

What is Social Commerce?

Social commerce is the process of selling products and services directly through social media platforms. Rather than having to leave the social media site to go to a dedicated ecommerce shop the entire buyer journey, from awareness and interest to demand and purchase, all happens on the social media platform itself.

How big is social commerce?

Social commerce is the fastest growing sector of ecommerce, growing at an annual rate of

26.2%

The global social commerce market was valued at \$1.3T 2023 and is expected to reach

\$8.5 trillion by 2030.

It's expected than in 2024

1 in 4

customers will use social media to shop.

Gen Z and Millenials are projected to account for **33% and 29%**,

respectively, of global social commerce spending by 2025.

Why has social commerce become so big for kids, teens and parents?

Tech Savviness

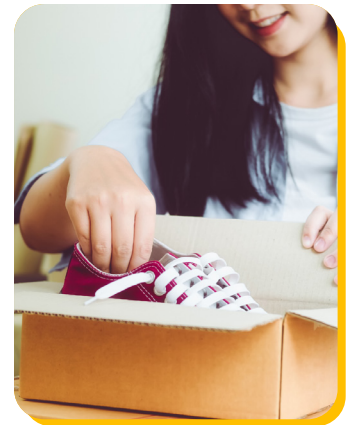
Approximately 90% of US Gen Z and Millennial parents use social media daily and 86% have made an online purchase in the last month. They are very comfortable with using mobile phones to buy products with around 70% stating that they do so.

Brand Discovery

Social media is the number one place for discovering new products and brands, 60% of Gen Z discover new products or brands on social media. It is not just "stumbled upon" either—82% of consumers specifically use social media for product research.

Sources of Authority

Both Gen Z and parents treat online influencers as a source of authority for product suggestions. Gen Z are almost twice as likely to purchase a product through an influencer compared to the average consumer.



Other advantages of social commerce

Seamless customer experience

As social commerce integrates directly into the social platform, customers don't need to navigate to separate websites. This streamlined process can lead to higher conversion rates.

Social media's data

Social media platforms allow you to be much more effective in reaching target customers. Businesses can also leverage social media interactions (likes, comments, shares) to gather valuable customer insights, informing product development and marketing strategies.

Real time engagement and feedback

Features like live shopping (the social media streaming versions of *The Shopping Channel... 'plus ça change'...*) allow brands to interact with customers in real time, answer questions, address concerns, and build excitement around products.

Enhanced customer engagement

The visual and interactive nature of social media makes it easier for brands to connect with their target audiences and build relationships.

Examples of best in class social commerce activity

While the lion's share of sales on TikTok are cosmetics and clothing, they aren't the only ones who have created robust storefronts



Which platforms are leading the social shopping revolution?

Instagram



Instagram's visual focus lends itself to ecommerce. Instagram Shops, integrated with Facebook Shops, allows businesses to create shoppable posts and stories to boost sales.

TikTok



TikTok has quickly become a major force in social commerce, especially popular among Gen Z. 26% of TikTokers use it for product discovery and research, making it Gen Z's third most preferred platform for this purpose.

Facebook



Despite competition from newer platforms, Facebook remains a strong contender in social commerce. Integration with Facebook Messenger allows for personalised customer interactions.



Pinterest



While not as directly focussed on transactions as other platforms, Pinterest plays a vital role in product discovery and inspiration.

96% of top searches are unbranded, indicating users' willingness to explore new brands and ideas.

YouTube



YouTube is actively investing in social commerce features, aiming to compete with TikTok by attracting creators and brands to its platform. Its strengths lie in its vast user base across age groups and a growing affiliate marketing ecosystem. It is the first port of call for Gen Z and Millennial parents for product discovery, 70% and 63% respectively use YouTube for this reason.

Platform with China specific dominance

WeChat



While WeChat's social commerce influence is largely limited to the Chinese market, it holds a dominant position there. Its integrated "mini-programs" function as in-app storefronts, so businesses can offer a comprehensive suit of services all within the WeChat ecosystem.

Which types of companies and products benefit most from social shopping?

Visually appealing products

Fashion, beauty, home decor, and food products thrive on the visual nature of social media.

Products with a strong brand identity

Social commerce allows businesses to showcase their personality and connect emotionally with audiences.

Products with social proof

Items with positive reviews, UGC, or influencer endorsements perform well in this space.

Affordable products

Consumers are more likely to make impulse purchases on social media for lower-priced items.

Products targeting younger demographics

Social commerce is particularly effective for brands targeting Gen Z and Millennials.

What are the concerns around social commerce?

Privacy and security

Data collection practice and transaction security can raise concerns among consumers.

Misleading information and scams

The rise of unregulated influencer marketing increases the risk of misinformation and scams.

Ethical considerations

Responsible marketing practices are essential, especially when targeting teens.

Overdependence on social platforms

While they are useful marketing tools, relying solely on social media can be risky due to potential algorithm changes and audience behaviour shifting.