

# Factors Affecting Co-Creation Intention of Customers in Social Commerce

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## Abstract

This paper investigates the effects of social support, social commerce information sharing, and social commerce value on brand engagement and the effect of brand engagement on co-creation intention. This paper also investigates the mediating role of brand engagement on the relation between social support, social commerce information sharing, social commerce value and co-creation intention. The study used survey data from 279 Indonesians with experience using social commerce sites and make purchase transactions through *social media* sites. The model was tested using PLS structural equation modelling with WarpPLS 8.0 program. The empirical findings indicate that social support, social commerce information sharing, and social commerce value has a significant direct effect on brand engagement. The study also revealed that brand engagement has a significant direct effect on co-creation intention. The mediation test results indicate that brand engagement does not mediate social support, social commerce information sharing, and social commerce value on co-creation intention. This study provides an understanding that co-creation intention has become a common feature within the social commerce context and managers should make efforts to effectively engage with customers by implementing the relevant social commerce feature.

*Keywords:* Co-Creation; Brand Engagement; Information Exchange; Perceived Value; Social Networking; Social Commerce.

## 1. Introduction

Social media has become something important that a company must have as social media can create interactions between the company and existing customers as well as potential customers. Social media is a platform where its users can easily participate, interact, and share information virtually without the limitations of space and time. Social media has become a medium that allows users to contribute in providing information, channeling information and knowledge, as well as in spreading social influence online. Social media can turn strangers into friends, friends to buyers, then buyers to sellers. Social media can be a means of online transaction and thus has significantly changed the conventional trading culture which requires buyers to come directly to shopping centers and face-to-face with sellers.

Companies in Indonesia, trading both goods and services, are currently experiencing drastic reductions in sales due to increasing competition every year. This competition in business often entails similarities between companies, such as similarities in products and prices. The benefits provided are also relatively similar between products offered by different companies. These circumstances have pushed companies to devise social media marketing strategies to make consumers aware of what makes their products distinct. Out of the total number of internet users in Indonesia, 82.2% use social media such as Facebook and Instagram more often for online shopping. (Databoks, 2019)

All kinds of transactions have been made easier with the presence of electronic media known as e-commerce. E-commerce has created a phenomenon where sellers serve buyers through chats, giving them personal experiences, product ratings, as well as recommendations. Hence, shopping activities on social media are referred to as e-commerce. Generally, the difference between e-commerce and social commerce lies in the business objective, the relationship between consumers, and the system of interaction (Huang & Benyoucef, 2013).

According to (Stephen & Toubia, 2010), social commerce is a growing trend where sellers are connected in an online social network with most sellers being individuals who are not working under companies. Social commerce is the

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conducting of e-commerce activities and transactions through social media facilities, especially on social networks using the Web 2.0 software. The practice of social commerce itself is a combination of online shopping and social networking. Therefore, social commerce allows companies to reach consumers globally more efficiently than operating traditional retail outlets by integrating user-generated content.

The social commerce trend is currently growing as it gives a different experience compared to offline shopping. This social-media based commerce allows for recommendations from friends and online reviews from other consumers to affect the decision of potential consumers in buying a certain product. Consumers are able to collaborate online through the exchange of information about products and services as well as through advice given by trusted individuals. Social commerce has the potential to significantly boost the competitive advantage of a company by having a dramatic impact on the operational effectiveness and efficiency, consumer relations, products and service offerings, and revenue growth.

Today, numerous companies utilize social media platforms such as Facebook, Twitter and Instagram as channels of marketing communication. Furthermore, social media has become a new strategy for companies to build brand power by initiating the formation of a brand community. Through social commerce applications, companies can interact through features such as liking, sharing, and adding to story. Activities on these platforms are not only seen by the company and consumers interacting with it, but rather can be seen by other followers as well. Social commerce can offer an effective approach for co-creation value which is beneficial to both the company and the consumer. For instance, ideas created with consumers can excel and outperform ideas produced by professionals, designers and marketers.

This research aims to investigate which factors affect the involvement of consumers in social commerce and whether such consumer involvement can attract consumers in creating co-creation value.

## **2. Literature Review and Hypothesis Development**

### *2.1. Social Support and Brand Engagement*

(Gottlieb & Bergen, 2010) presented that social support is defined as social resources in the form of formal support and informal support between two groups. Social support has been identified as the main factor that drives the behavior of online users in social commerce in the form of informational support and emotional support. Liang and (Liang & Turban, 2011) suggested that informational support can be in the form of solutions to problems based on commercial information from users so as to show factual information regarding a brand or product such as the product ranking and reviews, product recommendations and various experiences of shopping on social media platforms.

Emotional support may be in the form of exchanging care, support, and comfort with each other that aims to support purchasing decision making. Moreover, (Kim et al., 2011) expressed that customers look for social interactions from their peers in the community to gain social support in making a decision in purchasing a product or hiring a service. Based on this explanation, this research proposes the hypothesis:

H1. Social support has a positive and significant impact on brand engagement

### *2.2. Social Commerce Information and Brand Engagement*

Information is one of the most important elements in decision making. (Bilgihan et al., 2014) contends that social commerce information sharing is the consumer activity of sharing information on product knowledge with fellow users in social commerce. The sharing of information on social media has become an important reference source in making purchasing decisions, making it easier and more time-efficient for users. (Li et al., 2018) expressed that information sharing is the principal reason why customers participate in social commerce sites.

On social commerce sites, consumers trust and share knowledge, experiences, and opinions with other consumers through ratings, reviews, and recommendations (Hajli, 2014a). For that, (Grace et al., 2015) stated that customers have the tendency to use social networking sites as this allows them to exchange information and knowledge with other customers. The desire to share information, to mutually support and strengthen others, pushes a person to want to be engaged in social media. Based on this explanation, this research formulates the hypothesis:

H2. Social commerce information sharing has a positive and significant impact on brand engagement

### 2.3. Social Commerce Value and Brand Engagement

Social commerce value is the value perceived by consumers, referring to the overall evaluation of the use of a product or service based on what is received by the consumer compared to what is provided by the consumer. In other words, it is conceptualized as the exchange between one ‘giving’ component, and one ‘receiving’ component, as explained by (Zeithaml, 1988). When the consumer considers the feasibility of the use of social commerce, they will consider the benefits and costs of using social commerce applications. If the benefits outweigh the costs, the consumer will decide to use the applications.

Consumers can obtain utilitarian value in social commerce, so they can maximize their results of their purchase, making them more effective and efficient. On the other hand, social commerce can also increase unnecessary online purchases so as to add hedonic value in consumers. These hedonic value from online shopping reflect the principles of consumers, from the fantastical value aspect and experiences that shape emotions in shopping activities, such that these become sources of entertainment and pleasure.

According to (Stephen & Toubia, 2010) a large amount of user-generated content can give product knowledge and also gives an opportunity for consumers to get promotions, thereby allowing consumers to purchase products at lower prices. According to (Jones et al., 2006) hedonic value reflects emotional values from shopping experiences concerned with satisfaction and happiness, word of mouth, and loyalty. A higher degree of hedonic value reflects a buyer who has experienced a rise in emotional “value” from shopping experiences. Utilitarian value reflects the gaining of information on a product or service in an efficient manner such that consumers shop in accordance with their needs, as well as the benefits and functions of the product. According to (Zhang et al., 2014), social commerce also establishes socialization and strong interactions between consumers, which add hedonic value to shop online because consumers are able to experience happiness when they use social commerce features to interact with other consumers. Consumers can gain utilitarian and hedonic values in social commerce, thereby increasing purchase results and increasing online shopping satisfaction.

Content created by consumers in social commerce comprises of information such as product knowledge, offers on products or services, ratings of products or services given by other consumers, recommendations, as well as comparisons between competing brands. The aforementioned forms of information create a value in the minds of consumers when they use social commerce. The perceived value refers to the consumer’s overall assessment of the use of a product or service based on what is received and what is given. Thus, the explanation above presents the hypothesis:

H3. Social commerce value has a positive and significant effect on brand engagement

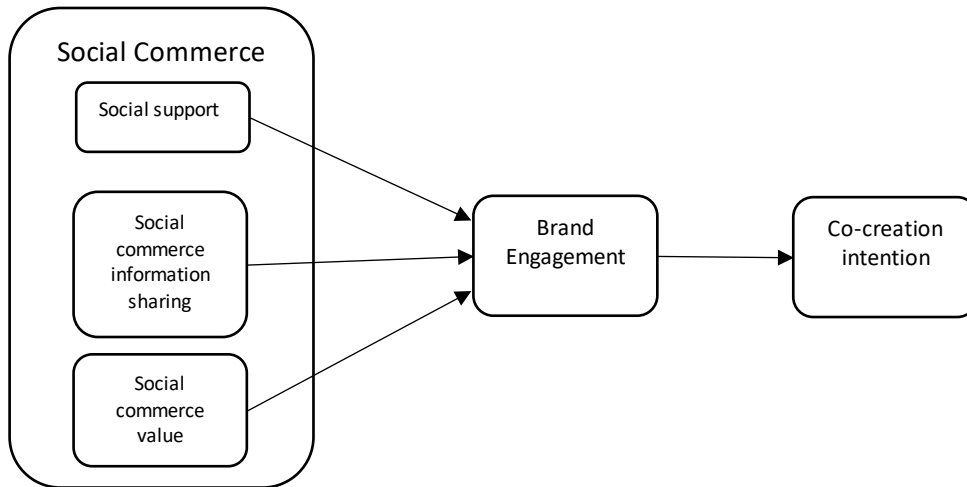
### 2.4. Brand Engagement, Co-Creation Intention, Social Support, Social Commerce Information Sharing and Social Commerce Value.

When consumers are emotionally and cognitively connected with the content of a brand, then consumers pay closer attention to and favor the brand. In this way, consumers will feel engaged with a brand. This is known as brand engagement. Brand engagement captures the extent to which social media is used by its users to engage with brands and interact with other users as part of their daily use of social commerce applications.

Corporations consider that consumer involvement is an opportunity for the company to attract consumers in creating joint creation value, otherwise known as co-creation intention. (Minkiewicz et al., 2014) defined co-creation as an experience created by consumers through active participation, involvement, and personalization of experiences. The foundation of co-creation is the dialogue between the company and consumers, which functions to create personal values and experiences. Consumers seek to create co-creation where consumers interact personally with companies that want to create value propositions that are meaningful and specific to individual consumers. Based on the explanation above, this research proposes the hypotheses:

H4. Brand engagement has a positive and significant effect on co-creation intention

H5. Brand engagement mediates the effect of social support, social commerce information sharing and social commerce value on co-creation intention



**Figure 1.** Conceptual framework

### 3. Research Method

Data collection for this research was done through an online questionnaire. An online questionnaire was used with the consideration that the Covid-19 pandemic was still rampant in Indonesia, especially in the city of Jakarta. The respondents for this research were people based in Jakarta who had accounts on social media applications such as Facebook, Instagram, Youtube, Tiktok, Telegram, and WhatsApp, who had also shopped through social media. The reason for choosing respondents with social media accounts who have made purchases through social media was to ensure that respondents knew about social media and were able to make assessments about social commerce, thereby being considered able to answer the questionnaire.

The distribution of the questionnaire was done online through online communities that were confirmed by researchers so as to ensure that the questionnaires were not answered by other people serving as representatives. 356 questionnaires were spread online, 77 of which were incomplete and hence unable to be used. All of the items in this study were measured using the Likert seven-point scale with levels ranging from 1 to 7, 7 being strongly agree and 1 being strongly disagree. The variable social support is conceptualized as a second-order construct with two contributing first-order factors, namely informational support and emotional support. This measurement refers to (Bazi et al., 2020), (Hajli, 2014b), (Hajli, 2014a) and (Liang et al., 2011). The variable social commerce info-sharing was adopted from (Bazi et al., 2020) and (Hajli, 2014a). The variable social commerce value was also conceptualized as a second-order construct with two contributing first-order factors, namely utilitarian value and hedonic value. The variable brand engagement was adopted from (Kim et al., 2011) while the variable co-creation intention was adopted from (Hajli, 2014b).

### 4. Results and Discussion

For Results, provide sufficient detail to allow the results to be meaningful and informative. For Discussion, this should explore the significance of the results of the work, not repeat them. A combined Results and Discussion section is often appropriate. Avoid extensive citations and discussion of published literature.

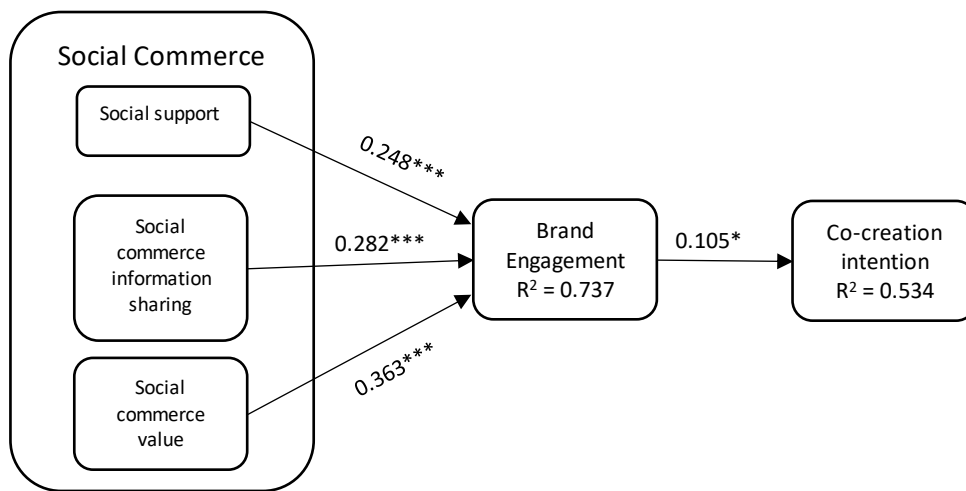
This study used PLS-SEM as a method to test the hypothesis. Selecting PLS-SEM was done with the consideration this study aims to identify the main determinant variable (Hair et al., 2017). The results of validity and reliability show an overall loading factor value of above 0.70, while the overall AVE construct value is also greater than 0.5, thereby meeting the convergent validity criterion. The CR and CA values for all constructs are above the minimum value of 0.70, showing that the entire construct meets the reliability element as shown in Table 1. Discriminant validity was carried out based on (Fornell & Larcker, 1981) as shown in Table 1, where the results of the study confirm that measured constructs are different compared to unmeasured constructs.

**Table 1.** Validity and Reliability

	AVE	CR	CA	SS	SCIS	SCV	BE	CCI
SS	0.845	0.916	0.817	0.920				
SCIS	0.885	0.939	0.870	0.806	0.821			
SCV	0.674	0.861	0.758	0.860	0.798	0.941		
BE	0.809	0.894	0.763	0.805	0.790	0.794	0.899	
CCI	0.841	0.941	0.905	0.626	0.634	0.638	0.631	0.917

Source : Processed data, 2022

The results of testing the hypothesis shown in Figure 2. show that H1 – H4 are positive and significant. Social commerce value (0.363) is the most significant contributor to brand engagement, followed by social commerce information sharing (0.282) and social support (0.248).



Note : \* $p < 0.05$ ; \*\* $p < 0.01$ ; \*\*\* $p < 0.0001$

**Figure 2.** Model Structural Results

The results of the H5 mediation test based on Baron and Kenny (1986) show that the variable brand engagement does not mediate the effect of social support, social commerce information sharing and social commerce value on co-creation intention, as shown in Table 2.

**Table 2.** Mediation Test

Keterangan	Direct	Indirect	Mediation
SS - CCI	0.347/ <i>not sig</i>	0.269/ <i>not sig</i>	<i>Not Supported</i>
SCIS - CCI	<0.001/ <i>sig</i>	0.242/ <i>not sig</i>	<i>Not Supported</i>
SCV - CCI	<0.001/ <i>sig</i>	0.184/ <i>not sig</i>	<i>Not Supported</i>

Source : Processed data, 2022

### 5. Conclusion

Brand engagement has been proven to be crucial for the business world in promoting products and services. Companies must be able to manage social commerce so that consumers are involved and engaged in promotional activities through positive word-of-mouth. This study has revealed that companies are able to take advantage of the management of social commerce in forming consumer attachment so that consumers can later have intentions to share their experiences in purchasing and using products and services. This is highly useful in initiating the purchases of other customers who read such experiences and information shared.

Social support, social commerce information sharing, and social commerce value have been proven to have a positive and significant impact on brand engagement. This shows that the three variables are the antecedents of brand engagement in the context of social commerce. It also shows that social commerce can facilitate the efficiency of corporations when a customer is motivated to be engaged with the company and share positive information regarding their experiences with purchasing and using the products or services offered.

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