



# Why strategy is key for successful social media sales

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**Abstract** Many successful companies spend substantial time and effort engaging with potential consumers on social media sites. They determine how consumers spend their time online and develop interesting content to increase awareness and enjoyment of the brand—often only to lose those potential customers because the purchase process becomes too difficult once consumers have decided to buy the product. New technology recently introduced by third-party vendors allows companies to offer a sales option directly on social media websites such as Facebook and Instagram. In this article, we present the effects on the consumer decision process created by the ‘Buy Now’ option across the consideration, evaluation, purchase, and post-purchase stages. We compare and contrast three distinct decision models: (1) traditional media only, (2) traditional media and social media with only a communication capability, and (3) traditional media and social media with the added function of immediate purchase. We argue that though the possibility of buying on social media will decrease the number of brands considered and evaluated, the number of purchases and amount of brand advocacy will increase significantly due to the ease of purchase. We conclude with some recommendations on future research.

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## 1. Connecting social media to merchandise sales sites

Without argument, social media has grown enormously since its inception, with substantial impacts on marketing as well. Recent reports indicate that the value of social media advertising worldwide

reached \$17.74 billion in 2014, a notable jump even compared with the year before when it reached \$11.36 billion (eMarketer, 2015; Kumar, Bezawada, Rishika, Janakiraman, & Kannan, 2016; Ogilvy & Mather, 2011). Social media sites not only drive sales but also provide sources of marketing intelligence, especially when interactions between companies and social media users offer insights for product marketing. As Trusov, Bucklin, and Pauwels (2009) have shown, referrals on social network sites also have longer carryover effects than traditional advertising. Accordingly, social media platforms are

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integral to the strategies marketers use to develop and enhance their integrated marketing communications programs, particularly due to connectivity features that enable companies to talk with their customers and customers to talk with one another (Hanna, Rohm, & Crittenden, 2011; Mangold & Faulds, 2009). Because “[c]onsumers increasingly use digital media not to just research products and services, but to engage the companies they buy from, as well as other consumers who may have valuable insights” (Hanna et al., 2011, p. 265), a key objective for managers is to find ways to shape these discussions.

For retailers, social media also offers a channel to present merchandise for sale, rather than solely a communication or promotional tool. The modern purchase process thus includes social media options along with existing company websites and brick-and-mortar locations. In many cases, sales on social media sites depend on capabilities provided by third parties, which intercept potential customers and facilitate sales of the retailer’s products through social media sites. In this article, we investigate the impacts that this new purchasing channel and method has on consumer decision-making processes in order to derive strategies that retailers can use to succeed in this new sales environment, as well as provide a model of retail strategies that encourage purchases through social media.

In this investigation, we note the vast multitude of social media sites available but also identify Facebook, Instagram, Twitter, and Pinterest as the most popular sites for selling merchandise. With 1.65 billion monthly active users as of May 2016 (Zephoria Digital Marketing, 2016), Facebook is the market leader among social networking sites. However, social media users interact with brands on Instagram 58 times more often than they do on Facebook and 120 times more than on Twitter (O’Connor, 2014). Instagram has 400 million active monthly users who share more than 60 million photos every day (Leinbach-Reyhle, 2015). Fifty-three percent of adults between the ages of 18 and 29 years use Instagram (Patterson, 2015), making it arguably the world’s most powerful platform for brands (Zaryouni, 2015). Furthermore, posting an Instagram photo next to an item for sale boosts sales conversions by a factor of seven (Zaryouni, 2015).

## 2. Social media purchases

Retailers can hire third-party vendors, such as Like2Buy, to add consumer purchase processes to their social media offerings. For example, when customers come across a Nordstrom Instagram post

with a product in which they are interested, they can readily click to access Nordstrom’s specific Instagram profile (Figure 1A). In that profile, Like2Buy provides a link that takes the user to a gallery of featured products (Figure 1B). Clicking on any of the items on the gallery page moves the user to the dedicated item page on Nordstrom.com (Figure 1C). In addition, the ‘My Likes’ function allows users to bookmark photos for later consideration. The experiment has been a success thus far for Nordstrom. As stated by the company’s social media director, Bryan Galipeau (personal communication):

We continue to hear from customers that they want speed and convenience incorporated into all the places they shop—including our social platforms . . . We connect with more than 500,000 customers on Instagram by posting items we hope they find inspirational, beautiful, and fun. Like2Buy enhances the experience even more for customers who want to take the next step and learn more about the great fashion we’re featuring or even make a purchase.

Other retailers—including Free People, Williams-Sonoma, Forever 21, and The ZOE Report—also use Like2Buy.

Soldsie is another shopping tool that is similar to Like2Buy (Lawrence, 2015), although it enables consumers to make purchases without leaving the social media application in which it is embedded. Using Soldsie, a consumer can add the comment “Sold,” which prompts a mobile-friendly invoice that enables the user to complete the purchase from a retailer. Soldsie also helps consumers obtain information about merchandise sizes and colors, then creates a sense of urgency by invoking limited quantities and an auction-like experience that can increase sales (Aggarwal & Vaidyanathan, 2003). Shopping tools on various social media sites each offer slightly distinct attributes. Furthermore, some manufacturers—including designers that normally would appear in traditional retail channels, such as Marc Jacobs and Michael Kors—aim to access consumers directly through social media and build platforms to facilitate this connection. For example, Net-A-Porter, the luxury fashion designer, announced plans to create a new social media application that allows consumers to purchase any item they have viewed on the platform directly.

## 3. Decision models

A widely accepted classification of the consumer decision process includes four stages: consideration, evaluation, purchase, and post-purchase

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