

# Social Commerce in 2012

A marketer survey on the state  
of social commerce and its future



## Social Commerce in 2012

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Will 2012 be the year that social commerce becomes ubiquitous? With more tools becoming available to businesses, social commerce is fast becoming a fully integrated service within social media and ecommerce platforms.

Our survey of more than 250 marketers indicates what behaviours and decision-making we can expect from brands in 2012, what marketers think about social commerce, and in which solutions they will be investing. The results indicate a surprising gap between perceptions of social commerce and the opportunities, demonstrating untapped potential for brands that have yet to embrace the full benefits of social commerce.

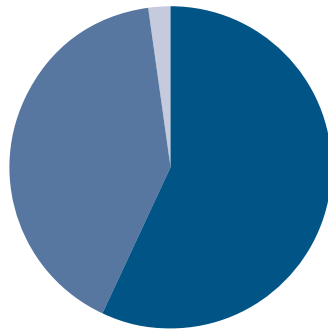
## Awareness

**57%**

OF MARKETERS ONLY UNDERSTAND A LITTLE ABOUT SOCIAL COMMERCE

Global social commerce revenues are predicted to rise from \$5 billion today to \$30 billion in 2015<sup>1</sup>. While the majority of marketers have some understanding of social commerce (only 2% admitted ignorance) more than half say they understand only a little about social commerce.

**A DESCRIBE YOUR LEVEL OF UNDERSTANDING OF 'SOCIAL COMMERCE'**



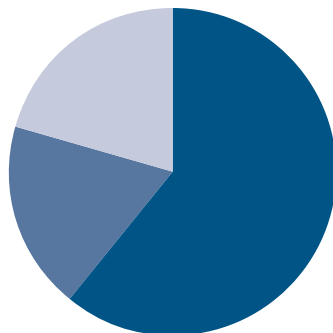
- **56.6%** UNDERSTAND A LITTLE ABOUT SOCIAL COMMERCE
- **41.0%** HAVE A GOOD UNDERSTANDING AND ARE CONFIDENT IN HOW TO USE IT
- **2.3%** HAVE NEVER HEARD OF SOCIAL COMMERCE

Whether recommendations are from friends and family, colleagues or total strangers, social recommendation is and has always been a powerful influence on purchasing decisions – 90% of purchases are subject to some sort of social influence<sup>2</sup>.

And while social commerce is a young and relatively new sector, a growing number of marketers see the next 12 months as an opportunity to build up strong competitive advantages by using social commerce for consumer acquisition and retention.

Yet one in five marketers surveyed still needs convincing of the value of social commerce. A similar percentage are 'sold' on the concept, but the majority sit somewhere in the middle – willing to experiment, but looking for further proof.

**B WHICH OF THE FOLLOWING BEST DESCRIBES YOUR ORGANISATION'S LEVEL OF COMMITMENT TO SOCIAL COMMERCE?**



- **60.9%** EXPERIMENTAL: INITIAL RESULTS LOOK PROMISING BUT IT'S EARLY DAYS
- **20.7%** SCEPTICAL: IT'S NOT FOR US, OR WE'RE JUST TESTING UNTIL ITS VALUE IS PROVEN
- **18.4%** COMMITTED: RESULTS HAVE PROVED ITS BUSINESS VALUE AND WE'RE IN FOR THE LONG HAUL

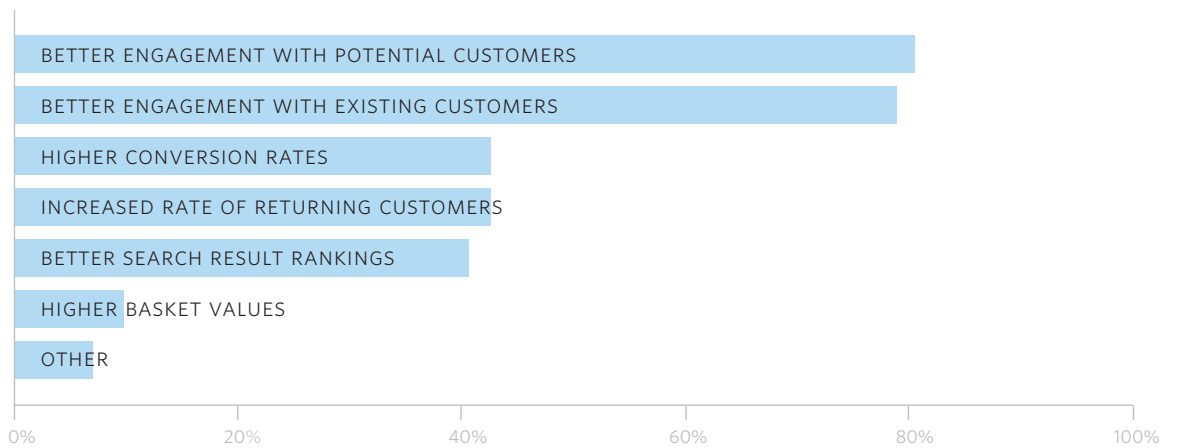
<sup>1</sup> Booz & Company, Turning "Like" to "Buy": Social Media Emerges as a Commerce Channel  
<sup>2</sup> eConsultancy, Global Internet Statistics Compendium

## Benefits

### Marketers use social commerce to better engage with existing and potential customers

Marketers can identify a range of benefits from using social commerce solutions. The most obvious benefit they can see is better engagement with existing and potential customers, but around 40% believe social commerce could also help their brands obtain better search rankings, improve the rate at which customers return and lead to higher conversion rates. One in 10 also thinks it could result in higher transaction values.

**© WHICH OF THE FOLLOWING BENEFITS DO YOU ASSOCIATE WITH SOCIAL COMMERCE SOLUTIONS?**



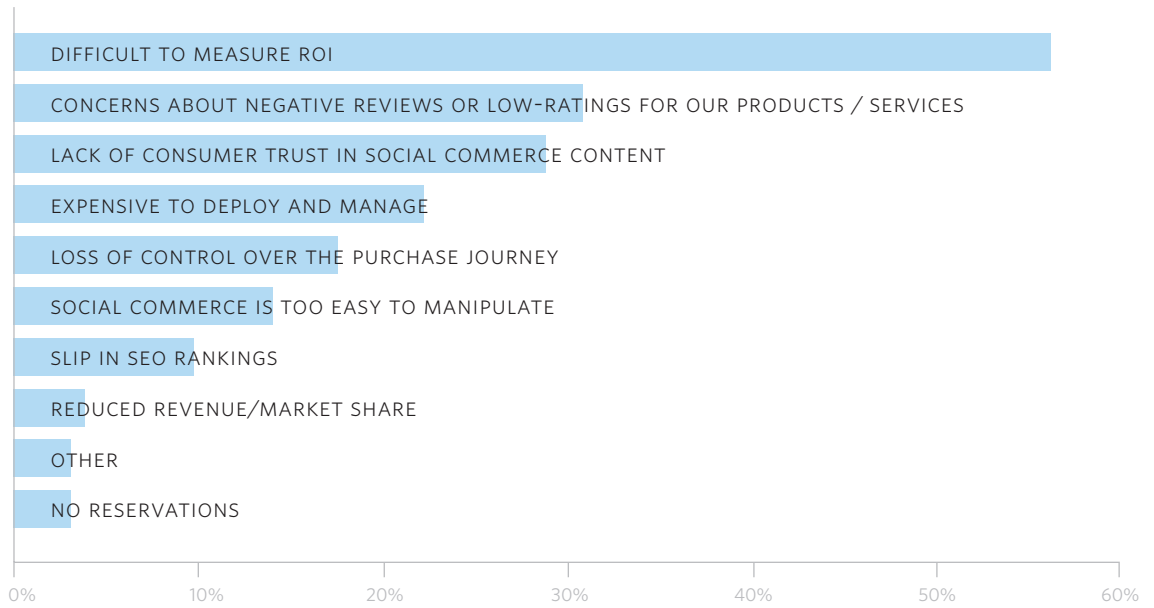
## Barriers

### Marketers perceive social commerce ROI as being difficult to measure

Despite the social commerce measurement tools available, the biggest beef that marketers have with social commerce is measurement - or the perceived lack of it. More than 56% say they believe it is too difficult to measure the return on investment of social commerce solutions. Some 30% are concerned that using social commerce will result in negative reviews or low scores - perhaps betraying a lack of confidence in their own products and services as much as in social commerce.

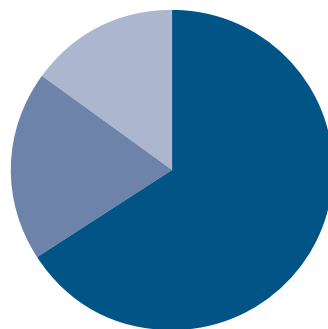
Interestingly, 29% of marketers were concerned that consumers do not trust social commerce content. The ability to demonstrate review integrity to consumers is clearly a critical element of a successful social commerce strategy.

**D** WHICH OF THE FOLLOWING RESERVATIONS DO YOU HAVE ABOUT SOCIAL COMMERCE?



Two thirds of marketers agree that social commerce works equally well for SMEs as it does for big brands.

**E** DO YOU THINK SOCIAL COMMERCE WORKS BETTER FOR BIGGER OR SMALLER BUSINESSES?



- **66.0%** 'SOCIAL COMMERCE WORKS EQUALLY WELL FOR ALL BUSINESSES'
- **18.8%** 'SOCIAL COMMERCE WORKS TO THE ADVANTAGE OF BIGGER BUSINESSES'
- **15.2%** 'SOCIAL COMMERCE WORKS TO THE ADVANTAGE OF SMALL BUSINESSES'

## Solutions

### Social plug-ins such as Facebook 'like' are the most popular social commerce solutions

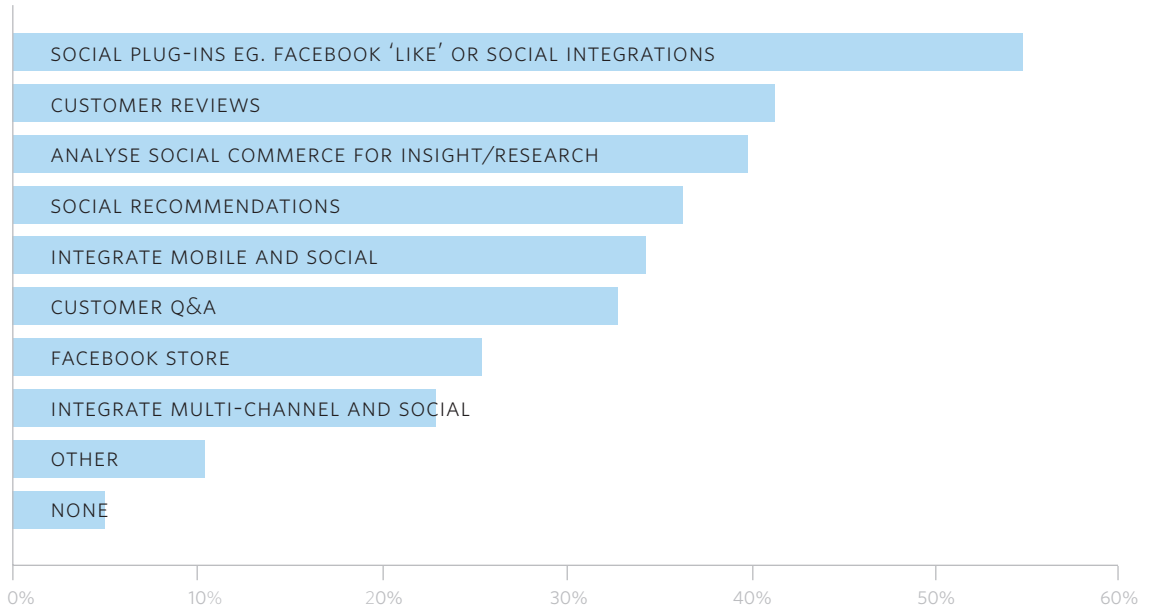
**2.5 MILLION**

SITES HAVE INTEGRATED WITH FACEBOOK

While retail and fashion brands were among the first to explore the potential of social commerce, a broader range of major brands - from consumer goods manufacturers to financial services firms - are now exploring various social commerce solutions that work for their specific goals.

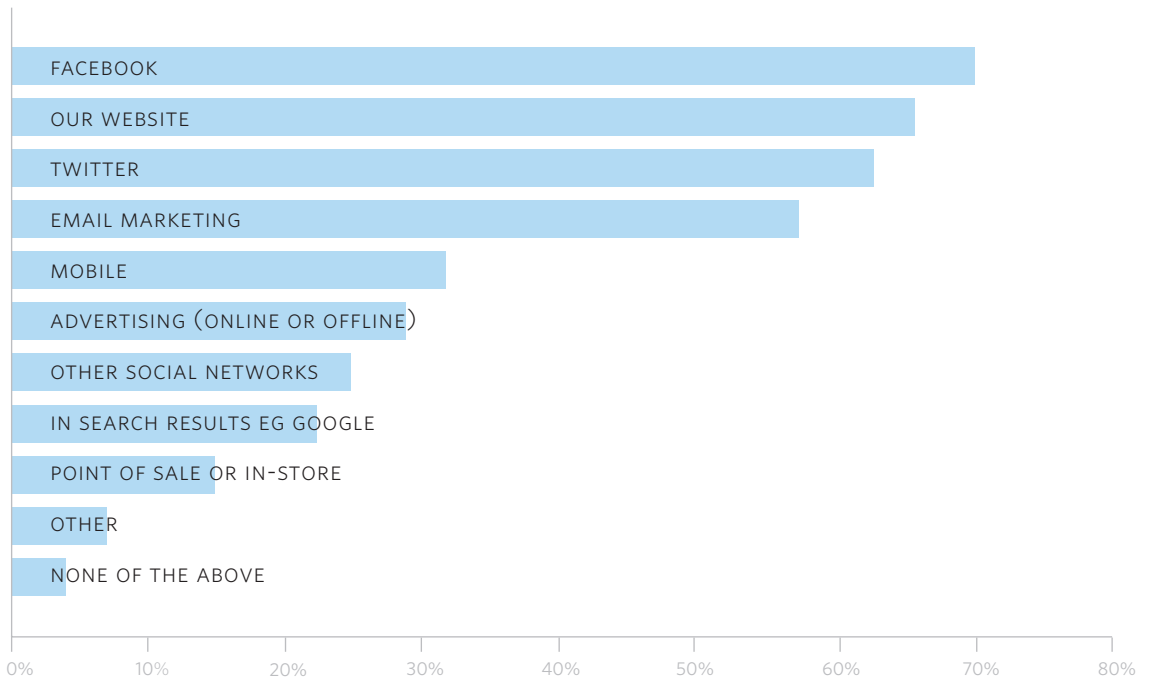
More than 2.5 million sites have integrated with Facebook and 75% of Facebook users have 'liked' a brand<sup>3</sup>. So not surprisingly social plug-ins, such as Facebook 'Like', are the social commerce solutions our marketers are most likely to be using currently or planning to use in 2012. More than 40% have used, or plan to use customer reviews, while a similar percentage use, or intend to implement social commerce as a means of generating customer insight. One in four already has a Facebook store, or plans to open one in the next 12 months.

**F** WHAT KIND OF SOCIAL COMMERCE SOLUTIONS DO YOU CURRENTLY HAVE OR PLAN TO TO IMPLEMENT IN THE NEXT 12 MONTHS?



With Facebook on course to break the 1 billion users mark, it's not surprising that it's the most likely destination for social commerce content - 70% of respondents say they use or plan to use social commerce content on Facebook in the next 12 months. However, Twitter isn't far behind (63%). Between half and two thirds of brands still see email marketing and their own websites as the key platforms for social commerce.

**G** WHERE ARE YOU CURRENTLY USING OR PLANNING TO USE SOCIAL COMMERCE CONTENT?



## Metrics

### Marketers measure social commerce using non-conventional metrics

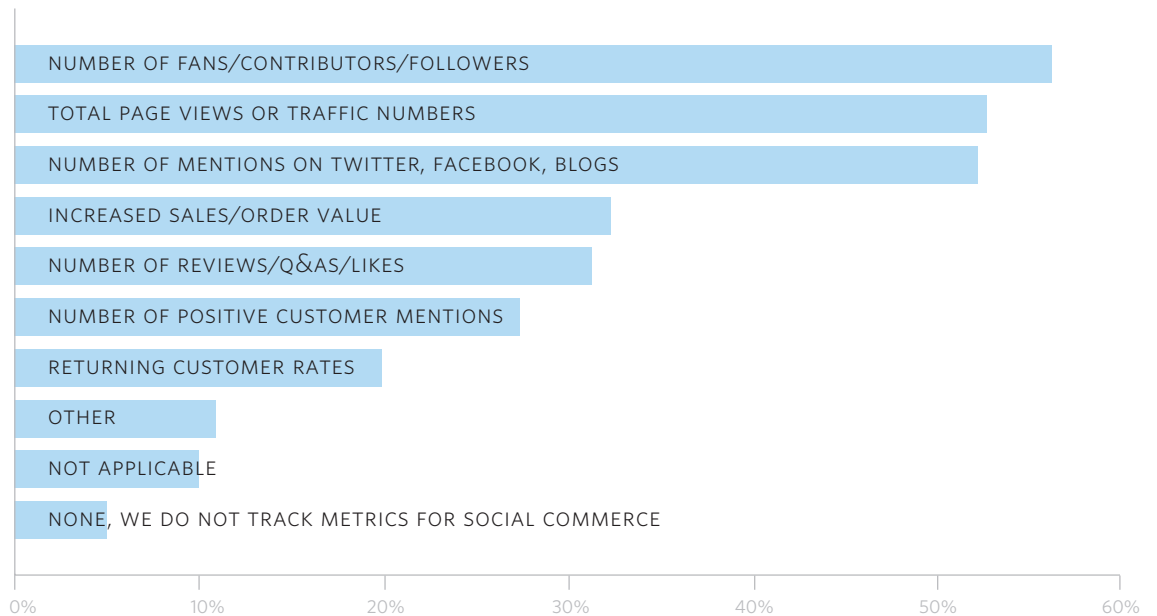
**22%**

OF MARKETERS  
DON'T MEASURE  
THEIR RETURN ON  
INVESTMENT FROM  
SOCIAL COMMERCE

The issue of measuring the impact of social commerce highlights an interesting trend. Many of the social commerce key performance metrics are the same as other direct marketing or online channels: traffic, conversion rates, ROAS (Return On Ad Spend), RPV (Revenue Per Visitor), AOV (Average Order Value), order frequency and ROI (Return On Investment).

But the most popular metric amongst marketers is the number of fans, followers or contributors - followed closely by traffic and page views, and then mentions on Facebook, Twitter and blogs. Only around a third measure impact by how much their sales or order values have increased and one in 10 doesn't try to measure success at all.

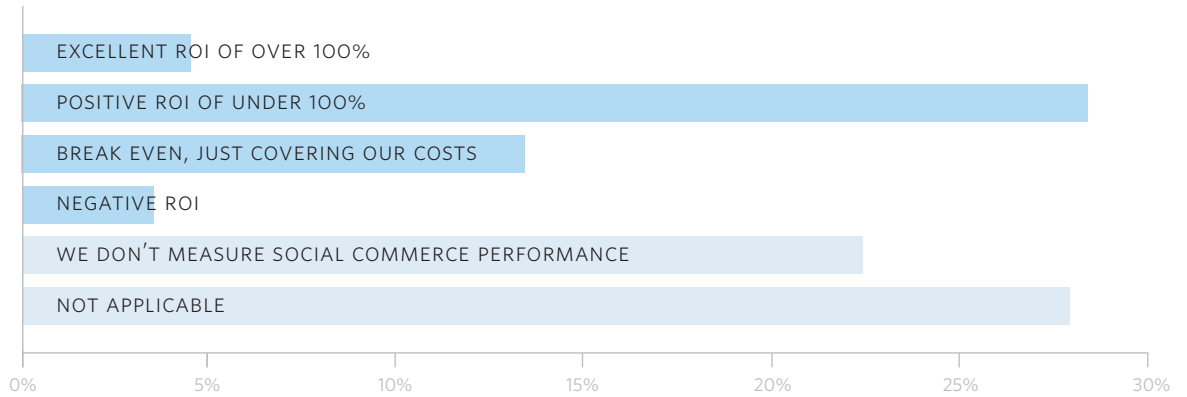
**H** WHAT METRICS DO YOU USE TO MEASURE THE SUCCESS OF YOUR SOCIAL COMMERCE?  
(SELECT ALL THAT APPLY)



Yet, despite these less conventional metrics for measuring ROI, a third of marketers in the survey report positive return on investment - with 5% claiming 'excellent' results. Just 4% say they have experienced negative ROI and 13% say they are covering their costs.

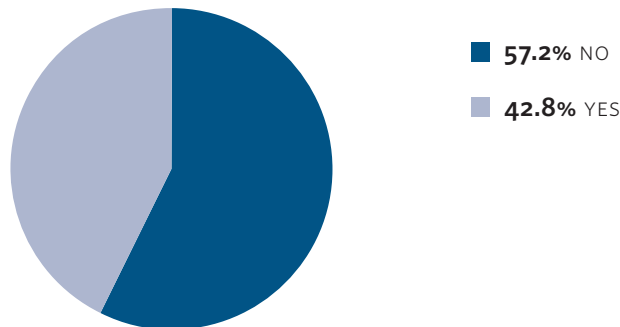
Surprisingly, a staggering 22% of marketers don't measure their return on investment from social commerce at all, which begs the question why and indicates that social commerce providers should do more to clarify how improved conversions can be quantified.

**I** WHAT ROI DO YOU ACHIEVE ON SOCIAL COMMERCE IN YOUR ESTIMATION?



It is estimated that in three to five years, 10% to 15% of total consumer spending in developed countries may go through sites such as Facebook, indicating that social commerce is on the rise. But the majority of marketers (57%) say they cannot yet tie revenue back to social commerce – a position that may have to change as social commerce becomes ubiquitous and brands invest more in social.

**J** CAN YOU TIE SOME PERCENTAGE OF YOUR REVENUE TO SOCIAL COMMERCE?



### Looking forward

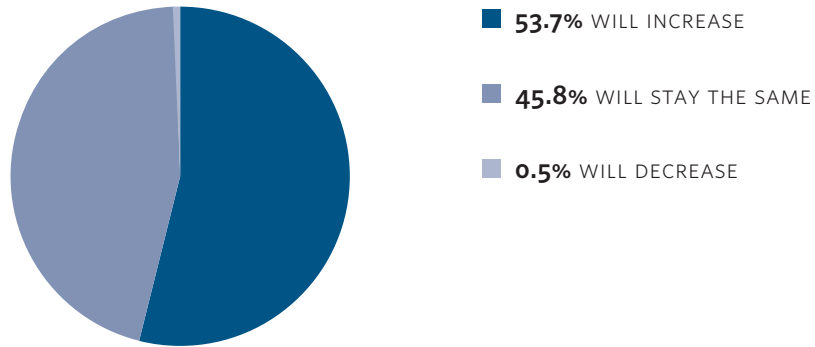
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#### The majority of marketers plan to increase their social commerce activity

With social commerce offering potential to increase traffic and conversions it's not surprising that the majority of respondents (54%) plan to increase their spending on social commerce next year.



**K DO YOU PLAN TO INCREASE OR DECREASE YOUR SOCIAL COMMERCE BUDGET IN 2012?**



The majority of marketers also plan to match the increased spend with increased social commerce activities. Additionally, more than a third intend to integrate social commerce into their multi-channel and mobile marketing strategies and use insights gained to inform their product/service, marketing and stock decisions.

**L WHAT ARE YOUR PLANS FOR SOCIAL COMMERCE IN 2012?**



These findings indicate that while many marketers have yet to embrace the full benefits of social commerce, this trend is changing as brands fear being left behind while others are translating social currency into revenues.

Forward-looking brands understand the opportunities that social commerce offers, and are making it an integral part of their marketing strategies. Those that move the fastest – and adapt to rapid changes in the market – will stake their claims as leaders in this next big growth area.

## ABOUT REEVOO

Reevoo is a world-leading provider of social commerce solutions. Our unique social commerce model has generated millions of reviews from confirmed customers in 18 countries.

We've developed market-leading services that are used by more than 150 major brands including Sony, Octopus Travel, Orange, Motors.co.uk, Dixons and Tesco. Working with Reevoo provides these brands with impartial social commerce content that produces an average sales uplift of 18%.

## FURTHER READING

### *The Reevoo Consumer Purchasing Report, September 2011*

Understand the trends shaping the consumer purchase journey with the results of our research.

[b2b.reevoo.com/research-report-sept-2011](http://b2b.reevoo.com/research-report-sept-2011)

### *Driving Your Ecommerce Strategy with Reviews and Social Content*

A practical guide to using reviews and social content online for businesses just dipping a toe into social commerce.

[b2b.reevoo.com/ecommerce-strategy-and-reviews](http://b2b.reevoo.com/ecommerce-strategy-and-reviews)

### *The New Social Purchase Journey*

How to inject social commerce content into every stage of the purchase journey to accelerate conversion.

[b2b.reevoo.com/social-purchase-journey](http://b2b.reevoo.com/social-purchase-journey)

### *User-Generated Content for SEO*

The power of social plus SEO – a best practice guide.

[b2b.reevoo.com/ugc-and-seo](http://b2b.reevoo.com/ugc-and-seo)