Abstract

The purpose of this study is to critically diagnose and review the current available knowledge of social media in retail. Particularly, this review concentrates on influences of social media in consumer behaviour within the online retail context. This study aims to identify gaps in the literature, and give recommendations for further research. The review uses a descriptive research method when gathering and summarising the data about social media in online retail. The studies included in this review are very recent; from the years 2009 to 2017. Chosen existing studies are analysed in comparison to traditional literature and linked to Cumberland’s philosophy. Moreover, how traditional literature can still be used to support current phenomena. Conclusions are drawn to emphasize that Cumberland’s theories can be applied to modern society and social media is noted as a tool used by man to pursue ”Universal Benevolence”. Future research should concentrate on further understanding this relationship. The review provides important information about how social media influences consumer purchasing behaviour in online retail, which is of particular interest for marketers and managers of that field.

*Keywords:* online retail, social media, consumer behavior, utilitarianism, Cumberland
Introduction

Disruption of advanced digital innovation technology has in many cases forced companies into re-adapting their business strategies in order to fit within the modern business environment. Along with digital innovation, the emergence and acceptance of social media, as part of most global population’s daily lives, has dramatically changed the dynamics of business. With no exception to this phenomenon, the retail industry has been greatly affected by the power of social media. Brandt and Henning (2002) sustained that this fast growing digital trend amongst society has enabled individuals to communicate without boundaries. Social media and mobile Internet have created a new communication channel that is mutually used to enhance communications between a company and its consumer; this has been labeled as “digital channels” (Edelman, 2010).

In 2016, the worldwide number of Internet users reached 3.4 billion with 2.3 billion active social media users (Smart Insights, 2017). Social media users between the ages of 16-64 have an average of seven different social platform accounts (Business Trends Statistics, 2016). Facebook alone, remains the largest social media platform with over 1.5 million users worldwide (Smart Insights, 2017). Taking into consideration the magnitude of these trends, both practitioners and scholars are seeking to further understand to which extent social interactions through these various digital channels influence business (Schultz and Peltier, 2013).

Due to its many distinctive advantages, online retail continues to grow throughout the digital era. Hassle-free shopping, round-the-clock convenience, decreasing store visit dependence, saving travel costs, quick delivery, secure payment, wide range of product variety and personalization services, are amongst the many reasons why consumers choose to shop online over traditional retail options. Online retail accounted for a total of over $1.8 trillion worldwide sales in 2016 equaling to 7.4% of total retail sales. These numbers are estimated to grow to 8.8% total sales in 2017 (Invesp, 2017). The rapid growth rate of e-commerce outpaces traditional retail channels (Blázquez, 2014).

Nowadays, the Internet is no longer presumed to be a task-oriented technology. The mentioned advance and popularity of social networks suggests that individuals use the Internet seeking for entertainment and leisure based on hedonic use rather than utilitarian use. Cardoso and Pinto (2010) affirmed that consumers consider shopping to be a social activity and an opportunity to socialize with others. By understanding this aspect of shopping and its social motives, the connection between social media and retail is fully supported. Consumers have learned of the many benefits of online shopping and how they can further satisfy social interaction needs through social media networking while purchasing (Yang and Kim, 2012). According to Straker and Wrigley (2016) understanding customers emotions is the key to innovating through digital channels. The scholars believe that it is crucial for companies to gather insights on how and why consumers behave the way they do so as to increase and deliver accurate emotional digital engagements. Understanding consumers’ needs and desires has been crucial to further comprehend purchase decisions, which are mostly based on subjective terms (Miao and Mattila, 2011). Following this idea, it is fundamental that companies acquire knowledge and implement processes allowing them to better understand their consumers with the intention to develop deeper connection and therefore form deeper emotional relationships.

It is seen that marketing strategies are provoking growth and accelerating demand within the retail industry. As this particular frame of purchasing phenomenon is relatively recent, there has been limited research conducted in this field. With this consideration, the
purpose of this study is to critically diagnose and review the current available data of social media in retail with a narrower focus on its impact on consumer behavior and online retail. Additionally, the aim of this paper is to identify which traditional socio-economic studies can relate to the field of study on present literature and thereafter compile recommendations for future studies. This review provides a comprehensive synthesis of extant knowledge on consumer purchasing behavior and social media in retail.

This paper addresses to accumulate particular understanding within the selected field of study by specifically examining the effects of social media in online retail. The contributions of the outcomes of this study are twofold: (i) outcomes will contribute to literary theory by lengthening the existing knowledge and understanding of social media impacts on consumer behavior within the online retail context; and (ii) outcomes will contribute by providing marketers insight to recapitulated knowledge consequently supporting the making of strategic marketing decisions to encourage maximization of innovation through digital channels.

The remainder of this paper is organized as follows. The data review section details the background of this study and review previous existing data. The methodology section describes the method adopted for the study and data analysis conceptual model. The analysis section discusses the outcomes of the study in relation to past literature along with managerial implications; the final section concludes the findings and provides suggestions for future studies.

Data Review

Online Retail
Ganesh, Reynolds, Luckett, and Pomirleanu (2010) classified that online shopping motivation is composed of six dimensions: convenience, online bidding, comparison shopping (bargaining), avant-gardism (keeping up with trends), stimulation (interacting with interactive retail websites) and personalized services. Online shoppers demand more product variety, more detailed product information and are seeking for more specialized or personalized products in relation to regular shoppers (Burke, 1997; Szymanski and Hise 2000). According to the social response theory by Moon (2000), people treat computers in a social manner, although aware that those do not possess human attributes. The technology acceptance model proposed by Davis, Bagozzi, and Warshaw (1989) in earlier literature, has been widely used today as a tool to understand the acceptance of online shopping by a consumer.

Online shopping is regarded as a deliberate behavior in which consumers keenly engage in extensive use of such platforms when interacting with virtual stores (O’Cass and Fenech, 2003). According to Wang, Baker, Wagner, and Wakefield (2007) consumers are more likely to respond positively to online shopping experiences when those are designed in such a way as to resemble the in-store traditional shopping methods. To better support the latter findings, Ganesh et al. (2010) classified important e-store attributes in accordance to six categories: (1) e-store essentials – order summary, shipping details and order confirmation, (2) offline-presence – disposal of contact to direct retailer, (3) price orientation – special online sales and offers, (4) atmospherics – website ‘attractiveness’, (5) merchandise variety – wide range of product and detailed information and (6) safety – security information and payment verification. The scholars acknowledged atmospherics as a primary indicator of overall impression and website preference, leading to consumers inclination towards online shopping. Kotler (1973-1974) defined the term atmospherics as “the conscious designing of space to create certain buyer effects, specifically, the designing of buying environments to
produce specific emotional effects in the buyer that enhance purchase probability” (p. 50). Complementing Kotler’s definition, Eroglu, Machleit, and Davis (2001) argue that even though online atmosphere does not provide consumers with tactical and olfactory cues as the offline environment, online retailers can manipulate other aspects of atmospheric effects such as visual and auditory cues in order to produce positive and affective reactions to online consumer’s site visitors. These added cues could crucially influence shoppers’ response in the online retail environment. Additional study results by Wang et al. (2007) suggests that retailers can add to consumer’s online shopping experiences by adding social cues with the objective to enhance their flow, pleasure and arousal. Furthermore, findings also indicate that online retailers that can successfully induce such feelings in their online consumers are able to maintain competitive advantage.

Another important aspect of the online retail channel presented by Rezaei and Amin (2013) is that the level of skills and expertise of online consumers might have an impact on the individual’s choice of channel and retail selection. In later studies, Rezaei and Ismail (2014) further suggest that online social media users opt for online shopping channels over traditional retail. The scholars also propose that online channel selection depends on the user’s perception and credibility. Online social shoppers should easily accept suggestions from other online group members and value their opinions as trustworthy.

**Consumer Behavior**

Evidence presented by Hartston (2012) suggests that shopping shares similar psychological and behavioral characteristic as of an addiction. Based on this suggestion, it is safe to assume the importance of stimulating consumer engagement in digital channels. As earlier revealed, shopping is recognized to be a social activity (Cardoso and Pinto 2010). Based on this attribute of shopping as a social activity, a direct link can be made between the sociability of consumers in online retail and their purchase intention. Zhu, Ramanathan, and Ramanathan (2011) suggests that customers’ experiences are formed from various “touch-points” and therefore cannot be measured at a single point. Meaning, measuring expectations that customers have before shopping and their alleged satisfaction post shopping, can significantly benefit retailers in improving knowledge about the motives behind buying intentions. Ramanathan, Subramanian and Parrott (2017) place particular emphasis on the importance of measuring post shopping satisfaction, particularly in today’s digital era. In the presence of social media, consumers make use of social platforms to share and review shopping experiences. Social media reviews support management in understanding recurring issues and therefore preventing these from happening in the future. With the assistance of social media reviews, a retailer’s operational and marketing teams can work collectively to improve customer’s experiences and shopping satisfaction (Keiningham, Gupta and Buoye 2014). From a consumer’s perspective, such reviews are providing guidance for future shopping decisions and affecting consumers buying behaviors. These evidences suggest that both consumers and organizations are benefiting from social interactions.

To objectively complement the latest presented theories, the social exchange model (SET) created by Shiau and Luo (2012) should be discussed. This model specifies that in order for both organizations and consumers to be rewarded, they should mutually interact with each other; these interactions are seen to maximize rewards and minimize costs. According to Rapp, Beitelspacher, Grewal, and Hughes, (2013) almost half of all online shoppers directly and indirectly interact with retailers through various social media platforms on a daily basis; this contact is described as a key factor in strengthening customers’ relationship and loyalty. This communication trends have imperatively brought the
significance of online information content review to the context of retailing (Tuma and Decker, 2013). An effective use of social media channels to influence and predict consumer behavior is by engaging customers to brand activities and therefore promoting a participatory culture. As informed by Ind, Iglesias, and Schultz (2013) consumers feel more attached, encouraging and resourceful to brands once they become more involved in the brand’s communities. Additionally, from a brand’s perception, achieving a high level of engagement usually results in “an intimate long-term relationship with the customer” according to Sashi (2012, p. 254).

An important concept of brand involvement and engagement is brand orientation. Urde (1999) defines brand orientation as the process of interaction between a brand and its customers, with the intention of developing, building and protecting the brand identity and therefore maintaining sustainable competitive advantage. Boateng (2014) adds the significance of engaging customers on social media as a critical factor of brand orientation, as social media encourages customer-firm (brand) interactions.

To better understand the prominence of brand orientation, Osakwe, Boateng, Popa, Chovancová and Soto-Acosta (2015) conducted studies with the purpose of finding interrelationships between this phenomenon and: social media engagement, repurchase intention and retailers’ reputation in the online retail context. The findings are reinforced with considerable indication that (1) brand-oriented shoppers are more prone to engage with online retail brands across different social media platforms, (2) brand-oriented shoppers are positively associated with consumer brand trust, which therefore influences brand loyalty and repurchase intentions, and (3) brand-oriented shoppers are more likely to want to be associated with brands that have a higher reputation in the online marketplace.

Social Media
Rezaei and Ismail (2014) acknowledged that consumers can exercise their consumer power by having control over their choices in terms of channels and retailers. Associated with consumer power, is the ability to share and communicate via different digital channels. Wodzicki, Schwämmlein, and Moskaliuk (2012) stated that social media influences all aspects of information flow and their interaction with retailing. Consumer’s interactions with social media channels can and should influence business strategies. A crucial aspect of building brand loyalty and value is interacting with consumers through social media (Ramanathan et al. 2017). Gee, Coates, and Nicholson (2008), describe that some of the key benefits in building loyal consumers is their willingness to pay more, as well as to recommend the brand to others. The scholars suggest that these benefits support brands on achieving competitive advantage.

In a recent study Roncha and Radclyffe-Thomas (2016), recognized that social media will not directly sell products, however, it will critically support the increase of digital presence and therefore create stronger relationships with consumers. To complement this frame of thought, Bai, Marsden, Ross, and Wang (2015) suggest that offers and promotions through social media platforms heavily impacts sales growth. This occurrence is known as social commerce. Kaplan and Haenlein (2010) classify social media into six different categories: collaborative projects, social networking sites, blogs, content communities, virtual game worlds, and virtual social worlds. Harris and Dennis (2011) suggested that by providing an assortment of ways for retailers to offer more interactive communication possibilities, social media has allowed retailers to provide consumers with a more effective and interactive shopping experience.
One of the main aspects of an effective consumer interaction is the ability to co-create. Brands that co-create with consumers, allows them to build a deeper emotional attachment providing consumers with the ability to participate in a unique retail experience (Roncha and Radclyffe-Thomas, 2016). According to Bogoviyeva (2011, p. 371) co-creation has been defined as a “collaborative activity in which customers actively contribute to the creation of brand identity and image as well as ideas, information, product, service and experience offered under a particular brand”. Co-creation is a function of interaction (Grönroos and Voima, 2013). Edvardsson, Tronvoll, and Gruber (2011) emphasize the importance of understanding how social media plays a fundamental role in communicating and creating a dialogue with all its stakeholders. This is key to understanding the value co-creation process. White, Hede, and Rentschler (2009) perceive that value creation occurs when consumers dynamically contribute in the performance of one or more activities implemented throughout the consumption experience. Additionally, Ramaswamy and Gouillart (2010) suggest, “value is increased when customers work collectively to create value, rather than creating value inside the business, due to the fact that customers want to feel a sense of freedom in their interaction. By taking part in co-creation, value is created for both the consumer and the company.” (p. 302).

Fader and Winer (2012) have referred that the growth of social media networking has resulted in creation of user-generated content (UGC). This is described by Singh and Sonnenburg (2012) as “product reviews, descriptions of products, usage, and consumer created advertising, and blogs, as well as all other consumer generated material. This change in relationship has affected and altered customer's interaction with a brand.” (p. 192). By focusing on people, companies can discover specific consumer needs, and in turn recognize how to design for these needs (Guenther, 2012).

Social media in brand-consumer communications can be described as a “feeder information” channel influencing current and future customers. Shoppers access social media with the intention to share their experience of a brand, product, service, store and other different aspects of retailing in general, consequently directly influencing peers on their choices. Arnold and Reynolds (2003) label this influence as social shopping. Reference groups’ affiliations, social interactions and communicating with others are the main motives behind consumer involvement in social shopping (Rohm and Swaminathan, 2004). Another important term to describe in this context is social promotion. This refers to consumers’ ability to share ideas and express opinions freely at anytime through social media (Ferguson, 2008). Bai et al. (2015) divide social incentive for sharing into two categories: (1) other-focused incentives – social affiliation, altruism and reciprocity and (2) self-focused incentives – self-expression, personal development and enjoyment.

**Methodology**

To fulfill this paper’s review objectives, a descriptive research of qualitative data has been used. Glass and Hopkins (1984) define descriptive research as being a method of gathering data that portrays occurrences within a specific field of study and thus describing and summarizing the data collected. This review uses a status quo approach defined by Noguchi (2006) as a “presentation of the most current research for a given topic or field of research.” (p. 61).
**Data Collection**
The sample for this study was selected by conducting a comprehensive search in peer-reviewed marketing, consumer behavior, online retail and social media marketing management journals and articles. This research was performed with the assistance of Emerald and Scopus databases. The research was limited to studies between the years of 2010 to 2017. The data range selected follows the purpose of only including the latest literature available in the field of study. The set of keywords used in the search were resultant from a broad understanding of the field and knowledge acquired through extensive reading. These keywords comprised the following: consumer/purchasing behaviour*, online retail*, network* as well as auxiliary words such as social and media. In total, the search resulted in 119 results from Scopus and 37 from Emerald. The specific research criteria was as follows:

**Scopus Database**
(TITLE-ABS-KEY ( online AND retail ) AND TITLE-ABS-KEY ( social AND media ) AND DOCTYPE ( ar OR re ) AND PUBYEAR > 2010 ) = 119 results AND (LIMIT-TO) (SUBJAREA, "BUSI") OR LIMIT-TO ( SUBJAREA, "SOCI") = 58 results

**Emerald Database**
(Anywhere: social media in retail) AND (Anywhere: online retail) in (Articles) AND (LIMIT-TO) (SUBJAREA, "RETA") = 37 results

Based on this search a total of 30 articles were selected by the authors. The authors’ decision on selecting only 30 articles was based on narrowing down the topic to be online specific and only related to the influence of social media in consumer behavior within the studied field.

**Data Analysis**
The current study is exploratory in nature and employs the analysis of qualitative secondary data in order to explore and summarize the field of social media in retail. Descriptive studies often uses visual aids such as charts or tables to aid the reader in understanding the presented data (Glass and Hopkins, 1984). The analytical framework used to analyze gathered data, was to first prepare a summary of most relevant data from the chosen articles; this summary then supported the authors in creating tables with the purpose of aiding the authors to have a better overview of the knowledge collected as well as the order of which the study was analyzed. This review is focused on the main findings of conceptual extant research and adopted a sub-subject review order based on the different areas of most relevance in the field.

**Cross Analysis**
Cross-analysis is a research method that facilitates the comparison of commonalities and difference in the events, activities, and processes that are the units of analyses in different studies. (Khan and VanWynsberghe, 2008). Engaging in cross-analysis extends the investigator's expertise beyond the single case. It provokes the researcher's imagination, prompts new questions, reveals new dimensions, produces alternatives, generates models, and constructs ideals and utopias (Stretton, 1969).
Cumberland’s Treatise of the Laws of Nature and social media in retail
Marketing as a discipline has only been introduced since the beginning of the 20th century (M.A., Oklander, & T.O., Oklander, 2016). Nevertheless, the history of economic thought does not only include the ideas and theories solely of economists, but also of philosophers dealing with political and social matters (Fonseca, 1997). The latter introduced issues that are now considered in marketing theories.

Richard Cumberland (1631-1718) is one of such philosophers and despite not directly addressing economy, he is considered the father of English utilitarianism, since he argued that an action can only be moral if it results in social happiness (Fonseca, 1997). His philosophy is mainly based on a critique of Hobbes’ theories. While he supports the idea of ‘natural law’ and the intrinsic hedonistic nature of man, he is against the selfish aspect of Hobbes’ reasoning (ibid.). Cumberland believed that man always seeks pleasure and avoids pain, but not at the expense of others (ibid). In fact, the natural law implies that the greatest happiness can be achieved through ‘Universal Benevolence’ and as such, drives man to pursue his individual pleasure by prioritising the common good (Indianapolis: Liberty Fund, 2005). Moreover, the desire for self-preservation creates an awareness of the moral obligation of sociability. Therefore, the driving force of individual actions is not fear, as Hobbes claimed, but altruism (Pozziani, 2014). From this it follows that interpersonal relationships are friendly, rather than conflictual and destructive, to the point that the creation of a united social body in which members cooperate with each other becomes the ultimate goal of the single man (Pozziani, 2014). Consequently, individuals are not autonomous isolated beings and can only establish themselves, when related to others. Man, is also necessarily led to practise the ‘Universal Benevolence’ law and cooperate with the members of society as they are social as well as rational creatures (Fonseca, 1997). According to Cumberland, ethics and man’s behaviour can be mathematized and explained logically through cause-effect relationships. The use of Spinoza’s geometrical method to explain ethical philosophy is a common element in Hobbes’ and Cumberland’s reasoning. Nevertheless, the latter believes that to prove the truth of hypothetical propositions it is necessary to observe them empirically, not simply logically (Pozziani, 2014). The review of Cumberland’s philosophy reveals that traits of man influencing his actions as well as morality are innate and immutable over time, and therefore relatable to society no matter the context.

Social media history started in the 1950s (Borders, 2009) and the connection with early utilitarianism developed in the 17th century, may not be obvious at first. But with a deeper cross analysis of the two topics some commonalities can be found, and Cumberland’s philosophy can be used to describe the behaviour of man in the modern world. The hedonistic trait of man described by Cumberland appears in the theory of social media in retail as the reason of individuals for using the internet. In fact, through the Internet they are pursuing entertainment and leisure rather than utility. Online retailers can use hedonism at their advantage by manipulating atmospheric cues to “produce specific emotional effects in the buyer to increase the purchase probability” (Kotler, 1973-1974). If considering online websites, this can be done specifically with visual and auditory cues, which produce positive reactions in customers (Eroglu et al., 2001). Moreover, the recommendation of Wang et al. (2007) to add social cues to increase pleasure and arousal, fits with the concept of man as a social creature. The reasoning is further confirmed by Rohm and Swaminathan’s (2004) study about the positive influence of groups’ affiliations, social interaction and communication on consumer’s involvement in social shopping. The idea that value is created for both firms and consumers through social interaction and co-creation (Keiningham, Gupta and Buoye, 2014; Ramaswamy and Gouillart, 2010) fits with Cumberland’s belief that man’s
self-interest coincides with common good. The division of social incentives for sharing on social media into “other-focused incentives” and “self-focuses incentives” (Bai et al., 2015) can be related to the main elements of early utilitarianism: altruism, not fear, as driving force of man’s actions and the desire of self-preservation which, nonetheless, coincides with social good. Confirming the idea of Cumberland that interactions between individuals are friendly, not destructive, and allow to create a united society, Cardoso and Pinto (2010) argue that shopping is seen by consumers as an opportunity to socialise with others. Socialising between consumers and with retailers globally, is today facilitated due to more interactive communication possibilities. Moreover, consumers also use social media to share and review shopping experiences. Such comments and information, which are considered trustworthy, affect other consumers’ buying behaviour. These dynamics fit into Cumberland’s theory that as a rational being, man is necessarily drawn to cooperate with other individuals, who are also rational, and is dependent on others.

Modern scholars such as Straker and Wrigley (2016) suggest that the knowledge of customers’ emotions and actions can help firms to innovate their digital channels and engage consumers, complying therefore with the philosopher’s belief that man’s behaviour can be mathematized. This consideration can be made because an analysis of consumer behaviour can be useful for companies to adapt their strategy only if a cause-effect relationship between actions is assumed. Moreover, Zhu et al. (2011) claim that the knowledge of the motives behind buying intentions should be improved with empirical observations and measurement. It can be derived that they therefore adhere to Cumberland’s belief that hypothetical propositions should be proved empirically, not only logically.

**Conclusion**

Despite that Cumberland developed his philosophy centuries before the appearance of social media in retail, commonalities between the two subjects were found. The tendency of man to pursue pleasure can be observed nowadays, as it could be observed in the 17th century. The main difference between the two periods is technology and innovation, that allow individuals to socialize and share more information and to a bigger community. Social media is therefore considered, in the context of Cumberland’s philosophy, as a tool of which man can better socialize and pursue social happiness, which will consequently result in individual pleasure.

The study is limited by the fact that it considers only online retail and neglects offline retail and its relationship with social media. In other areas, the investigation is too broad. For instance, no specific industry was addressed and if this is done results could be different. Moreover, the study considered social media in general, without focusing on a specific platform.

**Future Studies**

Recommendation for further studies comprise more narrow problems. It could be useful to study the influence of social media in a specific industry or in a particular geographical location, as values and habits in different different countries are not always the same. Additionally, since each social media platform is used by customers for different reasons it could be useful for managerial implications to focus studies on a specific platform. This could help firms to find the best strategy to interact with customers for each platform. The extensive use of social media in everyday life calls for more research on its influence on not only online retail, but also offline retail. Further research is suggested to be also consider the application of traditional economic thought on theories on social media and retail.
References


