

Browse, Read, Shop, Share: Social Commerce And How To Tap It



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Problem of practice:

A shift in online shopping is underway as consumers increasingly browse and buy through social media: A phenomenon called social commerce. This presents a challenge for e-marketers, as consumer participation in social commerce is voluntary, with more choice regarding if, when, and how they engage. With this greater autonomy comes a tougher business issue: How to motivate consumers to participate in social commerce, and how to shape their purchase decisions and post-purchase behaviors. To help meet this challenge, we highlight a recent [study](#) by Xiaolin Lin and Xuequnin Wang that reveals two levers for increasing the effectiveness of social commerce.¹ First, in the lead up to the sale, businesses need to develop a social media environment where consumers find it easy to seek information related to the product or service. Second, after the sale, businesses should make it easy for consumers to share information with other consumers. To help enhance both levers, we present the REACH framework and illustrate with examples, as well as implementation details

¹ Featured in the September 2023 issue of the *European Journal of Information Systems*, authors Xiaolin Lin and Xuequn Wang in their [article](#): “Towards a model of social commerce: improving the effectiveness of e-commerce through leveraging social media tools based on consumers’ dual roles” show how social commerce can shape customers’ purchase decisions and post-purchase behaviors

Motivation Is Key

Global sales through social media platforms were estimated at **US \$1.3 trillion in 2023**², compared to a total online sales volume of **\$5.8 trillion**³. This also implies a major consumer shift underfoot, as social commerce is **growing at 3X** the rate of **e-commerce**, and is projected to touch \$8.5 trillion by 2030.⁴ All of this is underpinned by a large base of 4.9 billion active and increasingly engaged **social media** users worldwide.⁵ This growth and shift in consumer buying is now compelling businesses not only to sell through social media, but also to gain trust, loyalty and influence repurchase decisions.

So how can businesses ride this rising wave of social commerce? The study by Lin and Wang highlights two buyer behaviors in social commerce. First, businesses should motivate information-seeking behaviors of social media buyers before the purchase. To do so, businesses must recognize the two forms of motivation – intrinsic, and external. Second, businesses should encourage their buyers to share information after the purchase. This not only influences other buyers, but also motivates the sharers themselves to re-purchase. This insight suggests a way beyond the typical strategy of placing ads in user social media feeds. The question now is: Where to begin?

Making The Shift To Social

To encourage the *pre-purchase* journey, businesses can start by facilitating the information-seeking behavior of consumers. This takes the form of incorporating features such as customer ratings, reviews/recommendations and product images, videos, user-generated content such as queries, and feedback for improvement. **Taobao**, a Chinese online shopping platform, incorporates these elements and more: It enables not only queries from shoppers, but also sellers' responses.⁶ It also hosts live streaming shopping events and promotions, creating a social atmosphere. In another shift-to-social, e-commerce giant **Amazon** has partnered with image sharing platform Pinterest, with the goal of making 'every pin [image] shoppable' on Amazon.⁷ Having inked another such deal with Facebook, Amazon clearly wants to make the shopping experience seamless from within multiple social media platforms. The seamless shopper experience is an example of how Amazon is trying to heightened the *intrinsic* (aka autonomous, or self-driven) motivation of social media users.

In the fashion industry, consumers often turn to influencers on thriving social media platforms like **Instagram** and **TikTok** to seek information about apparel and accessories.⁸ When they see influencers using and endorsing products,

Social media Impact

As per a Statista report :

- The worldwide revenue of social commerce is valued at US \$724 billion in 2022
 - The revenue is forecasted to surpass US \$6 trillion by 2030
 - Social commerce has shown more prominent use among adults aged 26 to 41
 - Over 80 percent of the online population in Thailand, India, and China are social buyers
-

consumers' self-motivation to explore and buy increases. Businesses can leverage this autonomous motivation by collaborating with relevant influencers. A simple form of controlled motivation is companies that provide discount codes specific to social media usage.

Similarly, in the *post-purchase* stage, direct to consumer brands can encourage customers to post reviews and provide a platform to share their experiences and queries. This not only informs potential buyers but also creates a sense of intrinsic enjoyment in being part of a trend. In the travel industry, **TripAdvisor** encourages users reviews of hotels, restaurants, and attractions through a 'Contributor Badge' system.⁹ These badges are not only a status symbol but also a nonmonetary type of controlled or external motivation.

An example that blurs the line between pre- and post-purchase process is **Facebook Marketplaces**, which allows users to see what their friends have purchased, and interact with sellers and other shoppers.¹⁰ This marketplace works like a peer-to-peer selling platform, much like eBay, where individual items rather than brands are listed, often to attract local buyers. In 2021, it made **\$26 billion in gross revenue** leveraging the power of social network.¹¹ Another example of controlled, purchase motivation is Chinese e-commerce player **Pinduoduo**.¹² Focusing on price-conscious customers living in smaller cities and towns, the company encourages group and family shopping, offering discounts to motivate team buying. It then enables sharing of consumers' shopping experience with their friends—to perpetuate the circle of more social commerce.

Finally, let's talk about the Indian marketplace Meesho, which has repeatedly **surpassed** Amazon in sales order volume, during India's festive season.¹³ Meesho assists small resellers, often homemakers in small towns, to connect with buyers who are often in shared and trusted social media circles. While Meesho helps users discover

their trusted social influencers' products online, it also helps the sellers in [unique ways](#).¹⁴ It not only helps with logistics and delivery, but also in working capital loans, and curating their product selection. Furthermore, they have also leveraged controlled motivation through [tactics](#) like discounts, promotions, reward programmes, referral bonuses and limited-time cashback offers.¹⁵

Investing In Social Commerce

A simple way to get started in social commerce is to incorporate both information seeking and information sharing features on existing social media platforms like Instagram, Facebook, YouTube, and LinkedIn. A [dedicated app](#) that enables consumers to purchase from your company based on their social connections may cost between \$25,000 and \$75,000 to build.¹⁶ However, these are just initial moves related to infrastructure. The future success of social commerce initiatives will hinge on strategic investments in the entire customer lifecycle — before, during, and after purchase. Investments in technology development, as well as user engagement are needed to focus on seamlessly integrating with social commerce features, content creation and community management. Additionally, implementing information exchange platforms, rewards programmes, and integrating with popular social media platforms will incur development costs. Communication efforts to periodically update users on the impact of their contributions and sustaining autonomous motivation will also be crucial.

A ready reckoner for social commerce aspirants

- (R)ecognize Information-Seeking Intentions
 - (E)ngage Actively with Customers
 - (A)mplify Perceived Usefulness
 - (C)reate Enjoyable Shopping Experiences
 - (H)arbour Customer Satisfaction and Loyalty
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Commerce With Caution

While the growth of social commerce is undeniable, it also carries [risks of failure](#), including a failure to strike the right balance between user autonomy and controlled motivation.¹⁷ Excessive use of controlled motivation by a company on a social platform by way of mega influencers, paid reviews, or incentive driven feedback may backfire due to customer awareness, after shopping experience and usefulness. Negative feedback tends to spread fast on social

media and can deal a heavy blow to the product or brand image. Gaining trust and credibility by [offering quality products, safe shopping options, after sale services](#)¹⁸ are some of the [key challenges](#)¹⁹ for those joining the social commerce boom.

Some firms, such as [Blippy](#) —a social media sharing site, where users tracked each other's shopping details—faced failure due to privacy concerns, as users became uncomfortable sharing their purchase information.²⁰ Mismanagement of user-generated content is another critical factor, as seen with the downfall of [fancy.com](#), a website that tried to merge community and commerce, to share and shop a curated collection of extraordinary lifestyle products. Sometimes websites may sink due to inconsistent product quality and poor customer experiences as exemplified by the struggles of [fab.com](#), a members-only, daily deals site.²¹

Another caution is around which product or service category is ripe for the social commerce treatment. While we have highlighted examples from travel, [fashion, cosmetics, home decor and lifestyle items](#), social commerce is less common for the most expensive durables like automobiles, ultra-luxury brands, and items like limited edition products, and B2B industrial products.²² But signs of livestream opportunities in car sales are emerging and [auto sales on social platforms](#) are likely in the not-too-distant future.²³ Similarly, [luxury items](#) are also making an appearance on social commerce venues.²⁴



Companies that have succeeded in social commerce have avoided the above risk factors, while **adopting strong motivators** across the user journey.²⁵ Nike has expanded its reach by riding the social media trends and adopting a multi-pronged social commerce strategy. Walmart uses Tiktok's shoppable product stickers, that allow users to make purchases directly from the app. **Myntra**, a digital fashion retailer from India, reinforced its social commerce strategy by adding features such as live shopping sessions where fashion influencers can showcase the product and users can make queries and shop too.²⁶

REACH For Social Commerce

To bring together all the insights, we offer here a brief outline of how business development and marketing managers can **integrate social commerce**:

- **(R)ecognize information-seeking intentions:** Acknowledge that consumers often turn to social media and social commerce for information-seeking purposes, whether it's product reviews, recommendations, or interactions with others.
- **(E)ngage actively with customers:** Proactively engage with your customers through a variety of methods. This can include collaborations with influencers or other businesses, encouraging user-generated content like reviews and recommendations, and incorporating social features into your platform.
- **(A)mplify perceived usefulness:** Focus on improving how consumers perceive the usefulness of your social commerce platform. Provide features that facilitate easy access to information, interactive tools, and opportunities for user participation.
- **(C)reate enjoyable shopping experiences:** Design your platform to be more than just a transactional space. Make

it a place where users can have enjoyable and pleasurable shopping experiences. This might involve elements of personalization, social interaction, and entertainment.

- **(H)arbour customer satisfaction and loyalty:** By following these suggestions, you can ultimately contribute to increased customer satisfaction and loyalty. Engaging consumers and enhancing their shopping experience can lead to stronger connections with your brand and greater trust in your platform.

So in a nutshell, when you need to enhance your social commerce, **REACH**.



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