

# 5 ways for brands to succeed in social commerce

OPINION

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What if social media and e-commerce — two hot sectors in internet marketing — were integrated together?

Social media and e-commerce are both hot sectors in internet marketing. What happens when we combine them, and what are the best ways for brands to get started with social commerce?

In recent years, brands have become very interested in social commerce. China's social commerce market is forecast to be worth RMB ¥1.14 trillion in 2018, growing to ¥3 trillion by 2020. These staggering figures make it clear that this market is simply too large to overlook. An indicator for future growth, social commerce is also being supported by government policy. The 13th Five-Year Plan for the Development of E-Commerce issued

by the State Council in December 2016 actively encouraged business models based around social media networks, while a series of other relevant policies and regulations have been issued in recent years, creating a highly favourable environment for the healthy development of social commerce in China.

The term ‘social commerce’ refers to a model derived from engaging in e-commerce in social media environments, so it is a combination of social media and e-commerce. More specifically, this model involves using social media formats to acquire and interact with customers; for example, by showing and sharing products, thereby inducing them to complete purchases online.

The essential difference between this model and traditional e-commerce is that it is based on trust built through social media. We know that trust is the foundation of gaining customers and driving sales and that it can effectively improve customer acquisition and conversion costs. As the social commerce model is inherently based on trust within communities and acquaintances, it has major advantages in this regard.

Looking at the ecosystem in the social commerce sector, it is easy to identify three main types:

1. Commercialised social media platforms (e.g. WeChat Commerce (Weishang), which is based on WeChat, and influencer-based e-commerce)
2. “Socialised” e-commerce platforms (e.g. Taobao KOLs (Taobao Daren) and Taobao Live Broadcasting (Taobao Zhibo))
3. Independent social commerce platforms (e.g. group buying e-commerce and content-based social commerce)

Brands have a number of ways of using social commerce that correspond to these categories, as outlined below. These can be used as references for brands thinking about how to engage in social commerce:

## 1. The closed loop from e-commerce to social media and back to e-commerce

User behaviour data from e-commerce platforms is used to guide the precise targeting of ads on the social media side, and high-potential customers are then taken through a process that brings them to the e-commerce side, with end-to-end performance being tracked throughout the process.

All major social media and e-commerce platforms support this aspect. For example, Tencent and JD.com's 'Jing-Teng Plan' and Alibaba and Weibo's 'U-Wei Plan' initiative have both made use of their platforms to establish strong foundations for this method.

This method is also easier for brands that are moving into social commerce because it still consists of media placement and e-commerce traffic flows, which are both mainstream brand marketing methods. Consequently, a brand can effectively increase its overall marketing conversion rates with just a small step.

If we take an automotive accessory brand as an example, e-commerce platform users will exhibit behaviour such as searching for keywords like 'branded car accessories' and following/liking or purchasing related products. These users are potential customers, so by accessing back-end data, it is possible to match these user groups to corresponding users on social media platforms and then use lookalike methods to expand social media user groups and place ads with a high degree of precision.

This relatively straightforward ad placement consists of little more than using social media behavioural data to precisely place ads, but it generally achieves better results, and if the relevant users are taken to the e-commerce platform, they are more likely to end up purchasing. Platform data can then be used to track effectiveness from the social media side to the e-commerce side, like, for example, the conversion rates from social media ad impressions to e-commerce store browsing/bookmarking.

## 2. Online influencers promoting products through e-commerce

Many online influencers have their own stores and use their influence to promote products to their fan base, guiding their audience to make purchases at their own influencer store. Data from Weibo shows that the platform currently hosts around 35,000 e-commerce KOLs with over 910 million followers. Some of the better known online influencers, such as Zhang Dayi and Xue Li, are household names and are good examples of how online influencers can become e-commerce stars. On Singles' Day (November 11) 2017, sales of four online influencers' stores exceeded ¥100 million.

Brands can work with online influencers by providing products – usually limited edition or custom products – that can be used for promotion or sales. For example, in July this year, Givenchy partnered with fashion blogger Gogoboi. Gogoboi posted an advertising message on his public WeChat account and drove users to purchase: 42 Givenchy Duetto handbags in seven different colours were sold out at a price of ¥7,490 per bag in 72 hours. The platform carrying these items was Gogoboi's own e-commerce site "Bu Da Jingxuan", an online mall adapted for use with WeChat, effectively making Gogoboi a Givenchy distributor.

The reason that online influencers are able to promote products and drive sales so effectively stems from the trust they have built with their fan base over the long term through their choices and recommendations. The thinking behind this type of partnership model is quite different from that of conventional 'hard advertising' (i.e. traditional print media and TV), and can only be put into practice and achieve good results through in-depth collaborations where both parties benefit.

### **3. Creating hit products on social media to drive overall sales**

The use of social media marketing as a way of talking up subjects or events can make a particular product into a hit product. The hit product then attracts platform users to the e-commerce store or even physical stores and can bring in traffic and drive further sales of related products.

Examples of this are Zangzangbao ('Dirty Pastries') and Heytea, both of which made

excellent use of this method. While it would be very difficult for most brands to achieve the kind of sales Zangzangbao and Heytea have managed with every single campaign, this type of thinking can still be an effective way to drive sales.

Looking at hit products in the market, particularly those which are food related, a number of characteristics are immediately apparent:

- **Memorable.** They have distinctive features and memorable aspects. For example, the name Zangzangbao ('Dirty Pastries') has a strangely appealing dissonance.
- **Humour and wit.** The use of humour on social media is a time-tested method. Social media consists of inherently fragmented scenarios, and any content that makes people laugh creates a strong impression. For example, Baba Guazi's slogan "taking a bite makes you calm down" is a popular catchphrase among young people today.
- **Use of hot topics, celebrities or online influencers.** Making use of people or events that generate their own traffic can be enormously helpful in terms of the effectiveness of campaigns.
- **Good products are fundamental.** Consumers are discerning, so only products that stand up to the scrutiny of the actual user experience will last. If the product is not good enough, marketing becomes a manipulative exercise that will ultimately produce neither good word-of-mouth nor repeat customers, so marketing and products that fall into this category can hardly be classed as successful.

#### 4. Community marketing and e-commerce

Community marketing has become a hot topic in recent years. Communities based on a variety of social media platforms, such as WeChat groups, are founded on trust that has been built up between community leaders and community members over time. So, when the community leader offers the members appropriate benefits or interactions, interactions

and conversion rates are generally higher than those achieved using conventional advertising methods.

This provides an opportunity for community e-commerce, as the relatively deep interactions between community leaders and members can be combined with exclusive benefits provided by brands to effectively stimulate community interaction, guide traffic and achieve sales. An increasing number of brands are adopting this method, particularly those in the fast-moving consumer goods (FMCG), fashion, and computing, communication and consumer electronics (3C) sectors.

## 5. Social interactions on e-commerce platforms

Social interactions on e-commerce platforms can be used to drive product sales. For example, the content generated by Taobao KOLs (Taobao Daren) appears in many locations on the Taobao mobile app homepage, and actually, most of the content in sections on Taobao app homepage is contributed by Taobao KOLs. Another example is Taobao Live Broadcasting (Taobao Zhibo), where the process of live streaming social interactions creates a variety of points of entry through which consumers can be induced to purchase products. As such, content and social interactions take place on the e-commerce platform, so they are already a step closer to the purchase. This also provides many opportunities for brands to collaborate, for example, through content placement.

Similar trends are also present in other countries. Examples include the recently-launched Amazon Influencer Program, which provides a self-service tool for popular YouTubers. Qualified YouTube influencers get their own customised Amazon page, and when customers purchase products on the pages they share, the influencer gets a commission. Similar e-commerce influencer methods with commissions have actually been around for a long time, but this official move by Amazon provides further evidence of the e-commerce giant's confidence in social commerce and its future potential.

The methods described above are just some of the many possibilities available. As the social commerce industry develops and brands become more familiar with its use, we are convinced that new methods of use will continue to emerge, continually providing new

sources of energy and inspiration for brand marketing and sales.

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