THE ROLE OF SOCIAL COMMERCE TO IMPROVE E-COMMERCE PERFORMANCE

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ABSTRACT
Business activities carried out online need to have many strategies to increase sales. Many online stores eventually have to close due to a lack of customers and difficulty achieving sales targets. One strategy in online marketing is to use supporting tools such as social media. This research aims to assess the role of social media in increasing e-commerce followers, improving sales algorithms, and improving product branding through digital marketing. The method used in this research is qualitative, especially the library method, based on the results of relevant previous research in the last five years and up-to-date books (last 5 years). Before the paper is published, an FGD (focus group discussion) is conducted first within a limited scope with supervisors and colleagues, and the results of the improvements become the final paper to be published. Based on the results of the analysis, it can be concluded that the role of social commerce in improving e-commerce performance is 1) helping increase followers through social media advertising. 2) help connect products with suitable customers who are ready to buy the product 3) help increase e-commerce ratings through digital marketing product branding.

Keywords: Social Commerce, E-commerce, Performance

1. INTRODUCTION

In the current digital era [1], the business world is dominated by digital technology, which is more advanced and makes it easier for every business person to reach their customers [2]. However, many beginner online stores still need help keeping up with business developments [3]. Online stores are fast and up to date, so many online stores experience a lack of customers, find it difficult to achieve sales targets, and even have to let their online stores close [4].

The fundamental problem is that online stores that are built are difficult for customers to recognize [5]; sometimes, they are not even available on search engines [6]. Another obstacle in making sales through online shops is the lack of customer trust because the shop still has little assessment [7]. Of course, this will be very difficult for business people in the online shop sector[8]. Solutions and strategies for online business need to be studied to continue competing in digital business [9].

During the Covid-19 pandemic [10], many offline stores changed direction to online stores, but there was minimal knowledge on how to manage an online store; the products offered were very diverse [11], but did not have the characteristics of a good shop, which is easy for customers to remember and has a connection between the product and the customers' needs [12]. These are the things that online businesses need to pay attention to when developing online stores [13].

Currently, consumer changes in online shopping in e-commerce are increasingly evident; consumers are more interested in shopping through social commerce. Social commerce offers shopping transactions that are easier and less boring [14]. Social commerce not only offers new experiences in shopping but also allows people to interact with influencers. The fees offered are increasingly competitive and cheaper. That means there are more customers in social commerce than in e-commerce [15].

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With this happening, of course, online traders need to follow developments immediately in terms of the use of social commerce [16]. By linking e-commerce accounts to social commerce, people can help online traders survive in the digital business industry. Social commerce offers online buying and selling side by side with the use of social media [17]. Even though these things are very similar, they are two different things combined in one container: social commerce. So the packaging of social commerce is very attractive and makes customers feel at home in social commerce [18]. One effort to increase sales in e-commerce is to create an appropriate algorithm between the product and potential customers who will buy the product[19]. So that online stores know which target customers they are targeting and what products are most in demand, this will minimize the lack of visitors to online stores. The way to find out about the algorithm can be through social media [18]. Indonesian social commerce 2022 will reach 8.6 billion dollars with annual growth of around 55%[14]. The social media platforms widely used for shopping are TikTok shop 46%, WhatsApp 21%, Facebook Shop 10% and Instagram Shop 10%[15].

Based on this, the author is interested in analyzing the role of social media in improving e-commerce performance to find out how social media increases online shop followers, improves customer algorithms, and increases online shop ratings through social media marketing branding [20].

2. LITERATURE REVIEW

2.1. E-COMMERCE

E-commerce is a set of technological tools or applications used to connect electronic sales transactions [21], which can accommodate various online stores that carry out buying and selling transactions online or via an internet network [22]. E-commerce can also connect individuals, companies, consumers, and society through electronic transactions and exchanging goods, services, and information electronically [17]. E-commerce makes it easier for individuals to interact with others in various ways to meet effective and efficient communication needs [23].

E-commerce can also be interpreted as business transactions carried out electronically [24], where business actors and consumers can carry out buying and selling transactions via the internet network or what is usually called business-to-business through computer intermediaries and internet networks [16]. E-commerce makes it easy for business actors to reach a broader range of consumers. It can gain many benefits regarding time efficiency, simple transactions, no questions asked, and can serve sales globally [25].

E-commerce aims to help business actors reach a more comprehensive range of customers as if national boundaries have now disappeared [26], there are no longer distance barriers that can hinder the process of buying and selling transactions between sellers and consumers [27]. Apart from that, with the existence of e-commerce, business actors can penetrate the global market without having physical offices or shops in various regions, so this is very profitable for business actors without having to incur building rental costs and other things [25].

Based on this, it can be concluded that e-commerce is a forum for various marketplaces that makes it easier for business actors or MSME players to reach a broader range [28] of customers and even penetrate the global market without the need to have physical stores in various regions [29]. All buying and selling transactions can be done through computer and internet networks, providing better profits for sellers and consumers [30].

2.2. SOCIAL MEDIA ALGORITHM

An algorithm is a step with a sequence of operations arranged logically and systematically to solve a problem to produce something in particular [31]. An algorithm is defined as a method consisting of a series of structured and systematic steps to solve problems with the help of a computer [32]. So, an algorithm is a systematic step for solving a problem that produces output or specific results [33]. Social media is a digital platform that facilitates users communicating with each other by sharing written content, images, and videos [34].

An algorithm is an analytical step that describes the relationship between one thing and another. An algorithm can be interpreted in social media to determine what site visitors need and what is currently popular with social media users. Next, it will be adjusted based on the needs of the social media visitors; for example [35], when social media visitors search on a search engine about beauty, the advertisements that will be provided on the web pages they visit will be more about beauty [36].

Social media algorithms analyze things needed by social media users who are typed through search engines so that social media can reach visitors who match what they need [37]. Algorithms record the activities of social media users through search engines by recording what they are interested in and looking for so that it can be presented by social media [38].
Based on the explanation above, it can be concluded that social media algorithms are an effort to analyze the needs of social media users by recording search engines [39]. In contrast, social media users surf on social media. So that the needs of social media users can be connected well and provide advertisements according to their needs or information according to the needs they are looking for [40].

2.3. SOCIAL COMMERCE

Social commerce is a trading business using electronic media where traders make sales online and allow customers to connect with brands and sellers directly and carry out buying and selling transactions [41]. Social commerce is the choice of traders to reach a broader range of customers; from the customer side, it is easy to find the products they want, thereby speeding up customers getting their dream products [42].

Social commerce is a forum for using social media as well as shopping for selected products because, in social commerce, there are digital marketing tools that advertise products that are more beautiful, attractive, and easy to access; besides that, social commerce helps make things easier for consumers [43]. Customers interact directly with brand owners; this is a unique attraction for social media users, who carry out social media activities while shopping [44].

Social commerce often used in Indonesia includes Maoan, Echo, Instagram, TikTok, and Facebook [45]. Some of these social commerce sites are the most popular among social media users in carrying out shopping transactions. Apart from the advertisements displayed being much more attractive, the ease of choosing products and interacting with merchants directly makes everyone's social commerce customers comfortable carrying out buying and selling activities on social media [46].

Based on the explanation above, it can be concluded that social commerce is a business venture through social media [47] that offers many conveniences for customers and sellers in marketing products with advertising displays that are much more attractive and have characteristics that are of interest to many customers [48]. Social commerce also offers convenience in transactions [49].

3. METHODOLOGY

The method used in this research is qualitative, especially the literature review, based on the results of relevant previous research in the last five years and up-to-date books (last 5 years). Before the paper is published, an FGD (focus group discussion) is conducted within a limited scope with supervisors and colleagues, and the results of the improvements become the final paper to be published.

4. RESULT AND DISCUSSION

4.1. How to increase online shop followers through social commerce

E-commerce is one of the applications of choice for people today in buying and selling [50]; in e-commerce, many products are offered and have competitive prices. It is easy to choose the right price and product according to finances; the rise of online stores is currently creating very tight competition; quite a few online stores are experiencing a lack of visitors [51] can not continue their online business due to obstacles [52]. For this reason, a solution and strategy can improve the performance of an online shop [53].

One of them is the role of social commerce in increasing online shop followers. Social commerce is a social media platform with buying and selling transactions that make it easier for customers to know products through advertising or digital marketing [54]. Social commerce presents product branding that is more attractive and aesthetic for social media users [55]. The products offered can be in the form of writing, images and videos so that they are very interactive and make visitors more interested [56].

Social commerce makes it easier for social media users to visit online shops advertised via social media [57], the reach is quite wide, all social media visitors get promos for products advertised on the platform [58]. The way social commerce increases online shop followers is through advertising that is packaged attractively, so that social media visitors are interested in clicking on the advertised image or video, complete information adds to the convenience of social users the media recognizes the products offered [59]. Apart from that, the large number of social media users is one of the main reasons why social commerce is very effective in increasing the number of visitors and followers of online stores [60].

Social commerce offers many promotions for various advertised products, starting from discounts by clicking on links, then free shipping by following online shop accounts, invitations used in social media marketing able to increase someone's interest in finding out more about the product [61]. This is what makes social commerce a strategy for increasing e-commerce followers [62].
Based on this explanation, it can be concluded that the role of social commerce in improving e-commerce performance is to help increase followers through social media advertising, advertisements displayed on social media can increase social media users' curiosity about the products being advertised, so that online shop pages will experience an increase in visitors [63], and increasing followers [22]. When a business actor has adapted to the digital economy, good use of social commerce will increase e-commerce [15]. On the other hand, if social commerce is used little or rarely, it will reduce sales in e-commerce. The main function of social commerce in improving e-commerce is to help make marketing faster and the packaging more attractive with adequate visualization [64].

4.2. How to improve product algorithms with customers via social media

Social media is a gathering place for users who share information through writing, photos, and videos [65]. Where every visit of a social media user is recorded by a search engine that wants to connect the needs or interests that are often searched by a person [66]. This is what is meant by algorithm. Algorithms are an effort to fulfill the desires and needs of social media visitors for information, whether news or other solutions, so that every account that surfs social media is appropriately recorded by the algorithm system so that it becomes an accurate relationship and answers all the needs of social media users [67].

It is undoubtedly perfect for online business actors who want to find the right customers and reach a broader range of customers [68]; the use of e-commerce can increase the analysis of current customer needs for a product that is very popular through social media. Thus, the information recorded through the algorithm will make it easier for business actors to adjust their needs to their customers [69].

Apart from that, when a product is advertised through social commerce, it will be easy to find potential buyers who really need the product [70]. Communication, which is considered much more personal, also improves product algorithms and potential buyers to improve the performance of online stores with many buyers [71].

Based on this explanation, the role of social commerce in increasing the number of online shop buyers is to analyze what needs are currently booming on social media, create algorithms, and connect products with the right customers. When business actors often use social media in social commerce, the higher the algorithm that is formed through search engines. On the other hand, when business actors rarely use social media or social commerce, the algorithm that is formed is lower.

4.3. How to Increase Online Store Ratings in e-commerce using digital marketing

One of the reasons many businesses use social media as a place to trade is because social media allows broader and more personal interaction with consumers. For example, on one of the Instagram platforms, customers can directly comment on products in the comments column and via DM. That certainly makes customers more confident in doing so [72]. Apart from that, the large number of reviews from vloggers regarding the products offered increases customer confidence in the products offered because they will know the original product through videos or photos advertised by the vlogger [73].

Social commerce can also increase brand awareness and reach a broader target market; consumers have many choices through the catalogs presented in social commerce; this convenience creates product excellence in online stores so they can get increased sales and more products being advertised [74].

By using social media [12], sellers can identify their target market; social media provides many editing features and combines various product variants with one click so that the appearance of the product is very beautiful and suits consumer tastes [18]. The speed of answering consumer questions efficiently on social media can also increase online shop ratings because fast responses help answer customer concerns about the product so that customers will give good grades or reviews to the products they buy [13].

Based on this explanation, it can be concluded that the role of social commerce in helping to increase the rating of e-commerce and online stores is by branding products with much more attractive advertisements using digital marketing tools so that the products look more attractive and are easily seen by a wide range of customers. When business actors use digital marketing well, it will increase their online store ratings. On the other hand, when people have penetrated the digital world but can not implement a digital marketing system, the shop rating will still be low.

5. CONCLUSION

Based on the results of the analysis to improve the strategy for improving the performance of MSMEs in the form of e-commerce through [75]:

- The role of social commerce in improving e-commerce performance is to help increase followers through social media advertising. Advertisements displayed on social media can increase users' curiosity about the products
being advertised so that online shop pages will experience an increase in visitors and followers. Buyers prefer to make transactions on social commerce because it is easy and practical. So many e-commerce sites link their online stores to social commerce. Customers who visit social commerce will immediately be connected to the e-commerce they have built.

- The role of social commerce in increasing the number of online shop buyers is to analyze what needs are currently booming on social media, create algorithms, and connect products with the right customers. Trading through social commerce increases sales in e-commerce because traders who have online stores try to maximize marketing through social commerce.

- The role of social commerce in helping to increase the rating of e-commerce and online stores is to brand products with more attractive advertisements using digital marketing tools so that the products look more attractive and are easily seen by a wide range of customers.

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