Econsultancy

THE STATE OF SOCIAL COMMERCE IN SOUTHEAST ASIA

IN PARTNERSHIP WITH

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Contents

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1. Executive Summary

The **State of Social Commerce in Southeast Asia** report, produced by Econsultancy in collaboration with Hootsuite and Magento, is based on a survey of 271 ecommerce marketers and 277 consumers across the region. All consumers surveyed used social media and are online shoppers.

The study looks to examine how consumers shop online and how they use social media, comparing this with how retailers are responding to the opportunities presented.

The key findings are below.

THE OPPORTUNITY FOR SOCIAL COMMERCE IS SIGNIFICANT

With more than 350 million internet users in Southeast Asia and 90% connecting to the internet using their smartphone, the opportunity to engage with shoppers is vast. By 2025, the ecommerce market is expected to exceed US$100bn per annum.[1]

- Respondents to the survey reported spending significant sums online, with around 3 in 10 (29%) spending more than US$100 each month on online purchases. Social media is highly influential in terms of their buying decisions.
- Almost 6 in 10 (59%) say that more than one-quarter of all their online shopping is influenced by social media, with the two most popular channels triggering a purchase being Facebook (78%) and YouTube (52%). In addition, 44% of these social shoppers say they have made three or more online purchases in the past month as a result of seeing social media posts or ads.
- These consumers are looking to social media throughout the day for product ideas, most commonly in the evening (65%) and in the afternoon (53%). Half browse in bed and more than one-quarter (28%) do so when they wake up.
- Furthermore, the vast majority (82%) share their purchases via their social networks thus amplifying the impact of buying online, showing that each shopping experience can be social.

As 6 in 10 expect to spend more time on social media in the next 12 months, this opportunity is only set to grow further.

1 | https://www.thinkwithgoogle.com/intl/en-apac/tools-resources/research-studies/e-conomy-sea-2018-southeast-asias-internet-economy-hits-inflection-point/

Executive Summary

MARKETERS SEE THE PROMISE OF SOCIAL COMMERCE

Marketers working in online retail have been reaping the benefits, as shoppers go online to make purchases. Some 70% report they have had an increase in sales over the past 12 months.

They are also upbeat about the long-term opportunity of social media to drive sales. Almost all (96%) agree that *social commerce will become increasingly important in the next five years,* while 90% agree that *social media drives online sales*.

To meet this opportunity, the majority of ecommerce merchants will invest more across multiple business areas in the next 12 months.

- 76% of marketers expect the number of staff dedicated to social media to increase.
- In addition, 76% expect increasing spend on social commerce technology and a similar proportion (70%) on other technology areas. Meanwhile, 71% expect to spend more on paid social promotions.

HOWEVER, ROOM FOR IMPROVEMENT EXISTS

Despite the largely positive outlook, the study finds that there are some significant areas for improvement. For example, while 89% report having a social selling strategy, around 3 in 10 (29%) claim its *impact* on revenue is *minimal*.

Data and technology are areas that could be improved by many.

- 41% of marketers do not have their *social technology* fully integrated with their ecommerce platform. The most common barrier is a *lack of desire to change existing workflows*.
- Only around one-third (36%) use analytics or BI within their ecommerce platform.

As a likely consequence, only 40% 'strongly agree' that *we can measure the ROI of all our marketing activities.*

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MISMATCHES EXIST BETWEEN CONSUMER WANTS AND BRAND OFFERINGS

Comparing responses from consumers and marketers shows that while some areas are closely aligned, others demonstrate marked differences.

- Some social networks are underserved by brands. For example, while 95% of shoppers use YouTube and 71% use WhatsApp, fewer brands are on either of these channels (76% YouTube, 51% WhatsApp).
- This also applies to frequency. Of the shoppers and brands using such networks, 84% of shoppers use YouTube daily versus 61% of brands.

Promotions and content are another area where what consumers want isn't always provided by those retailers looking to win their spend.

- 60% want special offers or sales, but only 44% of brands offer these.
- 47% want photos and videos from real customers, but only 30% of brands offer these.

A VARIETY OF CHALLENGES HOLD MARKETERS BACK

When asked to choose their top three challenges for the year ahead, the most commonly cited were *increased competition* (53%), *developing a social strategy that addresses different regions and markets in Southeast Asia* (32%), *meeting revenue targets* (31%) and *changing customer expectations* (30%).

To better prepare for these issues, marketers should look to top performers in order to identify the practices correlated with success.

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RECOMMENDATIONS FROM THE PRACTICES OF TOP PERFORMERS

When asked about last year's performance, 31% of marketers said we *exceeded our top business goal by a significant margin*. Analyzing the differences between these top performers (the 'leaders') and others (the 'mainstream') identifies the following recommendations that might allow others to emulate their success.

- **Ecommerce marketers should have a well-developed social commerce strategy.** 82% of leaders report *our strategy is well-developed and is driving results in revenue,* compared with just 54% of the mainstream.

- **Brands should engage in a multitude of ways and do so frequently on social media.** Leading retailers are much more likely to engage daily across social networks compared to the mainstream. For example, 90% of leaders engage on Facebook daily, versus 74% for mainstream retailers.

- **Social media should be used to encourage recommendations.** When asked 'What do you do to encourage recommendations on social media?', leaders were more likely to use every single one of the tactics investigated, including *offering discounts for customers' friends* (55% vs 40%), *using sharing buttons on their online store* (68% vs 54%) and *running competitions to win prizes* (58% vs 42%).

- **Marketers should use video throughout the buying journey.** 42% of leaders say that *photos and videos from real customers* are among their most common social tactics, compared to just 24% of the mainstream.

- **Ecommerce platforms should be integrated with social technology and complemented with analytics.** 87% of leaders say that *our social technology is fully integrated with our ecommerce platform and supports a single customer view,* compared to 47% of the mainstream.

- **Marketers should push for increased budgets and headcount.** 86% of leaders expect to increase the number of staff dedicated to social media in the next 12 months, compared to 65% of the mainstream.

1.1. Methodology

The research in this report is based on a survey of marketers and consumers in Southeast Asia, carried out in June 2019. Respondents are from Singapore, Malaysia, Thailand, the Philippines and Indonesia, representing the majority of the region's population.

The consumer survey consisted of 277 adult responses across age groups. Respondents were sourced via a survey panel. Those that have never made a purchase based on a social media post, and those that used social media for less than 30 minutes per day were disqualified.

The marketer survey consisted of 271 responses. Respondents were sourced from Econsultancy's database, the outreach of sponsors and from a survey panel. Those that worked for companies that did not use social media nor sold to consumers online were disqualified.

Figures in some charts may not add up to 100% due to rounding up.

Detailed figures are included in the appendix.

If you have any questions about the research, please email Econsultancy's lead for the Asia Pacific region, Jefrey Gomez (jefrey.gomez@econsultancy.com).

1.2. About Econsultancy

Econsultancy's mission is to help its customers achieve excellence in digital business, marketing and ecommerce through research, training and events.

Founded in 1999, Econsultancy has offices in New York, London and Singapore.

Econsultancy is used by over 600,000 professionals every month. Subscribers get access to research, market data, best practice guides, case studies and elearning — all focused on helping individuals and enterprises get better at digital.

The subscription is supported by digital transformation services including digital capability programs, training courses, skills assessments and audits. We train and develop thousands of professionals each year as well as running events and networking that bring the Econsultancy community together around the world.

Subscribe to Econsultancy today to accelerate your journey to digital excellence.

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2. Partner Forewords

2.1. Foreword from Magento,

an Adobe Company

I have always been curious about what makes people tick.

The 1970s was the beginning of the Digital Revolution with the shift from mechanical and analogue to digital. TV viewing emerged as a core experience of western culture. Computers had a huge impact on marketing and agencies started to use 'positioning' as a more scientific technique for placing ads in the minds of consumers. We saw the growth of empirical advertising during this decade.

Fast-forward to 2019. Social commerce has redefined the way customers interact with brands. Today's customer will go elsewhere if you can't provide consistent, high-value, physical and digital experiences. They want to experience immediate value and they don't care if it is difficult for companies to deliver or requires complex solutions to be developed.

Welcome to the new era of the channel-less customer, where your brand is defined by those who experience it.

The customer journey used to be more predictable because there were fewer choices available. But now, customers are chased by ads that feature products they have expressed interest in. And when technology and society evolve faster than businesses can naturally adapt, customers game the system because they know that we can't keep up.

Customers don't care about singular touchpoint events. What matters is cumulative experience across multiple touchpoints and multiple channels over time.

They care about experiences, solutions, shopping with ease and simplicity.

They don't care about channels. A channel is only a window to interact with a brand.

From touchpoints to journeys, we need to see the world as our customers do.

According to BI Intelligence, ASEAN ecommerce spending is forecast to grow at a 32% CAGR and rising to almost US$90bn by 2025. The SEA ecommerce market is forecast to have an 8.8-fold increase in its ecommerce market during the next eight years.

Great brands will see this next evolution as an opportunity to build a new customer-centric model and to streamline new processes and systems that enable more efficient operations.

The new era of the channel-less customer is upon us. Let's embrace it.

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2.2. Foreword from Hootsuite

Hootsuite's vision is to advance the use of social as the highest performing customer engagement channel. We help brands reach and serve their customers in four key areas: social marketing, selling, customer care and employee advocacy. All of these areas combine to create a powerful approach for any brand looking to leverage the full potential of social.

In conjunction with Magento, this paper takes a deeper look into the rapid pace of adoption of not just social, but specifically around the changing landscape of how consumers purchase. As their expectations continue to evolve, this has put a significant spotlight on the disconnect between how consumers want to transact (and interact with brands) and how those brands are equipped to meet these demands through social commerce.

The data continues to showcase an incredible opportunity for brands that are committed to their customers' needs and are actively listening to their customers on social. One of the most powerful elements of social is the ability to gain sentiment, buying intent, and to learn through the post-purchase advocacy of customers. These are extremely insightful signals that brands that are at the forefront of social marketing are taking full advantage of to ensure they are in lockstep with their customers at every turn.

This is where we're genuinely excited about the partnership between Adobe and Hootsuite, two businesses that are laser-focused on the customer experience.

Through Hootsuite's integrations into the Adobe ecosystem, brands are able to bring the rich insights obtained from social and integrate them with the rest of their marketing activities in order to have a truly omnichannel view on the entirety of the customer journey. With this holistic vantage point, they can make decisions across all channels to create campaigns that are insights-driven and fully integrated.

As the evolution of purchase behaviour continues to delve deeper into the social experience, our partnership will continue to bring more value to all of our customers, ensuring our solutions are allowing businesses to meet their customers where and how customers expect to engage with a brand and providing a unified brand experience.

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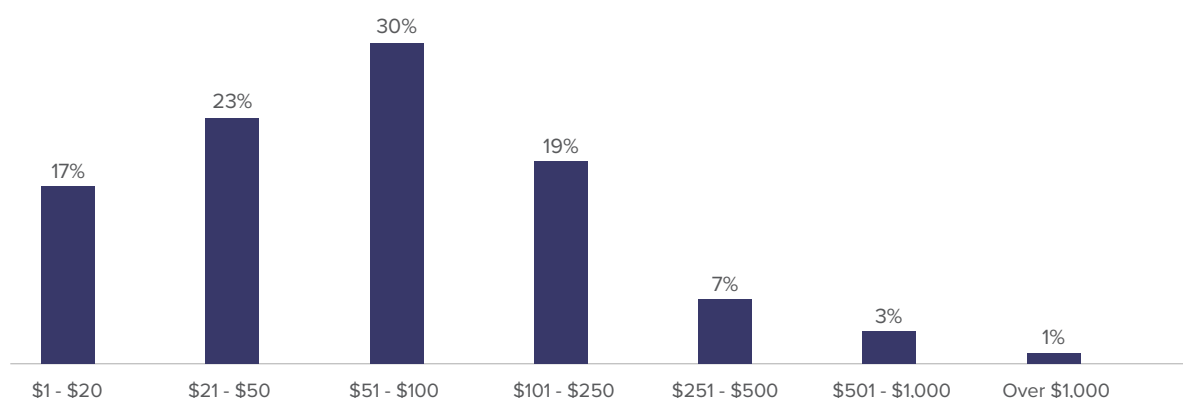
3. The Social Commerce Opportunity

3.1. Consumer Trends

The 663 million-plus inhabitants[2] of Southeast Asia are heavy internet users. More than 350 million Southeast Asians use the internet monthly. As one of the most mobile-first internet regions in the world, 90% of inhabitants connect to the internet using their smartphone.[3]

As a result, ecommerce in Southeast Asia is growing rapidly. Google and Temasek research has revealed that ecommerce is the fastest growing sector of the internet economy in the region, reaching $23.2bn in 2018 which is more than double that of the $10.9bn in 2017. This growth is expected to continue, reaching $102bn by 2025.[4]

Our survey results show that Southeast Asians are spending a substantial amount online every month. As seen in Figure 1, more than half (53%) of shoppers say they spend anywhere between an average of *$21-$50 (23%) to $51-$100 (30%)* per month on online shopping, while one-fifth (19%) report spending an average of *$101-$250* per month. One in 10 spend more than $250 each month.

FIGURE 1 | In total, how much do you spend every month (on average) on online shopping? (US$)

2 | https://www.worldometers.info/world-population/south-eastern-asia-population/
3 | https://www.thinkwithgoogle.com/intl/en-apac/tools-resources/research-studies/e-conomy-sea-2018-southeast-asias-internet-economy-hits-inflection-point/
4 | Ibid.

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In a study from last year on Southeast Asian centennials (aged 16 to 23), our research found that when these younger shoppers are looking for information on products, around half (49%) turn to social media.[5] Our recent survey of shoppers (which spans all generations) shows that younger shoppers are not the only ones turning to social media for shopping inspiration. Some 58% of shoppers report that more than one-quarter of all their online shopping is in some way influenced by social media (Figure 2). In fact, 44% of respondents say they have made three or more online purchases in the past month as a result of seeing social media posts or ads (Figure 3).

FIGURE 2 | As a percentage, how much of your online shopping is in some way influenced by social media?
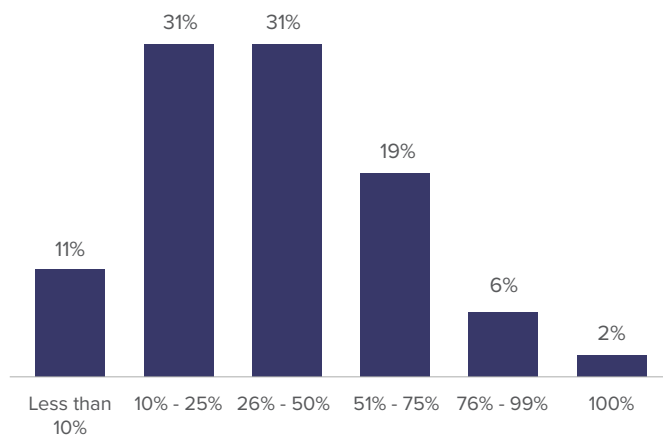
FIGURE 3 | In the last three months, how often have you purchased something online having seen a social media post or ad for a product/service?
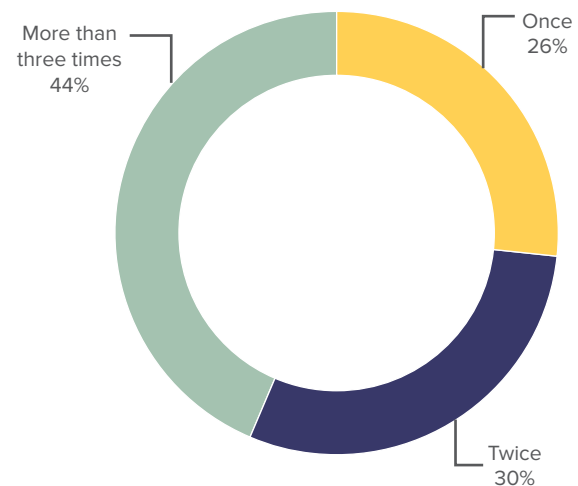
Of those shoppers who made an online purchase of a product they saw on social media, more than three-quarters (78%) saw the product while on *Facebook*. It's not just Southeast Asians who are finding new products on Facebook; shoppers in the United States and the United Kingdom consider the social media platform as one of their top digital channels for discovering new brands.[6]

To a somewhat lesser extent, *YouTube* and *Instagram* were also top channels for product discovery and triggering a purchase for 52% and 49% of shoppers, as shown in Figure 4.

5 | https://econsultancy.com/reports/here-comes-the-centennial-southeast-asias-next-generation-of-shoppers/
6 | https://www.criteo.com/insights/customer-loyalty-research/

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FIGURE 4　|　Thinking about when you purchased something online after seeing it on social media, where did you see this/these products?

Facebook	78%
YouTube	52%
Instagram	49%
WhatsApp	19%
Twitter	14%
Line	12%
WeChat	6%
Pinterest	4%
LinkedIn	2%
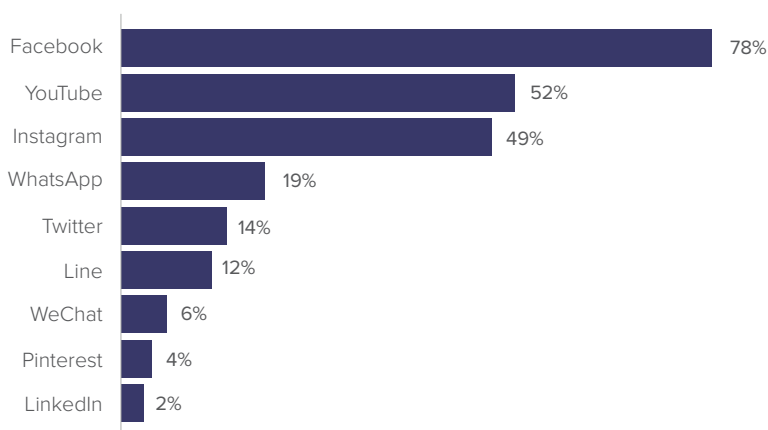
Social shoppers are browsing social media throughout the day for product ideas (Figure 5), most commonly *in the evening* (65%) and *in the afternoon* (53%). Half (50%) of the shoppers surveyed browse in bed, with slightly less browsing *in the morning* (49%). More than one-quarter (28%) say they do their browsing when they wake up.

FIGURE 5　|　What times of the day do you browse social media for product ideas?

In the evening	65%
In the afternoon	53%
When I am in bed	50%
In the morning	49%
When I wake up	28%
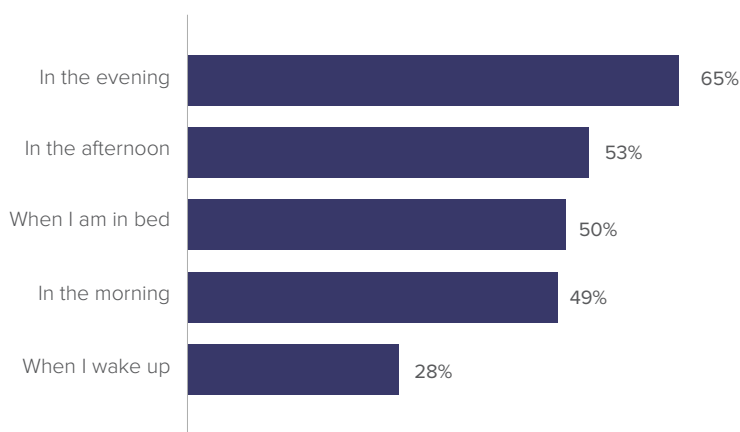
Although not all their time on social media is spent searching for shopping inspiration, a substantial number of shoppers (45%) say they spend *more than three hours* on social media platforms daily. The amount of time spent on social media is likely to increase for many. While more than one-third (37%) of shoppers say the time they spend on social media is likely to stay the same in the next 12 months, 6 in 10 (60%) expect their time on social media to increase (Figure 6).

FIGURE 6 | How do you expect your time spent on social media to change in the next 12 months?

Stay the same 37%

Decrease 3%

Increase 60%

Discovery of products isn't the only way shoppers are using social media during their purchasing cycle. They are also using social media to get more information on products. A little more than half (52%) of social shoppers say they check social media *all the time* for more information about a product before making a purchase. More than one-third (36%) of shoppers say they check on social media *at least half of the time* (Figure 7).

Once a purchase has been made, social shoppers become social advocates with 82% sharing their purchase via their social networks. Once again, *Facebook* is where the majority (65%) of shoppers share their purchase information followed by *Instagram* (41%) and *WhatsApp* (26%), as shown in Figure 8.

FIGURE 7 | Before making a purchase, how frequently do you check social media for information?

- 52% All the time
- 36% At least half of the time
- 8% Less than half of the time
- 4% I don't deliberately visit social media sites before a purchase
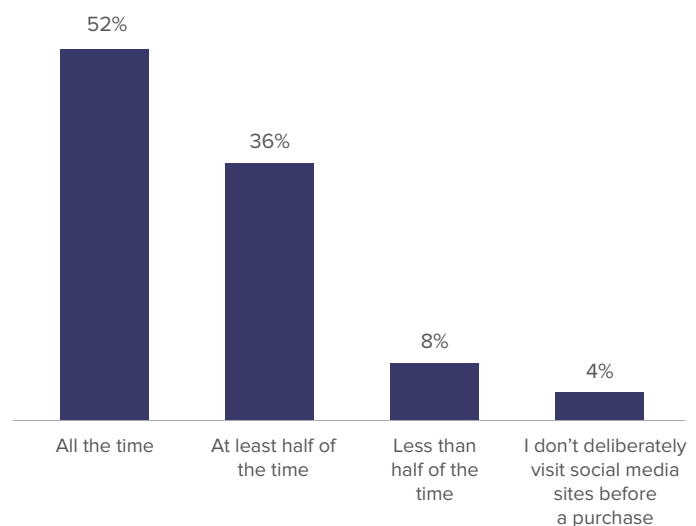
FIGURE 8 | After you have bought an item online, on what networks do you share this information?

- Facebook 65%
- Instagram 41%
- WhatsApp 26%
- YouTube 23%
- Twitter 16%
- Line 12%
- WeChat 7%
- LinkedIn 3%
- Pinterest 2%
- I don't share purchases on social 18%

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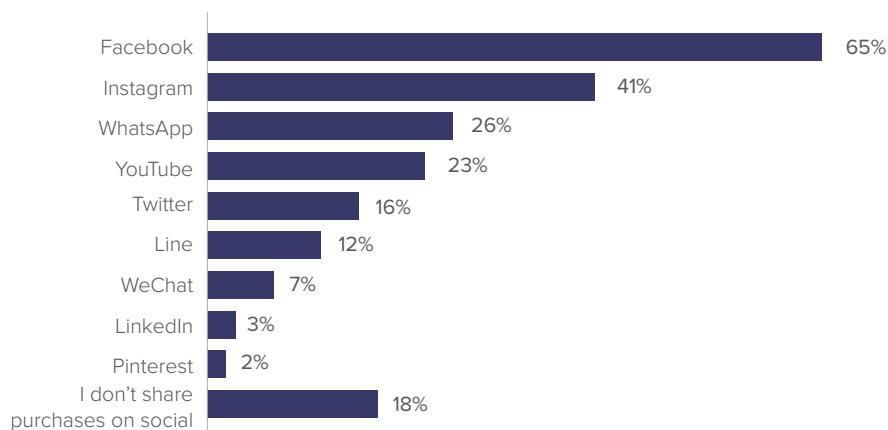
3.2. Marketers

Falling in line with the impressive ecommerce sales growth reported in other research, 7 in 10 marketers surveyed say that their ecommerce sales have *increased* in the last 12 months (Figure 9). At the same time, marketers certainly recognize the opportunity that social commerce presents as well as its contribution to the growth in sales. A full 90% say they either 'strongly' (61%) or 'somewhat' (29%) agree that *social media drives online sales* (Figure 10).

FIGURE 9 | In the last 12 months, how has your ecommerce sales changed?

Don't know 2%
Decreased 4%
Stayed the same 24%
Increased 70%
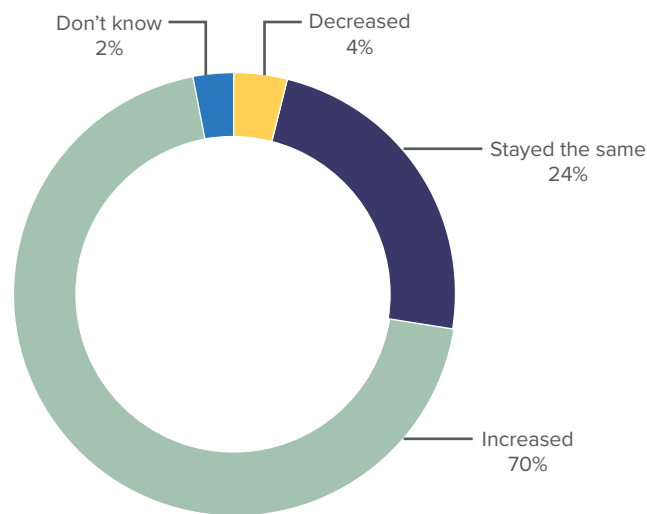
FIGURE 10 | Thinking about social commerce, to what extent do you agree with the following statements?

Statement	Strongly agree	Somewhat agree	Neither agree or disagree	Somewhat disagree	Strongly disagree
Social commerce will become increasingly important in the next five years	71%	24%	3%	1%	1%
Social media drives online sales	61%	29%	8%	1%	1%
Providing a high-quality experience on social media is critical for business success	59%	33%	6%	2%	
Brands should like and engage with their customers' content	56%	35%	6%	2%	1%
User-generated social content improves conversion rate and engagement	51%	35%	10%	3%	
Buying from social media should be a seamless experience	50%	35%	11%	3%	1%
It is essential to measure the ROI of social media activities	49%	42%	8%	1%	
Social media drives in-store sales	48%	36%	12%	3%	1%

● Strongly agree   ● Somewhat agree   ● Neither agree or disagree   ● Somewhat disagree   ● Strongly disagree

In recognition of the power of social commerce, 92% of marketers agree that *providing a high-quality experience on social media is critical for business* and 91% agree that *brands should like and engage with their customers' content.*

Slightly fewer marketers agree that *user-generated social content improves conversion rates and engagement* (86%). This is despite earlier data from TurnTo Networks, which found that user-generated content created a more authentic shopping experience and encouraged engagement with a brand.[7]

Marketers also appear to be keen on customer experience. Some 85% of marketers agree that *buying from social media should be a seamless experience*.

7 | http://www2.turntonetworks.com/2017consumerstudy

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3.2.1. Marketer Resources

From the previous chart (Figure 10), almost all (95%) marketers agree that *social commerce will become increasingly important* in the next five years.

Figure 11 shows that, perhaps in eager anticipation, the majority of ecommerce players will invest more across multiple business areas in the next 12 months, with 72% increasing dedicated social headcount, 76% increasing spend on social commerce technology, 70% increasing spend on other technology and 71% spending more on paid social promotions.

FIGURE 11 | Over the next 12 months, how do you expect your resource allocations in the following areas to change?

	Increase	Stay the same	Decrease
Number of staff dedicated to social media	72%	23%	1%
Budgets for social commerce technology	76%	21%	1%
Budgets for other technology	70%	26%	4%
Budgets for paid social promotions	71%	26%	3%
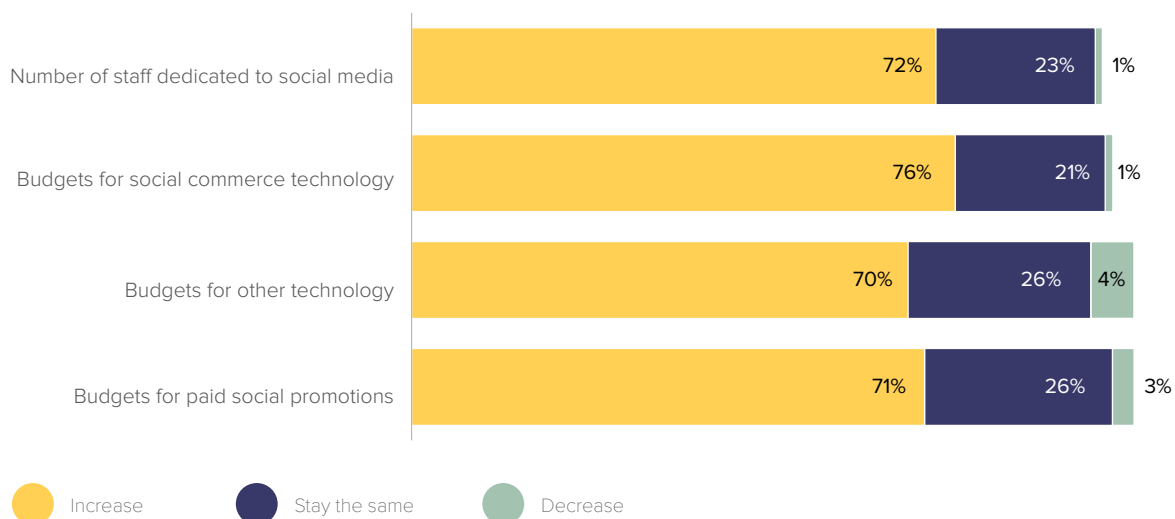
NOTE | Responses for 'Don't Know' or where respondents had no internal staff are not included.

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4. The Retail Reality

The previous section of this report demonstrated the significant opportunity presented by social commerce in Southeast Asia, as consumers in the region integrate social media throughout their day and across their online purchases.

Although marketers are responding to this with increased budgets and optimism, the study shows there is room for improvement in order to fully make good on the promise of social commerce.

Room for improvement on strategy exists

For example, while 89% of respondents say their business has a *social selling strategy or approach*, a small percentage (5%) is unsure whether they do (Figure 12).

Going further into strategy (Figure 13), when asked 'Which of the following statements best describes your company's social commerce strategy?', 7% said that *we have an informal strategy but it is not*

documented while 29% said *we have a social media strategy but its impact on revenue is minimal*.

Looking at the barriers to having a well-developed social commerce strategy, there are a number of factors at play. Worryingly, it appears that there may be somewhat of an internal bias against the use of social media that is holding marketers back.

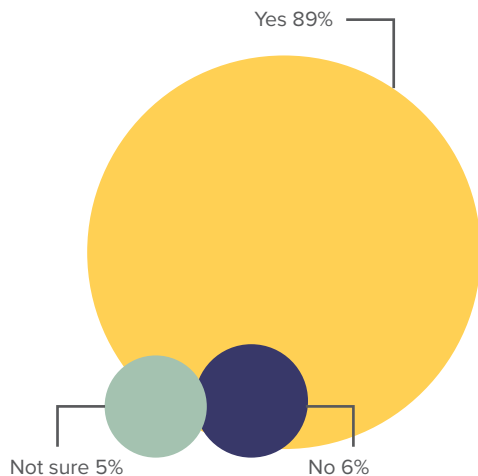**FIGURE 12** | Does your business have a social selling strategy or approach?

Yes 89%

Not sure 5%

No 6%

FIGURE 13 | Which of the following statements best describes your company's social commerce strategy?

Our strategy is well-developed and is driving results in revenue. 64%

We have a social media strategy but its impact on revenue is minimal. 29%

We have an informal strategy but it is not documented. 7%
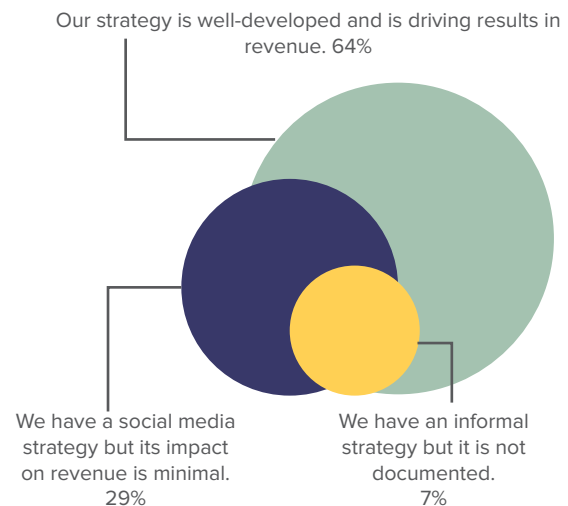
Organizational biases may hinder a well-developed strategy

Marketing respondents were asked to choose some of the barriers that they had faced in an attempt to produce a well-developed social commerce strategy. The most commonly chosen options (Figure 14) among respondents were that *social media is seen just as a customer service channel* (12%), *social media is seen just as a brand channel* (10%) and that *social media is not treated as a priority marketing channel* (9%).

FIGURE 14 | Which of the following have been the most significant barriers to having a well-developed social commerce strategy? Select up to three options.

Lack of measurement technology to set goals and benchmarks	14%
Unclear targets on which to develop a strategy	14%
Lack of social commerce expertise	13%
Social media is seen just as a customer service channel	12%
Lack of overall digital maturity	11%
Social media is seen just as a brand channel	10%
Past lack of results from social holds back future efforts	9%
Social media is not treated as a priority marketing channel	9%
Lack of time	8%

Negative biases towards social media have been seen in other studies. Back in 2012, research published in *Harvard Business Review*, which was based on a study of 250 organizations, found that 50% had a negative attitude (defined as either *Folly, Fearful* or *Flippant*) towards social media.[8] Only 12% had an optimal state of maturity (defined as *Fusing*) in which "Social-media based collaboration is integral to enterprise thinking and behaviour. Collaborative communities are not an exception; they are part of the organizational fabric."

Although the results of this survey do not suggest that such an attitude is as widespread in 2019 in the region, there may be the need for marketing leaders to overcome any lingering skepticism and get their organizations to buy fully into social commerce.

A further 14% said that a *lack of measurement technology* to set goals and benchmarks was one barrier to a well-developed strategy.
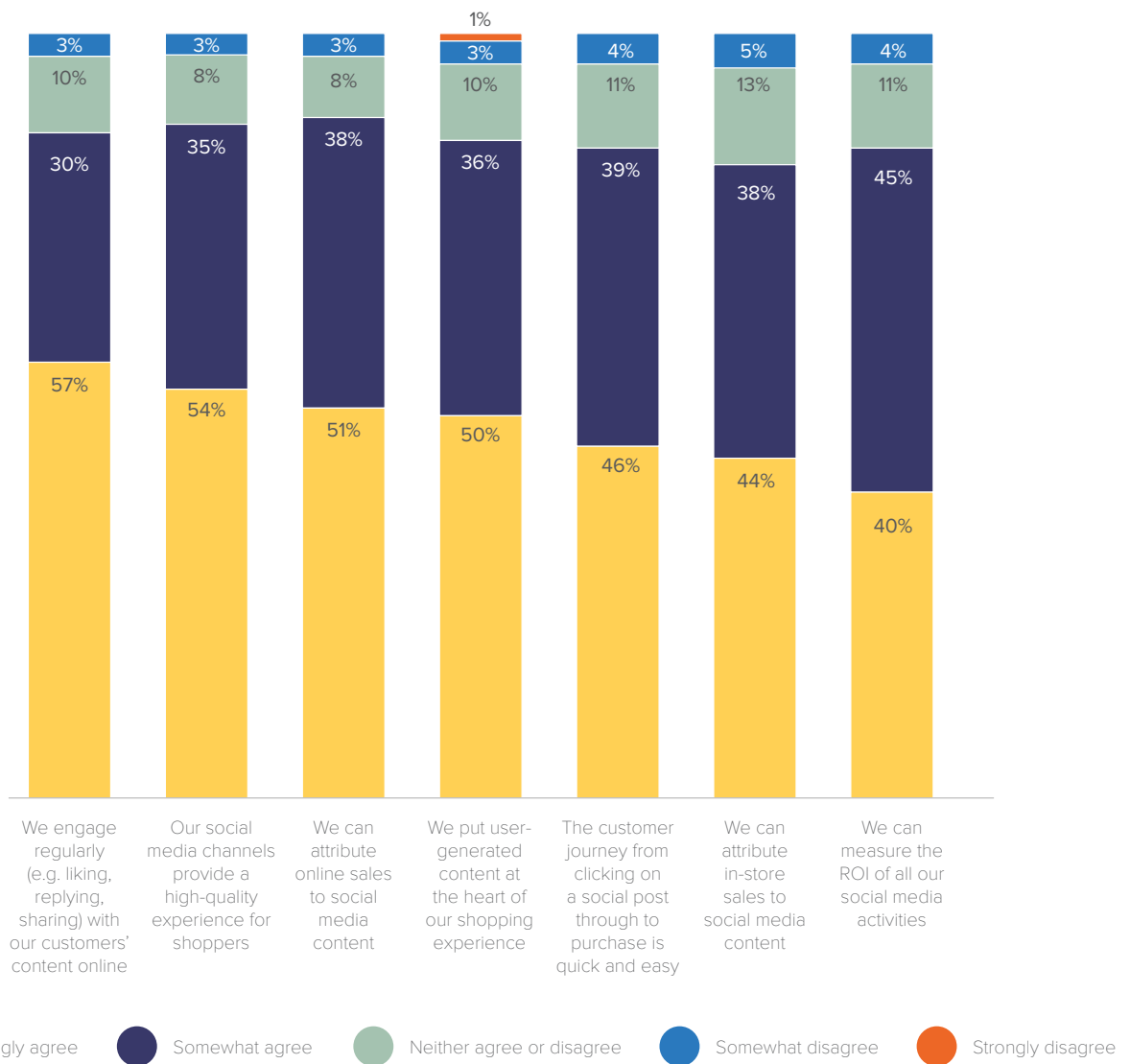
A gap exists between perceived best practices and how these are implemented

Data from the study also suggests there is at least somewhat of a gap between what is perceived as best practice in social commerce (as seen earlier in Figure 10) and how this plays out in reality for online retailers (Figure 15).

- While 63% 'strongly agree' that *social media drives online sales*, just 51% 'strongly agree' that *we can attribute online sales to social media content*.

- Although 49% 'strongly agree' that *it is critical to measure the ROI of social media activities*, only 40% 'strongly agree' that *we can measure the ROI of all our social media activities*.

- While 59% 'strongly agree' that *providing a high-quality experience on social media* is critical for business success, a smaller percentage (54%) answers similarly that *our social media channels provide a high-quality experience for shoppers*.

But as will be discussed later in this report, social commerce 'leaders' fare far better when it comes to these capabilities.

8 | https://hbr.org/2012/07/most-organizations-still-fear

FIGURE 15 | Thinking about social commerce, to what extent do you agree with the following statements?

	We engage regularly (e.g. liking, replying, sharing) with our customers' content online	Our social media channels provide a high-quality experience for shoppers	We can attribute online sales to social media content	We put user-generated content at the heart of our shopping experience	The customer journey from clicking on a social post through to purchase is quick and easy	We can attribute in-store sales to social media content	We can measure the ROI of all our social media activities
Somewhat disagree	3%	3%	3%	3%	4%	5%	4%
Strongly disagree				1%			
Neither agree or disagree	10%	8%	8%	10%	11%	13%	11%
Somewhat agree	30%	35%	38%	36%	39%	38%	45%
Strongly agree	57%	54%	51%	50%	46%	44%	40%

● Strongly agree ● Somewhat agree ● Neither agree or disagree ● Somewhat disagree ● Strongly disagree

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5. What Social Shoppers Want - And What Marketers Offer

In its report on *The New Digital Divide*,[9] Deloitte aptly summarized the challenge for retailers when it comes to both collecting sufficient information from site visits, and the time customers typically spend browsing their sites.

> **Think for a second about the fallacy that any single retailer, which only interacts with a customer six to eight times per year (in a mostly transactional manner), can gather enough information to provide a meaningfully personalized experience.**
>
> **Contrast this with the kind of relationship, trust, and understanding of preferences and purchase intent that a digital platform like Pinterest can create when they interact with that same customer for several hours a day.**

Add to this the fact that 58% of the consumers responding to this survey say that more than one-quarter of their online shopping is influenced by social media (Figure 2) while 60% believe they will spend even more time on social in the next 12 months (Figure 6), it becomes apparent that marketers need to make sure their brand is present on the same social channels as their shoppers.

However, there are some differences in where social shoppers are, and where the brands are engaging.
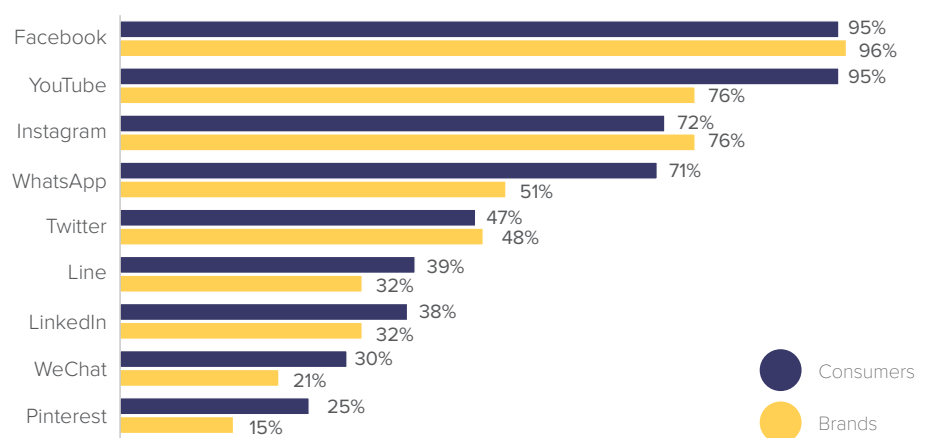
9 | https://www2.deloitte.com/content/dam/insights/us/articles/3325_New-digital-divide/DUP_NewDigitalDivide.pdf

5.1. Social Network Usage

Figure 16 illustrates the social media platforms used by both consumer respondents and the brands for which marketers work. The good news is that for many of the networks, there is a close alignment in terms of the percentage of shoppers using them and the percentage of brands with a presence there.

For example, *Facebook* is used by almost all shoppers (95%) and (96%) brands surveyed. Facebook was also the most popular network in terms of influencing purchases (Figure 4), as close to 8 in 10 (78%) of shoppers said they had bought items online after seeing it on Facebook, making it the most influential (Figure 4).
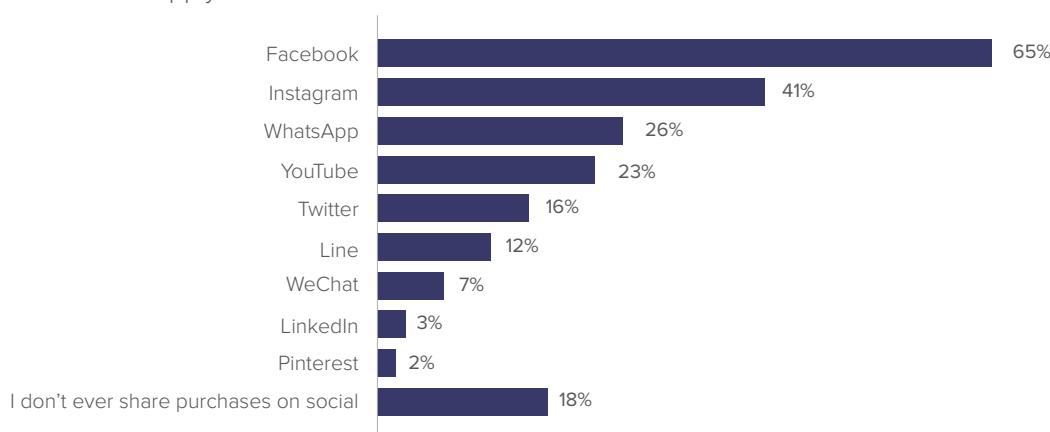
FIGURE 16 | Social Media Platforms Used By Consumers and Brands

Platform	Consumers	Brands
Facebook	95%	96%
YouTube	95%	76%
Instagram	72%	76%
WhatsApp	71%	51%
Twitter	47%	48%
Line	39%	32%
LinkedIn	38%	32%
WeChat	30%	21%
Pinterest	25%	15%

NOTE | Consumers: 'Which of the following social media platforms do you use?'
Marketers: 'What social networks does your brand use?'

For shoppers, Facebook is also listed as the most useful social network for ratings and reviews (Figure 17) and the most common place to share online purchases (Figure 15).
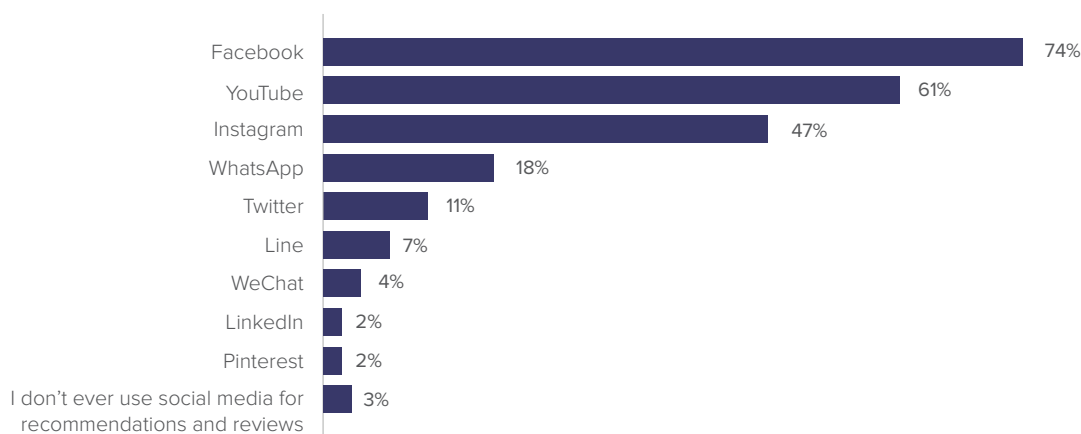
FIGURE 17 | After you have bought an item online, on what networks do you share this information? Select all that apply.

Network	%
Facebook	65%
Instagram	41%
WhatsApp	26%
YouTube	23%
Twitter	16%
Line	12%
WeChat	7%
LinkedIn	3%
Pinterest	2%
I don't ever share purchases on social	18%

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Shoppers and brands are also closely aligned in adoption for image-based network *Instagram* (also owned by Facebook). Around three-quarters of both shoppers (72%) and brands (76%) use this service, which is also the second-most popular place for shoppers to share their purchases (Figure 17).

But the most significant gap comes in Google's video network *YouTube*. This site comes joint-first with Facebook among shoppers, with 95% using the site (Figure 16). However, only 76% of brands use the platform.
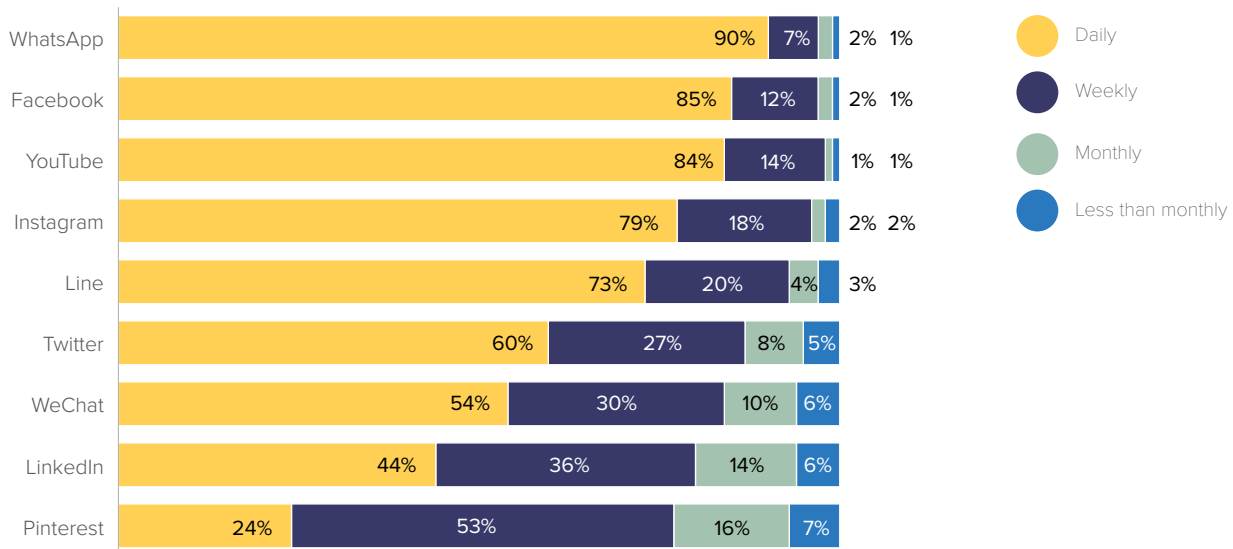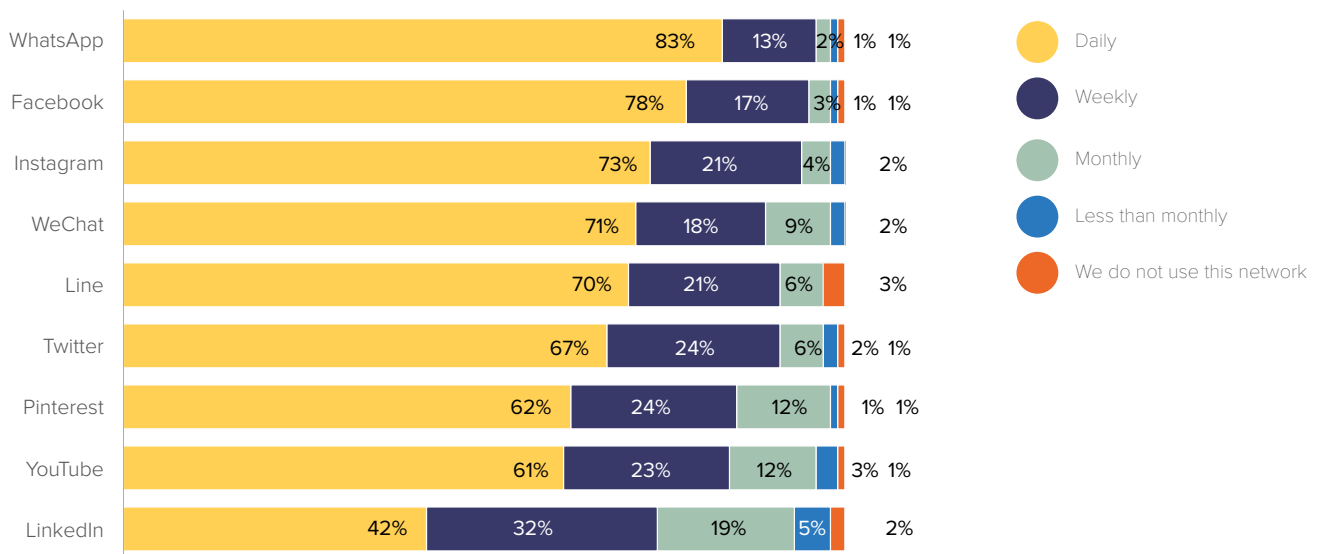
FIGURE 18 | Once you have some ideas on what to buy, which social networks are the most useful for recommendations and reviews? Select up to three.

Network	%
Facebook	74%
YouTube	61%
Instagram	47%
WhatsApp	18%
Twitter	11%
Line	7%
WeChat	4%
LinkedIn	2%
Pinterest	2%
I don't ever use social media for recommendations and reviews	3%

YouTube and the importance of social video

YouTube is also the second-most influential network when it comes to driving purchases, as 52% (Figure 4) say that they purchased an item after seeing it here. It is also the second-most popular place for shoppers to turn to for recommendations and reviews, with 61% doing so (Figure 18).

The gap for YouTube is also present in terms of the frequency of activity. While 84% of respondents say they use YouTube daily (Figure 19), only 61% of brands do the same (Figure 20).
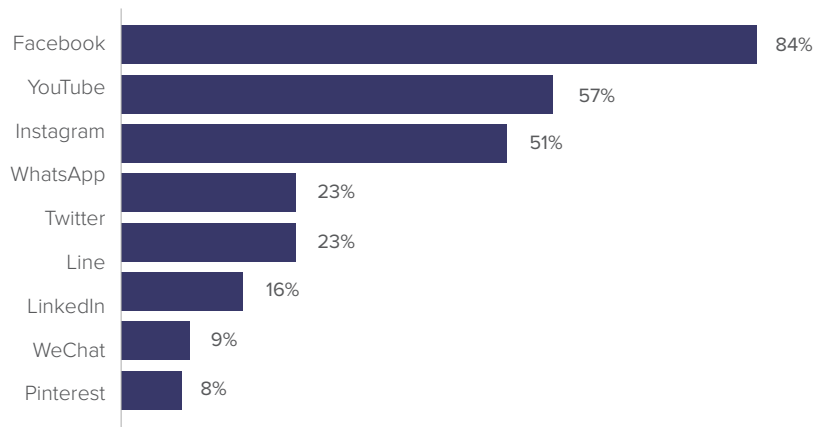
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FIGURE 19 | How often do you use the following social media sites?

	Daily	Weekly	Monthly	Less than monthly
WhatsApp	90%	7%	2%	1%
Facebook	85%	12%	2%	1%
YouTube	84%	14%	1%	1%
Instagram	79%	18%	2%	2%
Line	73%	20%	4%	3%
Twitter	60%	27%	8%	5%
WeChat	54%	30%	10%	6%
LinkedIn	44%	36%	14%	6%
Pinterest	24%	53%	16%	7%

FIGURE 20 | How actively does your brand engage on the following social networks?

	Daily	Weekly	Monthly	Less than monthly	We do not use this network
WhatsApp	83%	13%	2%	1%	1%
Facebook	78%	17%	3%	1%	1%
Instagram	73%	21%	4%		2%
WeChat	71%	18%	9%		2%
Line	70%	21%	6%		3%
Twitter	67%	24%	6%	2%	1%
Pinterest	62%	24%	12%	1%	1%
YouTube	61%	23%	12%	3%	1%
LinkedIn	42%	32%	19%	5%	2%

As a medium, video may be seen as being more challenging to produce, particularly if a merchant has a high number of items for sale on its site. But across the world, consumers consistently rate video as being important for their purchases. An analysis of several studies by Marketing Charts notes that almost three-quarters of consumers report being more likely to make a purchase after using a video, and that 85% of millennials (aged 24 to 38) across the US, UK and Australia say they had made a purchase after watching a marketing video.[10]

That being said, 57% of brands are choosing to pay for promotions and engagement on *YouTube* (Figure 21), putting it second only to *Facebook* (84%).

FIGURE 21 | On which of the following networks do you pay for promotions or engagement?

Network	Percentage
Facebook	84%
YouTube	57%
Instagram	51%
WhatsApp	23%
Twitter	23%
Line	16%
LinkedIn	9%
WeChat	8%
Pinterest	

Beyond YouTube, video is becoming an integral part of other social networks, particularly with the rise of the Stories format - which are ephemeral and short-duration video clips that users can see on networks including Snapchat, Instagram, WhatsApp (as 'WhatsApp Status'), Facebook and others. Data released from Facebook IQ found that one-third of the 10,000 users it surveyed had become more interested in a brand or product after seeing it on a Story.[11]

An untapped opportunity in WhatsApp

The other network with a sizeable gap between brands and shoppers is WhatsApp, which is used by 71% of consumers versus 51% of brands. Although its heritage is as a messaging app, it will likely have growing importance for brands in the years to come as features and functionality develop, including WhatsApp Business (for direct messaging with customers), ad functionality and integrating the WhatsApp product catalogue with Facebook Business Manager.[12]

11 | https://www.facebook.com/business/news/insights/how-do-people-perceive-and-use-instagram-stories-and-feed
12 | https://www.techradar.com/uk/news/whatsapp-ads-to-appear-in-app-from-2020

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Facebook's properties seem to be highly valued among marketers in Southeast Asia. When asked 'How valuable are the following networks in terms of driving non-paid online sales?', (Figure 22) the top three were *Facebook* (75% stating it was 'very valuable'), *WhatsApp* (72%) and *Instagram* (71%).
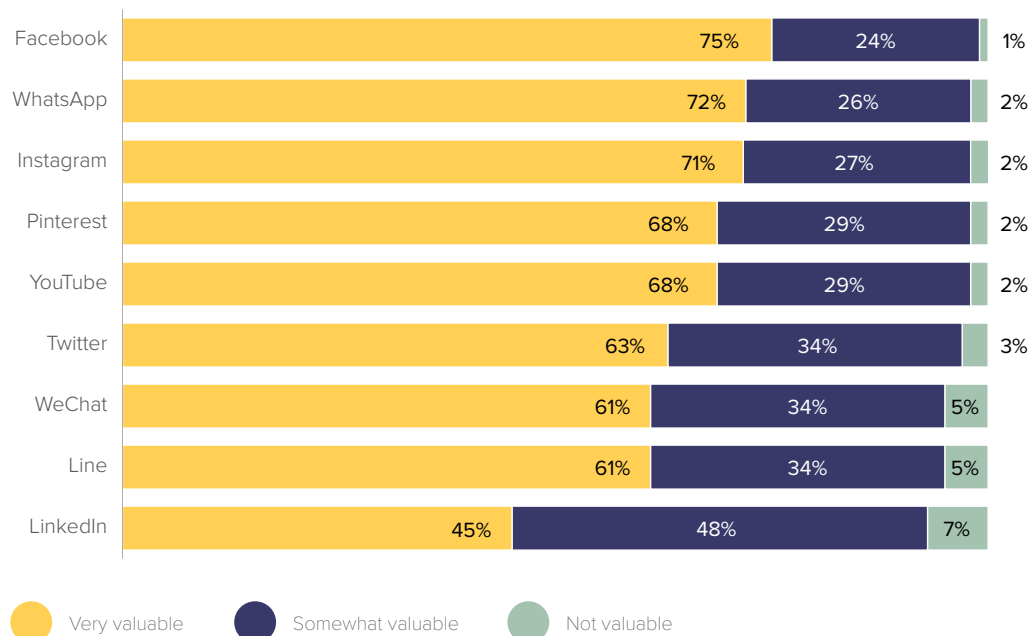
For the future, Facebook properties are likely to have increased offerings for commerce brands, as noted by CEO Mark Zuckerberg in a January 2019 investor call:

> *On the consumer side, increasing commerce on Instagram, Facebook and WhatsApp is one of the most exciting product opportunities that we have in all of these products and a big business opportunity as well.* [13]

As such, their utility to marketers is likely to only increase over time, provided that Facebook can maintain user engagement on its platforms.

FIGURE 22 | How valuable are the following networks in terms of driving non-paid online sales?

Network	Very valuable	Somewhat valuable	Not valuable
Facebook	75%	24%	1%
WhatsApp	72%	26%	2%
Instagram	71%	27%	2%
Pinterest	68%	29%	2%
YouTube	68%	29%	2%
Twitter	63%	34%	3%
WeChat	61%	34%	5%
Line	61%	34%	5%
LinkedIn	45%	48%	7%

● Very valuable   ● Somewhat valuable   ● Not valuable

13 | https://s21.q4cdn.com/399680738/files/doc_financials/2018/Q4/Q4-2018-earnings-call-transcript.pdf

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5.2. Consumer vs Marketer Perspectives

Although brands are aligned with consumers across many social networks in terms of usage, there are some differences between how marketers rate the performance of their own stores (Figure 15) and the attitudes of shoppers (Figure 23).

While 57% of marketers 'strongly agree' that *we engage regularly (e.g. liking, replying, sharing) with our customers' content online*, only 31% of consumers 'strongly agree' that *brands engage positively with me when I post on social media*. This suggests that consumers want interaction, as well as utility, when it comes to social shopping.

Building a connection with customers through relatable content is also important. Some 86% of the consumers surveyed agreed (44% 'strongly', 42% 'somewhat') that they prefer *photos and videos from real people over those posted by brands*. Fortunately, the exact same percentage of marketers also agree (50% 'strongly', 36% 'somewhat') that we *put user-generated content at the heart of our shopping experience*.

Brands are performing well in other areas too. More than half (54%) of marketers 'strongly agree' that *our social media channels provide a high-quality experience for shoppers* and 46% similarly agree that *the customer journey from clicking on a social post through to purchase is quick and easy*. That latter point isn't as strongly disputed by shoppers, with 45% also strongly agreeing that *buying products through social media is quick and easy*.

The ready availability of social technology on ecommerce platforms is likely to have helped stores here, as both native and marketplace apps provide functionality off-the-shelf that requires little technical know-how or development time.
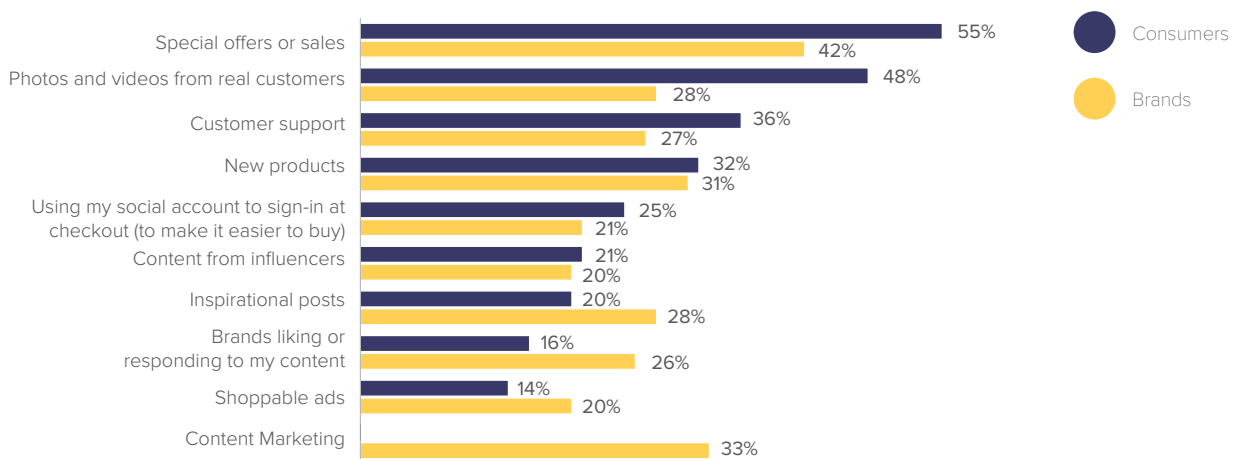
FIGURE 23 | To what extent do you agree with the following statements?

Legend: Strongly agree · Somewhat agree · Neither agree or disagree · Somewhat disagree · Strongly disagree
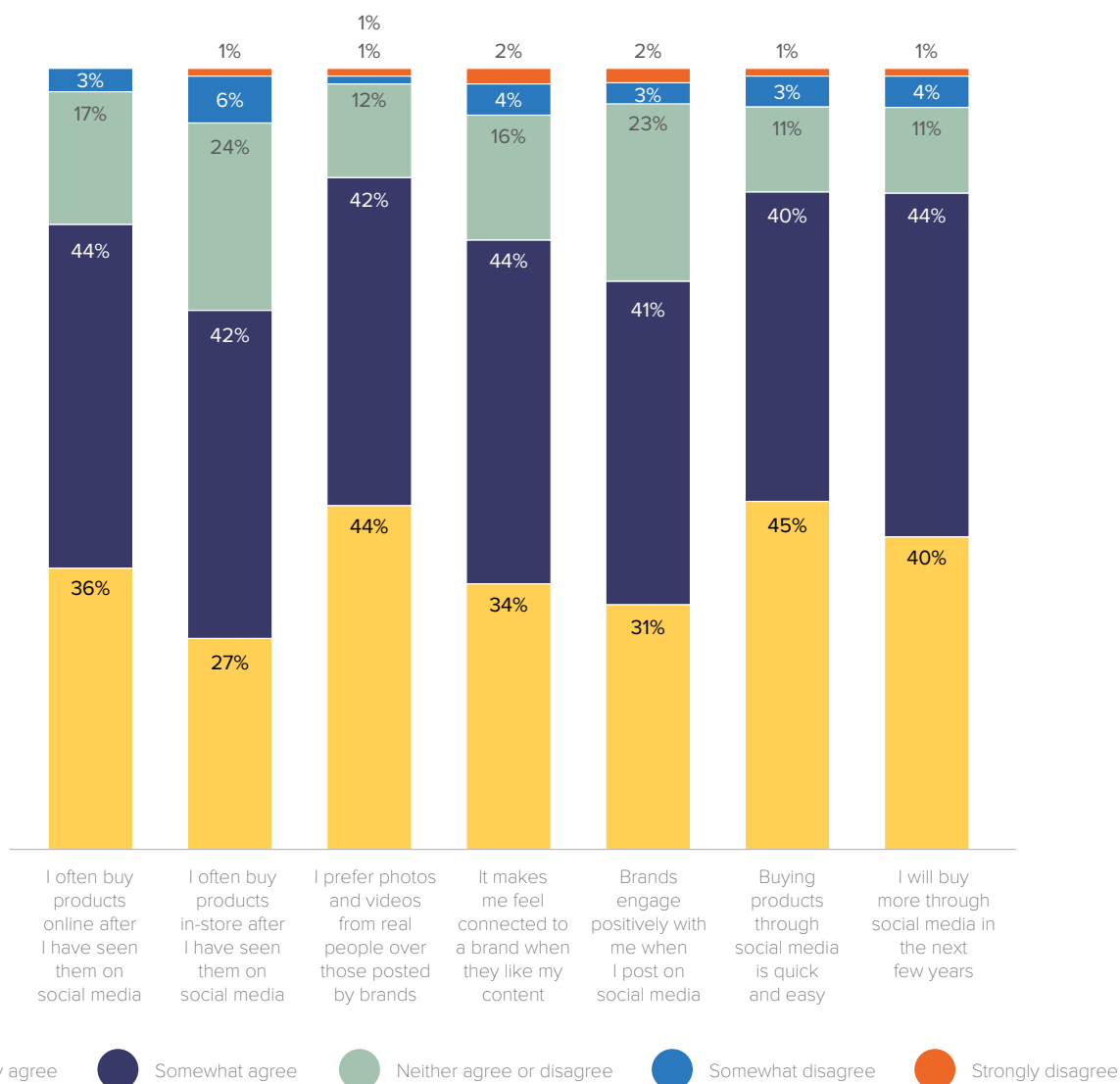
5.3. Tactics and Offers

The survey also reveals differences between what marketers consider valuable for their social media efforts compared with what consumers want. Figure 24 contrasts these two elements.

FIGURE 24 | The Most Valuable Social Promotions

The good news is that marketers most commonly choose special offers or sales as one of their top three tactics, with 42% of the total listing it as such. This ranking aligns with what consumers want, however a far higher percentage (55%) place this at the top.

For online retailers often working to tight margins, choosing to offer sales and discounts can be a difficult decision in terms of maintaining profit. However, merchants can address this issue by means of personalized offers. Separate research conducted by the Harris Poll shows that special offers exclusive to an individual are the best method for making customers feel that a brand has a personal connection with them.[14]

The second most commonly cited promotion that consumers most value is *photos and videos from real customers* with close to half (48%) choosing this option. However, only 28% of marketers list this in the top three.

14 | https://www2.redpointglobal.com/white-paper-customer-experience-harris-poll

In areas that marketers may be over-prioritizing their efforts, consumers are less likely to value *inspirational posts*, with only 1 in 5 choosing this option compared to nearly 1 in 3 (28%) brands. Similarly, even though consumers do feel connected to a brand when they like their content (Figure 23), they do not prioritize it as highly. Just 16% choose brands liking or responding to my content as one of the most valuable aspects of buying through social media, compared to 26% of marketers.

Looking forward, marketers may also wish to reconsider the priority of some of their future social tactics (Figure 25). Consumers are less likely to want *live social events in-store* (21%) or *more influencer content* (20%) than the percentage of marketers who plan to offer them (30% and 32% respectively). Instead, *flash sales* (51%), *more product videos* (40%) and *limited-edition product promotions* (39%) come top of the list in terms of features that consumers will get excited about.

**FIGURE 25** | Future Social Media Content and Features
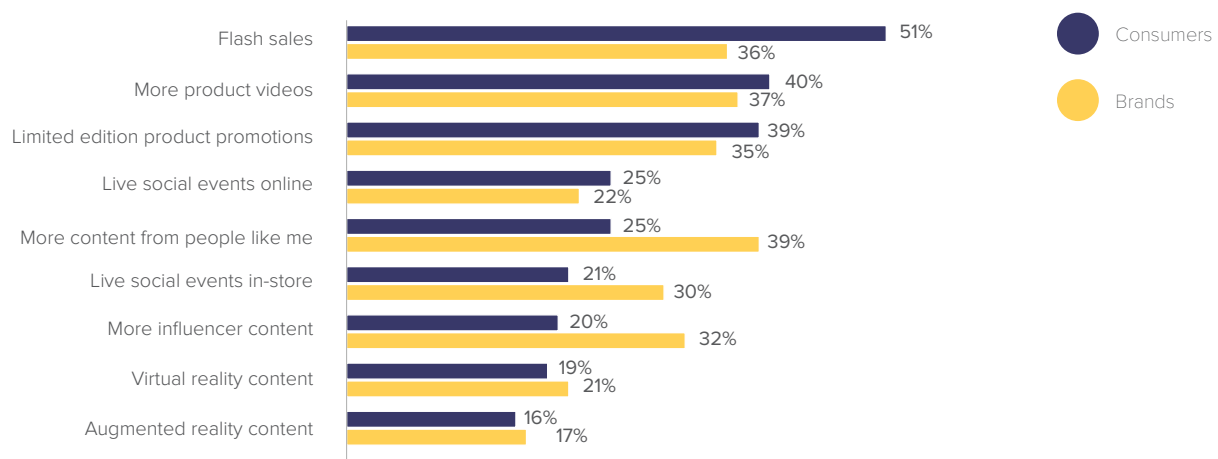
NOTE | Consumers: 'What content and features would you find most exciting to see more on social media? (Select up to three options).'
Marketers: 'What content and features would you prioritize for future social media campaigns? (Select up to three options).'

6. Integrating Social and Ecommerce Technology

The importance of integrating technology has been demonstrated in separate research from Econsultancy and Adobe. In the *Digital Trends 2019* report, companies with a superior customer experience were found to be more than three times as likely to have exceeded their business goals by a significant margin. Furthermore, customer experience leaders are more likely to have a highly integrated, cloud-based technology stack.[15]

Fortunately, Figure 26 shows that 59% of marketers in this survey report that *our social technology is fully integrated with our ecommerce platform and supports a single customer view*. The remainder are not quite at the same level of maturity, with 32% stating *our social technology is somewhat integrated with our ecommerce platform, but gaps remain*. Only 6% say that *our social technology is separate from our ecommerce platform* and 3% say *we do not use any dedicated social technology*.
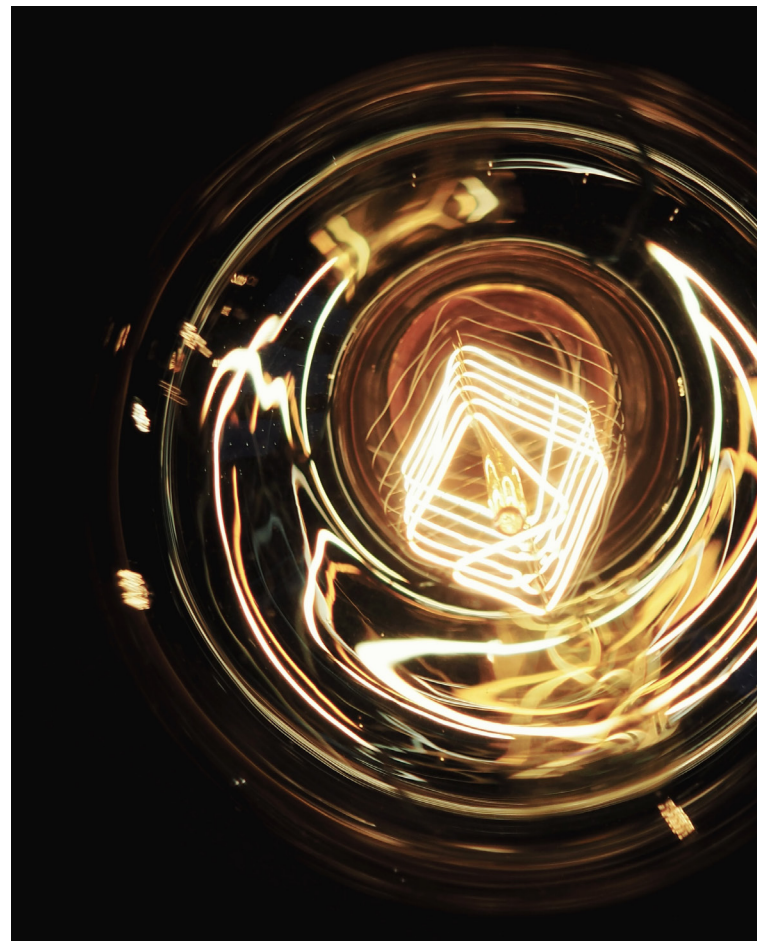
Even so, there are a number of barriers that can get in the way of integration. However, the top factors are all organizational rather than technological (Figure 27). One in 5 say there has been a *lack of desire to change existing workflows*, while 13% appear to struggle with winning budget or finding cost-effective ways to unite technology, claiming *integration is too expensive*. A further 12% claim there has been a *lack of time to implement integration.*

FIGURE 26 | To what extent is your social media technology and data integrated with your ecommerce platform?

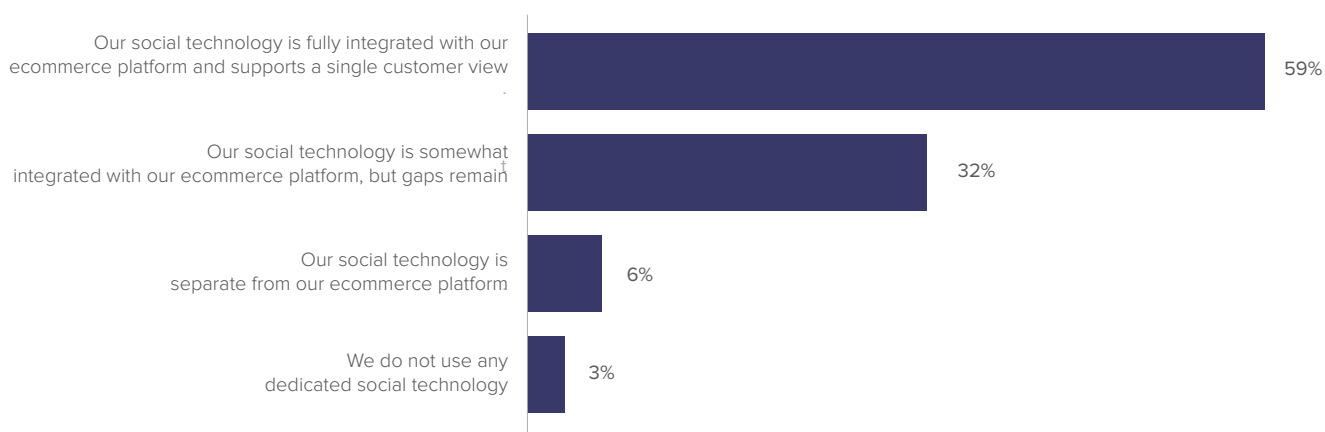|	
Our social technology is fully integrated with our ecommerce platform and supports a single customer view	59%
Our social technology is somewhat integrated with our ecommerce platform, but gaps remain	32%
Our social technology is separate from our ecommerce platform	6%
We do not use any dedicated social technology	3%

FIGURE 27 | Which of the following have been the most significant barriers to integrating your social technology with your ecommerce platform?

Lack of desire to change existing workflows	20%
Integration is too expensive	13%
Lack of time to implement integration	12%
Data security concerns	11%
Lack of native integration option in ecommerce platform	9%
Lack of internal buy-in	8%
Lack of time to implement integration	6%
Lack of native integration option in ecommerce platform	3%

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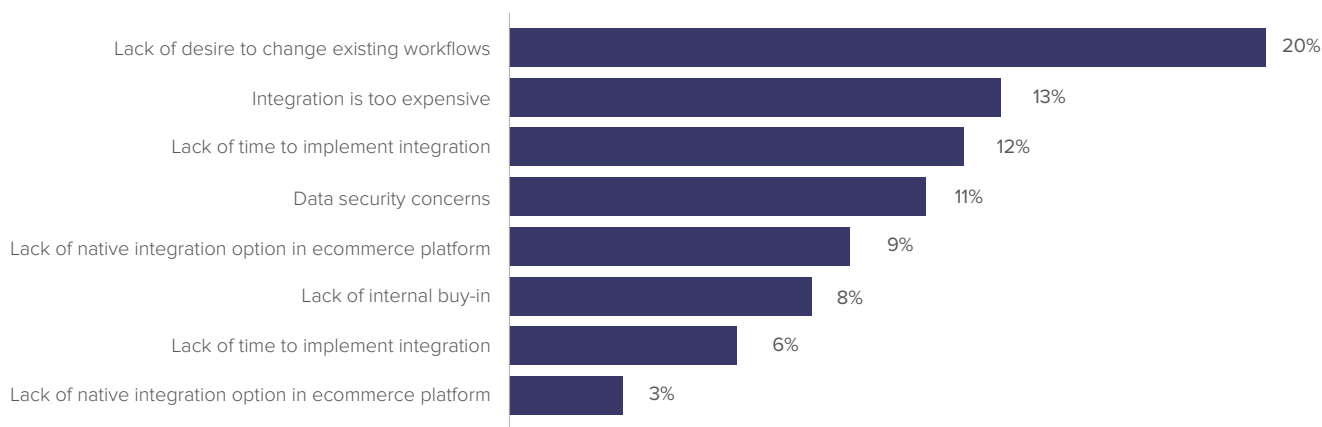In partnership with   Magento An Adobe Company   Hootsuite®

Figure 28 highlights how marketers are tracking ecommerce conversions from social media. On a positive note, just 10% claim *we don't currently track sales attributed to social*. But there are a range of methods used, indicating differences in maturity.

More than half (59%) take advantage of URL tracking, stating *we use social UTM tracking and Google Analytics*, with slightly fewer also noting that *our social software is integrated to our CRM* (53%).

Around 4 in 10 (43%) look to *manually request feedback,* while just over one-third (36%) take advantage of analysis within their platforms, stating *we use analytics or BI within our ecommerce platform.*
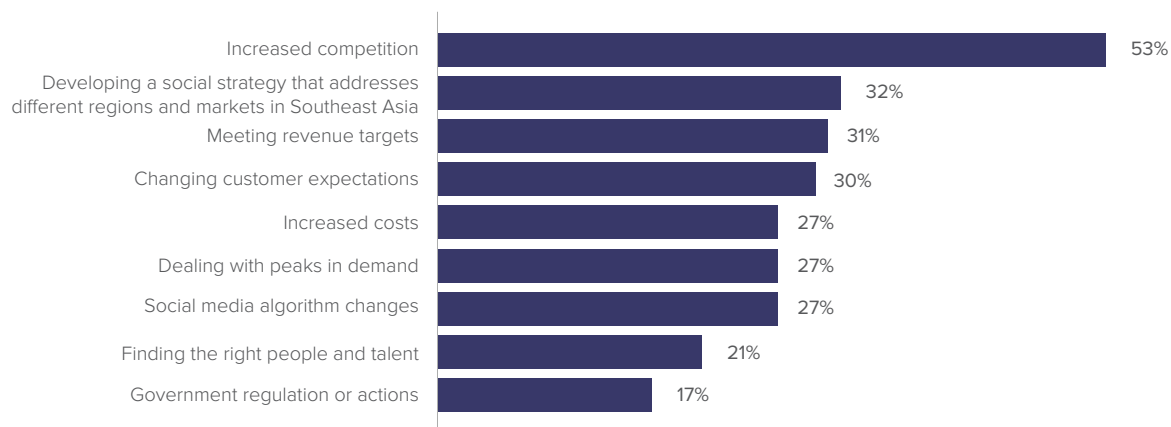
FIGURE 28 | How do you track social to ecommerce conversion?
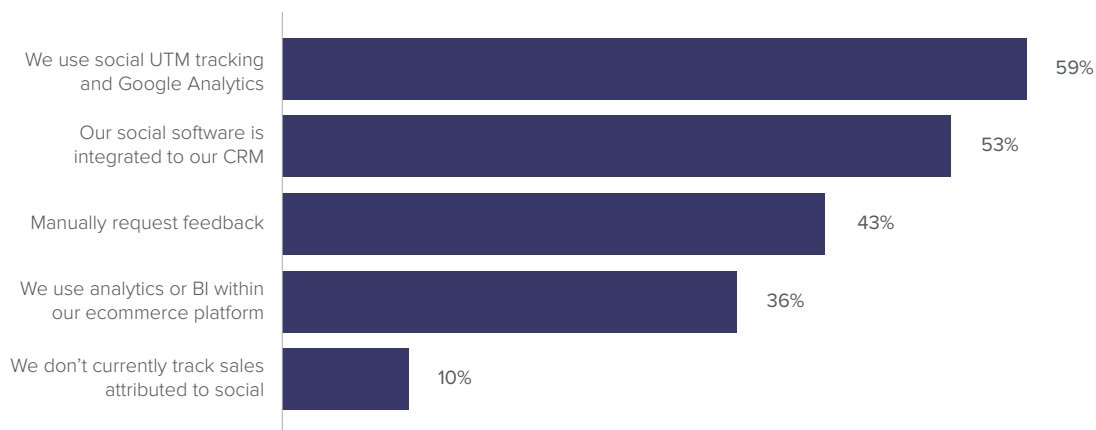
7. Challenges For The Year Ahead

Although ecommerce and social media has created an explosion of opportunity to connect with consumers wherever they are and whatever country they might be in, for incumbent retailers this also means that they cannot afford to rest on the laurels of previous successes.

FIGURE 29 | Which of the following do you expect to be the biggest challenges for your company in the year ahead?

Increased competition	53%
Developing a social strategy that addresses different regions and markets in Southeast Asia	32%
Meeting revenue targets	31%
Changing customer expectations	30%
Increased costs	27%
Dealing with peaks in demand	27%
Social media algorithm changes	27%
Finding the right people and talent	21%
Government regulation or actions	17%

Indeed, Figure 29 shows that by far and away the most commonly cited challenge for the year ahead is *increased competition*, with 53% choosing it as one of their top three biggest challenges. A common and closely related challenge is *meeting revenue targets* (31%).

The welcomed opportunity to reach consumers across Southeast Asia also gives rise to a particular challenge, where consumers differ across countries in a number of factors - from language and culture, through to differences in consumer behaviour and market conditions. As such, it comes as no surprise that the second most common challenge is in *developing a social strategy that addresses different regions and markets in Southeast Asia* (32%).

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Marketers will also need to deal with how socially-connected, smartphone-enabled online shoppers in the region continue to demand more from online retailers. As a likely consequence, 30% list *changing customer expectations* among their top challenges.

Brands do not need to look far back to see how quickly the shopping landscape has evolved. Facebook has only been open for public (i.e. non-academic) use since 2006, the iPhone was only released in 2007, and the first photo shared on Instagram was in 2010. As of Q3 2019, 51% of the world is connected to the mobile internet and 46% are active social media users.[16] By 2025, GSMA estimates that there will be 5.9 billion mobile connections (representing 71% global penetration), with 77% of those connections being smartphones and around 20% being at 5G speeds.[17]

While no one can know the future for certain, online retailers need to keep in line with the experience that shoppers will demand, and ensure they engage and listen to them to keep them as lifetime customers.
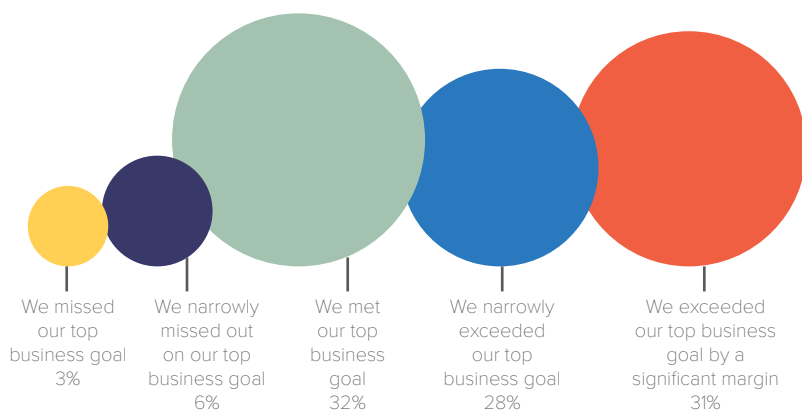
16 | https://www.slideshare.net/DataReportal/digital-2019-q3-global-digital-statshot-july-2019-v01
17 | https://www.gsma.com/mobileeconomy/wp-content/uploads/2018/05/The-Mobile-Economy-2018.pdf

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8. Leaders vs The Mainstream

As part of the survey, marketers were asked to report on their business performance from the past year. The breakdown is shown below in Figure 30.

Some 31% of respondents stated that *we exceeded our top business goal by a significant margin*. As such, these respondents have been identified as 'leaders' with the remainder being the 'mainstream'.
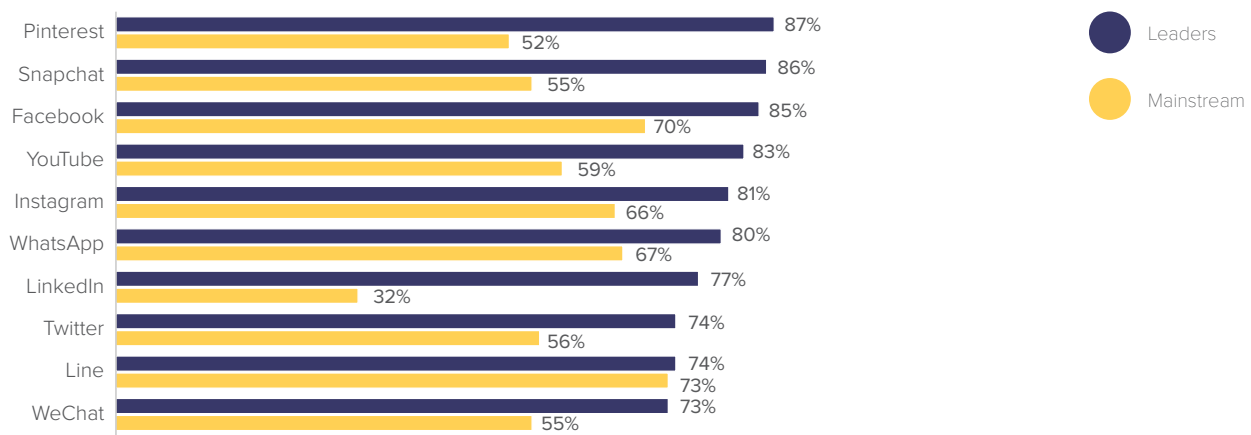
None of the leaders responding to the study saw their ecommerce sales fall in the past 12 months, compared to 6% for mainstream retailers. Indeed, while 61% of mainstream retailers said they saw ecommerce sales rise, the figure for leaders was 87%.

FIGURE 30 | Thinking about the past year's performance (i.e. 2018), which statement best describes how your company performed against its top business goal?

We missed our top business goal
3%

We narrowly missed out on our top business goal
6%

We met our top business goal
32%

We narrowly exceeded our top business goal
28%

We exceeded our top business goal by a significant margin
31%

8.1. The benefits of being a social commerce leader

Leaders not only exceeded their business goals, but also demonstrate a number of other positive attributes. For example, they are much more likely to see social networks as being 'very valuable' in driving organic (i.e. non-paid) sales, as shown in Figure 31 below.

FIGURE 31　|　How valuable are the following networks in terms of driving non-paid online sales?

Network	Leaders	Mainstream
Pinterest	87%	52%
Snapchat	86%	55%
Facebook	85%	70%
YouTube	83%	59%
Instagram	81%	66%
WhatsApp	80%	67%
LinkedIn	77%	32%
Twitter	74%	56%
Line	74%	73%
WeChat	73%	55%

NOTE　|　Percentage saying 'Very valuable'

Leaders are also more likely to strongly agree in their capabilities. In particular:

• Just over 7 in 10 leaders (71%) 'strongly agree' that our social media channels provide a high-quality experience for shoppers. Just 46% of mainstream marketers state the same.

• 64% of leaders 'strongly agree' that we can attribute online sales to social media content, compared to 45% of the mainstream. They are also more likely to say we are able to attribute value to in-store sales (62% vs 36%).

• Some 57% of leaders 'strongly agree' that we can measure the ROI of all our social media activities. The figure for the mainstream is 33%.

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8.2. What leaders do differently

The following points are practices in which leaders demonstrate from the mainstream. As such, retailers that implement these practices may see their sales improve.

Leaders are more likely to have a strategy and for it to be well-developed

- 95% of leading retailers have a social selling strategy, compared to 86% of mainstream retailers.

- 82% of leaders report *our strategy is well-developed and is driving results in revenue* compared with just 54% of the mainstream.

Leaders do more to encourage recommendations via social media

- When asked 'What do you do to encourage recommendations on social media?', leaders were more likely to use every single one of the tactics suggested, including *offering discounts for customers' friend* (55% vs 40%), *using sharing buttons on their online store* (68% vs 54%) and *running competitions to win prizes* (58% vs 42%).

Leaders engage more frequently

- Leaders are more likely to *like content* from their fans (74%) than mainstream retailers (55%), to *share their content* (70% vs 60%) and *to post content that is funny or interesting* (55% vs 45%).

- Leading retailers are much more likely to engage *daily* across social networks compared to the mainstream. For example, 90% of leaders engage on Facebook daily, versus 74% for mainstream retailers.

- As a likely consequence, 77% of leaders say that at least one-quarter of their sales are in some way influenced by social media, versus 64% of the mainstream.

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Leaders recognize the value of video

- 62% of leaders rate *YouTube* as one of their top three social networks for earlier in the buying journey, compared to 41% of the mainstream.

- 62% of leaders also rate YouTube as one of the best networks for driving purchases through recommendations, compared to 43% of the mainstream.

- 42% of leaders say that *photos and videos from real customers* are among their most common social tactics, compared to just 24% of the mainstream.

Leaders are more likely to increase their budgets and headcount

- 86% of leaders expect to increase the number of staff dedicated to social media in the next 12 months, compared to 65% of the mainstream.

- 87% of leaders expect to increase their spend on social commerce technology, compared to 69% of the mainstream. For other technology, 80% of leaders expect increased budgets, compared to 63% of mainstream retailers.

- 80% of leaders expect their budgets for paid social promotions to go up. The figure for mainstream respondents is 64%.

Leaders integrate their technology and track conversions

- 87% of leaders say that *our social technology is fully integrated with our ecommerce platform and supports a single customer view,* compared to 47% of the mainstream.

- 70% of leaders state that *we use social UTM tracking and Google Analytics,* compared to 53% of the mainstream. They are also more likely *to use analytics or BI within their ecommerce platform* (39% vs 35%).

Given all these best practices are correlated with improved success, ecommerce marketers looking to get ahead would be well-placed to progress their businesse in line with what leaders are more likely to be doing.

In a fast-changing environment, these practices are a way of insuring against inevitable change, as well as helping to build life-long customer relationships.

9. Appendix

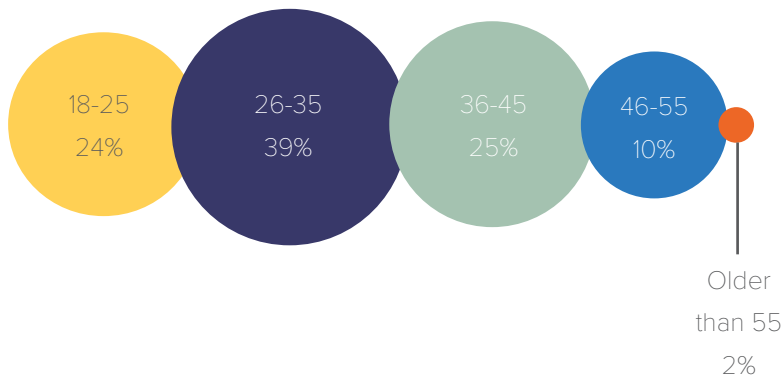## 9.1. Respondent profiles - consumers

FIGURE 32

What is your age?

18-25
24%

26-35
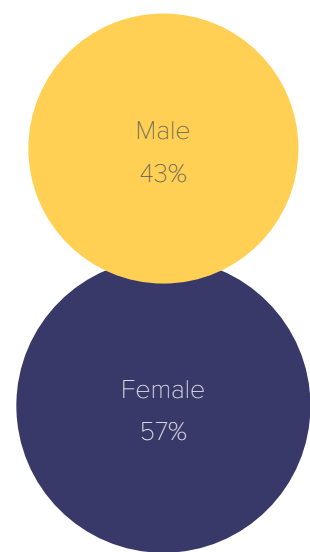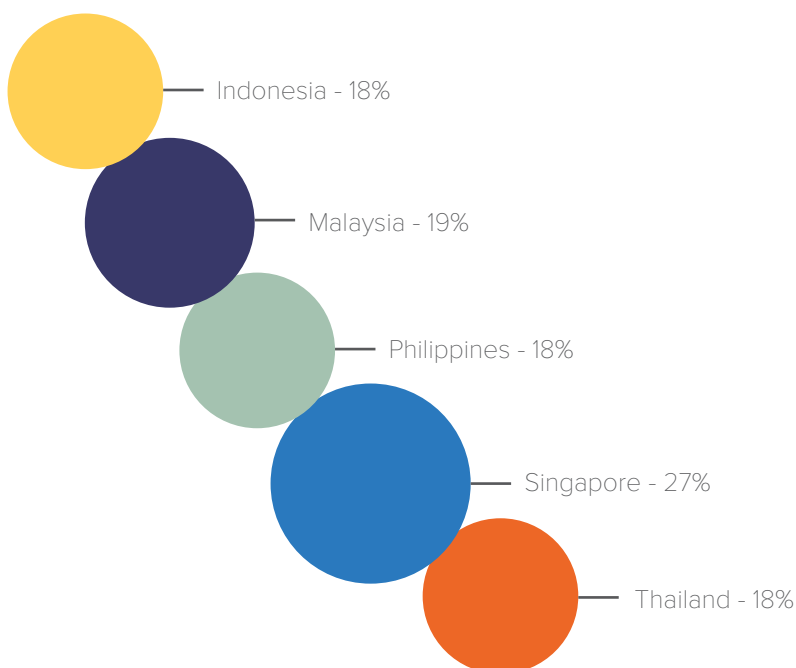39%

36-45
25%

46-55
10%

Older
than 55
2%

FIGURE 33

What is your gender?

Male
43%

Female
57%

FIGURE 34

In which country do you live?

Indonesia - 18%

Malaysia - 19%

Philippines - 18%

Singapore - 27%

Thailand - 18%

9.2. Respondent profiles - marketers

FIGURE 35

In which country do you work?

Indonesia 20%
Malaysia 19%
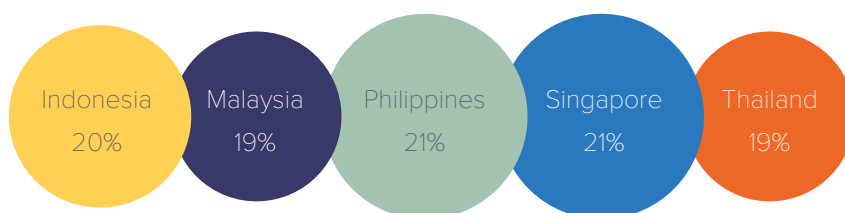Philippines 21%
Singapore 21%
Thailand 19%

FIGURE 36

How much do you sell online each year?
(Singapore dollars)

Less than $100,000 — 19%
$100,000 - $250,000 — 27%
$250,000 - $500,000 — 20%
$500,000 - $1m — 14%
$1m - $5m — 10%
More than $5m — 4%
Don't know / not relevant — 6%