

Commercialisation Path and Governance of Trust-Based Social E-Commerce Platforms: A Case Study of Xiaohongshu

Ying Liu

*UCD College of Business (Kaplan Higher Education Academy), University College Dublin,
Singapore, Singapore
2271085407@qq.com*

Abstract. With the development of social media and e-commerce, social e-commerce platforms have become increasingly influential in consumers' purchase decisions. As a typical trust-based social e-commerce platform, Xiaohongshu builds its community trust mainly through user-generated content (UGC) and real experience sharing. Most users do not enter the platform with the direct purpose of purchasing. Instead, they browse notes, read reviews, and refer to other users' experiences before forming their own consumption judgement. This also gives Xiaohongshu strong "seeding" power. However, as the platform's commercialisation process accelerates, advertising, livestream selling, and brand cooperation content have continued to increase. As a result, it becomes more difficult for users to judge the authenticity of information, and the platform faces a tension between commercialisation and trust maintenance. Therefore, this paper takes Xiaohongshu as a case to analyse its trust mechanism, commercialisation path, and governance strategies. The findings suggest that Xiaohongshu should not only pursue short-term commercial growth. Instead, it should achieve long-term development by maintaining authentic content and protecting user trust.

Keywords: Xiaohongshu, Trust-based community, Social e-commerce, User-generated content, Commercial governance

1. Introduction

In recent years, the relationship between social media and e-commerce has grown increasingly close. Before making a purchase, consumers often look for reviews, evaluations, and real user experiences on social platforms to support their buying decisions [1]. For example, Xiaohongshu reflects this trend by relying on user-generated reviews and experience-based content to influence purchasing decisions, while platforms like Taobao and JD.com mainly prioritize price, logistics, and after-sales services. However, as advertising, e-commerce functions, livestream selling, and brand cooperation content continue to increase on Xiaohongshu, its original community ecology based on real sharing has also been affected. With a rising proportion of commercial content and a less distinct boundary between advertisements and ordinary posts, users may struggle to evaluate content authenticity, which can generate uncertainty and ultimately undermine their trust in the platform. Therefore, this paper takes Xiaohongshu as a case to analyse the commercialisation path and

governance issues of trust-based social e-commerce platforms. It also discusses how the platform can achieve a balance between business growth and trust maintenance. By analyzing this representative case, the study aims to provide insights for the operation and management of similar social e-commerce platforms.

2. Platform development and trust mechanism of Xiaohongshu

2.1. Platform positioning and user groups

Xiaohongshu occupies a position between traditional e-commerce and social media, with a stronger emphasis on experience sharing and supporting consumption decisions. Instead of merely matching products with buyers, its core function lies in constructing an information-based reference system driven by user-generated content. Through reviews and usage experiences, users can form their own purchase judgement. In terms of user structure, Xiaohongshu mainly attracts young female users. This group pays close attention to aesthetic expression and consumption experience. In specific purchase decisions, their evaluation standards are not limited to price. They also consider whether a product matches their personal needs and usage context. For example, when choosing foundation, users often consider the reviewer's skin type and makeup results. When buying clothes, they take into account height, body shape, and skin tone. When planning travel, they focus on itinerary details and practical "pitfall avoidance" tips. In this way, abstract product information is translated into concrete usage scenarios, enabling users to make purchase decisions based on cases similar to their own situations, which forms the cognitive foundation of the platform's trust mechanism.

2.2. Trust mechanism and user behaviour

Xiaohongshu's impact on users' purchasing decisions primarily derives from its trust mechanism, which is grounded in user-generated content, namely posts created by ordinary users based on their own experiences [2]. Compared with official brand advertisements, such peer-generated content is generally regarded as more trustworthy due to its relatively low commercial intent. This distributed mode of content creation helps lower users' resistance to persuasive communication and makes the information more easily accepted as a reference for decision-making. The platform's interactive features, such as comments, likes, and saves, also serve as a secondary layer of trust verification. Users do not passively accept a single post; instead, they review comments and collective feedback to assess the reliability of the information. In this process, social proof reinforces their initial trust judgments. Under this mechanism, Xiaohongshu has gradually developed a user behaviour pattern of "searching, browsing, comparing, and being influenced" [3]. This path shows the step-by-step formation of trust. In the searching stage, users obtain more available information. In the browsing stage, they carry out an initial screening of relevant content. During the comparison stage, they reduce uncertainty by cross-referencing information from different sources. In the seeding stage, trust is internalized and gradually turns into purchase intention. Typically, users search keywords, consult multiple posts and comment sections for comparison, and then form conclusions. Although purchases are not always made directly on Xiaohongshu, the platform still plays a significant role in shaping users' product perceptions and purchase intentions.

2.3. Platform features and commercialisation

Xiaohongshu's commercialisation model is based on its influence over users' purchasing decisions. It has gradually formed various commercial channels, including advertising, influencer partnerships, livestream commerce, and closed-loop e-commerce. Meanwhile, product information is integrated into everyday life scenarios as the core logic, enabling users to naturally encounter products during content browsing. Compared with traditional advertising, which mainly depends on direct exposure, this content-driven method is more implicit and fits more naturally into users' everyday information consumption. However, this subtle characteristic is also a double-edged sword. When commercial content is framed as "experience sharing," it becomes harder for users to assess its credibility, and their focus shifts from judging "whether it is reliable" to questioning "whether it is advertising in disguise." This shift directly weakens the trust foundation of the UGC mechanism. At the same time, Xiaohongshu's commercialisation is also restricted by its trust mechanism. Since its commercial value depends on user trust rather than simple traffic, an increase in commercial content or unclear advertisement labelling may make it difficult for users to judge authenticity. This may weaken the overall user experience. Therefore, there is tension between commercial expansion and community trust maintenance, and the platform needs to coordinate the two.

3. Discussion of commercialisation path and trust conflict

3.1. Layout of the commercialisation model

After accumulating a large user base and a large volume of content, Xiaohongshu has progressively advanced its commercialization process. Its main models include advertising, brand collaborations, influencer seeding, livestream selling, and in-platform e-commerce. These models can be broadly categorized into two types based on their alignment with the platform's content ecosystem: embedded models and conversion-based models. In particular, advertising mainly takes the form of feed-based and search-based ads. Besides, brand collaborations rely more on influencer-generated content, in which products are integrated into reviews, sharing posts, or everyday life scenarios to reach users in a more natural way.

Among these models, influencer seeding fits Xiaohongshu's content ecology most closely [4]. Its key strength lies in presenting commercial information in a UGC-like format, thereby maintaining continuity in content consumption. However, it also blurs the boundary of advertising, making it harder for users to immediately distinguish between genuine experience sharing and commercial promotion. Meanwhile, brands collaborate with suitable influencers to present products via reviews, unboxing content, or usage experiences. For example, beauty brands often rely on "new product reviews" and "makeup effect demonstrations", while clothing brands typically use "commuting outfits" and "petite styling" content. In addition, Xiaohongshu is also expanding livestream selling and in-platform e-commerce, aiming to turn content browsing into actual transactions. However, users have long treated the platform as an information search and decision reference tool. Therefore, this conversion model still faces tension with the platform's original logic. Users may still have concerns about price, authenticity, and after-sales service, which shows that trust has not fully moved from the content side to the transaction side.

3.2. Manifestation of commercial value

The main commercial value of Xiaohongshu lies in its influence on consumers' purchase decisions. Before purchasing, users often do not rely only on official brand information. Instead, they search related content on the platform to support their judgement. For example, when choosing foundation, users may search "foundation for oily skin"; when choosing clothes, they may search petite outfits. Even if users do not complete purchases on the platform, this still shows that Xiaohongshu is involved in the consumer decision-making process. From a brand perspective, Xiaohongshu allows products to be integrated into specific usage scenarios. Compared with traditional advertising, which directly highlights product advantages, Xiaohongshu content places greater emphasis on "who it is suitable for", "how it is used", and "in what situations it works best", strengthening the contextual presentation of product information. This is particularly evident in beauty, fashion, and lifestyle categories, where authentic usage experiences and aesthetic representation are more likely to shape consumers' judgments [5]. However, Xiaohongshu is not equally suitable for all product categories. For high-priced home appliances and digital products, users are more likely to turn to platforms like Taobao, JD.com, or official brand websites, as these channels offer more established after-sales service, logistics support, and product authenticity guarantees.

3.3. Trust conflict and associated risks

The main risk of Xiaohongshu's commercialization lies in the potential blurring of the boundary between genuine sharing and advertising content. As advertisements, native advertising, and promotional content continue to increase, users may begin to question the underlying intent of posts. For example, some posts are framed as "authentic reviews" or "personal recommendations" in their titles, but their content contains explicit brand promotion [6]. If there is no clear advertising label, users will find it difficult to judge whether the note is a personal experience or a commercial cooperation. In the long term, this may weaken overall trust in the platform [7].

This trust risk may also undermine the community atmosphere. Initially, users may only question individual influencers; however, when similar content appears frequently, users may gradually form the impression that "there are too many advertisements on the platform." At the same time, as the platform pays more attention to advertising revenue and transaction growth, resources may flow more toward commercial content and top influencers. Ordinary users and original content may then become marginalised. Therefore, Xiaohongshu's commercialisation should not come at the cost of authentic content and user trust.

4. Trust maintenance and governance strategies

4.1. Platform and content management strategies

To solve trust problems in the commercialisation process, Xiaohongshu first needs to strengthen its content management. Users' trust is not affected simply because advertisements exist. The key issue is whether the boundary between advertisements and real sharing is clear. If brand cooperation content is packaged as ordinary user experience, users may feel misled. Therefore, the platform should improve its advertising labelling system and require commercial cooperation notes to clearly mark cooperation relationships in visible positions [8, 9]. In addition, it should enhance governance over disguised advertising, fake reviews, and exaggerated promotions. For example, some notes use titles such as "personally tested" or "real avoidance tips" to attract users, but the actual content has

clear marketing intentions. If such content exists for a long time, it may damage the community content ecology. To deal with this problem, Xiaohongshu can use keyword detection, user reporting, and manual review to improve the efficiency of identifying and handling false content. At the same time, the platform should protect the content space of ordinary users and give more support to authentic original content in its recommendation mechanism, so as to maintain community trust and content diversity.

4.2. Brand and user participation strategies

In addition to platform-level governance, brands also need to reconsider their marketing strategies on Xiaohongshu. Since users attach great importance to authenticity, advertising that is too direct or deployed at scale is likely to provoke resistance. For example, when many influencers recommend the same product with similar wording at the same time, users can easily identify it as concentrated marketing, which weakens trust. Therefore, brands should select influencers whose profiles align with the product positioning and convey authentic product performance through reviews or usage experiences.

User participation is also important in platform governance. In this regard, Xiaohongshu should encourage ordinary users to share real experiences, including advantages, disadvantages, long-term feedback, avoidance tips, and evaluations in different consumption scenarios. Besides, the comment section also plays an important role, as users often assess the credibility of a post based on feedback from others. If the platform can protect and support such real discussions, it will help boost users' ability to judge content and strengthen their overall trust.

4.3. Practical implications of trust-based governance

The core of governance in trust-based social e-commerce lies in balancing commercialization and user trust. While commercialization can continue to develop, prioritizing advertising, sales-driven content, and traffic growth while neglecting trust may weaken the platform's effect and conversion efficiency. Therefore, the platform needs to clearly define the boundaries of commercial content and regard trust as a long-term asset.

In advertising, brand collaborations, and in-platform e-commerce development, Xiaohongshu should balance commercial and authentic content. Commercial activities should be integrated into users' content consumption, while users should still distinguish promotional content from ordinary sharing. At the same time, the platform should choose expansion categories according to its content ecology. It should prioritise areas that fit its platform characteristics, such as beauty, fashion, home, travel, and lifestyle [10].

Trust-based governance requires the joint participation of platforms, brands, influencers, and users. First, the platform should take responsibility for rule-setting and content supervision by improving advertising labels, reviewing misleading "seeding" content, handling user reports, and protecting authentic user-generated content. Second, brands should ensure truthful promotion and avoid exaggerating product effects or fabricating popularity through repetitive messaging. Third, influencers should clearly disclose commercial partnerships and retain genuine usage experiences in reviews and recommendations rather than presenting only product advantages. Finally, users can also participate in supervision through comments, feedback, and reporting. Only when each party fulfills its responsibilities can the risks of misleading promotion and excessive commercialization be reduced, enabling Xiaohongshu to maintain a relatively stable balance between business growth and user trust.

5. Conclusion

This paper uses Xiaohongshu as a case to examine the commercialization path and governance issues of trust-based social e-commerce platforms. The results demonstrate that Xiaohongshu's core competitiveness lies not only in traffic and transaction conversion, but in user-generated content, authentic experience sharing, and the community trust built upon them. On this basis, the platform is able to exert a strong influence on consumers' purchasing decisions.

However, with the growth of advertising, brand collaborations, influencer seeding, livestream selling, and in-platform e-commerce, Xiaohongshu faces increasing tension between commercial expansion and the maintenance of user trust. As commercial content proliferates and the boundary between advertising and genuine sharing becomes blurred, user trust may be undermined. Therefore, future development should focus on balancing business growth with trust preservation. The platform should avoid overreliance on short-term transaction and traffic metrics and instead regard user trust as the foundation of long-term development. This study relies mainly on case analysis and secondary sources, without primary data such as questionnaires or interviews. Future studies could use empirical data to examine users' perceptions of platform commercialization and compare trust and purchasing behaviour across product categories and user groups. Therefore, commercialization in trust-based social e-commerce platforms is feasible but requires transparency, regulation, and sustainability.

References

- [1] Zhao, Y., Wang, L., Tang, H., & Zhang, Y. (2020). Electronic word-of-mouth and consumer purchase intentions in social e-commerce. *Electronic Commerce Research and Applications*, 41, 100980.
- [2] Sethna, B. N., Hazari, S., & Bergiel, B. (2017). Influence of user generated content in online shopping: Impact of gender on purchase behaviour, trust, and intention to purchase. *International Journal of Electronic Marketing and Retailing*, 8(4), 344–371.
- [3] Xie, G., Zhu, Y., & Chen, X. (2025). Sales through note-sharing: Influences on the shopping intention under the Xiaohongshu model. *Frontiers in Psychology*, 16, 1334637.
- [4] Zhao, Y. (2024). Assessment and optimization of social media marketing strategies: A case study of Xiaohongshu. *SCITEPRESS Proceedings*, 203–208.
- [5] Lin, B., & Shen, B. (2023). Study of consumers' purchase intentions on community e-commerce platform with the SOR model: A case study of China's "Xiaohongshu" app. *Behavioral Sciences*, 13(2), 103.
- [6] Lin, Y. (2022). The influence of the soft ads in Xiaohongshu on the consuming intentions of consumers: An example of the notes uploaded in the fashion channel. In *Proceedings of the 2022 4th International Conference on Economic Management and Cultural Industry*, 883–890.
- [7] Campbell, C., & Grimm, P. E. (2019). The challenges native advertising poses: Exploring potential federal trade commission responses and identifying research needs. *Journal of Public Policy & Marketing*, 38(1), 110–123.
- [8] Van Reijmersdal, E. A., Tutaj, K., & Boerman, S. C. (2023). Disclosure-driven recognition of native advertising. *Journal of Interactive Advertising*, 23(1), 1–14.
- [9] Federal Trade Commission. (2015). *Native advertising: A guide for businesses*. Washington, DC: Federal Trade Commission.
- [10] Reuters. (2024). China's Instagram-like Xiaohongshu making inroads with e-commerce sales. *Reuters*. <https://www.reuters.com/technology/chinas-instagram-like-xiaohongshu-making-inroads-with-e-commerce-sales-2024-12-16/>