

Onsite Social for Online Commerce.

The Opportunity
in Friend-Powered
Shopping.



Introduction

It may be tempting to think that if you are building a fan base on Facebook and have a growing following on Twitter, your social commerce strategy is in good shape. That would be a mistake for two reasons:

1. **You're not reaching your customers where they shop.** In-market shoppers don't do their product research on social networks. They do it on commerce sites – like your store. If you want to use Social to influence the purchase decisions of people who are *ready to buy*, you have to do it where they shop.
2. **You're not leveraging the purchase moment.** One of the most powerful ways to spread your message on social networks is to get customers to share news of their purchase from you. The message may be delivered on the social network, but it originates on your site. You need effective mechanisms on your site to encourage purchase-sharing.

The lesson is: if you are not integrating your online store with your social network presence, you are probably missing a big part of the Social opportunity.

This whitepaper presents a strategy for integrating your online store into your social commerce strategy – an approach we call “Onsite Social” – that will increase the value of your social initiatives and deliver measurable results to your bottom line. It recognizes what retailers have always known – that the best opportunity you have to build a relationship with your customer is when they are *in your store*.

Adopting an Onsite Social strategy doesn't mean you should abandon your Facebook fan page and stop Tweeting. But it does mean that while you build your presence on these social networks, you also socialize your primary presence on the web. The “friendlier” you make your store, the more sales will result.

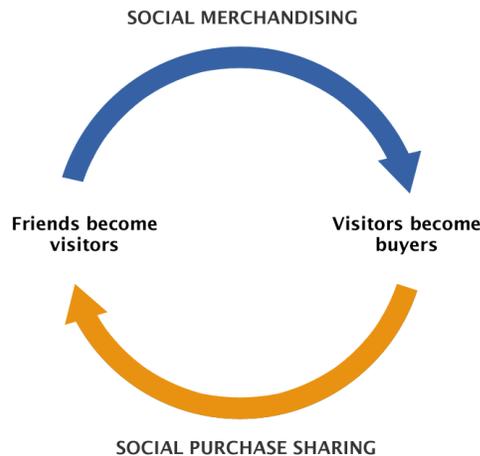
The essence of an Onsite Social strategy is this: Never miss a chance to turn a buyer into an influencer for a future shopper. We propose two tools to accomplish this goal:

1. **Social Merchandising.** When someone comes to your site to shop and they have friends who have bought from you before, TELL THEM! And tell them what those friends bought. People who see that friends buy from you are more likely to purchase. And they're likely to consider the products those friends bought and perhaps add a few additional items to their own cart.
2. **Social Purchase Sharing.** When someone has just purchased from you, ask them to share the news on their social networks. It's not easy to get customers to do this (unless you're lucky enough to sell a very hot product). But when you get it right, you can raise the sharing rate many times higher than it would otherwise be. That gets your store and your products into the feed stream on the social networks, where they will be seen by friends of your customers. And that drives high-quality traffic back to your site in the near term and plants the seeds of future purchases in the longer term.

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Social Merchandising and Social Purchase Sharing work well independently, but they're even better together, creating a social commerce loop that drives viral growth of your business. Social Merchandising turns more of your visitors into buyers. Those buyers tell their friends using your Social Purchase Sharing tools. Those friends visit your store to learn more, where the Social Merchandising features help turn them into buyers.

Create a social commerce loop



Social Merchandising – How it Works

Show shoppers which of their friends are already your customers

The idea behind social merchandising is simple: when a shopper is on your store, give her the opportunity she wants to see which of her friends (or friends-of-friends, etc.) are also customers of yours and what those friends bought from you.

Imagine: You walk into a store, and there you run into several of your friends, all carrying full shopping bags. How is your experience of that store different than it would have been? If it's your first time in the store, you'll think "this is my sort of place". You'll take a peek in their bags at the things they got and consider if maybe you should get one, too. You'll spend a little longer and look around a little more thoroughly. You'll be more likely to remember the store next time you need some of what they sell because you had a more personal experience on your last visit. You'll come away with more positive feelings towards the store, even if you can't quite put your finger on why. In the real world, those moments are rare. But in the online world, you can make sure that sort of "coincidence" happens frequently.

Picture an application running on your store site that looks like a customer wall-of-fame. But instead of showing faded photos of celebrities, this customer wall shows each shopper those other customers to whom she has a personal connection. Friends. Friends-of-friends. Groupmates. Neighbors. It also shows the items those customers purchased. The experience for the shopper is simple and powerful. Sometimes the shopper may choose to reach out to one of those friends for advice. And sometimes it's enough for the shopper just to know that friends have shopped at your store and to have seen what they got. The effect is both short-term and long-term: increasing trust and loyalty while encouraging consideration and impulse purchase.

Leverage
your
entire
customer
base

One reason Social Merchandising is such a powerful strategy is that it lets you leverage your entire customer base, not just the small percent of your customers that actively write product reviews or post about their purchases. That means you are able to show far more personal connections to shoppers. This works because you use the social network of the shopper, not your past customers, to find matches. In other words, you keep the incentives in the right place; the shopper tells you which friends they want to search for right at the moment they are shopping. You don't have to rely on getting your past customers to sign up first.

The road block to this type of application used to be the difficulty of determining the shoppers' friends. Now, for the first time, Social Merchandising is practical because it has become so quick and easy for shoppers to give you access to their lists of friends. Facebook is an important source, through their Graph API (until recently called FacebookConnect). But it's not the only source; shoppers can also make their address books from web-based email systems accessible with just a few clicks. Ditto for other social networks like LinkedIn and Twitter. (If the demographic of your customer base is not heavily on Facebook, it's important to offer these other friend list sources as well.)

It's now
quick
and easy
for your
shoppers
to tell you
who their
friends are



Of course, the privacy of your customers is of paramount importance. That means you can only identify them by name if they opt in to allowing it. We propose two approaches to enable you to address these privacy requirements while still leveraging your full customer base.

- First: never miss the chance to ask a buyer to opt-in. After each purchase, simply ask if the customer is willing to help out friends when they shop at your store. You may be pleasantly surprised at how many of your customers will agree. Here's why: if you ask people to tell all their friends about their purchases ("active sharing"), most people decline. It's human nature – modesty, privacy, etc. But if you ask those same people whether they'd be willing to help a friend who is considering a purchase of a product they've brought ("passive sharing"), most people say yes.
- Second: customers who have not yet opted in can be identified anonymously. ("A friend of yours bought...") You can then offer to broker an introduction

between the shopper and that friend. If the friend accepts, you connect them. In the process, you bring the past customer back to your site, and you give the current shopper a reason to return and complete their purchase.

Social Merchandising – Benefits

*More
than a
“nice-
to-have*

It might be tempting to think of Social Merchandising as merely a “nice-to-have”. But it’s much more important than that.

First, Social Merchandising enables you to leverage Social at the key moment in the purchase cycle: when shoppers are ready to buy and are deciding what to get and where to get it. That’s because “in-market” shoppers don’t go to social networks to do their research; they go to the commerce sites – like your store. A recent study by BIGResearch for Shop.org makes this point:

[Social networks] are rarely the starting point for shopping per se. When we asked consumers, “Where do you typically start your online shopping? (Check all that apply)”, consumers told us that they are most likely to start their online shopping at merchant Web sites (almost three-quarters), search engines / directories (one third), and catalogs or offline stores (about a quarter) — with social media sites trailing far behind.

In other words, if you limit your social strategy to the social networks, you are missing the chance to leverage Social when it will help you most. You know that many of your shoppers are going to your competitors’ sites, too. Why wouldn’t you give yourself the advantage of showing those shoppers that their friends shop with you?

Second, deep customer engagement is one of the top drivers of commerce success, and Social Merchandising is one of the most effective ways you can build that engagement. Andreas Eisingerich and Tobias Kretschmer in the Harvard Business Review (“In E-commerce, More is More”) explain the benefits of deeper shopper engagement on retail sites this way:

Most firms limit their sites to providing narrow information about the products or services that are for sale. Indeed, the majority of managers we spoke to in our global study told us they believe that a broad array of information diverts attention from the core offerings. But we found it helps customers search for solutions, invites them to think of all the ways the core products might add value to their lives, wins their loyalty, and entices them to buy. In fact, we found that exploiting consumers’ desire for engagement is the single dominant driver of superior shareholder value for e-commerce companies.

The link between Social and engagement was demonstrated in a recent study by Nielsen and Facebook, which showed that adding a social element to advertising increased recall by 1.6 times, brand awareness by two times, and purchase intent by four times over the non-social baseline. Social Merchandising isn't advertising, but these findings illustrate the engagement effect.

You might also think that Social Merchandising only makes sense for particular types of stores. But Social Merchandising addresses a broad range of sales challenges, some of which are faced by almost all online sellers:

Social Merchandising addresses a broad range of sales challenges

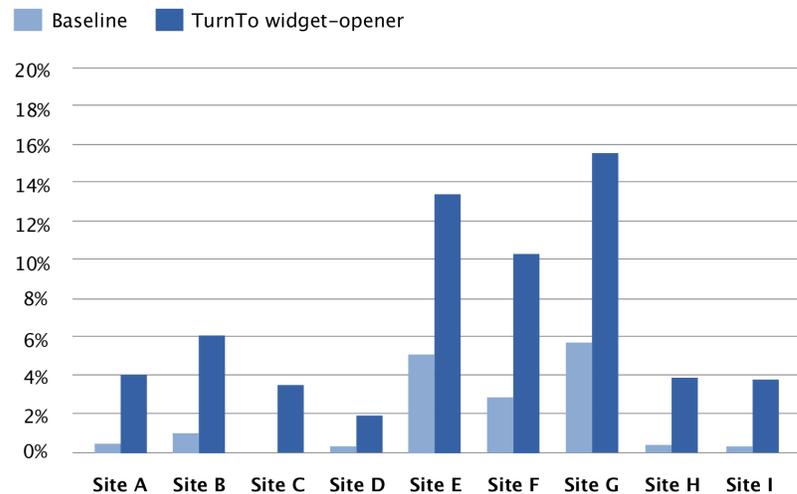
CHARACTER OF YOUR SALE	CHALLENGES	HOW SOCIAL MERCHANDISING HELPS
Big ticket/high-consideration items	Sales cycles are long. Your customers do their research, visiting all your competitors. How do you accelerate purchase? How do you ensure the buyer chooses you?	Knowledge that friends also bought from you increases confidence, accelerates purchase, makes you the default choice. Prospects that ask friends about you build mental commitment, are far more likely to choose you.
Widely available items	Your customers have lots of choices and one looks as good as then next. How do you create preference and loyalty? How do you compete on something other than price?	Given no other reason to pick one store or product over another, shoppers will follow their friends. Even with a price difference, shoppers will often repeat their friends' choices .
Low-priced items	The barrier to additional purchases is low. How do you encourage impulse buying and raise your AOV?	Seeing what a friend bought induces consideration and desire.
Perceived as risky	The customer doesn't know your brand. Your product category is perceived to have issues with quality or forgery. You provide a "you have to experience it to get it" service. How do create trust, induce trial?	Seeing that a friend has purchased from you increases trust and overcomes reluctance to buy. Assumption that "they must have done their research". Your willingness to make friend-references available conveys your confidence in your offering.
Infrequent repeat purchase, low brand engagement	Customers forget about you in between purchases and begin each cycle at Google. How do you increase direct navigation, loyalty, and repeat purchase rates?	Creating a connection in the customer's mind between your store and their friends improves brand recall, positive association, and the feeling of community membership. That increases loyalty and the likelihood of direct navigation.

Finally, there's a growing body of evidence that Social Merchandising works – and in a big way! Here at TurnTo, we offer tools that enable online stores to easily implement Onsite Social strategies. Across the board, shoppers who interact with these tools convert at rates far above the baseline for these sites. Here's the effect measured on the largest sites using our system in April:

Conversion lift, largest TurnTo network sites - April 2010

Largest TurnTo Network Sites, April 2010

Conversion rates



Social Purchase Sharing

Facebook will soon have over half a billion members. As of the end of 2009, Americans were spending over 5% of all their online time on Facebook. Add in Twitter and maybe some others and the numbers are bigger still. So you rightly think: I've got to be where my customers are.

Encourage people who have just purchased to share the news

Just don't assume that direct participation on the social networks (fan pages, Tweeting, and the like) is the **only** way to build your brand presence there. One of the most effective things you can do to build an effective presence happens **on your store site**, not on the social network site. It's this: encourage people who have just bought from you to post about it to their social network. The message is delivered there, but it originates on your site.

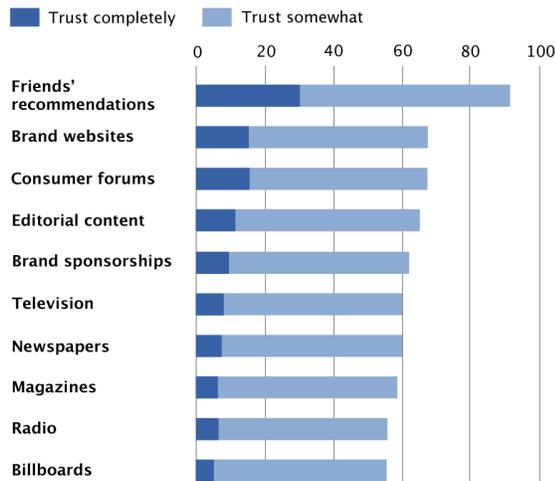
Here's the thing: at root, social networks are about members sharing with each other. There's a lot you can do to participate, become valuable to members, and get value back in return. But there is no way to deliver your message which is quite as effective as having it carried by the members themselves.

Put differently, it's all about trust. Study after study shows the same thing: input from friends related to purchases is more trusted, and therefore more influential, than that from any other source. There's not even a close a second. Here's a typical study showing this (a Nielsen survey published in The Economist).

*Global
consumer
trust in
advertising,
Q1 2009*

In friends we trust

% of respondents

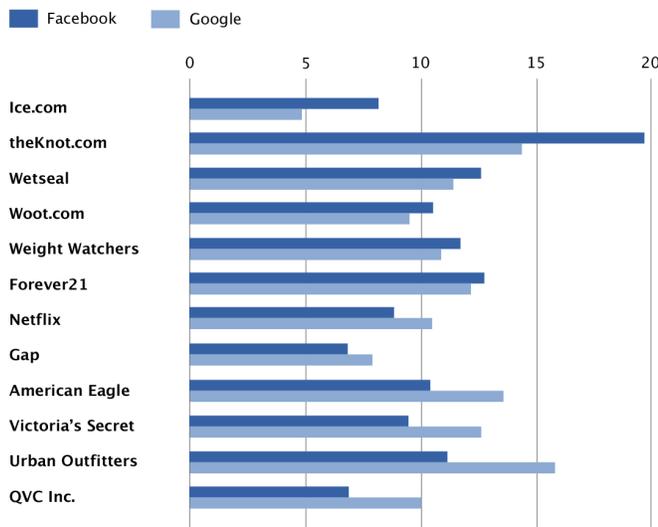


Source: Nielsen

The potential of friend referrals on social networks to drive business for you is enormous. Facebook, on their official FacebookConnect page, stated that every post from a shopper at your store will generate 3-10 clicks back to your store from that customer's friends. Forrester, in the Peer Influence Analysis Report, shows that on social networks in 2009, consumers created 256 billion influence impressions on one another about products and services - roughly 13% of the total impressions from all online advertising. As the following table shows, many prominent ecommerce sites now get as much or more traffic from Facebook as from Google, and a large portion of that Facebook traffic is from peer referrals:

Referral Traffic

% of total, selected online retailers



Source: Compete

*Referral
traffic
selected
online
retailers,
March 2010*

*Leverage your
customers'
purchases.*

So the question is: how do you most effectively encourage your customers to tell their friends about you and your products? “Tell-a-friend” and “ShareThis” buttons have been around for a while, and in the ecommerce area they have had limited success. (The trend recently seems to be towards making the buttons bigger – it remains to be seen whether this approach will help much.)

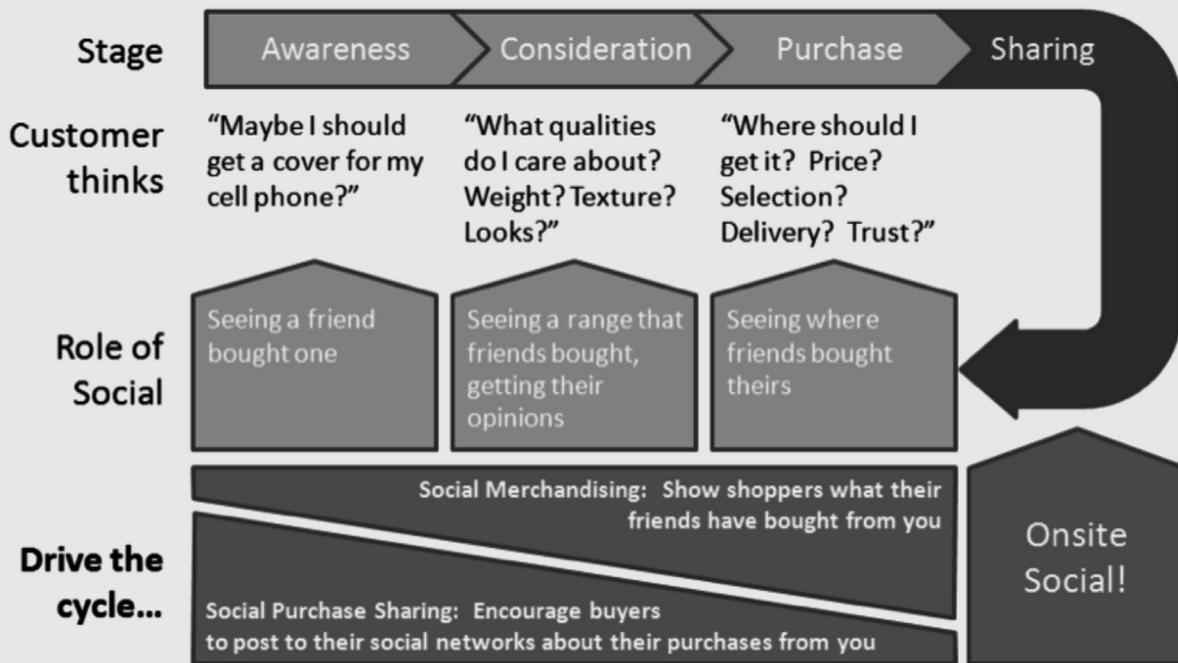
We believe that the key lies in leveraging your customers’ purchases. Here is a simple formula that can make a big difference:

- **Rule 1: Ask!** ShareThis buttons don’t count as asking. Asking means pro-actively putting a prominent request in front of the buyer.
- **Rule 2: Ask at the right time.** The most fruitful moment to ask is immediately after a purchase. The customer has just done something (bought from you), which gives them a particular reason to tell their friends. And since they have just completed the transaction, you don’t need to worry that a prominent request to share is going to distract them from the shopping path. That means using the order confirmation page and your post-purchase customer communications.
- **Rule 3: Ask in the right way.** What is your customer’s motivation to tell their friends about what they just bought from you? Being helpful? Sharing personal news? Plain old showing off? Frame your request in a way that’s appropriate for the product you sell. Often, it’s not the purchase itself that the buyer wants to share but a comment they have about the purchase. So invite the buyer to say something first, and when they share the comment, your product will get carried along for the ride. (This is the same thing that makes viral videos work: people share the video because it’s cool, and the product – even if ordinary – gets carried along.)
- **Rule 4: Make it easy.** A sharing path is just like an order path. The more steps, the more likely you will lose the sharer along the way. Clear explanations, strong no-spam assurances, and tools like Facebook’s Graph API (FacebookConnect) can help a lot, especially for first-time sharers. (While we were writing this, Facebook came out with their universal “Like” button. We think this can be a great tool, though we encourage merchants to consider issues of data ownership, privacy, and branding as part of the evaluation.)

You should be realistic about the rate at which buyers will post their purchases; unless you are lucky enough to be selling an OMG-this-is-the-coolest-thing-ever product, most of time they won’t. With this sort of “active sharing”, people are putting a strong stamp on their online identity – the products you identify with say a lot about you – so people tend to think twice. (That’s why the passive sharing model of Social Merchandising is so powerful!) Nevertheless, the right approach to Social Purchase Sharing on your site can dramatically increase the rate you get, driving a significant increase in value from your social media investments.

Onsite Social Drives All Stages of the Purchase Cycle

The purchase cycle used to have 3 stages. Awareness led to Consideration led to Purchase. Marketers devised different strategies for each stage.



The massive adoption of social networks has added a 4th stage, Sharing, which turns the linear 3-stage flow into a loop. Every purchaser is now a potential influencer over someone else's future purchase. Of course, this 4th stage was always there; word-of-mouth has been around for a lot longer than online social networks. But there wasn't much point in putting it on the flowchart since there was so little that could be done to affect it. But Social Networks change that. Many more people now influence many more people's purchases than ever before.

Onsite Social offers tools to actively drive the Sharing stage of the cycle like never before. Social Merchandising primarily affects the later stages – Consideration and Purchase. Social Purchase Sharing primarily affects the earlier stages – Awareness and Consideration. The overall effect is to accelerate the full cycle in a reinforcing loop with big benefits for your business.

Conclusion

An Onsite Social strategy is all about building a bridge between your store and the social networks across which information can flow freely to improve the shopping experience for your customers and the bottom line for you. To fully deliver on the value promise of social networks, the information needs to be able to flow in both directions:

1. **From the social networks to your store:** bring the personal networks of your shoppers into your online store with them to power social shopping applications that run right there.
2. **From your store to the social networks:** increase how often your purchasers post to their social networks about your store and the products they bought from you.

These two information flows correspond to the two powerful tools that enable an Onsite Social strategy: Social Merchandising and Social Purchase Sharing. Here's an overview of what we've discussed.

	SOCIAL MERCHANDISING	SOCIAL PURCHASE SHARING
Information flow	"Social graph data" (ie friend lists) flow from the social network to the store	"Stories" about purchases flow from the store to the social network
Function	Enables you to show shoppers on your site what their friends bought from you in the past	Encourages people who have just bought from you to post about their purchase on their social networks
Application	Personalized customer wall / trusted reference application	Share your purchase / Tell your friends – on steroids
Sharing type	Passive	Active
Leverages	Your entire customer base	Active sharers
Benefits	Drives conversion, average order value, repeat purchase/loyalty	Drives awareness, traffic, new customer acquisition

We hope this discussion of Onsite Social has inspired you, and we'd be delighted to discuss the topic further at your convenience.

About TurnTo

TurnTo enables online merchants to easily implement an Onsite Social strategy by providing plug-and-play applications and pre-built integrations to the major social networks. TurnTo solutions are built from the ground up to meet the needs of online stores. TurnTo is used by innovative merchants spanning the ecommerce landscape, including electronics, luxury goods and fashion, home, food, pets, gifts and party supplies, travel, non-profit, and others.

TurnTo's mission is to socialize online commerce. Our applications combine social data, commerce data, and new and old ways of communicating to help shoppers make better decisions while improving business performance for sellers. To us, social commerce means real-world relationships and direct connections between shoppers, because relationships and connections are the foundation for trust. Our applications help shoppers discover new products, make good choices between alternatives, and find the right place to buy – which creates value for merchants as well as for customers. They are respectful of privacy, and they enable people to share their experience without becoming promoters. And all that adds a little humanity into the ecommerce world, because giving and receiving advice, exchanging ideas, and helping others also strengthen relationships.

Onsite Social for Online Commerce.
The Opportunity in Friend-Powered Shopping.
by TurnTo Networks

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