



Why strategy is key for successful social media sales



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Retail social media;
Brand social media

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 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.

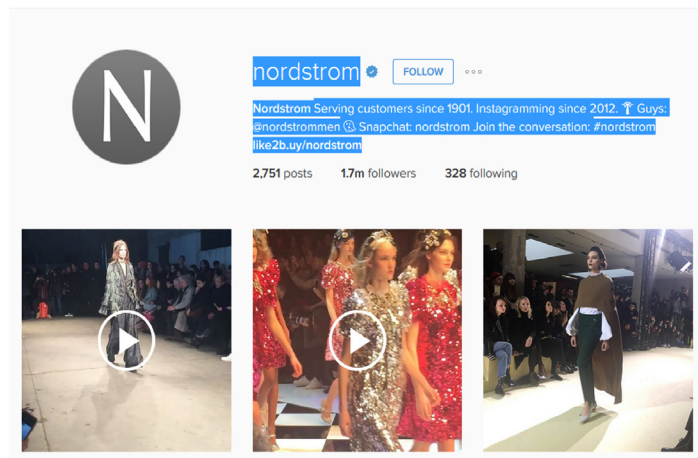
Soldsie is another shopping tool that is similar to Like2Buy (Lawrence, 2015), although it enables consumers to make purchases without leaving the social media application in which it is embedded. Using Soldsie, a consumer can add the comment “Sold,” which prompts a mobile-friendly invoice that enables 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

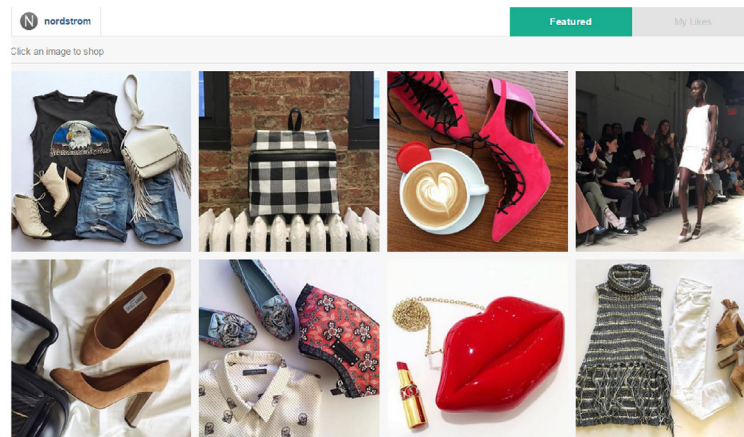
Figure 1. Purchasing from Nordstrom, using Like2Buy functions

A. Instagram page with Like2Buy link*

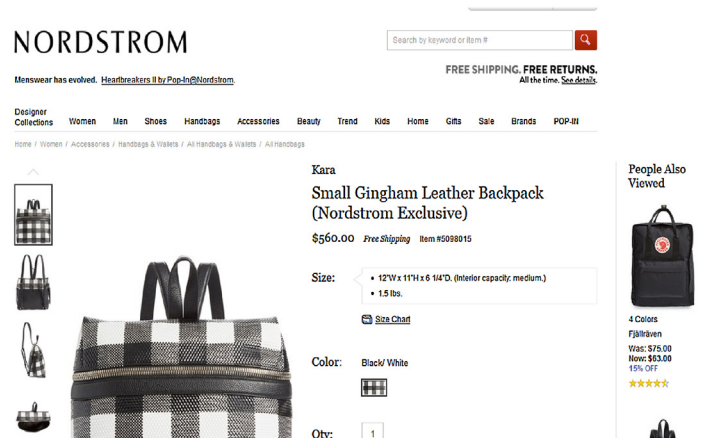


* <https://www.instagram.com/nordstrom/?hl=en>

B. Display after hitting Like2Buy/Nordstrom link

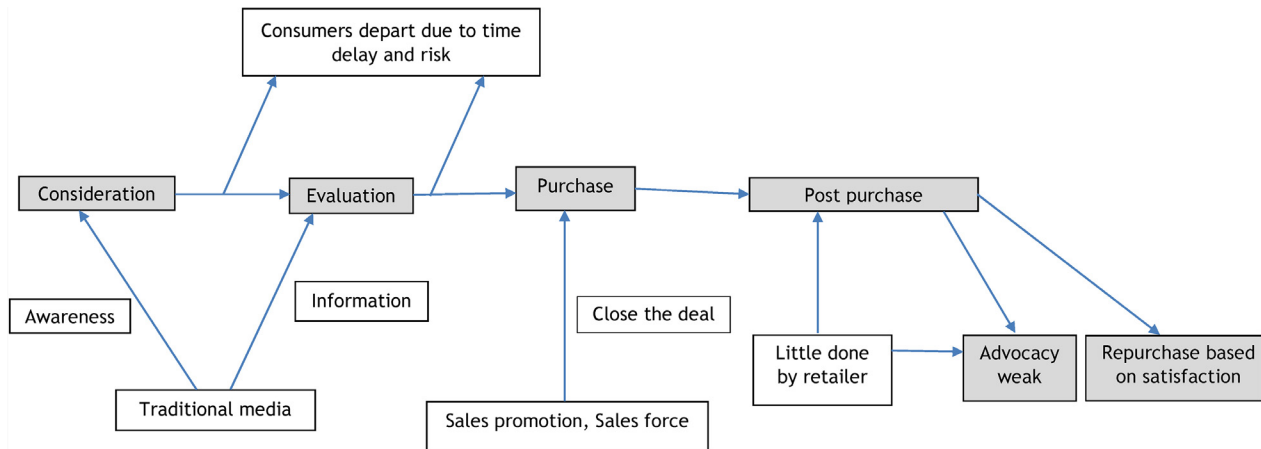


C. Nordstrom website after selecting product of interest*



* http://shop.nordstrom.com/s/kara-small-gingham-leather-backpack-nordstrom-exclusive/4258045?&cm_ven=instagram&cm_cat=social_organic&cm_pla=designer&cm_ite=2_18_16

Figure 2.1. Traditional media's role in the consumer decision process



advocacy (Court, Elzinga, Mulder, & Vetvik, 2009). We compare three consumer decision models according to this classification.

3.1. Traditional consumer decision processes

3.1.1. Traditional media

Traditional media, such as television, radio, and print, can move consumers from their initial brand consideration to post-purchase advocacy (Sirakaya & Woodside, 2005). Figure 2.1. illustrates this traditional consumer decision process and Figure 2.2. shows some of its key metrics. The process is time consuming for both manufacturers/retailers and consumers, and it is questionable in terms of resource usage because it adopts an unfocused messaging approach and loses consumers in each stage due to consumer fatigue, a lack of immediacy, or changes in consumer needs, among various other factors (Grewal & Levy, 2013; Peter & Olson, 2009; Solomon, 2009). Yet marketers continue to spend heavily in traditional media to create awareness and force their brands into consumers' consideration sets. The many brands that appear in the consideration stage get narrowed down during additional interactions with, for example, advertising or salespeople. Consumers use various heuristics—such as compensatory, non-compensatory, and lexicographic—to select a 'winning brand.' Some consumers drop out, though, due to their indecision regarding the economic or psychological purchase risks. Sales forces and price promotions can help overcome these perceived risks. Then, if consumers purchase the product, they may experience post-purchase dissonance, leading them to seek out friends, family, and other sources of information to assure them that their decision was correct. If satisfied, consumers may become loyal customers

and engage in little further consideration or evaluation in future decisions, while also providing favorable word of mouth to other consumers. Retailers rarely engage actively to create brand advocates or build loyalty, as reflected by the relatively few advocates and purchases due to advocacy illustrated in the bar chart in Figure 2.2.

3.1.2. Recommended company strategy

This process seeks to maximize awareness, add brands to consumers' consideration set, present a great deal of information that consumers can access passively, and provide short-term sales promotions to close the deal. Websites may allow consumers to customize products (e.g., Dell's Build It Yourself computer option). This decision path relies on the assumption that no new brands enter into consideration once consumers have begun the consideration stage (Grewal & Levy, 2013).

3.1.3. Social media for communication

Court et al. (2009) and Hudson and Hudson (2003) present a revised version of the traditional process that introduces social media and other online information sources (Figure 3.1. offers a modified version of their model). Consumers follow the same process as in the traditional model but the length of time and number of brands available in each stage differs. Court et al. (2009) conducted more than 20,000 interviews and concluded that the proliferation of advertising and media fragmentation have led consumers to reduce the number of brands they consider. However, they also noted that new brands may enter the decision process as consumers begin evaluating the initial set of brands and the selection criteria can change when they gather more information from peers or other sources. Social media and the expanding sources of information grant consumers more control over the

Figure 2.2. Traditional media key representative metrics



evaluation process. Rather than passively gathering information provided at company-controlled touch points, consumers actively seek information from other consumers, and their increasingly active information searches tend to lengthen the evaluation stage. Yet consumers can easily be dissuaded prior to purchase and exit the process, especially due to the delays between consideration/evaluation and purchase. Although this possibility of lost sales appears in the bar chart in Figure 3.2., unlike in a traditional media process, consumers often undergo extended relational and sharing experiences with the brand once they do buy and are more

likely to advocate for it on social media if they are satisfied. This positive element manifests in the bar chart by way of increased purchases and post-purchase sales due to advocacy or loyalty, reflecting stronger brand connections.

3.1.4. Recommended company strategy

Companies must be more active in providing information in new places and forms, such as blogs or review sites. Helping consumers navigate the evaluation stage can be as important as creating awareness. For this purpose, retailers need to allocate or reallocate resources to social media. Many

Figure 3.1. Social media’s communicative role in the consumer decision process

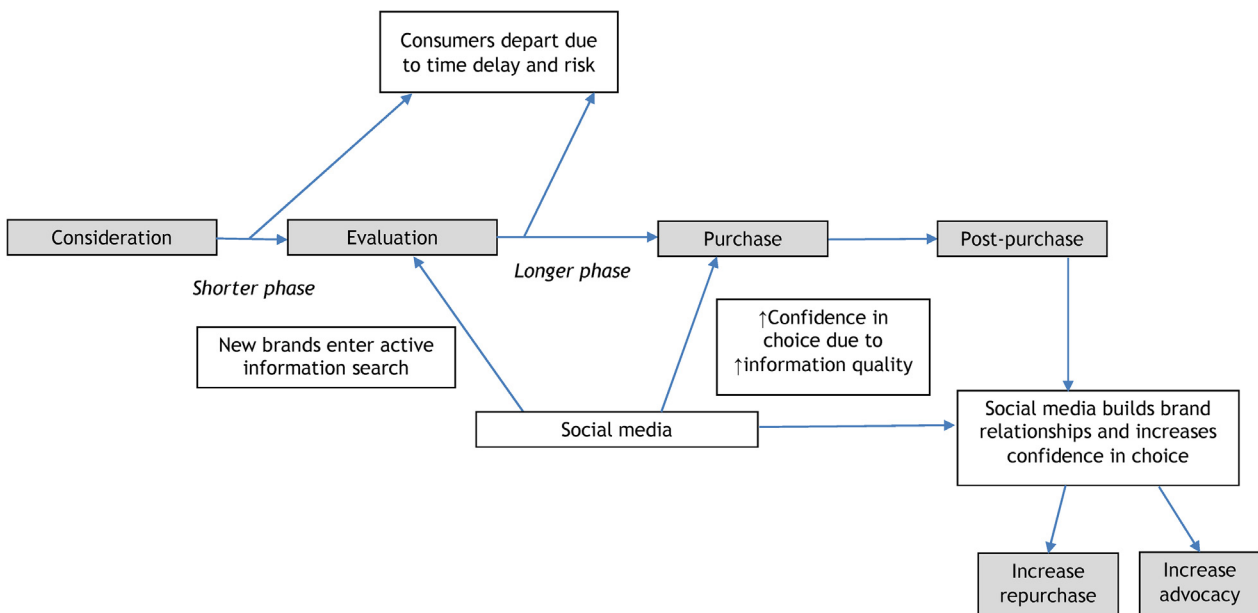
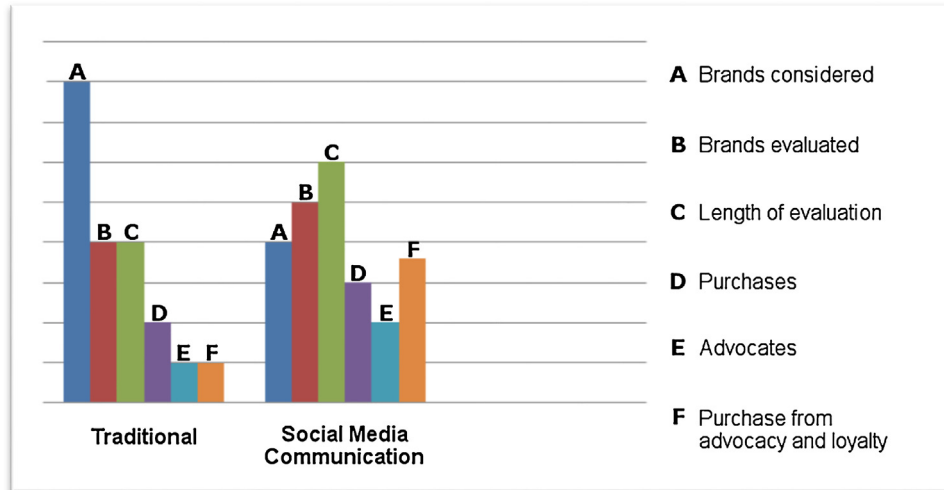


Figure 3.2. Traditional media v. social media key representative metrics



consumers still will drop out at the purchase stage, due to delays between their evaluation and purchase options, but the company can leverage online chats or call backs to try to close the deal more immediately. Furthermore, the post-purchase experience is more important for brands using social media. According to [Hudson and Hudson \(2003\)](#), 60% of consumers go online to gather more information after purchasing facial skin care products. Retailers that manage this stage of the decision process effectively can turn these consumers into future advocates and create additional loyalty.

3.1.5. Discussion

We compare traditional and social media usage in [Figure 3.2](#). Introducing social media into the consumer decision process can benefit manufacturers and retailers able to leverage the platform. For example, immediate engagement with a brand community may reduce the number of brands considered but increase the number that enter the evaluation stage. Thus, the evaluation stage lengthens and purchases stand to increase due to consumers' increased confidence in their evaluation. This confidence also should lead to greater advocacy and loyalty, which in turn create higher repurchase rates by new and loyal users.

Unfortunately, the weak link in this decision process appears in the transition from consideration/evaluation to purchase. Despite increased conversion rates due to social media communications, many consumers still do not follow through with purchases due to inconvenience or time delays between the evaluation stage and the final purchase stage. New purchase possibilities on social media may enable marketers to leverage the strength of modern communication tools and combine them

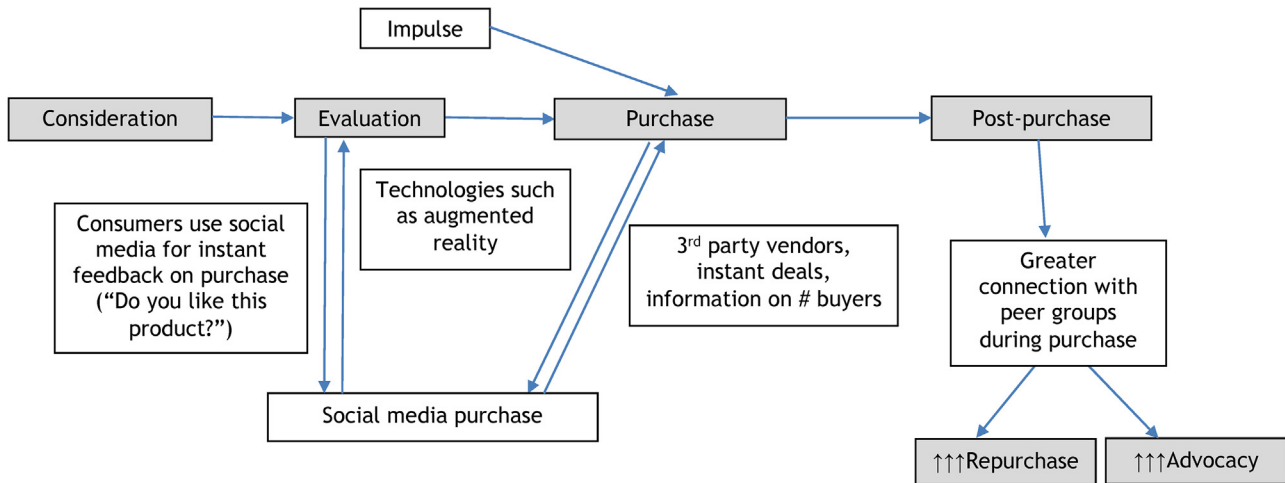
with easy purchasing tactics, as the proposed new decision process that we discuss next indicates.

3.2. Buying through social media and the new consumer decision process

Various authors discuss the changes to the consumer decision process due to social media (e.g., [Hudson & Hudson, 2003](#); [Kumar et al., 2016](#)), but their focus usually is on communication and information provision. The possibility of purchasing products through social media suggests the need to modify existing social media communication models. [Figure 4.1](#) illustrates the exchange of information when consumers solicit immediate feedback about purchase possibilities.¹ In some cases, consumers even bypass the evaluation stage and buy products on impulse. As a distinctive feature, consumers also seek connections with others and are open to feedback about the possibility of purchasing instantaneously. This feedback may involve multiple exchanges during the heightened evaluation stage—more consistent with in-store shopping with acquaintances and sales staff than with visiting a retail website to place an order. The ability to purchase using these new platforms is a recent development, and several new dynamics take place, as detailed in [Figure 4.2](#). Much of the difference stems from the consumer's ability to encounter brands in social media, get instantaneous feedback, and buy products immediately. Consumers still consider and evaluate these brands, but the time spent in these stages decreases significantly, as we detail next.

¹ The social media communication process is still present but not illustrated here, to reduce the complexity of the figure.

Figure 4.1. Social media’s purchase role in the consumer decision process



3.2.1. Shortened time span from consideration to evaluation to purchase

The ability to purchase immediately, coupled with instantaneous feedback from friends and online communities, dramatically reduces the amount of time consumers spend searching for alternatives, evaluating multiple brands, and moving from evaluation to purchase. Some consumers might even purchase the product immediately, without any extended evaluation. Therefore, it is imperative that companies build social media buying into their online strategies.

3.2.2. Fewer brands considered and evaluated

Consistent with the first point, consumers are likely to limit the number of brands they consider dramatically, given the accelerated purchase cycle. Again, a few friends may suggest new brands to

evaluate, but the instantaneous feedback still leads to quicker purchases with fewer brands evaluated.

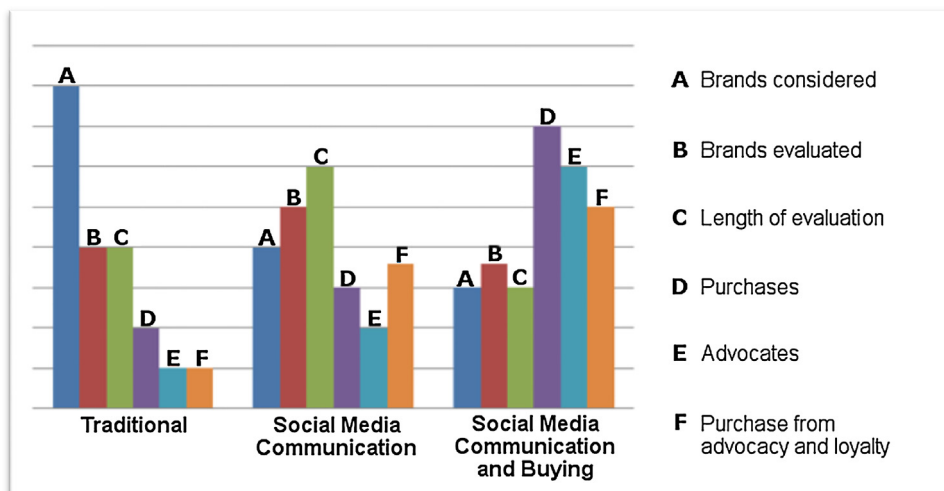
3.2.3. Reduced evaluation time and altered methods

Soliciting friends and families with quick “What do you think?” messages can eliminate a product from further evaluation or else eliminate the need for consumers to search for additional information. Companies could strategically offer side-by-side comparisons at the point of purchase to present their product more favorably and thus further reduce consumers’ need to evaluate the available products.

3.2.4. Changes in purchase metrics

The last three histograms in Figure 4.2. present key purchase metrics. If companies successfully carry out the strategies outlined at the end of this

Figure 4.2. Traditional media v. social media v. social media and buying key representative metrics



article, they may expect to enjoy more purchases, advocacy, and repurchases for a variety of reasons, including:

- Instantaneous feedback from family/friends, on-line communities, and the company, as well as online customer reviews at the social media point of purchase, increases the conversion rate from favorable evaluation to purchase.
- Because purchases can be instantaneous, there is little to no time delay between evaluation and purchase, so it is less likely that consumers exit the decision process.
- Many price promotions offered by third-party vendors can reduce the economic risk to consumers and encourage immediate purchase. Some promotions actively seek to encourage purchases by others too, such as “Get 15% off this purchase if a friend buys, too” offers.

Post-purchase sales should increase, due to three factors:

1. Increased confidence in their purchase decisions will make consumers stronger advocates for the brand, which will create additional purchase actions prompted by word of mouth.

2. Members of the brand community, including friends and family who have helped the purchaser with the decision, will be favorably disposed toward their own recommendation and thus might also purchase.
3. The growing brand community and mutually reinforcing purchase confirmation will increase loyalty-based purchases.

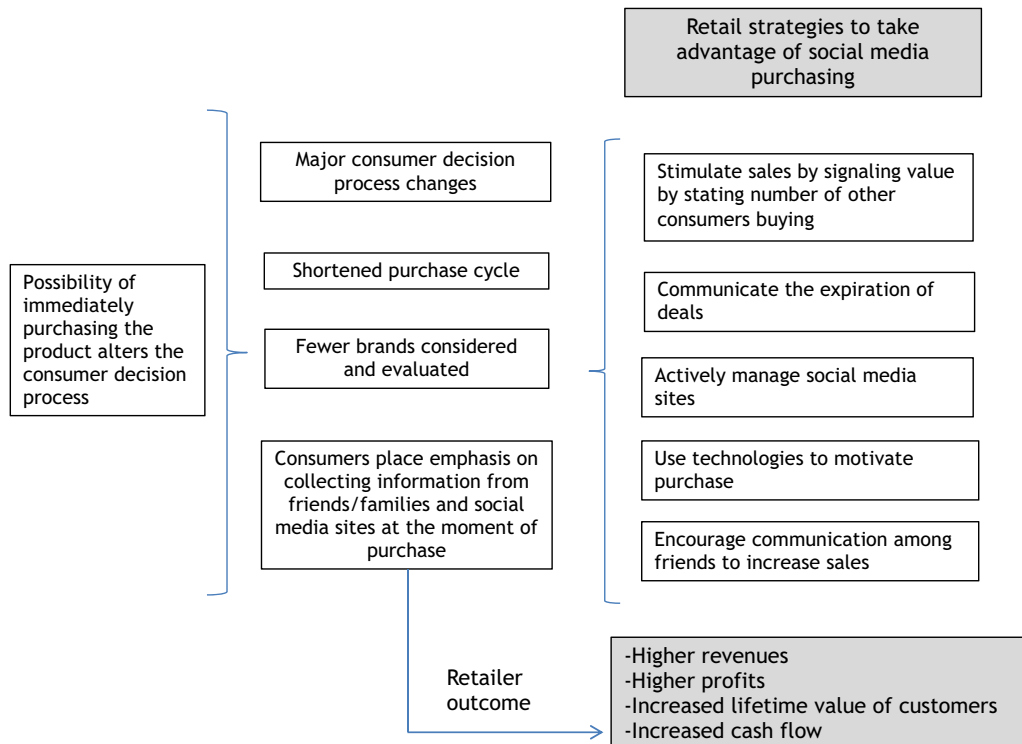
4. Strategies for successful social media sales

The possibility of buying on social media sites thus can dramatically alter the consumer decision process. Retailers should use the model in [Figure 5](#) to develop new strategies that enable them to take advantage of social media buying. We detail several strategies in this section.

4.1. Stimulate sales by signaling value

In offline environments, customers who take advantage of deals typically are not aware of how many others have bought the item on the same deal. When they gain this information, as is possible in social media settings, a larger group of buyers can stimulate further sales as a high number of purchases signals greater value ([Dean & Lang, 2008](#);

Figure 5. Retail strategy model for consumer purchasing on social media



Hellofs & Jacobson, 1999). This is consistent with the principle of social proof (Cialdini, 2007), which predicts that people determine correct behavior by finding out what others think is correct. This strategy could be employed easily on social media by reporting just-in-time sales information to prospective consumers (e.g., HSN and QVC sales data that is reported synchronously as sales occur). In this scenario, technology enables sales, an effect that is only available through social media.

Another means to signal value is to highlight limited availability. Consumers in offline environments may not be aware of when a deal is set to expire or whether a purchase limit exists. Amazon provides a great example of an online merchandiser that clearly indicates what number of a particular product is left in stock. A short time remaining before a deal expires can increase sales (Inman & McAllister, 1994) and setting purchase limits may create perceptions of scarcity and value, which also should enhance sales (Inman & McAllister, 1994). Regret theory provides additional insights. In a study of offline coupon promotions, Aggarwal and Vaidyanathan (2003) find that time-limited promotions (i.e., those with an expiration date) accelerate purchase, whereas those that are time-independent (e.g., manufacturer coupons) do not. Similarly, Inman and McAllister (1994) discovered that purchase intentions increase as the expiration time draws nearer. As the coupon expiration date approaches, consumers may sense the impending regret concerning the benefits they will lose if they do not redeem the coupon. The recognition that the savings will no longer be available creates a perception of scarcity, and scarcity of any resource induces action by playing on consumers' fear of losing out (Cialdini, 2007). Logically then, the sense of loss should be greater and the fear of losing out magnified when many consumers already have purchased, consistent with the principle of social proof (Cialdini, 2007). In other words, as the time to expiration draws nearer, the anticipated feeling of regret due to lost benefits if consumers do not redeem will increase (Coulter & Roggeveen, 2012). Social media environments can create purchase urgency by emphasizing the expiration dates of deals and revealing the vast numbers of consumers who already have participated in the deal.

4.2. Actively manage social media sites

Social media can build brands in three important ways: by reminding, informing, and entertaining consumers (Lovett & Staelin, 2016). Information from social media affects 54% of consumers' decision processes, so it has become critically important

for companies to manage their online brand discussions, whether those discussions feature third-party experts or user reviews (Lovett & Staelin, 2016). Companies should consistently generate strong content that can be picked up and dispersed by loyal consumers. Rather than using a shotgun approach, companies should monitor social media and product review sites to see what content works best for generating positive word of mouth. Once they identify these bright spots, they can replicate the winning strategies (Heath & Heath, 2010). Heath and Heath (2010) lay out a winning message strategy that consists of an appropriate combination of rational arguments and emotional drivers to help motivate consumers to move from evaluation to purchase. Some service providers (e.g., Hootsuite) actively manage other firms' media efforts by reporting on what is working well.

4.3. Encourage communication amongst friends to increase customers

Hudson and Hudson (2003, p. 207) note:

According to Facebook, the average user has 130 friends on the social network, and when people hear about a product or service from a friend, they become a customer at a 15% higher rate than when they find out about it through other means.

Firms should provide incentives for customers to pass on product information to their friends and acquaintances, which can be done easily and quickly through social media sites. Companies also should promote their social presence in as many places as possible and enable all site visitors to share accessed content with their personal networks easily. A zealous audience that shares company content can reach a broader audience that extends beyond the company's own direct network of fans and followers. If they like the content that friends share with them, potential customers also may be inclined to become direct followers of the companies, make their own purchases, and then join in the brand advocacy, prompting the initiation of a virtuous cycle.

5. Conclusions and further research

Merchandise purchases directly through social media channels appear likely to increase over time, especially considering the growth rates of both online shopping and social media use. It is important to understand the related consumer decision process to plan more effective social media input that

is compatible with consumers' decision-making processes, as detailed in Figure 5. In particular, retailers can stimulate sales by creating value, such as when they share information about the number of other buyers or use expiration dates to create purchase urgency. Retailers also should increase communication among consumers.

The rapid emergence of social media-enabled purchasing has public policy implications. Consumers face immediate purchase opportunities and are susceptible to making purchases they would not make in traditional purchase settings. Further research should investigate whether consumers experience regret about quick purchases they make on social media that stem from perceptions of urgency or the great convenience of the buying situation. If it is too easy to make such purchases and the steps of the decision-making process grow too short, consumers may suffer the detriment of unwanted purchases.

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