

INSIGHTS & STRATEGY

RULES OF NEW RETAIL

SOCIAL COMMERCE

DAVIS ELEN PERSPECTIVE

As an advertising agency with a rich history in retail, we are dedicated to identifying and leveraging emerging trends across this ever-changing landscape to help our clients succeed. With each newsletter we will focus on a topic that has implications for brands operating in the retail space.

SOCIAL COMMERCE SURPASSES \$30 BILLION IN THE US. 97% OF GEN Z USE SOCIAL MEDIA FOR SHOPPING INSPIRATION. THE RISE OF “CLICK-AND-MORTAR” STORES MEANS THE FUTURE IS “PHYGITAL.”

WHERE IT STARTED

Live commerce, social commerce, and the creation of super apps that combine messaging, commerce, payments, and delivery emerged in China, supported by fast-speed mobile networks, logistics networks including warehousing and delivery, and the adoption of mobile payments (Wunderman + Thompson).

DEFINITIONS

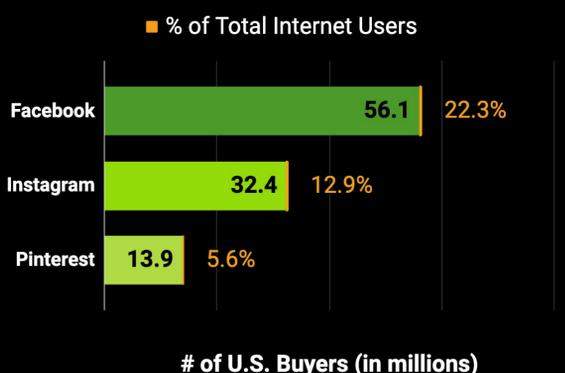
Social Commerce – online retail that uses social networks or peer-to-peer communications to drive sales including digital “stores” and product catalogues.

Shoppable Media – interactive content that enables users to begin and complete a purchase within the publisher ecosystem through integrated commerce functionality.

Livestream – live video, usually streamed on social platforms and apps hosted by celebrities and influencers that can be made shoppable through interactive features and links.

WARC

US SOCIAL COMMERCE BUYERS, BY PLATFORM (2021)



Facebook leads with 56.1M users projected to make at least one purchase in 2021.

eMarketer

2021 \$36.62B in social commerce sales, \$406.08 per buyer

2022 \$45.74B in social commerce sales, \$470.50 per buyer

2023 \$56.17B in social commerce sales, \$550.33 per buyer

2024 \$67.32B in social commerce sales, \$637 per buyer

eMarketer

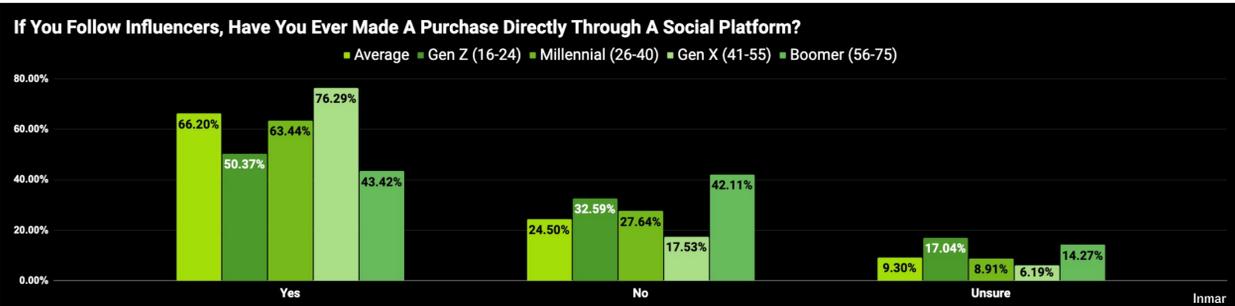
WHAT BRANDS SHOULD DO

As brands explore the social commerce space, marketers must determine which platforms best connect to their target consumers. Integration within platforms is key in ensuring that commerce operations are seamless for shoppers.

WHERE IT'S GOING

For certain product categories, the main part of the sale will be online, and brands may only have retail flagships for “showrooming.” For a customer walking into a store in the future, the experience will feel fully integrated with a social digital experience (McKinsey).

CONSUMERS OF ALL AGES ARE HIGHLY ENGAGED WITH SOCIAL COMMERCE



BRAND EXAMPLES

Walmart x TikTok Holiday Shop-Along

Walmart teamed with TikTok for a shoppable livestream event led by TikTok creators. As TikTokers showcased products on screen, viewers were able to add items to their cart without leaving the app.

Buy While You View

Makeup brand NYX partnered with ThrillerTV to produce a shoppable episode on the social media app. Viewers were able to click-to-purchase directly from the app.

PacSun Says Game On

Clothing retailer PacSun partnered with online gaming platform Roblox to sell select items in the Roblox Avatar Marketplace. Players can also purchase PacSun branded clothing for their online avatars.

KEY TAKEAWAYS

- Millennials and Gen Z are driving the future of shoppable media, but all age cohorts are taking part.
- Shoppable media offers low barriers to entry, promotes discovery, and reaches new consumers.
- Consumers are more likely to be driven to purchase when engaging in real time with an influencer they trust. Micro-influencers with dedicated followings perform especially well.
- Creating a sense of FOMO with exclusive deals and livestreamed events encourages consumers to purchase now, especially in categories like fashion, beauty, and gaming.

IN SUMMARY

Forecasts predict that social commerce will more than double in the next five years, reaching \$79.64 billion in 2025. China will continue to lead innovation in this category, and savvy brands will look to that market for inspiration. Social commerce is growing quickly, as consumers continue to be actively engaged with social platforms throughout the purchase journey, from inspiration to checkout. Forward-thinking brands of all sizes need to invest in the infrastructure to meet consumers where they are, especially those who are digital-first shoppers. Social commerce will change where and how consumers shop and is a trend worth acting on.

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THINKING THAT MATTERS

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