A social commerce investigation of the role of trust in a social networking site on purchase intentions

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ABSTRACT

Trust is a crucial issue in online shopping environments, but it is more important in social commerce platforms due to the salient role of peer-generated contents. This article investigates the relationship between trust in social commerce and purchase intentions and describes a mechanism to explain this relationship. We propose a main and two alternative models by drawing on three concepts: social commerce information seeking, familiarity with the platform, and social presence. The models clarify the mechanisms through which trust, familiarity, social presence, and social commerce information seeking influence behavioral intentions on social commerce platforms. Findings from a survey of Facebook users indicate that trust in a social networking site (SNS) increases information seeking which in turn increases familiarity with the platform and the sense of social presence. Moreover, familiarity and social presence increase purchases intentions. Findings indicate that the main model fits the data better than the alternative ones. Theoretical and managerial implications are discussed.

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1. Introduction

Social commerce is the application of Web 2.0 features, such as content generation tools, for the enhancement of users' interactions in e-commerce (Liang, Ho, Li, & Turban, 2011). The difference between social commerce (e.g. Starbucks Facebook and Toms' Twitter) and e-commerce (e.g. Alibaba) is that the former involves communities and conversation among members, while the latter mainly focus on individuals and one-to-one interactions to create value (Huang & Benyoucef, 2013). Web 2.0 technologies, as the basis of social media and social networking sites (SNSs, e.g. LinkedIn, Facebook, and Twitter), facilitates the acquisition of products through supporting users' interactions and contributions (Liang & Turban, 2011). According to the Financial Times, social commerce usage increased by >500% between 2007 and 2008 and social commerce firms are growing their venture capital financing substantially (Stephen & Toubia, 2010). Social commerce made positive changes internationally as well, as >300 social commerce Korean firms created sales of $300–500 million in 2011 (Kim & Park, 2013). This growing popularity has led to the expansion of investments in social commerce for 88% of businesses (Huang & Benyoucef, 2013).

Several retailers (e.g. Armani Exchange, Toms', and Samsung) and service providers (e.g. insurance, airlines, and banks) successfully used social commerce to enhance their businesses. However, some firms failed in their social commerce strategies (e.g. Walmart) and there have been numerous complaints about trust, security, and privacy in information exchange (Liang & Turban, 2011; Kim & Pak, 2013). Trust – a belief in the reliability, truth, and ability of the exchange party – is recognized as one main reason customers refrain from electronic purchases (e.g. Gefen, 2000). However, given the context of social commerce, users are notified about a product on SNSs and may engage in purchases. Thus, trust in the SNS and embedded content provided by peers could increase the users' purchase intentions from an e-vendor. Recently Kim & Park (2013) indicated that trust in social commerce firms (e.g. Amazon.com) directly enhanced purchase and word-of-mouth intentions. However, few research papers in the context of social commerce, if any, indicate whether trust in SNSs influences users' purchase intentions from e-vendors? Moreover, if there is any relationship, which mechanism carries the effects of trust on purchase intentions?

Answering these questions and providing explanations for the relationship between trust and purchase intentions from an e-vendor on a SNS, a model is proposed based on three concepts: 1) social commerce information seeking (i.e. acquiring information from the information channels in a social commerce platform); 2) familiarity with a platform (i.e. comprehension of the platform's features and procedures); and 3) social presence (i.e. the sense of warmth and sociability within the

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platform). The channels of information exchange have evolved through the emergence of SNSs. Given the context of social commerce, users may seek information about a product through various channels, including peer recommendations, reviews and ratings, and forums and communities (Hajli & Sims, 2015). Despite this, Van Der Heide & Lim (2015) indicated that users familiar with SNSs more likely rely on peer-generated contents, which could motivate their purchase intentions on social commerce platforms. Moreover, information seeking, together with the social presence in SNSs – the feeling of 'warmth' and 'being there' – could increase users' purchase intentions.

Taking different frameworks into consideration, we propose two alternative models. Using 201 Facebook users, we test the main model as well as the alternative models by taking advantage of two structural equation modeling methods (partial least square and covariance-based). The results of the model fit and model selection analyses indicated that the main model outperforms the alternative ones. This study highlights the importance of trust in social commerce and provides recommendations to managers.

2. Conceptual framework

2.1. Social commerce

Social commerce is now well-established in the marketing literature (e.g. Huang & Benyoucef, 2013); however, further clarifications could be helpful. Social commerce refers to "the delivery of *e-commerce* activities and transactions via the *social media* environment, mostly in *social networks* and by using *Web 2.0 software*. Thus, social commerce is a subset of e-commerce that involves using social media to assist in e-commerce transactions and activities" (Liang & Turban, 2011, p. 6). Similarly, Stephen & Toubia (2010) define social commerce as "forms of Internet-based social media that allow people to participate actively in the marketing and selling of products in online marketplaces and communities" (p. 215). Social media, such as Facebook, Twitter, and LinkedIn, provide people with a network connectivity which enables their participation in online marketing and sales activities.

In social commerce, a network of interactions among actors is the main source of value, while in e-commerce, the facilitation of connections among buyers and sellers is the basis for value co-creation (i.e. integration of resources among actors in a value network). In line with Vargo & Lusch (2016) recent modifications on fundamental premises of service dominant logic, resource (i.e. knowledge and information) integration in social commerce is executed among "*multiple actors*" (i.e. *institutions, business, people, and organizations),* rather than a dyadic co-creation among a customer and a firm in e-commerce platforms (Liang & Turban, 2011). Social commerce facilitates the exchange of operant resources (i.e. nonphysical, information, ideas, and knowledge) among multiple actors outside the market, leading to the integration of operand resources (i.e. physical, money, and products) between the buyer and the seller.

Social commerce consists of four layers from inner to outer, including individual (personal profile/activity), conversation (information exchange), community (support and connection), and commerce (purchase) (Huang & Benyoucef, 2013). Social commerce incorporates all layers to co-create value among multiple actors, while e-commerce only considers the inner layer (individual) and outer layer (commerce). For example, the main goal of Alibaba (www.alibaba.com) – the world's largest e-commerce company – is commerce and interactions that are basically limited to one-one communications among buyers and sellers. In this context, there are few interactions/conversations among customers as well as communities, if any.

Two types of social commerce are found in the literature (Huang & Benyoucef, 2013). The first is inherently based on e-commerce websites, such as Amazon (www.amazon.com), equipped by Web 2.0 tools in order to enhance customers' content generation and the interactivity among them. This type of social commerce limits interactions

among customers to posting comments on other customers' reviews, which cannot be expanded further, such as adding other customers, sending private messages, or creating communities. The second category, *which is the target of this study*, is based on a Web 2.0 platform that incorporates e-commerce features, such as the Armani Exchange page in Facebook. These social commerce platforms, such as Facebook and Twitter, provide various channels of C2C and B2C connections and enable the co-creation of contents in multiple forms by both e-vendors and customers. *E*-vendors are able to create and co-create their pages with the help of users, upload pictures, videos, news, and promotions on their pages and all over the social commerce platform and interact with customers in various ways. Customers are also able to comment on, rate, react to, and share (pictures, videos, and news) an e-vendor or a product on the platform and interact with the e-vendor and other customers.

2.2. Trust

Trust is a key concept in interactions and important for companies in developing bonds with sellers (e.g. Gefen, Karahanna, & Straub, 2003b). Schurr & Oznne (1985) define trust as one's confidence on the exchange party's capability and willingness to establish the business' adherence to the relationship norms, and keeping promises. Ba & Pavlou (2002) posit that trust is an individual's belief that an exchange will happen in a manner consistent with one's confident expectations. Trust is viewed as a unidimensional or a multidimensional concept (Gefen, 2002). However, a better understating of trust benefits from the recognition of its dimensions. Cognitive and affective trusts are the major types of trust (Aiken & Boush, 2006). Cognitive trust is the customer's belief in and willingness of dependency on an exchange partner's ability and consistency. Affective trust is a customer's belief about a firm's level of care and concerns based on emotions (Kim & Park, 2013). Both cognitive and affective trusts contain dimensions of credibility (one's belief that the exchange party is reliable) and benevolence (beliefs that the exchange partner is motived by seeking joint gain; Aiken & Boush, 2006). In this article, trust is the sense of trusting beliefs, referring to the beliefs that "one can rely upon a promise made by another and that the other, in unforeseen circumstances, will act toward oneself with goodwill and in a benign fashion" (Suh & Han, 2003, p. 137). In online contexts, trust is based on beliefs in the trustworthiness of an exchange party and the characteristics of competence, integrity, and benevolence (McKnight, Choudhury, & Kacmar, 2002). Given the context of social commerce, uncertainty is usually higher due to the high level of user-generated contents and the lack of face-to-face interactions (Featherman & Hajli, 2015). Despite this, the enhancement of experience with exchange parties could reduce the uncertainty and increase tendencies for online commerce adoption through the increase in trust (Gefen & Straub, 2004).

The lack of face-to-face interactions could result in customers' suspicion of truthfulness in online exchanges and the paucity of knowledge about the e-vendor could further heighten the adverse influence of risk in online shopping (Kaiser & Müller-Seitz, 2008). Kim & Park (2013) investigate the antecedents of trust and its direct effects on purchase intentions and word-of-mouth intentions on social commerce platforms. Seven social commerce characteristics are identified as the key antecedents of trust: reputation, size, information quality, transaction safety, communication, economic feasibility, and word-of-mouth referrals. It is noteworthy that trust in the website can be facilitated by customer reviews and experiences posted in forums and communities.

3. Hypothesis development

3.1. Purchase intention: the effects of trust

Purchase intentions in social commerce contexts refer to the customers' intentions to engage in online purchases from e-vendors on