The Opportunities And The Challenges Offered By The Social Electronic Commerce

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Introduction

Social electronic commerce, usually shortened to social commerce, combines commercial transactions with social-media functions such as profiles, messaging, live video, comments, reviews, creator recommendations, group buying, and user-generated content. It differs from ordinary e-commerce because discovery, evaluation, persuasion, and purchase can occur within a social relationship or platform community rather than through a stand-alone store. The model offers entrepreneurs inexpensive access to audiences and gives consumers convenient product information, demonstrations, and peer feedback. It also creates new problems involving privacy, deceptive influence, fake reviews, unsafe products, dark commercial patterns, account fraud, and dependence on platforms whose algorithms and rules can change without notice. (Hajli, 2015; OECD, 2026)

How Social Commerce Creates Value

Traditional e-commerce asks consumers to visit a retailer after they have developed purchase intent. Social commerce can create that intent inside entertainment, discussion, or community activity. A short demonstration, customer review, live stream, or friend's recommendation can reduce the distance between discovery and checkout. Social features also help buyers ask questions and see products used in realistic settings. For small firms, these functions can substitute partly for expensive advertising and physical retail. The value does not arise from social media alone. It comes from integrating content, trust, payment, fulfilment, service, and data so that the experience remains coherent after the initial click. (Hajli, 2015)

Opportunity: Low-Cost Market Entry

Entrepreneurs can test products through social pages, marketplaces, and creator partnerships before investing in a large website or store network. Content tools permit rapid experimentation with images, prices, messages, and target audiences. Customer comments provide immediate feedback about unmet needs and confusing features. Social platforms can also help microenterprises, artisans, and home-based businesses reach buyers beyond their local area. Entry is not truly free, however. Competitive reach may require paid advertising, professional content, platform commissions, customer support, and reliable logistics. A business model that depends on unpaid viral growth can fail when algorithms reduce organic distribution or when larger sellers copy a successful idea. (United

Nations Conference on Trade and Development, n.d.)

Opportunity: Community and Relationship Marketing

Social commerce can turn customers into participants who exchange advice, post examples, and help newcomers select products. Communities are especially valuable where purchases involve identity, expertise, or repeated use, such as beauty, hobbies, fitness, parenting, fashion, and specialist equipment. Firms can learn from discussion and develop products with users rather than treating feedback as a one-way survey. Relationships must remain voluntary and authentic. A brand that manipulates community language, suppresses criticism, or rewards only praise may produce short-term engagement but weaken trust. Community management should encourage useful conversation, disclose commercial roles, and separate customer support from covert persuasion. Firms can strengthen resilience by turning early experiments into documented knowledge rather than depending on one employee’s informal understanding of a platform. (Hajli, 2015)

Opportunity: Live Commerce and Product Demonstration

Live video allows sellers or creators to demonstrate features, answer questions, compare options, and offer time-limited purchases. This can reduce uncertainty for products that benefit from visual explanation. Recorded short-form video similarly shows fit, texture, assembly, or performance. The format can create social presence and entertainment, but urgency may also produce impulsive decisions. Responsible sellers should provide clear total prices, return terms, material limitations, and availability rather than relying on excitement. Product demonstrations should represent ordinary use and disclose editing, filters, sponsorship, or atypical results. A conversion is valuable only if the customer receives what the presentation reasonably led them to expect. (Federal Trade Commission, 2023; OECD, 2026)

Opportunity: Social Proof and Reviews

Ratings, reviews, comments, and visible purchase activity can reduce uncertainty when buyers cannot inspect products physically. Social proof is most useful when platforms verify purchases, display a range of opinions, identify incentives, and make recent or critical reviews easy to find. Reviews can reveal practical details that marketing materials omit. They can also be manipulated through fake accounts, paid praise, coordinated attacks, or selective removal. Research increasingly treats trust and privacy as central determinants of social-commerce adoption. Businesses should not purchase undisclosed reviews or pressure customers to change accurate criticism. Platforms need detection systems, reviewer transparency, and accessible dispute processes. Customers should also be told whether negative reviews are moderated for abuse, relevance, or evidence so removal rules do not operate as invisible reputation management. (Alharbi et al., 2024; Hajli, 2015)

Opportunity: Personalization and Customer Service

Platforms collect information about interests, interactions, location, devices, and prior purchases, allowing sellers to personalize recommendations and communication. Relevant suggestions can reduce search time and help customers discover compatible products. Messaging tools also support rapid service before and after purchase. Personalization becomes harmful when data are collected without meaningful understanding, sensitive characteristics are inferred, or users cannot escape behavioural targeting. Businesses should collect only data needed for a defined purpose, protect it securely, and give users understandable choices. Customer-service conversations may contain addresses, payment issues, or health information and should not be moved casually into insecure public comments. (OECD, 2026)

Challenge: Privacy and Data Governance

Social commerce combines social identity with transaction data, creating detailed profiles of behaviour and relationships. Consumers may not realize that clicking, viewing, messaging, and pausing over content can influence advertising. Sellers may use third-party tools that share data across several organizations. A breach can expose not only payment information but private conversations and social connections. Privacy protection requires data minimization, purpose limitation, secure storage, access control, retention limits, vendor review, and breach response. Consent should not be buried in long terms or forced through confusing interfaces. Smaller businesses may need external expertise because limited resources do not remove legal or ethical responsibility. (Alharbi et al., 2024; OECD, 2026)

Challenge: Dark Commercial Patterns

The OECD identifies dark commercial patterns as a major digital-consumer concern. These interfaces steer people toward choices they might not otherwise make through hidden costs, difficult cancellation, preselected options, false scarcity, confusing buttons, or repeated pressure. Social commerce intensifies the problem because entertainment, friendship, and advertising appear in the same feed. A countdown timer may imply urgency even when the offer is continuously renewed, while an influencer may present paid promotion as personal discovery. Good design should make acceptance and refusal equally understandable, disclose recurring payments, show total cost early, and permit cancellation through a process no harder than enrolment. (OECD, 2026)

Challenge: Influencer Marketing and Disclosure

Creators can explain products in a relatable voice, but their recommendations may be paid, gifted, commissioned, or controlled by contracts. Consumers need disclosure that is clear, prominent, and understandable before they act. A vague hashtag hidden among many tags may not communicate the commercial relationship. Research examining hundreds of thousands of influencer posts has found persistent under-disclosure across platforms. Brands remain responsible for instructions and monitoring when they organize campaigns. Disclosures do not solve every problem; a sponsored claim must still be accurate and supported. Influencers should be free to describe limitations rather than being required to present every product as exceptional. (Federal Trade Commission, 2023; Gui et al., 2024)

Challenge: Product Safety and Counterfeits

Social platforms can connect consumers with sellers who operate across borders and may disappear after payment. Counterfeit cosmetics, electronics, medicines, toys, or safety equipment can cause physical harm as well as financial loss. Platform listings may obscure the legal seller and make recall communication difficult. Consumers need clear identity, contact details, country of origin where required, safety information, and return rights. Platforms should verify high-risk sellers, respond to regulator notices, preserve transaction records, and prevent repeatedly banned vendors from returning under new accounts. Convenience should not allow the marketplace to disclaim all responsibility while profiting from unsafe sales. (United Nations Conference on Trade and Development, n.d.; OECD, 2026)

Challenge: Platform Dependence

A social-commerce business may build its audience on a platform it does not control. Algorithm changes can reduce visibility, account suspension can halt sales, and new fees can erase margins. Customer relationships may remain trapped inside the platform, limiting the seller's ability to communicate independently. Entrepreneurs should diversify channels, maintain lawful customer records with consent, build an accessible website or marketplace presence, and develop email or community options that do not rely on one company. Contracts and platform policies should be reviewed before major investment. Social media can be a powerful route to market, but it should not become the only business infrastructure. (United Nations Conference on Trade and Development, n.d.)

Challenge: Fulfilment, Returns, and Reputation

Attractive content can generate demand faster than a small firm can fulfil it. Delayed shipping, weak packaging, inaccurate inventory, and slow refunds quickly become public through comments and videos. Social visibility therefore increases both opportunity and accountability. Businesses should connect promotions to real stock, provide tracking, publish return rules, and staff customer service before launching large campaigns. Negative feedback should be investigated rather than deleted automatically. A transparent correction may protect reputation better than silence. Operational performance is part of social-commerce strategy because trust created by content is destroyed when delivery, quality, or after-sales support fails. (United Nations Conference on Trade and Development, n.d.)

Strategic Framework for Entrepreneurs

A responsible social-commerce strategy begins with a defined customer problem and a product capable of delivering promised value. The business then chooses platforms according to audience and format rather than following every trend. Content should educate, demonstrate, and invite conversation while clearly separating advertising from independent opinion. Data collection, payment security, inventory, fulfilment, returns, and complaint handling must be designed before scaling. Performance should be measured through repeat purchase, refund rate, service response, customer lifetime value, and trust indicators, not only views or followers. The strongest model treats social engagement as one part of a complete commercial system. (Hajli, 2015; United Nations Conference on Trade and Development, n.d.)

Conclusion

Social electronic commerce creates important opportunities for low-cost market entry, community formation, product demonstration, personalization, and rapid customer feedback. Its social character, however, also creates distinctive risks because commercial persuasion is mixed with relationships, entertainment, and personal data. Privacy failures, fake reviews, hidden sponsorship, dark patterns, unsafe products, platform dependence, and weak fulfilment can turn convenience into consumer harm. Entrepreneurs gain the most when they use social platforms to build credible relationships while maintaining independent operations and strong governance. Long-term success depends less on viral attention than on accurate claims, fair design, secure data, reliable delivery, and transparent accountability. (OECD, 2026; Federal Trade Commission, 2023)

References

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