

The Rise of Social Commerce in Emerging Markets: Trends, Challenges, and Opportunities

Aswathy C R

Research Scholar, Department of Commerce, MES Asmabi
College P. Vemballur, Kodungallur, Thrissur, Kerala
affiliated to the University of Calicut. e-mail id:
aswathycr08@gmail.com

Celin Difna C A

Research Scholar, Department of Commerce, MES Asmabi
College P. Vemballur, Kodungallur, Thrissur, Kerala,
affiliated to the University of Calicut. e-mail id:
difnaantony143@gmail.com,

Dr.Princy Francis

Assistant professor and Research supervisor, Department of
Commerce, MES Asmabi College P. Vemballur,
Kodungallur, Thrissur, Kerala, affiliated to the University of
Calicut. e-mail id: eprincyfrancis@gmail.com,

Abstract

The proliferation of social media platforms has transformed the digital landscape in emerging markets, catalyzing the growth of social commerce as a novel pathway for consumer engagement and business expansion. This paper explores the trends, challenges, and opportunities that define social commerce in these markets, addressing the core research question: *How do emerging markets adopt and adapt social commerce, and what implications arise for businesses and consumers?* Utilizing a descriptive methodology that synthesizes secondary data, market reports, and existing literature, this study identifies key drivers of social commerce adoption, including increased mobile penetration, shifting consumer preferences, and the influence of social media influencers. Findings indicate that while social commerce presents unique growth prospects especially for small and medium enterprises (SMEs) it also introduces significant challenges, such as regulatory constraints, data privacy issues, and the need for robust digital literacy among consumers. The paper highlights emerging trends such as localized content, payment innovations, and peer-driven endorsements, underscoring their impact on consumer trust and brand loyalty. Ultimately, this study provides actionable insights for policymakers and business practitioners aiming to harness the potential of social commerce in emerging economies. It further advocates for strategies that enhance digital inclusivity and promote secure, consumer-friendly environments.

Keywords: social commerce, emerging markets, consumer engagement, digital transformation, SMEs, regulatory challenges, mobile penetration

Introduction

Social commerce has emerged as a unique integration of e-commerce and social networking, enabling consumers to make purchasing decisions within a social and interactive digital environment. This paradigm shift from traditional e-commerce to social commerce (s-commerce) leverages social features such as user-generated content, recommendations, and electronic word-of-mouth (eWOM) to enhance the consumer experience (Dincer & Dincer, 2023). The adoption of social commerce has been accelerated by increasing internet penetration and mobile accessibility in emerging markets, where the adoption of mobile technologies and social platforms has enabled broader access to online retail (Barbosa & Santos, 2023).

In emerging markets, social commerce is gaining traction due to the integration of social networking and online shopping, creating new consumer experiences tailored to social interaction (Shoheib& Abu-Shanab, 2022). Several studies have highlighted the critical success factors in these regions, emphasizing the importance of trust, user engagement, platform usability, and the economic benefits that shape consumer intention (Almahameed&Obidat, 2023). This literature

review will explore key factors influencing consumer adoption and engagement with social commerce platforms in emerging markets, focusing on user behavior, platform design, trust, and the economic potential for businesses, especially SMEs.

Research identifies several critical factors for social commerce success, including trust, sociability, perceived economic benefits, and informational fit-to-task (Almahameed&Obidat, 2023). Using Social Cognitive Theory, Almahameed and Obidat (2023) analyzed how these factors impact purchase intentions in Jordan, an emerging market with rapidly expanding social commerce. The study showed that trust and social features enhance consumer engagement and drive purchase intentions by fostering a sense of reliability and community within the platform. Similarly, Shoheib and Abu-Shanab (2022) adapted the UTAUT2 model to include perceived value and social commerce constructs, demonstrating that perceived economic benefits, trust, and platform usability were significant predictors of consumer adoption in Qatar. Trust and sociability are central to consumer engagement in social commerce, particularly in emerging markets where consumers may be cautious about online transactions. Trust serves as a foundational element that reduces perceived risk and increases purchase intention, as demonstrated by Susilo et al. (2022). Their study found that trust in sellers, shaped by perceived competence, integrity, and benevolence, positively impacts the intention to make repeat purchases. Similarly, Aloqool and Alsmairat (2022) emphasize trust's mediating

role in enhancing purchase intentions through social commerce constructs such as recommendations and ratings in Jordanian social networks.

This emphasis on trust is further supported by findings from Dincer and Dincer (2023), who note that social commerce's reliance on eWOM and peer recommendations necessitates a high level of trust to maintain credibility and encourage consumer interaction. In emerging markets, trust is not only a driver of purchase intentions but also a mediator that facilitates a positive relationship between social interactions and consumer decisions. Platform design, including usability, interactivity, and sociability features, has a strong impact on consumer behavior within social commerce (Anaya-Sánchez et al., 2020). Millennials and Gen Z consumers are particularly responsive to well-designed social commerce interfaces that incorporate interactive features, real-time communication, and peer feedback (Alsoud et al., 2022). Alsoud et al. (2022) found that interactive elements, such as content usefulness and real-time communication, are highly valued by Jordanian consumers, as these features enhance engagement and influence purchase intentions.

For younger users, social commerce platforms must balance aesthetic appeal with functional usability. As shown in Anaya-Sánchez et al. (2020), design factors such as ease of navigation, personalization, and community features contribute to positive cognitive and affective assessments among millennial users, subsequently increasing purchase

intentions. These findings underscore the importance of a well-rounded design that supports user engagement while meeting the expectations of a tech-savvy audience.

Research Question

How do emerging markets adopt and adapt social commerce, and what implications arise for businesses and consumers?

Statement of the problem

The rapid expansion of social media platforms in emerging markets has transformed the way consumers interact with brands and businesses, giving rise to social commerce as a powerful channel for consumer engagement and economic growth. While social commerce offers promising opportunities, particularly for small and medium enterprises (SMEs), to reach broader audiences and enhance brand loyalty, it also introduces a range of challenges unique to these markets. Issues such as regulatory constraints, data privacy concerns, and the need for digital literacy among consumers present significant obstacles to the sustainable growth of social commerce. Furthermore, the adaptation and localization of social commerce strategies are often hindered by the lack of infrastructure and digital inclusivity, making it difficult for both businesses and consumers to fully realize the benefits of this transformative medium.

Given these complexities, there is a critical need to understand how emerging markets adopt and adapt social commerce to meet local demands and preferences. This includes identifying the key drivers of social commerce adoption such as increased mobile penetration, shifting consumer behaviors, and the influence of social media influencers and examining how these factors shape the landscape for businesses and consumers alike. Addressing this gap is essential to provide insights that can guide policymakers, practitioners, and stakeholders in creating supportive frameworks that foster a secure, inclusive, and consumer-friendly social commerce ecosystem. This study aims to explore these trends, challenges, and opportunities, ultimately contributing actionable recommendations for leveraging social commerce as a tool for economic advancement in emerging markets.

Literature Review

Social commerce is a transformative business model blending e-commerce with the interactive features of social media, enabling consumers to participate actively in shopping processes (Hajli, 2015). This integration fosters consumer trust and enhances engagement, primarily through peer recommendations, influencer endorsements, and user-generated content (Huwaida et al., 2024). Emerging markets, characterized by their rapid digital adoption and a growing base of tech-savvy youth, offer unique opportunities for the proliferation of social commerce platforms (Nadeem et al., 2020).

Key Drivers of Social Commerce Adoption

- Trust and Engagement: Trust is pivotal in driving consumer engagement and purchase intentions, particularly in emerging markets where online transactions are viewed cautiously. Studies highlight the role of social features like eWOM and peer recommendations in building trust.
- Platform Design: User-friendly interfaces with interactive features significantly impact consumer behavior. Millennials and Gen Z are particularly responsive to platforms offering real-time communication and peer feedback.
- Economic Benefits: Social commerce reduces operational costs for SMEs and enhances economic inclusivity by allowing micro-entrepreneurs to enter the digital marketplace.

Challenges in Social Commerce

- Regulatory Constraints: Diverse regulatory landscapes across emerging markets complicate the establishment of uniform operational standards.
- Data Privacy: Concerns about data misuse discourage consumers from fully embracing social commerce platforms.
- Digital Literacy: Limited digital literacy among consumers and small business owners hinders the effective use of social commerce platforms.

Opportunities in Social Commerce

- Localized Content: Customizing content to reflect local cultures and languages fosters deeper consumer connections.
- Payment Innovations: Emerging digital payment systems simplify transactions, encouraging wider adoption.
- Influencer Marketing: Social media influencers play a critical role in enhancing brand visibility and trust.

Emerging Trends

- Peer-driven Endorsements: The rise of influencer marketing and peer-driven endorsements has transformed consumer-brand relationships. Influencers act as intermediaries, building trust and driving consumer engagement (Yang, 2022).
- Payment Innovations: The adoption of secure and efficient digital payment systems has simplified transactions, making e-commerce more accessible in emerging markets (Dana et al., 2023).
- Augmented Reality (AR): AR tools are increasingly used to enhance the shopping experience, enabling consumers to visualize products and make informed decisions (Hsu, 2022).

Theoretical Models

- Contagion Theory: Suggests that consumer behavior is influenced by societal trends and the collective sentiments of their community. The credibility of platforms and eWOM plays

a significant role in shaping purchase decisions (Dana et al., 2023).

- **Information Adoption Model (IAM):** Highlights that information quality, source credibility, and relevance significantly impact consumer decision-making. IAM provides a framework for understanding the influence of eWOM and platform design on purchase intentions (Cheung et al., 2009).

Methodology

This study employs a descriptive methodology synthesizing secondary data, market reports, and existing literature. The research framework is based on Social Cognitive Theory, which explores the interplay of behavioral, environmental, and cognitive factors in shaping social commerce adoption.

Findings

Emerging markets adopt and adapt social commerce by leveraging widespread mobile penetration, localized strategies, and social network influence, while addressing challenges like regulatory hurdles and digital literacy gaps. These adaptations and their implications are detailed below:

Adoption and Adaptation in Emerging Markets

1. **Mobile Penetration and Social Media Growth:** High smartphone penetration and affordable internet access have

enabled widespread adoption of social media platforms, which serve as primary channels for social commerce. Platforms like WhatsApp, Instagram, and TikTok are popular for direct consumer engagement and transactions (Barbosa & Santos, 2023).

2. **Localized Content and Payment Systems:** Social commerce platforms tailor content to regional languages and cultural contexts, enhancing trust and consumer connection. Payment systems like M-Pesa in Kenya and Paytm in India address transactional barriers, enabling seamless digital payments (Dana et al., 2023; Nadeem et al., 2020).
3. **Role of Social Media Influencers:** Influencers bridge trust gaps, especially in regions where consumers rely heavily on peer recommendations. Their endorsements significantly influence purchasing decisions, acting as intermediaries between brands and cautious buyers (Yang, 2022; Wu et al., 2022).
4. **Economic Empowerment of SMEs:** Social commerce platforms reduce entry barriers for SMEs and micro-entrepreneurs, allowing them to access wider markets. Informal businesses, especially in Southeast Asia and Africa, use platforms like Facebook Marketplace to scale their operations (Susilo et al., 2022).

5. Regulatory and Infrastructural Adaptations: Governments in emerging markets are increasingly streamlining regulations and infrastructure to support the growing social commerce ecosystem, though inconsistencies remain a challenge (Shoheib& Abu-Shanab, 2022).

Implications for Businesses

1. Opportunities:

- Social commerce enables direct consumer engagement through interactive and personalized experiences, fostering loyalty and repeat purchases (Alsoud et al., 2022).
- SMEs benefit from low-cost entry points, allowing them to grow without traditional retail overheads (Dana et al., 2023).
- Advanced analytics tools integrated into platforms offer actionable insights into consumer preferences and behaviors (Cheung et al., 2009).

2. Challenges:

- Regulatory inconsistencies and a lack of comprehensive digital commerce laws create operational risks (Shoheib& Abu-Shanab, 2022).

- Data security concerns impact consumer trust, especially in markets with limited legal protections (Susilo et al., 2022).
- Localization demands significant investment, as platforms must adapt to language, cultural nuances, and regional needs (Nadeem et al., 2020).

Implications for Consumers

1. Opportunities:

- Consumers gain a personalized and engaging shopping experience, often guided by peer recommendations and reviews (Hajli, 2015).
- Social commerce democratizes access to products and services, particularly in rural and underserved areas (Wu et al., 2022).
- Innovations like mobile wallets simplify transactions and improve access to digital commerce (Dana et al., 2023).

2. Challenges:

- Trust remains a barrier due to concerns over data privacy and fraud, reducing platform adoption (Yang, 2022).

- Limited digital literacy among users hinders effective participation in social commerce, especially in rural regions (Wu et al., 2022).
- Over-reliance on influencer-driven content may lead to biased or non-transparent purchasing decisions (Yang, 2022).

Conclusion

The rise of social commerce in emerging markets represents a transformative shift in the way businesses and consumers interact, driven by rapid technological advancements, changing consumer behaviors, and the proliferation of social media platforms. This study has highlighted the critical factors enabling the adoption and adaptation of social commerce, including mobile penetration, localized content, and the role of influencers, while addressing the challenges posed by regulatory constraints, data privacy concerns, and digital literacy gaps.

For businesses, social commerce offers a low-cost entry point and unparalleled opportunities for engagement, particularly for small and medium enterprises (SMEs). These platforms provide access to broader markets and enable the creation of personalized, interactive consumer experiences. However, businesses must navigate regulatory complexities and invest in localization strategies to unlock the full potential of these platforms.

For consumers, social commerce democratizes access to products and services, fosters trust through peer recommendations, and offers enhanced convenience with innovations like mobile payments and augmented reality tools. Despite these advantages, barriers such as limited digital literacy and concerns over data security remain significant.

To harness the potential of social commerce, stakeholders—including businesses, policymakers, and platform developers—must work collaboratively to address the identified challenges. Efforts should focus on developing inclusive, secure, and culturally attuned platforms, standardizing regulatory frameworks, and enhancing consumer and business digital literacy.

Ultimately, social commerce in emerging markets is not just a technological evolution but a socio-economic opportunity. By bridging gaps between businesses and consumers, fostering economic inclusivity, and leveraging technological innovations, social commerce has the potential to drive sustainable growth and transform the digital landscape in these regions. Continued research and proactive strategies will be essential to ensuring that its benefits are equitably distributed and its challenges are effectively mitigated.

Implications and Scope for Future Studies

This study highlights critical implications for businesses, policymakers, and researchers in the context of social commerce in emerging markets.

For businesses, the findings underscore the need to invest in trust-building mechanisms, localized strategies, and innovative digital tools to enhance consumer engagement and operational efficiency. Policymakers must address regulatory inconsistencies, strengthen data privacy protections, and promote digital literacy programs to create an inclusive and secure social commerce ecosystem. For researchers, this study opens avenues to explore the long-term impact of influencer marketing, the role of artificial intelligence in personalization, and the integration of augmented reality in enhancing consumer experiences. Future studies could also investigate cross-regional comparisons to understand how cultural, economic, and infrastructural differences influence social commerce adoption and outcomes, providing deeper insights into its global applicability and sustainability. These directions will help stakeholders maximize the potential of social commerce as a driver of economic and digital transformation.

Reference

1. Almahameed, M., &Obidat, A. (2023). Exploring the Critical Success Factors of Social Commerce in Social Media Platforms: The Case of Jordan. *International Journal of Data and Network Science*, 7(3), 163-174. DOI: 10.5267/j.ijdns.2022.11.006
2. Aloqool, A., &Alsmairat, M. A.K. (2022). The Impact of Social Commerce on Online Purchase Intention: The Mediation Role of

- Trust in Social Network Sites. International Journal of Data and Network Science, 6(4), 509-516. DOI: 10.5267/j.ijdns.2021.12.003
3. Alsoud, M., Al-Muani, L., & Alkhazali, Z. (2022). Digital Platform Interactivity and Jordanian Social Commerce Purchase Intention. International Journal of Data and Network Science, 6(3), 285-294. DOI: 10.5267/j.ijdns.2022.1.009
 4. Anaya-Sánchez, R., Castro-Bonaño, J. M., & González-Badía, E. (2020). Millennial Consumer Preferences in Social Commerce Web Design. Review of Business Management, 22(1), 123-139. DOI: 10.7819/rbgn.v22i1.4038
 5. Asanprakit, S., & Kraiwanit, T. (2023). Causal factors influencing the use of social commerce platforms. Journal of Open Innovation: Technology, Market, and Complexity, 9(4). <https://doi.org/10.1016/j.joitmc.2023.100172>
 6. Bandura, A. (1977). Self-efficacy: Toward a unifying theory of behavioral change. Psychological Review, 84(2), 191–215. <https://doi.org/10.1037/0033-295X.84.2.191>
 7. Bandura, A., & Schunk, D. H. (1981). Cultivating competence, self-efficacy, and intrinsic interest through proximal self-motivation. Journal of Personality and Social Psychology, 41(3), 586–598. <https://doi.org/10.1037/0022-3514.41.3.586>
 8. Barbosa, B., & Santos, J. D. (2023). Bibliometric Study on the Social Shopping Concept. Administrative Sciences, 13(213), 1-21. DOI: 10.3390/admsci13100213

9. Cheung, C. M. K., Lee, M. K. O., & Rabjohn, N. (2008). The impact of electronic word-of-mouth: The adoption of online opinions in online customer communities. *Internet Research*, 18(3), 229-247. <https://doi.org/10.1108/10662240810883290>
10. Dana, L.-P., Vrontis, D., Chaudhuri, R., & Chatterjee, S. (2023). Entrepreneurship strategy through social commerce platform: An empirical approach using contagion theory and information adoption model. *Sustainability*, 15(12467). <https://doi.org/10.3390/su151612467>
11. Dincer, C., & Dincer, B. (2023). Social Commerce and Purchase Intention: A Brief Look at the Last Decade by Bibliometrics. *Sustainability*, 15(846), 1-27. DOI: 10.3390/su15010846
12. Esmaeili, L., & Golpayegani, A. H. (2020). Conformance Checking of the Activity Network with the Social Relationships Structure in the Context of Social Commerce. *Journal of Theoretical and Applied Electronic Commerce Research*, 15(2), 93-121.
13. Hajli, N. (2015). Social commerce constructs and consumer's intention to buy. *International Journal of Information Management*, 35(2), 183–191. <https://doi.org/10.1016/j.ijinfomgt.2014.12.005>
14. Hoang, C. C., & Khoa, B. T. (2022). Impulse Buying Behavior of Generation Z Customers in Social Commerce: Flow Theory Approach. *Journal of Logistics, Informatics and Service Science*, 9(4), 197-208. DOI: 10.33168/LISS.2022.0413

15. Hsu, L.-C. (2022). Effect of eWOM review on beauty enterprise: A new interpretation of the attitude contagion theory and information adoption model. *Journal of Enterprise Information Management*, 35(2), 376-413. <https://doi.org/10.1108/JEIM-07-2020-0261>
16. Huwaida, L. A., Yusuf, A., Satria, A. N., Darmawan, M. A., Ammar, M. F., Yanuar, M. W., Hidayanto, A. N., & Yaiprasert, C. (2024). Generation Z and Indonesian Social Commerce: Unraveling key drivers of their shopping decisions. *Journal of Open Innovation: Technology, Market, and Complexity*, 10, 100256. <https://doi.org/10.1016/j.joitmc.2024.100256>
17. Jones, M. A., Reynolds, K. E., & Arnold, M. J. (2006). Hedonic and utilitarian shopping value: Investigating differential effects on retail outcomes. *Journal of Business Research*, 59(9), 974–981. <https://doi.org/10.1016/j.jbusres.2006.03.006>
18. Nadeem, W., et al. (2020). Exploring the Adoption of Social Media Commerce in Emerging Economies. *Information Technology & People*, 33(1), 53-70. DOI: 10.1108/ITP-08-2019-0435
19. Rana, N. P., & Dwivedi, Y. K. (2015). Citizen's adoption of an e-government system: Validating extended social cognitive theory (SCT). *Government Information Quarterly*, 32(2), 172–181. <https://doi.org/10.1016/j.giq.2015.02.002>
20. Shoheib, Z., & Abu-Shanab, E. A. (2022). Factors Influencing Consumer Intention to Use Social Commerce. *International*

- Journal of Electronic Marketing and Retailing, 14(1), 61-86.
DOI: 10.1504/IJEMR.2021.10041718
21. Soo, P.-E., Neo, H.-F., & Ong, T.-S. (2024). Mixed-method Analysis of a Social Commerce Usability Framework. *Journal of Logistics, Informatics and Service Science*, 11(1), 307-325.
 22. Subriadi, A. P., & Wardhani, S. A. (2022). Survivability Scenario of SMEs in Facing COVID-19 Crisis Based on the Social Commerce Framework. *Sustainability*, 14(6), 3531. DOI: 10.3390/su14063531
 23. Susilo, G. F. A., Rani, U., & Khotijah, S. A. (2022). The Trusting Beliefs of Users and the Intention to Continue Making Purchases via Social Commerce. *Journal of Indonesian Economy and Business*, 37(1), 1-14
 24. Wu, Y., Nambisan, S., Xiao, J., & Xie, K. (2022). Consumer Resource Integration and Service Innovation in Social Commerce: The Role of Social Media Influencers. *Journal of the Academy of Marketing Science*, 50(3), 429–459. DOI: 10.1007/s11747-022-00837-y
 25. Yang, X. (2022). Consumers' purchase intentions in social commerce: The role of social psychological distance, perceived value, and perceived cognitive effort