

Factors Affecting the Adoption of Social Commerce in the Indonesian Retail Industry: A consumer's perspective

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Background

The mass diffusion of social media has triggered the emergence of social commerce. Individuals are leveraging platforms such as Instagram, WhatsApp and Facebook to become micro-entrepreneurs, taking advantage of social media's popularity.

Developing countries in Asia are at the forefront in this trend, with social media utilisation reaching 80% in Singapore and 66% in Malaysia amongst micro-entrepreneurs (Hjorth, 2015).

This is also the case in Indonesia, which was ranked 5th for the most time spent on social media in 2020. However, most focus on social commerce has been on the business side (Vatanasakdakul et al., 2019) with minimal consideration of the consumers side. To address this, this study proposes the following research question: 'What factors affect the consumer's adoption of social commerce in the Indonesian retail sector?'. Motivations behind this research are listed below:

Theoretical gap:

- Scholarly research on social commerce is limited to the business perspective.
- Consideration of the consumer's perspectives will enable businesses to optimise profit.

Social media popularity:

- Indonesia is ranked 5th in the most time spent on social media daily (Hootsuite, 2019).
- The highly active local population indicates business opportunities using the platform.

Research Method

- Questionnaire items were developed following the 7-point likert scale. Items were taken from existing literatures and were adapted in the context of Indonesia's social commerce adoption.
- The Structural Equation Modelling (SEM) was selected with the Partial Least Square (PLS) technique as it is a suitable instrument to pinpoint the relationship between hypothesised variables (Yue, 2004).
- Quantitative empirical data will be collected through an online questionnaire using Qualtrics, distributed to 200 Indonesian social commerce users. 108 valid responses were received in this study. Data was collected from December 2019 to January 2020.

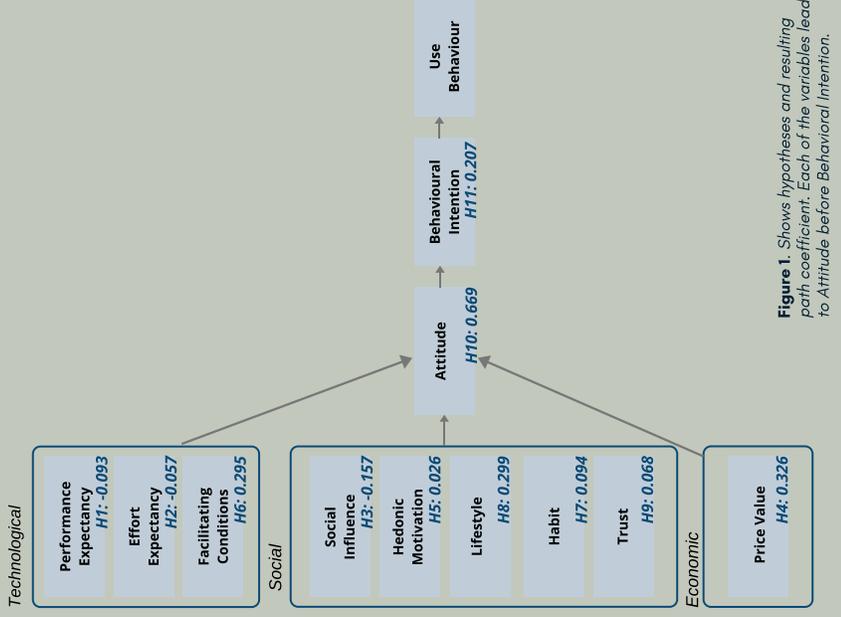


Figure 1. Shows hypotheses and resulting path coefficient. Each of the variables lead to Attitude before Behavioral Intention.

Proposed Model

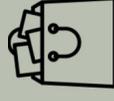
The UTAUT2 model is adapted in this study as it is effective in analysing technology adoption from a consumer's perspective. However, further consideration need to be integrated to address social media use behaviour in Asia. To address this, the study introduces three variables, namely lifestyle (based on the Task-Technology fit Model by Goodhue & Thompson in 1995), trust, seen as a central aspect in risky transactions (Lu et al., 2016) and attitude.

Results & Implications



Social Media Use

- 88% of participants preferred Whatsapp followed by 66% preferring Instagram
- For commerce, Instagram was the most popular with 60% preference. This shows clear a difference in the purpose of social media platforms.



Social commerce behaviour

- 55% preferred to use social media to shop, which echoes previous studies on Indonesian e-commerce goals by Leeraphong et al. (2018).
- While 89% of participants uses social commerce to browse for product information.

Technological Dimension (Facilitating conditions (H6) accepted)

Results on the technological dimension show that the expectations towards social commerce does not contribute to attitude as consumers maintain expertise on social media. Vendors should focus on providing support for the consumer's shopping.

Social Dimension (Social influence (H3) & Lifestyle (H8) accepted)

The consumer's perception on how social commerce would benefit them contributes to adoption. Vendors should ensure their platform matches the customer's goals.

Economic Dimension (Price value (H4) accepted)

Perceived economic benefits in using social commerce contributes greatly in adoption. Vendors should focus on creating economic incentives to attract customers. Economic benefits is identified to be the most important factor of adoption.

Future Research

1. **Participants:** Only 108 valid participants were recorded in the study. Future studies should focus on including more participants.
2. **Scope:** This research did not touch on the cultural aspects of social commerce adoption. Future studies should focus on this through the inclusion of cultural variables and dimension.

References

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