The Social Shopping Explosion

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Abstract

The traditional transactional model that characterised ecommerce is no longer the only path to purchase. Day by day purchasing is taking place online. By 2015, online retail sales in India are predicted to increase drastically. And social media and social networks are changing the way of shopping. They are transforming the way people behave online. Increasingly consumers are moving online before they have made purchase decisions and before the power of product or brand search can kick in.

Social shopping is a method of e-commerce where shoppers' friends become involved in the shopping experience. Social shopping attempts to use technology to mimic the social interactions found in physical malls and stores. Today a social shopper is not just a buyer; he is an expert, critic, influencer and potential advocate.

This article is the result of an in-depth research study to explore the mindset and motivation of consumers online. It attempts to find out how consumers are behaving online and how social media is changing the retail landscape. The study throws light on how the social environment is changing the retail experience by facilitating and guiding consumers through their purchase consideration and how social media is influencing their buying decisions. The results of the study are significant as it is seen that more and more online shoppers are searching for the lowest price with consumer reviews fast catching up with search engine listing when it comes to purchase decisions.

Introduction

The traditional transactional model that characterised ecommerce is no longer the only path to purchase. Day by day purchasing is taking place online. By 2015, online retail sales in India are predicted to increase drastically. And social media and social networks are changing the way of shopping. They are transforming the way people behave online. Increasingly consumers are moving online before they have made purchase decisions and before the power of product or brand search can kick in.

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With the vast majority of young Indians researching products on the internet before they purchase them in stores or on the web, it is no surprise that a whole new form of shopping is emerging. "Social shopping" is the intriguing offspring of social networking and online shopping, and it can offer growth in business.

Need for the Study

Unlike the many retail sites that display products for sale, many increasingly popular social shopping sites consist of product listings from site users who recommend their favourites, often with a strong emphasis on what's hot, new and exciting. And insiders know that listing their own products on the right social shopping sites can build business that leads to sales. This accessible form of word-

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of-mouth marketing offers a wealth of opportunities for business houses with limited budgets.

Objectives of the Study

Objective of this study is to identify how, when and why consumers are conducting online purchases after online product research as well as their behaviours and expectations related to customer reviews.

Methodology

The study has been descriptive in nature and includes 250 respondents belonging to various age groups, income groups and occupations. The tool used to collect data has been a structured questionnaire which was sent online to prospective respondents.

Results of the Study

Results for questions pertaining to identifying how, when and why consumers are conducting online purchases after online product research as well as their behaviour and expectations related to customer reviews have shown the following results.

Table I illustrates that 47% of the respondents have reviewed a product or service online in the past month. The growing trend towards customer contribution provides a plethora of opportunities for brands to connect with customers. (Refer Figure I)

With respect to sources of information, online, reviews (33/%) are catching up with searches (38%) and onsite product or service information (35%) are catching up as the top three sources of information that people refer to prior to purchasing. Online customer are also rating comments on a forum or message board above television advertisements, indicating a major shift in the sources of purchasing influence.

Next coming to the question of extension of the reach of the review the research shows that 37% of the respondents have recommended a product to a friend via email or instant messaging or social network. This shows that social spaces have created wider network and as such have created a much bigger opportunity for retailers. The research has also found that consumers trust other consumers, even if they are people they do not know. This means that every consumer can now drive traffic and sales via social networks. Thus social network as a path to purchase is increasingly becoming a key driver of sales online.

Change in Online Shopping Experience

Today online shopping is taking on a collaborative aspect that reflects the shopping experience offline.

The online shopper is no longer operating in isolation. Social media has extended the opportunity for instant and public conversation and become a catalyst for inspiration, product conversations and advice on purchases.

Earlier studies conducted have identified only two categories of online shoppers. They are Hunters and Gatherers. Hunters basically look for the best price/ lowest discount whereas Gatherers research online for detailed product information/companies. However of later a third category called as Collaborators is seen who search for advice and ideas from customers.

Traditionally online shopping has served the purpose of hunters. It has served ideal for the product focused shopper who is seeking out the lowest price. This research suggests that online shopping behaviour is changing. With 37% of shoppers identifying themselves as gathers and 6% as Collaborators, the emphasis on price that characterised online purchases is diminishing. Hunters still lead but marginally. (Refer Figure II)

42% of the consumers are gathers or collaborators. They are in the consideration phase. Understanding when customers are making their purchase decision and how to engage them during the process is central to improving acquaintances. This research has found that these shopping behaviours are not fixed; they are also determined by product or service categorization. Shoppers behave in different ways across different categories. This means that the opportunities for customer acquisition takes place at different social touch points, dependent on the category and customer demographics.

Table II shows that women dominate in terms of both hunters and collaborative behaviour. This duality presents an interesting opportunity for online retailers. Traditional methods of consumer engagement would be successful in reaching the hunter, but dialogue, research and opinion would serve as a core feature of collaborative shoppers.

Gathering behaviour is more dominant in the case of purchase of high priced items like cars and property. More frequent purchases such as groceries, entertainment and fashion tend to be dominated by hunters. Collaborating is more common across what could be termed as "passion categories" such as travel and sports. (Refer Table III)

Gathering, Collaborating and the Consideration Phase

The longer the consideration phase, greater is the opportunity for brands to reach out to new customers.

In this space, social communication, online influencers and the sharing of consumer opinions are part of a new route to purchase. Today it is seen that consumers are more likely to visit a new online site based on a friend's recommendation. Worth of mouth is nothing new. What is different is where it is taking place.

Social media's value in getting consumers visit new and existing online retailers is becoming increasingly evident. Social media does not operate as a broadcasting system for brands but creates a growing space for inspiration, conversation, recommendation and engagement. Social platforms such as Twitter and Facebook are offering new channels to source information; for example, product conversations are deepening to include product support, review, development and affiliation.

More Opinion in More Places

The consumer has always been King. In the online space, this is even more dominant. The following table indicates initiatives of online shoppers soon after shopping online.

When respondents were asked about the action they had taken after making purchases online, 37% had reviewed or talked about the last purchase online, not far behind those who had discussed face to face offline which constituted 38.4%. (Refer Table IV)

Recommendation Drives Visits

Social communication has created a world of recommendation and one which reaches ever increasing audiences. This research has also demonstrated that consumer reviews is not 86% more effective than traditional advertisements. As such, the power of influence and consumer advocacy cannot be underestimated particularly when it extends far beyond immediate family and friends.

The Table V examines the sources that online shoppers' trust. It shows that across 9 out of 12 categories another consumer is rated higher than expert advice. The significance of review and opinion sharing cannot be dismissed as the table above demonstrates the increasingly popularity and the spread of customer review.

Sharing Positive and Negative Opinions

The Table VI compiles answers obtained with respect to the question where most likely respondents would talk about a product purchased online based on either positive or negative buying experience

The Table VI shows that interestingly, product review is even more popular if the buying experience has been positive. With the growth of social media, the increasingly vocal consumer is often mistakenly positioned as a potential risk. This research has shown that positive buying experience guarantees more online conversation. On the other hand, in case of blogs, 48% of the people are reviewing negatively and only 12% are positive, which needs to be closely watched.

Social Networking Inspires Sales

Sales are no longer product led. Online purchases are increasingly based on a range of factors and social network shifts the emphasis. As social communities evolve there is an emerging culture o consumer recognition and long-term engagement that promises a new experience between online shoppers and retailers. The following table shows the possible features/services that would engage shoppers to visit a online shopping site. (Refer Table VII)

The analysis demonstrates the appetite for customer recognition and a more interactive relationship between customers and brands.

Conclusion

Online shopping and online shoppers - are rapidly changing and it is the retailers who has to understand these changes so as to most benefit from the opportunities they present. Appreciating the differences in shopping behaviours across products or services would help online retailers to develop strategies which tap into the different purchasing drivers. It would also signpost the social initiatives that effectively attract new consumers and the incentives that encourage brand affinity. Thus it is seen that today social retail is characterised by new consumer interactions. It hinges on the brining together of brands and consumers; consumers and influencers; potential purchases and brand advocates and the multiple online touch-points where these interactions are taking place.

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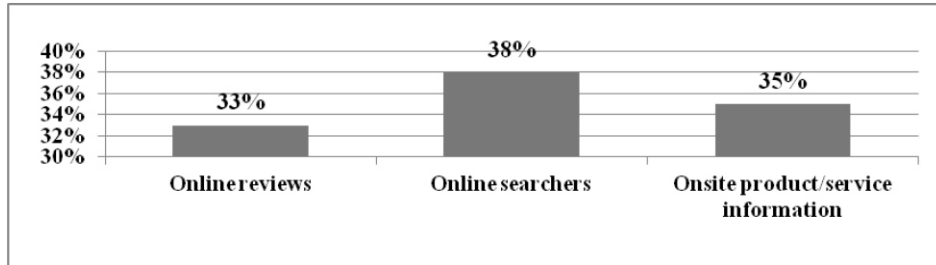

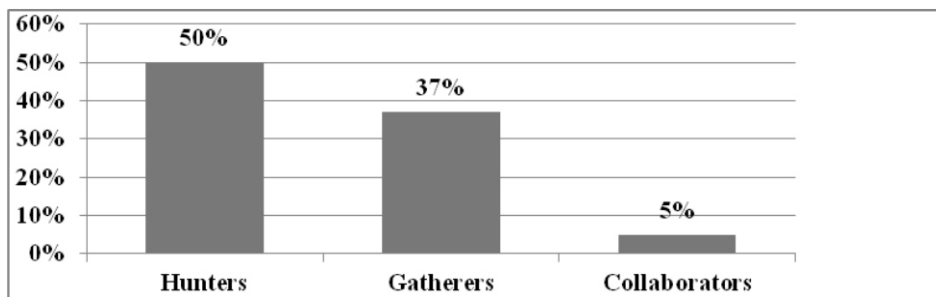Figure I: Main Sources of Information for Online Purchases

Figure II : Categories of Online Shoppers

Table I : Activities done Online in the Past Month

S. No.	Activities	Percentage
1	Purchased a product/service online	49%
2	Watched a video clip	48%
3	Reviewed a product/service online	47%
4	Uploaded photos online	43%
5	Managed social network (e.g. Face book)	41%
6	Posted a comment on a forum/message board	40%
7	Sent product review to friend via email/instant messaging/social network	37%
8	Sent video clips to a friend via email/instant messaging/social network	24%
9	Left a comment on a blog	18%
10	Wrote own blog	9%

Table II: Social Touch Points versus Demographic of Respondents

Category	Gender	Age of respondents					Total
		18-24	25-34	35-44	44-54	55-65	
Gatherers	Male	9%	21%	16%	22%	5%	73%
	Female	3%	13%	8%	3%	0%	27%
Total		12%	34%	24%	25%	5%	100%
Hunters	Male	4%	14%	12%	8%	3%	41%
	Female	11%	18%	16%	10%	4%	59%
Total		15%	32%	28%	18%	7%	100%
Collaborators	Male	8%	10%	11%	1%	1%	31%
	Female	16%	22%	25%	4%	2%	69%
Total		24%	32%	36%	5%	3%	100%

Table III: Evidence of Shopper Category with respect ot Type of Product/ Services Purchased Online

Shopper Category	Most evident in type of product/service purchased online
Hunter	Groceries, entertainment and fashion products
Gatherer	High priced items like cars and property
Collaborator	Travel and sports

Table IV: Action Taken After Making online Purchase

Action taken after making purchase online	Percentage
Reviewed online	37%
Talked face to face offline	38.4%

Table V: Soruce most Trusted to Provide an Accurate Opinion on Products/ Services Online

Products/ Services	Another consumer online	Someone who works at the retail	A professional journalist	A celebrity one likes
Food/ Groceries	10	8	4	3
Fashion	10	12	3	2
Sports/outdoor equipments	15	16	5	2
Entertainment(Music/books/film/cinema tickets	20	18	10	2
Technical items (mobiles/TV/computers)	15	10	10	2
Health & beauty products	13	12	4	3
Furniture/Household equipments	20	21	3	2
Travel / Holiday	18	11	5	1
Financial Services	15	14	12	1
Utilities (gas, water)	20	10	8	1
Property / housing	11	13	8	1
Cars / automobiles	14	13	10	1

Table VI: Where Respondents would like to Share Positive and Negative Opinion

Where customer would like to talk about	Positive buying experience	Negative buying experience
Talk to someone known face to face	75%	22%
On a forum	28%	23%
On a social network	34%	18%
On a micro-blog e.g., twitter	8%	5%
Review on site where purchased	73%	25%
On a blog	12%	48%

Table VII: Additional Features/ Services Desired by Online Shoppers

Feature / Service Desired	Percentage
Reward for reviewing products	73%
Invitation for private shopping days with discounts and new products	65%
Trial /experience in store should be allowed to be converted into sales online	68%
Reward for recommending website to friends online	58%
Real-time customer service through an instant messaging service	53%
Reward for contributing product details, photos or videos	47%
Grouping together with unknown customers online to avail group discounts on products	42%
Mobile phone service that allows to take pictures of products & receive prices online	39%
Ability to shop and buy directly with mobile phone	35%
Social network based on sharing recommendations on products to buy	38%