Impact of Social Networking and User Behaviour on E- business- A Proposed Study

*M.Ganesh Babu
**Shreyas B S

*Assistant Professor in Acharya Institute of Technology, Bangalore.
**Research Scholar in Bharathidasan University.

Abstract

With 204.1 million active smartphone users in India today, Social networking has made a significant impact on how Internet users communicate, search for and share data today. Internet is one factor which has recently become the key ingredient for quick and rapid lifestyle. Today, major corporations are rethinking about their businesses in terms of the Internet and its new philosophy and abilities and this is what some see as e-business. E-business is the change of key business practices through the use of Internet technologies. Social media generates a huge amount of data about customers in real time. Every day there are over 500 million Tweets, 4.5 billion Likes on Facebook, and 95 million photos and videos uploaded to Instagram.These data helps e-business interact with consumers in their websites, with the potential goal of understanding users buying behavior to improve customer relationship management and increase sales. An e-business firm with active participation and social listening can gather relevant customer data and use that information to make smarter business decisions. Social networking acts as a Customer Relationship Management (CRM) tool for e-business firm for promotion of sales. Social Networking helps in gaining key information of the competitors and achieve a competitive advantage and strong market share. In this conceptual paper, an attempt is made to study the impact of Social Networking and User Behaviour on E- business.

Keywords: Social networking, E-business, User Behaviour, CRM

Introduction

E-business is the transformation of key business processes through the use of Internet technologies. A social network is a site that facilitates peer- to-peer communication within a group or between individuals through providing facilities to develop user-generated content (UGC) and to exchange messages and comments between different users. Consumers nowadays are changing their behaviour dramatically in line with the technologies and social environments.

Social networks have made a significant impact on how e-users communicate, search for and share data today. Today consumer's online behaviour is developing at a fast rate. They are taking part in a variety of activities ranging from consuming content, participating in discussions, and sharing knowledge with other consumers. E-business firms need to understand the changing behaviour of consumers, in order to create mutual benefits from the use of social media.

Review of Literature

Tredinnick (2006) defined social networking sites as those sites driven by user-participation and user-generated content. Social media provide a variety of ways for users to become involved with organizations. Waters (2009) found that non-profit organizations use social media to streamline their management functions, interact with volunteers and donors, and educate others about their programs and services. Through interactions with stakeholders on Facebook and other social media applications, organizations seek to develop relationships with important publics.

Lisa Harris and Alan Rae (2009) in their work "Social networks: the future of marketing for small business" concluded that social networks will play a key role in the future of marketing; externally they can replace customer annoyance with engagement, and internally they help to

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transform the traditional focus on control with an open and collaborative approach that is more conducive to success in the modern business environment.

Recent research on consumer activity in social media and on user-generated content has examined the motivations for using or not using social media (e.g. Park et al., 2009; Raacke and Bonds-Raacke, 2008; Baker and White, 2010; Shao, 2009). It has been proposed that consumers are either active as posters or contributors or passive as lurkers or consumers of content (e.g. Schlosser, 2005; Shang et al., 2006; Shao, 2009). In an online brand community context, practice-oriented research has focused on describing the practices related to brand communities (Schau et al., 2009). However, what is lacking in existing research is a detailed investigation of the different levels of activities consumers engage in.

The Engel-Kollat-Blackwell (EKB) model extended John Dewey's (1910) original five-stage problem-solving process and applied it to consumer behaviour. Using the EKB model as a backdrop, the focus is on the five core stages of the decision-making process (i.e., problem recognition, search, alternative evaluation purchase, choice, and outcomes). These five stages are the most widely accepted, as evidenced in a majority of consumer behaviour textbooks (see, for example, Assael, 1998; Blackwell, Miniard, & Engel, 2005; Hawkins, Best, & Cooney, 2003)

Regarding the effect of attitude towards the web site on consumer online behaviour, consumer loyalty is the main factor explaining the success of an e-business (Reichheld and Schefter, 2000; Reichheld et al., 2000). With the internet, we can talk of visiting loyalty and purchasing loyalty, depending on whether we are dealing with an e-commerce, buying or subscription destination site, or a web site containing free content (Hoffmanet al., 1995).

Statement of the Problem

For this proposed study, we shall examine the two types of Web sites: e-business web sites and social networking web sites. The combination of both makes up a significant portion of web traffic. In addition, we can look at some specific examples and we can examine the types of user information that is stored on both. Due to the massive amount of personal data to be stored of these Web sites, we propose two solutions to ensure consumer privacy protection. The first is to require a blanket protection policy to protect private data from government institution. Given that the type of data on these Web sites can tell someone a lot of a user, a blanket protection policy is needed to protect all data so one cannot circumvent the system by acquiring information in a less protected category. The second solution is to propose a standardized accountability structure for protecting privacy data from third-party intrusion.

Social networks significantly impact political relationships as well as social life. Social networks facilitated elections in the United States (Baumgartner & Morris 2010), political change in Malaysia (Smeltzer & Keddy 2010), online political activism in China (Guobin 2009), and information seeking during political crisis in Pakistan (Shaheen 2008) and Iran (Morozov 2009). Social networks also increased political efficacy (Lee 2006) and political participation in Japan (Ikeda & Richey 2005), Canada (Cournoyer 2009), and Egypt (Attia et al. 2011). A successful „Twitter Revolution‟ took place in Moldova in 2009 after a fraudulent election. Protesters used text messaging, Twitter, Facebook, and Live Journal to communicate with each other and share information. The Moldovan government censored the Internet after the demonstrations; however, government censorship does not typically suppress protests (How 2011; Hodge 2009; Marandi et al. 2010). Facebook and Twitter played a prominent role in the modern uprisings, unrest, and revolutions in Tunisia, Egypt, Libya, Yemen, Syria, and Bahrain. The impact of social networking tools such as Facebook, Twitter, and YouTube in social and political environments can be globally exemplified in the recent Egyptian revolution where former Egyptian President Hosni Mubarak stepped down and now with former government cabinets and police chiefs facing historic court trials for corruption and the murder of peaceful Egyptian protesters.

In October 2006, Google made its biggest buy in its 8-year history by offering USD 1.65 billion to YouTube. At the meanwhile, Facebook, YouTube, MySpace and many other social networking websites emerge and bloom in the Internet environment. The objective of this paper is to study how social networking sites bring added value to e-commerce and online advertising, and at the same time, detect why many famous E-enterprises are interested in them. Customers nowadays are changing their behaviour dramatically in line with the technologies and world business environment. They are getting great volume of information and product acquaintances, loosing trust towards advertisements, preferring product and service customization, changing their buying channels, etc. Therefore, survival business has to modify or even change their advertising strategies to cope with the changing realities of customer behaviour.

The upcoming addiction towards social networking infrastructure from E-enterprises is driven by economic and technological forces emerging these days. Forces of applying social networking could be changing realities of customer behaviour, decreasing sales, and dropping advertisement effectiveness and efficiency. To be specific, it can be classified as followed.

A social network service focuses on the building and verifying of online social networks for communities of people who share interests and activities, or who are interested in exploring the interests and activities of others, and which necessitates the use of software. It involves plenty of relationships and interactions within a group of individuals, which often plays a fundamental role as a medium for the spread of information, ideas, and influence among its members. The social network could be a chat room, a discussion forum, or sometimes with rating and comment functions embedded in an e-shopping website, such as a social recommendation system.

Social networks in a way are changing e-commerce and e- business helping it towards new directions. With its help, e-commerce can conquer some problems facing by e-business enterprises. However, its opportunities and limitations should be carefully studied so as to be fully utilized. It is important to understand how much value created depends on innovative use of technologies than simply duplicate others activities. To establish competitive advantage requires great efforts, in which the activities are art more than science.

Objectives of the Study

The objective of this study is to review the literature and propose a framework that explains the impact of social networking and user behaviour on e-business. Literature pertaining to social networking, attitudes, and behavioural change will be reviewed. Second, a framework that links perceived characteristics of social networking tools (trust, relationship, loyalty, value, and word of mouth) to attitude, behavioural intention, and actual behaviour is presented. Third, research propositions are proposed to stimulate future research that improves our understanding of the relationships among the different framework variables, social networking, behaviour change etc.

Following are the specific objectives

1. To understand the complexity of Social networking and e-business.

2. To explore how Social networking and e-business fit together.

3. To identify the impact of social networking and user behaviour on e-business.

4. To recognise the benefits and limitations of Social networking on e-business.

5. To use classification frameworks for analysing the impact of social networking and user behaviour on e-business.

6. To identify the main barriers to the growth and development of e-business in organisations

Research Hypotheses

Based on the above objectives, the following hypotheses are to be formulated and tested

H1. The attitude towards social networking has a positive and significant effect on the user behaviour on e-business.

H2. The intention to use social networking has a positive and significant effect on the user behaviour of e-business.

H3. The perceived usefulness of social networking has a positive and significant effect on the intention to use them.

H4. The perceived ease of use of social networks has a positive and significant effect on the user behaviour

H5. The perceived ease of use of social networks has a positive and significant effect on the attitude toward these sites.

H6. The perceived ease of use of social networks has a positive and significant effect on the perceived usefulness of using them.

Methodology

For this study we shall use an online survey presented to a panel of Social networks users. The sample shall be drawn using a non-probability method by quota sampling to ensure that various subgroups of the target population are proportionally represented in the sample with regard to gender, age and region of residence, the constructs to be used in our study shall be adapted from previous studies and to be all measured by multiple items five-points Likert-type scales, with the exception of the use construct.

A confirmatory factor analysis (CFA) shall be conducted jointly for all the constructs making up the model, with the aim of assessing the measurement reliability and validity. The structural equation modelling (SEM) techniques shall be applied using the appropriate statistical package and with an exploratory analysis.

Conclusion

While large number of users are active in social networking sites, the e-business firms need to have the same social connect and interaction with them so as to understand their buying preferences and contribute to the growth of the firm. Social networking acts as a Customer Relationship Management (CRM) tool for e-business firm to sell their products and services. Regular interaction and understanding the e-behaviour of the consumers helps the e-business firms to make smart business decisions.

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