

Social commerce in korea

Business, E-Commerce



In the final group project, our team was responsible to analysis a company which we selected involving ' Process Improvement'. In ' Process Improvement' section, that the key elements was ' Deming's quality improvement wheel', ' Baldrige national quality award' and ' Six sigma DMAIC process steps'. Through our team discussion, we decided to select ' Ticket Monster' as our target company of final group project. After knowing current status of Ticket Monster, we analysis the company by applied ' Deming's quality improvement wheel', ' Baldrige national quality award' and ' Six sigma DMAIC process steps', these three major theory.

Finally, we gave several suggestions o Ticket Monster, which we thought could encourage service process system of Ticket Monster. 1. Company background Ticket Monster was founded in May 10th 2010 as the first group-purchasing social commerce website in South Korea by Hyun-sung Daniel Shin. The first coupon that was displayed on Ticket Monster was sold out on the first day of the opening of the website [www. ticketmonster. co. kr](http://www.ticketmonster.co.kr). Ticket Monster sold GS Caltex coupons in October 2011 and recorded 4th in the world in terms of daily sales.

Despite this achievement, the Korean social commerce market is becoming ever more competitive with new social commerce websites opening up every day. Ticket Monster is facing challenges in increasing number of visitors and maintaining high levels of sales without incurring larger costs. 1. Internal Environment (Financial, Management, HR, IT, Strategy) It does outsource financial services (e. g. online bank transactions) to KCP CB System Inc. however, as well as the delivery system to various parcel delivery companies.

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External Environment 1. Macroscopic(policy environment, economic environment, social culture environment, science/technology environment, legal environment) 2. Microcosmic Environment (Nature of Business, Competitive Landscape, Consumers, Suppliers, Interest Group) The industry of Social commerce Ticket Monster was subordinate to the social commerce industry. Social commerce is a concept that incorporates user-generated advertorial content and collaborative e-commerce tools that enable shoppers to advise each other on goods and services.

Unlike what is most common in the Korean market nowadays, ‘ social commerce’ is not limited to websites that facilitate group purchases.

Advertising products through Twitter or opening an online shop on Facebook are also categorized under the term ‘ social commerce’. Social commerce can be categorized into four types which we will now explore: the social link, the social web, the group buy and the offline connection. [1] Social commerce in Korea Social commerce was an innovative form of trade that created a sensation when it was first introduced in Korea on February 2010 by Wipon.

There are two main factors that played into setting the field for social commerce to become so successful and popular in the Korean market. First, there had been a steady increase in the number of e-commerce users. Because of the similarity in payment methods between e-commerce websites and social commerce websites, social commerce websites were already familiar to consumers. That is, it was easier for customers who

already used e-commerce to understand the concept of social commerce and how it works, which made social commerce an easy option to try out.

The second factor is the sharp rise in Smartphone users during the last two years. With this increase came the broad availability of wireless or 3G networks that made connecting to the Internet easy, fast, and convenient. This trend fed into the rise in popularity of social networking services (SNS) such as Twitter, Facebook, or Foursquare. Thus, the growth of SNS supported the main idea of social commerce, whose main differentiating value is the ability to discuss about the deals among peers. Thus the rise in SNS users contributed to the boom of social commerce websites. Competition

As the Korean social commerce industry continued to grow, there emerged the Big 4, which included Ticket Monster, Coupang, WeMakePrice and Groupon. These four companies have the largest number of visitors so far and are engaged in fierce competition with each other. By making use of their capital, they engaged in aggressive marketing including TV commercials, and expended the scale of their e-commerce business model. Customers & Suppliers Ticket Monster works in both B2B and B2C. As explained previously, it operates in B2B with different merchants who sign up to its website.

Ticket Monster posts the discount deals of the merchants' products and services. If the deal reaches a critical mass, the individual customers – thus also B2B – pays Ticket Monster in exchange for a coupon, and Ticket Monster in turn pays the merchant's share. The business clients are those who offer products and services in the geographic areas of operation – most often in

the industries of restaurants, hotels, tourism, and skin care – but the pool of merchants is diversifying more and more as the Korean population is growing more accustomed to the system of social commerce.

The individual customers of Ticket Monster create a diverse pool, not necessarily limited to a specific age range or region. However, most of them share the characteristics that they reside in Korea, enjoy cheaper prices for services and products of value, as well as spontaneous “ fun” consumption[2]. They also tend to be ‘ early adapters’ in their 20’s and 30’s.

1. Characteristics of service The service offered by Ticket Monster adds value to retailers because they are guaranteed a certain number of buyers once the quota is met.

Also, Ticket Monster helps its merchants in the marketing of their services by offering free consulting, product package development, professional shooting and contents production, and customer service management services. Ticket Monster also boasts the greatest coverage in terms of the geographic areas in which its deals are offered. Therefore, the retailers can benefit from marketing and branding benefits by being a partner of Ticket Monster, as they can use Ticket Monster as a strategic platform to attract the young generation of Korean consumers – thus effective marketing effects for local businesses at relatively low additional costs.

Also, by offering discount deals, it can strategically lure new customers so that – with the right CRM plan and positive reviews – these customers will return and eventually become a loyal member. . Positive reviews will finally also generate good word-of-mouth for the tech-savvy Korean ‘ netizens’ a

great number of whom are used to look for reviews and information on ‘Naver’ – the most popular search engine in Korea – before deciding where to go. For individual customers, the advantage through using Ticket Monster is that they can get discounts (50% as guaranteed by the company’s motto) on popular services.

They also get to discover new companies and brands, that they may have difficult in encountering without Ticket Monster deals due to high prices. The power of group buying has a clear economic benefit for consumers. Also, Ticket Monster boasts the greatest diversity of products offered out of all the social commerce websites currently operating in Korea[3], and thanks to its vast coverage, it is able to offer more deals and reach more people all over the peninsula.

As a social commerce website, Ticket Monster’s main activity does not include any manufacturing or physical production. It serves as the link between the merchants and consumers, and delivers its coupons electronically. The biggest services it offers are its consulting services, as well as its marketing capabilities through its typical ‘storytelling’ method: describing the product or service by telling a ‘story’ through pictures of its models using the product in question. Hence, its photographers and web designers are a crucial element in its success[4].