Social Commerce in India: A Conceptual Framework

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Abstract

This paper explores the conceptual framework of social commerce in India covering the feature and elements of social commerce, social commerce in India scenario. For this purpose the data have been collected through secondary sources like websites, articles, various reports of social commerce. Among all the markets surveyed, India emerged at the top, in terms of usage of YouTube (64%), Twitter (61%), Google+ (50%), Skype (53%) and LinkedIn (33%) for the sale of goods and services. The report highlights that in addition to low overheads and an existing pool of customers, 96% of current social sellers feel that the concept has helped them reach bigger markets and has substantially improved their financial condition. Merchants showed significant confidence in social commerce with over 79% selling through various social platforms. Growing digitization and increasing internet penetration in India have reportedly encouraged commerce to move online. Facebook, WhatsApp, and Facebook Messenger use is the highest among merchants in India than anywhere across Asia (excluding China).

Keywords: Social Commerce, E Commerce, Social Media.

Introduction

Social commerceis a subset of electronic commerce that involves social media, online media that supports social interaction and user contributions to assist online buying and selling of products and services.More succinctly, social commerce is the use of social network(s) in the context of e-commerce transactions.The term social commerce was introduced by Yahoo! in November 2005which describes a set of online collaborative shopping tools such as shared pick lists, user ratings and other user-generated content-sharing of online product information and advice.The concept of social commerce was developed by David Beisel to denote user-generated advertorial content on e-commerce sites, and by Steve Rubelto include collaborative e-commerce tools that enable shoppers "to get advice from trusted individuals, find goods and services and then purchase them". The social networks that spread this advice have been found to increase the customer's trust in one retailer over another.Social commerce aims to assist companies in achieving the following purposes. Firstly, social commerce helps companies engage customers with their brands according to the customers' social behaviors. Secondly, it provides an incentive for customers to return to their website. Thirdly, it provides customers with a platform to talk about their brand on their website. Fourthly, it provides all the information customers need to research, compare, and ultimately choose you over your competitor, thus purchasing from you and not others.

Today, the range of social commerce has been expanded to include social media tools and content used in the context of e-commerce, especially in the fashion industry. Examples of social commerce include customer ratings and reviews, user recommendations and referrals, social shopping tools (sharing the act of shopping online), forums and communities, social media optimization, social applications and social advertising. Technologies such as Augmented Reality have also been integrated with social commerce, allowing shoppers to visualize apparel items on themselves and solicit feedback through social media tools.Some academicshave sought to distinguish "social commerce" from "social shopping", with the former being referred to as collaborative networks of online vendors; the latter, the collaborative activity of online shoppers.

Elements of Social Commerce

Reciprocity

When a company gives a person something for free, that person will feel the need to return the favor, whether by buying again or giving good recommendations for the company.

Community

When people find an individual or a group that shares the same values, likes, beliefs, etc., they find community. People are more committed to a community that they feel accepted within. When this commitment happens, they tend to follow the same trends as a group and when one member introduces a new idea or product, it is accepted more readily based on the previous trust that has been established It would be beneficial for companies to develop partnerships with social media sites to engage social communities with their products.

Social Proof

To receive positive feedback, a company needs to be willing to accept social feedback and to show proof that other people are buying, and like, the same things that I like. This can be seen in a lot of online companies such as eBay and Amazon, that allow public feedback of products and when a purchase is made, they immediately generate a list showing purchases that other people have made in relation to my recent purchase. It is beneficial to encourage open recommendation and feedback. This creates trust for you as a seller. 55% of buyers turn to social media when they're looking for information.

Authority

Many people need proof that a product is of good quality. This proof can be based on the recommendations of others who have bought the same product. If there are many user reviews about a product, then a consumer will be more willing to trust their own decision to buy this item.

Liking

People trust based on the recommendations of others. If there are a lot of "likes" of a particular product, then the consumer will feel more confident and justified in making this purchase.

Scarcity

As part of supply and demand, a greater value is assigned to products that are regarded as either being in high demand or are seen as being in a shortage. Therefore, if a person is convinced that they are purchasing something that is unique, special, or not easy to acquire, they will have more of a willingness to make a purchase. If there is trust established from the seller, they will want to buy these items immediately. This can be seen in the cases ofZara (retailer) and Apple Inc. who create demand for their products by convincing the public that there is a possibility of missing out on being able to purchase them.

Features of Social Commerce

The main features of social commerce were discussed at the 2011 BankInter Foundation for Innovation conference on Social Technologies, and were concluded as 'the 6 C's of Social Technologies' This references the original 3 C's of E-Commerce and adds 3 new C's to update for an era of Social sharing.

Content

The basic need to engage with customers, prospects and stakeholders through valuable published content on the web. Early examples of this were the brochure sites for organizations and this has matured into a vast and growing body of material being published in real time onto the web. Google is the organization that has been at the forefront of indexing and making findable content on the web.

Community

Treating the audience as a community with the objective of building sustainable relationships by providing tangible value. Early incarnations of Community were mobilized through registration and engaged via email programs, this evolved into online forums, chat-rooms and membership groups where users were able to interact with each other, an early example being Yahoo! Groups. Social Networks are the latest incarnation of community and of the many networks Facebook is the leading organization providing the platform for interpersonal interactions.

Commerce

Being able to fulfill customers' needs via a transactional web presence, typically online retailers, banks, insurance companies, travel sales sites provide the most useful business-to-consumer services. Business-to-business sites range from

online storage and hosting to product sourcing and fulfillment services. Amazon emerged in the 1990s and has gone on to dominate the B2C commerce space extending its services beyond traditional retail commerce.

Context

The online world is able to track real-world events and this is primarily being enabled by mobile devices. An online bill payment via Google Checkout or a checkin at a physical location via Facebook or Foursquare links a real world event to an online data entity such as a business or a place. This is a vital element to Social Commerce where the data is now available to organizations wishing to provide products and services to consumers.

Connection

The new online networks are defining and documenting the relationships between people – these relationships may originate in the physical world or online and may manifest in the other as a result of a connection in the first. LinkedIn, Facebook, Twitter are prime examples of online networks – Professional, Social and Casual. The relationships, the scope of those relationships and the interactions between individuals are a basis for the actions of Social Commerce.

Conversation

The Cluetrain Manifesto noted that all markets are conversations – this may now be reversed for Social Commerce to say that all conversations are markets. A conversation between two parties will likely surface a need that could be fulfilled, thus providing a potential market for supplier organizations. The challenge is for suppliers to be able to tap into those conversations and map those into the range of products and services that they supply. Simple examples of such 'conversations that indicate demand' are where people place objects of desire on their Pinterest board or a 'Like' of an item inside Facebook

Indian Scenario: Popular Social Commerce Websites Ruling The Roost in India

Among all the markets surveyed, India emerged at the top, in terms of usage of YouTube (64%), Twitter (61%), Google+ (50%), Skype (53%) and LinkedIn (33%) for the sale of goods and services. The report highlights that in addition to low overheads and an existing pool of customers, 96% of current social sellers feel that the concept has helped them reach bigger markets and has substantially improved their financial condition.Merchants showed significant confidence in social commerce with over 79% selling through various social platforms. Growing digitization and increasing internet penetration in India have reportedly encouraged commerce to move online. Facebook, WhatsApp, and Facebook Messenger use is the highest among merchants in India than anywhere across Asia (excluding China).

In 2012, 1.4 billion people in the world were on some kind of social networking site. In 2014, 74 per cent of online adults were known to use social networking sites, and these numbers will grow higher and higher. What started out as a trend will soon become an important part of post-modern culture as

social networks will eventually become a natural extension of our public lives. Over the last three or four years, this evolution has allowed the e-commerce industry to capitalise on social networking trends.

Currently, India is the fourth largest market for smartphones (GSMA) with more than 117 million users. According to a 2013 Ericsson report, penetration will reach 45 per cent by 2020 with a whopping 520 million devices. Eventually, users will start using their smartphones to access the internet, as well as, apps that'll allow them to shop through their smartphones.

With such exponential growth in all these markets, it's no wonder that India's coming up with its own variety of social commerce platforms.

Here are eight of many popular social commerce websites ruling the roost in India

Voonik

The fashion industry in India is worth billions. With more and more global brands entering the country, the internet allows millions to access brands otherwise difficult to access in the real world. Enter Voonik, a Bangalore-based apparel store that has stylists as part of its team to help you choose your favourite fashion products. In 2014, the Bloomberg India The Pitch 3.0 winners raised INR 2.5 crore in seed funding from investors. Founded by Sujayath Ali and Navaneetha Krishnan J, Voonik recommends personalised fashion from multiple stores for its users based on what they like (heart) and dislike (x). It's basically Tinder for fashion, and there are more than many takers for it.

Klip

In the business for more than two years, Klip is like Pinterest if it allowed you to buy, too. Also in the business of personalised shopping through online vendor ties, it connects its users based on their 'klips', creating small communities of users with like-minded interests in fashion. Historically, shopping has always been a social activity for women, who tend to shop in pairs or groups. Klip simply allows you to enable that process online, creating a rich and fun shopping experience on a crisp and clean interface.

Klip is a product of Smursh Media, a media agency started and run by Harsh Gadia, Sahil Malkani and Manesh Madambath.

Wooplr

Because, offline shopping is still the most preferred form of shopping (even in developed economies), Wooplr, a Bangalore-based startup, leverages this culture for its product recommendation platform. Started in 2011 by Ankit Sabharwal, Soumen Sarkar and Arjun Zacharia, Wooplr allows users to discover new products through people who share information about their purchases. These are genuine recommendations from genuine people. In 2014, Wooplr added a new feature called Nearby on their mobile apps. The app helps users share information about the best places to shop and eat at the closest distance to where you may be in what's known as 'hyperlocal discovery'. Where others are more interested in encouraging online shopping, Wooplr goes back to the basics and enhances it for the 21st century.

LimeRoad

Co-founded by Suchi Mukherjee, Ankush Mehra and Manish Saxena, LimeRoad started out in 2012. By 2014, they were curating products from more than 600 vendors and had received USD 20 million in funding.

Besides fashion and apparel, LimeRoad also showcases home and kitchen products, making it more attractive for women from different walks of life. With Neha Dhupia, Nafisa Rachel William and Rina Walia S on its 'Style Council', LimeRoad provides a diverse library of fashionable 'looks' for your size and type. Users can also create scrapbooks and share them online, besides purchase entire looks for as little as Rs 6000, making LimeRoad a shopping haven for women who need new looks at affordable rates without the hassle of travelling.

Memoirs (allMemoirs)

Just about a year old, Memoirs, founded by Mrigank Shekhar and Kush Srivastava, is yet another addition to the social product discovery trend in fashion and gifting. In December 2013, their iPhone 'Gift Ideas' app reached top 10 in India under the lifestyle category.

Memoirs helps tag, classify and recommend products based on personal interests. Each product is hand-picked from vendors and e-commerce sites. It's a convenient and effective way to connect merchants with targeted shoppers interested in information on new products, promotions and discounts.

VioletStreet

Hyderabad-based VioletStreet was founded by Ankur Gupta. In 2015, the group secured an INR 2 crore funding.

Violet Street functions as a social network for the fashion obsessed or even the occasional shopper. Every time a user selects a product, VioletStreet, through its algorithm, recommends the best product to match the selection. It also allows friends to shop in real time online and discuss their purchases. The VioletStreet team creates nearly 100 'looks' per day, which are then shared on its platform by users.

Promon

The best way to our hearts is through receiving promotional deals in our favourite restaurants. Another startup that relies on social media is Promon.in, a promotion discovery platform that unlocks promotional offers when users share them on social networking sites. Promon currently offers food and beverage promotions in the most popular restaurants and pubs in Delhi; hence, a godsend for the perpetually hungry, but gastronomically discerning.

The startup even features day specials like Lazy Weekends, Go Crazy Fridays and Kill Blues Mondays, catering to the way eating and drinking needs change as the week progresses.

EtailOne

Our last (but not final) addition is EtailOne, a product discovery platform that provides users with a huge selection of products from electronics to furniture to fashion. EtailOne mixes its product discovery with social shopping, price comparison, coupons and discounts, hand-picked products and price alerts. It creates an entire social shopping profile for its users and bases its recommendations on it.

As of now, they claim to have sold over 2 million products, feature nearly 25,000 brands from hundreds of stores.

Besides these eight, though, India has been consistently seeing the entry of various players in social commerce, convincing buyers the internet is finally communicating with them the right way. Some of these startups are Clipr, Indiplum, Intuce, Doozton (acquired by Snapdeal), InstaClique, DilBole and Roposo. However, not all of them have survived the test of time or the gradual competition.

The facts are simple. Indian retail industry is worth USD 490 billion. However, most consumers prefer traditional shopping to online shopping. It's a big market to crack, and likely a difficult one. What's also interesting is thatsurveys show most internet users prefer shopping online in their native tongues, opening further avenues to success in multi-lingual countries like India, which need localised versions of global technologies. The fact that smartphone penetration -hence, mobile internet access- is exponentially increasing in India is the extra ingredient that makes the social commerce dish close to perfect. As is the way of the 21st century, ever-changing cultural trends will take technology in many directions: some predictable, some surprising, others amusing.

Top 20 e-commerce companies in India a

S. No.	Brand Name	Facebook		Twitter		Buzz	SSI Score
		Total Fans	No. of Fans Engaged	followers	Mentions		
1	Flipkart	4,393,436	55270	247752	15636	58417	90.6
2	Snapdeal	3,001,805	33572	103510	46396	62927	89.6
3	eBay India	3,378,976	86988	71751	17369	17895	86.7
4	Myntra	2,704,772	7538	80589	24751	30311	85.3
5	Jabong	3,531,997	44336	87974	10318	10669	85.1
6	OLX India	5,486,785	11641	26753	13771	13857	84.4
7	BOOKMyShowIn	3,978,677	69625	60515	8266	10634	83.4
8	Amazon India	4,543,419	34266	71033	8644	10347	83.2
9	Homeshop18	1,567,185	14105	50985	26130	26912	82.9

10	Junglee.com	5,642,469	6410	12847	5428	7128	77.2
11	Shopclues	2,322,675	60194	10114	5717	10218	76.2
12	Goibibo	1,502,569	2374	10845	1480	2790	67.7
13	FashionandYou	1,382,680	2789	13533	723	952	65.3
14	infibeam	1,036,886	1638	11798	1307	2305	64.6
15	YepmeShoping	5,908,797	853849	3496	263	452	64.4
16	Zovi	845,376	5293	3796	2776	4878	62.4
17	Cleartrip	963,187	1384	10038	641	681	59.3
18	Yatra.com	1,110,349	9184	13846	321	322	58
19	Indiantime shoping	839,941	10137	14297	142	378	54.9
20	Expedia	4,969,448	93697	4253	203	208	54.6

Source: http://trak.in/tags/business/2015/02/16/flipkart-snapdeal-social-media-battle/

Flipkart led the pack with SSI score (Simplify360 Social Index) of 90.6. The SSI score is arrived looking at all the parameters including Facebook & Twitter fans, engagement and buzz. Snapdeal followed with a score of 89.6 followed by eBay, Myntra and Jabong.Purely in terms of numbers on Facebook YepmeShopping has the lead with 5.9 million fans followed by Junglee.com, Expedia, Amazon India and Flipkart. Even when it comes to engagement on Facebook, Yepme was far ahead of everyone else with 853k fans engaged. However, because of their dismally low score of Twitter they ranked only 15th best among all the players. When it came to share of voice, meaning the mentions by Social Media users, Snapdeal had the highest buzz in last 30 days. They accounted for 23.1% of share of voice, followed by Flipkart (21.5%) and Myntra (11.1%).

Conclusion

Today, the range of social commerce has been expanded to include social media tools and content used in the context of e-commerce in all types of industries. Examples of social commerce include customer ratings and reviews, user recommendations and referrals, social shopping tools (sharing the act of shopping online), forums and communities, social media optimization, social applications and social advertising. Among all the markets surveyed, India emerged at the top, in terms of usage of YouTube (64%), Twitter (61%), Google+ (50%), Skype (53%) and LinkedIn (33%) for the sale of goods and services. The report highlights that in addition to low overheads and an existing pool of customers, 96% of current social sellers feel that the concept has helped them reach bigger markets and has substantially improved their financial condition. Merchants showed significant confidence in social commerce with over 79% selling through various social platforms. Growing digitization and increasing internet penetration in India have reportedly encouraged commerce to move online. Facebook, WhatsApp, and Facebook Messenger use is the highest among merchants in India than anywhere across Asia (excluding China).

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