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## **SOCIAL IMPACT AND CONSUMER PURCHASE INTENTION IN SOCIAL COMMERCE**

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### **ABSTRACT**

This research explores how social factors affecting consumer purchase intention in social commerce. It is generally agreed that social impact can influence consumer buying behavior. This paper presents a research model comprises four research hypotheses with four constructs, including informational social influence, conflict, competence, and purchase intention. The results of the empirical study suggest that informational social influence is critical in ensuring competence and conflict is the major factor contributing to purchase intention. The findings of the study provide useful insights into how online merchants can reinforce customer engagement behavior and so as to improve consumer competence and in turn foster purchase intention in social commerce.

*Keywords:* Social impact, self-determination, informational social influence, conflict, competence, purchase intention.

### **INTRODUCTION**

Social commerce is rapidly emerging as an extension mode of e-commerce, primarily due to the increased popularity of social networking sites (SNS) such as Facebook, LinkedIn, and Twitter. These social media provide functions (such as Facebook “Like” button, “Share” button, and “Comment”) for users to easily share information with their friends or visitors. By sharing shopping information, product knowledge, or purchasing experience among social network members, consumers can make more informed and accurate purchase decision [1], so that online purchase intention can be created. Because social network can help an online merchant develop its online social marketing strategy and enhance the competitive advantage by having a vivid impact on its product and service offerings, customer relationships, and operational performance [1], creating commercial activities in social network environment to promote purchase intention has thus become a common practice [2].

To promote the purchase intention of using social commerce sites, it is of strategic importance for the online merchants to understand those factors relating to social impact that affect the consumers’ intention. Existing research has focused on modeling all the factors under investigation as precursors or independent variables that directly affect the purchase intention of social commerce. Research on consumer purchase intention in social commerce has examined electronic word-of-mouth (eWOM) and trust [3] [4]. Few studies have examined the social impact of eWOM consistency/inconsistency among customers that affect individual’s self-determination and purchase decision, despite being an important issue in online review research [5]. It is generally believed that individuals look for other customers’ online reviews on SNS to reduce uncertainty and their perceived competence related to purchase decision and intention will be increased accordingly.

SNS provides a communication channel for information exchange or knowledge transfer in online environment. Since the amount of eWOM in social network, a social impact model, is often in large scale [6], it is possible to show information consistency (i.e., informational social influence) or information inconsistency (i.e., conflict) in online shopping context. As the stimulus–organism–response (S-O-R) model dictates, environmental cues act as stimuli that affect an individual’s cognitive and affective reactions, which in turn affect behavior [7]. Consequently, the current study draws on the social impact theory, supplemented by the consumer self-determination, to examine what informational influence can reinforce feelings of competence and enhance purchase intention in social commerce sites. Both social impact and self-determination are major perspectives which facilitate intrinsic motivation and behavioral intention by supporting individual’s innate psychological needs [8] [9].

To address this issue in social commerce, this study employs the S-O-R model in environmental psychology to illustrate how online social impact, the elements of social networking environment, influence consumers purchase intention on the website. Social impact features are used to measure information consistency/inconsistency influence derived from consumer communication in SNS. Then, this study looks into how competence mediates the influence of informational social influence on consumer purchase intention. To verify this research model, an empirical study of Taiwanese consumers of social commerce sites was conducted.

In the following sections, Section 2 presents theoretical framework and hypothesis development. The data collection method and research design are described in Section 3, and the study findings are presented in Section 4. Finally, Section 5 provides a discussion of the results, and Section 6 concludes the paper and offers directions for future research.

### **THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT**

Social commerce has emerged as a new model of e-commerce by combining social networking with online shopping to elicit consumer attitude and purchase intention toward the brand/product. Consumer purchase intention is the major factor in terms of understanding individual’s subjective preferences for purchasing products; it can be used as a critical index in predicting

consumption behavior [10]. To explore the extrinsic influence and intrinsic motivation for online shopping behavior, this study extends the S-O-R model [7] based on social impact and self-determination perspective. The S-O-R framework lays the foundations for the research model and provides a structured view of the factors that influence the intention to purchase products in social commerce platforms. The present study focus on two categories of customer-to-customer environmental stimuli (informational social influence and conflict) that may influence the participants' organismic perception (competence), which lead to participants' positive response (purchase intention).

As a fairly high level of product uncertainty, ambiguity, or unfamiliarity, many consumers tend to read online messages about others' evaluations before making purchase decisions. Thus, informational social influence affects in the consumer decision-making process as well [5]. Such informational influence was found to have a positive influence on buyer behavior [11]. Informational social influence refers to the influence to accept information obtained from others as evidence about reality [12]. It can be considered as a learning process in which a person observes the experience of early adopters in social network and decide whether or not to buy a product [13]. It is thus hypothesized that:

Hypothesis 1. *Informational social influence is positively related to purchase intention*

In the real world, consumer self-determination has been greatly enhanced due to abundant information [14]. Following the suggestion of Sweeney et al. [15], eWOM increases a recipient's competence and this effect is stronger when messages are useful. Such information consistency will be further reflected as a positive influence on one's own competence. It is thus hypothesized that:

Hypothesis 2. *Informational social influence is positively related to competence*

Developing with SNS, here comes more and more opportunities of interaction and conflict is unavoidable in the cyberspace [16]. Conflict refers to the awareness of differences in viewpoints and opinions pertaining to the purchasing task. In general, the disagreement between posted reviews highlights pros and cons of a product that reflect product information disclosure from customers. The perceived usefulness of conflicting reviews has been found to be an important antecedent of consumers' intent to comply with a review and to affect purchase intention [17] [5]. It is thus hypothesized that:

Hypothesis 3. *Conflict is positively related to purchase intention*

Prior research has shown that competence, a self-determined motivation, is an antecedent to reinforcing intention to act and facilitating engagement in activity [18] [19]. Competence refers to the belief that one can efficaciously interact with his environment to feel competent in achieving desired outcomes [8]. Self-determined customers are more motivated, and they have a greater desire to purchase products [19]. In online shopping environment, others' evaluations could reinforce consumer competence to decide what is best for him. It is thus hypothesized that:

Hypothesis 4. *Competence is positively related to purchase intention*

## RESEARCH METHOD

To develop the survey instrument, a pool of items was identified from the literature for measuring the constructs of the research model. The items were to be measured on a seven-point Likert scale, ranging from 'Strongly disagree' (1) to 'Strongly agree' (7). The English version was developed first, then translated into Chinese, and then back-translated into English. When the back-translated English version was checked against the original English version, some questions were reworded to improve the accuracy of the translation. A pre-test was performed with three expert academics and four Ph.D. students on a questionnaire consisting of 14 items of the survey instrument for improvement in its content and appearance. Several online merchants' Facebook fan page fans were contacted to help with the pilot-test of the instrument. Online questionnaire sampling is the major way in this study using mySurvey, which accepts only one response per IP address to avoid duplicate responses. 434 samples were collected and the result of this survey was 297 effective responses. All of our respondents, social commerce users located across Taiwan, reported that they purchased products at least once through the social commerce site in the last year.

## RESULTS

Structural equation modeling (SEM) with AMOS 17.0 was used to test and analyze the hypothesized relationships of the research model. SEM aims to examine the inter-related relationships between a set of posited constructs simultaneously; each construct is measured by one or more observed items (measures). SEM involves the analysis of two models: a measurement (or confirmatory factor analysis) model and a structural model [20]. The measurement model specifies the relationships between the observed measures and their underlying constructs, which are allowed to inter-correlate, and the structural model specifies the posited causal relationships among the constructs. With a confirmatory factor analysis, all items performed well and were thus retained in the model. The chi-square of the measurement model was significant ( $\chi^2 = 113.366$ ,  $df = 71$ ,  $p < 0.001$ ), with the value of  $\chi^2 / df$  smaller than 2, indicating an ideal fit. An assessment of the measurement model suggests an acceptable model fit (GFI = 0.949; AGFI = 0.925; CFI = 0.984; NFI = 0.959; RMSEA = 0.045). To assess the reliability of the constructs, composite reliability (CR) was facilitated. All of the composite reliability values, ranging from a low of 0.814 to a high of 0.924. A variable's squared multiple correlation (SMC) is the proportion of its variance that is accounted for by its predictors. The average variance extracted (AVE) was greater than 0.5 in all cases, meaning that the variance accounted for by each of the

constructs was greater than the variance accounted for by measurement error. In addition, an assessment of discriminant validity between the constructs supported the model fit. The overall fit of the structural model is acceptable, since all measures of fit reach an acceptable level ( $\chi^2 = 116.987$ ,  $df = 72$ ,  $p < 0.001$ ; GFI = 0.948; AGFI = 0.924; CFI = 0.983; NFI = 0.957; RMSEA = 0.046). All hypothesized relationships are supported. Informational social influence has a positive impact on purchase intention (H1:  $\gamma = 0.155$ ,  $t = 2.704$ ,  $p < 0.01$ ) and competence (H2:  $\gamma = 0.307$ ,  $t = 5.544$ ,  $p < 0.001$ ). Conflict is significantly associated with purchase intention (H3:  $\gamma = 0.255$ ,  $t = 3.507$ ,  $p < 0.001$ ). Competence is significantly associated with purchase intention (H4:  $\gamma = 0.367$ ,  $t = 6.176$ ,  $p < 0.001$ ).

## DISCUSSION

It is not surprising that informational social influence displays a significantly positive effect on consumer purchase intention in Taiwan's social commerce. The critical role informational social influence play in consumer behavior is supported by Bickart and Schindler's [21] findings that consumer-generated reviews take on more weight than online merchants' information in the formation of customer purchase intention in online shopping. The results also suggest that informational social influence will have an influence on one's competence which will, in turn, affect one's intention to purchase a product or service. In short, the competence of consumer choices depends on whether they get consistent eWOM messages in time to make the right buying decisions.

Conflict is found to have a positive impact on consumer purchase intention. The result also suggests that consumers rely more on diversity information provided in the pre-purchase stage to make evaluations in the first purchase decision. This finding is noteworthy. It is well documented in the literature that there may be a bright side in the pre-purchase judgment [22] [23]. This phenomenon suggests that conflicting information may be more readily identifiable if consumers are properly involved in online reviews. This should put online merchants on alert that they must watch and understand what their customers' argument diversity really value and offer consumer-generated contents and messages to the potential consumer.

### Theoretical implications

With the development of the research model, the theoretical contributions of this paper to the literature are described as follows. The current study appears to be the first attempt to address the important issue of purchase intention development in the context of social commerce. First, a different perspective from social impact to self-determination and of how participants reacted in social commerce is proposed. The results of this study contribute to the development of literature relating to consumer purchase intention in social commerce. Specifically, although competence is an important opinion in the literature, noteworthy gaps remain in understanding its impact on online purchase intention [15]. We attempted to fill the gaps by identifying perceived competence and investigated how the proposed antecedent affects consumer purchase intention. Therefore, this study makes a theoretical contribution in incorporating informational social influence with competence and consumer purchase intention for investigating the social impact among social network members. Secondly, this study makes a theoretical contribution in incorporating information influence (consistency/ inconsistency) and purchase intention for investigating the consumer purchase intention. According to our findings, conflict is a positive force toward the realization of the brands/products. Such conflict may play a powerful role in improving their intention to purchase in social commerce site.

### Managerial and practical implications

The findings of this study provide useful insights for online merchant marketers and marketing managers on how to build interactive online engagement and social influence environments to enhance the consumers' competence in order to improve their intention to purchase product. First, consumers would conform to the majority opinion, online informational influence, in the context of online shopping. Accordingly, an online merchant's social marketing campaign should enhance majority influence and give shoppers more incentive to spread the word to others to buy. Second, the study shows that online informational influence is a useful information source for consumers to compete for a specific purchasing. Finally, the finding highlights the bright side of conflict. This will encourage online merchants to face conflicts and resolve them in the social networking environment. Online merchants should recognize the potential of social customer relationship management (SCRM) and make business strategy with social media to increase customer satisfaction, loyalty, and retention.

## CONCLUSIONS AND FUTURE RESEARCH

It is of strategic importance for an online merchant to understand the factors influencing the consumer intention to purchase in social commerce. The concept of our research proved to be an insightful approach for exploring issues related to social impact and self-determination in social commerce. The findings of the study provide some practical insights into how online merchants should reinforce their customer-to-customer communication so as to improve bandwagon effect and satisfy consumers' needs for competence, in order to reduce perceived risk and enhance confidence in making decisions to purchase products in social commerce.

Despite these contributions, this study suffers from methodological limitations typical of most empirical surveys. First, the findings reflect the setting of Taiwan's social commerce marketplaces only. To address these inherent limitations, future research on cross-country study on various forms of SNS would be worth conducting to examine sectional differences in the development of social commerce activities. Second, the subjects were social commerce consumers in Taiwan. However,

differences in culture and lifestyle exist in different sectors and different parts of the world. Finally, for reasons of simplicity and focus, this study did not consider all variables. Further research may also explore whether other constructs, such as credibility of online reviews, brand fans or incentive/motivational mechanism [24-26], will affect consumer engagement among informational social influence, conflict, competence and purchase intention.

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