

# **SNS and the Age of Social Commerce**



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# What is SNS (Social Network Services)?

Online services that deal with building and reflecting social networks or relations among people

User Representation (Profile)

Social links (Network)

Variety of additional services

# Social Network Services

Mostly web-based

Interaction via email, instant messaging,  
online communities

allow users to share ideas, activities,  
events, and interests within their  
individual networks

Mobile-based Social Network

Gaining popularity as smartphone  
market grows



# History of SNS

Computer networked social interaction was suggested early on

Early stages

**LISTSERV** – Email Service

**USENET** – Bulletin Board System

**ARPANET** – Packet Switching network



# History of SNS

Prototype social networking sites and generalized global online communities

AOL, Prodigy, CompuServe

Theglobe.com, Tripod.com, Geocities (1995)

Tried to bring people together through chatting and persuade them to share info. and idea via personal webpages



# History of SNS

In the late 1990s, user profiles becomes central feature

Allow user to find friends with similar interest

Many sites began to offer more advanced friends search and management system

2000-Present

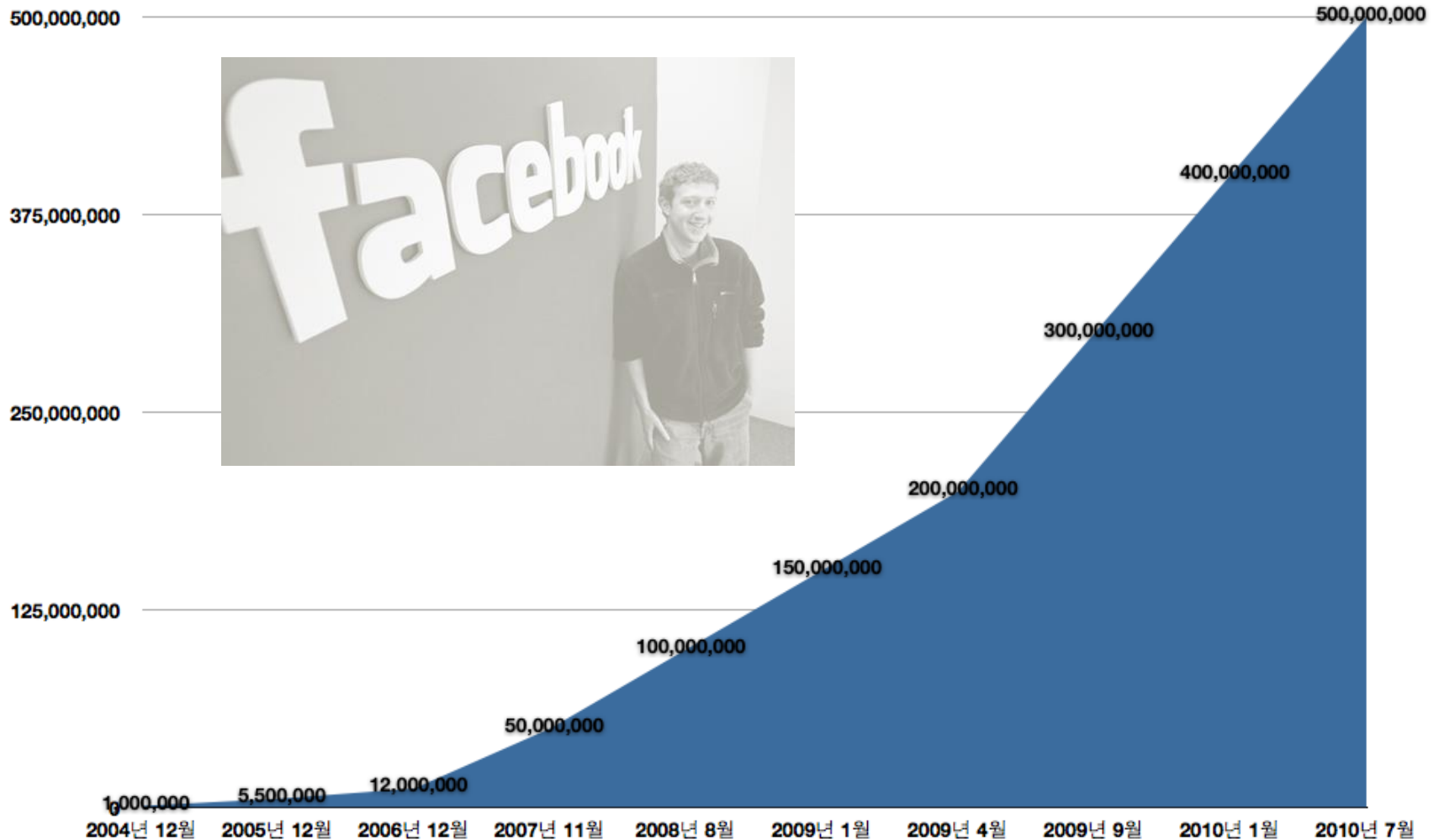
Facebook, Twitter, Myspace

Over 200 active sites and services



# SNS Popularity and Growth

페이스북 회원 성장: 2004년-2010년

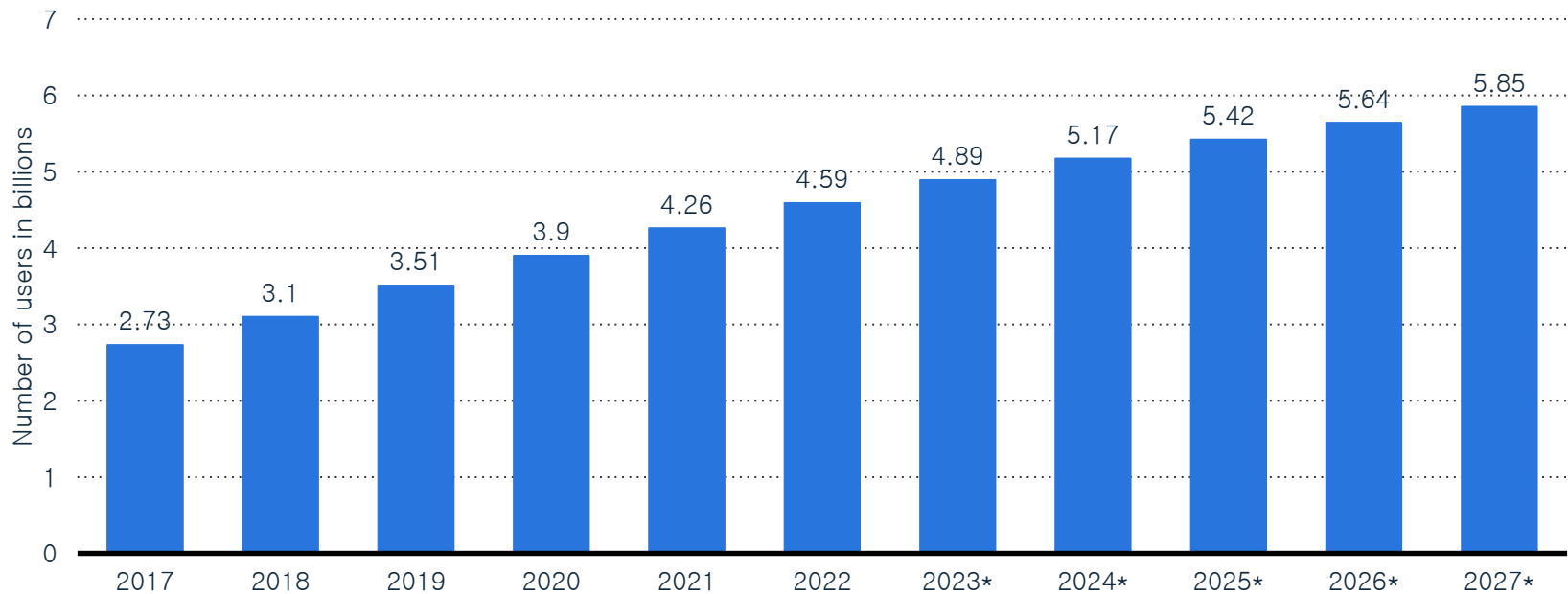




# SNS Popularity and Growth

## Number of social media users worldwide from 2017 to 2027 (in billions)

Number of global social network users 2017–2027



**Note(s):** Worldwide; 2017 to 2022

Further information regarding this statistic can be found on [page 8](#).

**Source(s):** Statista; [ID 278414](#)

# **SNS and Applied fields**

## **Business application**

**SN connects people at low cost**

**Networks work as a CRM tool**

**Advertising in text ads and banners**

**Way to connect businessmen**

Dating application

Educational application

Financial application

Media application

Government application

# E-Commerce

E-Commerce: The production, advertising, sale and distribution of goods and services online over the Internet.

Amazon.com

Ebay.com

Dell.com

# So What is Social Commerce?

A combination of E-Commerce and SNS

Social interaction and user contribution supported

Use of social network in the context of e-commerce transaction

Customer ratings and reviews

User recommendation

Social shopping

Social advertising



# Groupon

- **Group + Coupon**
- **Deal-of-the-day** website that features discounted gift certificates at local/national companies
- *Forbes Magazine*: Groupon is “on the pace to make \$1 billion in sales faster than any other business, ever.”



# Groupon – How it works

## Assurance Contract and Risk Reduction

A Certain number of people must sign up for a certain offer for it to be valid

## Coupon System

Customers buy discounted items for local stores to use

Approximately half of the sales goes to Groupon  
Sales Promotion

# Groupon Website



Salad Creations  
Multiple Locations



Panther Family Laser Tag,...  
Multiple Locations



Rumba Cafe  
Adams Morgan



Neibauer Dental Care  
On Location



Beloved Yoga  
Multiple Locations



Cafe Taj  
McLean



Nova Vein Clinic  
Multiple Locations



Mattress Discounters  
On Location



Glynn Jones Salon  
Dupont Circle

# Groupon – Information

Groupon serves 500 markets in 44 countries

Has many competitors that are interested in group-purchase SNS commerce

Facebook Deal

Google Offer

LivingSocial Woot!

Mobile Application

Google  
Offers



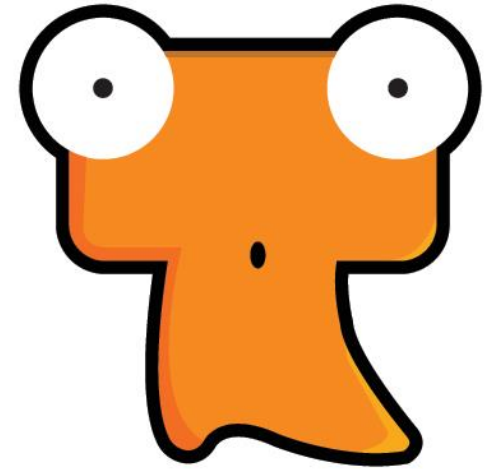
livingsocial



# Korean “Groupon”

T-Mon

Coupang



**coupang**  
Color Your Days

## 01 쿠팡의 소셜커머스란?

**비용이  
필요 없는 홍보**

쿠팡 하루 딜을 올리기 위한  
초기 마케팅 비용이 필요 없습니다.  
쿠팡에서 판매하시고 판매금을  
받으시면 홍보 끝!

**하루 만에 수백,  
수 천명 고객 확보**

몇 명의 고객을 원하시나요?  
단 하루 동안 집중적 홍보로  
수백에서 수 만명까지 고객을  
확보할 수 있습니다.

**강력한  
입소문 효과**

쿠팡의 회원들이 중심이 되는  
강력한 온라인 입소문!  
하루 프로모션으로 충분합니다!

# Groupon: IPO

Groupon's 2011 estimated revenues are in the \$3-4 billion

- October – Yahoo! tries to acquire Groupon for \$3 Billion
- November – Google tries to acquire Groupon for \$5.3 billion

After rejections, Groupon proceeded with its own IPO (Nov. 4<sup>th</sup>)

- After reaching a high of \$29.52 (50% more than original offer price)
- By Nov. 22<sup>nd</sup>, stock price fell below IPO



# Groupon – What now?

Faces concerns about the viability of its business models

Merchants complain about losing money

Businesses hope to retain customers, but customers usually do not stay when there are no deals/discounts

Customer Service Issues

Ton of Competition

**May prosper long-term, but it may fall much more**

# Future of Social Commerce

Clearly play a bigger part in commerce in the future

Possibilities of social commerce

Social Currency

Share purchases before buying

More personalized recommendation

Social loyalty/benefit programs

Facebook