

COMMERCE

## Social media emerging as direct commerce channel: study

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By GISELLE T'SIRULNIK

A study by Booz&Co. suggests that luxury brands need to start figuring out ways to turn those “likes” into “buys,” since social media is now emerging as a direct commerce channel.

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**Luxury Daily**

Consumers are spending a lot more time on social networks and obviously some of their posts and comments relate to where they are – the mall – and what they are doing there – looking at specific products. Smart consumer-oriented companies need to be responding to this shift in behavior with carefully focused Twitter and Facebook stores.

“Social media is likely to have its broadest and most measurable impact in the lead generation, conversion, and loyalty/service elements of a purchase transaction, not as a brand building or awareness activity,” said Fabian Seelbach, senior associate at Booz&Co, New York.

“Luxury brands often benefit from the social aspect of shopping – sharing shopping experiences, seeing what others have purchased and et cetera,” he said. “And these experiences make it likely that luxury brands will see some of the first benefits related to social commerce.”

## Social commerce growth

**Facebook** fan pages and **Twitter** feeds are great ways of engaging with and influencing customers, since people on a social site are connected to other individuals that share similar interests and such.

The market for social commerce will change drastically in the next five years, according to **Booz&Co**. The company forecasts that brands will race to set up stores, increasing social commerce revenues sixfold to \$30 billion worldwide by 2015, up from \$5 billion in 2010.

Booz&Co. claims that social commerce will take a place along other commerce channels such as online, in-store, telesales and catalogs.

The research company also goes so far as to say that consumers will make commerce transactions – select products and complete purchases through payment with credit cards and points – inside social networks.

## Case studies

Although social commerce is somewhat of a new idea, there are already some companies that are employing it.

For example, floral retailer 1800Flowers has a fully functional Facebook store. It embedded its ecommerce platform directly into its branded Facebook fan page.

Surprised? Well it doesn't end there. Dell has sold \$6.5 million in products through its Twitter feed, according to Booz&Co.

With that in mind, who's to say that a Louis Vuitton, or a Chanel can't sell directly to fans on Facebook? Instead of encouraging consumers to "like" products, luxury brands can be using their social media presence to actually sell their goods directly to consumers.

Are they ready?

How ready are consumers to buy products through social media? A 2010 Booz&Co. survey found that 27 percent of respondents would be willing to purchase physical goods through social networking sites.

Ten percent said that they would likely end up buying more physical goods via social media outlets than through other means.

To date most social commerce initiatives are all about awareness and to drive consumers to other channels for actual purchases. But that is all about to change.

"We see four major areas of focus for companies seeking to become a first mover in social commerce," Mr. Seelbach said. "First, learn by doing – get involved in some initial efforts related to social commerce.

"Next, figure out your data strategy – how will you get the data you need to target social shoppers?" he said. "Then, define the customer experience – how your customer journey

will work in the social commerce environment.

“And lastly, determine how social commerce fits into your overall multichannel strategy – how social fits into the overall customer experience, particularly given that customers will likely explore options in one channel, and purchase in another.”

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1. **Warren Knight** says:

**March 4, 2011 at 4:01 am**

Great article and thank you for sharing some of the statistics ....very interesting

Do you have any case studies or stats for the SME industry?

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