CONVERSATIONAL COMMERCE : A COMPARISON OF SOCIAL MESSAGING AND SOCIAL MEDIA AS EFFECTIVE COMMUNICATION IN PURCHASING ACTIVITIES

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DECLARATION

"I hereby declare that the work of this exercise is mine except for the quotations and summarize that have been duly acknowledge"

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DEDICATION

I would like dedicate the appreciation to my family especially my parents Mr Mohamad Fazilah bin Sarbon and Mrs Turiah binti Sumardi, my siblings, Shaiful Alif, my friends and You who support and motivate me from spiritually and financially in completing this research. They continuously give me support and advice to fulfil the requirement of the research.

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ABSTRACT

The most common things that we hear nowadays is two ways communications between people who are doing online business as new method of communication with it is customers without any barriers. Conversational commerce is application of conversational agents or artificially intelligent messenger for commercial purposes. Most of the business want to increase need for permanent relationships between customers in different types of communication. The purpose of the research is to find which of the social messaging and social media as the most effective communication. Data is collected by Google Form among 384 participants. All the data tested by regression analysis and t-test and the results are using IBM SPSS Statistic 20. All proposed hypotheses are accepted and supported. From the result of analysis it has been found that most of the respondents are choose trust factor as one of the important thing to make them involve in purchasing activities.

ABSTRAK

Perkara yang paling biasa untuk kita dengar pada masa sekarang adalah dua cara komunikasi antara individu yang melakukan perniagaan dalam talian sebagai kaedah komunikasi yang baru untuk berkomunikasi dengan pelanggan tanpa sebarang halangan. Komunikasi perdagangan adalah penggunaan ejen komunikasi atau utusan pintar buatan untuk tujuan komersil. Kebanyakan perniagaan ingin meningkatkan keperluan untuk hubungan kekal antara pelanggan dalam pelbagai jenis komunikasi. Tujuan penyelidikan adalah untuk mencari komunikasi sosial dan media sosial yang menjadikan mereka adalah komunikasi paling berkesan untuk digunakan. Data dikumpul oleh 'Google Form' di kalangan 384 responden. Semua data yang diuji menggunakan analisa regresi dan ujian T dan keputusannya menggunakan Statistik SPSS IBM 20. Semua hipotesis yang dicadangkan diterima dan disokong. Dari hasil analisa, didapati bahawa kebanyakan responden memilih faktor amanah sebagai salah satu perkara yang penting untuk membuatkan mereka terlibat dalam aktiviti pembelian.

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CHAPTER 1

INTRODUCTION

1.0 Introduction

This chapter will introduce the final year project which, it is to study about conversational commerce. In other hand, it is actually focus on social messaging or social media as effective communication in customers purchasing activities in order to make the business or company out there to try new marketing strategy and not stay in their comfort zone. However, this chapter will start with background of the study and go through with the problems statement. In addition, to make the research more clearly, research questions and research objectives will lead the researcher to what actually the research aim. Next will scope and limitation, the importance of the study and ended with summary.

1.1 Background Of The Study

Appear to discuss the terrible part of today, and it's not unexpected, thinking of progress in machine learning, artificial intelligence and natural language that manages interaction with more conversational and human technology (Christi, 2017). It drives the best approach to conversations about how businesses can, will, and should use more customized conversations with customers. Back to 2011,

Gartner (2011) predicted the following: *"By 2020, customers will manage 85% of their relationships with companies without interacting with humans"*. People like now want to use an Automated ATM Machine (ATM) rather than visiting a bank, and going to a stand-alone supermarket. In this particular situation, it is not difficult to imagine how conversations can be an advanced self-service interface with a business brand image on the platform and channel customers selectively.

E commerce bring a new innovation in marketing and business. It provides a greater experience for both businesses and customers (Piyush *et al.,* 2016). Nowadays instead of speaking face-to-face, we speak apps to apps, today 52% of the population choose to shop online from shopping malls or buy shopping. These all give customers a reliable and easy internet shopping platform to save them time and make customers feel better. Then, the dominant communication method for young adults. Furthermore, the business side or company, e-commerce provides some significant value to the business. One of the benefits of a business earned from e-commerce is having new, better and innovative marketing and sales channel with broad customers (Aydemir, 2013). Additionally, there is an online business and exposing the business to customers will bring great business benefits as it can increase sales opportunities. Selling products or services online will give customers a simple interaction and will immediately impact on outcome (Sullivan, 2010).

Conversational commerce is an access that creates conversations between customer and their brands amid the journey of online customers. Conversational commerce as an effective conversation in purchasing activity is the title of this project where as the main idea is to compare social messaging and social media as effective communication in purchasing activities to resolve conversation commerce that affects more purchasing activity. Conversational commerce may be one of many branches that are part of the evolution of social commerce and mobile commerce that will eventually be embedded in e-commerce. Conversation commerce can be based on social media or other digital settings, such as email and product reviews. Social messaging is an integrated messaging system that includes, networks, apps for mobile devices and instant messaging services (Huang & Li, 2013). Examples for

social messaging are Whatsapp, Line and Telegram. Meanwhile, social media is a platform that user-created content, facilitates information sharing and collaboration across people like Instagram, Twitter and Facebook.

1.2 Problems Statement

Today, businesses are slowly beginning to use social networks as a new approach of communication, with more social networks being introduced in the App Store or Google Store. Hence, rising social networks have increased the need for permanent relationships between customers and customers by different means of communication in Malaysia. In addition, according to the Malaysian Communications and Multimedia Commission (MCMC) (2017) people in Malaysia visit social networking sites (89.3%) is the most common activity. Therefore, technology takes a leading role in supporting communication and completing tasks in purchasing activities. Given that technology is leading, there are many things or factors in which customers take as effective primary communications in their purchasing activities. While doing business in the internet can open markets around the world, it is harder to develop on-going business relationships (Chris, 2018).

Starting with online business is faster, easier and cheaper, but there is no problem, there are some problems that will affect the business as well as technical problems, security problems and customers doubts in some online businesses (Leslie, 2018). While it may prevent or at least address these issues, it is important for business owners to constantly monitor potential problems to avoid major disasters. Therefore, technical problems are common in the online business. There may be compatibility issues where the website does not work. Then, security breaches can bring the website down and damage the business online and affect the customer's secure information. Protect customer information primarily about payments (Leslie, 2018).

Additionally, many businesses are in their comfort zone and do not try other marketing strategies. On the other hand, business owners will know how to effectively communicate with their customers. From the above mentioned issues, this research will assess which conversional commerce are more effective in communicating with customers. Infinitely, comparisons of social messaging and social media in Malaysia as an effective communication in purchasing activity is to find which conversational commerce that influence customers in their purchasing activities in this era of technology.

1.3 Research Questions

The initial research questions is to study the comparison of social messaging and social media as effective communication and providing a path through the research and writing process (George Mason University, 2018). The guidance that were asked in the study were:-

i)   What are the factors that effects the social messaging and social media as an effective communication of customers in their purchasing activities?

ii) What are the relationship between Customer Attitude, Customer Satisfaction, Social Influence and Trust Factor to Purchasing Activities?

iii) What are the result between the comparison of social messaging or social media as an effective communication in purchasing activities?

1.4 Research Objectives

The importance of construct research objectives is to develop the framework that must be focus on due to the research. The research objectives drive all aspects of the methodology, including instrument design, data collection, analysis, and ultimately the recommendations (Kevin, 2017). The research objectives that were to be answered the research questions are as follow:-

    i)   To determine the factors influence social messaging and social media as an effective communication in purchasing activities.

    ii)   To determine the relationship between Customer Attitude, Customer Satisfaction, Social Influence and Trust Factor to Purchasing Activities.

    iii)   To evaluate the result between the comparison of social messaging or social media as an effective communication in purchasing activities.

1.5 Scope of The Research

The scope refers to the overall part proposed by the research topic and the problem statement that intends to accommodate (Mauri, 2012). The research was held at every state around Malaysia and focus more on customers who was experienced in online purchasing activities. The research was using Google Form and data collection technique as the research model. Target respondents of the Google Form was customers who use their smartphones to shop or online shopping as they were occupied with more knowledge in the effective communication in purchasing activities. The data collection was from real time to support the research.

1.6 Limitation of The Research

Limitation is a problems with a study that make it not reach the full expectations (Racheal, 2012). The limitations of the research were more on human factor. Due to the large scale of spreading of Google Form, there was a lack of accuracy in answering the questionnaires as human error will appear. As the respondents were selected at random to perform the research, the honesty levels of respondents were different from each other. So, there was a limitation to the validity of the result got from the respondents.

Another limitation of surveys can be found in the structure of the method itself. Fixed choice surveys generally assume an un-stated general information of the topic being investigated, and force the respondent to answer questions that he or she may be ignorant of, have a different understanding of personel perception, or which are impacted by exogenous factors (Ben Beiske, 2002), for example, education, culture, age, or income.

Saunders *et al.,* (2009) also describe the limitations of questionnaires with regards to the expected outcome, which may for instance highlight trends or attitudes, but will fail to explain the underlying reasons for the outcome.

1.7 Importance Of The Study

The importance of this study is to determine the factors and importance of each factor that affects the effective communication of customers in purchasing activities. By knowing the factors and the importance of each, many marketing plans can be carried out or modified for a better marketing strategy. Indirectly, this research creates customer awareness on the effective conversational commerce in purchasing activities. For the social networking industry, this survey is a stepping

stone to choose the best communication between social messaging and social networks for use in their purchasing activities as it saves time and cost for the business industry (Chitra, 2018).

The main purpose behind this research is to get a deeper topic with useful goals that can be created that can help everyone especially customers (Chitra, 2018). Quality will be maintained during research should depend on the goal of obtaining the information to be used in certain policies and future project implications.

1.8 Summary

This chapter was discussed about the introduction of the research which was to determine the factors and their relationships of each factors towards purchasing activities of customers and customers upon effective conversational commerce due to increased use of gadgets to online shopping in Malaysia. Then, the problem statements which were the source of the research were stated here with the objectives to support them. The scope and limitation of the research was in this chapter along with the importance of the study as these were important to support the outcome of the research.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

The previous chapter introduces the research problem that the research is trying to do. It includes research backgrounds, research objectives and questions. This is followed by an overview of research methods and research contributions. Influenced by research objectives and questions, this chapter reviews relevant literature of the research.

The e-commerce literature review is first presented including definitions, business benefits and risks and limitations associated therewith. This is followed by general review of the m-commerce definition and benefits. Next, the important part where to discuss what is conversational commerce and only focus on social messaging and social media. Besides, it also review the examples of social messaging and social media. Furthermore, customers attitudes towards purchasing activities is then discussed which include definition and the factors influence as well. Next, will discussed customers satisfaction as well as the definition and the factors. Same goes to social influence and trust factor, will discussed the definition and the factors that influenced effective communication in purchasing activities.

2.1 Electronic Commerce

As the Internet is growing and mature, it brings with it a new form of communication technology where users can almost instantly exchange messages with each other. Trade in the Internet is usually referred to as Electronic Commerce (e-commerce) involving financial transactions via the Internet, the Web or the mobile app in exchange for the product or service (Qin, Chang et al., 2014). Yaser (2013) defines e-commerce as "*Interaction between communication systems, data management systems and security, which because of them exchange commercial information in relation to the sale products or services, will be available*".

For the purposes of this research, e-commerce is widely used and is defined as the entire process of sales and purchase of products and services via the internet (Maha, 2017). Both social messaging and social media have the same process. These include pre-sales activities such as brad awareness and marketing of products and services, transaction transactions such as pricing and delivery, inventory control and ultimately sales activities such as customer service and warranty registration (Cater-Steel & Grist, 2008), these means the process of the product is marketed so that the product is received by the customer. Ecommerce has been classified in many categories:

- Business to customer (B2C)
- Business to business (B2B)
- Customers to customers (C2C)

First, it is a business for the customer category (B2C) where the online customers are on the Web. Second, there is business for business (B2B) where transactions are done online on the Web between different businesses. Third category, customer to customer (C2C), including transaction between customers as in auction site (Schneider, 2014).