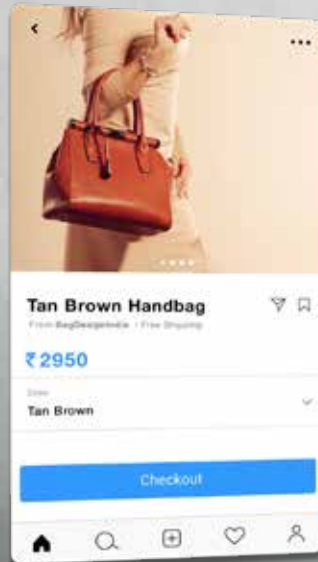


Digital Commerce in India

Social Commerce



24th October 2021



9.45

Dear Customer
Organic Protein bars are now available.
Oats, Granola and other flavours.
Starting at Rs 199 only.

9.45

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Executive Summary



Social commerce is the buying and selling of goods or services within a social media environment. This model shifts social media beyond its traditional role in the product discovery process and users can complete the entire transaction without leaving their preferred social media app.

With the aid of accelerated adoption from smaller metros and towns and the penetration of the internet, this innovative platform of combining social media with digital commerce is seeing huge growth. This platform is also proving to be beneficial for businesses, especially the smaller ones by bringing cost effectiveness and reach of digital marketing, connecting them directly with their customers and giving brands rich opinions, and reactions to the products and services.

The rise of social media adoption and eventually, the marketplace on social media, such as Facebook, WhatsApp, Instagram and many others are boosting the usage of social commerce.

Social Commerce Shoppers in India



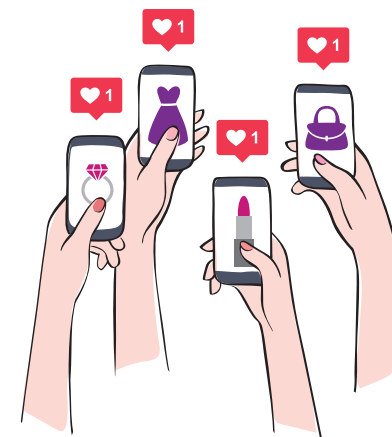
Currently, there are 157 million social commerce shoppers and this number is expected to grow at a rate of 45% to reach around 228 million by the end of 2022.



Most of the customers purchase from social media platforms because the recommendations and comments help them in making their buying decision, followed by affordable prices and the ability to shop on the platform itself rather than switching to other e-commerce apps or websites.

Many favourable factors play an important role in helping the customers choose social commerce as a part of their purchase channel. The customers feel that they are more comfortable spending time on social media platforms and shop than on any other medium. Social media posts and marketing campaigns help them know more about a brand's products and services. While researching a brand, customers prefer to look for it on social media platforms first.

There is huge potential to drive sales on social media platforms and needs an enabling system to achieve exponential growth and build consumer's trust. With customers being the center of these platforms, focusing on the rich customer feedback in the form of comments, opinions, reviews etc. will help brands cater to their audience effectively and improve their brand consideration and loyalty.



Key Insights



Social Shoppers

157
million
2021

45%
Growth

228
million
2022

Platforms used for Social Commerce



57%
Youtube

55%
WhatsApp

51%
Facebook



35%

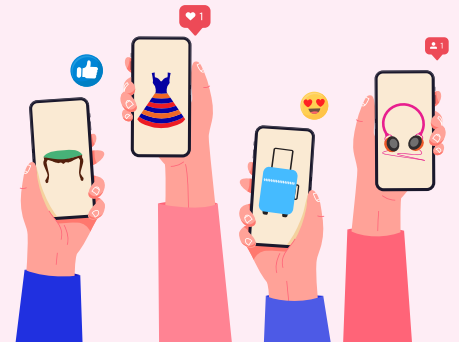
Social media comments and recommendations help in purchase decision



30%

Products are available at affordable prices

Reasons to Shop



27%

No hassle to switch to e-commerce apps while shopping on social media

Attitude towards Social Commerce



58%

Comfortable to spend time and shop



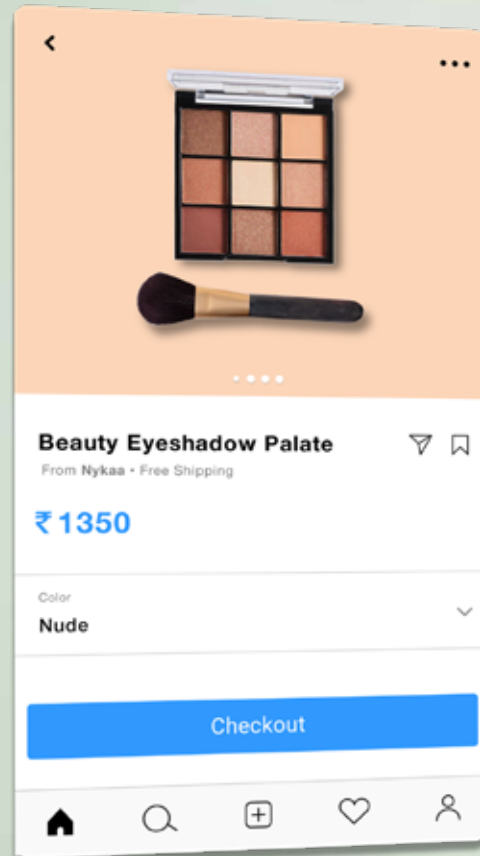
38%

Get to know more about products/services of a brand via social media posts

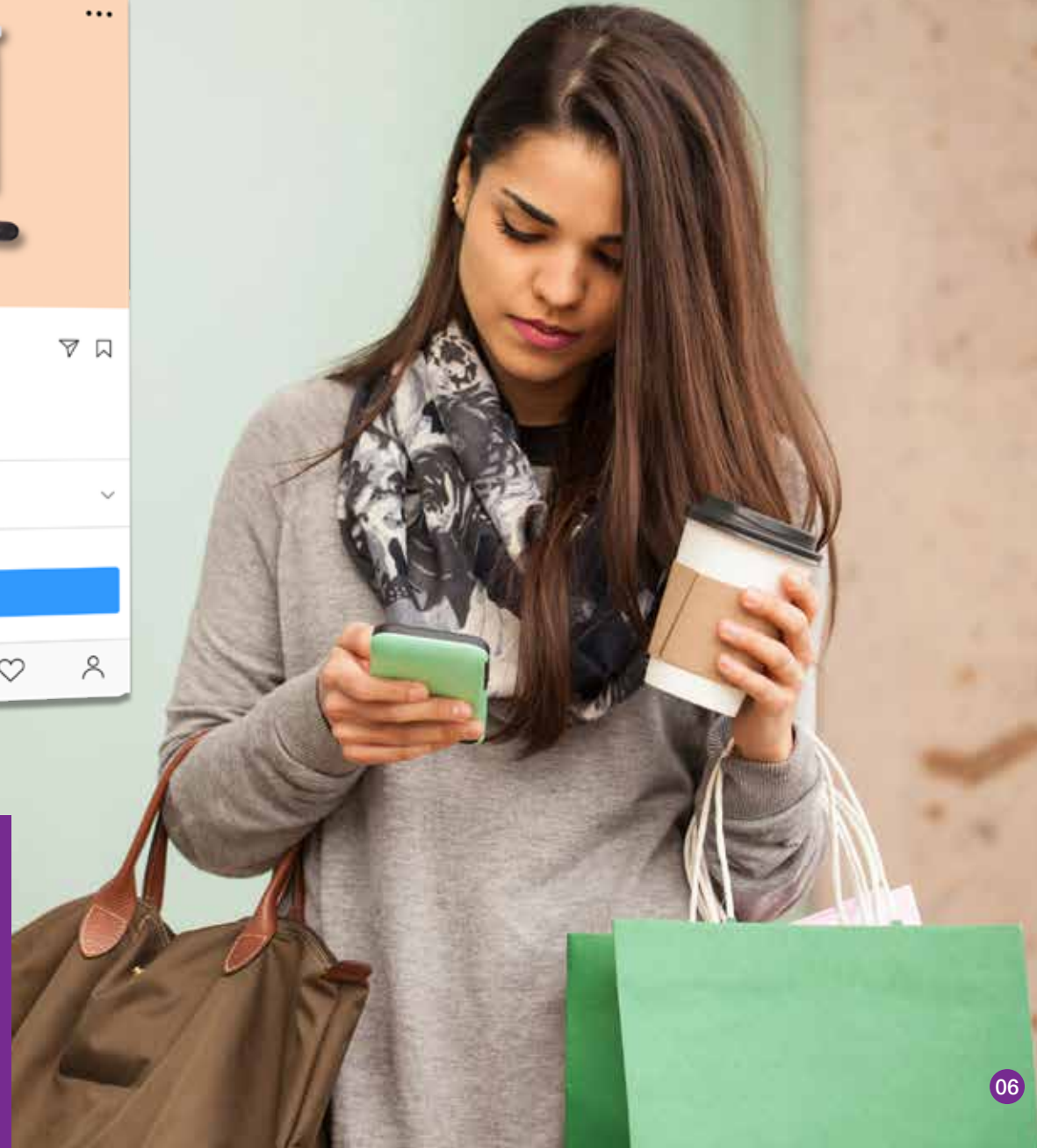


31%

Look for a brand on social media first



Usage of Social Commerce



Social Commerce Shoppers in India

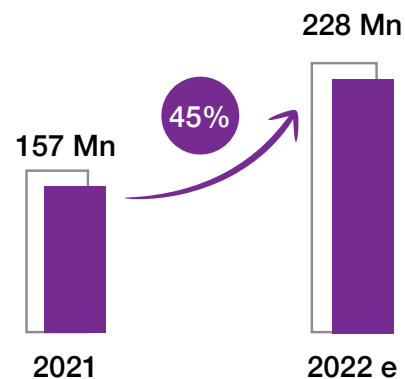
With both Social Media and E-Commerce paving strong inroads in the regular Indian Internet users' daily routine, the infusion of their attributes is a natural progression to offer them a seamless experience. Social commerce is the use of social media platforms to connect sellers, and their products and services directly to the customers. The customer makes the purchase and transaction with the seller within the native social media environment and interface.

For example, a potential customer can browse and compare products on the social media platforms like Facebook or Instagram and then make a purchase on the platform itself instead of going to the e-commerce marketplace or brand's website to make a purchase. Another example would be to connect with a seller on a chatting platform, such as WhatsApp, and place an order directly with them. This is a very discovery driven platform where connecting the right product with the right consumer drives the conversion.

Currently, there are around **157 million** social commerce shoppers in India, which is **53%** of all e-commerce users in India.

The number of social commerce shoppers is expected to increase at a rate of **45%** to reach **228 million** by the end of **2022**.

Social Commerce Shoppers in India



Source: Primary Research, WATConsult, Recogn



Platforms used for Social Commerce

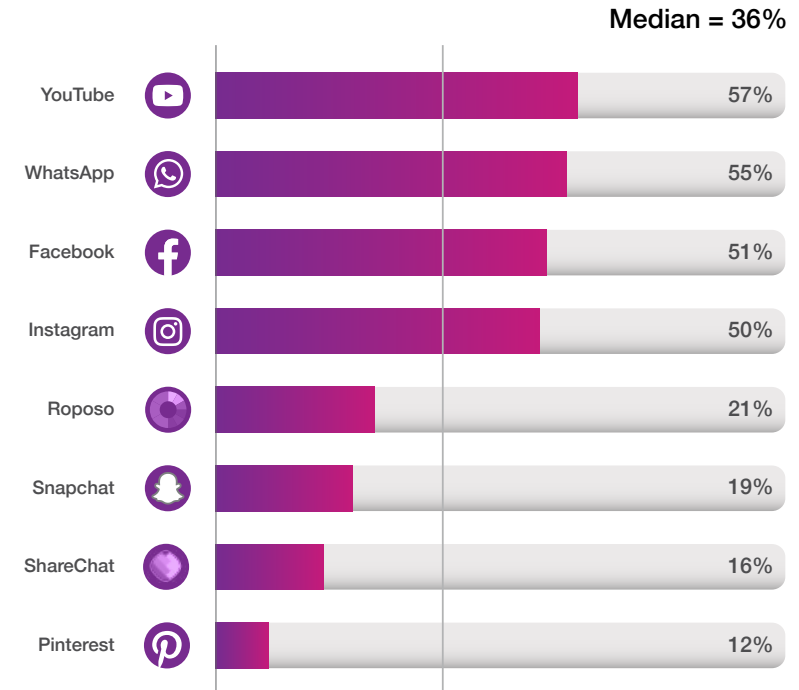
Social media shopping, also known as social commerce, allows companies to sell products and services within social media platforms. Social media platforms are now constantly evolving and the new ones are entering the Indian market. The massive reach of these platforms makes it a very conducive format for brands to directly link their products and connect them with the customers. Social media campaigns that use user-generated content can significantly increase conversions.

Social media platforms are the go-to places for small retailers in India to promote and sell products and services during the pandemic. Small sellers are now able to sell to first-time online buyers. Small retailers prefer social commerce due to the reach of social media platforms and their ability to connect directly with the customers.

YouTube made shopping features available for videos on demand and is expanding similar opportunities to live streams with creators and brands. It displays a 'view products' button just below the video and sees the featured items that are available for purchase. Similarly, WhatsApp has a shopping button feature, which makes it easier for customers to discover a business catalogue.

Most of the customers use social media apps like YouTube, WhatsApp, Facebook and Instagram to shop online. Most of the females like to shop online on social media platforms, like WhatsApp, Instagram and Facebook. Apart from YouTube, the younger customers also like to shop on Instagram and Facebook, while the older customers prefer to shop on Facebook and WhatsApp.

Platforms used for Social Commerce



Base: Social Commerce Users
Source: Primary Research, WATConsult, Recogn

Apart from Facebook and WhatsApp, social commerce users are very likely to make online purchases from ShareChat in the future.

Products Purchased on Social Commerce Platforms

The usage of smartphones has grown significantly in the last five years and data consumption has increased due to decrease in data charges. Social commerce presents a great opportunity for customers and sellers to discover each other and is proving to be a better alternative for micro and medium-sized businesses, as these platforms provide a simple way of getting an online presence, along with connecting with the customers.

The most popular categories under social commerce are mobile/tablets accessories, fashion and accessories, followed by electronics and appliances, beauty and grooming products, and sports, fitness & outdoor products. The majority of females belonging to the age group of 25 years to 34 years have purchased products from categories like fashion and accessories, along with beauty and grooming. Whereas, most of the males have purchased products belonging to the mobile, tablets and accessories categories.

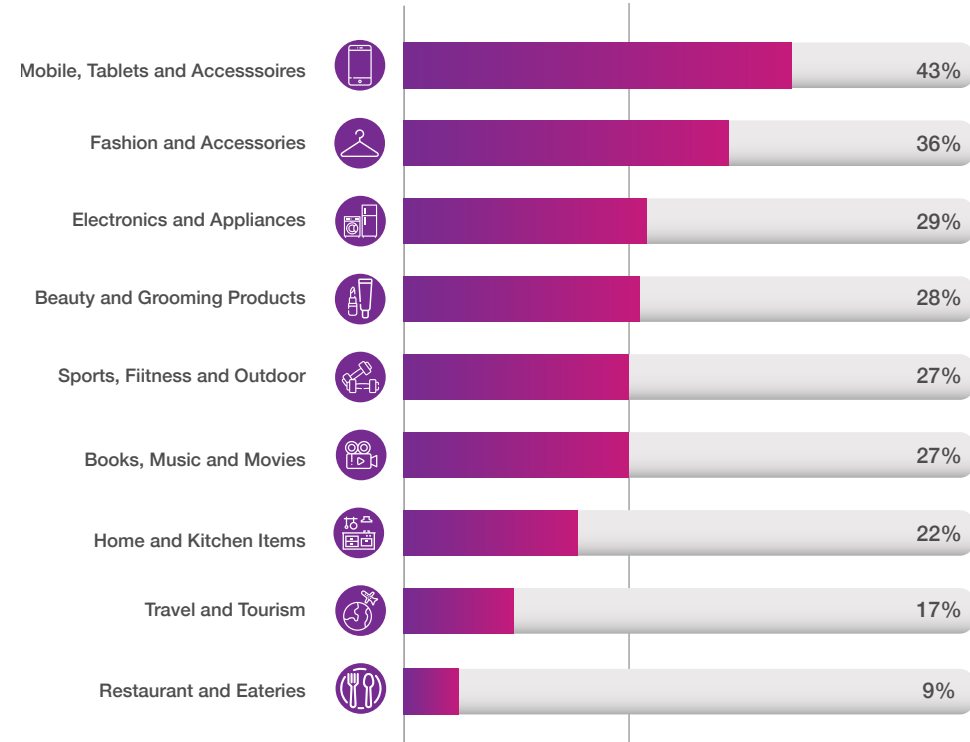


I spend a lot of time on social media sites, like Facebook, Instagram and WhatsApp. While browsing social media, if I come across an advertisement of a product that piques my interest, I look for more information and if I find it suitable, I purchase it directly from the social media site.

- Male, below 18 years of age, and belonging from one of the top 4 metros.

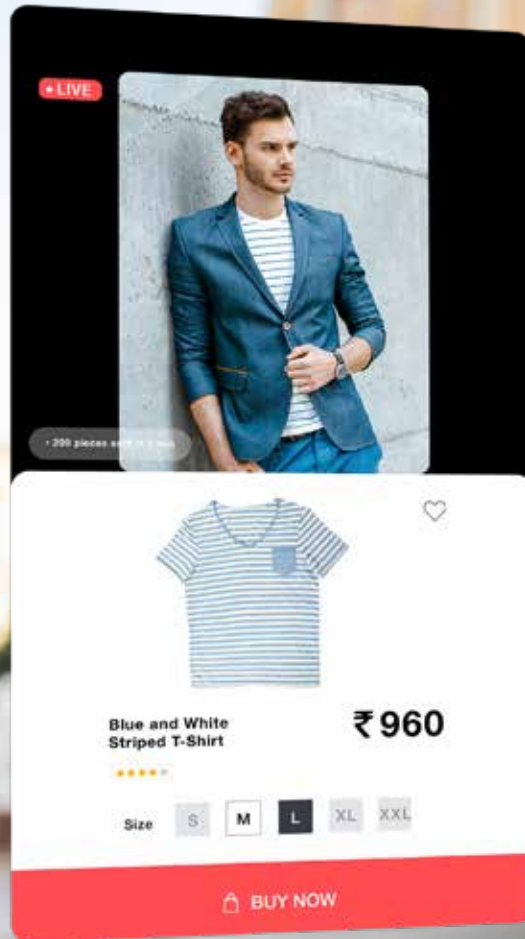
Products Purchased on Social Commerce from Different Categories

Median = 27%



Base: Social Commerce Users
Source: Primary Research, WATConsult, Recogn

Social commerce users are very likely to purchase Mobiles and Mobile Accessories, Beauty and Grooming products, Home and Kitchen items, Sports and Fitness products and Fashion Accessories.



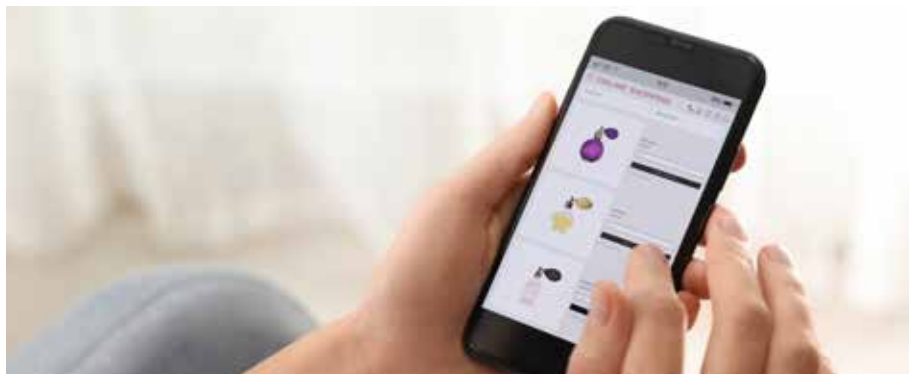
Attitude towards Social Commerce

Reasons to Use Social Commerce Platforms

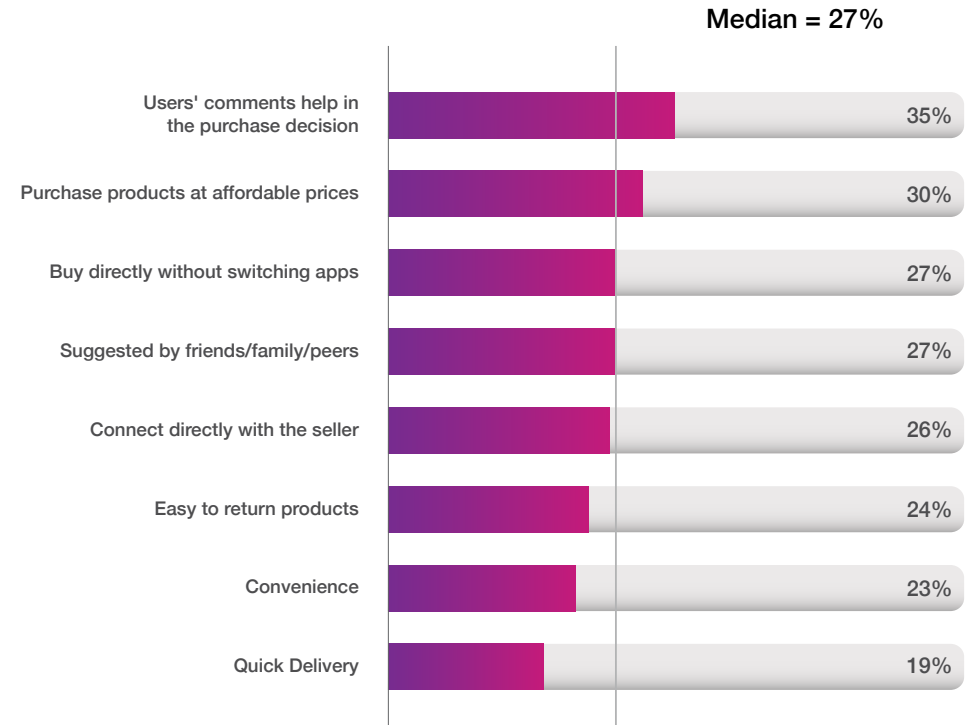
Social commerce takes place on many types of social media platforms like Facebook, Instagram, etc. which enables commerce by integrating a buy button, thus leading to the emergence of a different format of digital commerce, powered by social selling platforms.

Social media platforms aid customers in shopping decisions with the help of comments and recommendations by other users, and influencers on products and services. Customers also feel that they can purchase products at affordable prices. Social media platforms enable customers to browse and like products on platforms and purchase without the hassle of switching to other shopping apps. Customers' decision to purchase from social media platforms was influenced by the recommendations of their friends, family, and peers. They also feel that since they can connect with the sellers directly, it gives them more confidence in making their purchase decisions.

Most of the females feel that recommendations and comments on social media platforms help them make purchase decisions, and they can buy products that they see and like, and purchase them without the hassle of switching to other apps.



Reasons to Use Social Commerce Platforms



Base: Social Commerce Users
Source: Primary Research, WATConsult, Recogn

The reasons such as easy return policies, peer suggestions, ability to purchase directly from the platform and quick delivery are likely to drive social commerce usage.

Attitude Towards Social Commerce Platforms

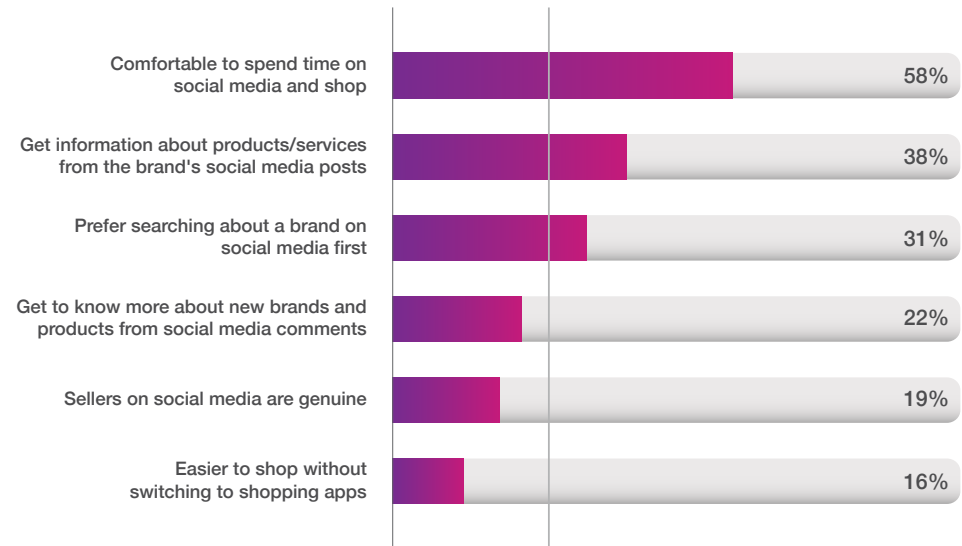
Social commerce caters to unique customer needs for various categories like fashion, mobile/tablet accessories, and fulfills customers' requirements for variety and customizations. Online communities and influencers' recommendations and comments make it easier for customers to make the purchase decision. Social commerce enhances the shopping experience of the customers and makes it comfortable for them.

The customers feel that they are more comfortable spending time on social media platforms and shop at the same time. They also get to know more about the products/services from the brands' social media posts and marketing campaigns. While researching a brand, customers prefer to search it on social media platforms first. Most of the males find it comfortable to spend time on social media platforms and shop, while females look for a brand they prefer on social media platforms first and then shop. Most of the customers belonging to the age group of 18 years to 44 years in the next five metros find social media platforms to be comfortable for spending time and shopping.

Social commerce is becoming popular with many more Indian customers moving online and discovering new ways of shopping. Social commerce includes a range of shopping experiences, wherein consumers can buy customised products/services at better rates.

Attitude Towards Social Commerce

Median = 27%



Base: Social Commerce Users
Source: Primary Research, WATConsult, Recogn

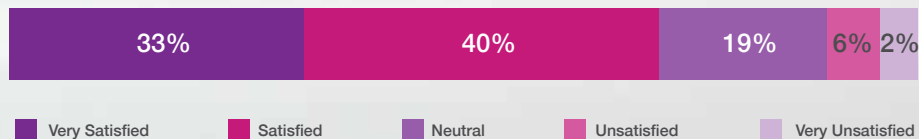
Social commerce users are likely to use the social media platforms as they find it comfortable to spend time on social media, get more information about products from the posts and find it easier to shop without switching to other apps.

Satisfaction While Shopping on Social Commerce Platforms

Social commerce is giving more opportunities to micro, small and medium businesses to enter into the digital arena with different business models. With the e-commerce industry undergoing a paradigm shift, this is likely to grow in the coming years. The pandemic has accelerated the growth of the e-commerce industry, and social commerce has emerged as a model of success in India with respect to audience beyond the top metros. The major reasons behind the increase in social commerce are the abilities of social media platforms to have several buying and selling groups, as well as messaging, video sharing and photo-sharing features that make online socializing and shopping highly compatible.

More than two-thirds of the customers are satisfied with the shopping experience on social media platforms, with one third of them being very satisfied. Most of the males in the age group of 25 years to 34 years are satisfied with the experience of shopping on social media platforms.

Satisfaction while Shopping on Social Commerce Platforms



Base: Social Commerce Users
Source: Primary Research, WATConsult, Recogn





Ad - 12

S Skinessentials
skinessentials.com

CREAM
PRIGONI
Rs 695

SOAP
PRIGONI
Rs 1195

SHOP NOW

Personas of Social Shoppers

Social Commerce Usage of India's Online Shopper Personas



They are young metro dwellers who are heavy online shoppers that like to try out new digital platforms.

Enthusiastic Young Shoppers from Metro Cities

- Have purchased through YouTube. They are also likely to purchase from Facebook, Snapchat, Instagram and WhatsApp in the future
- Use social commerce because it's convenient and has quick delivery services. Easier return policies, peer recommendations and affordable prices are likely the drivers of their future purchases
- Have purchased from categories of travel and tourism categories, restaurants and eateries and sports, fitness and outdoors. They are also likely to purchase fashion accessories, grooming products and books, music and movies in the future
- Use social commerce because they feel it's comfortable to spend time and shop on social media without switching apps
- Extremely satisfied with social media shopping



These are young working professionals from the small metros and towns who are light and very functional online shoppers.

Bharat Young Working Shoppers

- Have purchased through Instagram. They are also very likely to purchase via WhatsApp, Snapchat, Roposo and ShareChat in the future
- Use social commerce as they can connect directly with sellers and get quick deliveries. Affordable prices are also likely to drive them to purchase from these platforms in the future
- Have purchased from categories of mobiles, tablets and accessories, and electronic appliances. They are also very likely to purchase home and kitchen items, books, music and movies in the near future
- Use social commerce because they get to know more about brands and products from recommendations and comments on social media and feel it's easier to shop without switching apps. Reasons such as feeling comfortable spending time shopping on social media and the platform being the preferred destination for searching brands will drive the usage of these platforms in the future
- Moderately satisfied with social media shopping



They are young students from the small towns who like to explore newer digital platforms and are very value driven light online shoppers.

Bharat Young Student Shoppers

- Have purchased through WhatsApp and ShareChat. Likely to shop from Instagram, Facebook, Pinterest and YouTube in the future
- Use social commerce as it's easier to return products and directly connect with sellers. Also likely to use it further because they find it convenient.
- Have purchased from categories of restaurant and eateries and fashion accessories through social commerce. They are very likely to purchase home and kitchen items, mobiles and accessories and electronic items in the future.

- Use social commerce because they feel it's easier to shop without switching apps and get to know more about brands and products based on comments and recommendations. They are also likely to shop further if they feel more comfortable to shop while spending time on social media.
- Not very satisfied with shopping on social media currently



They are middle-aged homemakers dwelling from the top metros who are heavy online shoppers that like to explore new digital platforms.

Homemakers who are Enthusiastic Shoppers

- Have purchased through Pinterest and ShareChat. Also likely to make purchases through Facebook and WhatsApp in the future.
- Use social commerce because they can purchase directly from the platform they are using, and recommendations and comments help with purchase decision. Convenience and affordable prices are also likely to drive the purchase on this platform in the future.
- Have purchased from categories of beauty and grooming products, fashion accessories and home & kitchen items. They are also very likely to purchase mobile, tablets and accessories and electronic appliances in the future.

- Use social commerce as they get more information about products from social media posts. When looking for brands, they prefer to search on social media first and believe sellers on social media are genuine. Comfortable to spend time and shop on social media are also likely to be a strong driver of shopping from these platforms in the future.
- Extremely satisfied with social media shopping



They are older metro dwellers who have begun shopping online recently, mostly exploring the platform with the suggestion of their friends and family.

New Shoppers - Senior Citizens

- Have purchased through Pinterest and Facebook. They are also very likely to shop from WhatsApp in the future.
- Use social commerce as their friends suggested it, and they can purchase directly from the platform. Ability to purchase at affordable prices is likely to be a strong driver of purchase on this platform in the future.

- Have purchased from categories of books, music and movies, and restaurant and eateries. They are also likely to purchase beauty and grooming products, mobiles, tablets and accessories in the future.
- Use social commerce as they feel sellers on social media are genuine and when looking for brands, they prefer to search on social media first. Comfort of spending time while shopping on social media is also likely to drive the usage of this platform in the future.

- Satisfied with shopping on social media

TODAY

Hi I am interested in buying furniture for my living room. Do you have a catalog I can refer to?

13:20 ✓✓



The Living Room

Attractive Designs. Reasonable Prices.

13:20

[View Catalog](#)

Opportunities and Challenges



Opportunities and Challenges

Social Commerce

With more Indians moving online and discovering new ways of shopping, social commerce is gaining increased adoption among the masses. Although social commerce has been around for a while with several merchants using chat apps like WhatsApp to facilitate online shopping, the adoption has been gradual in India. But the pandemic has accelerated the process, and multiple online selling models emerged. Social commerce has presented a cost-effective alternative for all businesses. Social commerce has a close association with social media platforms and it gives an inherent advantage when it comes to engaging and retaining customers. It's the go-to option for micro, small and medium businesses that want to avoid the cost of a website and other marketing expenditures.



Opportunities

- Social commerce provides an easy platform for users to express their ideas and suggest brands to their social circle
- It offers businesses and marketers social word-of-mouth and it is the most powerful instrument in today's age
- Most of the social media platforms include incredible features for buyers and sellers viz. analytics, advertisements, and integration of buy button
- Before making a purchase decision on social media, customers have the option to examine reviews, opinions and comments posted by prior customers and make a better decision. Businesses need to keep an eye on online reputation and consider every review, comment, opinion as important

Challenges

- Customers are accustomed to turning first to e-commerce websites like Amazon, Flipkart, Myntra, etc. when they shop online
- There is hesitancy in trusting the social media platforms for online shopping, among customers and are more likely to trust the traditional e-commerce websites
- Privacy and data security is the most concerning aspect for shoppers. For many shoppers, social and video commerce seem less private and riskier
- Shopping remains a distinct activity. Some users simply do not prefer to mix socializing and shopping. These consumers do not have a social mindset yet when shopping or a shopping mindset while socializing. There are no habits or rules in place to drive social media users to think about shopping as they socialize or vice-versa

Research Methodology

Quantitative Research

Survey was conducted among a sample size of 2,052 social commerce users across age groups, gender, occupation, zones and town class using stratified random sampling to gather the required data.

Qualitative Research

Qualitative in-depth interviews were conducted with the industry stakeholders. Furthermore, in-depth interviews were conducted with consumers across age groups, gender, occupation and town class to identify the qualitative aspects.

Research Team for this Report

Abheek Biswas

AVP Consumer Insights (abheek@watconsult.com)

Prabhupreet Singh Ahuja

DRM (prabhupreet.ahuja@watconsult.com)

Shweta Prabhu

Regional Head - Design

Prashant Narvekar

Lead Animator

Synopsis on Design

The central theme being “Digital Commerce”, the design look and feel of this report encompasses people at different times in different environments shopping indicating the ease of use of digital commerce. The visuals are a mix of real (images) and graphic pop-ups (virtual) which indicate the ecommerce bit and bring out the central idea better. The color palate of this entire series will be based on the platforms that exist across Social, Video, Voice, Hyperlocal and Festive Commerce.



Recogn, the research-based consulting division of WATConsult, complements the agency’s knowledge of digital media over a period of 10 years with the understanding of the digital audience. Recogn provides marketers with deeper insights into the minds of consumers and helps create more focused marketing strategies. Recogn provides end-to-end research services like customized primary research into the domains of marketing strategy, brand strategy, product and communication strategies, among others.

Find more about Recogn at: <https://www.watconsult.com/recogn>



Ranked as the second-best digital agency in the country as per the Agency Reckoner by Brand Equity, WATConsult is a seasoned true hybrid full-service digital agency. The agency works with over 120 large Indian and global brands. Part of the Dentsu Aegis Network, it has a 340+ member team spread across Mumbai, Delhi & Bangalore.

Catering to the industry’s diverse and ever growing needs, WATConsult has specialized divisions like **Social CRM 24/7** for ORM, In-Depth Analysis, and Social Listening, **Recogn** for consumer research and consulting, **InnoWAT** - the agency’s very own tech innovation lab, **Ecommencify** for an end to end eCommerce solution for brands & **The Alter Project**, the agency’s most recent venture into cause marketing and delivering campaigns for the greater good.

Contact Details:

WATConsult

1076, Parijat House, Worli Naka, Mumbai – 400 018

Phone: +91 22 6709 9200 | Website: <http://www.watconsult.com>

Research Methodology

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