Strategic renewal in retail companies by means of social e-commerce

Master’s thesis within Strategic Entrepreneurship
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Thank you!

_________________________  _________________________
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Master’s Thesis in Strategic Entrepreneurship

Title: Strategic renewal in retail companies by means of social e-commerce
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Abstract

Background: Social media has changed the way of communication and information exchange while e-commerce was a big innovation in retail business. The merge of social media and e-commerce has created social e-commerce which is a new phenomenon in retail business during past few years. More and more companies develop social e-commerce and there is a need to study this phenomenon in more depth.

Purpose: Analyse and explain the phenomena of social e-commerce and show the reasons behind the decision to develop this strategy in retail companies. Social e-commerce is studied from strategic renewal perspective and main focus lies on factors which are considered while developing the strategy of social e-commerce.

Method: Social e-commerce is a new and not much studied phenomenon, therefore, an inductive approach and case study research method were chosen for this research. Five retail companies were chosen as case studies. During the research process secondary and primary data were collected. The main source of information for the case studies was semi-structured in-depth interviews.

Conclusion: The authors have found that interviewed companies perceived the implementation of social e-commerce as a proactive behaviour with great potential capabilities for their business such as gaining market share, brand awareness, building relationships or increasing the length and level of interactions. Also, the study of four main elements of social e-commerce from strategic renewal perspective revealed the motives, social media decisions, challenges and outcomes to incorporate social e-commerce.
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Definitions

**E-commerce**: a form of retail business where the transactions between buyers and sellers happen over the Internet (Janson&Cecez-Kecmanovic, 2005). The transactions are made through a Web-shop which is a virtual shop created in the Web-page.

**Social media**: “a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content” (Kaplan & Haenlein, 2010, p. 61). Web-based and mobile technologies allow dialogue between individuals, communities and organizations.

**Social e-commerce**: a combination of social media and e-commerce. In this thesis the authors refer to social e-commerce as a form of retail and communication using social media and incorporation of social media into e-commerce (Marsden, 2009). The primary requirement for using social e-commerce is an established Web-shop.

**Social networks**: the concept of “social networks” in this master thesis is used referring to online communities such as Facebook, Twitter, Flickr etc. where users can communicate to each other, share different contents, comment on it etc.

**Web-blogs**: a discussion system where the users post messages in World Wide Web and discuss on it (Kaplan & Haenlein, 2010).

**Newsletters**: is a regularly distributed publication that includes one or more topics of interest of its subscribers. In this master thesis the authors refer to newsletters delivered electronically via e-mail.

**Seals**: in this master thesis the authors refer to seals as visual elements placed in the Web-shops which certificate Web-shops in transaction security, data security etc. (e.g. TÜV Seal, VerySign Seal etc.)

**User generated content (UGC)**: media content that is created by end-users (non-media professionals) and is publicly available. UCG refers to all ways in which people use Social media (Kaplan & Haenlein, 2010).

**Web 2.0**: a new way in which end-users and software developers exploit the World Wide Web. Web 2.0 is a platform where content and applications are no longer created by single
individuals but they are constantly modified by all users in information sharing and collaborative way (Kaplan & Haenlein, 2010).

**Corporate entrepreneurship:** “the creation and pursuit of new venture opportunities and strategic renewal” (Dess & Lumpkin, 2005, p.147). Corporate entrepreneurship refers to innovations and pursuit of new opportunities in already established organizations (Morris, Kuratko & Covin, 2007).

**Strategic renewal:** a form of corporate entrepreneurship whereas companies redefine the ways to compete with the competitors and / or redefine the markets (Covin & Miles, 1999). Strategic renewal influences company’s long-term perspective and is the foundation for future development (Agarwal & Hhelfat, 2009).
I Introduction

In this part the main information about the field of study is given. The research problem, purpose and research questions are explained.

1.1 Background

Compared with its early years, the internet has become an increasingly interactive platform, thanks to its huge number of users and a large variety of new service sites catering to their users’ communication wants and transaction needs (Jelassi, 2008). In addition to the growth of importance of the information and Internet two other important phenomena emerged due to development of information technologies: social media and e-commerce. Both of them had a big impact for business world.

Social Media has changed the ways of communication, exchange and acquisition of information (Kaplan & Haenlein, 2010). In the past there were relatively few choices how to engage with the customers and distribute products and services (Kare-Silver, 2011). The advent of social media symbolizes a paradigm shift from website provider or supplier-generated content to user-generated content (Jelassi, 2008). E-commerce produced a big change in retail business too. The implementation of e-commerce gave a lot of benefits for sellers and buyers in terms of accessibility of new markets, shorter delivery terms, lower transaction costs etc. (Janson & Cecez-Kecmanovic, 2005).

In the most recent years we can observe a new phenomenon – social e-commerce – which is a combination of social media and e-commerce. The numbers of users in social media are increasing (Kaplan & Haenlein, 2010) and, therefore, more and more companies are starting to develop social e-commerce strategy. According to Marsden (2009)social e-commerce can be defined as a subset of electronic commerce that involves using social media, online media that supports social interaction and user contributions, to assist in the online buying and selling of products and services.

At this stage, for retail companies, technological changes are of critical importance, since innovations and new web development techniques open up new possibilities (Jelassi, 2008). To adjust accordingly to environmental changes, retail companies need to be able to have a clear understanding of important developments in their external environment and implement new solutions if needed. Through social e-commerce they pursue strategic renewal and “refresh the attributes of an organization, which is the foundation for future development” (Agarwal & Hhelfat, 2009).Strategic renewal gives an opportunity for retail companies to be prepared when external changes take shape (Agarwal & Hhelfat, 2009).Thus, retail companies need to stay innovative by continuously creating value and implementing entrepreneurial mind set (Miller, 1983) in business in order to survive and stay competitive and one way to it is developing of social e-commerce strategy.

The outcome of social e-commerce strategy development greatly varies on the company’s perception of it. The focus of this research is on the factors that are considered in the strategic renewal of retail companies based on social e-commerce.

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1Strategic renewal is one form of corporate entrepreneurship.
1.2 Problem statement

Social e-commerce is a new business strategy and is used to pursue strategic renewal in retail companies. Volberda, Boden-Fuller, & van den Bosch (2001) define strategic renewal as a change of company’s path dependence. Whereas Covin & Miles (1999) state that through strategic renewal the companies change their ways to compete and/or redefine the markets. These two definitions imply that strategic renewal is mainly related to the changes in relationships between a company and its environment. Strategic renewal is a process of change (Agarwal & Helfat, 2009) and there is a need to understand how the firms can deal with the challenges and opportunities which occur through development of social e-commerce.

Companies have a need to develop strategic renewal because there are many forces towards change today (new technologies, globalization, and new competition) (Volberda et. al., 2001). Literature about strategic renewal does not address how firms change to social media and social e-commerce. Therefore, there is a need for research that helps us to understand it. Furthermore, the research about social e-commerce shows what benefits business can achieve through implementation of this strategy.

1.3 Purpose

The purpose of this master thesis is to analyze the phenomena of social e-commerce in retail companies from strategic renewal perspective (Agarwal & Helfat, 2009; Covin & Miles, 1999). The research is focused on factors which retail companies consider while developing social e-commerce. The authors explain causal relationships between variables: between the reasons to start using social e-commerce in researched retail companies and the benefits gained. Furthermore, when analyzing the causal relationships between social e-commerce and the benefits for the companies the main challenges of social e-commerce are explained. This research will increase an understanding of social e-commerce and how it is developed in retail companies in order to pursue strategic renewal.

1.3.1 Research questions

**Research Question 1:** Why do retail companies use social-commerce as a form of strategic renewal?

**Research Question 2:** What elements of social e-commerce are considered from strategic renewal perspective?
2 Research design and procedures

In this section the reader will find information about the research design (it is briefly showed in Figure No. 1). Firstly, the choice of research approach and method is discussed and explained. Secondly, the cases companies are presented and data collection is described. Lastly, the technique of data analysis is explained and delimitations and limitations of research are discussed.

<table>
<thead>
<tr>
<th>Literature review*</th>
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<td>Define the research problem and questions</td>
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<td>↓</td>
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<tr>
<td>Select case studies (retail companies) Develop</td>
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<td>Semi-structured interview questionnaire Conduct</td>
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<td>The interviews</td>
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<tr>
<td>Data analysis and interpretation</td>
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<td>↓</td>
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<tr>
<td>Write final report</td>
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</tbody>
</table>

Figure No. 1 Research procedure

* As the inductive approach was chosen for this research the literature review was used as a tool to get more information about the field of study and the authors have not used it to analyze the theories in compare with the empirical findings.
2.1 Research methodology

2.1.1 Research approach

Social e-commerce is relatively new field of study, thus, it has to be explained firstly. It would really difficult to measure the benefits of this strategy using a quantitative method and deductive approach. Therefore, inductive research approach suits better with the chosen explanatory design of this research (Saunders et. al., 2007). Inductive approach refers to the raw data collection and deriving of new concepts, models and theories through data analysis and interpretation (Thomas, 2006; Sounders et. al., 2007). Hence, inductive approach begins with a field of study and the researchers emerge theory from data. At this stage of social e-commerce studies it is more important to explain how the companies develop their renewal strategy and explain how the decisions are taken.

2.1.2 Research method – Case study

In order to study the retail companies and their decisions to use social e-commerce the authors have chosen case study method because it “helps to gain a rich understanding of the context of the research and the process being enacted” (Sounders et. al., 2007). Eisenhardt (1989) points out that case study method is “well suited for new research areas”. After conducting the secondary data analysis the authors found out that social e-commerce has not been studied much yet, therefore, it confirms the choice of research method.

According to Yin (2009) the case study research method is an empirical study that analyses a phenomenon in depth and it is especially suitable when the boundaries between the phenomena and its context are not really clear. The boundaries between social e-commerce and its and its context are not clearly evident.

Case study research method is “relevant when a study requires “in-depth” description of social phenomenon” (Yin, 2009). In the case of explanatory research design there are three possibilities to choose: history, case study and experiment. Case study is the best choice in our case because it relies on many if the same techniques as history, however, it adds some relevant sources of evidence (Yin, 2009). In our research this source of evidence are semi-structured in-depth interviews. Thus, case study research method gives an opportunity to gain more information and study the subject in more depth. The critiques of case study method argue that it is not possible to generalize the findings from a single case study. The best way to make the findings more generalizable is use multiple-case studies research method (Yin, 2009).

In addition, the holistic case study method was used because the research was focused to investigate the relationships between the retail companies and their business environment and answer the questions why they bring new strategies to the market and what are the benefits (Yin, 2009). Therefore, the authors have focused on organizations (retail companies) as a whole (single unit) and have not investigated the separate units / departments.
2.1.3 **Case criteria selection**

The main criteria when choosing the cases was the implementation of social e-commerce. It means that the authors were looking for the companies that have been using this strategy already and are able to share their experience about it. As social e-commerce is a combination of social media and e-commerce and can developed by means of many different tools (different social networks, features in the Web-shop etc.) the authors looked in the depth of implementation of social e-commerce.

The source of information when selecting the cases was the information available on the internet. We have analyzed the Web-pages of the companies and their social presence. After the analysis five retail companies from three countries (Lithuania, Germany and Austria) were selected for further investigation (in Table No.1 there are social e-commerce tools described which are developed in each company):

1. **IMK** (www.imk.lt): one of the leading e-shops in Lithuania. IMK specializes in e-commerce and in addition has two physical stores in the biggest cities of Lithuania (Vilnius and Kaunas). The main merchandise sold on IMK.lt are: computers, electrical appliances, video and audio devices and mobile phones.

2. **Skytech** (www.skytech.lt): is one of the leading computer and electronic appliances retailer in Lithuania. Besides the e-commerce the company has 8 physical stores located in the main cities of Lithuania.

3. **Tiketa** (www.tiketa.lt): is the leading ticket retailer for different events in Lithuania. The services of Tiketa are certified to ISO 9001:2000 which shows a high quality of services provided. The company is continuously implementing new technologies (e.g. mobile phone tickets) to keep the market leader positions.

4. **Berge & Meer Touristik GmbH** (TUI Group) (www.berge-meer.de): is a part of TUI Group which is the biggest travel agent in Europa. Berge & Meer offers more than 1000 destinations in more than 80 countries.

5. **Eybl** (www.eybl.at): one of the leading retailers of sport and leisure activities goods in Austria. Besides e-commerce Eybl has 44 physical stores in Austria and Germany. The competitive advantage of Eybl is width assortment of sport and free time merchandise.
2.2 Data collection techniques and procedures

For this master thesis the authors used primary and secondary data. The combination of different data leads to better understanding of the research topic. Primary data was mainly used to analyze the phenomena of social e-commerce and the factors of social e-commerce which are considered from strategic renewal perspective. Secondary data served as an additional source of data which helped to develop the frame of reference, understand the research problem and the studies which have been done already.

2.2.1 Secondary data

The secondary data collection was done by using scientific books from Jönköping University Library and the scientific articles found through Jönköping University Library’s website and Google Scholar. Different literature was studied in order to analyze the different views to corporate entrepreneurship, strategic renewal, social e-commerce, e-commerce and social media. The analysis of secondary data helped to define the research problem and the research questions. In addition, the authors have studied the retail companies’ Web-pages in order to select the best cases for this research. The studied retail companies provided some additional information (internal reports, presentations about social e-commerce etc.) and this secondary data was studied in order to understand and analyze the cases.

<table>
<thead>
<tr>
<th>No.</th>
<th>Company</th>
<th>Country</th>
<th>Tools of social e-commerce implemented</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>IMK, <a href="http://www.imk.lt">www.imk.lt</a></td>
<td>Lithuania</td>
<td>FB-page, customer reviews and ratings, newsletter focused on the advices for customers</td>
</tr>
<tr>
<td>2.</td>
<td>Skytech, <a href="http://www.skytech.lt">www.skytech.lt</a></td>
<td>Lithuania</td>
<td>FB-page, customer reviews and ratings</td>
</tr>
<tr>
<td>3.</td>
<td>Tiketa, <a href="http://www.tiketa.lt">www.tiketa.lt</a></td>
<td>Lithuania</td>
<td>FB-page, newsletters with features of social e-commerce and mobile phones communication</td>
</tr>
<tr>
<td>5.</td>
<td>Eybl, <a href="http://www.eybl.at">www.eybl.at</a></td>
<td>Austria</td>
<td>FB-page, Twitter, Flickr, Youtube-channel, blogs</td>
</tr>
</tbody>
</table>

Table No. 1 Case companies
2.2.2 Primary data

For primary data collection semi-structured in-depth interviews technique was used. In-depth interviews are based on open-ended questions are the best suitable option in order to collect qualitative data (Williamson, 2002) about the process of development of social e-commerce strategy. The authors conducted 5 semi-structured interviews with retail companies which are implementing social e-commerce strategy in their retail activities (See table No. 2). These interviews have a standard list of questions, but at the same time allowed the interviewer to follow up on answers provided by a participant and gain more relevant information on a particular issue. Hence, the semi-structured interview technique allowed to compare the answers about the implementation of social e-commerce in different retail companies located in different countries. Moreover, semi-structured interviews allowed omitting or adding some questions according to the particular company, its history and other features (Saunders et al., 2007).

<table>
<thead>
<tr>
<th>No.</th>
<th>Company</th>
<th>Country</th>
<th>Representative of the company</th>
<th>Interview date</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.</td>
<td>Eybl, <a href="http://www.eybl.at">www.eybl.at</a></td>
<td>Austria</td>
<td>Head of e-commerce department</td>
<td>12-04-2012</td>
</tr>
</tbody>
</table>

Table No. 2 Semi-structured interviews

In order to conduct semi-structured interviews with the selected retail companies the authors have developed an interview guideline (Appendix No. 1) (Williamson, 2002). The questionnaire consisted of 11 questions divided into four blocks:

1. Decisions to incorporate social e-commerce;
2. Social e-commerce decisions and tools used;
3. Challenges while implementing social e-commerce;
4. Outcome of social e-commerce implementation.
These blocks of questions were developed after having investigated social e-commerce, e-commerce and social media in scientific books and articles. In addition, the Web-pages and additional documents of each selected company have been analyzed in order to get a deeper insight what is a particular company already doing in social e-commerce.

The interviews were done by phone because of big distances from Sweden to all these three countries. Each interview took 1 hour and was transcribed. As the questionnaire consisted of 11 questions the authors had enough time during 1-hour interviews to discuss all the questions thoroughly and get enough information about the companies’ attitude to social ecommerce and the reasons for decisions related to this strategy. The transcripts afterwards were used to analyze the data and proceed the research. Getting the main ideas was the most important issue because the exact words are usually not so important (Stake, 1995). The notes were made during the interview and in case of some unclear explanations, answer etc. the interviewed representatives from retail companies were asked for explanations (Stake, 1995).

2.2.3 Ethical issues

Ethical issues are important in academic research too because only a research proceeded in an ethical way can be reliable (Saunders et. al., 2007). In order to keep the code of ethics the authors informed the companies before the interviews for what purpose the data is collected, how it will be proceeded and saved. It was clearly indicated that the data obtained during the interviews will be used only for the academic research at Jönköping University. The authors have gotten written confirmations from all companies that they agree with the data collection and analysis procedures.

2.3 Reliability, Validity and Generalization

In every scientific research it is very important the research process and its findings stand up the scrutiny. Saunders et al. (2007) argue that the main goal of the researchers should be to minimize the possibility for errors to occur. For this reason the emphasis is put on reliability and validity.

2.3.1 Reliability

Reliability of a research means that if someone else later will follow the same research design and procedures which were described by an earlier researcher, the later researcher should get similar findings (Yin, 2009; Saunders et al., 2007). In order to increase reliability of this research the research procedure was documented and the research design described in details (Yin, 2009). This gives an opportunity for later researchers to repeat the same research again. In addition, the researchers were very careful during the interviews with the representatives from studied retail companies and did explain the research and its questions
without showing any emotions or attitudes which might affect the answers Saunders et al., 2007). Furthermore, after the interviews were done the authors developed case study database.

2.3.2 Validity

Validity refers to the credibility of the results and if the findings are about what they appear to be about (Saunders et al., 2007). Such factors as errors, faults in the research process, poorly made sampling, inaccuracy and deceptive measuring can result in the validity of the research being put to the test (Collins & Hussey, 2003).

During the research process authors have conducted in depth interviews and gained a wide range material. The information was analyzed thoroughly comparing it to information on the companies’ websites and the literature in order to explain the studied phenomena. In order to increase construct validity the authors used multiple sources of evidence: information on companies’ web-pages, additional documents provided from the companies. To increase internal validity the authors used data analysis technique called general inductive approach. External validity was increased by using replication logic in multiple-cases (Yin, 2009) because the same interview guidelines were used to study all 5 retail companies.

2.3.3 Generalization

Generalizability is the ability to apply the findings of the research to the whole populations, other organizations etc. (Saunders et al., 2007). In order to increase the generalizability of this research the case studies from different countries were chosen. However, the authors do not claim that their findings are generalizable for all retail companies because the amount of studied companies and interviews was too small.

2.4 Data analysis

In order to analyze the data about the case studies the general inductive approach was chosen (Thomas, 2006). General inductive approach is “a brief, nontechnical set of data analysis procedures” (Thomas, 2006). Because of the reason that the design of this study is explanatory the general inductive approach was chosen to analyze the data in less restricted manner. This data analysis technique allows the findings arise direct from raw data and the previous models or expectations are not needed (Thomas, 2006). This is very important in this case because social e-commerce is a new field of study.

The process of general inductive approach:

\[\text{Microsoft Excel was used for this purpose.}\]
1. transformation raw textual data into brief summary format - identifying, coding, categorizing, and classifying the primary patterns in the data;

2. links establishment between research objectives and the summary findings derived from the raw data;

3. framework development and data analysis.

### 2.5 Delimitations & Limitations

The delimitations of this research are:

1. Multiple case study research was chosen for this research and 5 cases were studied. However, due to limited amount of time the authors could not study every company in small details.

2. The chosen retail companies were studied from holistic point of view. It means that the retail companies were investigated as one unit without studying how different departments of the company perceive social e-commerce and different elements of it from strategic renewal perspective.

3. Even though 5 retail companies from 3 different countries (Lithuania, Germany and Austria) were studied the amount of cases is too small to make any generalizations.

Certain limitations slowing the research were confronted while writing this paper. The faced limitations were:

1. The shortage of literature was limiting the opportunity to describe the prevailing definition, outcomes and apply models and famous researcher concepts. The key areas were defined by invoking the most quoted and appreciated information available and interpreting it.

2. Due to the relatively new field of study, it was difficult to find companies willing and being able to answer the essential questions of this research.

3. During the interviews, the interviewees often strayed from the topic of social media importance to their e-commerce platforms and attempted to explain how they position their products and the efforts put into selling it. Sometimes this was due to the limited understanding of the social e-commerce concept and application.

4. Interviewed companies usually took social e-commerce related actions by invoking the trial and error method. Interviewees struggled to answer some questions thoroughly since the social e-commerce strategy was fostered for rather a short time.

5. The interviews were proceeded in German and Lithuanian languages, thus, some minor differences might occur between what the interviewees exactly said and the transcripts in English due to translation issues.
3 Frame of reference

In this section the reader will find the information about the previous research on corporate entrepreneurship strategic renewal, social media and e-commerce which are the foundation for social e-commerce. This section is important to understand the main concepts which are used in the next parts of this research.

3.1 Corporate entrepreneurship

Entrepreneurship is not only about creating something completely new and can be studied in “in a broader, less restrictive manner than tradition seems to dictate” (Miller, 1983, p. 770). It means that already existing organizations can be entrepreneurial as well in many different ways.

Morris et. al. (2007) and Dess & Lumpkin (2005) indicate five most important features which describe corporate entrepreneurship: adaptability, flexibility, speed, aggressiveness and innovativeness. A company which is flexible and can adapt very fast to the changing environment, can deliver new products or services to the market quickly. Furthermore, if it acts innovative and aggressive towards its competitors, the company will most likely develop a strong sustainable competitive advantage. To summarize all these five features we can state that the company gain sustainable competitive advantage if it acts entrepreneurial. Sustainable competitive advantage through innovation can be very good described through a framework of blue ocean strategy (Kim & Mauborgne, 2004). In the already existing businesses (red oceans) the competition is really high and it is nearly impossible to expand in these markets. Thus, innovative companies are looking for new ways to compete, for new products or new ways to position their products in order to create blue oceans which have not existed before.

Corporate entrepreneurship can be used “to improve competitive positioning and transform corporations, their markets, and industries as opportunities for value-creating innovation are developed and exploited” (Covin & Miles, 1999, p. 47). Corporate entrepreneurship means the continuous renewal of a company and its internal processes. Following, corporate entrepreneurship leads to better results and in profit-seeking organizations for higher turnovers and profits. The companies need to be entrepreneurial in order to keep up and expand their competitive advantages over the competitors and survive in the hostile today’s markets where the situation changes very rapidly.

There are three most common phenomena of corporate entrepreneurship (Covin & Miles, 1999):

a) when a company enters a new market;

b) when an individual or a group of individuals champions new ideas within an organization;

c) when entrepreneurial philosophy penetrates the whole organization.

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3 It can be product innovation, new processes, new business models, entering new markets etc. (Morris et. al., 2007).
Social e-commerce falls into the third category of corporate entrepreneurship, hence it is a philosophy of the business and its development in connection with a social media. In addition, it is necessary to say that this type of corporate entrepreneurship is called “intrapreneurship” because it affects the whole organization and the processes inside of it.

Pinchot (1985) was probably the first to introduce the word “intrapreneurship” in management review. For Pinchot, intrapreneurship amounts to developing entrepreneurial practices and behaviours within large corporations, and intrapreneurs are: “The dreamers who do... Those who take hands on responsibility for creating innovation of any kind within an organization. Entrepreneurs may be the founders and the inventors but they are always the dreamers who figure out how to turn an idea into a profitable reality” (Fayolle, 2007, p. 103).

Fayolle (2007) suggest to use an entrepreneurial framework for enterprises and organizations, which states that, most of the companies and institutions seek to develop, rekindle or maintain some entrepreneurial characteristics such as initiative-taking, risk-taking opportunity orientation, reactivity and/or flexibility (Fayolle, 2007). Thus, to achieve this goal, companies do not hesitate to engage in heavy procedures of change and transformation that prove difficult and resource-consuming. Drucker (1985, p. 174) was one of the first authors to observe that trend: “Today’s businesses, especially the large ones, simply will not survive in this period of rapid change and innovation unless they acquire entrepreneurial competence.” To develop this entrepreneurial competence, organizations need to use two levers. First of all, they need to reconsider their structure and operations mode. The second lever activated by the companies and institutions is more spiritual and cultural based. Ventures are highly interested in entrepreneurial spirit for its capacities to foster creative thinking, imagination, innovativeness, adaptability and the will to accept risks.

### 3.2 Strategic renewal

There are four forms of corporate entrepreneurship (Covin & Miles, 1999):

- sustained regeneration;
- organizational rejuvenation;
- strategic renewal;
- domain redefinition.

Sustained regeneration refers to creation of new products and services or approaching new markets. Organizational rejuvenation refers to mainly internally focused innovations which help to make processes faster and / or save money. The third form, strategic renewal, is about implementing new business strategy and the fourth, domain redefinition, is about finding and exploiting new market areas which have not been recognized by the competitors. Even though, these are four different forms of corporate entrepreneurship they often concurrently exist in entrepreneurial organization (Covin & Miles, 1999, p. 51). Hence, it means that a company usually does not choose a form of corporate entrepreneurship strategy when developing it.

Social e-commerce falls into the second and the third form of corporate entrepreneurship – strategic renewal and organizational rejuvenation because it is a new strategy to reach the customer and sell products / services. Social e-commerce it is a new business strategy how to reach and communicate with the customers, sell products and services and get the feed-
back. When implementing social e-commerce companies redefine their relationships with their markets (Covin & Miles, 1999, p. 52), furthermore, it changes the whole business marketing strategy a lot because in usual commerce the companies creates and delivers the messages to the customers but the feedback is really limited.

Social e-commerce not only enables customers to communicate to each other and exchange opinions about products and services, it enables the customers to give feedback about products and services bought immediately and for the companies it is a great opportunity to increase their performance after receiving the customers’ feedback. Besides, companies sometimes need to adjust the structure of the company⁴ and can increase the performance through this strategy⁵ (refers to internal innovation – organizational rejuvenation). However, Social e-commerce is firstly a new strategy to reach customers and sell, thus, in this paper the authors focus on social e-commerce from strategic renewal perspective.

### 3.3 Social e-commerce

Social e-commerce is rapidly becoming a new force in organizations around the world, allowing them to reach out to and understand consumers as never before. In many companies, it will move from a “one-off initiative” to be an important, integrated tool in marketing and communications strategies (Grefen, 2010). However, social commerce is still a quite recent phenomenon and has not been studied as extensively as other e-commerce sub-sets. Hence there is no universally accepted definition of what social e-commerce is. Usually social e-commerce is being described regarding the perception, action and outcome experiences of social media integration processes in an organization’s business model interlaid with e-commerce. In this paper the social e-commerce is defined according to Marsden (2009). He addresses social e-commerce as a subset of electronic commerce that involves using social media, online media that supports social interaction and user contributions, to assist in the online buying and selling of products and services.

From the other perspective, social e-commerce can be viewed as an emerging trend in which sellers are connected in online social networks, and where sellers are individuals instead of firms (Stephen, 2010). The notion of social e-commerce varies on the perception of what is social media and how can it be adapted and fostered in e-businesses. Thus, creating many variations on how it is described. From the different perspective, more communication based one, IBM explains the social e-commerce adopted in their business activity as a mean to connect and foster active participation with customers to help improve their customer experience, including ratings and reviews, blogs, micro-blogging as well as forums and communities.

To sum up, social e-commerce can be defined very broadly or narrowly, depending on the extent of social media integration and usage in e-businesses. In the broad sense, social e-commerce is about how marketers leverage social media to influence consumers:

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⁴For example, create an e-commerce department.

⁵Social e-commerce is a less expensive channel of communication, thus, companies can save money when using it.
• Shopping behavior;
• Spanning product consideration;
• Purchase intent;
• Transaction;
• Post-transaction advocacy and retention.

Also, emphasizes are given on social e-commerce and social shopping as forms of Internet-based “social media” that allows people to actively participate in the marketing and selling of products and services in online marketplaces and communities. One way to think of these applications is that they merge online shopping and social networking (Tedeschi, 2006). In a narrower definition, social e-commerce involves tapping social media with the goal of increasing transactions, whether through a marketer’s digital presence or other social media properties (Evans, 2010).

3.4 E-commerce from the social media perspective

The emergence of Internet-based social media availability has revolutionized the marketplace and developed a new kind of conversation among customers and companies. Thus, challenging conventional approaches of marketing and brand management while creating new possibilities for companies to perceive customers, their behavior and connect with them instantly.

The first part of the term social media, social, refers to the instinctual needs we humans have to connect with other humans. According to Safrko (2010) media are the technologies we use to make those connections. The application of the social media term is about how we can use all of these technologies effectively to reach out and connect with others, create a relationship, build trust, and be there when they are ready to purchase the product/service offering (Safko, 2010).

The proliferation of social media channels is immense (Baskin, 2010). Content publishing tools offer companies or customers the chance to write a blog, share and control the content in it. Microblogging on Twitter allows a flow of real-time instant commentary, complaints, and recommendations. Wikis and social news sites help to quickly move links and ideas around the Web, creating a constant rapid flow of information on the web (Harvard business review analytic services, 2011). Also, due to a rise of multimedia sharing sites such as YouTube, companies can post promotional clips, while consumers can review and give feedback to it. Consumers can capture proof of poor product quality or service on their smartphones and instantly upload the media. The growth in use of these channels is equally astounding. In 2011 Twitter had about 300 million tweets and 1.6 billion search queries per day and over 350 million of total users\(^6\). In addition, Facebook had over 845 million users\(^7\).


worldwide by February 2012. The average amount of time spent on social networking sites increased rapidly about 64% every year. And it is not just a phenomena among the young: according to Forrester research, a third of adults post at least once a week to social networking sites such as Facebook and Twitter, and about 70% read blogs and tweets, and watch YouTube. Never before companies have had the opportunity to instantly communicate with millions of customers, send out messages, get fast feedback, and experiment with offers at relatively low costs (Harvard business review analytic services, 2011). And never before have millions of consumers had the ability to talk to each other, criticizing or recommending products — without the knowledge or input from a company. Hence, opening an immense window of opportunity and feedback which might influence business strategy direction.

Gillin (2007, p.56) states that “Conventional marketing wisdom long held that a dissatisfied customer tells ten people. But in the new age of social media, he or she has the tools to tell ten million.” In such a way, social media needs to mimic the cornerstones of excellent service, and honorable business practices:

- Being reliable;
- Being transparent;
- Offering a quality product;
- Being proud of company name or a brand name;
- Listening;
- Being responsive.

What emerges from these business practices is a consumer-driven online marketplace of personalized, individual-curated shops that are connected in a network (Stephen, 2010). In order to guarantee a healthy communication based connection, organizations need to build relationships through social media, thus, building a more lasting trusted relationship that will result in more sales, fewer returns, and greater word of mouth (Safko, 2010). The most obvious use for social media according to Safko (2010) is for:

- Marketing;
- Sales;
- Public relations;
- Communications.

Most importantly, social media is about communicating with customers by fostering a set of highly effective tools for customer service, business-to-business (B2B), and internal communications in order to achieve a healthy two-way communication environment with substantial feedback flow.

To sum up, companies choosing to operate in social media context are doing so because they are responding to the significant changes in the world. They are realizing the impact of social media in business to customer (B2C) relationship context and that there is an opportunity for growth. However, many still perceive social media as an experiment, as they try to understand how to best use the different channels, gauge their effectiveness, and integrate social media into their strategy (Harvard business review analytic services, 2011).
3.5 User generated content

User Generated Content (UGC), also known as consumer-generated media (CGM), refers to any material created and uploaded to the Internet by non-media professionals (IAB Platform Status Report, 2008). Whether it’s a comment left on blog or e-Bay.com, a professional high-quality video uploaded to YouTube, or a person’s profile on Facebook, Google+. UGC has been around for quite a while now, however in different forms since the earliest days of the World Wide Web itself. Thanks to the growing availability of high-speed Internet access and search engine technology in the recent five years, the UGC has become one of the dominant forms of global media (Siapera, 2010). It is currently one of the fastest growing forms of content on the Internet (IAB Platform Status Report, 2008).

The user’s attention is focused on the interaction. The more social interaction is, the more positive feelings it creates for the user, thus grabbing and prolonging the attention span of the virtual interaction on a Web site. Because of the reduced field of focus in the computer-mediated environment, the person tends to become absorbed in the activity (Wang et. al., 2007). However, the social interactions between customers and employees are usually missing on retail Web sites. The findings show support for the role of social cues in creating customer perceptions of socialness. According to Wang, Baker, Wagner, & Wakefield (2007) online social cues provide the perception of a human connection that enhances customers’ online experiences without actually needing to create a one-on-one interaction between the character and each participant.

During human–computer exchanges, interactions with Web sites that consumers perceive as high in socialness are likely to focus attention in ways that create flow states (Wang et. al., 2007). A feeling of control can be engendered through the use social media means such as such as Facebook, Twitter, Google+, blogs and etc. In addition, Novak, Hoffman, and Yung (2000) as well emphasize that Web site with higher level of interactivity boost people’s flow states. Flow has also been found to be directly related to surfing fun (Diehl, 2001) and perceived play (Mathwick & Rigdon, 2004). Because people tend to have an inherent interest in and curiosity about other people, a Web site exhibiting social cues may increase a person’s curiosity and interest in it (Wang et. al., 2007).

3.6 Existent networks in social e-commerce

A social network, trusted network, virtual community, e-community, or online community is a group of people who interact through newsletters, blogs, comments, telephone, e-mail, social networking services, instant messages, and who use text, audio, photographs, and video for social, professional, and educational purposes. Safko (2010) explains that the social network’s goal is to build trust in a given community. The most relevant social media methods to increase mutual interaction for e-business include:

- Forums
- Blogs
- Social networks
- Content sharing platforms.

The forums builds strong community ties, loyalty, and really exemplifies the notion of a trusted network Safko (2012). Companies can easily apply this trend to their social e-commerce and create a company forum, so that people from all around the world who care
about their subject matter will read, participate, share ideas and concerns, and build a community of trust. By participating in other people's forums, a company can develop their own credibility and strong ties with that community.

The advent of blogs was considered a tipping point for UGC. It was the moment when UGC went from a small but significant component of the Internet experience to a predominant source of entertainment, information, and debate. Blogs have always spanned a wide range of content. Some consist of little more than weekly updates about one’s pets, while others become hotbeds of political discussion, even influencing debate on a national scale. (IAB Platform Status Report, 2008) Because users are invited to leave remarks below each post, the company gains access to immense amount of feedback, ideas of improvement and concerns. Also, this is a good way to build relationships with customers.

Social online networks like MySpace, Facebook, Twitter, Google+, and LinkedIn represent some of the most dynamic and promising manifestations of social media yet. These sites allow for networking on a grand scale, where individuals can connect with others based on offline friendships, shared interests, common professional objectives, or mutual acquaintances. Social networks help companies to interact with customers and get immediate feedback. In addition to this, the social networks allow companies to display their current/new product line, helps building brand awareness, allows spreading word-of-mouth and developing a client community with various campaigns. Also, it is a good tool to monitor what the competitors are up to.

Content sharing platforms such as YouTube, Flickr allows companies and individuals to share a specific kind of content. This is a great way to increase the reach of new e-business or promote new campaign, as well to increase the interactivity of e-commerce webpage allowing to see the product, hence increasing the motivation to make a purchase decision.

To conclude, effective users of social media fully-leverage the benefits of it by using multiple recently described social media channels to:

- Reach customers;
- Learn about customers;
- Research new products;
- Establish user groups among customers;
- Monitor trends;
- Collect and track customer reviews.

The exponential growth of social media tools, offers organizations the chance to join a conversation with millions of customers around the globe every day (Harvard business review analytic services, 2011). And as with all social media, it is foremost about trust, participation, two-way communications and user-generated content, in addition it is relatively inexpensive or completely free.

### 3.7 Social e-commerce from systematic perspective

Social e-commerce can be viewed from the systematic, more operation and process related perspective. E-commerce scenarios can be classified using a structured, three-dimensional framework. The three dimensions specified by Grefen (2010) are:
• Parties that collaborate in e-business,
• Objects that are traded or handled
• Time scope of e-business.

In the parties dimension, combinations of business (B), consumer (C) and government (G) parties are found. These combinations make for nine possible values, of which B2B, B2C, C2C, and G2C/G2B are the most important (Grefen, 2010). In the objects dimension, physical goods, digital goods, services, financial goods, and hybrid objects are defined. The time scope dimension ranges from static via semi-dynamic and dynamic to ultra-dynamic. The time scope depends on the relations of e-business collaborations to e-business orders – not on absolute time periods (Grefen, 2010). Social e-commerce does not differ from the regular e-commerce framework a lot. Hence, social e-commerce adopts information and communication technology from social media perspective which can be used to increase richness by allowing more intense communication without having a substantial efficiency loss or cost penalty.

Use of media and information technology in communication process, determines the business’s appeal to potential and present customers’ needs, hence, providing the company to gain competitive edge. E-businesses distinguish themselves with an ability to use a richer medium selection than in traditional business without getting into excessive costs. The media types used in e-businesses range from traditional types like text, graphics and photos to more advanced types like animations, audio and video. However, when implementing an e-commerce strategy, it is critical to recognize how the Internet changes (Epstein, 2004).

In general, customer experience is typically low in a web shop compared to a physical shop, as products cannot be physically examined (Grefen, 2010). The lack of physical examination possibilities can be compensated to some respect by providing actual user reports and feedback for the products offered by integrating regular e-commerce with social media. In addition, cross-marketing can help for a company to generate more customers / purchase for physical stores through the internet presence. And on the other hand physical stores can and have to encourage the customers to visit the Web-page in order to increase sales. In business-to-business transactions, in particular, the advantages and cost savings to be had from dealing on the Internet have caused e-commerce to expand rapidly (The Economist, 2000).

3.7.1 Change management in social e-commerce

Nowadays, e-commerce systems become more and more complex as they cover a broader spectrum of business interactions meaning companies need to learn adapt and change. After the approach to change has been implemented, the company needs to keep the existing situation operating smoothly and monitor the outcomes and performance of it. Unless the adoption of new system, innovation or process is successful, the company must prepare for further changes needed. Social media integration into e-business is one of those major changes businesses need to adapt to and control. Companies which chose to operate in social media context are doing so because they are responding to the changes in the marketplace. They are realizing that the world has become a smaller place, that everyone is accessible and that there is opportunity for growth (Jelassi, 2008).
As the barriers online between communications, commerce and media are eroded, the internet is likely to bring forth new technologies and challenge existing forms of human interaction. Tawfik (2008) suggests looking at the two forces which in particular, characterize this latest wave: the rise of search engines, and the many online tools that have been created to support the user generated content. A good example to illustrate the importance of user generated content is the remarkable success of e-Bay which was reached partially because most of e-Bay content is user-generated.

In the two past decades many companies have implemented e-Services (web-pages, e-commerce shops etc.) in their businesses. During the age of globalization the challenges shifted outside the company (Collerete, Schneider & Legris, 2001), the companies cannot avoid these changes and avoiding e-commerce might lead to losing their advantages and market share (Epstein, 2004). This proactive behavior of integrating social media methods and channels into an e-commerce/business represents the mindset of ambitious companies. Ambitious companies are investing where they need to in order to advance and improve. Since relationship management, customer engagement and community building are identified as key factors in success, these companies committed to growth and evolution will more likely be found on social media.

It has become more evident that over the past couple of years, there seems to be a direct correlation between companies invested in providing outstanding service and those taking the risks and investing in using social media as an additional way to connect with clients, build relationships and ensure great service (Jelassi, 2008).

### 3.8 Social presence in social e-commerce

Many studies have already proved that higher social presence increases customer trust and afterwards the sales. “From the standpoint of a firm attempting to offer e-services online, increasing market-share should also depend heavily on how it manages e-consumer trust” (Gefen & Straub, 2003, p.8). Sufficient social presence might compensate the lack of face-to-face communication and help to increase trust of customers. Managing consumer trust, and increasing it through increased social presence, should be at the front of website development and management, no less that the usefulness and ease-of-use of the site (Gefen & Straub, 2003). This is a very important issue because loyalty is an economic necessity: acquiring customers on the internet is enormously expensive, and unless those customers stick around and make lots of repeat purchases over the years, profits will remain elusive (Reichheld & Schefter, 2000).

Gefen and Straub (2003) imply that there are three variables which affect the intention on purchase online: e-consumer-trust, social presence and TAM\(^7\) constructs. In this setting, the e-consumer must trust the e-vendor not to engage in potential, but clearly undesirable, opportunistic behaviors such as unfair pricing, violations of privacy, conveying inaccurate information, unauthorized tracking of transactions, and unauthorized use of credit card and purchase information (Gefen & Straub, 2003).

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\(^7\) Technology Acceptance Model
Social Presence – Information Richness (SPIR) model states the social presence can be increased through well designed, easy to use and informative Web-page. Moreover, the interaction with humans, for example E-mails, which are addressed to human beings, and therefore, imply some of the force of that social destination, increase the social presence as well (Gefen & Straub, 2003). Davis (1989) states the perceived usefulness is really important in building e-Consumers trust. Perceived usefulness is defined here as: the degree to which a person believes that using a particular system would enhance his or her job performance” (Davis, 1989).

3.9 Challenges of social e-commerce

Social e-commerce changed the old conventional retailing rules where companies talked to their customers to a certain extent but the customers had a really limited range of possibilities to participate in a reciprocal communication. However, nowadays social e-commerce allows users to communicate to each other, share their opinions about products and services they have bought and give recommendations etc. (Manglod & Faulds, 2009). Generally, social media allows the customers to communicate with each other, also providing the ability for the companies to communicate with customers as well. Furthermore, it enables communication in a faster and more interactive way than it was available before. Social media communication can be achieved through offering the customers networking platforms, social media tools integrated into e-commerce websites. This is of great importance because word-of-mouth information through social media has become a major factor in influencing various aspects of consumer behaviour (Manglod & Faulds, 2009).

As already discussed the social presence makes the buyers feel more like in a real shop with human shop assistant and in that way the e-commerce will make the consumers to trust it more and afterwards to make a purchase. Moreover, Wang & others (2007) argue that even though the consumers understand that machines (e-commerce in general) do not possess any humankind traits they still treat them as social actors. It implies that every merchandiser should try to increase the social presence because it is important for consumers and it would have a positive effect for overall results of e-commerce. Therefore, an assumption can be made that the more social presence a Web-site (e-Shop) has the more it will encourage a potential customer to act as in a physical shop. Thus, the social presence can minimize the biggest disadvantage of e-commerce so far.

3.10 Benefits and potential opportunities of social e-commerce

Web site socialness perceptions may increase arousal levels in customers. The arousal level of customers increases the likelihood to be involved in the purchase process, feedback creation or word of mouth promotion.

The use of social networks in online shopping provides marketers and businesses with new revenue opportunities, while providing consumers with product information and both economic and social rewards for sharing (Hennig-Thurau, Gwinner, Walsh, & Gremler, 2004). The outcome of social media integrated into e-commerce greatly varies from the information technology, media used and implementation process. In addition, it depends on the explicitly of company’s interaction level with customers via social media and the fitting of the received feedback.
The following social features and shopping integrated into social media benefits were distinguished as primary:

- Changes how products are brought and placed on market;
- Builds brand awareness cost effectively;
- Expands target audience;
- Enhances product discovery/awareness;
- Creates social media content;
- Enables peer recommendations;
- Expands relationships with others who share same tastes/feelings;
- Offers group buying opportunities;
- Develops social shopping opportunities on social media platforms;
- Links bricks and mortar stores and social connections through use of mobile;

In the research conducted by Harvard business review analytic services (2011), among companies currently using social media in the survey, half said the main benefit of their activity was increasing awareness of the organization and its products and services among target customers. According to Tawfik (2008), the urge towards communication and self-expression among individuals and the low-cost technology, makes it possible to interlay social media means into commerce sphere providing individuals the ability to express their selves towards specific brand freely. In addition to this, with social media integration into other businesses expanding so rapidly, companies who will integrate and adopt social media strategies Finally, the social media reach is expected to grow and is growing in an extremely rapid pace, providing great opportunities and benefits for those willing to integrate and foster social media means in their company core activities.
4 Empirical findings from the interviews

In this section the reader will find the empirical material that was collected during the in-depth interviews. This data will be divided by each segment and explained further, an overview of decisions coherent to social e-commerce as a renewal strategy will be presented.

This section about the findings of the interviews will be divided into four parts. In the first section the authors will introduce and explain the results regarding the company decisions to incorporate social e-commerce. The second part will present the implemented social e-commerce decisions and tools used. The third part will show Challenges companies face while implementing social e-commerce. And the last part will explain the outcomes of social e-commerce development.

4.1 Company decisions to incorporate social e-commerce as a renewal strategy

In the beginning of interviews the companies were asked how they perceive the concept of social e-commerce in order to understand the way the company understands what social e-commerce is and clarify the interview topics. Similar mutual perception of the social e-commerce concept and interview questions is crucial explaining the social e-commerce outcomes, challenges and implementation tools, since social media integration into e-commerce platforms is relevantly a new phenomenon.

When the authors asked the respondents to “tell the main reasons which influenced your company to start using social e-commerce?” all of the interviewed companies came up with two or more reasons which lead to social e-commerce incorporation. The most mentioned reasons included the perceived cost efficiency benefit, competitor presence in social e-commerce, brand awareness increase and the communication efficiency compared to other media. However, every most mentioned reason to incorporate social e-commerce stated above was supplemented by one or more unique motive of a company. One interviewed company stated “at the moment almost all of the companies are present in Facebook, Twitter and other social media platforms. Moreover, the costs to start using the social media are very low” (Interview No. 1). Another company shared the same motive to start using the social e-commerce “It is important to mention that social e-commerce is not as expensive as print or TV-adds are, that is one reason to use it” (Interview No. 5). Another company emphasized not only on the inexpensiveness but on the total efficiency of social e-commerce approach. Stating that social media integrated into e-commerce is more outcome, time and money efficient than other media types “printed-adds or TV-adds are not as effective as it used to be. In addition, the costs for advertisement in Social media are significantly lower than ads in newspapers or TV” (Interview No. 2). Another company mentioned the relevance of the increasing popularity of social media means and the possibility to reach new customers as the main motive to implement social e-commerce “The main reasons are the constantly increasing popularity of social networks and the fact that our potential clients are there” (Interview No. 4).

Two out of five interviewed companies mentioned the competitor pressure as one of the main motives to start using the social e-commerce strategy. “We followed other companies which had been using this strategy for a while” (Interview No. 3).

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1 In order to keep the answers anonymous the interview numbering does not correspond to the succession in Tables No. 1 and No. 2.
4.2 Social e-commerce decisions and tools used

In this part the interviewed companies were asked to explain the approach and tools used to incorporate social e-commerce as a renewal strategy. The authors seek to understand the correlation between social media means used in e-commerce platform and the gained outcomes. Thus, great emphasizes were given on finding and understanding social media features and related approaches to make the e-commerce more efficient and appealing to customers.

4.2.1 Social media decisions

Companies were asked to pick the social e-commerce features used in the company from the given options and explain their choice. Not surprisingly all of the interviewed companies stated more than three social media means integrated into their business. In addition to this, three out of five companies asserted that their using as many approaches as possible and justified the need to do so “we want to make the best possible service available for our customers and provide the best possible products for the lowest price and high level service as well” (Interview No. 3). The social media means were chosen regarding the desirable outcomes which were mentioned while analysing the reasons to incorporate social e-commerce. However, the most frequent answers to use as many social media types as possible were related to getting the most feedback in order to appeal more to customer needs “we use everything what is possible in order to get as much information and feedback from the customers as possible” (Interview No. 5). As companies have explained, the social media is the best and fastest way to get high amounts of feedback from clients. Interaction availability in e-commerce pages, blogs, social networks, etc. was distinguished as the fastest approach to get the feedback “we get the opportunity for customer to rate and comment on our service etc. because it is a great and fast way to get a feedback” (Interview No. 5).

The second motive to foster as much social media approaches as possible was to give advices to customers and successfully build devoted customer community “we write our blog in order to inform our customers about upcoming events, give advices” (Interview No. 1). By taking good care of customers and keeping them informed with the most relevant information for them it is significantly easier to increase the brand awareness and therefore build strong customer community with a greater reach. To generalize, companies strive to foster and master various types of social media and integrate them with their e-commerce platform to communicate, improve and increase brand awareness.

4.2.2 Web-presence Decisions

Social media integration into e-commerce is not enough to ensure the perceived outcome and efficiency of social media. The retail web-shops should complement social e-commerce strategy with various approaches making the webpage interaction with customer more appealing and highly repetitive. Interviewed companies stressed usage of various seals as a crucial approach to increase the trustworthiness of a web page “Seals are really important in this field” (Interview No. 1). Webpage seals indicate that the webpage is safe regarding money transactions, advertisements, spam and no unfair activity against customers “we use different seals which indicate that our Web site was checked” (Interview No. 5). Another company de-
fined web seals as a possible approach on how to increase the transparency of the webpage and thus increase the traffic and the number of purchase actions “We use seals and try to make our web-shop transparent and easy to use” (Interview No. 3).

Nevertheless the communication, the purchase action is the most important factor for e-commerce business. Unless the site is trustworthy and transparent customers won’t get involved in purchase actions, hence, customer must feel certain and safe about the e-commerce web page. Therefore the interviewed companies evoked the importance of trustworthiness stimulating approaches “we allow customers to choose between different paying methods, we state very clearly how the customers data is handled” (Interview No. 1). Transparency was mentioned by the majority of the interviewed companies as a mean on how to make the webpage more trustworthy and appealing for customers to use. In addition, the trusted payment methods such as PayPal were recognized and mentioned during the interviews as a mean to promote trustworthiness “you have to use worldwide trusted pay systems like PayPal, it increases the trust of customer a lot” (Interview No. 5).

Lastly, great emphasizes were given on making the webpage easy to use and functional “make web-shop as easy as possible for customers to make a purchase” (Interview No. 2). The interaction between the e-commerce company and a customer is made through a webpage, thus the webpage needs to be easy to understand and use. “The most important features of a web-site are functionality and speed” (Interview No. 2) commented another company, the easier and faster the transaction proceeded the more likely the customer will choose the same service/product provider once again.

4.3 Decisions related to multichannel strategy

Companies were asked if they consolidate their social e-commerce presence with other additional strategies to increase the efficiency of social e-commerce strategy. The key strategy the authors were particularly interested in was multichannel-strategy which can be defined as a combination of physical and web stores. Three out of five companies replied that they use this strategy and it is one of the success factors for their business “we use it and it is one of our success factors” (Interview No. 4). One of the two respondents who said no explained that the reason for not implementing multichannel-strategy was that they have similar approach of having e-commerce and physical store, however both of them are not interlinked together, and they serve as two different businesses. In addition, according to the company the main reason not to use multichannel-strategy was that it would have been hard to integrate both of their business “we do not use this strategy because we have two separate businesses – online and offline. It would be difficult to combine them” (Interview No. 5).

According to the companies using multichannel-strategy the main motive and benefit of fostering it is providing the customers with more opportunities “Yes, we use it because it gives more opportunities for the customers” (Interview No. 1).
4.4 Features for successful implementation of social e-commerce

When companies were asked to identify important features of a company and its employees for successful implementation of social e-commerce the answers for this question varied a lot. However, two answers were given by different companies. Furthermore, the both matched answers were given by the same two companies. The both companies indicated that the employees should “understand the strategy of social e-commerce” and “live this strategy” (Interviews No. 1 and No. 5). In addition, they stated that the company should transparent and “ready to accept some critics as well” (Interviews No.1 and No. 5).

Other answers given for this question were related to the creativeness of the employees and the uniqueness of social e-commerce strategy: “it has to be unique in order to succeed in social e-commerce” (Interview No. 5). One company pointed out that the employees should be proactive, flexible and ready for changes what refers a little to already discussed ability to accept criticism. The last issue mentioned was that “the company needs a good developed and clear strategy” (Interview No. 5). In conclusion, we can see that studied companies identify the need of a clear and unique strategy of social e-commerce.

4.5 Power-shift to customers

Understanding the tools and strategies used does not show the complete picture of the reasoning and motives to choose particular strategies, approaches or models. The strategies and approaches are usually backed up by the clear perception on future trends, forecasting and contemplating. Thus we have asked the companies to share their beliefs and perception if they feel that the customers have more power than they used to have before social media was implemented and how does it affect their business. Three companies agreed that the customers have more power over companies than they used to have. In addition to this they stated that this has more positive outcomes than negative ones. Mainly for the companies who integrated social media means into their business. As long as company pays attention to customers and their critics and suggestions the outcome should be positive “It is beneficial for our company because we pay a lot of attention for the quality of customer service” (Interview No. 3).

However angry, unconstructive comments and interactions are common and the company needs to approach such issues carefully and professionally. Users are used to fast paste communication and are impatient, thus they require prompt issue dealing, communication and feedback. Hence the companies feel necessity to interact as quickly as possible: “we have to be even faster and react to customer feedback really quickly” (Interview No. 4). As long as the company manages to take criticism and improves itself with the user provided content, it should benefit from it. According to one interviewed company, by listening to customers “a company has got a chance to redeem itself in his eyes and try to fix the issue by making everything good again and keeping the customers loyal” (Interview No. 1).

A company which was not sure if social media gave the customers more power over companies stated ”I would not say that the customers got more power they are able to be more visible and make their voice heard” (Interview No. 1).
To sum up, according to the e-retailer “social e-commerce provokes feedback and it is good for both sides: companies and customers” (Interview No.1).

4.6 Challenges to incorporate social e-commerce as a renewal strategy

The third part of the framework deals with the implementation process of social e-commerce. The companies were asked to identify the difficulties and obstacles which might or have occurred during the implementation process. Furthermore, we have investigated the changes which occur in the retail companies during the implementation process.

4.6.1 Difficulties to implement

Companies were asked to identify the main difficulties which occur during the process of implementation of social e-commerce. Firstly, it is important to mention that the answers provided in this question correlate with the answers about the benefits of social e-commerce (outcomes). Studied retail companies perceive the process of implementation and the outcomes of it as one unity.

One really important and at the same time trivial finding is that a company has to have a Web-shop in order to pursue social e-commerce strategy. Without a Web-shop it is not possible to do it. One company pointed out that many companies fail on this obstacle because they are not able to cope with increased criticism and make wrong decisions: for example, companies sometimes “delete negative comments” (Interview No. 5) in their social media. This action usually makes people to think negatively about company that is taking this kind of actions reacting to the criticism.

Two companies have stated that the strategy of social e-commerce has to be clearly stated and the goals clearly formulated. Moreover, “every employee has to understand this strategy and use it every day” (Interview No. 1). If the strategy of social e-commerce is not clearly stated the company might face failure if “only the department of social e-commerce will care about social e-commerce” (Interview No. 5). Therefore, a company has to provide company-wide coaching in order to get every employee participating in social e-commerce.

4.6.2 Changes in the organizational structure

The answers of this question show really clear tendency that the studied retail companies have not changed their structure in order to implement social e-commerce. Four of five companies answered that they have not changed their structure at all or the changes are minor. There were two companies which stated that have not changed anything at all and two stated that only minor changes occurred. One company pointed out that they “touched the people in marketing department and customer service” (Interview No. 1). However, we can state that it is not really a change in the organizational structure but more the tool of implementation. The second company with minor changes in their organizational structure said that they have outsourced social e-commerce activities to a social media agency. The marketing department works together with this agency by giving the ideas for communication messages and the social media agency does the rest of the job.
Only one company stated that they have changed their structure when implementing social e-commerce. First of all, this company has “has employed some social e-commerce savvy people” (Interview No. 5). More importantly this company adjusted their structure “in order to make it easier to communicate between the departments” (Interview No. 5).

4.7 Benefits achieved through social e-commerce

The last two questions of the interview aimed to understand the perceived outcome and the completely process of the implementation of social e-commerce. First of all, three out of five studied companies pointed out that social e-commerce has great cost efficiency. In addition, to the cost effectiveness one company stated that social e-commerce is faster way to communicate with the customers because “it can take only a few minutes from the creation of the idea and the communicating it to customers” (Interview No. 2). Moreover, the same company said that social e-commerce is more effective than traditional media as well. They compared the respond rate of distributed flyers (printed media) which is about 5-6 percent and then compared it to the respond rate of social e-commerce campaigns: “social media we usually get about 20 percent response rate” (Interview No. 2). Thus, from these examples we can clearly see that social e-commerce has a few big advantages over the traditional media.

Two companies out of five stated that social e-commerce “is an additional communication channel” and “and allows reaching customer segments which could not be reached through other media channels” (Interviews No. 1 and No. 3). Another benefits of social e-commerce mentioned in the interviews were increased brand awareness and instant feedback through this strategy. However, each of these benefits was mentioned only by one company, therefore, we imply that these benefits are not of great importance for the retail companies.

4.8 Future perspectives of social e-commerce

In order to have a profound understanding of the motives influencing the incorporation of social e-commerce, the authors asked companies to contemplate on what will the future of social e-commerce is going to bring and if it will remain an important. The answers were rather unexpected and surprising, the majority of companies (three out of five) thought that the future of social e-commerce is not as bright as most think and only one company believed that social e-commerce has a potential except in premium quality and price product markets. The reasoning between the different success factors in high and low price product markets was supported by the idea that less expensive products/services are bought on frequent basis and the purchase actions is more spontaneous. Hence, for such companies social e-commerce might increase the revenue generation greatly, on a contrary to premium price product markets “for more expensive products and services social e-commerce serves only as an additional communication channel and does not generate a lot of sale” (Interview No. 3). A company using social e-commerce shares similar belief, “I do not think that the future of social e-commerce is bright, it does not generate turnover and, therefore, it is not so important” (Interview No. 1). The other two companies sharing sceptical beliefs in social e-commerce future distin- guished the inability to generate revenues as the main and biggest concern in a long term as well. In addition, companies felt that social e-commerce can be viewed only as an additional communication channel but not as the revenue generating platform. According to them
this strategy empowers customers to communicate, express their opinion and involve into other actions not directly related to purchasing actions “It is really difficult to turn the Facebook fans into buyers” (Interview No. 5). Despite the unfavorable forecasts regarding further development of social e-commerce, companies do feel that social e-commerce will leave an imprint in retail businesses “Ratings, reviews etc. have a bright future in retail business, however, social networks are suitable only to sell specific products” (Interview No. 4).

The other companies which had positive beliefs in social e-commerce in the future and on the contrary to other companies they were certain in the further ongoing development of social e-commerce and its significance to business. Even though, the company felt assure of the importance and further development of social e-commerce, it stressed the fact that the decision to incorporate and the success greatly depends on business the potential user of social e-commerce platform is in. Online home appliance retailer commented “I think that the decision whether to use it or not heavily depends on the products or services sold” (Interview No. 3).

The positive expectations of social e-commerce future were justified with technological advancement beliefs. Companies had strong feelings that the social media will be integrated with smart phones thus increasing the mutual interaction between companies and customers “I think that it will develop more and more to the direction of smart phones and the interaction with the customers will be increased”(Interview No. 2). This belief was supported by the observation of quickly expanding smart phone market and the high penetration of 3g and development of 4g networks
5 Analysis

This section will contain the analysis where the authors have integrated previous research with the findings from the interviews. This part will start off by explaining the authors suggested model, explaining the motives, social media decisions, challenges and the generated outcomes with a connection to the empirical findings.

The structure of the analysis chapter begins with an introduction of the authors’ own model which is called the outcome based process of developing social e-commerce as a renewal strategy. This model explains the different factors that affect and constitute to development of social e-commerce as a renewal strategy. This model is used to give readers an insight on how is the social e-commerce strategy being developed in e-commerce business. In addition to this, another model emerges from it, explaining the aspects considered in renewal strategy based on social e-commerce. This four dimension model is being used throughout all of the analysis to explain the key aspects of developing social e-commerce as a renewal strategy. The analysis continues with the identification and explanation of four dimensions consisting of decisions to incorporate social e-commerce, social media decisions and tools used, challenges companies face while developing social e-commerce and the outcomes of social e-commerce. The information from the interviews will be analyzed and integrated with theories in this chapter.

In the following Figure No. 2, the author developed model for incorporating social e-commerce as a renewal strategy is shown. The dimension of core capabilities and internal processes holds the starting point of contemplating to incorporate social e-commerce strategy. The decision can be made after the company revisions and assesses the core capabilities and the internal processes. The company’s core capabilities must be aligned with the internal processes to avoid further obstacles and discrepancies while incorporating social e-commerce strategy. The perception of organizational level core capabilities is crucial to assess the significance of decision to pursue the social e-commerce strategy.

The decisions to incorporate social e-commerce strategy embodies the perceived motives consisting of certain pursued benefits that social e-commerce could bring. Further on, the social media decisions are tailored according to the core capabilities, internal processes and motives related to specific benefits business pursue. In addition to this, the “decisions to incorporate” dimension embodies other strategically decisions to complement with the overall social e-commerce strategy. In this research multichannel strategy and web presence decisions fall into this dimension.

Decisions to incorporate social e-commerce is affected and constrained by potential or existing internal and external challenges. Thus companies have to review and redefine their incorporation process as soon as the new challenges emerge. The immediate response and actions to potential or existing challenges must take place since e-commerce is distinguished with a high pace and constantly changing business environment. Finally, the perceived outcomes are reached through careful core capability assessment and well planned decision process to incorporate social e-commerce.
5.1 Decision to incorporate social e-commerce

The following model gives a deeper insight of the most relevant dimensions explained in the figure No. 2. This model leaves aside the internal processes and core capabilities of company and focuses on the aspects of social e-commerce as a renewal strategy aspects. The model is oriented to disclose the four crucial dimensions of social e-commerce as a renewal strategy development constituting of motives to develop social e-commerce, challenges, outcomes of incorporating this strategy and the social media tools used in order to achieve the perceived outcome. These four dimensions of social e-commerce incorporation are illustrated in a corporate entrepreneurial context.

The motives to develop social e-commerce dimension holds the benefit based motive reasoning of company to integrate social media into e-commerce platform. The motives to implement social e-commerce and the estimated goals/outcomes greatly influence the social media tools chosen which constitute to the second dimension of this framework. Companies willing to incorporate social e-commerce into their business usually confront unique challenges. These challenges are reviewed in the third dimension of the framework. If a company faces difficulties to implement or manage social e-commerce it needs to understand the origin of the obstacle, review it and implement the changes, this should be done until perceived outcome is achieved. The perceived outcomes are stated in the last part of the framework, allowing understanding the complete process of implementing the social e-commerce approach.

Further analysis explains all of the four dimensions with the comprehensive framework shown in the figure No. 3. making the analysis of interview findings coherent with the dimensions of social e-commerce from strategic renewal perspective model.
The first dimension of model encompasses the explanation of company decisions and motives to develop social e-commerce as a renewal strategy. It includes the 10 most frequent motives that the authors discovered from the interviews. Usually the decision to implement a completely new strategy requires thorough strategy planning assessment of the company’s capabilities or internal process potentials. As Wall (2005) states, successful new strategy implementation can be made based on a realistic assessment of whether the company can succeed in new areas, and what internal challenges it will need to meet. In addition to this most likely the motives to incorporate new strategy are usually interlaid and connected with other motives. Usually the decisions for new strategy can be classified as primary and secondary, motives which further can be subdivided into perceived monetary, strategically and
other. Also, in order to achieve effective change the decisions for new strategy has to be clearly explained and must tackle a defined business problem (Beer & Eisenstat, 1990). Drucker (1985) suggests that businesses, simply will not survive in this period of rapid change and innovation unless they acquire entrepreneurial competence, thus the integration of social e-commerce can be described as a viable strategy to acquire the competitive advantage with an entrepreneurial approach. The implementation of social e-commerce in corporate entrepreneurship context can be described as a strategic renewal or organizational rejuvenation approach (Morris et al., 2010).

All of the interviewed companies had several motives to incorporate a new strategy to their core business. The most frequently mentioned motive was that the social e-commerce is characterized as an inexpensive in comparison to other communication strategies. The companies showed great interest in integrating their e-business platforms with a new inexpensive strategy which can result in great benefits. The main motive of cost efficiency was mentioned together with the possibility to increase the reach of the company's product range and the communicated message. Thus a relevance of the perceived social e-commerce strategy efficiency can be brought up, to explain that the companies are trying to achieve overall e-commerce efficiency by adopting this approach. In addition, expectations of high efficiency concerning costs and results such as new segment identification or increased reach of customer base, were one of the main drivers to incorporate social e-commerce.

Brand awareness increase was one of the motivators which could be achieved through the increase of the reach of customers. It is foremost very crucial to increase brand awareness for e-commerce companies since, the revenues greatly depend on the reach of customer base and the client perception of particular business and products sold. Safko (2010) suggests that the application of the social media is to effectively reach out and connect with users, create a relationship, build trust and only then expect for selling the product/service.

Brand awareness achieved through social media features constitutes in building loyal client community which decreases the volatility of e-commerce (Safko, 2010). Motive to incorporate social e-commerce in order to increase the reach and brand awareness cost efficiently can be defined as proactive and prudent behaviour. Moreover the cost efficiency and increased reach achieved through social e-commerce would grant a competitive advantage over the competitor web shops.

However, not all of the decisions were based on striving to achieve desired outcome. Two companies explained they constantly felt the competitor pressure to incorporate social e-commerce, because they were starting it, and thus decreasing the customer traffic on their web-shops which lead to decreasing sales. Because of the fast pace business environment, e-businesses have a brief moment of time to change and adapt to occurring changes (Boon Kee & Sloan, 2001). Social e-commerce businesses need to be free to change and have an entrepreneurial mindset promoting risk and innovative thinking. As companies mentioned during the interviews, the message spread by the integrated social media must be interesting and appealing to customer needs and feelings. Novak, Hoffman, & Yung (2000) emphasize that Web sites should differ and be more interactive to boost people's flow states. Hence the only way to be successful is to differentiate yourself from others and the social media is precisely the tool to achieve it.

Nonetheless, in the later questions companies showed greater interest to the possibility to generate additional revenues and increase the sales number with the influence of social me-
dia rather than to relationship building and the brand awareness increase. Interviewed e-retailers seemed not to orient on long term goals but rather on short ones related to revenue increase. However, on a contrary, communication leads to creation of loyal customer community resulting in long term oriented relationship and possible future purchases.

Interviewed companies were questioned about the future of social e-commerce, nevertheless their enthusiasm the opinion on the future of it was surprising, because more than half of the companies expressed their doubts about it. The scepticism towards the social e-commerce future was based on the facts that this strategy wasn’t able to generate considerable amount of additional revenues. However, not even one of all interviewed companies stated that their motive was to increase the revenue gain by incorporating social e-commerce. Hence the companies are not focusing on their main motives to incorporate it and are not using the social media up to its potential. The concerns of the social e-commerce not generating enough revenues might strip down and sabotage the whole social media approach. According to interviewed companies expressing interest in high revenue returns from social e-commerce, this strategy empowers customers to communicate, express their opinion and involve into other actions not directly related to purchasing. However, they assure that social e-commerce can generate moderate amount of revenues in low price product/service markets. The reasoning between the different success factors in high and low price product markets was supported by the idea that less expensive products/services are bought on frequent basis and the purchase action is more spontaneous (Knotek, 2008).

Lastly, the positive expectations of social e-commerce future were justified with technological advancement beliefs. Companies had strong beliefs that the social media will be integrated with smart phones thus increasing the periodicity of mutual interaction between companies and customers. Hence, fulfilling their main motives to incorporate social e-commerce, such as increase in brand awareness, reach and the overall efficiency of communicating and representing product to customers.

5.2 Social e-commerce decisions and tools used

The second dimension of our findings integrated with the model encompasses the approaches and tools used to incorporate social media into e-commerce. The chosen social media features and used jointly with social e-commerce were greatly dependent on the determined perceived outcomes of the whole social e-commerce strategy. Each of the interviewed companies stated more than three social media means from social networks to blogs or web applications integrated into their business to achieve their perceived outcomes. The use of as many of social media features in the company’s social e-commerce strategy was related to getting the most feedback from customers and to increase the overall reach of their business and the reach of communicated message. The increase in the reach of e-commerce is relatively coherent to the total increase of sales. Interviewed e-retailers emphasized on implementing those social media means which can greatly increase the interaction in e-commerce web pages. Interesting and beneficial interaction increases the probability of repetitive purchase actions and a positive promotion for other customers, because these web shops are the ones customers are enjoying using (Wang et. al., 2007). In addition to this, providing customers with uncomplicated and interesting interaction op-
portunities, communicating and keeping them informed with the most relevant information is beneficial for both, the business and the customers. Equally important to note, such communication significantly increases the brand awareness and therefore builds strong and loyal customer community.

As the most rewarding approach on how to additionally increase the customer visit and interaction count, interviewed companies named the usage of various known seals. The seals certificate and distinguish the web-shops as the ones providing secure transactions and handled data security. The seals were distinguished of the greatest importance since web seals not only provide security but also increase the transparency of the business, thus having a positive influence on users standpoint towards the web-shop. In this manner the traffic and the number of purchase actions increase, since studies show that the more trustworthy company is in the customers eyes, the more likely he/she will involve in the purchase action.

Also, to promote the transparency companies have to state clearly what is going to happen with the information a client provides on the Web page. To sum up, customers must feel certain, safe and satisfied with the provided communication in the e-commerce web page in order to stay satisfied and loyal. From the standpoint of a firm attempting to offer e-services online, increasing market-share should also depend heavily on how it manages e-consumer trust (Gefen & Straub, 2003).

However, companies have agreed that in the recent years the power shifted into direction of customers, granting them greater influential and decisive power over companies in such a way making it more complex to appeal to their needs and build loyal customer base. Unless those customers stick around and make lots of repeat purchases over the years, e-retailers profits will remain elusive (Reichheld & Schefter, 2000). Out of five interviewed companies, three companies agreed that the customers have more power over companies than they used to have. Surprisingly, they stated that this can have positive outcomes as well if the company takes care of customers and is social in general. Having more alternative choices for online shopping, consumers might change the web-shops based on their experiences and the interaction with the previous web-shops. Usually the choice is personally based, thus the e-businesses have little or no perception on the reasoning of the customer. However social media creates a communication channel bridge between the company and customer providing with the feedback and suggestions by the customer.

To conclude, clients push companies to perform better, hence companies must take risks coming hand in hand with the social media means integrated into e-commerce. Thus e-businesses use everything what is possible in order to get as much information and feedback from the customers as possible to improve their service and appeal to customer needs better.
5.3 Challenges to incorporate social e-commerce as a renewal strategy

Covin & Miles (1999) describe corporate entrepreneurship as an action of risk taking when pursuing an innovation. Risk taking is the core of every entrepreneurial organization and should be encouraged (Hitt, Ireland, Sirmon, & Trahms, 2011). However, even in entrepreneurial organizations there is a need to take calculated risk and, therefore, it is important to analyze the potential challenges and risks when incorporating social e-commerce as a renewal strategy.

In social e-commerce the whole process of buying the product or services is dependent on the interaction with the customers in the form of customers talking about the products, recommending others to buy them or expressing their purchase experiences and activities. In this sense, the interviewed companies mentioned a communication challenges and obstacles as the most relevant and the most crucial to overcome in order to tailor the social e-commerce approach. As interviewed companies explained, social e-commerce offers multi-dimensional communication possibilities, this is the reason why, companies are open to exposure of using all kinds of social media. However many opportunities provided by the social e-commerce require lots of attention and care. The process of communication can define a good approach of social e-commerce from a bad one. Thus, one of the greatest obstacles to incorporate social e-commerce was distinguished as a failure to communicate internally and externally with customers, develop and segment them. Other challenges included organizational processes such as communication of new strategy in their company, personnel training and social e-commerce strategy preparation. Furthermore, companies expressed that social e-commerce does not generate revenues by itself, which felt as a big downside for them.

5.3.1 Financial challenges

According to the interviewed companies it is important to not overestimate the sales that might be reached through social e-commerce. It is difficult to generate sales through this channel. There is evidence that the sales depend on the product. Social e-commerce might generate more sales for cheaper products and services because buyers take the decision to buy quickly and the decision is more emotional rather than rational. However, in general research has revealed that social e-commerce has little potential to generate sales. Therefore, it is very important for every company to have a clear vision and strategic direction (Bwire, 2012) for social e-commerce.

5.3.2 Non-financial challenges

Even though the non-financial risks might be seen less important because a company does not lose money straight away, however, the potential damage in the long term might be greater in comparison with financial risks. Cretu & Brodie (2007, p. 230) state that image of the company “can have a major influence on the buyer process and consumption experience.”
5.3.2.1 Company image

The main issue related to the company’s image is that through social e-commerce it gets on the spotlight. It means that the company gets much more comments, reflections etc. upon the products and services provided. It is obvious that some part of the feedback is negative and affects the companies negatively. That is one of the biggest challenges when implementing social e-commerce. The companies should consider this risk very carefully because the company image has big influence on buying process (Cretu & Brodie, 2007).

5.3.2.2 Customer relationships

The aim of every retail company is to provide trustworthy service for the customers in order to make them buy (Gefen & Straub, 2003). Thus, social e-commerce has to be trustworthy too. The issue of customer relationships connects to previous discussed challenges related to criticism. On one hand increased criticism might be seen as big challenge for a company but on the other hand if a company manages it well it might even get more loyal customers than before. Thus, social e-commerce gives an opportunity for the company to increase customer trust which is really important for factor to overall success of the whole company (e-commerce optimization, 2012).

Companies pursue strategic renewal in order to renew the ways they compete on the market. Since there are many force toward change nowadays (Volberda et. al., 2001) every company faces particular difficulties and obstacles when pursuing strategic renewal. One of the main difficulties to overcome the companies see the threat of increased criticism. Social e-commerce creates an opportunity for the companies and if they act proactive and innovative in order to overcome the difficulties they will get benefits (Morris et. al., 2007).

The second main finding in this section is that the social e-commerce strategy should be integrated into the whole organization. If this strategy is pursuit only by one department it will most likely fail. Thus, the integration of the new strategy into already existing business model is really important. The integration of the new strategy relates to the resource orchestration (Hitt et. al., 2011) that states that a company can get gain and sustain competitive advantage only by bundling and combining its resources.

In order to overcome these difficulties and obstacles the companies have to develop abilities which help to be successful in social e-commerce. Firstly, a company has to be able to set the targets and directions of social e-commerce clearly (bwired, 2012). Without a clear strategy and the vision what purpose does social e-commerce serve for the company this strategy cannot be successful (ecommerceoptimization, 2012). Secondly, the strategy of social e-commerce has to be implemented throughout the whole organization. Morris et. al. (2007) state that corporate entrepreneurship should be integrated in all the levels of organization. Since social e-commerce is a form of corporate entrepreneurship the same rules apply for it as well.

In addition, it is important to mention that all the employees of the company should show the commitment and willingness to use the strategy of social e-commerce. We can connect this finding with the feature of proactiveness (Dess & Lumpkin, 2005). The employees have to act proactive in order to successfully implement social e-commerce.
Structure of the company might play important role during the process of implementation of social e-commerce. Morris et. al. (2007, p. 307) imply that a company changes when it “ages, grows and diversifies”. Social e-commerce as a form of strategic renewal refers to diversification. Thus, the authors have looked whether the retail companies have to change their structure in order to implement the strategy of social e-commerce. However, the empirical findings did not show any significant changes in the studied retail companies. It can be mainly explained that social e-commerce is still relatively new strategy and its importance in the business model of retail companies is low, therefore, the retail companies apply only small changes in their organizational structure when implementing this strategy.

5.4 Outcomes of social e-commerce

The benefits achieved through social e-commerce can be divided into two main subcategories similar to the potential risks: financial and non-financial. However, in this case it is important to mention that the main goal of every retail company is to be profitable, therefore, they aim for it when implementing something new. Thus, non-financial benefits can be defined as the benefits which do not turn in to higher revenues and profits immediately.

5.4.1 Financial benefits

The main financial benefit for the retail companies through social e-commerce is reduced costs for advertising. The studied retail companies pointed out that advertisement through social e-commerce is significantly lower in compare with traditional media. Thus, we can say that the retail companies achieve the goal how they compete (Covin & Miles, 1999) through social e-commerce because they are able to decrease their expenses on advertisement. This finding also gives additional explanation for the previous mentioned issue that less expensive products and services are more suitable for social e-commerce. If the product or service is not expensive so has advertisement for it to be.

5.4.2 Non-financial benefits

The two main non-financial benefits of social e-commerce are the opportunity to reach customer segments which are difficult to reach by other communication channels and the speed of interaction of the speed with customers. Kaplan and Haenlein (2010) describe Web 2.0 which is one of building blocks of social e-commerce as continuously modification by all users. This statement shows that interaction in social media is fast and therefore it has an advantage in compare with other forms of media used to communicate to the customers.
6 Conclusion

In this section, the authors will present and answer the research questions that were in focus throughout the study, and will conclude the findings of this thesis.

Research Question 1: Why do retail companies use social-e-commerce as a form of strategic renewal?

The companies participating in this research showed great interest in integrating their e-business platforms with a new inexpensive strategy with great capabilities to generate benefits. The main motives to incorporate social e-commerce identified from the data gathered during the interviews were cost efficiency together with the possibility to increase the reach of the company’s web-shop, the communicated message and increase the brand awareness. However, the outcomes of social e-commerce as renewal strategy incorporation greatly vary on the company’s perception of it.

Interviewed companies perceived the implementation of social e-commerce as a proactive behavior with great potential capabilities for their business such as gaining even greater market share, sustainability, building relationships or increasing the length and level of interactions.

Also important to mention, companies has shown the belief that social media tools such, blogs, social networking and others can have as much or more of an impact and effect than TV, radio or print media for lesser expenses. Also, by working on brand recognition on the most popular social media networks, companies can reach a much broader audience than traditional marketing methods. Equally important to note, companies chose to incorporate social e-commerce because they perceive that online businesses that use social media to build their brand, and to assist in customer service, will rise to the top much faster than those who don’t, thus gaining a competitive advantage. In addition to this, social media allows companies to listen to their customers and create conversations allowing to strengthen relationship for existing and potential customers.

Research Question 2: What elements of social e-commerce are considered from strategic renewal perspective?

The most distinguished elements of social e-commerce development from strategic renewal perspective were motives to develop, social media tools and decisions used and existing or potential challenges to incorporate social e-commerce.

The motives to develop the strategy were generally based upon perceived benefits and desired outcomes. One of the most distinguished benefit oriented motive by interviewed companies was the cost efficiency. Social e-commerce is very cost efficient and may be done without any financial obligations. It is the best method of cost cutting for e-businesses and can be done without considerable investments as the social networks and the most of social media forms are free to use or are relatively inexpensive.

Second most mentioned motive was referring to the social e-commerce as a fast and effective form of communication. Social e-commerce helps the company to connect to the customers directly as customers like giving feedback, suggestions and interacting with the company that enables them the best service or products.
The second element, embodies the social media tools and additional approaches to supplement and increase the efficiency of social e-commerce. The additional approaches consist of multi channel strategy and web presence decisions to increase the trustworthiness, interaction level and the overall quality of communication. Interviewed companies emphasized on tailoring as much social media tools as possible to achieve the perceived outcome and appeal to customer needs while providing them with the best service. However, the extent array of social media tools induces companies to keep in mind the risks of not addressing the social media carefully. Since the negative outcomes from one social media approach might be greater than overall benefits of all social media approaches altogether.

The third and last element embodied the challenges to incorporate social e-commerce as strategic renewal. The challenges identified by the interviewed companies consisted of external and internal challenges which can be segregated in more details. The most frequently identified challenges included challenges to communicate internally and externally with the users, manage the communication tools and user generated content and remain the business transparent.
7 Discussion

In this final chapter, the authors will discuss their findings, present their critique for this study and give suggestions for further research that can be done within this area.

The findings from this thesis can contribute in understanding the company’s attitude towards social e-commerce from strategic renewal perspective. These research findings give support to previous researches and beliefs about social e-commerce, but also contribute with a company views upon socialization means and development process of social media integration. The way companies perceive and feel about social e-commerce has not been the focus of previous researches. Additionally, this research aspires to contribute with practical knowledge about how and why the companies did incorporated social e-commerce strategy and what internal and external difficulties they faced.

The authors have got an insight into how social e-commerce business started using this new approach and how they organized the process of incorporating it. From the findings the authors have developed a model showing the patterns on the reasoning for the e-business to integrate social media, the perceived benefits, social media features used and the challenges faced. The model was based entirely on the findings of semi-structured interviews. Each of the dimensions reflects the pattern path that companies had to take. Furthermore, the authors of this thesis understand it as they also have contributed by combining previous research in a way not previously found, by going more in depth into the social e-commerce from the company based view. The information found can be used both as building block in the understanding of how they incorporate into business process and the decision-making.

7.1 Critiques of the study

A critique of the study can be raised concerning the chosen method the authors decided upon. It can be argued that instead of doing a qualitative study, the authors could have focused on quantifying the research, in order to be able to generalize the findings and create a framework for all of the companies (Saunders et al., 2007). However, the authors wanted to gain reliable and in-depth understanding of the topic (Kvale, 1996), and qualitative research made this possible to achieve. By using a qualitative approach in this study and invoking it with semi structured interviews, it was possible for the authors to explore the experience of companies willing to implement the social e-commerce and the ones which have already done it. In addition to this, the qualitative research was beneficial to understand the methods and procedures used to organize the implementation and transition phase. This could not have been possible with a quantitative study, where the main focus would have been to use calculations to explain the phenomenon of social e-commerce (Blaxter, 2006). By performing a quantitative study, the authors could have found out the most frequent obstacles occurring while implementing social e-commerce strategy or the perceived benefits and the social media used to achieve the desired outcomes.

The number of interviewed companies could have been higher to provide more accurate findings and get more feedback on the implementation process, the perception on the future of social e-commerce and etc. In addition to this, the perception of what is social e-commerce is and how it is used and assessed by the company itself could have been more
extent while having more interviewed companies. However, due to being a rather new field of study, it was hard to find companies already having social media integrated into their process and willing to be interviewed and reveal the processes, challenges it faced.

Another critique to this study can be raised concerning that the authors could not find adequate previous theories and researches on the field of social e-commerce as a strategic renewal approach. This forced the authors to be creative and look into the social media and e-commerce fields separately and complement the findings with the company cases and the data gathered during interviews. The data was interpreted in order to be able to explain social e-commerce phenomenon in strategic renewal context. This can also be a positive aspect of this study, since the authors have hopefully made a platform on how to assess the social e-commerce incorporation process in a company.

### 7.2 Suggestions for further research

For further research authors can recommend a deeper and more extent research on the long term and short term viewpoints of social e-commerce benefits and weaknesses from the company’s perspective. According to the collected data through the semi-structured interviews, authors found out that more than a half of the companies expressed their concerns and scepticism in the future of social e-commerce. Also, the previous researches have focused in explaining the possible benefits and the social media features to tailor in order to increase the reach of business. However, the standpoint from company’s perspective towards the perceived potential of social e-commerce has not been researched, thus the future importance of social e-commerce as an entrepreneurial activity is vague.

The authors would also like to suggest for other researchers to focus on finding the correlation between the incorporation of social e-commerce and the web shop traffic increase as well as the sales growth. How does the social e-commerce affect revenue generation and the overall company’s performance in long term? Interviewed companies expressed their concerns in social e-commerce not being able to generate additional revenues. However, further research could asses and contradicts or supplements this hypothesis.
List of references


Appendix

Semi-structured interview template

Interview for the Master Thesis
Corporate entrepreneurship in retail companies by means of social e-commerce

The purpose of this Master Thesis is to analyze the possible benefits for the companies which might be reached when implementing the strategy of social e-commerce. We investigate what changes occur in the company during the implementation of this strategy, what are opportunities and threats.

The information obtained through this interview will be used only for scientific purposes at Jönköping International Business School (JIBS), Jönköping, Sweden.

I. Decisions to incorporate social e-commerce:

1. Please tell the main reasons which influenced your company to start using social e-commerce?

2. In your view, what does the future of social e-commerce hold? Please describe what you think about its further development.

II. Social e-commerce decisions and tools used:

3. What approaches do you use in order to make your web-presence more trustworthy/appealing to your customers?

4. Please tell which of these social e-commerce features do you use in your company:
   a. blog;
   b. customer ratings and reviews;
   c. segmented loyalty eMail program;
   d. social network presence;
Appendix

c. others.

Please comment why did your company choose them.

5. Do you agree with the statement that during the recent years the power shifted into direction of customers (because of opportunities to rate, review, comments, write blogs, share opinions with other people etc. about product and services)? Please describe how it affects your company.

6. Do you use multichannel-strategy (combining physical and web stores)? If yes, please tell what are the main reasons to do so and what advantages / benefits did your company achieve through this strategy?

III. Challenges while implementing social e-commerce

7. In your view, is it a risky decision to implement social e-commerce? Why, please comment?

8. Please describe the difficulties / obstacles for implementation of social e-commerce?

9. Have you ever changed / adjusted the structure / strategy of organization in your company in order to implement social e-commerce? If yes, please tell what has been changed and how?

IV. Outcome of social e-commerce implementation

10. What do you think are the benefits achieved through social e-commerce?

11. In your view, what features should a company and its employees have in order to successfully implement social e-commerce?

Thank you for your time and the answers!