

E-commerce in terms of the social network Twitter

Mgr. Richard Fedorko, PhD.
University of Prešov in Prešov
Faculty of Management
Department of marketing and international trade
Konštantínova 16, 080 01 Prešov, Slovakia
richard.fedorko@unipo.sk

Abstract: The aim of the article is to describe the specific aspects of social networking as of a tool of marketing communication. The article specifically focuses its attention on the micro-blogging social networking site Twitter and its possibilities in terms of electronic commerce. The article summarizes the theoretical basis of social networks as a part of social media as well as the issue of electronic commerce. Based on the analysis the article describes the current state of social networking use and focuses its attention on the micro-blogging social network Twitter. Another aim of the article is to evaluate possibilities for e-commerce that this social network offers and its pitfalls.

Keywords: Social media, Social networks Twitter, E-commerce

JEL Classification: M30; M31

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1. Introduction

Social networks dominate in the online environment and as a part of the modern social media they provide sophisticated and efficient space for implementing companies' marketing activities. Marketing companies providing services or offering their products on the market are increasingly using social networks as an effective tool for customer support. One of such social networks is the social networking site Twitter, which has evolved considerably in recent years. What was at the beginning an ordinary micro-blogging network is nowadays regarded as a breathing ecosystem with a diverse range of user communities and brands seeking to exploit the potential of this platform to communicate effectively with their target groups.

2. Literature review

According to Boyd - Ellison (2007) social networks can generally be seen as service-based websites that allow individuals to create a public or semi-public profile within a closed system, create a list of users with whom they are in touch and see and examine the links created by other users within the system. The nature and distribution of these connections may differ from web site to web site. Social media are according to Stern (2011) all that allows anyone to communicate with anyone, in other words, the user-generated content distributed through easily accessible internet tools.

It should be emphasized that social networks (Van Dijk 2006), unlike social media, are based on interconnected social links. These links can have multiple levels, ranging from individual (friends, family) links to company or global links. It follows that social networks are inherently specific categories of social media. Blanchard (2011) in his publication notes that social networks are a communication tool, much like phone or e-mail, which is used for the purpose of stem corporate functions including public relations, marketing, networking management, customer service and market research.

In real life we encounter situations (Dunda 2011) in which our social networks help us save time and get and process information which are not available through ordinary means and within a reasonable time. Sharing these values offers businesses the opportunity to advertise their products and services not only to the general public but also to specific people who are interested in these offers.

With regard to our advanced age, trends, demands and also advantages of electronic commerce it is clear that the era of e-commerce is still in development. Management departments of small and large companies must be aware of the fact that the future of their business cannot do without investments in e-commerce (Pankaj 2010).

Electronic commerce (e-business) represents a new form of business that brings along several advantages over the traditional way of doing business. The most significant advantages are low-cost operation, minimal cost to enter the market, interactive communication, unlimited time (24 hours/ 7 days a week), high speed and efficiency of transactions, possibility to expand own offers and also customer demand, a positive impact on the production and shopping and consumer behavior, a low-cost entry into the world markets (Suchánka 2008).

The issue of e-commerce is semantically narrower concept than e-business. E-commerce covers a total electronic exchange of information in the company or between companies and customers. In contrast, e-commerce is the process of buying and selling through electronic means, especially via the Internet. It follows that e-commerce is a narrower concept falling within the concept of e-business (Kotler et al. 2007).

According to Chaffey - Smith (2008) electronic commerce should be perceived as a part of e-business focusing on online sales. Accordingly, it is possible to understand e-business as a transformation of key business processes through the use of Internet technologies.

Jessen (2003) offers another view on the issue of e-commerce when he says that e-commerce covers all kinds of commercial transactions where the parties involved develop or conduct business with their products through electronic ways. E-commerce can be seen as a system enabling direct connection between key business entities, namely companies and customers and streamlining their business relations while making use of electronic networks through which daily economic activities such as payment, delivery of goods or services are carried out (Bhasker 2013; Bačík and Fedorko 2014).

3. The current state of the issue

In terms of social media, Twitter is a classic social network. It is a worldwide popular micro-blogging platform allowing sharing, short messages "tweets" of 140 characters maximum length between users who follow Twitter profiles. Currently, Twitter records more than 320 million monthly active users worldwide, records more than one billion unique visits to web pages with embedded tweets. Noteworthy is also the fact that 80% of users use mobile devices to access the social network. Social network Twitter employs a total of 4300 employees in more than 35 locations worldwide (Twitter 2015).

Based on an analysis of Statista (2015) published in November 2015 Twitter is the third most popular social networking site with 320 million users. The most popular social network is Facebook with the number 1.49 billion users. The second most popular network is the Chinese social networking site Qzone with 668 million users.

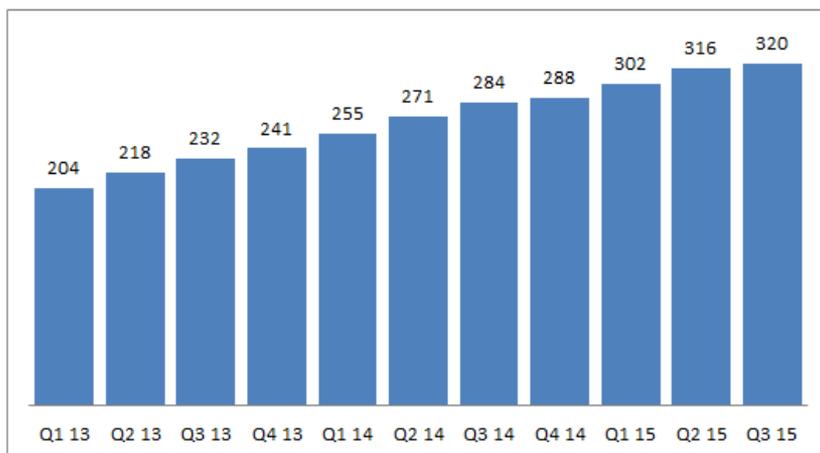


Figure 1. The number of monthly active users of social networking Twitter (in millions)

The analysis of Global Web Index (Hunt 2015) published in September 2015 confirms Twitter's popularity. The analysis examined the popularity of social networks based on the number of its users against the total online population. The social network Twitter in this case landed in the third place with a share of 53%. The most popular social networking site is Facebook (81%), the second place belongs to the social network Google Plus and YouTube with a share of 60% each. The lowest number of users recorded the professional social networking site LinkedIn with the share of 13%.

The amount of monthly active users of the social network Twitter (Figure 1; Welch - Popper 2015) in the third quarter of 2015 reached 320 million users. In comparison with the previous quarter this number represents an increase of 4 million users, amounting to 1.26% of quarterly increase. Figures are even higher in case of the annual increase (2014) of 36 million monthly active users, which in percentage terms represents the value of 12.67%. For on-year comparison of 2015 with 2013 the growth of active monthly users amounted to 37.93%, which represents 88 million users. It is worth mentioning that during the reporting period Q1 2013 - Q3 2015 the social network Twitter recorded an increase in monthly active users at the level of 56.86%, which represents 116 million users.

Based on the analysis conducted by Statista (2015b, Figure 2) published in 2015 it can be stated that the most users of Twitter are based outside the United States. The number of monthly active users of the social network Twitter outside the US for the third quarter of 2015 reached 241 million users. In terms of the total number of monthly active users of the social network Twitter (320 million users) the share represents 75.31%.

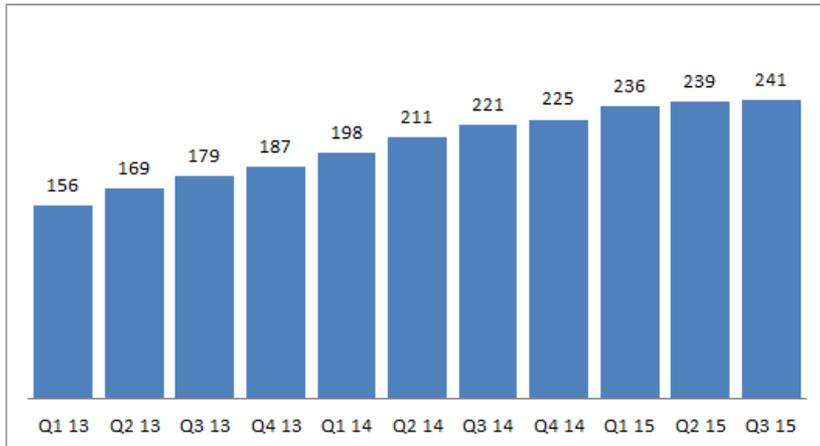


Figure 2. The number of monthly active users of the social network Twitter excluding the USA (in millions)

The data published in the analysis conducted by Statista (2014) in 2013 predict Twitter a decline in the user growth rate. Specifically, in 2013 the annual user growth of the social network Twitter accounted for 30.40%. As stated in Figure 3 Twitter is predicted to stop growing in the period 2014-2018 and in 2018 the growth is projected to decline by 64.80% when compared to 2013. Based on the aforementioned results of the analysis (Welch - Popper 2015), we can assume even slower rate of growth in user base of monthly active users.

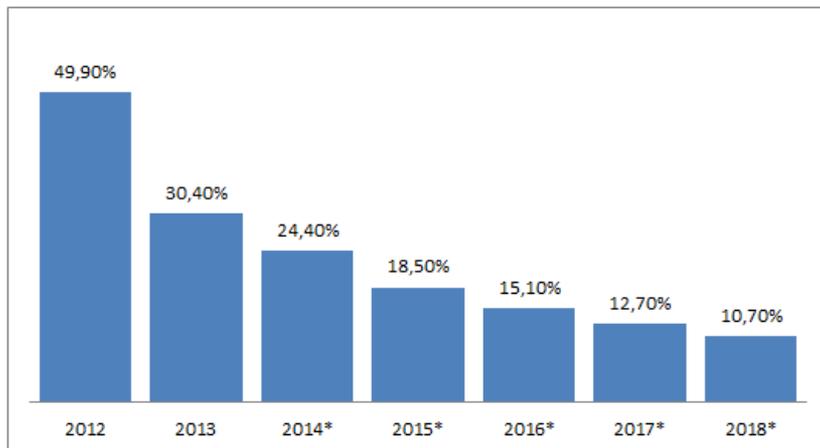


Figure 3. Annual Twitter user growth rate worldwide from 2012 to 2018

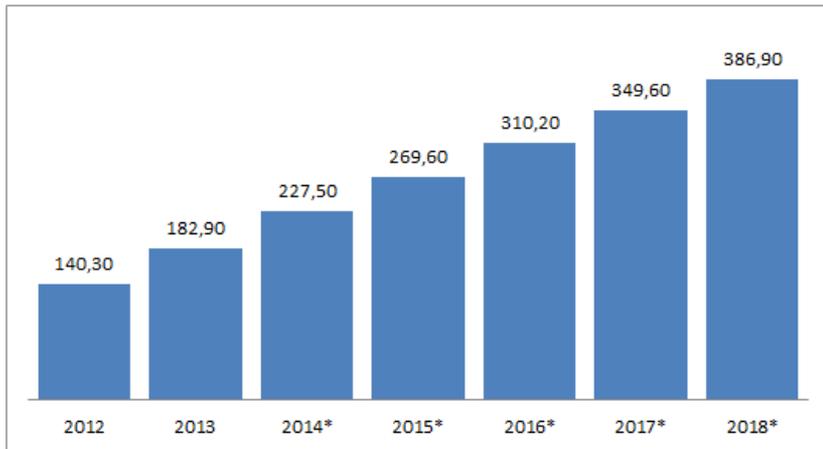


Figure 4. Development of the number of Twitter users (in millions)

The focus of the above analysis conducted by Statista (2015c, Figure 4) was placed on predicting the exact number of Twitter's user base for the period 2014 - 2015. Based on this analysis (Figure 4) it can be stated that Twitter reported a higher proportion of active users against the forecast for 2015. In particular, Q3 2015 recorded 320 million monthly active users, a difference at the level of 18.70% against the forecast. Based on analyzes it can be assumed that the prediction of the number of users of the social networks for the period up to 2018 is likely to be exceeded.

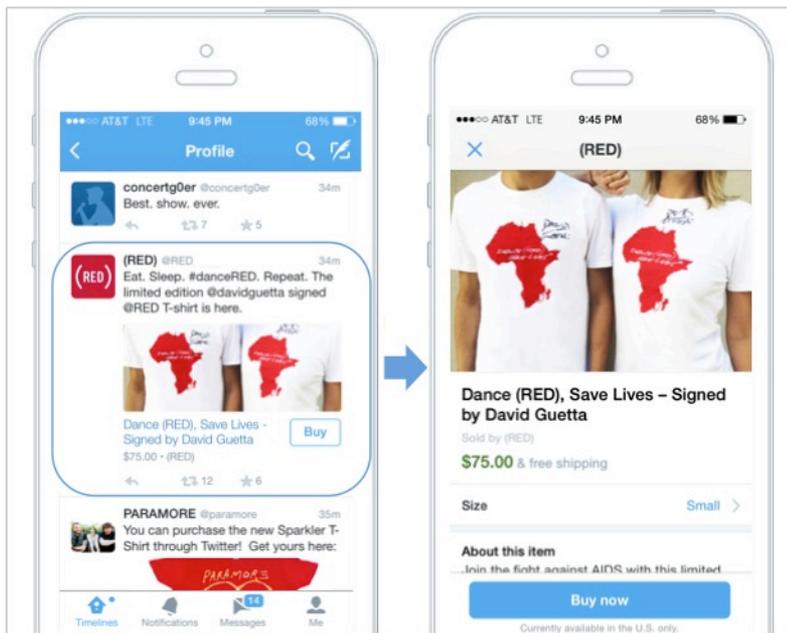


Figure 5. E-commerce solutions in the environment of the social network Twitter

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In September 2015 Twitter introduced a new feature aimed at the market of electronic commerce. Specifically, Twitter inserted the "buy" button, allowing users to purchase a product. By clicking on the button users are not redirected to the seller's website, but they stay on Twitter. Users fill out their billing, shipping and payment information, i.e. credit card number and place their order. Intuitive shopping on Twitter is at the moment (year 2015) possible only in the US. Another limitation is the low number of platforms allowing sales through this social network, specifically Bigcommerce, Shopify and Demandware.

4. Conclusions

Companies in the online environment of the Internet can build relationships with customers through their profiles on social networks. At the same time online environment allows companies to get fans and create a community of fans interested in the company or brand. A page or profile in turn creates a space where it is possible to efficiently and immediately communicate all relevant activities of the company or brand. From this perspective, it is also possible to envisage their use as a sales channel.

Currently, we see multiple e-commerce activities of the popular social networking sites that are trying to get the most from their user base. It will be interesting to see how the micro-blogging social network Twitter will deal with the implementation of its e-commerce solutions. On the other hand it is a very unique way of shopping, which relies on the immediacy of users' purchase decisions.

Noteworthy is also a similar system of buying launched during 2015 by the social networking site Pinterest (Fedorko 2015), which is primarily focused on sharing images and eye-catching photos. The user can purchase products directly through an app embedded within Pinterest. The advantage Pinterest as a sales channel is the fact that it focuses primarily on the graphical content where savvy product images are expected to attract more users and thus induce them to purchase.

The issue of electronic commerce in the area of social networking and social media is a new field of knowledge. We are of the opinion that social networks will find this field more and more attractive through time. As for the companies, there is a prediction that they will continue to make efforts to make the online world of social networking a new channel to sell their goods and services.

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