

# Social Commerce - China - 2021

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## This report looks at the following areas:

Social commerce, as discussed in this Report, is defined as ecommerce based on social media or using social interactions as the main source of business. It includes platforms that feature social interactions or content sharing besides ecommerce functions, on which registered merchants range from enterprise players as well as private sellers. Private dealers on Weibo/WeChat as well as public accounts/KOLs who at some point start to market products or services once they've accumulated a certain number of followers are also included.

Community group buying, which is defined as one kind of social commerce, refers to a form of shopping in which an order is placed in a community group or app, and the goods are delivered to the home or picked up from a nearby pick-up site (eg the group leader).

The social commerce market has grown quickly in the past several years. But it experienced stagnant development this year, with Mintel's data on social commerce related behaviour showing no changes when comparing 2021 to 2020. The industry is bidding farewell to the era of poor regulation, which saw problems like peaking traffic, poor product quality and an over-use on social relationships in marketing. Now it is committed to improving product quality and rectifying a chaotic shopping experience.

COVID-19 had led to a surge in consumers' time on social platforms and cultivated the user habit of community group buying. These habits continue in the post-COVID-19 era, attracting many internet giants to compete in the industry. Mintel is pessimistic about the future of community group buying in Chinese communities unless the shopping experience is fully enhanced.

The main challenges that industry players face are how to provide high-quality goods that meet consumers' expectations, how to communicate with consumers in the most appropriate way, and how to increase the repurchase rate in the face of peaking traffic. Applying digital solutions to help consumers "see to



**"The social commerce market's growth is stagnant, with no significant expansion in consumers' participation this year. Marketing methods dependant on social relationships seem to have reached a ceiling."**

**– Blair Zhang, Research Analyst**

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believe" before purchase and establishing paid membership systems may help retain consumers.

Content marketing in ecommerce will be the general trend in future. According to Mintel's data, excluding consumer groups who have placed orders (44%), 42% of respondents have browsed Xiaohongshu but haven't made a purchase in the last 12 months. This suggests that high-quality content can attract traffic and there is potential to convert purchase.



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