

A Comprehensive Guide to Social Commerce



hashmeta

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1 Introduction to Social Commerce

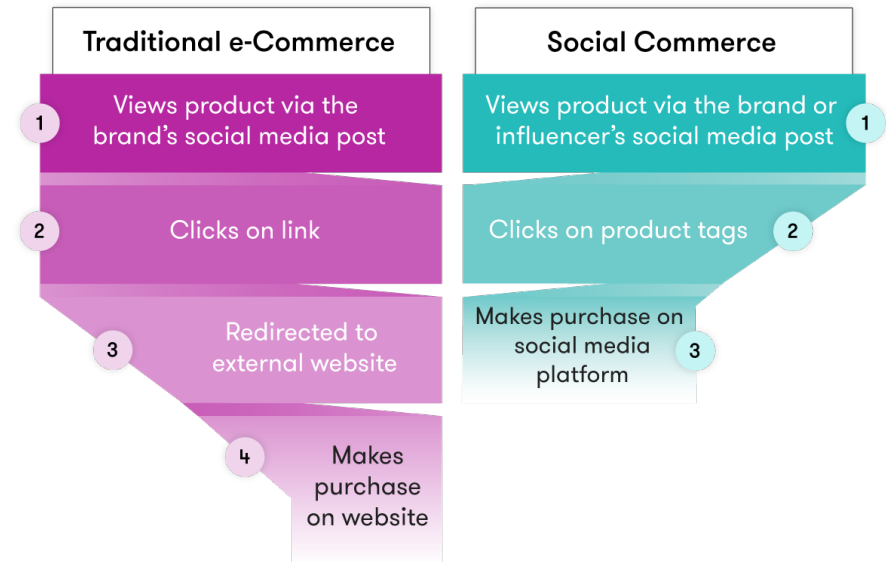
What is social commerce?

Social commerce is the practice of selling products directly through social media platforms. Unlike traditional social media marketing models, there is no redirection involved, and users are able to checkout directly within the platform.

The result is an easier and more streamlined process with fewer clicks involved in the purchasing journey, thus reducing the potential for drop-offs. Many social networking platforms do this by integrating e-Commerce elements within their own functions, such as e-payment systems and online marketplaces.

Furthermore, online shopping platforms are increasingly adopting social media networking elements such as social feeds, live streaming, community engagement and chat functions. This new phenomenon, in which the lines between e-commerce and social media are increasingly blurred, further explains what is commonly referred to as **social commerce**.

Selling on Social Media



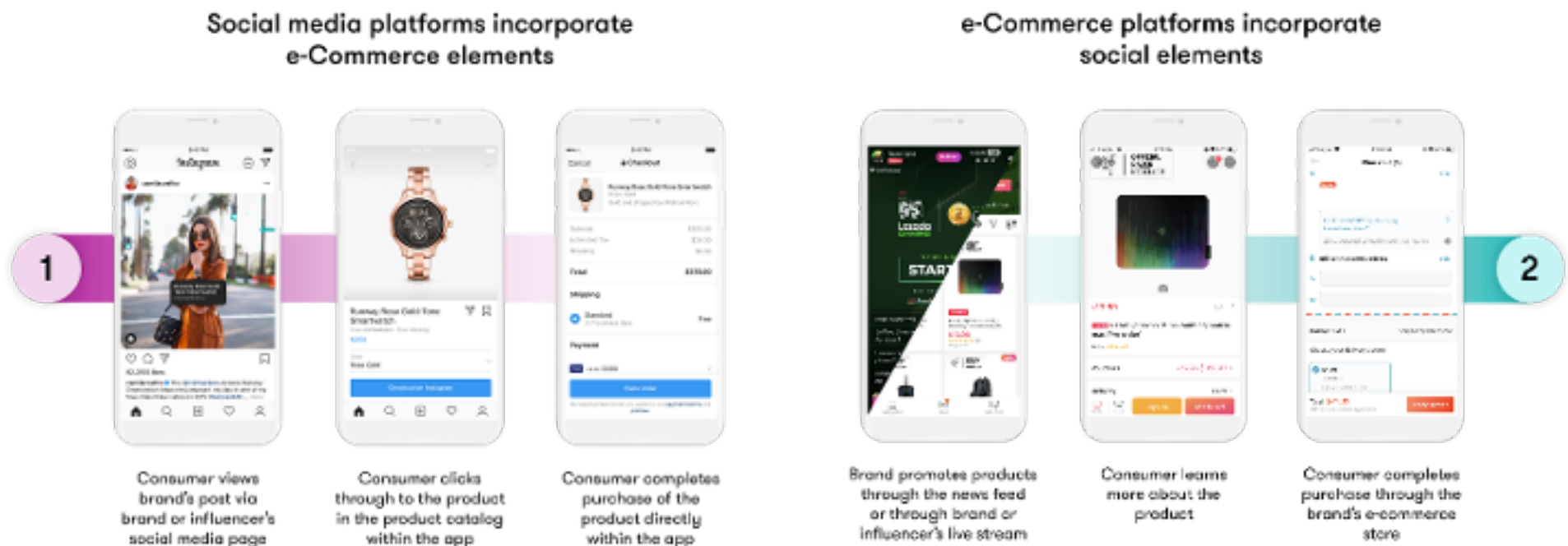
How does social commerce work?

Social commerce can be driven by either social media platforms or e-Commerce sites.

On social media platforms, customers can encounter a product via a brand or influencer's page, or encounter a brand via advertisements on platforms such as Instagram Stories. They can also click through to a product catalog or brand page to view similar items and complete their purchase directly through the platform.

on e-Commerce sites, brands may list their products through official stores or resellers. Products may also appear through the site's product feed when customers search for relevant keywords. Likewise, consumers are able to compare prices between similar items or view multiple products through the brand's catalog, and complete their purchase directly through the platform.

e-Commerce sites often utilise social elements such as chat functions, buyer reviews and video feeds to encourage greater interaction between users and brands.



Why is social commerce important for brands?

Social media has become an extremely important source of product research and information for users in the Millennial and Generation Z demographics. According to GlobalWebIndex, 42% of social media users rely on social networks for knowledge on the price and quality of products. This trend has also translated to an increase in social commerce sales across the region. According to a study by Euromonitor, social commerce sales in the Asia Pacific region (APAC) reached USD 2 Trillion in 2019 and is expected to double by 2024.

Brands who recognise this potential are increasingly incorporating social commerce as part of their integrated marketing strategy, especially when it comes to driving top-of-funnel brand awareness towards purchases.

Social interactions, including interactions with Key Opinion Leaders (KOLs), user-generated content (UGC) and live-streaming, referral selling and product reviews from within existing social circles motivates 40% of consumers to buy a product they had not originally intended to purchase¹.

This is especially true in markets such as China, where social commerce has firmly established itself as an integral portion of its highly competitive retail scene. Chinese consumers are particularly receptive to social commerce due to the high penetration rates of both social media and digital payment systems nationwide, as well as its embracement of e-commerce.

Around 55% of users in China² buy goods or services directly on social media apps. Meanwhile, Generation Z is on track to become the largest consumer generation in decades, spending twice to thrice as much time shopping directly on social networking platforms³ than the average consumer.

With its social commerce gross merchandise value (GMV) set to exceed CNY 2.86 Trillion in 2021, China, as a social commerce pioneer, is set to be the model for the growth of social commerce in other countries across the region.

In 2020, the social commerce and e-Commerce landscapes continue to evolve, with the online sales of goods — in particular, grocery and pharmaceutical products — skyrocketing due to the ongoing global Coronavirus (COVID-19) pandemic. In response, online and social commerce services have expanded to include contactless and even robot-based deliveries, while typically offline stores, restaurants and home-based businesses have also stepped up their online and social media presence.



1 Source: McKinsey China Digital Consumer Trends 2019

2 Source: 10 e-Commerce trends 2020

3 Source: The Global Omni-Channel Consumer Shopping Research Report

2 Social Commerce Landscape

Social commerce players

As social media and e-commerce become increasingly intertwined, users are looking for faster, more streamlined means of shopping from ads and posts. For brands looking to venture beyond traditional e-commerce and social media marketing, social commerce is a natural next step. Many social platforms have already begun to include social commerce elements in their interface to meet this demand. In particular, Chinese social media apps dominate the social commerce sphere.

LITTLE RED BOOK

Xiaohongshu, also known as “Little Red Book” or “RED”, began as a lifestyle sharing platform and has since evolved into one of the fastest growing social commerce apps in China⁴.

It is designed to help users discover and purchase products as well as share recommendations and tips, and is primarily driven by user-generated content. Users often use Little Red Book to view in-depth product reviews and how-to tutorials created by other community users.

They are also able to save posts, interact with content and other users, create their own content, connect with brands, and purchase items without having to leave the app.



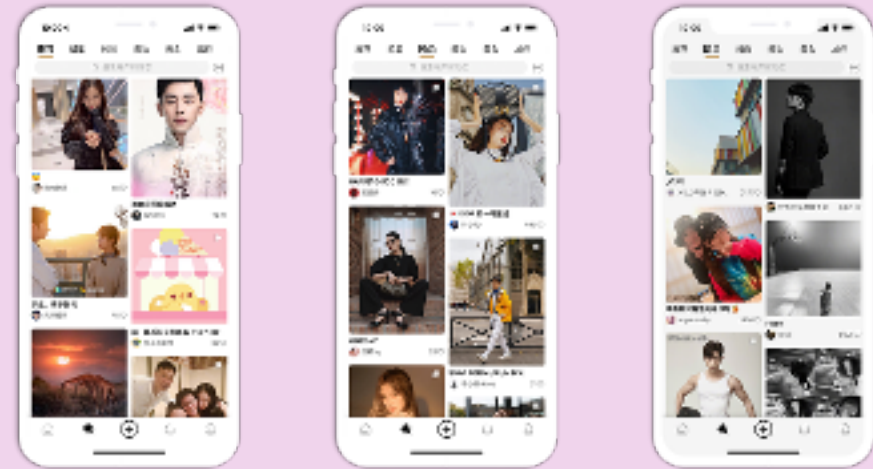
Source: Little Red Book

⁴ Source: Know Your Chinese Social Media

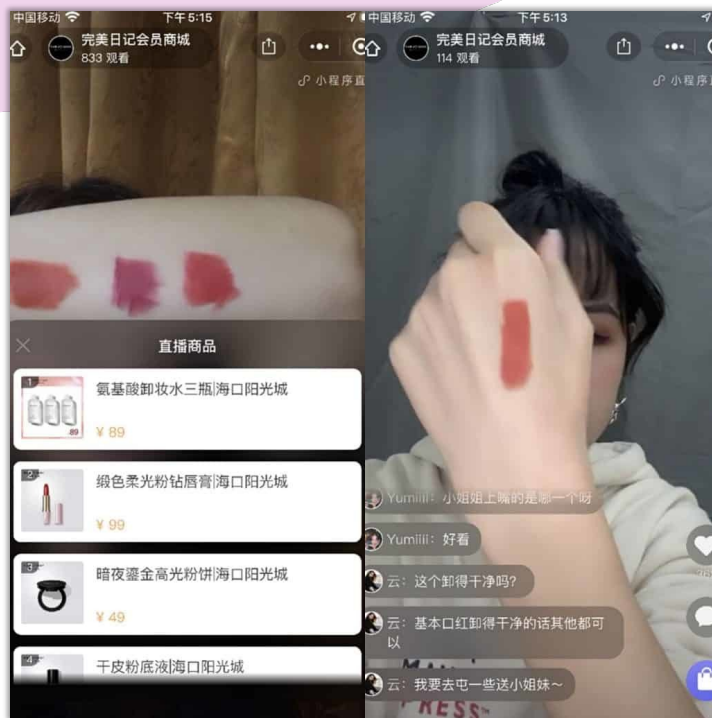
WEIBO

Weibo, a popular microblogging application in China, launched its new social app, Oasis, in September 2019. The image-based lifestyle and fashion app is meant to be an answer to Little Red Book, a popular social shopping platform in China, and bears some similarities to Instagram.

In addition, Weibo intends to amp up its presence in the social commerce sphere through its investment in YMatou, a cross-border e-Commerce application.



Source: Weibo Oasis



Source: WeChat

WECHAT

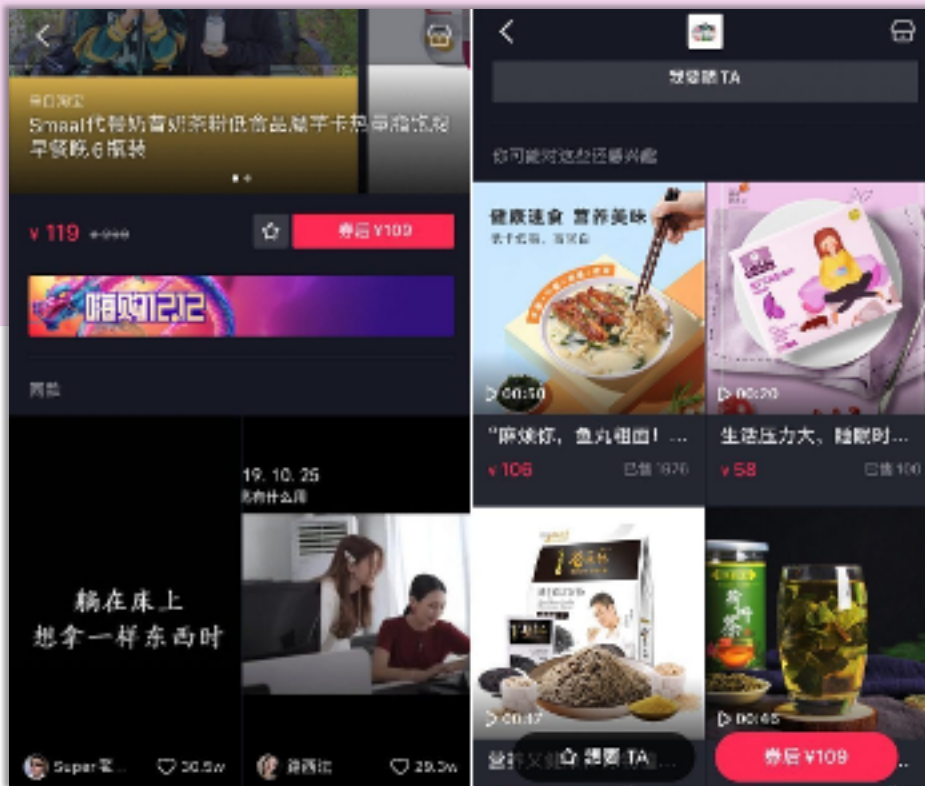
WeChat, the most used social platform for product research and discovery in China, launched “Good Product Circle” in April 2019, a feature that allows users to recommend products, access friends’ recommendation lists, and socialise on the interface.

WeChat recently released its live streaming function for mini-programmes, allowing brands to highlight new products and interact with consumers on the app in real-time. Consumers can also purchase products from within WeChat mini-programmes without leaving the app.

DOUYIN & TIKTOK

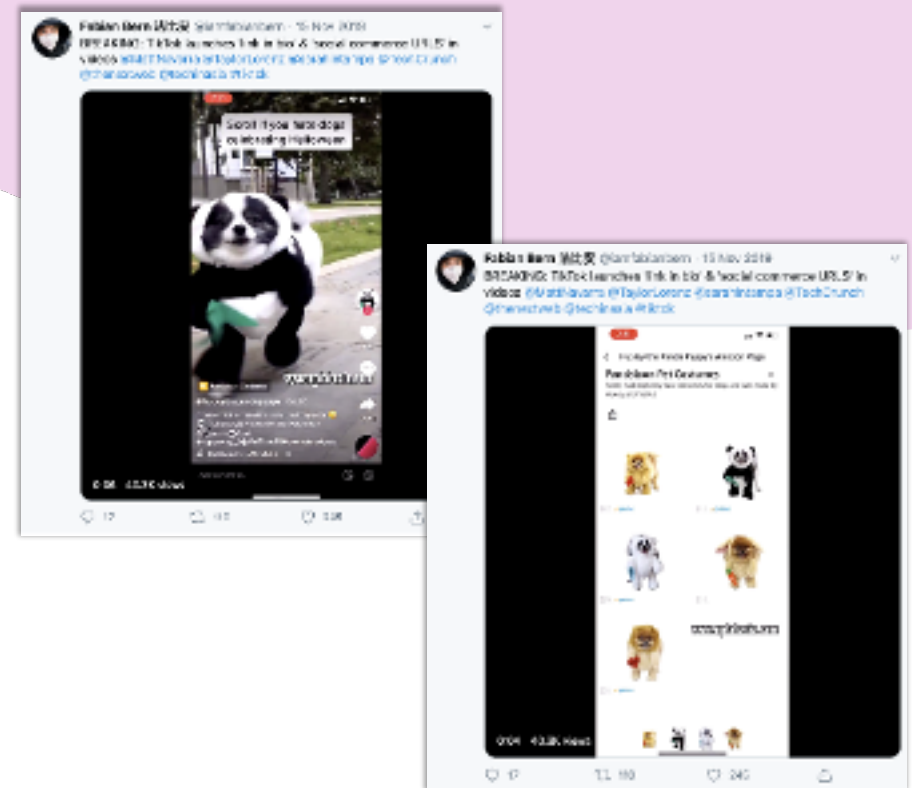
New social platforms such as Douyin have also begun to incorporate social commerce elements into their interface. Douyin's partnerships with e-commerce marketplaces such as Taobao and the ability to create brand-specific mini-programmes for purchasing allow users to shop for products and make payment without leaving the app.

Tiktok, Douyin's younger, international-focused counterpart, has also been testing similar functions by making shoppable challenges available to select brands. Other features like a direct 'link in bio' or product URLs in Tiktok videos have also been teased.



Source: Douyin

In Douyin, users are directed to a page listing an assortment of recommended products after clicking on an advertisement



Source: Twitter

Tiktok tests social commerce URLs within in-feed videos

INSTAGRAM CHECKOUT & FACEBOOK SHOPS

With over a billion active users in 2019⁵, it's a no-brainer why Instagram's popularity as a commerce platform has exploded in the past 5 years. Instagram first introduced shoppable tags in 2016, where users could click on tagged products within images to be redirected to a purchase page. Instagram expanded its social commerce features with the launch of Checkout in 2019, allowing users to purchase products directly from the app.

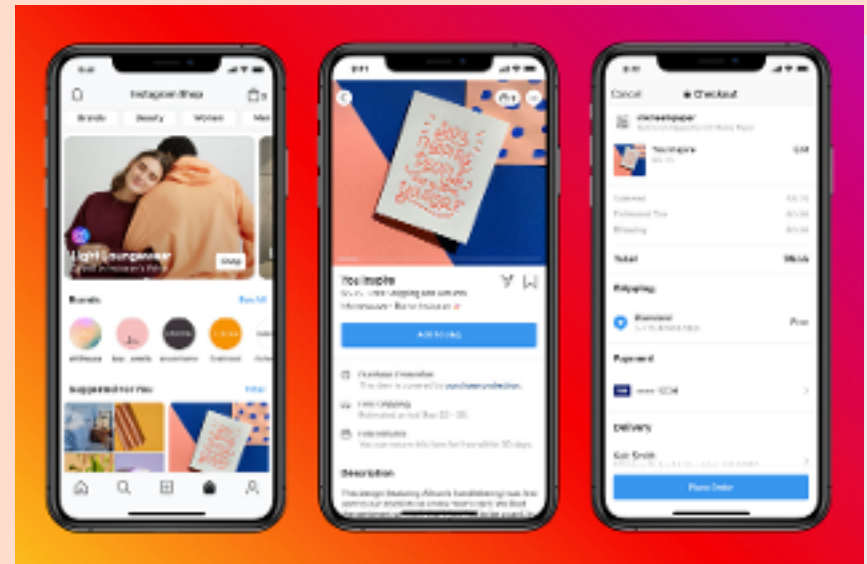
Entrepreneurs and small businesses can now also use the newly launched Facebook Shops to connect with consumers. This new service seamlessly links businesses with their customers through WhatsApp, Facebook Messenger and Instagram Direct. Customers can use these platforms to ask questions, get support, and track deliveries. Facebook Shops will also be expanded to allow users to view a business' shop and make purchases directly from Facebook Messenger.

5 Source: Most Popular Social Networks Worldwide as of April 2020



Source: Facebook

Facebook Shops was rolled out in May 2020

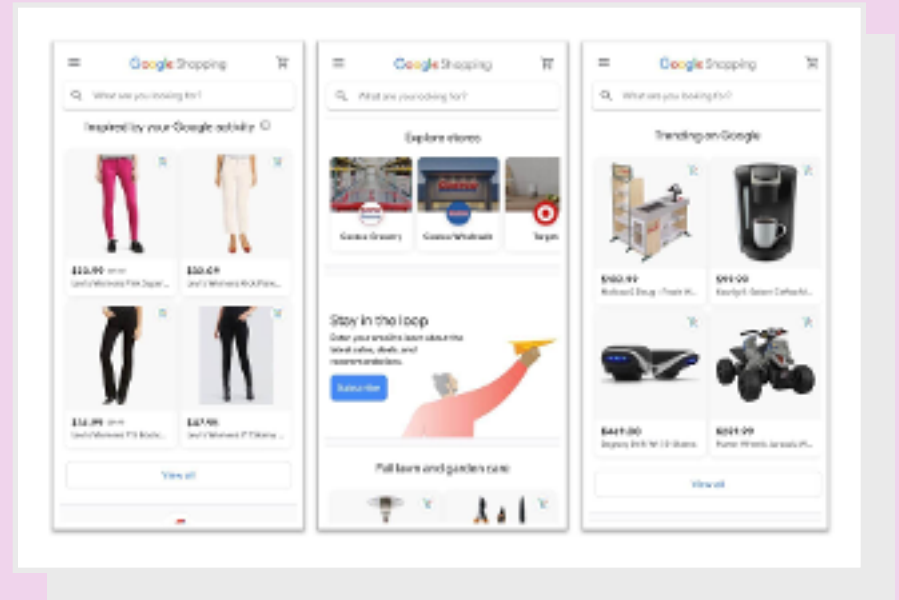


Source: Facebook

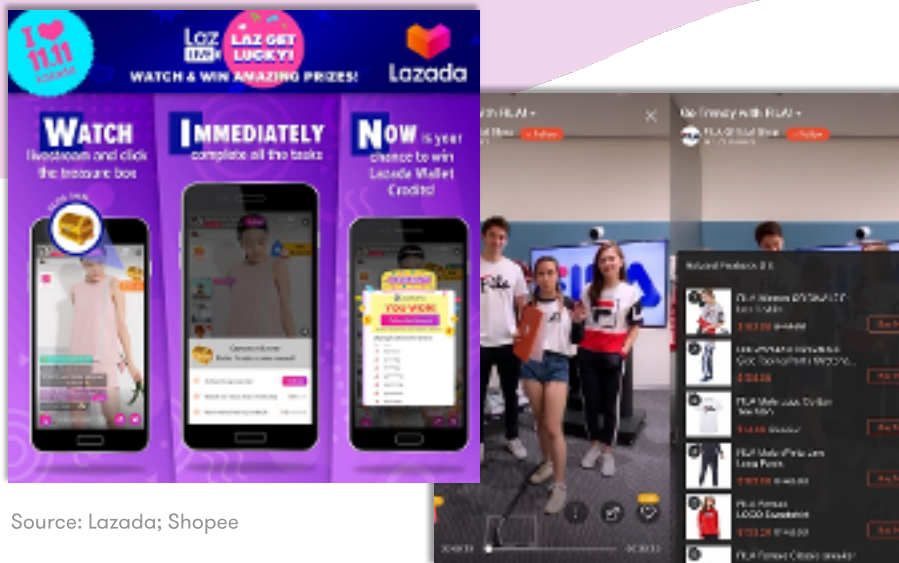
Instagram Shops will be introduced in the United States in the summer of 2020

GOOGLE SHOPPING

While it is not a social media platform per se, Google Shopping is one of the largest growth opportunities for online retailers⁶ across the world. Accessible via a mobile app, a website, or simply through Google's search results, the platform allows customers to browse and purchase products from multiple retailers directly through Google. While its current presence in Asia may be limited, its success in Western markets is a promising indicator of Google Shopping's potential influence in the social commerce landscape.



Source: Google Shopping



Source: Lazada; Shopee

L: Lazada's LazLive feature; R: Shopee Live

LAZADA & SHOPEE

Southeast Asian e-commerce marketplace giants Lazada and Shopee have also begun to incorporate social networking elements into their applications. Both retailers are huge on the concept of streaming their events and products live to connect with customers.

⁶ Source: Google Shopping is the Largest Growth Opportunity for Most Online Retailers in 2019

In addition, both giants have also incorporated elements of gamification into their platforms. Lazada allows users to ‘slash’ prices with the help of their friend network, while Shopee allows users to “catch” items on screen with an augmented reality feature.

Both apps follow in the footsteps of interactive e-Commerce app Pinduoduo, a pioneer in social sharing and group buying on e-Commerce platforms. The app has risen to become the third largest e-Commerce player in China behind Alibaba and JD.com. If these indications are anything to go by, Lazada and Shopee could well be on the right track.



Source: Lazada; Shopee

Lazada and Shopee both advertise in-app games that reward users with points or exclusive discounts



Last year, social commerce accounted for 14% of China's online sales⁷, serving more than 300 million shoppers collectively. In the use case below, we examine one of the country's most popular content-driven social media platforms to discover how social media and e-commerce can work hand-in-hand:

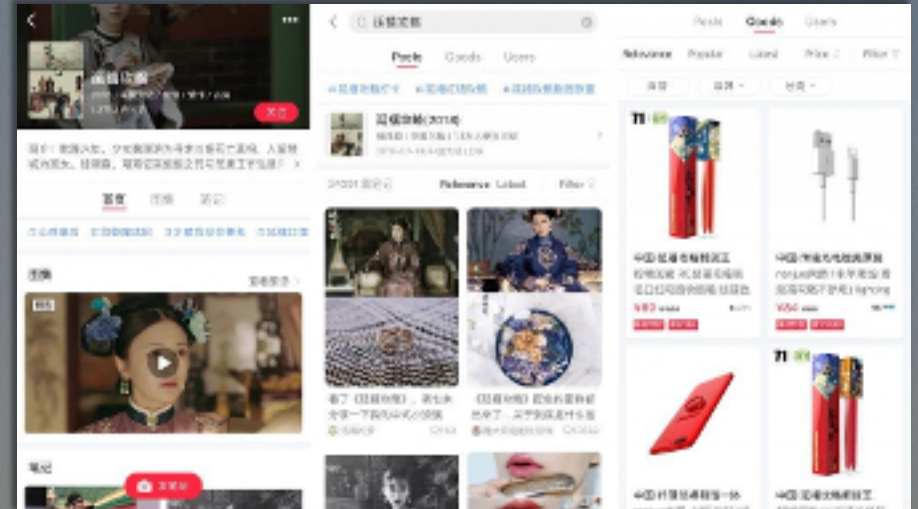
"Story of Yanxi Palace" X Little Red Book

Initially, Little Red Book was created as a shopping guide for users travelling overseas. However, the platform quickly became a social commerce space powered by users, with its total users exceeding 200 million in 2019. Its main demographic consists of females in developed cities who are trendy, brand conscious and value the quality of the products they purchase.

"Story of Yanxi Palace" is a Chinese period drama which became a massive hit across Asia after its launch in July 2018. The show aimed to make full use of its hype through celebrity endorsements on Little Red Book.

Stars of the show joined in on the buzz by uploading posts on the app, making it appear as though they had "taken over" the platform. These posts included makeup tutorials showcasing products used on set as well as their own endorsements. This in turn led to the promotion of merchandise such as lipsticks and mobile phone cases.

Through interactions with fans, Little Red Book made sure that "Story of Yanxi Palace" permeated all aspects of users' lives. By fully integrating marketing efforts with platform capabilities, viewers were able to creatively engage with the show both on and off-screen.



Source: Little Red Book

Products and topics on Little Red Book related to the show



⁷ Source: The Rising Tide of Social Commerce and Why China is Leading It

Chinese social platforms have paved the way for social commerce in Asia-Pacific and around the world. Huge social media platforms and e-Commerce retailers have jumped on the chance to start integrating interaction capabilities into their platforms and work to connect consumers with brands.

However, getting started involves much more than just setting up a new social media account. In the next section, we highlight the social commerce marketing strategies that can help lead social media marketers in the right direction.





3 Social Commerce Marketing Strategies

In the previous chapters, we gave an overview of how social commerce works and highlighted the various major social commerce players globally. In this chapter, we unpack the different strategies that make up social commerce marketing. While these components don't always lead directly to purchases on social media applications, they are still important in helping marketers understand what makes social commerce tick.

Influencer Marketing: Making the shift from macro to micro

As people begin to turn away from direct advertising⁸, they are more inclined to trust the words of micro-influencers⁹ to whom they feel a stronger connection. Even though these micro-influencers may not have the same reach as mid-tier influencers or celebrities, brands that work with them are more likely to build lasting relationships with their audience due to an increase in authenticity and trust.

For example, model Sayo Yoshida (@sayobaby) has over 137k followers on Instagram. According to data from Meltwater, her average engagement rate is around 1.15% with a true reach of over 20k. Compare this with model Lala Takahashi (@lala__takahashi), a micro influencer with 34.5k followers on Instagram. Despite the smaller following, her average engagement hits 4.52% with a true reach of over 8.6k. While Yoshida has a higher reach, she loses to Takahashi on engagement.

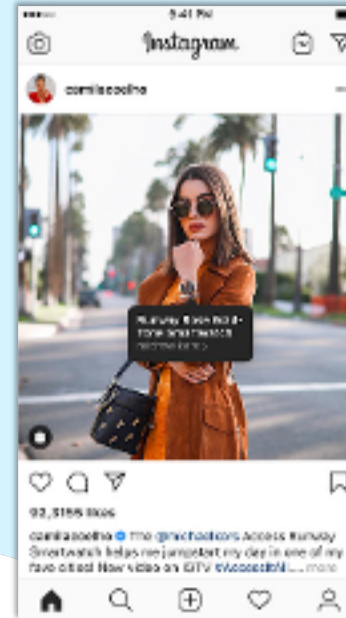
In terms of endorsements, this could mean that Lala's followers could be more interested in the products she supports. As such, they could potentially be a better target audience for brands who choose to collaborate with her.

⁸ Source: The Secret to the Future Growth of Your Ecommerce Channel: Social Commerce

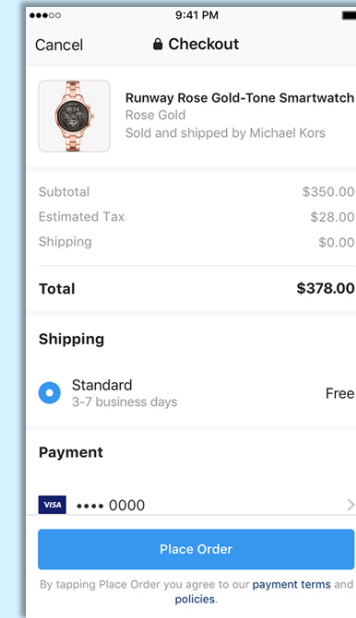
⁹ Source: Micro-Influencers Becoming More Popular on Instagram



Source: Instagram



Source: Instagram



Instagram's Shop from Creators feature is currently offered to a select group of top influencers and brands

Lala Takahashi and Sayo Yoshida work with brands such as Yves Saint Laurent and Uniqlo

Currently, only businesses using Instagram's Shopping Checkout beta and influencers with Instagram's Creator or Business accounts are able to use the Shop from Creators feature to directly push for purchases within their posts.

Influencers who aren't eligible for the feature, however, still play an important role in social commerce by bridging the gap between customers and brands. From spreading awareness about a new product and sharing reviews and tutorials right through to prompting purchases, influencers help build consumer trust.

Those who consistently endorse certain brands based on their own views and interests promote a stronger connection between their audiences and these brands.

10 Source: The Future Of Social Commerce: What It Means For Brands And Influencers

For example, influencers who promote sustainability may introduce consumers to new, ethical brands or partner with them on a longer-term basis. As such, consumers in search of related products or those who repeatedly see these brands in an influencer's posts may choose to purchase their products from their Instagram feed.

Influencers can therefore be engaged at every stage of the buyer's journey and provide a powerful opportunity for online businesses to reach customers and influence their paths-to-purchase¹⁰.

Leveraging on the power of exclusivity

Our brains are hardwired to assign more value on scarce resources, partly out of the fear of missing out. Limited edition products and exclusive collections create a sense of urgency to act upon and call more attention to the product, service, or event.

Supreme is the flagship standard¹¹ for the power and influence of exclusive branding, and its success has sparked an entire ecosystem of content marketing that explicitly focuses on branding. While Supreme products are not directly shoppable on social media, the brand's fan pages and related online communities do the legwork for them by promoting and discussing highly-anticipated product releases on social media. In addition, news coverage related to this purchasing frenzy further drives home the rarity and desirability of their products.

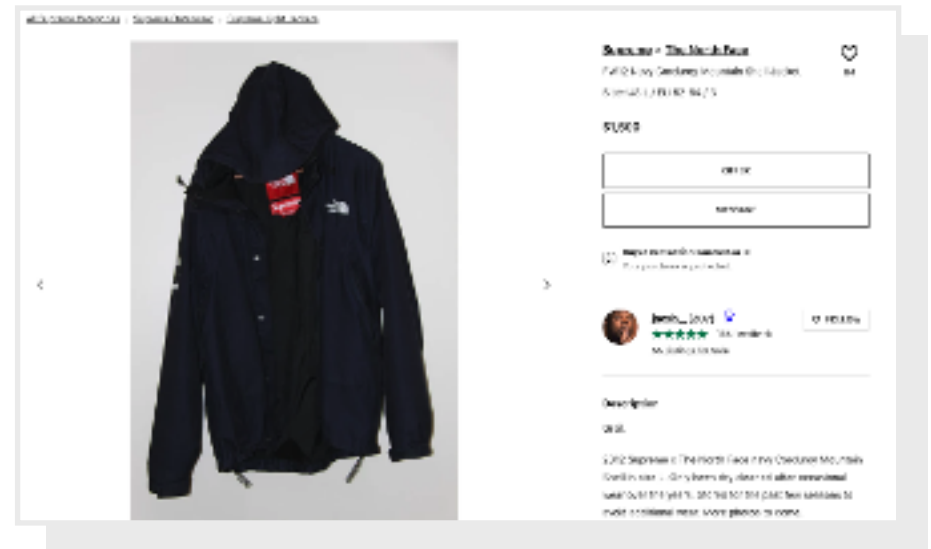
A limited edition Supreme corduroy shell jacket, designed in collaboration with The North Face, for example, retailed for USD 298, was sold out in one minute online, and appeared almost simultaneously on eBay for USD 700¹². Today, pieces from the same collection are listed for anywhere between a few hundred to a few thousand USD online.

It can be difficult for new players to fight toe-to-toe with premium brands in the e-marketplace, but smaller brands can learn from this by striving to use exclusivity to rise in social popularity. By making limited edition runs and time-sensitive deals available exclusively through social media channels, brands can funnel purchases through their social networks and grow their social commerce presence¹³.

11 Source: The Future Of Social Commerce: What It Means For Brands And Influencers

12 Source: Guerrilla Fashion: The Story of Supreme

13 Source: 3 e-Commerce Trends Leading the Way in 2019



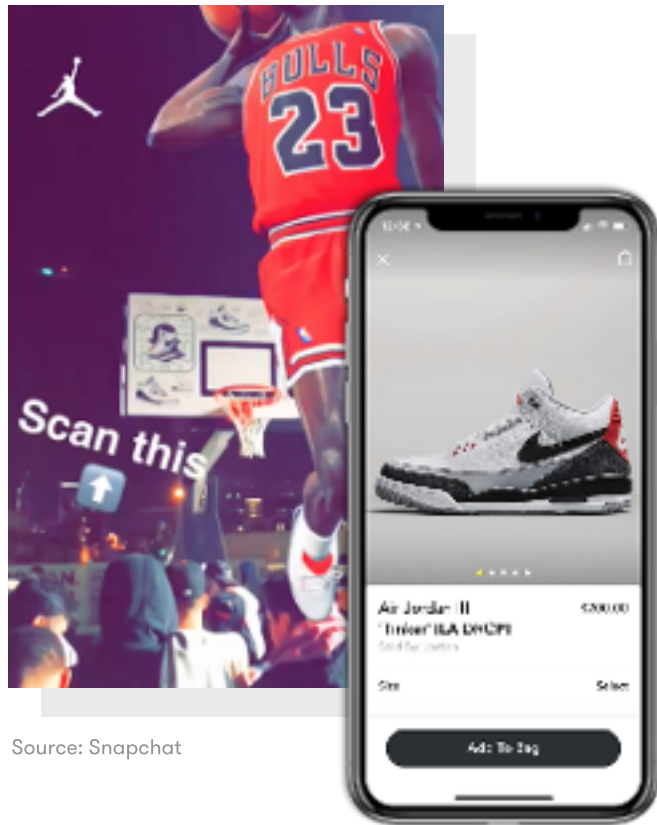
Source: Grailed

A piece from the Supreme x The North Face's 2012 collection being listed for USD 1,500 on second-hand menswear marketplace Grailed

Bridging the gap between on- & offline (O2O)

SNAPCHAT X AIR JORDAN III “TINKER”

The notion that online commerce is a digital-only activity is all but disappearing as Consumer Experience Journeys (CEJs) incorporate both online and offline elements. A partnership between Snapchat and Nike to promote the new Air Jordan III “Tinker” after the NBA All-Star Game resulted in the shoes being sold out in a record twenty-three minutes. Those who attended the afterparty were able to scan exclusive codes via Snapchat that allowed them to complete their purchases in-app. By capitalising on a real-life event, the campaign was able to tap into a captive audience with high levels of interest.



Source: Snapchat

These tactics show that the key drivers of success for online campaigns centre around marketers' ability to connect with their audience in a relatable manner — be it through working with the right influencers, leveraging the exclusivity of an item, or introducing offline events for fans to spark greater product interest and connect face-to-face.

These tactics can translate into influencer campaigns on social media, O2O events centred around a product launch or limited edition series, and even providing exclusive discounts or sneak previews for loyal customers via live stream.





4 Transitioning From Social Media to Social Commerce

The Consumer Experience Journey (CEJ)

Marketers should understand that a customer doesn't move through the marketing funnel in a linear fashion. Over the years, marketers have attempted to map out the customer's path to purchase in various ways, but regardless of what this journey looks like, it's clear that there is much more to the Consumer Experience Journey (CEJ) than just a straight line.

This means that consumers will move from understanding a product via word-of-mouth, emails, or TV ads through encountering product reviews, blogs, and social media posts, and may then purchase a product through a brand's store, e-commerce site or third-party retailer. Customers may also choose to interact with other buyers via forums and social media platforms, and progress to become advocates for the brand if they are consistently satisfied with the brand's services and products.

The importance of product reviews in the CEJ

With the introduction of social commerce, the CEJ has become not only multi-device — moving between desktops, mobile devices, and tablets — but also increasingly multi-platform in nature¹⁵. Consumers quickly switch from browsing Facebook, Instagram, and Snapchat, to accessing their email, WhatsApp chats, and more. This also means that product reviews left both formally on a brand's website or informally through word-of-mouth and social media play a huge role in helping consumers decide on their purchases online.

Understanding the CEJ is paramount for marketers looking to move towards social commerce. As customers are less likely to be able to see or feel a product for themselves, they are likely to be more reliant on ads and recommendations to help them make the right purchasing decisions. Better reviews also allow for products to be listed higher on e-commerce sites and thus increases their visibility.

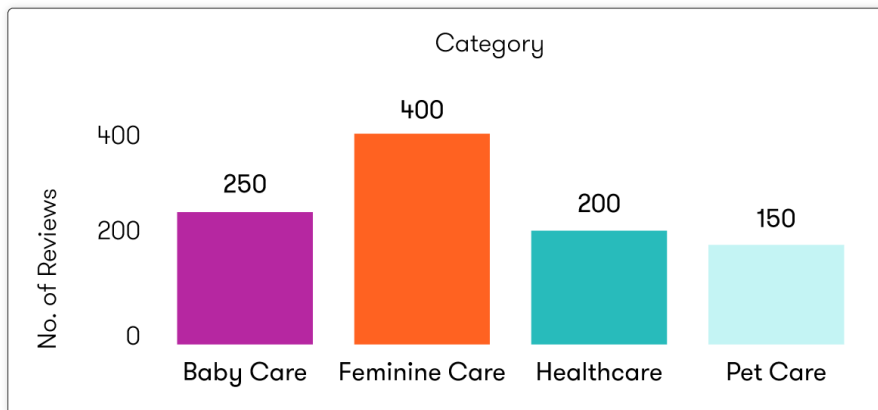
¹⁵ Source: The Future of eCommerce: eCommerce Trends To Watch For In 2020

Case Study: Unicharm

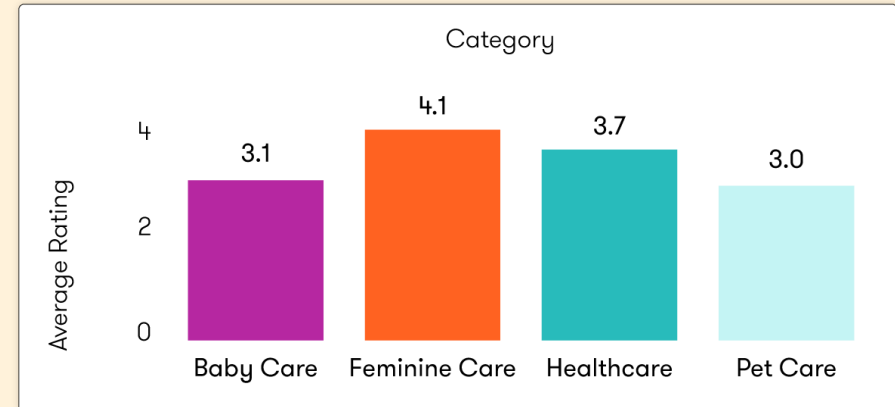
Unicharm, an FMCG brand specialising in disposable hygiene and pet care products, works with Meltwater to track product reviews across its baby care, healthcare, feminine care and pet care products. Meltwater's product review tracking tool provides them with insights into their product reception and helps them benchmark their performance against competitors.

Since product reviews are integral to the customer's purchasing journey, gaining insight into how well their products were rated across different categories as well as within major e-commerce marketplaces in the region is vital. Obtaining information on how well they are doing as compared to other companies within the same verticals is also key to helping them drive growth. These insights help Unicharm to correlate customer feedback with sales generated.

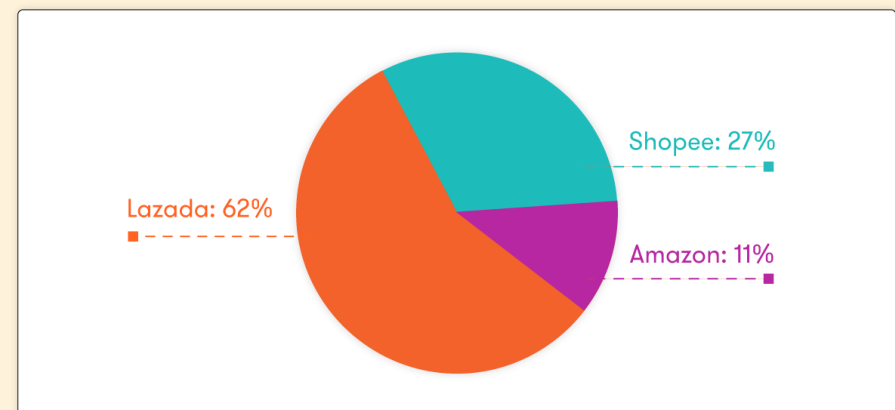
Review Volume by Category



Average Rating by Category



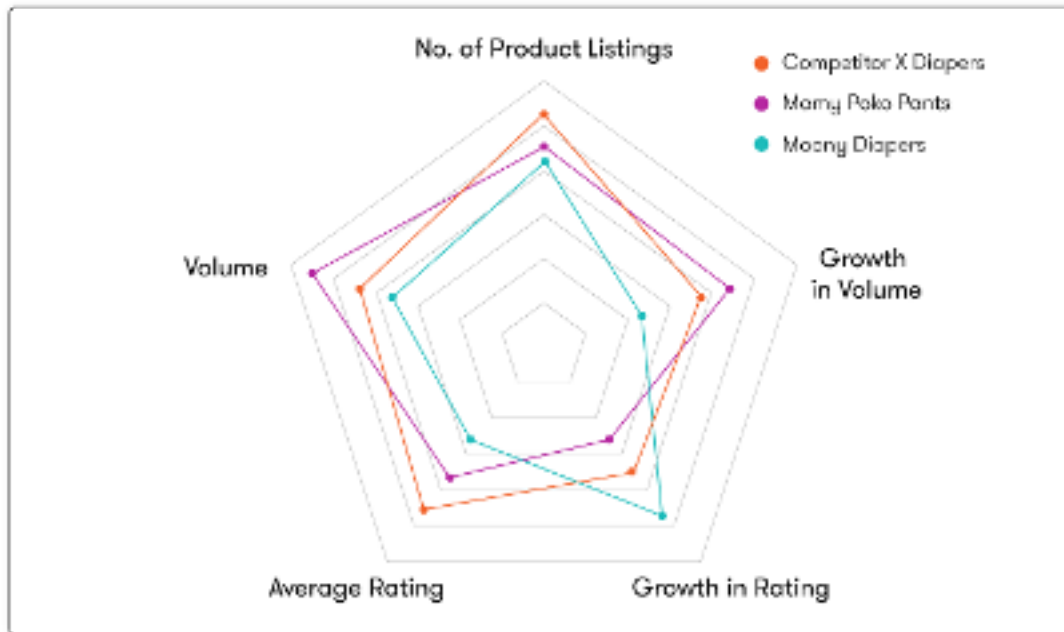
Rating Volume Distribution by e-Commerce Marketplace



All data has been modified and is used for illustration purposes only

They were also able to benchmark the performance of their top baby care product against similar products manufactured by their competitors. These products were ranked in terms of the number of product listings, volume, growth in ratings and that of rating volume, and their average rating.

Competitor Attribute Benchmarking



Product review tracking thus helped Unicharm to enhance the quality of their product and address customer concerns. In addition, Unicharm was also able to gain a better understanding of how their products fared against competitors and understand which of their products were most sought-after. This could help them decide on the types of products to feature or omit when entering new markets, and allow them to identify less popular products to further amp up their marketing efforts.

All data has been modified and is used for illustration purposes only

LOOKING TO START TRACKING PRODUCT REVIEWS?

Here's a checklist of metrics to help you get started:

- ❑ Volume of reviews
- ❑ Average ratings
- ❑ Growth in volume of reviews
- ❑ Growth in average ratings
- ❑ Sentiment of customer reviews
- ❑ Average rating over sales

All of the above metrics can be further broken down by month, product category, individual product, geographical location, as well as the e-Commerce marketplaces on which they are listed. They can also be used as benchmarks against competitor brands and products.



5 Conclusion

As a whole, social commerce opens up new possibilities for traditional brick-and-mortar or e-commerce brands by providing a more personable view of the brand's concept, social feed, and products. Here's what marketers should note before they make the leap:

Ready to take your social media strategy to the next step?

Consider leveraging existing social platforms

Brands looking to tap into the potential of social commerce should strive to have a better understanding of the top social commerce players in their markets. As a start, brands can leverage their presence on existing social media platforms that offer social commerce functions. With a strong footing in these social platforms, brands can better anticipate their audiences' reaction to their products as well as discover new trending items and topics.

Be mindful of the transition between off to online or web to social interactions and make sure you consistently engage with stakeholders

In order to successfully pivot their social media marketing strategy towards social commerce, brands must also be prepared to bridge traditionally offline interactions with social media-specific digital functions. This includes establishing consistent engagement with their customers through AI-powered chat bots and other conversational marketing tools, or holding O2O collaborations and events for limited-edition items.

Understand the importance of product reviews in the consumer's path to purchase

Customers are constantly exposed to chatter about various products through social media and other communication channels. As such, they rely heavily on product reviews and recommendations when deciding what to purchase. Marketers should employ product review tracking to help them keep an eye on how their products are being received and detect pain points in the CEJ that can be resolved. Bad reviews can often mean losses in revenue — brands should strive to identify their weakest products and work to improve them.

Make full use of social platforms — use features that can help to lower barriers to purchase

Live streaming and augmented reality technology are great ways for brands to showcase their products to consumers in real-time. They also provide a great opportunity for brands to leverage a social media platform's in-app shopping functions to give consumers that extra push. Marketers must consider the plethora of user functions unique to social media applications. This includes features like Instagram Stories, face filters and more that can be leveraged for branding and promotion.



Stoke demand with limited releases or O2O events

Brands can make full use of product exclusivity by making certain releases available exclusively online or on social media to attract greater traffic to their site or social media page. In addition, brands can consider hosting O2O events to attract more followers or entice die-hard fans with new products. Influencer marketing can also lend a hand in directing interested users to your brand's feed. This could take place in the form of online campaigns and endorsements or offline events featuring prominent local influencers.

Take note of trends and pitfalls and tailor your messaging for the right audience

As social media allows a brand to come into closer contact with their customers, it's important for brands to always put their best foot forward in order to attract and retain them. After all, one wrong step and the brand may lose its hard-earned audience. As such, brands should always keep abreast of rising trends and pitfalls in order to market the right products at the right time.

About Meltwater

Meltwater, a pioneer of media intelligence and now Outside Insight, gives businesses the information advantage they need to stay ahead. More than 30,000 companies have used Meltwater's media intelligence to stay on top of billions of online conversations and extract relevant insights to strategically manage their brands. With nearly 20 years of experience analyzing data, Meltwater is dedicated to personal, global service built on the local expertise of 60 offices across six continents. Meltwater is also committed to fostering the data science ecosystem through MEST, a pan-African entrepreneurial program and incubator, and Shack15, a global data science community. *Learn more at Meltwater.com.*

Learn More About Data-Driven PR

To find out more about how Meltwater can shape and measure your programmes, take a look at our additional resources.

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 Meltwater



About Hashmeta

Hashmeta is a digital marketing agency. We are a diverse team of creatives united by a common goal: to help brands express themselves in impactful and meaningful ways. From our offices in Singapore, Malaysia, China, Indonesia, Vietnam, and Thailand, we are always looking for creative and groundbreaking solutions to solve the problems brands face, while leveraging digital technologies like big data and analytics provided by our marketing intelligence team. We work with many top local and regional brands including SkillsFuture, NTUC LearningHub, One Faber Group, Godiva, and JobStreet. *If you'd like to work with us, visit <https://hashmeta.com/contact/>*

Learn More About Hashmeta

We work with top local and regional brands to help them express themselves in meaningful and impactful ways.

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