

Social-Commerce as a Leverage to Small Businesses

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Abstract

Inclusive Aims

To understand the growth of small business in India.

To overview the new trends and future of S-commerce

To examine the benefits and challenges of S-Commerce (Social Media Marketing) on small scale businesses (SMEs) in India.

Thus, this research paper focuses on use of Social Media Marketing (SMM) by Indian SMEs and its Challenges and Benefits and understanding the emergence, growth and increase of Indian S-commerce and its positive impact on small scale industries. To understand the impact of S-commerce on small scale this paper embodies the methodology of thorough investigation in current literature, usage of secondary data from a variety of sources, which include esteemed outlets such as articles, books, newspapers, journals, and annual reports, governmental and non-governmental publications and official company websites.

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Introduction

The world of electronic commerce (e-commerce) has grown considerably in importance and developed at great speed in recent years. This rapid development relates not only to the constantly growing sales volume of e-commerce, which has been further accelerated in particular by the Corona pandemic, but also to the different facets and manifestations in which e-commerce presents itself today. The field of "social commerce" (s-commerce) represents a particularly relevant area of ecommerce, as it builds on the now tried and tested functionality of e-commerce while also combining these powerful approaches with the enormous dynamism of social media management. This significant combination offers the respective market participants a multitude of new opportunities in the areas of marketing and sales, as well as major challenges in the conceptual and IT realization of the approach pursued in the implementation of the E-commerce strategy. As individuals increasingly turn to social media for product recommendations and reviews, influencers have become powerful intermediaries shaping perceptions and preferences. Understanding the nuances of how social media influencers sway consumer choices in the context of social commerce is essential for businesses looking to navigate this

evolving terrain and leverage influencer partnerships effectively. Social media influencers significantly influence consumer purchasing behavior, influencing product perceptions and decisions, making understanding their influence crucial for businesses to boost brand visibility and drive sales. The COVID-19 pandemic has boosted s-commerce in India, with influencers using live broadcasting to promote products, boosting trust and purchase intentions among Indian consumers. Social commerce is a phenomenon that has gained momentum in the Indian online space over the last few years. It has become an essential part of daily life for many people. Hence, it has become a crucial platform for E-Commerce players to reach out to their targeted customers. Companies have begun establishing social media presence and engaging with their users to gather feedback and announce new product launches. Initially, social media was thought of as a platform for marketers and brands to push content. Today, however, its use cases are much more diverse and varied. One such example is the way that Tesco uses Sprout Social technology to stock shelves based on what consumers are saying about their products. They then use the findings to filter the information back into the supply chain. While social commerce has been used to spread information

about products and brands, social media platforms are also used to convert users into customers. The biggest social media platforms, including Instagram and Facebook, enable ecommerce brands to create profiles and sell products through them. Micro, Small and Medium Enterprise (MSME) sector has emerged as a very important sector of the Indian economy, contributing significantly to the employment generation, innovation, exports, and inclusive growth of the economy. Micro, Small and Medium Enterprises (MSME) are the backbone of the socio-economic development of our country. It also accounts for 45 % of total industrial production, 40% of total exports and contributes very significantly to the GDP. Manufacturing segment within the MSME contributes to 7.09% of GDP. MSMEs also contribute to 30.50% of services. The total contribution of MSMEs to the GDP is 37.54.

In 2022, social commerce in India saw significant growth, with the market size reaching US\$ 3.3 billion and projected to reach US\$ 18.2 billion by 2028, according to a report by IMARC Group. This growth is fueled by increased internet and smartphone penetration, particularly in Tier 2 and 3 cities and rural areas, coupled with the influence of social media on consumer behavior. Research indicates that social commerce constructs like recommendations, ratings, and forums on social media significantly impact online purchase intentions, according to the Indian Journal of Marketing.

Research Methodology

This paper embodies the methodology of thorough investigation in current literature, usage of secondary data from a variety of sources, which include esteemed outlets such as articles, books, newspapers, journals, and annual

reports, governmental and non-governmental publications and official company websites.

Future of Social-Commerce in India

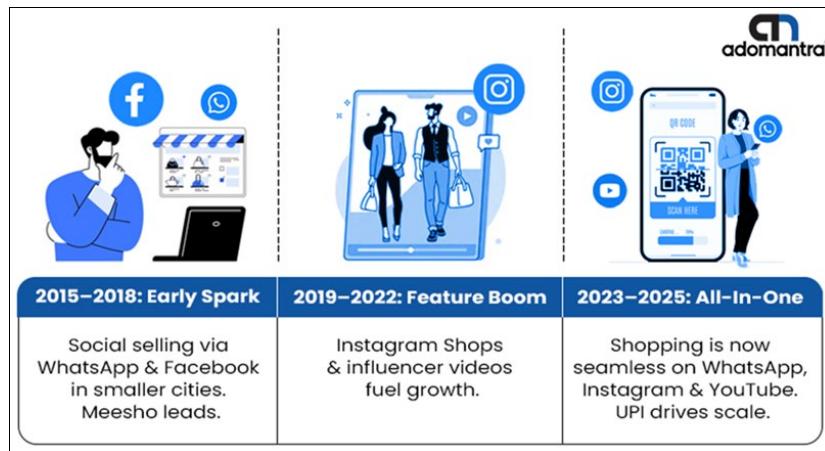
India's Social Commerce Story: From Chat Groups to Digital Powerhouse (2025)

E-commerce transactions where buyers and sellers interact on a social media platform with each other before concluding a purchase is called as 'social commerce'. In conventional e-commerce, buyers browse through a digital catalogue, whereas in social commerce, buyers and sellers complete their transactions/purchases through their social media accounts by interacting on various social media platforms (such as Instagram, Facebook and Pinterest).

According to a Bain & Company report, social commerce in India (in terms of gross merchandise value) was estimated at ~ US\$ 2 billion in 2020 and is projected to reach US\$ 16-20 billion by 2025 and US\$ 60-70 billion by 2030. Share of social commerce in India's e-commerce market (US\$ 38 billion in 2020) is expected to increase from the existing 1-2% to 4-5% of the projected US\$ 140 billion market by 2025.

India's journey with social commerce is a fascinating testament to its explosive potential. What began as informal peer-to-peer selling through WhatsApp groups and reselling apps like Meesho has matured into a sophisticated, often AI-driven retail channel. This grassroots movement has propelled the industry to a remarkable \$8.4 billion valuation in 2025, with expert projections forecasting an astonishing leap to over \$54 billion by 2033. This exponential growth clearly positions it as the bedrock of the future of social commerce in the region.

Key Milestones in India's Ascent



- 2015–2018: The Genesis:** Early adopters leveraged platforms like Meesho, while social selling flourished organically via WhatsApp and Facebook, particularly in India's Tier 2 and 3 cities.
- 2019–2022: Platform Prowess:** Major social media players introduced dedicated shopping features (e.g., Instagram Shops, Facebook Marketplace), and influencer-led product discovery, often through short-form video, became a dominant force.
- 2023–2025: Seamless Integration:** The entire commerce journey, from discovery to checkout, is now deeply embedded within platforms like WhatsApp, Instagram,

and YouTube. Crucially, the widespread adoption of UPI (Unified Payments Interface) and rich vernacular video content have fueled mass market acceptance, solidifying its place as the undeniable future of social commerce.

India's Social Commerce in Numbers (2025)

- 491M social media users (Data Reportal, 2025)
- \$8.42B market size in 2025 (CAGR: 17.2%) (Businesswire, 2025)
- Projected to reach \$54.3B by 2033 (IMARC)
- 86% of internet users have made purchases using social media

What's Fueling the Boom?

- UPI + Mobile-first shopping
- Vernacular, video-first content
- Government-backed digital inclusion (ONDC, Digital India)
- Trusted influencer ecosystems

Bottom line: In India, Social commerce isn't just a trend—it's the future of online retail. Brands that adapt now will define the next decade of ecommerce growth via use of social media platforms. It is part of an extended customer journey that covers components such as need recognition, information seeking, purchase intention, participation, information sharing and brand loyalty building, connecting both networks of sellers and networks of buyers [1, 2]. Social commerce is a Web 2.0 phenomenon allowing interactions on social media platforms based on

Benefits of Social-commerce to Small Business

In an increasingly digital and interconnected world, social commerce is emerging as a powerful tool for small & Medium Enterprises (SMEs) to expand their market reach and enhance customer engagement. Social trade, which combines social media and e-commerce practices, is remodelling traditional commercial enterprise fashions by enabling agencies to sell products immediately via social structures, including Facebook, Instagram, and WhatsApp.

Marketing for the businesses from last few decades has witnessed a paradigm shift with the advent of SMM. Social media has been considered very significant for the success and stability of SMEs (Stockdale, Ahmed, & Scheepers, 2012). This becomes more evident in the face of difficult times like COVID 19 when SMEs lack good technological resources to engage their customers (Effendi, Sugandini, & Istanto, 2020). It was a time when traditional ways of connecting their customers were failing and they had to quickly adopt new technological innovations (Salam, Imtiaz, & Burhan, 2021). Indian SMEs face similar challenges in terms of adopting new technologies (Pandey, Kumar, Pujari, & Arora, 2023). SMM is a powerful tool that may support firms in linking with and engaging with their target customers.

Benefits of S-Commerce

- Cost-effective Online Presence: Social commerce provides an affordable entry point for small businesses to create an online presence and reach a broader customer base without significant investment in separate e-commerce infrastructure.
- Increased Customer Engagement and Reach: Social media platforms offer tools for direct interaction with customers through comments, direct messages, and live sessions, fostering stronger relationships and brand loyalty.
- Personalized Shopping Experiences: Social commerce allows businesses to leverage data and insights from social media interactions to tailor product recommendations and offers, creating a more personalized shopping experience.
- Faster Sales Cycles: By integrating shopping features directly into social media, businesses can shorten the sales cycle, enabling customers to discover, browse, and purchase products within a single platform.
- Leveraging Influencer Marketing: Small businesses can collaborate with micro-influencers on social media to reach niche audiences and promote their products

- Challenges and Considerations
- Competition: The online marketplace is crowded, and SMEs need to develop unique strategies to stand out from the competition.
- Logistics and Operations: Managing online orders, shipping, and inventory can pose logistical challenges for small businesses.
- Building Trust: Establishing trust and credibility in the online space is crucial for success, especially when dealing with unbranded products.
- Technical Expertise: SMEs may need to invest in training and development to effectively utilize social commerce tools and platforms.
- Customer Service: Providing excellent customer service through social media channels is essential for maintaining customer satisfaction and loyalty.

Benefits of Social Media Marketing for Small Businesses

Social media marketing means using social platforms like Instagram, Facebook, LinkedIn, and even YouTube to promote your business, connect with customers, and grow your brand. It goes beyond just posting photos or updates; it's about creating content that engages, informs, and brings value to your audience. For small businesses, social media marketing opens doors to reaching more people, building trust, and creating an online community—all without requiring huge advertising costs.

1. **Increases Brand Visibility and Awareness:** Social media is a way to introduce your business to potential customers, without a massive marketing budget. Posting consistently on platforms like Facebook or Instagram allows your brand to stay top-of-mind. People who may not know your business can discover it through shared posts, comments, or even hashtags. For example, a small clothing store in Surat could reach audiences across India by posting unique styles or running promotions on Instagram.
2. **Helps Build Customer Relationships:** Unlike traditional advertising, social media marketing lets you have direct, real-time interactions with your customers. Responding to comments, messages, or even sharing feedback builds a sense of trust and connection. People feel more comfortable purchasing from a brand they can communicate with easily. Imagine a café that posts daily specials on Instagram. By responding to customers' comments about the menu, they show they care about their customers' feedback and experience.
3. **Boosts Website Traffic:** Social media is a great way to drive people to your website. By sharing links to blog posts, product pages, or announcements, you make it easy for people to click through and explore your offerings. For instance, if a beauty salon offers a special bridal package, they can share the details on their Instagram or Facebook page, attracting potential brides-to-be to visit the website for more information.
4. **Generates Leads and Drives Sales:** Social media platforms like Facebook and Instagram have made it easy for businesses to sell directly through their platforms with features like Shops, Click-to-Message ads, and more. Even a simple "DM us to place an order" approach works well for many small businesses. Imagine a bakery sharing pictures of freshly baked goods with an option for customers to message them directly for orders—this turns a social post into a potential sale almost instantly.

5. Affordable Marketing Option: Social media marketing is much cheaper than traditional forms of advertising, which makes it a great option for small businesses on a tight budget. You can set a specific budget, target a particular audience, and track the performance of your ads to ensure every rupee is well spent.

For instance, a local handicraft store could run a low-budget Facebook ad targeting nearby areas, allowing them to reach customers within their city at a fraction of the cost of newspaper or radio ads.

6. Provides Valuable Insights: Social media platforms offer analytics that reveal valuable data about your audience and their preferences. You can track which posts get the most engagement, understand the types of content your followers enjoy, and tailor future posts based on this information.

A fitness studio could find that their audience engages most with workout tips and then adjust their content strategy to focus more on such topics.

7. Stay Ahead of Competitors: With more small businesses using social media, staying active keeps your business relevant and competitive. Monitoring what others in your industry are doing on social media can also provide fresh ideas and help you identify trends that appeal to your customers.

If a nearby café notices competitors gaining followers through behind-the-scenes videos, they might consider doing the same to increase engagement and stand out.

Why Social Media Marketing is Essential for Small Businesses in India

Social media marketing for small businesses in India is a game-changer. By building a presence on platforms where people already spend their time, small businesses can increase brand awareness, build customer loyalty, drive website traffic, and even close sales. The direct, personal nature of social media makes it a perfect fit for small businesses looking to grow this digital world.

Challenges

Challenges of Social Media Marketing Social media marketing also faces a unique set of challenges, particularly for small businesses trying to leverage social media marketing. Some key challenges are:

- High Competition:** One of the most prominent challenges in social media marketing for small businesses in India is the intense competition. With a large number of businesses, both large and small, vying for the attention of users on platforms like Facebook, Instagram, and Twitter, standing out in a crowded digital space was a significant hurdle. Small businesses often struggled to compete with larger brands that had substantial marketing budgets and resources. This disparity made it difficult for smaller players to achieve the same level of visibility and engagement, leading to lower reach and potentially fewer conversions.

- Resource Constraints:** Managing an effective social media presence requires considerable time, effort, and expertise, which were often in short supply for small businesses. Creating high-quality content, monitoring engagement, and responding to customer inquiries demand significant investment. Many small businesses faced difficulties in consistently producing engaging content and managing their social media accounts effectively. Limited financial and human resources often

meant that social media marketing activities were sporadic and less effective.

- Changing Algorithms:** Social media platforms frequently update their algorithms, which determine the visibility of posts. These changes can significantly impact the reach and engagement of organic (nonpaid) content. For small businesses, keeping up with these algorithm changes and adjusting strategies accordingly was a major challenge. Sudden drops in organic reach due to algorithm updates could negatively affect their marketing efforts, requiring continuous adaptation and innovation.
- Negative Feedback and Reputation Management:** Social media is a public forum where customers can freely express their opinions. Negative comments and reviews can spread quickly and impact a business's reputation. Small businesses had to invest time and resources in monitoring their online reputation and addressing negative feedback in a constructive manner. Managing public perception and maintaining a positive brand image were crucial but challenging tasks.
- Measuring ROI:** While social media platforms provide various analytics tools, accurately measuring the return on investment (ROI) of social media activities can be complex. Metrics such as likes, shares, and comments do not directly translate into sales or revenue. Small businesses struggled to establish clear metrics and key performance indicators (KPIs) that aligned with their business goals. This made it difficult to assess the effectiveness of their social media marketing efforts and justify the investment.
- Content Saturation:** The sheer volume of content being produced and shared on social media platforms made it difficult for any single piece of content to stand out. Creating unique and engaging content that captures the audience's attention became increasingly challenging for small businesses. The risk of content getting lost in the noise was high, necessitating innovative and high-quality content creation.

Conclusion

In the bustling digital age, social media has become a lifeline for small businesses in India. With millions of users scrolling through their feeds every day, platforms like Facebook, Instagram, and Twitter offer an unparalleled opportunity to connect with potential customers. For small business owners looking to expand their reach and build brand loyalty, harnessing the power of social media is no longer optional—it's essential. Businesses can engage with customers via social media in more personal ways, making the shopping experience more interactive and dynamic. Customers can effortlessly find and buy products within their social networks, creating a more convenient and integrated online shopping experience. Social commerce is revolutionizing the way Indians engage in and perceive e-commerce, introducing an unprecedented degree of convenience and connectedness to the online marketplace.

What's Driving This Unstoppable Momentum?

- UPI + Mobile-First Convenience:** India's mobile-first populace, coupled with the ease of UPI payments, creates a hyper-efficient purchasing environment.
- Vernacular, Video-First Content:** Localized content, particularly in engaging video formats, resonates deeply and drives unparalleled engagement.
- Government-Backed Digital Push:** Initiatives like ONDC

(Open Network for Digital Commerce) and Digital India are fostering an inclusive digital economy.

- Trusted Influencer Ecosystems: Authentic recommendations from trusted creators hold immense sway over consumer decisions

Social media holds immense potential for small businesses in India. It's not just a trend; it's a necessity in today's digital age. With millions of users actively engaging on various platforms, the opportunity to connect with target audience is unparalleled. By understanding the Indian market and tailoring strategies specifically for it, small businesses can harness social media effectively. Choosing the right platforms ensures that reach ideal customers where they spend their time most. Building a strong presence requires creativity and consistency, while collaborations and influencer partnerships can elevate brand visibility significantly. Measuring success through analytics helps refine approaches over time, ensuring that marketing efforts align with business goals. Engaging customers through interactive content like contests keeps audiences interested and builds loyalty.

The landscape of social media continues to evolve rapidly. Small business owners who remain adaptable will find themselves at an advantage as they explore innovative ways to engage with their community online. Embracing this ever-changing environment could be key to unlocking growth opportunities that were once beyond reach.

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