspectives, analyze social consumer behavior characteristics and rules to explore the factors that influence social commerce consumers' online shopping behavior.

First, in social platforms, people's relationships are generally weak and related, and they are like acquaintances, but they are far away from each other. People do not remain humble and low-key and become more impulsive and self-conscious because they do not care what others think of themselves and emphasize their own sense of dignity. This determines that consumers want to maintain their sense of dignity or presence, and particularly hope to actively share products in social networks. This is the effect of social networks.

From the stage of trust development, the initial trust established by consumers when they first engage in social commerce activities will continue to increase or decrease over time. The decrease of trust will lead to a decrease in purchases and even affect the purchase intention of others through social networks. Consumer trust can promote its participation in social commerce activities and lead to more buying and recommend behaviors. In the period of continuous trust formation, the consumer's cognitive factors play a leading role. Analyzing the influencing factors of continuous trust, establishing and maintaining consumer trust will help maintain and enhance customer loyalty and earn long-term profits.

Second, social networks will reduce people's self-discipline. After people increase their sense of dignity in social networks, they will relatively reduce self-discipline. The more social networks are used, the more frequently people are spending and the higher is the credit card debt. This is the economic value brought by social networks.

Third, social networks make people more subjective. When commenting on social networks, people tend to subconsciously raise the level of comments. According to the evaluation of major e-commerce website products, although the quality of products is uneven, most of the evaluations are positive, and there are few reviews and poor reviews. Such mutual recommendation of consumers will minimize the vigilance of consumers. Even subconsciously, consumption conversion has taken place. These characteristics determine that social networks must be the catalyst for further stimulating people's consumer demand. E-commerce must be deeply integrated with social networks, and only by creating new universal transaction scenarios can it be realized.

#### **2.6.8 Problems in the development of social commerce**

Social commerce is an e-commerce model derived from the customer relationship.

Its operation first needs a certain amount of consumers as the support of the enterprise, and secondly, maintaining the stable customer relationship of these consumers is the foundation for the development of the enterprise, and social commerce is most likely to cause problems on these two points.

First, the risk that pre-sale model may bring, but social commerce can help companies to do a good job in the supply chain to coordinate management upstream and downstream so that the supply chain to respond quickly and minimize inventory. Enterprises can, according to their own characteristics, appropriately streamline the supply chain and reduce the intermediate circulation links, thereby reducing the company's operating costs and improving profitability. However, there is still some risk in the zero-supply supply chain business model.

Second, social and e-commerce scenarios are not integrated

Social networking and e-commerce are two different scenarios. They communicate with each other is a tricky issue. According to the user's potential consciousness and spending habits, the e-commerce platform is used for shopping and consumption, and social networking platforms such as Weibo and Wechat are for chatting and entertainment with friends. There is a problem of scene fusion between social and e-commerce. Therefore, e-commerce and social networking scenes cannot be integrated rigorously. It is necessary to integrate e-commerce into social networking through specific scenarios to improve user acceptance.

Third, user privacy issues

In privacy, more and more consumers and users begin to harbor personal privacy issues and dislike personal information sold to businesses by social platforms. When users' daily shopping habits are shared by social networks to retailers, personal information will also be shared with retailers. After users read the promotional news in the news, will users feel uncomfortable? Because personal privacy has been violated, user dissatisfaction due to privacy issues is likely to spread across the entire network, affecting all online retail. At this time, major social networks that have a large amount of personal user information will face a choice: to maintain their own business value to provide a lot of useful information to retailers? Or protect user privacy? However, the privacy laws of the Internet are still relatively incomplete and various borders are still in a very ambiguous phrase.

The above-mentioned problems to be solved are all reasons why social commerce has not really matured, but it has already begun to address and regulate these immaturity misunderstandings. Only business models based on norms and the legal system have great vitality.



### **2.6.9 Main research directions of social commerce**

The rapid rise of social media and social commerce and the subversive changes it brings to people's lives, economy, and society have caused academics and the business community at home and abroad to attach great importance to this, and many studies have thus begun to unfold. The current major research directions are the following categories:

#### **2.6.9.1 Role in marketing and brand building**

Social media has become an important part of contemporary marketing communications. The study found that respondents' opinions, audiences, and especially young audiences, are very interested in creating content for others. They also like to learn about brands and products and make purchasing decisions through this media. Even false information, unnecessary criticism, and negative word-of-mouth, etc. are considered to be detrimental to the company's image. It also requires a reasonable and open exit. The positive response, convenience, flexibility, and speed of information sharing are considered to be the best attributes for supporting social media marketing.

#### **2.6.9.2 Role in customer relationship management**

In a research report on the role of social media in customer relationship management, researchers found that social media can't play an absolute leading role in the traditional sense of customer relationship management, but it can respond in time when the crisis occurs. This reduces the degree of conflict. The openness of social media leads to various types of information involvement, and the important link in customer relationship management is one-to-one meticulous communication and care. Therefore, this study suggests that enterprises should use the media as a target for CRM rather than blindly release it.

#### **2.6.9.3 Role in promoting sales**

A recent study pointed out that 88% of marketers are now using social media in conjunction with offline physical stores to promote social commerce. Promotions published through this platform can often be accepted promptly and achieve high conversion rates. Among the outstanding cases is the well-known lingerie brand Victoria's secret on Facebook page with more than 2 million followers. On this page, fans can watch brand tips, new pictures, participate in questions and answers, and print coupons. The Victoria's secret marketing campaign through this channel combined with the retail channel sales approach was very successful.

#### **2.6.9.4 The role of data analysis**

- (a) Use user data to mine real demand

The social platform represented by Facebook records the real dynamics of each user. Facebook allows users to reflect their own lives on the Internet, predicting and excavating the needs and values of individual users. Facebook collects these data, analyzes and collates it, resells it to advertising operators, and builds a bridge between user needs and business services to profit from it.

(b) Accurately serve advertisements using user data

The data that needs analysis mainly comes from two aspects: one is the registration information of the social network customer, and the other part is mainly from the user's click traffic. Finding target groups on social networking sites, understanding their interests, analyzing customer access behavior information, forecasting products, and services that may attract customers, providing customers with product recommendations, or performing accurate ad placement on pages they visit frequently repeated sales and cross-selling possibilities. Gathering consumer preferences and positive evaluations will also help bring them online and offline.

(c) Using user data to manage marketing

Activities The e-commerce platform can subdivide customers according to the data collected online, which users prefer to share, which users bring more traffic and which users bring higher profits; which product they publish is more popular; at the same time, You can see how users access multiple social networks and determine which social networks share higher click rates. Combine these with corporate marketing to achieve sales. Through data analysis to manage customer groups and master customer preferences, it can bring continuous profit growth to the company and reduce marketing costs.

## **CHAPTER 3**

### **RESEARCH METHODS**

This article mainly adopts the literature analysis method and case analysis method to analyze the current case of the mainstream social commerce platform in the industry, analyze the status quo of the social commerce industry, and predict the future development prospects.

The first is to determine the topic of the thesis, and to read widely the literature on the topic of social commerce research involved in the topic, and use qualitative data analysis software NVivo to collect and analyze the literature, mainly on the research status of social commerce (including the former the people's academic viewpoints, major research results, debates, existing problems, and potential causes, new developments, new discoveries, technologies, and development prospects are comprehensively analyzed, collated and reviewed, and their opinions and research ideas are presented. Through the literature, the definition of the concept is elaborated, and various data indicators of Facebook, Sina Weibo and Mogu Street are collected through the website for analysis.

The second step is a case study. The three major social commerce platforms have representative examples: Facebook is the global industry champion, Sina Weibo is the leader in China, and Mogu Street is China's hottest imitator. Through analysis of data, the development status of the three major social platforms was summarized and SWOT analysis was conducted on the three major social commerce platforms. Exploring and researching the development of social commerce in the global market, especially in China and Southeast Asia, and then deepening into the evolution and derivation of future models, from the existing platforms, emerging platforms, existing brands to emerging brands of social commerce operation recommendations, and finally get a forecast of the future of this emerging economic situation.

The second step is a case study. The three major social commerce platform cases are representative. Facebook is the global industry champion, Sina Weibo is China's Twitter Pattern Website, and Mogu Street is the social shopping guide of China's Pinterest model. Through analysis of data, the development status of the three major social platforms was summarized, SWOT analysis was conducted on the three major social commerce platforms, and the strengths and weaknesses of the three platforms were studied. Analyze the development status of social commerce in the global and Chinese and Southeast Asian markets, and then deepen into the evolution and derivation of future models, from existing platforms, emerging platforms, existing brands to emerging brands of social commerce operations, and finally come to the future forecast of this emerging economic situation.

## **CHAPTER 4**

### **SOCIAL COMMERCE CASE STUDY**

As an emerging industry, social commerce is experiencing a rapid rise in the business model and industrial structure, and even the global macro-economy. The use and stickiness of social media are getting higher and higher. It gradually becomes an online habit or even a living habit. Consumers will increasingly have to deal with food, clothing, and housing. This trend is irreversible. This chapter will select Facebook, Sina Weibo, and Mogu Street, three representatives, and large-scale social networking platforms, to study their overall status quo and conduct comparative analysis to analyze the current social commerce business model.

#### **4.1 Facebook**

##### **4.1.1 Social commerce on Facebook**

Facebook is a social networking platform founded in the United States in 2004. Social network sites (SNS) such as Facebook and Twitter have attracted considerable attention in recent years, not only in the field of communication but also in a wide variety of academic disciplines. According to an online statistics portal, there were approximately two billion social network users worldwide in 2016. By September 2016, Facebook was the most popular SNS worldwide – there were 1.71 billion monthly active users. Owing to the global popularity of the SNS, they provide useful reflections of existing social interaction processes and their impacts on society (Wilson, Gosling & Graham, 2012).

In addition to a few countries such as China and Russia, Facebook is still the most popular social network in most countries in the world. Users of the platform achieve online social networking by establishing personal expertise, adding friends, joining communities, and exchanging information. In addition to providing social channels, the platform will also provide services such as automatic updating of communication information. Facebook has a wide range of users worldwide and has become the most popular social media in the world.

Based on the absolute user traffic on the platform, Facebook launched e-commerce called F-commerce. This kind of e-commerce is based on the social user base and uses social platform users' interactions, sharing, and communication to launch e-commerce for e-commerce transactions. In the early days, consumers were totally unaccustomed to spending on Facebook, but based on their dependence on Facebook's social network, this behavior became habituated. Facebook is using the social network of contacts, constantly involving various types of people to participate in and become a powerful consumer group. At present, the F-commerce types of the platform are mainly divided into three types: browsing stores, fans-only stores, and F-stores.

First, the browsing shop is an e-commerce brand opened on the Facebook platform. Such stores can only be viewed and cannot be purchased directly. This is a manifestation of Facebook's e-commerce social features.

Browsing Stores - In this type of Facebook store, users can see product information. Such shops serve as the import end of the product. Users can only view the product's picture, price, and reviews. If consumers have the will to trade, they need to click on the main website of the e-commerce company to complete the transaction. In such e-commerce transactions, Facebook is not only a platform for providing product window display platform but also a platform for the exchange of product information between consumers. The main function of the browsing shop is product presentation and port for traffic import.

Second, the fan-only store is a Facebook-specific shop for fans. The fans here may be a star or a brand. Stars will launch their own endorsements of apparel, music albums, and other products with a star logo on the Facebook homepage. This type of product tends to have limits. Famous brands will also open fan-only stores on Facebook. Fans can preferentially purchase special-contribution products that have not yet been listed on the store or are only available through the Internet. From the fan-only store operating model, it can be seen that fans can enjoy certain fan privileges from fan-only stores through their fans. This type of shop provides consumers with the added value of fan privilege while selling related products. From a social point of view, this kind of shop is to promote the interaction with fans through "privileged" services and complete the relationship with customers.

Third, F-store is a Facebook-owned e-commerce shop. On F-store, the user's consumer experience is the same as the consumer experience on other e-commerce websites. Such stores open direct channels for consumers, and consumers can complete shopping directly on F- store. Because F- store is based on social platforms, users and friends discuss products and share shopping experiences on Facebook. The direct shopping function provided by the social platform makes shopping a social way. The e-commerce launched by F-store is for marketing purposes, and is the type of shop on Facebook that can embody social commerce.

#### **4.1.2 Profitability analysis**

Facebook witnessed a strong growth in its financial performance over the last few years. The company reported total revenue of US\$27,638 million in FY2016, an increase of 54.2% as compared to US\$17,928 million in FY2015. The increase in revenue was primarily due to growth in the revenues from advertising business by 57.4% in FY2016. The increase in advertising business revenue was due to a 5% rise in the average price per advertisement. Furthermore, Facebook's user growth and engagement also supported the

revenue growth. On a CAGR basis, the company's revenue grew by 52.6% during 2012-2016. In FY2016, operating margin of the company was 44.9% as compared to 34.7% in FY2015. Strong operating performance indicates efficient cost management by the company. The company's operating cost as a percentage of sales reduced from 65.3% in FY2015 to 55% in FY2016. In addition, its net profit margin increased to 36.9% in FY2016 from 20.6% in FY2015. Strong and sustainable financial performance provide resilience to the business operations and reduce vulnerability to market declines.

#### 4.1.3 Earnings threat

In the case of Facebook, despite his wide reach, he failed to please everyone. Many brands believe that their fans and browsing users are completely immersed in their reading content. These privatized interactive contents make it difficult for business activities to intervene. In order to alleviate this concern, Facebook has launched a "Sponsored Messaging" feature that can display information about friends' interest in a company or a product to the user's information stream. However, this move was criticized by privacy guards and even led to litigation. The truly successful operation requires new strategies and content. Only in this way can the conflict between socially strong relationships and commercial information intervention be eased. All this is still in the process of exploration.

#### 4.1.4 SWOT analysis

Table 1 SWOT analysis on Facebook

		S	W
External factors	Internal	1. Market leadership in global social commerce 2. Approximately 169 million daily users, a large consumer group 3. Effective mobile advertising, flexible advertising 4. Targeting the target audience accurately	1. Strongly related social software, with emphasis on relationship ties, strong communication properties 2. The user status and profitability of Facebook are not transparent to developers 3. Revenue-dependent advertising and commissions 4. User privacy is difficult to guarantee and vulnerable to hackers.
	Capabilities		

O	SO	WO
1. Potential demand for social commerce market 2. Adequate profit income 3. Robust Ecosystem of Apps and Programs 4. Form a strategic alliance with other communication products	1.. Fully seeking to maintain the leading position in the social commerce market 2. As users continue to grow, profit margins continue to grow 3. Collaborate with major platforms to adopt an instant marketing model 4. Collaborate with strategic alliances to adopt a segmented marketing model	1. Use a strong social link to develop the social commerce market 2. Build a transparent and profitable environment together with developers 3. Develop other profitable projects 4. At the same time of cooperation, pay attention to the protection of user privacy
T	ST	WT
1. The threat of competition and potential competitors 2 may not be able to successfully integrate the new services it acquires 3. The decline in user loyalty 4. Negative effects caused by measures that are prohibited in some countries and user data protection	1. Adopt a defensive strategy to maintain industry leadership 2. Strengthen users and internal management 3. Increase the appeal of advertising and maintain the user's adhesion 4. Increase internationalization and reduce political influence	1. Continuous R&D and innovation to increase industry access threshold 2. Publicly disclose profit status to other developers and jointly develop new businesses 3. Develop new profitable projects based on user needs 4. Strengthen the protection of user privacy and improve public credibility

Through SWOT analysis, we can see that the advantages are obvious to the disadvantages. We should adopt a growth strategy and form a long-term business profit model. The full development of marketing value: Target audience segmentation and authenticity in Facebook's strengths enable the full use of word of mouth and precision marketing. Word of mouth and precision marketing have the characteristics of more accurate, well-circulated interaction, guiding network public opinion, low cost, and fostering the cultivation of loyal customers. Many advertisers have been optimistic about Facebook's good advertising platform, and Facebook is also trying to effectively convert user-to-user referrals into purchases, realizing community value into online profitability.

Community business platform. The community can naturally integrate transaction functions into the community through interactions, without creating a sense of exclusion that imposes marketing. Facebook has a highly viscous user base, deep penetration of the micro-community makes the accuracy of marketing more feasible, real registration brings trust between users, and the development of social commerce as a profit model has great potential, and may even surpass professional platforms.

Corporate communities. Facebook can jointly develop corporate communities, which will be a win-win choice. Provide enterprises with brand marketing and feedback platform. Communication between users is more responsible because of their true identity, which can minimize information asymmetry. Corporate products can be passed on to customers through word of mouth, resulting in a more effective advertising model than traditional advertising. The communication between employees and users, on one hand, provides the pre-investigation and promotion channels for new product launches on the one hand, and it also provides users with a feedback platform on the other hand. Enterprises can understand product defects and user needs in time, and discover new trends in the market. Improve products, optimize product mix, and increase company competitiveness. The company can introduce the history of the brand, build a good social citizen image of the company, explore potential users and provide opportunities for expansion.

Talent reserve function, Facebook's core users determine the talents that may have business needs. The corporate community can serve as a recruitment platform that enables talent and business to match needs. Through the promotion of corporate culture, it has shortened the running-in period of talents and companies, saving the search and training costs of talents. Service differentiation: Facebook needs differentiated services to attract new users to retain old users. The open strategy of third-party platforms has played a large role. The integration of third-party programs with Facebook's core functions can meet new user needs and enhance stickiness. Global strategy: Global operations are modern business rules. Globalization can exert scale effect and spread risks. However, globalization will encounter the problem of localization and replication of models. Facebook needs to enter the market in an appropriate manner, and through its strong demand for brand names, it will increase publicity and successfully log in. Through the above competition strategy, Facebook can establish a stronger long-term competitive advantage and continue to maintain the status of social network overlord.

## **4.2 Sina Weibo**

### **4.2.1 Introduction**

Founded in 2009, Sina Weibo is a platform for information acquisition, sharing, and dissemination based on user relationships of Sina. As of 2017, Weibo's users have reached 340 million, and the number of active users per day has reached 154 million. Sina Weibo



has become China's most important discussion platform for obtaining and transmitting information. Sina Weibo users can rely on Sina Weibo page, WAP page, external programs, SMS, MMS and other channels to publish information, upload pictures, and link videos, and achieve the purpose of instant information sharing. Based on the huge traffic advantage of Sina Weibo, Sina Weibo put forward six business models: interactive precision advertising, social games, real-time search, wireless value-added services, e-commerce platform and digital content charging. The vast majority of Sina Weibo's revenue is generated through advertising marketing. Sina Weibo uses huge customer traffic, and then uses the payment side to control, and can guide users to "direct consumption". The "directed guidance" service provided by Sina Weibo is consistent with the social content provided by the platform. This connection between consumption and social networking is even closer. Consumers' social activities will accumulate corresponding points and further enrich their privilege in this closed-loop consumption, consolidating the relationship between customers and consumer payment channels.

The social networks also change the living styles of people in China. Sina Weibo is an important instance of the social network. As the user scale is fleetly extending, the influence has set off a fanaticism. The development of Weibo has been able to reveal an explosive state. Weibo is featured by brief content and real-time interactivity. It has changed the way of information acquiring, communicating and expressing. In Weibo, individuals having the same hobby or background form clustering phenomenon in the network, which is "community". Individuals closely contact with each other within the same community. Meanwhile, the interactivities among communities are rare (Pareti & Klein, 2014). Members of the same community share significant homogeneity and adopt the social model of attention. Individuals establish connections without authorization (Musiał, 2013). In Weibo community, the hobbies of the individual and social connections between individuals play crucial roles in communicating.

The six major business models of Sina Weibo are: interactive and accurate advertising, social games, real-time search, wireless value-added services, e-commerce platforms, and digital content charging. In this direction, there are currently the following types of operation of social commerce on Weibo platform:

(a) Media communication: keyword mining, consumption guidance

Online Wal-Mart model, providing "platform supermarket", upstream of "platform supermarket" attracts merchants to settle in, provides various products and then conducts data mining based on the massive information of Weibo's media platform through a series of keyword matching and user behavior analysis. The user relationship analysis presents the user with the most needed products at that time.

UGC product sharing

Through the sharing of users' products on other e-commerce sites to Weibo, the

secondary consumer/friends' consumption brought about by the link is charged in CPS.

E-commerce application based on LBS

In combination with the check-in function of Weibo, after the user signs in at a certain location, the user is shown or pushed coupons and featured merchants near the check-in location. CPS (for sales) or CPC (for clicks) to the merchant; the value given to the user is a convenient product index, product share, post-consumer review point reward, or merchant re-consumer discount.

#### **4.2.2 Profitability analysis**

In the first quarter of 2017, the company's net revenue increased by 67% from the same period last year to US\$199.2 million, which exceeded the company's expectations of US\$185 million to US\$190 million. Advertising and marketing revenue increased by 71% from the same period last year to \$169.3 million. Other revenues increased by 49% from the same period last year to \$29.9 million. The number of monthly active users (MAU) in March 2017 increased by 30% compared to the same period last year to 340 million, 91% of which were mobile users. Weibo presents several obvious development trends in 2017: In terms of content consumption, Weibo, as an open social media, can better help users build relationships by building user big data; in content production, short video becomes a major highlight in 2017, Weibo will build a content partnership mechanism in various fields in 2017.

#### **4.2.3 Earnings threat**

(a) The Weibo model is still in the groping stage: The power and impact of Sina Weibo based on media and community have no need to go into details, but when it comes to social commerce and profitability, the Weibo mode is still being explored. Sina Weibo has the three major attributes of media, social networking, and platform, as well as two-way open genes, and will assume greater policy risk. As far as media properties are concerned, in the context of China, how to control the content of Weibo will be a very big problem, and social attributes will put forward higher requirements for user acceptance and user privacy protection. The development platform attributes are very high for the company's operational capabilities and resources, including capital requirements. In order to achieve profitability in the short term, Sina Weibo must first focus on direct revenue such as advertising. These are the shortcomings of his development as a social commerce platform. In the field of social commerce, Tencent is also actively adopting innovation and acquisition to open up the territory.

(b) Business model tradition: The profit points of Sina Weibo mainly include advertisements, micro-games, third-party applications, social commerce, etc. Among them, advertising is the most stable, direct, and largest proportion of blog profits.

(c) Focus on the platform: no own brand, and own supply chain: Sina Weibo does not have its own brand and supply chain system. They are still emphasizing the nature of their own platform, and are not really involved in the business behavior of users. This is of course due to cash flow and light operation considerations, but in the long run, they waste huge user resources and do not really fully begin to use their own social commerce capabilities.

#### 4.2.4 SWOT analysis

Table 2 SWOT analysis on Sina Weibo

		S	W
		Internal Capabilities	<ol style="list-style-type: none"> <li>1. Occupy a place in China's social commerce market</li> <li>2. There are a large number of user groups with strong purchasing power in China</li> <li>3. There are many celebrity active users, high user attention</li> <li>4. Fast information dissemination, strong interactivity, and extensive influence</li> </ol>
External Factors	O	SO	WO
	<ol style="list-style-type: none"> <li>1. User groups with strong consumer potential</li> <li>2. Large potential for social commerce market demand</li> <li>3. Weibo data analysis and mining to find meaningful business development trends</li> </ol>	<ol style="list-style-type: none"> <li>1. Maintaining a leading position in the social commerce market in China</li> <li>2. As Chinese users continue to grow, profit margins continue to grow</li> <li>3. Use celebrity advertising effects to promote business cooperation</li> <li>4. Precise positioning,</li> </ol>	<ol style="list-style-type: none"> <li>1. Strengthen advertising advantages and launch marketing</li> <li>2. Build a transparent and profitable environment together with developers</li> <li>3. Develop other profitable projects</li> <li>4. Collaborate with the platform to reduce the costs</li> </ol>

4. Form a strategic alliance with major platforms	adopting a focused marketing and instant marketing model	of speech review
T	ST	WT
<ol style="list-style-type: none"> <li>1. The regulatory risk of the government</li> <li>2. Active user fatigue</li> <li>3. Threats and challenges brought by Tencent, Weibo and WeChat etc.</li> <li>4. There is a hidden danger in public confidence</li> </ol>	<ol style="list-style-type: none"> <li>1. Maintain close cooperation with the government and maintain industry leadership</li> <li>2. Strengthen users and internal management</li> <li>3. Increase the appeal of advertising and maintain the user's adhesion</li> <li>4. Increase internationalization and reduce political influence</li> </ol>	<ol style="list-style-type: none"> <li>1. Continuous R&amp;D and innovation to increase industry access threshold</li> <li>2. Publicly disclose profit status to other developers</li> <li>3. Develop new profitable projects based on user needs</li> <li>4. Strengthen the protection of user privacy and improve public credibility</li> </ol>

The problem that Sina Weibo needs to improve is that the first is the introduction of a real-name system, followed by marketing content that fits the needs of the general public, marketing information is more authoritative, and marketing forms more diversified. Sina Weibo currently uses five marketing modes: micro-matrix, micro-synchronization, micro live broadcasting, micro-public communication, and micro-application. Quickly use the influence of Sina Weibo, use the influence of the target audience, grasp the big idea of user characteristics, and use disruptive applications of interactive marketing tools. The marketing purpose of Sina Weibo allows the audience of the media platform to “socialize”; drive consumer behavior toward the market terminal; promote the development of brand e-commerce. In summary, under the trend of rapid development of social commerce, there is still great potential for the development of Sina Weibo. It is believed that the future of Sina Weibo will lead to a better development prospect.

### 4.3 Mogu Street

#### 4.2.1 Introduction

Mogu Street was established in 2011 and is positioned to focus on and develop beauty and fashion. It is a Chinese social shopping website that mimics the Pinterest model. Mogu Street is a platform for friendly exchanges with other users of the platform by sharing shopping processes and experiences. Mogu Street is characterized by the effective integration of social platforms and the Internet shopping, integrating social elements such as sharing, evaluation, and interaction into the process of e-commerce transactions and forming its core competitiveness. Beautiful said it was established in

2009 in the Chinese women's trend shopping guide community. On January 11, 2016, Mogu Street officially announced the merger with Beauty, and the social commerce sector ushered in a new breakthrough. After the merger, it was managed by Mogu Street. In 2017, Taobao double 11 reached a record high, and Mogu Street turnover reached 530 million yuan.

Mogu Street is essentially a shopping and sharing community that integrates elements of Pinterest. It is the first Chinese website to use waterfall picture wall, which brings a strong visual impact to users and is an extension of e-commerce community. The upstream through the interest of pictures to form an accurate female shopping community, the downstream directly linked to Taobao, and then through Taobao transactions, forming a complete closed-loop business. The shopping social service provided by Mogu Street has attracted a large number of passengers, which provides a guarantee for the passenger flow diversion service of Mogu Street. Mogu Street's traffic flow is dominated by the Taobao platform. While providing consumers with image content and shopping experience sharing as the core social services, Mogu Street completed the traffic diversion service for B2C enterprises. Mogu Street launched a reverse group purchase product "Freedom League", where users can organize themselves into groups for the products they want to purchase, and then encourage them to initiate corresponding group purchases.

Mogu Street mainly uses social media and online media to spread through the social interaction and user self-generated content to assist in the purchase and sale of goods. Targeting women as the target customer group, interest is the focal point, and through the browsing of waterfalls, a brand-new "the Internet shopping" user experience is formed, becoming a very characteristic large-scale Taobao customer website. In Mogu Street, each user has a home page, and their recommended products automatically form a beautiful waterfall like fashion magazines in time. It is filled with colorful street photos and photos of dried food. If users like it, they can click the "Like" button below the photo to gradually bring this photo up.

In addition to adopting Weibo form, Mogu Street also applies a group form in the community form to combine the two. Users can pay attention to the purchasers in their hearts and decide whether or not to purchase based on people's reviews and pictures of shopping. Delta is a high-quality product information filter in this information supply chain. They are responsible for passing good content to fans. The target user group is young women who like shopping and have high fashion sensitivity. The target customers are those who engage in fashion products and have promotion needs.

Business needs: For some businesses to provide some advertising platform, for businesses to market new products to advertise, more direct display of new products in front of the target customers meet the requirements and improve the conversion rate and

efficiency of advertising. This directly increases the number of Taobao merchants and the number of transactions.

Social needs: Mogu Street can give Taobao people who want to save time and quickly purchase their favorite products by a clear directionality, providing Taobao customers with the most popular products and recently new products for their choice saves time costs for Taobao customers and reduces the social costs of Taobao customers. Second, the customer shows a show of their own purchases, to meet a self-display desire.

#### **4.3.2 Profitability analysis**

Mogu Street has undergone two phases of change in the profit model. The initial stage was the CPS model built on Taobao, since its inception. It is also the most direct and realistic profit model for social commerce websites at this stage. The profit model of CPS is Amazon's first revenue sharing model for online channels. It is a business model that collects commissions at a certain percentage after commodities are successfully sold.

The main participants of the CPS model include users, social commerce websites represented by Mogu Street, CPS Alliance, and B2C websites where users actually place orders for shopping. The second stage of Mogu Street's profit mainly comes from the following four areas: commission income, cooperative income, accurate advertising, and group purchase income.

#### **4.3.3 Earnings threat**

The profit model of the traditional social commerce platform represented by the early Mogu Street is mostly based on the CPS model. Although the platform has a very large number of users, it can bring a large amount of traffic to Taobao. After the user generates an order on Taobao, it can get a considerable share of commissions. However, since Taobao revised its search display algorithm in 2014, the CPS model of Mogu Street relying on low-cost strategies to attract users' purchases to earn commissions has been greatly affected, and it is only a single CPS as a new social commerce platform. Although the model gains profits, although there will be relatively rapid development in the short term, it is necessary to develop multiple profit models and find new growth points in order to achieve long-term, stable and sustainable development. In addition, for the social commerce platform, the CPS model is only one of its profit models. In actual situations, it is necessary to flexibly change the profit model according to the platform's own characteristics. Therefore, it is suggested that Mogu Street can expand profitability channels from four aspects.

The first is advertising revenue. The social platform can sell prominent positions on the homepage and channel page of the website and introduce a bidding mechanism. The merchants with higher bids can get the most significant display opportunities. I believe

this model can bring considerable income to the social platform; Drainage commission, which is the main current revenue channel of the social commerce platform; then group purchase, the income from the group purchase segment can be collected through the settlement fee and service fee, and after the group purchase is successful, the social platform can collect a certain commission based on the group purchase amount; Is a merchant service, you can charge a small percentage of the technical service fee from each transaction order, and you can also set a marketing plan for the platform merchant to charge the marketing service fee.

In addition, the profitability of social commerce is closely related to cost management. In addition to improving profitability on the basis of transforming the profit model, it is also necessary to rationally allocate funds according to the profit model to avoid over-concentration of funds but low efficiency.

#### 4.3.4 SWOT analysis

Table 3 SWOT analysis on Mugu Street

		S	W
		Internal Capabilities	<ol style="list-style-type: none"> <li>1. The largest female e-commerce platform in China, the Pinterest socialized shopping guide website</li> <li>2. The user interacts with the site a lot and is willing to contribute high-quality sharing and commentary.</li> <li>3. Increased conversion and efficiency of ads</li> <li>4. Engage Net Red to attract users and guide consumption</li> </ol>
External factors			
O	SO	WO	
<ol style="list-style-type: none"> <li>1. The potential of social commerce market demand</li> <li>2. Large consumer demand for shopping</li> <li>3. Word of mouth marketing is attractive to women</li> </ol>	<ol style="list-style-type: none"> <li>1..Improve brand influence and maintain industry leadership</li> <li>2. Active community atmosphere and keep warm</li> <li>3. Increase user viscosity and improve user loyalty</li> </ol>	<ol style="list-style-type: none"> <li>1. Get rid of excessive reliance on Taobao and adopt a diversified market strategy</li> <li>2. Style changes with the trend, while focusing on user experience.</li> </ol>	

4. The “comparison” and “sharing” features of Taobao and other B2C websites are weak	4. Guide users to shop on other e-commerce platforms	3. Strictly distinguish buyers and sellers to ensure users are real. 4. Avoid homogenization and differentiate yourself.
T	ST	WT
1. The entry of competitors in the same industry, serious homogeneity 2. The quality of sharing information needs to be improved 3. The relative closed loop is formed with e-commerce as the center, it is difficult to form a diffusion effect 4. Merchants impersonate users to post soft advertisements	1. Do a good job of differentiated positioning 2. Encourage users to share high-quality information in multiple ways 3. Multi-channel to broaden the profit model 4. Guide businesses to promote consumption through positive channels	1. Increase the cooperation with various e-commerce platforms 2. Strengthen customer relationship management and credit management 3. Control soft quality and quantity from the content release level, build buyers to share mainstream communities 4. Businesses make effective, low-cost marketing to target audiences

#### 4.4 Comparative analysis of the three platforms

##### 4.4.1 Differences between the three platforms

Firstly, from the point of view of the platform operation structure, both Facebook and Sina Weibo's login methods are for registered users; Mogu Street uses Sina or Tencent accounts for login. Facebook has browsing stores, exclusive shops for fans, F-store; Sina Weibo has guides for consumption, information pushes, links for B2C retailers, and Mogu Street provides links to B2C merchants such as Taobao.

Secondly, from the point of view of the platform's operating characteristics, Facebook and Sina Weibo's operating revenue sources include commissions and advertising fees; Mogu Street is a commission. Facebook's e-commerce operations include B2C and B2B; Sina Weibo includes B2C, B2B, and C2C; Mogu Street is B2B.

Thirdly, judging from the degree of platform socialization, Facebook currently focuses on social networking, large user traffic, strong user relationships, and strong openness, but weak shopping attributes; Sina Weibo's current operational focus is also social, and its user traffic is large. Strong relationship, medium openness, and weak



shopping attributes; Mogu Street currently focuses on e-commerce, its user traffic is small, and user relationships are weak, but its openness is strong and shopping attributes are also strong. Both Facebook and Sina Weibo belong to the integrated SNS. Mogu Street belongs to the shopping community.

#### 4.4.2 Common ground of the three platforms

First, Facebook, Sina Weibo, and Mogu Street all played "social" functions in the operation of social commerce. This kind of "social" function, on the one hand, can generate huge adsorptive power for the traffic, which provides the conditions for the platform traffic guidance. Facebook and Sina Weibo are able to use this kind of customer traffic advantage to develop e-commerce services. While Mogu Street does not have a dominant position in customer traffic, it has successfully attracted users with consumer needs by creating a shopping social topic. From this point of view, the precondition for the successful establishment of a social commerce business model is to establish a social platform with "topic" sharing service functions. Second, e-commerce implemented by Facebook, Sina Weibo, and Mogu Street includes B2B, B2C, and C2C. It covers e-commerce and customers, e-commerce and e-commerce, and individuals and individuals. However, as a social service platform, Facebook, Sina Weibo, and Mogu Street can all tap the needs of cooperating e-commerce providers, and can flexibly use advertising fees or commissions as a platform to operate. From this point of view, the benefits of the platform also need to be built on the premise of its passenger flow-oriented capabilities.

Third, the operation of Facebook and Sina Weibo focuses on social networking and users are stable. In the process of e-commercialization, the advantage of Sina Weibo's passenger flow is still far short of that of Facebook. However, Sina Weibo strives to integrate social topics with consumer activities, and thus exert its passenger flow advantage. Including Mogu Street shopping topic construction, this shows the platform's importance in guiding social topics.

Table 4 Character comparison of three cases

Platform	Category	feature				
		User traffic	User relations	Shopping attributes	Openness	Current operational focus
Facebook	Comprehensive SNS	Strong	Strong	weak	Strong	Social
Sina Weibo	Comprehensive SNS	Strong	Strong/medium	weak	medium	Social
Mogu street	Comprehensive SNS	weak	weak	Strong	Strong	E-commerce

From the perspective of the respective characteristics of the three platforms, the three platforms each have their own advantages and disadvantages, operating preferences and site attributes. It can be said that they are the forerunners of social commerce. Although the scale is large and small, the models are not yet superior or inferior. They are still trying and exploring new models and technologies in this field. In the future, they will also lead this. Industry and beyond are learning to surpass.

#### **4.5 Status of social commerce development**

##### **4.5.1 Status and forecast of social commerce development in Southeast Asia**

According to a McKinsey research study, Facebook is the most active social networking platform in Southeast Asia with over 240 million user groups. Three of the Southeast Asian countries rank among the top ten Facebook users in the world, namely Indonesia (ranked 3rd), Philippines (ranked 6th), and Thailand (rank 9th). Users in Southeast Asia are accustomed to using Facebook to obtain first-hand information on life, including news, new games, product information, brand communication, various services and entertainment videos. When Facebook is used as a habit on a daily basis, people naturally use Facebook as a tool for discovering new things. Facebook and other social networking sites use communication as a tool to expand into shopping functions to attract local consumers. According to surveys conducted in three countries: Thailand, Malaysia, and Vietnam, These have a higher degree of participation in social media to like, share, and comment on online shopping. Their shopping decisions are also more susceptible to opinion leaders. Especially in the field of beauty and healthcare, fashion and electronic goods are the most influential. In Thailand, 33% of e-commerce spending has already passed through Facebook and Instagram. This has enabled the e-commerce function of social networking sites to develop rapidly in Southeast Asia with a population of 620 million people.

Facebook has launched a special area called Shop in Southeast Asia, which can put the products of merchants in a prominent position at the top of their information flow. Facebook did not disclose the number of revenues it received through e-commerce, but it mentioned that Thailand, Vietnam, Indonesia, Malaysia, and the Philippines are among the top ten in the frequency of use of Shop. In addition, advertising revenue in the Asia-Pacific region also grew at an impressive rate last year, reaching 64%, compared with 62% in the United States. Southeast Asian small and medium-sized businesses rely on social networking sites because they have the lowest cost and efficiency in promoting products. If they sell through e-commerce, they often have to pay a fee. Buyers usually look for products through Facebook or Instagram and then contact sellers via a communication application to conduct private transactions under detailed conditions.

There are mainly the following factors in the success of social networking sites in Southeast Asia. First, there are a large number of small and medium-sized enterprises in the area; secondly, the penetration rate of local smartphones has increased; finally, the

region lacks e-commerce giants such as the Amazon. Bain & Co., the management and consulting firm, predicts that about 30% of Southeast Asia's online sales in 2016 will be completed through social networking sites, and local online shoppers will be 150 million. According to Global Web Index, a market research organization, only 7% of the approximately 287 million U.S. Internet users will shop through social networks. Nadia Tan, head of Facebook's South East Asia regional small and medium business, said that consumers in Southeast Asia rely heavily on sales to provide advice. In Thailand, users send information to businesses twice a month, which is twice the global average.

#### **4.5.2 Status and forecast of social e-commerce development in China**

The development of social networks in China has experienced three stages: budding (1999-2004), starting and developing (2005-2007), and full-fledged (2008-present). In just a dozen years, the market size of social networks has rapidly increased. In 2015, the market size of China's social networking industry was approximately RMB 15.36 billion, an increase of 27.56% compared to 2014. In 2016, the market size of China's social networking industry was about 20 billion yuan, a year-on-year increase of 30.2%. In recent years, social networks have been rapidly developed globally. As a global population with a large population, China's social networks spread faster. According to the current development trend of social networks in China, it is expected that the growth rate of China's social network will be no less than 10% from 2017 to 2022, and the market scale of China's social networking industry will be close to 50 billion yuan by 2022.

## **CHAPTER 5**

### **EVOLUTION AND CONCLUSIONS OF FUTURE BUSINESS MODELS**

#### **5.1 Evolution of future business models**

##### **5.1.1 The three major stages of social commerce**

Shopping is increasingly becoming a social experience, from search, to purchase (comparison, browse assessment, review availability, coupon/sales search) to smart comparison evaluation to purchase and post-purchase evaluation release, social commerce. The development and evolution of business can be divided into three phases, as follows:

The first stage: the traditional retail network form.

The first stage of social commerce refers to the emergence of companies such as Groupon and Living Social. These are the first websites that use the power of social networks to deploy retail models. These companies have created a viral marketing platform to help businesses promote sales, clear inventory, and use social networks for marketing. But they are just a form of retailer channel network. The use of social networking is used to gather consumers, so as to negotiate a favorable price with the retailer. The function of the social network is not fully used.

Second Stage: social features convergence

E-Commerce brands and retailers with a large number of customers are realizing that they can use these tactics on their own consumer networks. They are trying various social features including coupons, social shopping, private sales, social wish lists, reviews and ratings, shopping carts, tags, etc. These solutions have added interesting social experiences, expanded the brand's influence, and have become the subject of much attention in these two years. Many retailers and brands like the impact of these social functions, but they also realize that they have limitations and have no interest in the integration of the most important data in e-commerce-customer transaction data.

Phase 3: intelligent social commerce

The third phase of the social commerce solution has gradually met the needs of retailers and brands-optimizing consumer networks and driving revenue growth. Brands and retailers can be targeted to predict output and reserve inventory through user ratings or the ranking of their shared products; the coupon-driven order quantity can be used to measure the ROI of a particular promotional campaign; products can be launched in advance. The design preview, through the number of "likes" of consumers, judges whether or not to perform production and how to do it. This is the significance of the establishment of a social commerce platform, and the comprehensive e-commerce capabilities and ability to cooperate with existing e-commerce systems have also become crucial. The ultimate social commerce will become smart commerce.

### **5.1.2 Future evolution**

In addition to payment, the monetization of social commerce has focused on prompting users to share their shopping experience. Through the analysis of the above five major cases, we can see that each of them has its own strengths and weaknesses. The future development will inevitably be a road of optimizing evolution. The following will discuss the improvement and operation methods and future trends of social commerce from the existing platforms, new platforms, existing brands, and new brands.

#### **5.1.2.1 Existing platform**

Most of the social relationships on Facebook are based on friends and relatives in real life. The explosive rise made him already have a huge user base and data information. The Like button is definitely a good example. There are 2.7 billion likes LIKE and comments every day. The amount of data and information it contains is enormous. Through social data combined with business (who am I, who is my friend) (what do I buy, what brand promotes), brands can provide more targeted services, which is a win-win solution for businesses and users. But combining this information with retail is a complicated and time-consuming project. It would be a major issue for these consumers to like their own, and the cross-matching of his/her friends' favorite products they want to promote. But truly doing this data mining and related work will be a major breakthrough in Facebook's socialized e-commerce process.

#### **5.1.2.2 Emerging platforms**

Vertical Community: The functions of social networks have gradually expanded from socialization to consumption, consulting, information mining, dissemination, and so on. However, after a comprehensive social network site has reached a certain scale, it will encounter bottlenecks in the intersection of user circles, and the tedious and messy information and interpersonal relationships will make the user without a target. Therefore, a more differentiated service system has emerged. One type of service based on the existing social network platform is to serve a vertical domain and integrate social networks and services to provide professional and meticulous services, such as Mogu Street. Of course, the establishment of emerging platforms cannot reach the scale of those predators within a short period of time. However, the small ecological vertical social network is indeed an ideal entry point.

Change strategy: In the foregoing, it was mentioned that brands and retailers who have not been successful in F-commerce or other social commerce platforms need to consider their own strategic issues, rather than prematurely judge the platform's own channels. Simply moving offline channels to social networks without radically changing sales strategies will not work.

### **5.1.3 Future models of social commerce**

As a relatively new phenomenon, social commerce has evolved quickly in practice (Barnes, 2014; Kim & Park, 2013; Wang & Zhang, 2012). A recent report by McKinsey (Chui et al., 2012) estimates that the use of social technologies can contribute \$900 billion to \$1.3 trillion in value and that up to 1/3 of consumer spending is subject to influence from social commerce. Another report (Barclays, 2012) indicates that by 2021 nearly half of the UK consumer population will be engaged in social commerce.

Social networks are constantly optimizing their platforms, adding new features and products to improve and develop their social commerce. The future of social commerce should be based on a social platform. Under the brand's homepage, it is a collection of social functions and e-commerce functions. It can be served in time, can be immediately consumed, can be shared with relatives and friends, and can be connected offline retail. Stores can get a better after-sales experience.

## **5.2 Conclusions and insufficiency**

### **5.2.1 Future growth trend of social commerce**

Social networks are gradually becoming the new king of the Internet after portals and search engines. The rise in the world has become a new culture. Every day, tens of thousands of people join the new platform. The number of users worldwide has surged to 1.5 billion within two years, equivalent to 1/4 of the population are using various social networks, 80% of the Internet users regularly use social networks, and 70% of companies use social technology. 90% of them use the technology to generate profits. This phenomenon and new technologies are creating new cultural and social economic growth points.

### **5.2.2 Impact on the global economy.**

As a new economic method, social commerce has set off a wave of social economy. The social economy is a value model rooted in social relationships. It is driven by social relationships, people-centered, relying on the community's spontaneous strength and self-creation by users, focusing on collective intelligence and synergy. Social networking and social commerce have begun to realize their potential value. In fact, the impact of social technology will be more deeply spread to all corners of the world and can help solve the challenges that some economic society faces all over the world through social networks. Listen to the consumer and end-user voices through social networks and give positive and real-time feedback.

Especially regarding the for-profit element, social media plays a more important role in business branding and marketing strategy than do television, newspapers, and magazines. It can reinforce business relationships with consumers, increase flow to

company websites, and look for new business opportunities (Michaelidou, Siamagka & Christodoulides, 2011). It also makes businesses provide high-quality products, forecast market trends, and maximizes the effectiveness of their ads on social media (Constantinides, Romero & Boria, 2008).

As a brand-new production and lifestyle, it also set off a wave of social economy. The social economy is a value model rooted in social relationships. It is driven by social relationships, people-centered, relying on the community's spontaneous strength and self-creation by users, focusing on collective intelligence and synergy. Social networking and social commerce have begun to realize their potential value. In fact, the influence of social technology may be more deeply spread to all corners of the world and can help solve the challenges that some economic society faces all over the world through social networks. Listening to the voices of consumers and end users, and giving positive and real-time feedback, or improving the process while working internally, these are all process improvements that social networking and social commerce can achieve.

From the perspective of global social media, the overall profitability is low, and some social media have not even reached profitability. This status is related to the industry's own profit model. However, this does not mean that the profitability prospects of the social media industry are bleak. Because Facebook is a social media, its profitability is obvious to all. If all social media want to gain an advantage in the fierce market competition, they need to quickly seize the market, learn to reduce the cost of market development, so that in a certain case of funding for a longer period of time. This study suggests that social media should develop its own platform in the future, actively open up its data, continue to attract third-party developers for mobile clients, launch value-added services for application merchants, allow application developers to participate in online recruitment and e-commerce activities. I believe that in the future development process, as long as various social media companies can effectively improve the profit model, and expand the diversity of profitable means, will be able to obtain a substantial return.

### **5.2.2.1 Consumer behavior prediction**

Consumer demand will be released more clearly and meticulously. In the past, it would take time and effort. The research process of human and material resources can be simplified. Their purchase behavior and process are fully reflected in the data being accurately preserved and recorded. This algorithm "guess what you think" has already begun to be widely used in the traditional e-commerce field. In the future of social commerce, this can be raise to "Guess what your friend thinks" and so on.

Social media has been widely used in the field of brand marketing. In the future, this experience will become more human and visualized, as well as more real-time and

accurate. The process of customer service will become more active, timely and humane. The setting of the customer service center can overcome the limitations of geography. The application of social networks to human resources management is not a news. In the future, talent data can be mapped to an economic map through this technology, which can show the degree of match between talent supply and demand on a global scale. By then, the global labor force will have its own professional information, which will have a huge impact on the global labor force and the macro-economy.

#### **5.2.2.2 Marketing communication**

Social media has been widely applied to the field of brand marketing. In the future, based on the more mature and complete hardware facilities, this experience will become more humanized, more realistic, and more timely and accurate.

#### **5.2.2.3 Providing customer services**

The process of customer service will become more active, timely and humane. The setting of the customer service center can overcome the limitations of geography.

#### **5.2.2.4 Matching talents' tasks**

The application of social networks to human resources management is not a news. In the future, talent data can be mapped to an economic map through this technology, which can show the degree of match between talent supply and demand on a global scale. By then, the global workforce of 3.3 billion will have their own professional information. This has a huge impact on the global labor force and the macro-economy.

### **5.2.3 Improvement strategy**

First, the business model of social commerce must be built on the basis of a certain passenger flow. On the one hand, the foundation of passenger flow is based on the attraction of the social nature of the platform itself. On the other hand, it is due to the continuous cultivation of new social topics during the operation of the platform. These topics succeeded in attracting traffic flow. Therefore, in the future, the platform will open up the e-commerce stage, and it is necessary to pay attention to nurturing the topic of consumption-oriented.

Second, with the gradual establishment of platform e-commerce, the platform will integrate e-commerce activities into an organic part of social activities. The platform can build a good service infrastructure to provide users with the most convenient services for socialization and consumption and consolidate users and platforms and e-commerce companies by enhancing users' consumer satisfaction and providing consumers with a good social shopping environment. The relationship between the two can achieve the



sustainable development of e-commerce platform for social networking.

Third, Facebook, Sina Weibo, Mogu Street and other social platforms have attracted a large number of users because of their social nature. In e-commerce, this type of company should strengthen its manufacturing focus on consumer-oriented topics, further optimize the social conditions of the platform, turn shopping topics into social topics, and consumer behavior become an integral part of social networking. Such companies must first implement "channel marketing", but also strive to carry out "content marketing." The development orientation of companies like Mogu Street is e-commerce companies. When using e-commerce platforms to promote e-commerce business, we must pay attention to creating the toxic characteristics of the platform, first attract customers with topics, and then strengthen the platform's social service capabilities to consolidate the relationship between users and platforms. Such enterprises must first implement "content marketing" and also strive to implement "channel marketing."

Fourth is the user's privacy. More and more consumers and users begin to harbor personal privacy issues and dislike personal information sold to businesses by social platforms. When users' daily shopping habits are shared by social networks to retailers, personal information will also be shared with retailers. After users read the promotional news in the news, will users feel uncomfortable? Because personal privacy has been violated, user dissatisfaction due to privacy issues is likely to spread across the entire network, affecting all online retail. At this time, major social networks that have a large amount of personal user information will face a choice: to maintain their own business value to provide a lot of useful information to retailers? Or protect user privacy? However, the privacy laws of the Internet are still relatively incomplete and various borders are still in a very ambiguous phrase.

The above-mentioned problems to be solved are all reasons why social commerce has not really matured, but it has already begun to address and regulate these immaturity misunderstandings. Only business models based on norms and the legal system have great vitality.

#### **5.4 Future research**

The research on social commerce mobile applications and the research on the self-built supply chain system of social commerce platforms and the research on big data processing are very much in the future. This is also the insufficient of this article. Unknown is always greater than known, and there are many new business models around the social economy that are or will appear. Future consumers and newcomers are following the post-90s and the post-00s. Social networks play an important role in their growth history. Their life learning and work are largely based on this media, and consumption habits tend to be social. On the basis of this huge user base and use of

viscosity, mature business models and clear development paths will gradually form, or will never be completely fixed, and newer and more innovative models will continue to emerge. In any case, this is a new area that will surely shine.



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