



# Social Commerce

## Next Generation Brand Marketing

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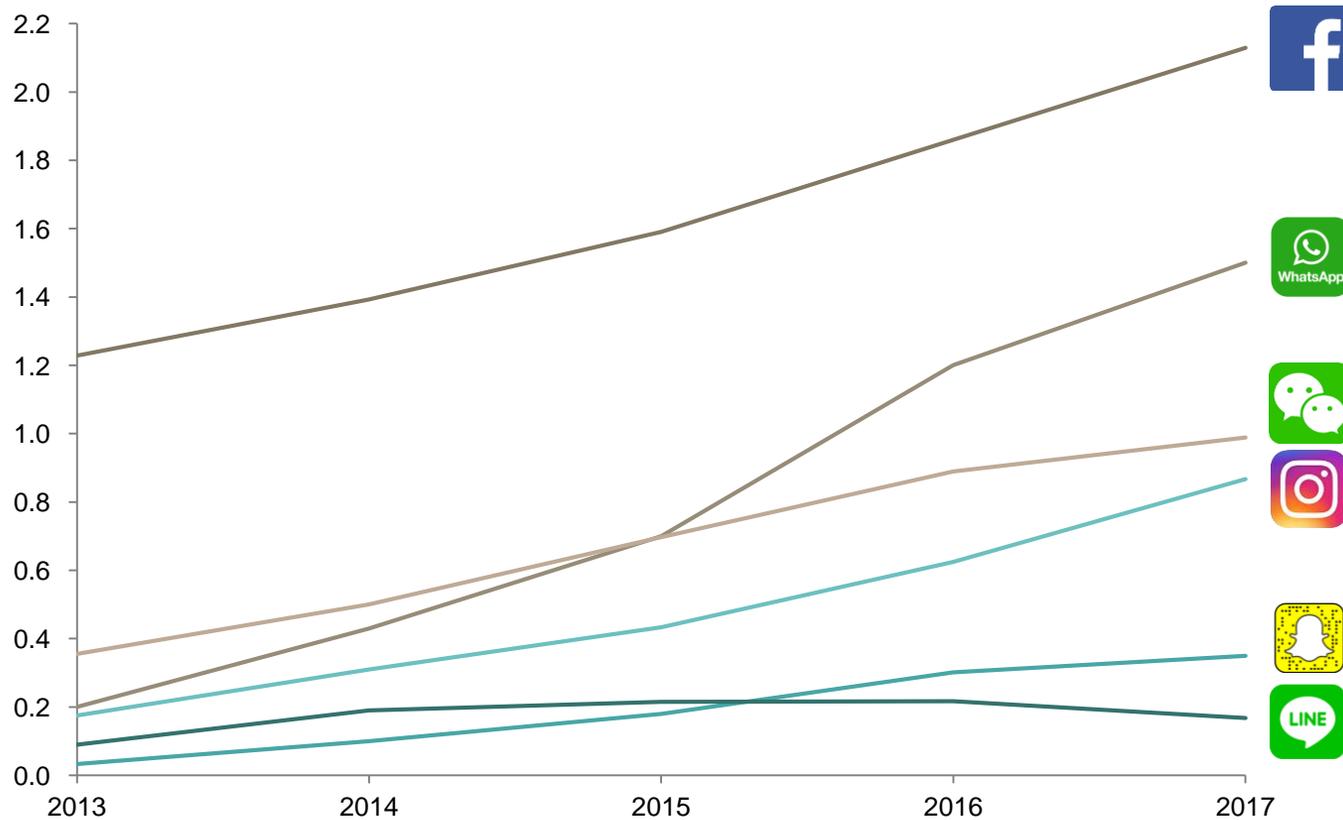


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# Social media apps are gaining prevalence across the globe – Facebook is the oldest and still the #1 global player with more than 2 billion MAU users

No. of Month Active User of Selected Social Media Apps  
(in Billions of Users)



# Their level of influence varies significantly by geography and age group

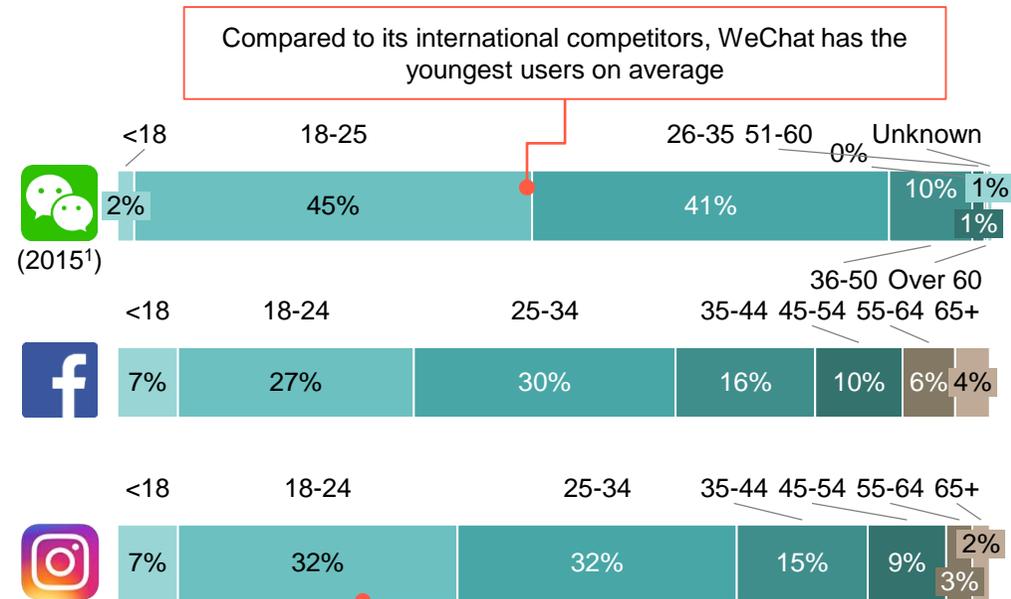
## Geographical Dominance and Age Demographics of Major Social Media Apps (excluding video)

Top 3 Social Media by Region

	No. 1	No. 2	No. 3
US			
China			
Hong Kong			
Rest of Asia			

Facebook remains the dominant social media in most markets except China; WhatsApp and Instagram follows

Age Breakdown of Selected Social Networks



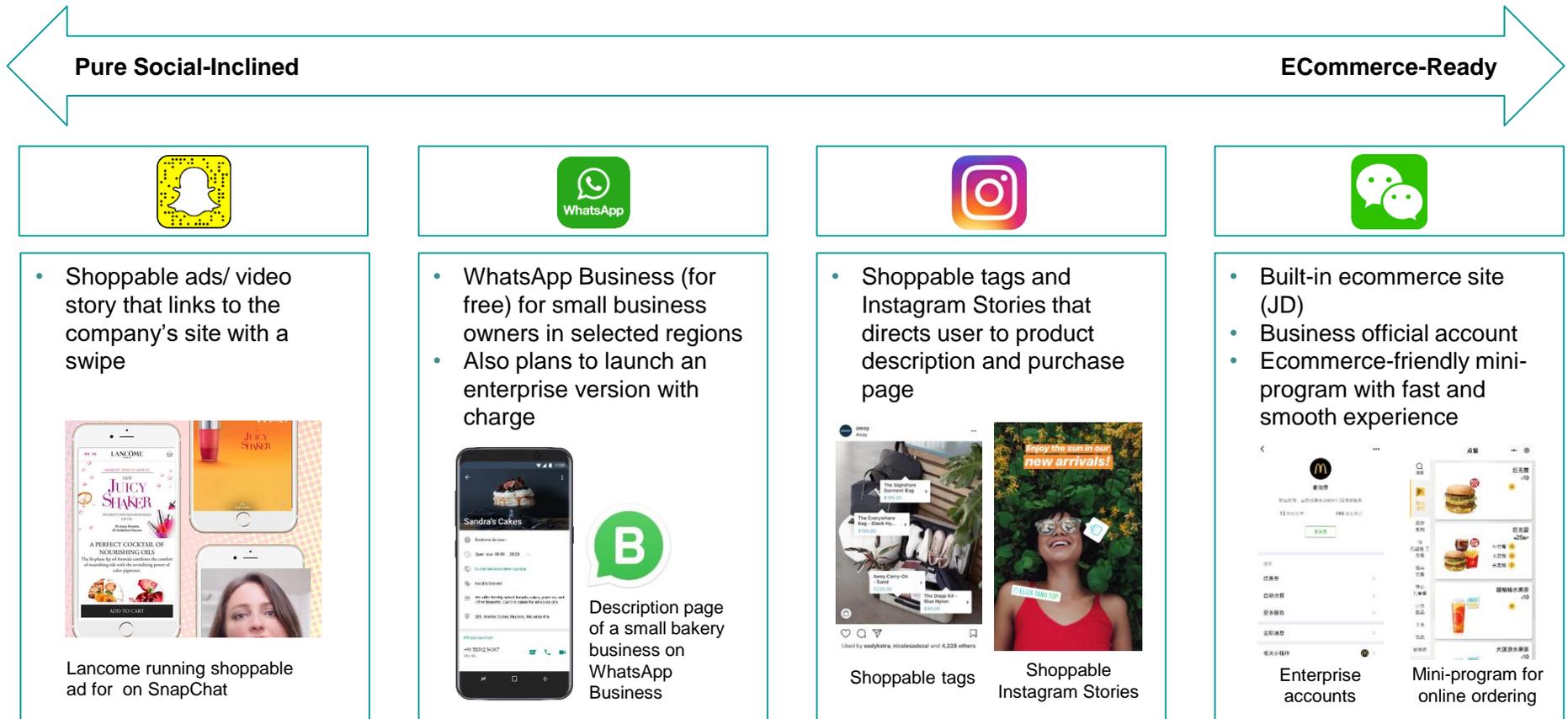
1. Recent data indicates WeChat now has a more “balanced” demographic breakdown and an older average age – a bigger proportion of more senior users (36-50 and 51-60) than in 2015

Source: desk research, CAICT report, OC&C analysis



# Social media apps are at different stages regarding e-commerce: some are largely focused on social functions while others are much more advanced

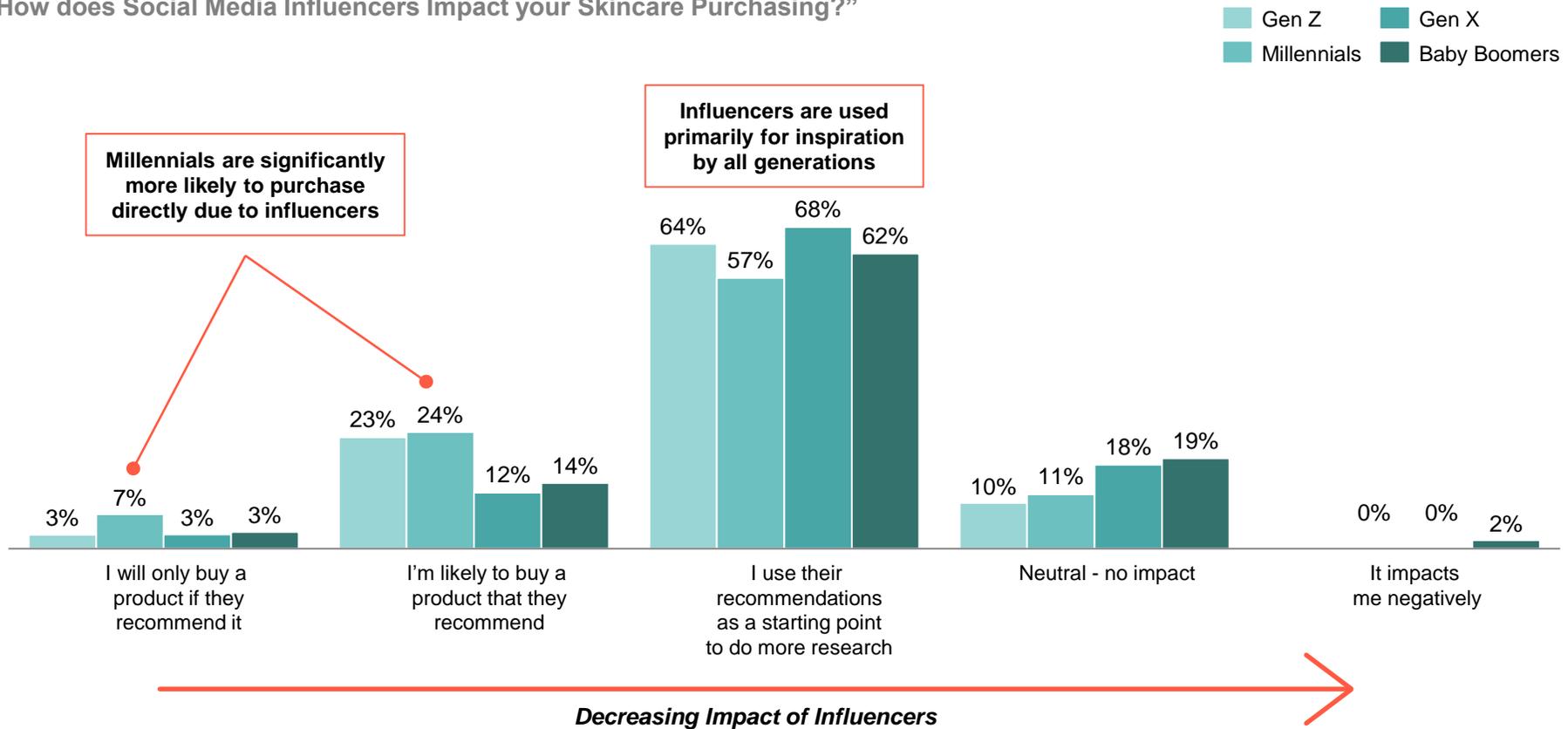
## E-commerce Readiness of Social Medias



# Social media are powerful influencers to all age groups, and play a particularly higher role in purchase decisions of Millennials

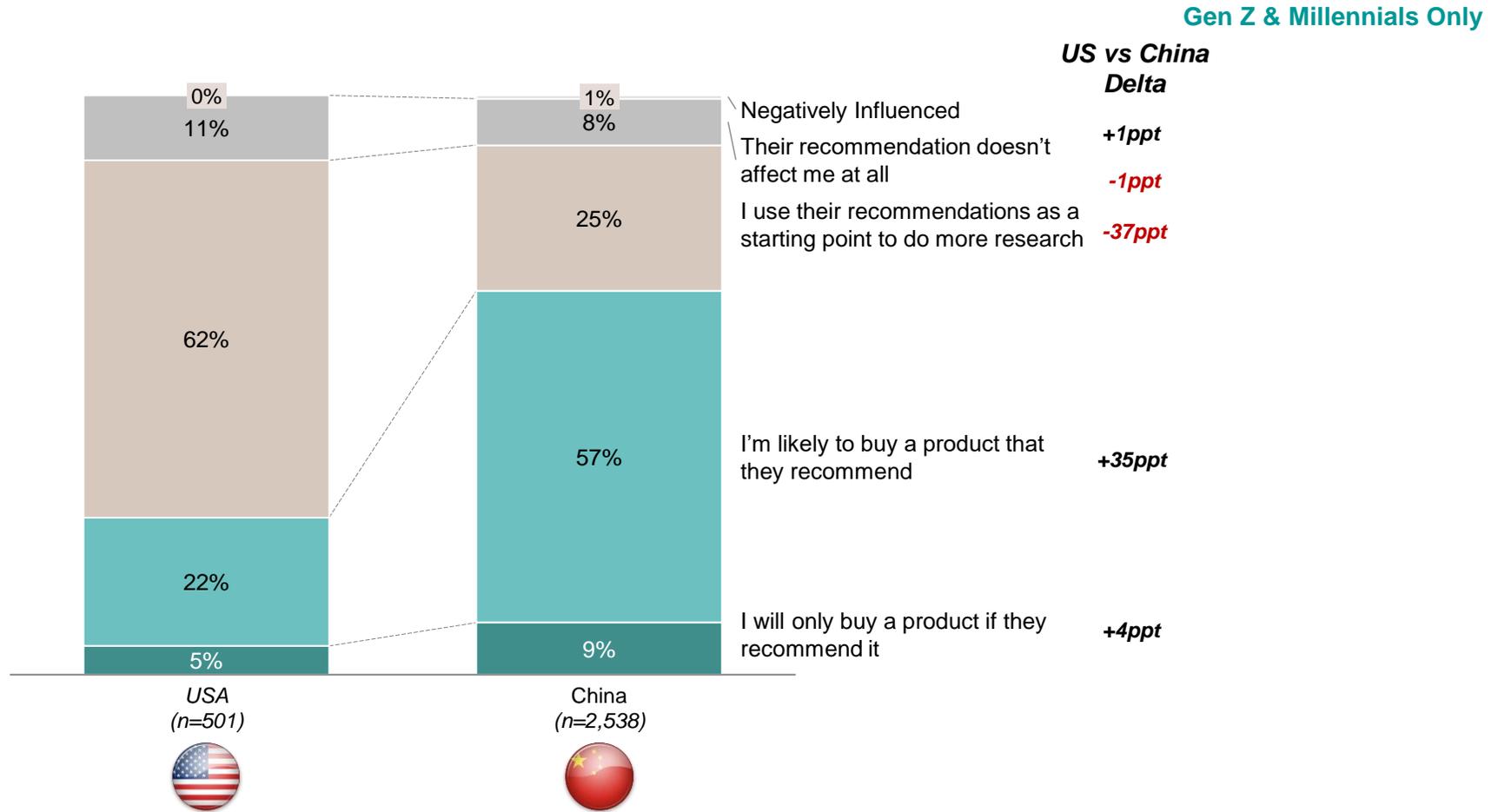
## Different Generation's Attitude towards Social Media Influencers

“How does Social Media Influencers Impact your Skincare Purchasing?”



# Social Media Influencers are a key purchase driver in China – to a far greater degree than in the US

Impact of Influencers – USA vs China  
(% Respondents)<sup>12</sup>



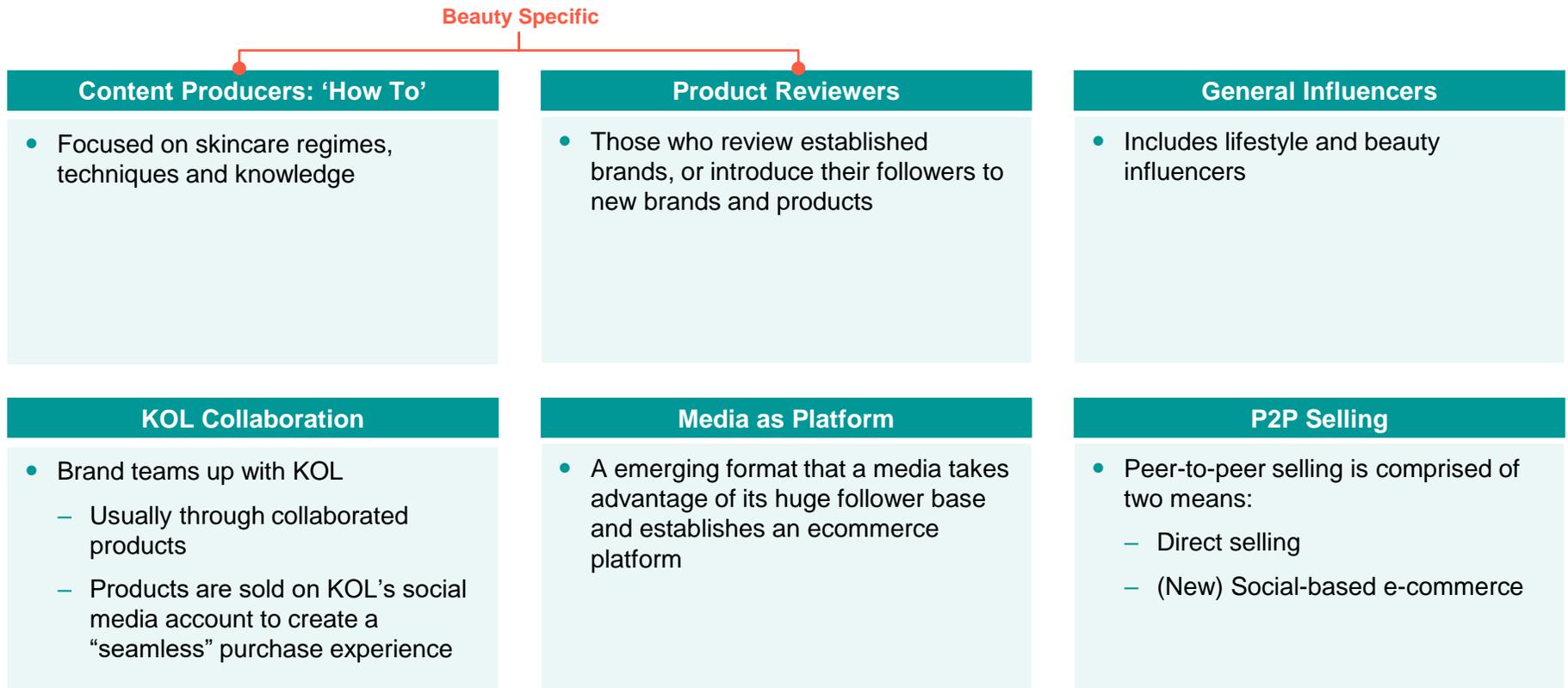
1. China Survey Question: Q: How do KOLs influence you?  
 2. US Survey Question: Q: "How does Social Media Influencers Impact your Skincare Purchasing?"  
 Source: OC&C US and China Consumer Surveys, OC&C analysis

US skincare selects



# Six types of social selling influencers can be identified – often complementing each other

## Types of Influencers in Social Media



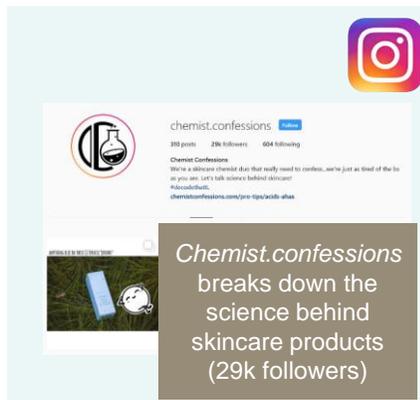
# The first type of influencer is the Content Producer who educates consumers on product basics and knowledge (here skincare)

## Type No.1: Content Producers – ‘How to’

### Content Producers and Key Channels

- **Focused on skincare regimes and techniques, instead of product/brand evaluation**
  - Can introduce consumers to new products categories, e.g., serums and devices
  - Or skincare regimes and sciences behind
  - Specific brands are often included, allowing for inspiration
- YouTube is a very popular channel, but there are also numerous blogs and Instagram accounts offering advice
- In China, key channels include Sina Weibo, WeChat and Little Red Book

### Examples

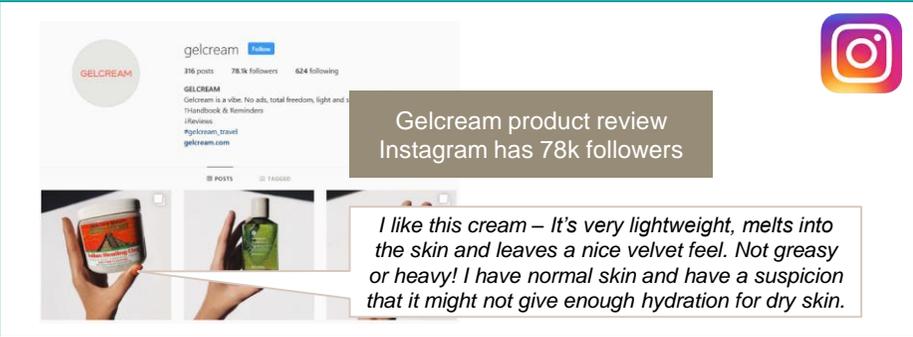


Social Selling Influencers

# In comparison with Content Producers, Product Reviewers provide more detailed recommendations on specific products

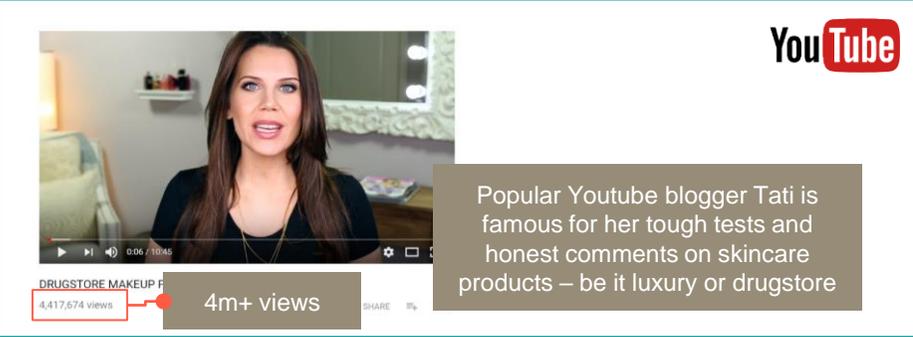
## Type No.2: Product Reviewer

- This type of influencer is dedicated to **providing reviews of established brands/products, or introducing their followers to new brands/products**
- Top Product Reviewers are **capable of guiding purchase decision and boosting product sales at scale**



Gelcream product review  
Instagram has 78k followers

*I like this cream – It's very lightweight, melts into the skin and leaves a nice velvet feel. Not greasy or heavy! I have normal skin and have a suspicion that it might not give enough hydration for dry skin.*



Popular Youtube blogger Tati is famous for her tough tests and honest comments on skincare products – be it luxury or drugstore

4m+ views



Fan Bingbing, famous Chinese actress, reviews a facial mask on Little Red Book – creating an instant boost to the product's sales (nearly sold out on a number of ecommerce channels)



Beauty blogger Milky (1m+ followers) reviews a new lipstick series from L'Oreal



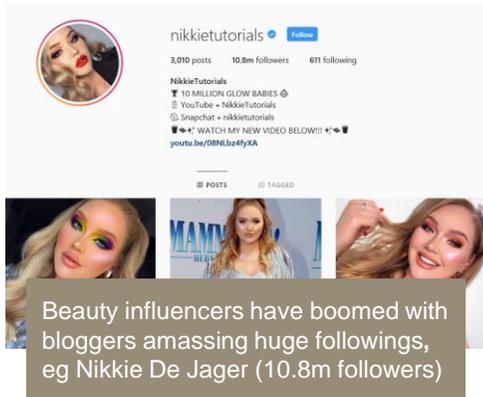
# General Influencers are broader in their areas of expertise: they can cover beauty, fashion, food, or be lifestyle-focused

## Type No.3: General Influencers

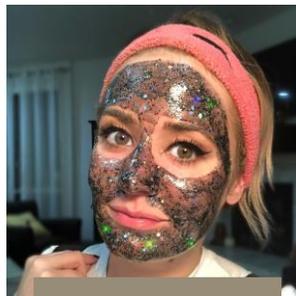
### Beauty

GlamGlow is a strong example of a **skincare brand that has grown almost entirely through social media**

- Highest earned media value (\$6.3m) in 2017, beating established brands<sup>1</sup>
- Employs ‘glambassadors’ e.g., lifestyle blogger Annie Jaffrey (250k followers)
- The majority of website traffic is driven through YouTube and Instagram



Beauty influencers have boomed with bloggers amassing huge followings, eg Nikkie De Jager (10.8m followers)



Glam Glow's Instagram-friendly glitter mask

### Fashion / Lifestyle



Shoe brand STACCATO launched a Sino Weibo Campaign with the hashtag #我觉得\_\_就行#. Lifestyle, travel bloggers and models are invited to share their take on life



Chinese Fashion blogger, SavisLook (2.9m follower) on her collaboration with Australian fashion label C/Meo Collective



# Collaboration with Key Opinion Leaders (KOL) is a rising trend for luxury brands experimenting new ways to connect with Chinese consumers

## Type No.4: KOL Collaboration

### KOL Background

#### Mr. Bags

- A handbag blogger
- 3.72m follower on Sina Weibo and >4m on WeChat
- Ranked **3<sup>rd</sup> on BNP Paribas' list of China' most influential fashion bloggers** in 2017
- His client includes Louis Vuitton, Celine, Longchamp and more



Mr. Bags' collaboration with Montblanc

“China is a key strategic market for Tod's and Mr. Bags, with his extensive and insider knowledge of this market and its customer, is the perfect collaborator for us.”  
a spokesperson from Tod's

### Successful Collaborations



#### Mr. Bags & GivENCHY

- Limited edition for Valentine's Day, 2017
- WeChat exclusive
- 80 bags sold within 12 minutes



#### Mr. Bags & Tod's

- Sold in Mr. Bags' WeChat mini program called BaoShop
- 300 purses sold in 6 minutes, generating sales of RMB3.24m

# Social selling online, illustrated by Yitiao – media and content producers are combined into a “soft-selling” ecommerce platform

## Type No.5: Media as Platform

### Account Background



Yitiao is an example of a **successful brand combining media and social e-commerce**

- A short-video focused content producer (each video has 100k – 3m views)
- When gained plenty of followers in 2016, the brand established an e-commerce platform, which carries a number of lifestyle products from F&B to electronics
- E-commerce platform now counts 80% of Yitiao’s revenue

### Content



上海夫妻亲手造4000m²花园房

方巍和Uma是一对生活在上海的艺术夫妻，2014年底，他们租下崇明岛一处近4000m²废弃垃圾站和上面的旧厂房，经过...

6月10日



中国最美村落：云南洛通社

Short-video content focused on lifestyle and fashion



Yitiao Store (enter from WeChat)

### Video content

这个富二代，做着最孤独的工作，亚洲只剩他一人

2018年8月28日 (原创)



想变更年轻，身体的这个部位，才最需要用“面膜”!

2018年8月28日



我的手机壳上，是敦煌壁画!

2018年8月28日 (原创)



不挑身材的牛仔褲，弹力超大，谁穿都显瘦

2018年8月28日



### Ads for products

天青色等烟雨，这颜色在瓷器里

2018年8月28日 (原创)



Content history is a mix of video content and advertisements



# Two types of peer-to-peer selling can also be found online: direct selling and social-based ecommerce

## Type No.6: P2P Selling

### P2P Direct-Selling Example



- Rodan and Fields was founded in 2007 and was one of the pioneers in adding in digital tools to its direct selling model
- Today all **R&F consultants are given e-commerce training and set up with a personal website** which they promote via social media
- **Mobile apps are heavily used**
  - While with clients, consultants use apps to talk through R&F's catalogue and find personalized products
  - Apps are also an on-the-go tool for consultants to manage leads and access training videos
- **R&F also use their own consultants as influencers**, posting before-and-after pictures of sellers to demonstrate products

### Social-Based Ecommerce Example



- **Yunji Weidian** is a social selling platform launched in 2015
- The platform procures from local and global vendors of many categories, incl. L'Oreal, J&J, LG and more, to attract small and medium-sized sellers
- The platform takes care of procurement, storage and shipping; **the role of individual sellers is to market and sell the product**
- It has **taken advantage of the huge user base of WeChat to grow popularity:**
  - More than 3m consumers have opened their stores on Yunji
  - The portal expects to go IPO in 2019



# Summary

1

**Social media are on the rise:** penetration and user base for key players have been growing for last 5 years

2

**Choosing the right social media is critical for brand owners:**

- Each geographical region is dominated by different social media
- Demographics of target user is another consideration
- Social medias are “e-commerce-ready” to different extent

3

**Social media have proven their impact on purchase decision and can boost consumers’ willingness to buy (e.g. skincare products), particularly Generation Z and Millennials**

4

**There are six means for brands to embrace social marketing:**

- Content Producer (beauty-specific)
- Product Reviewer (beauty-specific)
- General Influencer
- Collaboration with KOL
- Media as Platform
- P2P Selling (direct selling and social-based ecommerce)



**「Thank you!」**



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