A NEW MODE FOR BRAND GROWTH

2024

SOCIAL COMMERCE ON THE RISE

SOCIAL COMMERCE ON THE RISE

When measured against the backdrop of the last 20+ years in digital marketing, social has been largely under-appreciated as a mode for driving commerce. Where search and 'performance' have been pivotal at all stages along the path-to-purchase, social has seemingly only had marginal impact on sales outcomes. The real impact of social on sales has been largely hidden - with even the best attribution models not always able to reveal its full impact.

As paid search and performance modes of digital marketing continue to plateau, a range of social commerce tactics hold break thru potential for growth brands. Livestream sales, influencer/affiliate selling, brand collaborations, 'private traffic,' messenger/chat commerce, group sales, and AR/VR, have all proven to be extremely effective in digital-focused markets like China and Asia. Many of these tactics/features are also shinning through in the US but, taken as a whole, still have a long way to go in more mature and traditional marketing regions (regions where previous modes of digital engagement hold sway).

GenZ and younger audiences are at the forefront of change in the US. These digital natives have a clear preference for social media as THE place to inform purchase decisions and are increasingly converting purchases through a range of social commerce touch points. At the same time, disruptors like TikTok, Shein and Temu (all coming from a future-forward China) are accelerating the pace of change globally, introducing new features and routines, at a rate that incumbents (eg. Facebook) are struggling to keep up with (lest they cannibalize existing business models).

As we progress through the next waves of digital growth, audiences will change behaviors (toward social commerce) more fully as trust, quality and repetition of experiences increase on core platforms. Audiences are seeking authentic, collaborative, community derived purchase decisions - and use social media frequently along paths-to-purchase.

Brands must rise to this changing set of audience behaviors and attitudes. Brands must focus more on embedding themselves with communities (building genuine connections and consideration), rather than on trying to coax them to a point of sale (as they have focused on doing with 'search' funnels).

The defining characteristic of social commerce is brands working deep into communities, rallying constituents toward key brand moments, where genuine audience relationships are consummated. It follows a similar pattern as political campaigning whereby brand teams must hustle to get constituents on side, while building positive sentiment, leading up to moments of truth (moments of trust).

If there is a retail downturn (recession), then, this mode (which prioritizes hustling to rally groups of buyers) will grow in importance for marketers.

Chris Baker
Founder, Totem

OUR APPROACH TO CREATING THIS REPORT

In this report on Social Commerce, we aim to re-evaluate the importance of social on the overall path-to-purchase and on sales outcomes for brands. In doing so, we compare the social commerce mode of marketing to the other dominant modes of digital marketing from the last 20+ years; 1. Search (think Google), 2. Ecommerce platforms (Amazon), and 3. DTC (the direct-to-consumer, 'indie brands' of the last 10 years).

Within this context, we evaluated how social affects sales, both directly (conversion) and indirectly (by building consideration momentum). To understand the true impact of social commerce, we looked at a wide range of data and projections, answering key questions with our own surveys.

Two years ago Totem did a report on DTC, the mode of digital success which dominated the 2010's. It is clear that the world of digital marketing is moving on from this mode, and that social commerce, together with platform ecommerce are marketing gains.

Thanks to the team at Totem for their dedication to this process. It's a lot of work on-top of very hectic schedules!

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GROWTH FRAMEWORKS

1

OVERVIEW

THE GROWTH, PROMISE AND POTENTIAL OF SOCIAL (DRIVEN) COMMERCE

1.2 TRILLION (USD)

The global value of social commerce sales will hit $1.2 trillion by 2025, according to research by Accenture.

2.5^x

Sales values on social commerce channels will have grown by 2.5X between 2021 and 2025 according to Accenture.

43%

GenZ is driving change in social commerce and will increase its spending on social by 43% leading into 2025. Millennials by 21% (Accenture).

5.07 BILLION

There are 5.07B internet users globally. 93% of those users are also on social media (4.74B).

59%

Almost 60% of shoppers worldwide have used a social media channel to make a purchase, as of 2023.
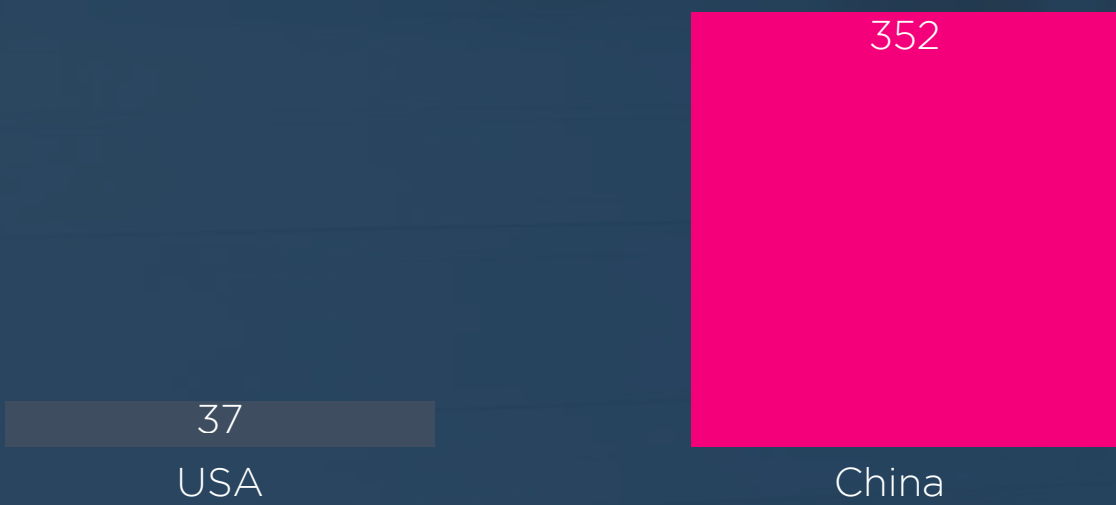
THERE IS STEADY GROWTH WITH USA SOCIAL COMMERCE (SALES) BUT IT STILL LAGS BEHIND GROWTH RATES IN OTHER REGIONS.

WHERE THE USA IS ORGANIZED MORE AROUND 'TRADITIONAL' ECOMMERCE, KEY REGIONS (CHINA, BRAZIL, INDIA) ARE SOCIAL COMMERCE NATIVES. CHINA IN PARTICULAR, WHERE THE SOCIAL COMMERCE PLAYBOOK HAS BEEN WRITTEN, DEMONSTRATES THE POTENTIAL UPSIDE WITH THIS MODE OF DIGITAL.

Social commerce sales in China (as of 2021) were 10x USA sales.

While native social commerce sales in the US are lagging behind other key regions, the impact of social on driving overall digital (and omnichannel) success in the US is significant - and is trending to play an much larger role.
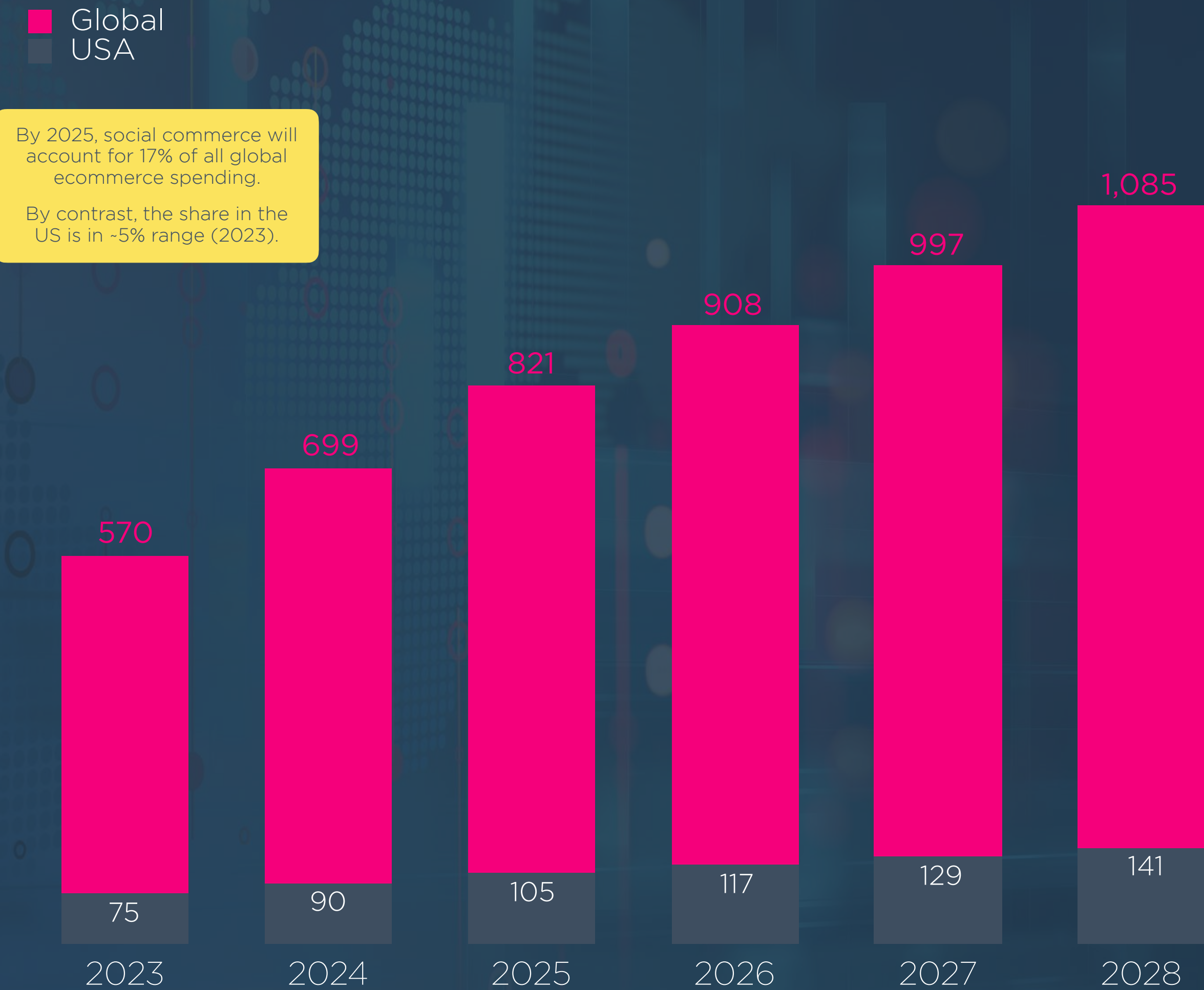
RETAIL SOCIAL COMMERCE SALES (USA VS CHINA, 2021)

(Billions, USD)

352
China

37
USA

Source: Statista

SOCIAL COMMERCE REVENUE PROJECTIONS (GLOBAL VS USA)

(Billions, USD)

■ Global
■ USA

By 2025, social commerce will account for 17% of all global ecommerce spending.

By contrast, the share in the US is in ~5% range (2023).

Year	Global	USA
2023	570	75
2024	699	90
2025	821	105
2026	908	117
2027	997	129
2028	1,085	141

Source: Statista 2024, Accenture

WHAT IS SOCIAL COMMERCE

Search and to a lesser extent, ecommerce platforms have dominated online retail in the US. Until now, social media has not been a driver of, nor a key recipient of native transactions online.

But, the position of social is changing.

Social media is taking an increasingly important position as both a driver of decision-making and as a final point-of-sale. Social is omni-present along the path-to-purchase and is poised to displace search as the primary driver of success online.

This shift is particularly notable among GenZ and younger audiences. These digitally-native buyers are making highly researched purchase decisions, jumping into and out of social channels - in a tribal dance where community consideration, group stories and brand charisma are all pulled into focus as part of a nuanced decision-making process.

Brands looking to succeed with this mode of socially cultivated commerce need to be active across a wide array of social activities, maintaining constant engagement, building brand loyalty, and encouraging word of mouth (WOM) - all to build momentum with the social commerce flywheel.

SOCIAL COMMERCE DEFINITION

Social Commerce is about more than native, direct sales from social channels. Social is having a widespread impact, influencing every step across the path-to-purchase, from discovery to consideration, from short-listing to conversion ...and from conversion to WOM and repeat sales. It's an era of convergence in the purchase journey, where conversion drives consideration and vice versa. Brands must hustle and rally customers to key moments of truth.

CONVERSION

$

Check-Out

Word of Mouth

SOCIAL AS THE PLACE WHERE A CHECK-OUT TAKES PLACE ON-SITE - OR WHERE SOCIAL ACTS AS JUMPING-OFF POINT, WITH DIRECT LINK TO A POINT-OF-SALE.

THE SOCIAL COMMERCE FLYWHEEL

SALES

COMMUNITY

SOCIAL AS THE PLACE WHERE DISCOVERY, OCCURS, CONSIDERATION GROWS AND A DECISION IS MADE - ALL INFLUENCED BY COMMUNITIES (TRIBES) OF INTEREST.

Discovery

Engagement

CONSIDERATION

Left column (top)

Native Check-Out on Social Platform (eg. TikTok)

Livestream, Group-Sale on Social App (Eg. WhatNot)

Deep-Link from Social Site to Brand Site (Eg. Pinterest)

Deep-Link from Social Site to Amazon (eg. Facebook-Amazon)

Being Accessible When/Where Consumers Want to Buy
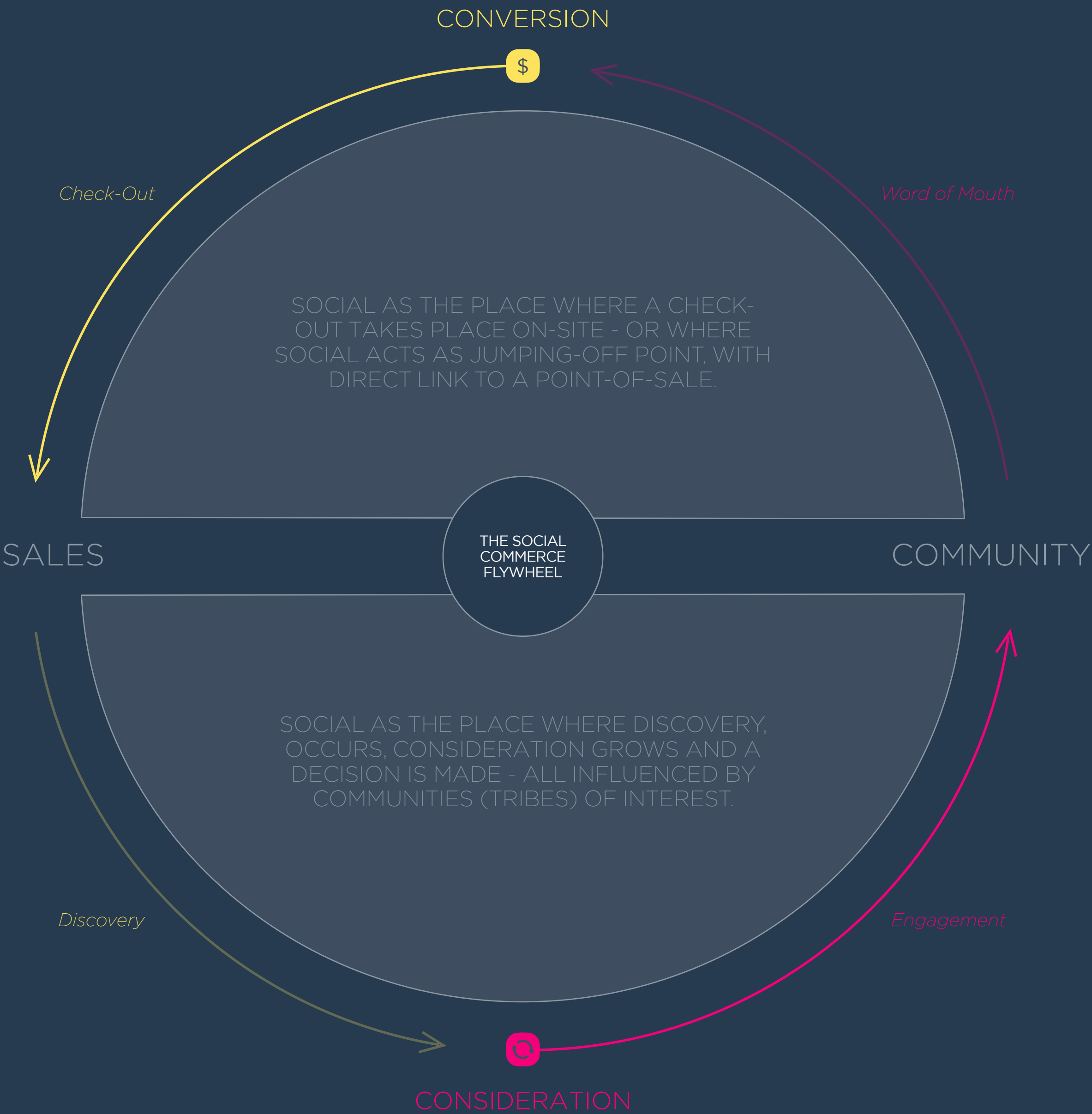
CONVERSION OF BUYING IMPULSE

Leverage Post-Purchase Excitement/Sentiment

Left column (bottom)

Post-purchase reviews, ratings and recommendations

UGC (User Generated Content) (Eg. Un-boxing videos)

Affiliate and Influencer-Supported Sales Networks

Product & Brand Search

Right column (top)

Social discussion groups ('private traffic') (Eg. Messenger, Reddit, Discord...)

Affiliate, referral codes, incentives for user-get-user

Group sales with tiered discounts (eg. Temu, Shein)

UGC content, referrals and other tools to build consideration

Encouraging Group Dynamics Leading to Sale

CONSIDERATION ACCELERATION

Build Affinity Between Brand/Consumer

Right column (bottom)

Identifying with an interest group (tribe/community)

Content and Experiences (inc. video, livestream, AR/VR, games)

Brand-Consumer Co-created products (Eg. Consumer to Manufacturer (C2M)

Brands build associations w/customers (Eg. Collabs w/events, brands, celebs)

SOCIAL COMMERCE IS IN PART ABOUT DIRECT, NATIVE SALES INSIDE OF SOCIAL CHANNELS. BUT THE LARGER PART OF SOCIAL COMMERCE IS ITS ROLE IN DISCOVERY, CONSIDERATION AND FINAL PURCHASE DECISIONS. SOCIAL'S ROLE IN CULTIVATING CONSUMER VIBES IS CRITICAL.

A DEFINING CHARACTERISTIC OF SOCIAL COMMERCE IS THE PROCESS BRANDS TAKE IN WORKING DEEP INTO COMMUNITIES, RALLYING CONSTITUENTS TOWARD KEY BRAND MOMENTS, EVENTS AND COMMERCIAL OPPORTUNITIES.
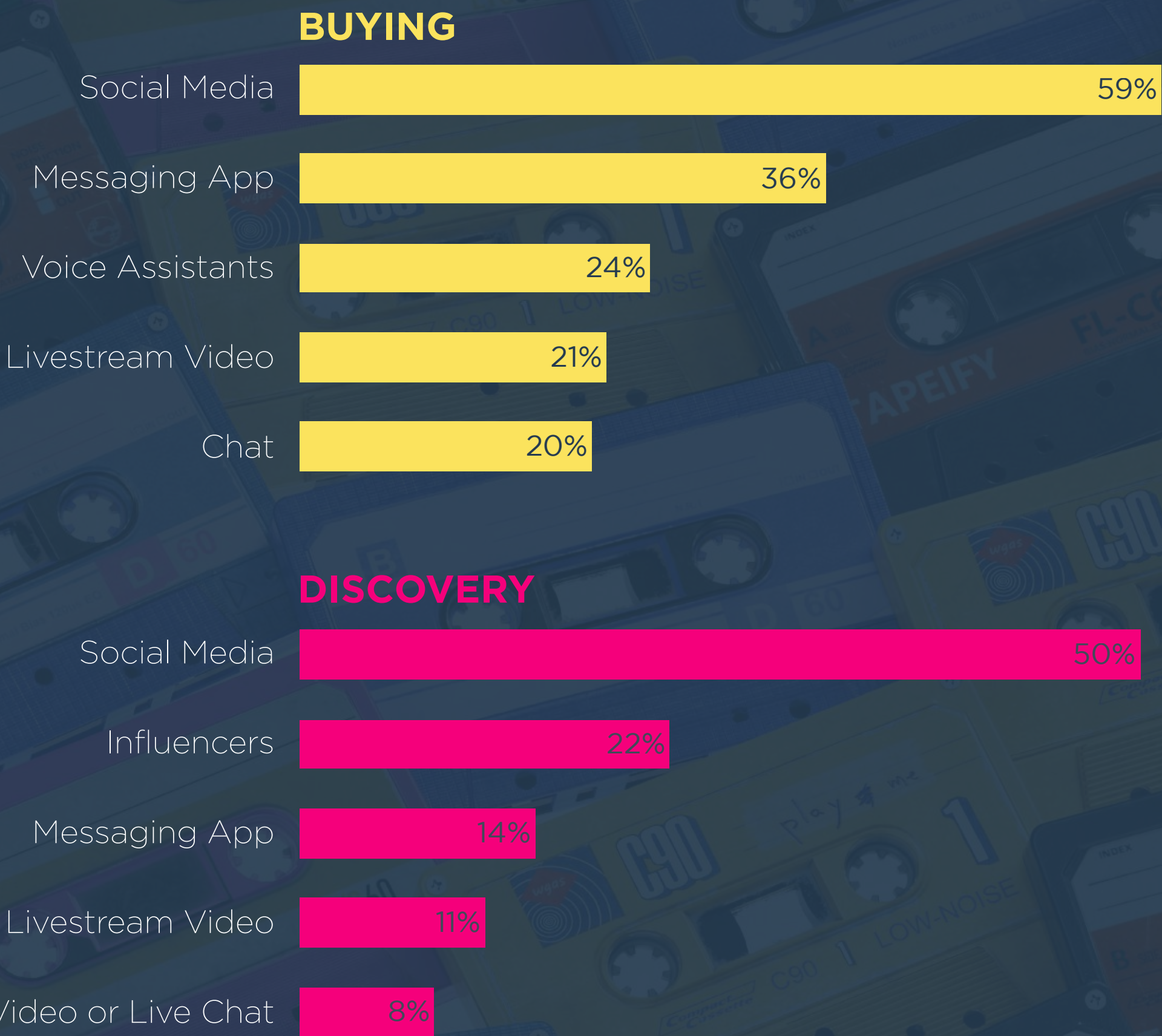
BUILDING CONSIDERATION/DISCOVERY AND PURCHASE NEED TO BE SKILLFULLY BALANCED.

Globally, 59% of shoppers have used a social media channel to make a purchase. Messaging apps (think LINE, WhatsApp), voice assistants (and Chatbots) and livestreams are also noted as useful points-of-sale in a social context.

Social channels (content/posts/ads), together with influencers are the major drivers of discovery. Messaging apps, livestream video and live chat play supporting roles in social discovery.

CHANNELS FOR SOCIAL DISCOVERY VS BUYING

Shoppers Worldwide Who Have Used Select Channels for Product Discovery vs Buying,

BUYING

Channel	%
Social Media	59%
Messaging App	36%
Voice Assistants	24%
Livestream Video	21%
Chat	20%

DISCOVERY

Channel	%
Social Media	50%
Influencers	22%
Messaging App	14%
Livestream Video	11%
Video or Live Chat	8%

Source: eMarketer, June 2023

CONVERSION VS CONSIDERATION: BY CATEGORY

"For each category, how would you use social media?"

$ To Help Decide on Purchase

⟳ To Buy Direct on Social

$

CONVERSION
Social used to complete a
native, social purchase

EVALUATE

COLLABORATE

| 32% | | 54% | 36% | 47% | | 51% | 57% | | 53% | 64% |

| UTILITARIAN | Auto | | Electronics | FMCG | Home Goods | | Sports Gear | Gaming | | Beauty | Fashion | EMOTIONAL |

| 69% | | 74% | 59% | 77% | | 84% | 88% | | 86% | 92% |

Social used to evaluate,
influence a purchase

CONSIDERATION

⟳

MARKETING FACES A TRANSITION

Where social has previously only had minor impact on final conversion (sales), it is moving more into the center of consumer decision-making and journeys.

Search and social both play roles in supporting user journeys online. But, where search is like a road sign on the side of the road, social is like the party bus rolling through town, with people talking, dancing, listening to music - enjoying time together, making decisions about where to go next.

In this context, brands need to be more active where customers are spending their time (on social). They need to focus more on creating fun, exciting attractions with/for customers, instead of trying to lure them away from the crowd for transactional moments in isolation.

GenZ are at the forefront of this shift toward social-first behavior. Where Millennials and GenX could be counted on to beeline straight to their favorite brand websites, GenZ are less routine, less predictable, more interested in novelty ...and more interested in the journey they are taking together.

THE EFFECT OF SOCIAL ON COMMERCE IS PROFOUND

Social is taking over from search as the pivot point for customer journeys online.

CLASSIC ECOMMERCE

The journey pivots around SEARCH

SOCIAL COMMERCE

Sharing and communities on SOCIAL

Path-to-Purchase

CLASSIC ECOMMERCE	Funnel Stage	SOCIAL COMMERCE
A more solitary journey. First interest sparked offline, thru friends or view media	First Interest in Purchase	A more collaborative approach. Consumers follow trends and groups for purchase inspiration
'Search' as core for information and product shortlisting	Short-Listing (Consideration)	Consideration rises based on community affinity and feeling
What looks like a deliberate, rational moment is underpinned by messy process/path	Make Purchase (Conversion)	What looks like an 'impulse' buy is in fact the culmination of rising interest met with accessible POS
Ratings, reviews left via Web or phone (more likely if disappointed)	Post-Purchase Review	Showoff on social, reviewing new purchase = social currency & 'cred'
User-get-user and WOM a slow, often under-appreciated effect occurring offline, in background	Repeat Purchase and WOM	The virtuous cycle of community growth relies on strong WOM activity and lasting advocacy

Brand approach is more top-down, pushing awareness and conversion.

Brands need to jump-in, collaborate and contribute, aim to build momentum
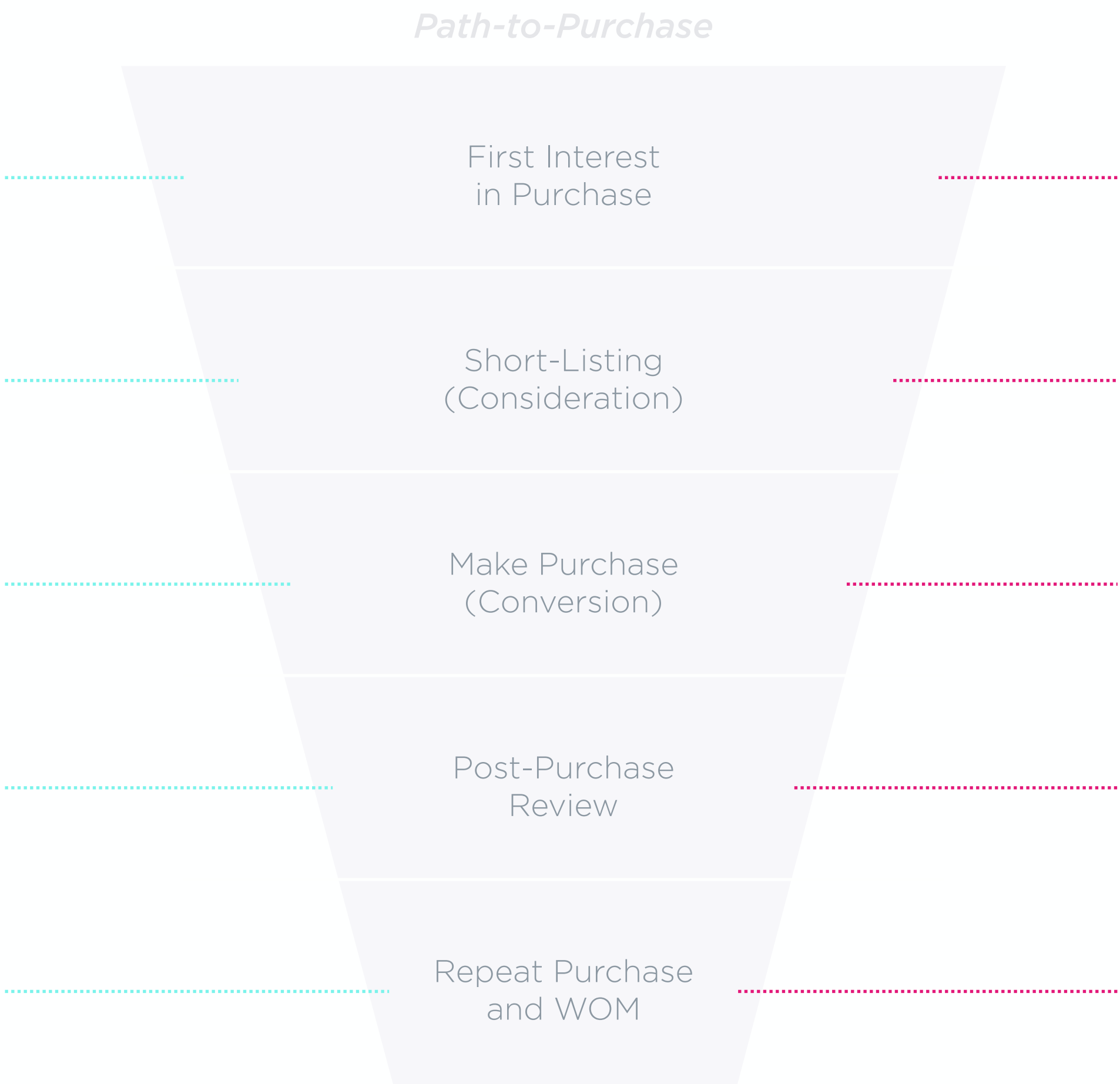
The role of social for commerce is expanding steadily when compared with other modes of digital success.

The impact of social on decision-making far outweighs its impact on direct, native sales. While direct sales on social may take longer to mature, social's role in overall commerce is already stepping into the spotlight.

What's really changing is the process of building consideration ...and where/how consumers are deciding on what to buy.

In the past, that process of customer consideration was done privately (or offline with friends IRL), where now, that process is shifting into social channels where groups (tribes) collectively decide.

As a result, other modes of digital success (Search, ecommerce platforms, DTC) are all bending to new routines being shaped by social media behavior.

When evaluated across a wide timeframe, social commerce, together with ecommerce/platforms are rising, while search and DTC modes are starting to slowdown.

FOUR MODES OF DIGITAL GROWTH

These four modes represent strategies for growth in digital as measured over the course of the last 20+ years. They are not mutually exclusive. Instead, they stand for key trends (and focus areas) during time-periods.

SCALE OF ECOMMERCE

1 SEARCH

Google introduces CPM, PPC model

Launch of Google Display Network

Launch of Google Analytics Centre. Dynamic search takes off. Google acquired Youtube.

Google's share of ad revenue starting to drop

Google books two consecutive YOY, quarterly drops in rev.

2 ECOM/PLATFORM

Amazon launched place-targeted ads

Amazon restructures "Amazon Advertising"

Amazon Search revenue hits $11.7B

Amazon adds integrations w/Pinterest & TikTok

3 DIRECT-TO-CONSUMER

Warby Parker Launch

Warby Parker hit $1.2B valuation

AllBirds IPO and swift drop in share price

Peloton share price down 80% from 2021 high

4 SOCIAL COMMERCE

TikTok Launch

Youtube hits 2B MAU

TikTok Live Launches

TikTok clocks $17.5B in GMV

2000   2005   2010   2015   2020   2025

MODE 1: SEARCH

Search has sat at the core of all digital growth in the last 20+ years. It has positioned itself at the center of customer journeys - holding privilege as key starting point and final ('referring') channel along the path-to-purchase.

It cannot be separated from other modes of marketing (eg. DTC is an extension of 'search'). Its full-spectrum dominance is fading with the growth of platforms..

MODE 2: ECOM/PLATFORM

Platforms are taking over as the main channels for ecommerce. Customer journeys are increasingly starting and ending with a visit to Amazon - especially when the consumer already knows what they want to buy.

At the same time, Amazon has announced an array of partnerships to link ads in third-party sites (Facebook, Pinterest) directly to its ecommerce check-outs.

MODE 3: DTC

DTC (Direct-to-Consumer) represents a marketing culture that emerged in/around 2010 with the growth of brands like Warby Parker and Casper - brands sold exclusively on their own websites (bypassing third-parties, distributors).

DTC brands have also famously steered clear of Amazon (platforms), sticking to an independent ethos. DTC brands now need a wider playbook, to maintain growth.

MODE 4: SOCIAL COMMERCE

Social Commerce has yet to fully break-thru. For every new announcement of ecommerce features on a major social network, there is an ecommerce initiative quietly being put to rest elsewhere.

While native (direct) social transactions are still a work-in-progress, social is having a major impact on the full path-to-purchase (discovery, consideration, influence, WOM...)
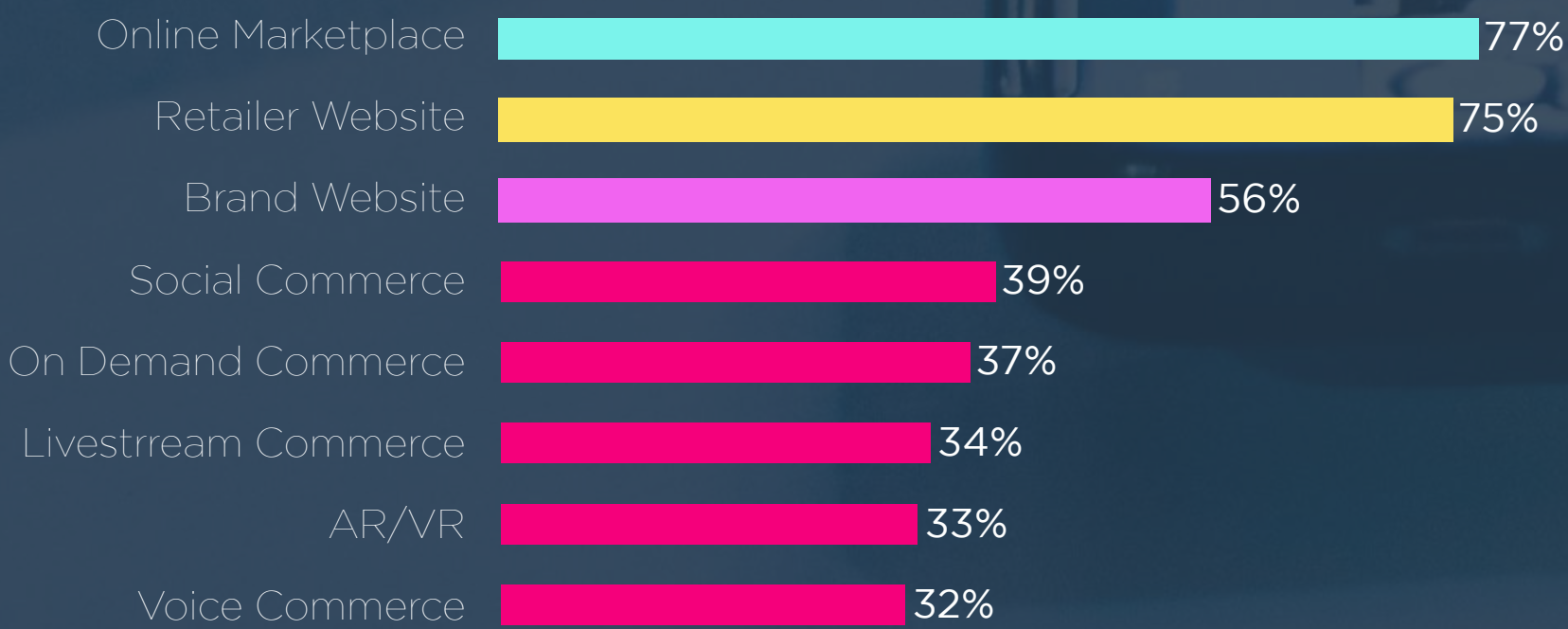
SHOPPING IN THE US IS MOVING STEADILY TOWARDS ECOMMERCE PLATFORMS. LONG-TIME LEADER, 'SEARCH' IS GIVING WAY TO PLATFORMS (NAMELY AMAZON), AS THE MOST IMPORTANT STARTING POINT FOR SHOPPER JOURNEYS.
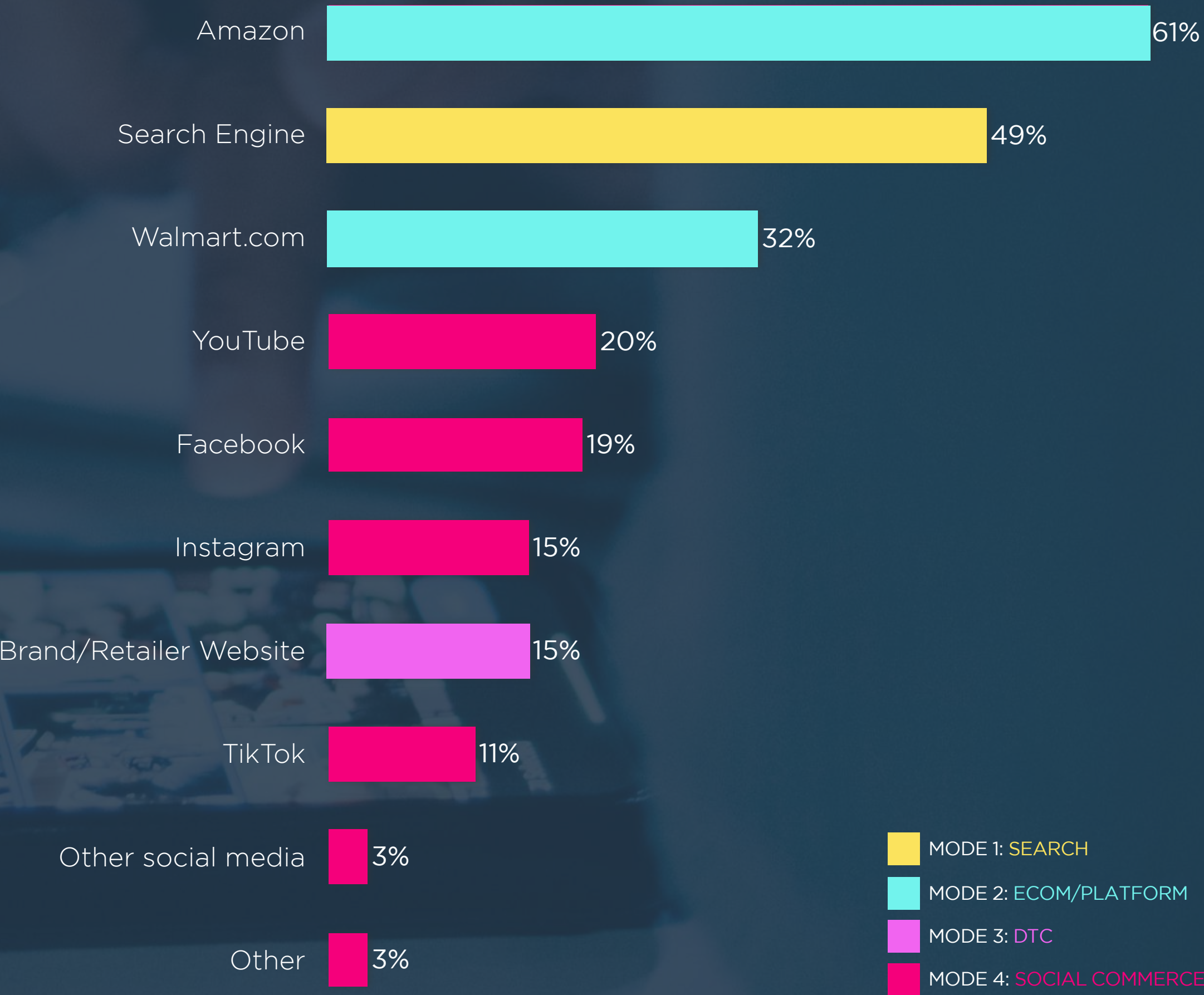
SOCIAL CHANNELS ARE ALSO ON THE RISE, WITH YOUTUBE, FACEBOOK/INSTAGRAM AND TIKTOK ALL PLAYING GROWING ROLES.

As these modes of digital success re-balance, brands will be more reliant on platforms (both ecommerce and social) to orchestrate customers from journeys. Recent integrations with Amazon and Pinterest, TikTok (and previous ones with Meta and Snap) should accelerate the overall growth of platforms - while giving a boost to native social commerce transactions.

WHERE US SHOPPERS START THEIR ONLINE SEARCH

Channel	%
Amazon	61%
Search Engine	49%
Walmart.com	32%
YouTube	20%
Facebook	19%
Instagram	15%
Brand/Retailer Website	15%
TikTok	11%
Other social media	3%
Other	3%

WHICH CHANNELS ARE USED IN LAST 6 MONTHS

Channel	%
Online Marketplace	77%
Retailer Website	75%
Brand Website	56%
Social Commerce	39%
On Demand Commerce	37%
Livestrream Commerce	34%
AR/VR	33%
Voice Commerce	32%

MODE 1: SEARCH
MODE 2: ECOM/PLATFORM
MODE 3: DTC
MODE 4: SOCIAL COMMERCE

BRAND
GROWTH

LOW EQUITY (Rent Audience)

HIGH EQUITY (Retain Audience)

4
SOCIAL COMMERCE

While many digital native (DTC) brands have embraced social commerce tactics - to boost sales - the trade-off for this increase in velocity comes with having to give up some control to social networks. By turning to social networks, brands are paying a rent for audiences vs owning them outright (as they would have done with a pure DTC approach).

DTC as a mode is focused on leveraging deep customer connections, WOM, repeat purchase. The CAC vs LTV metric represents the ethos of this approach. In cultivating an 'owned' audience funnel, DTC brands have been able to yield high equity and repeat purchase results. The trade-off for this approach comes in the form of lower volumes/speed of sales.

3
DIRECT-TO-CONSUMER

2
ECOM/PLATFORM

Ecommerce platforms are poised to take-over as the dominant mode. As such, brands are increasingly moving to setup on Amazon, Walmart and other transactional platforms. Brands pay a cost (rent) for the speed/volumes offered by platforms. Brands also yield less brand equity (& less customer data).

The 'Search' centered mode of digital has dominated strategies for 20+ years.

With Google and associated tools, brands have been able to drive reliable performance results, with predictable levels of traffic to branded Websites, as well as an array of landing pages.

1
SEARCH

CONVERT
SALES

BRAND GROWTH TIERS, BY MODE

As brands grow, they must incrementally layer-in new strategies (modes) for growth into their marketing playbook. Mature brands have a full array of modes operating in unison, while smaller brands need to target modes to suit their growth stage.
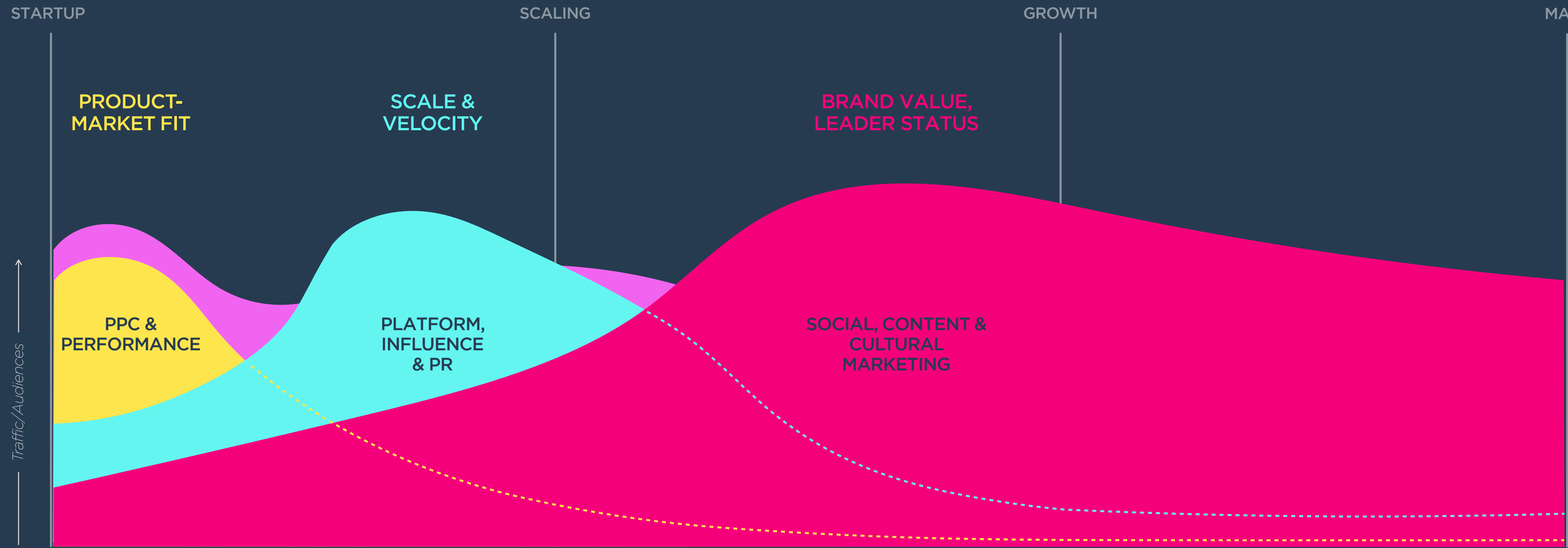
STARTUP   MASS   SCALING   GROWTH   MASS

PRODUCT-MARKET FIT

SCALE & VELOCITY

BRAND VALUE, LEADER STATUS

Traffic/Audiences

PPC & PERFORMANCE

PLATFORM, INFLUENCE & PR

SOCIAL, CONTENT & CULTURAL MARKETING

Bottom-Up
TACTICAL MEDIA
(CAC Focused)

DISTINCTIVENESS

OWN CATEGORY/ CULTURE

BRAND "BRAVERY"

NEW MEDIA MINDSET

PERVASIVENESS/ PENETRATION

Top-Down
MASS MEDIA
(CPMFocused)

SOCIAL MEDIA ENGAGEMENT

ADVOCACY & TRUST FOCUSED

VIRTUALIZING EXPERIENCES

1-2-1 AT SCALE (CRM)

OMNI-CHANNEL

2

CULTURE SHIFTS

There are foundational culture shifts taking place in marketing and media.

These shifts have been occurring slowly, with older modes of marketing still in the spotlight. But, as GenZ move more fully into the cultural spotlight, these shifts will accelerate more quickly.

TikTok is a disruptor of the American digital oligopoly (Facebook, Amazon, Google) - and is flexing its ability to be a catalyst for change and innovation. TikTok is putting increasing pressure on these incumbents, adding a unique hybrid of social and ecommerce features at a relentless pace.

Audiences are responding to these new features and routines. The use of innovative, social commerce channels and features is increasing at a measured pace. Change is occurring across all ages segments but GenZ are the true drivers of change with social commerce.

Within this context, brands need to pick their spots and select tactics and channels that best suit their models for growth (and customer aims).

CHANGE IS COMING ...SLOWLY
GENZ AND TIKTOK ARE CATALYSTS FOR CHANGE

OVERALL, THE GROWTH RATES FOR NATIVE PURCHASES (IN APP) PURCHASES ARE MODEST. CHANGE HAPPENS SLOWLY - ESPECIALLY WHEN IT COMES TO THE PLACES THAT ARE TRUSTED AS FINAL POINTS OF SALE.

THE POTENTIAL UPSIDE FOR SOCIAL COMMERCE IN THE US WILL BE LIMITED BY THE NUMBER OF BUYERS WHO PARTICIPATE. DATA FROM EMARKETER SHOW THAT THE NUMBER OF NEW BUYERS IS SLOWING, WHILE THOSE ALREADY BUYING VIA SOCIAL ARE INCREASING SPENDING, TO PULL TOTAL SALES METRICS UPWARDS.

As new routines in social grow (eg. group/tribal consideration driving sales), the impact of social in driving native sales will gain pace.

Eventually, as these routines of consideration-feeding-conversion become more intertwined, we should expect to ALSO see final, native social sales increase. It should progress slowly, slowly ...then all at once!

US SOCIAL COMMERCE SALES

Total Sales (Billions)
$26.97
$67.06
$144.52

Sales per Buyer
$337.7
$627.8
$1,223.7

Buyers (Millions)
79.9
106.8
118.1

2020 2021 2022 2023 2024 2025 2026 2027

Source: eMarketer
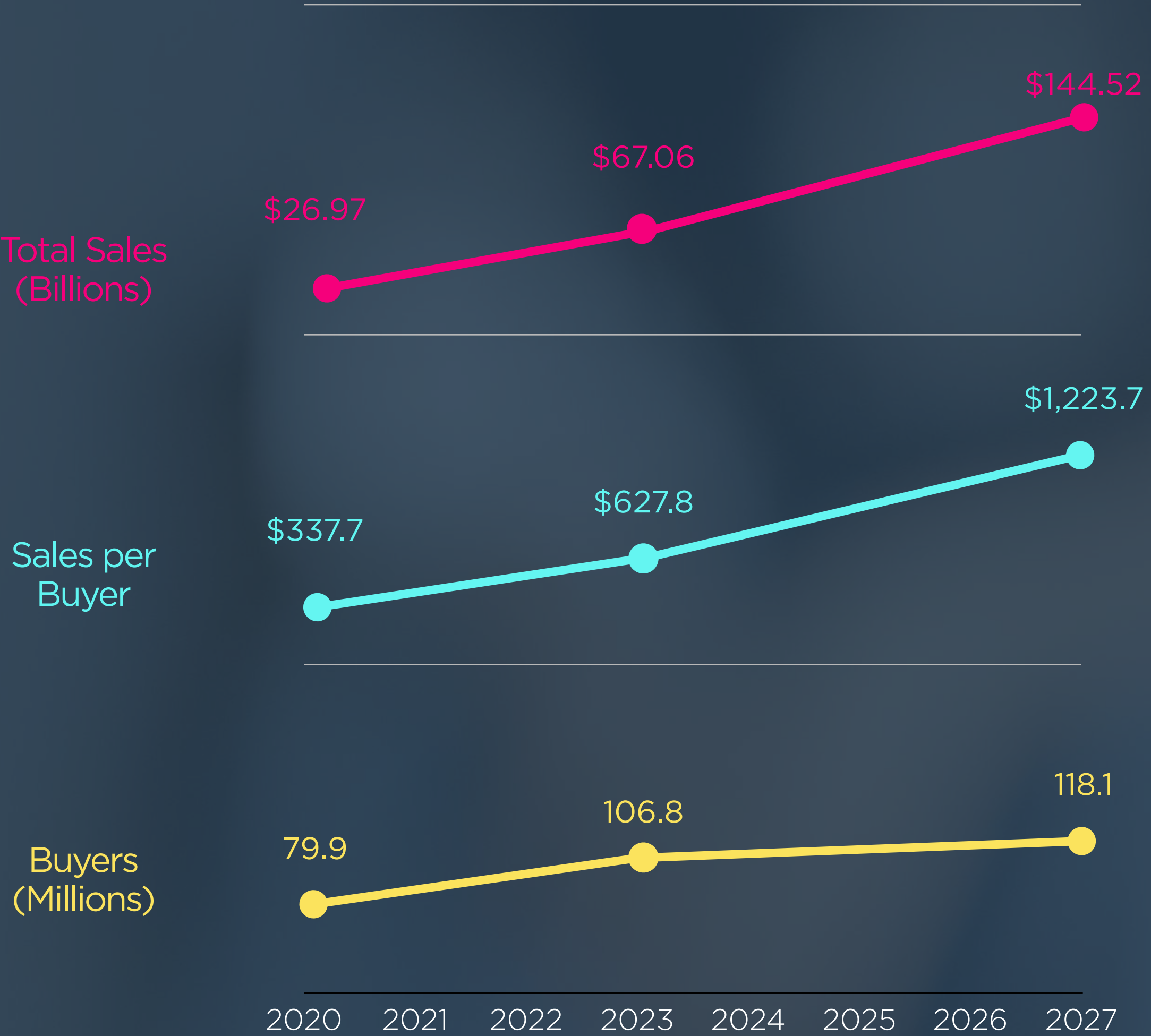
AMERICAN USERS ALSO APPEAR TO PREFER KEEPING BARRIERS (LAYERS OF PRIVACY) BETWEEN SOCIAL CONNECTIONS, ENTERTAINMENT MEDIA AND WHERE THEY BUY.

THERE IS A DEGREE OF DISTRUST FOR SOCIAL CHANNELS, WITH PEOPLE NOT WANTING TO GIVE MORE INFO TO FACEBOOK. BUT THERE ALSO APPEARS TO BE A PREFERENCE FOR "DIRECT" DTC CONNECTIONS - FOR BOTH CUSTOMERS AND BRANDS.

Trust is holding social commerce back. Authenticity of products purchased on social sites (eg. TikTok), and the fear of counterfeits are also limitations.

According to research from PYMNTS in 2023, 40% of US shoppers hold back on shopping via social platforms over concerns with personal data.

WHAT STOPS AMERICANS FROM BUYING ON SOCIAL

Reasons US social media users have not made a purchase on social media (% of Respondents)

Reason	%
Privacy of payment information	44%
Prefer direct interactions with merchant	42%
Privacy of personal information	32%
Don't know if the product is legitimate	29%
Prefer to engage with non-shopping content	23%
Not interested in the products listed	23%
No confidence in the seller customer support	19%
Not aware of the commerce function	8%
Can't see details about the item	5%
Too many steps to complete a purchase	5%
Other	4%

Source: eMarketer 2022

CHINA'S NUMBERS POINT TO THE POTENTIAL OUTCOMES FOR SOCIAL COMMERCE IN THE WEST. BUT ANY COMPARISON WITH CHINA REQUIRES CAREFUL ANALYSIS, AS THERE ARE STARK DIFFERENCES IN; (1)THE DIGITAL ECOSYSTEM, (2)BUYING ROUTINES, AND (3)CULTURAL DIFFERENCES RELATED TO TRUST;

1. The Digital Ecosystem in China has matured around a handful of dominant platforms. Where platforms account for the vast majority of online activity in China, the digital experience in the US is built on-top of the open Web. The customer experience in the US is centered around brand Websites. In China, brands have official accounts nestled into platforms, so by default almost all online sales are transacted on social platforms, as thats where the points-of-sale exist.

2. Chinese buyers are more inclined toward group decision-making and rely much more heavily on community reviews to justify purchase decisions. Western (US) buyers are generally more individualistic in approach (which fits well with more solitary evaluations centered around search).

2. While US customers are deeply skeptical of authorities and doggedly protect personal information, Chinese buyers have more sanguine attitudes toward sharing personal information with centralized holders of power (such as oligopolistic tech firms). The concerns that US buyers have in sharing details with large tech platforms (eg. Facebook) are not as sensitive in China.

TOTAL RETAIL SOCIAL COMMERCE SALES (USD, BILLIONS)

- China
- N. America

Year	China	N. America
2021	892	47
2023	1,251	78
2025	1,651	121

Source: Deloitte Analysis
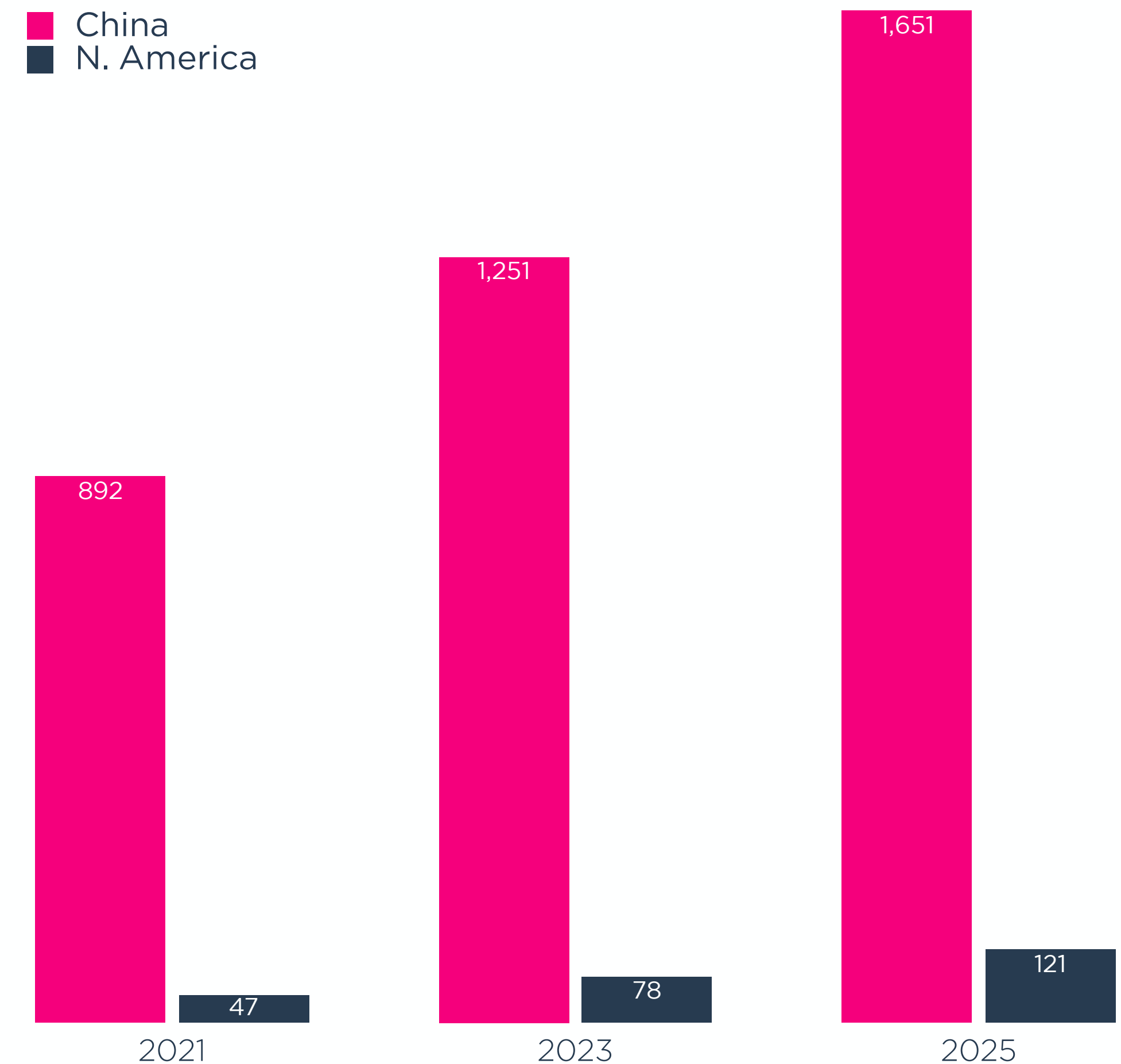
GENZ DRIVING CHANGE

Social commerce fits into a broader shift toward group association, niche audiences.

For consumers (particularly GenZ), social purchases are about being on-trend. Buying products as featured on social threads (via a friend group or influencer account), allow customers to participate more deeply with the community. These insider purchases can be symbols of insider status and 'cred.'

This consumer trend towards more spontaneous, trend-hopping shopping fits with the DTC-brand ethos ...of serving up non-mainstream products.

Millennials and GenZ dont want to buy mainstream. Being part of a distinct community, purchases for GenZ tell a story about insider status. Products outside of their niche streams (groups) tend to land outside of their consideration set.

Brand collaborations (and unique, co-created products) fit well with this dynamic of brand storytelling and careful cultivation of insider appeal.

Brands need to tell a story and keep it fresh, with novel and exciting themes (surprises).

AT FIRST GLANCE, INCREASES IN SOCIAL SHOPPING APPEAR TO BE HAPPENING EQUALLY, ACROSS ALL AGE RANGES AND ACROSS CHANNELS.

WHILE THERE IS A BROAD INCREASE IN SOCIAL SHOPPING, GENZ AND TIKTOK ARE IN FACT, AT THE LEADING EDGE OF THE SHIFTS OCCURRING. GENZ ARE AT THE FOREFRONT OF NEW BEHAVIORS, PUTTING SOCIAL AT THE CENTER OF SHOPPING JOURNEYS. TIKTOK IS IMPLEMENTING NEW SHOPPING FEATURES AT BREAKNECK SPEED.

GenZ are the age group most pushing adaptation. 53% of shoppers 18-29 planned to use TikTok for holiday shopping in 2023, compared to 36% of adults overall (ESW '23).

Research from Deloitte show GenZ are the most likely to purchase after watching an influencer review. 33% of GenZ have made a purchase from an influencer-brand (Morning Consult '23).

SHARE OF SOCIAL COMMERCE SPEND BY GENERATION (2025)

GENZ	MILLENNIALS	GENX	BOOMERS
29%	33%	28%	10%
42% CAGR	**21% CAGR**	**22% CAGR**	**19% CAGR**
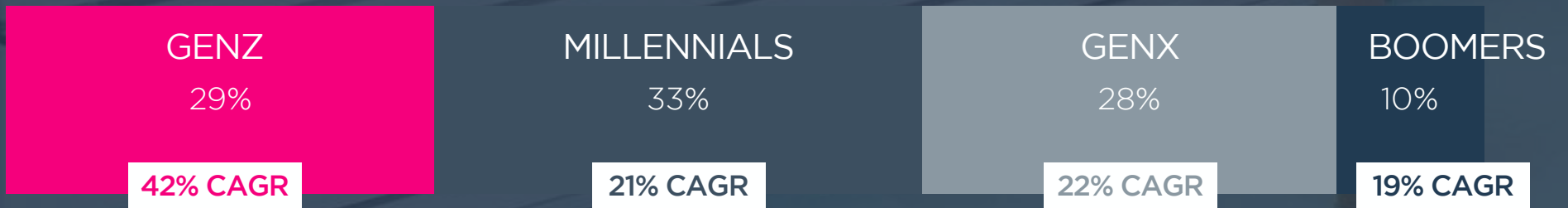
(CAGR from 2021-2025)

WHERE US ADULTS ARE LIKELY TO MAKE PURCHASE

Instagram
- GenZ: 71%
- Total: 40%

YouTube
- GenZ: 68%
- Total: 46%

TikTok
- GenZ: 68%
- Total: 46%

Facebook
- GenZ: 62%
- Total: 49%

Snapchat
- GenZ: 55%
- Total: 31%

Legend:
- GenZ
- Total

Source: Accenture 2022

Source: eMarketer
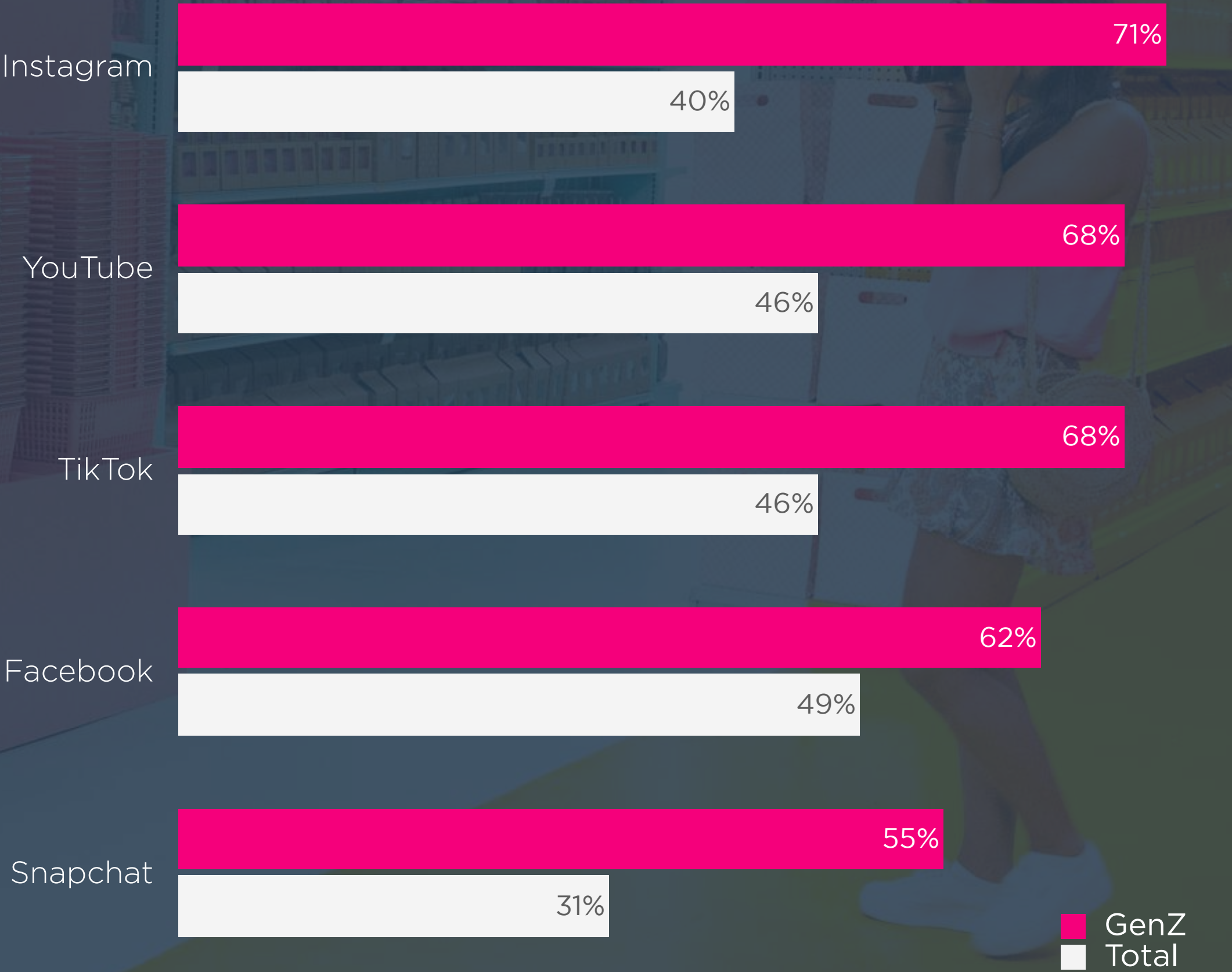
GENZ ARE <u>NOT</u> IMPULSIVE BUYERS WHO PULL THE TRIGGER ON NEW PURCHASES WITH LITTLE-TO-NO FORETHOUGHT.

THERE IS A SENSE THAT GENZ BUYERS HAVE DIVERGED SIGNIFICANTLY FROM OLDER CONSUMERS - BUYING IMPULSIVELY ONLINE, WHENEVER THE MOOD STRIKES.

GENZ ARE IN FACT EQUALLY DILIGENT AND BUY ONLINE/OFFLINE IN SIMILAR PROPORTIONS. WHAT'S DIFFERENT IS THE MODE OF RESEARCH, WITH SOCIAL TAKING OVER FROM SEARCH AS THE PRIME SOURCE OF INSIGHT FOR GENZ.

Where in the past, search and some combination of reviews and news might have been more important, social has become the prime driver of influence now.

Another factor contributing to the notion that GenZ are impulsive comes from the idea that they have different criteria for evaluating a purchase decision. Crowd/community dynamics are in fact more important for GenZ.

PREFERRED PLACE OF SHOPPING

■ In-Store ■ Social Channel

GENZ	73	27
MILLENNIAL	70	30
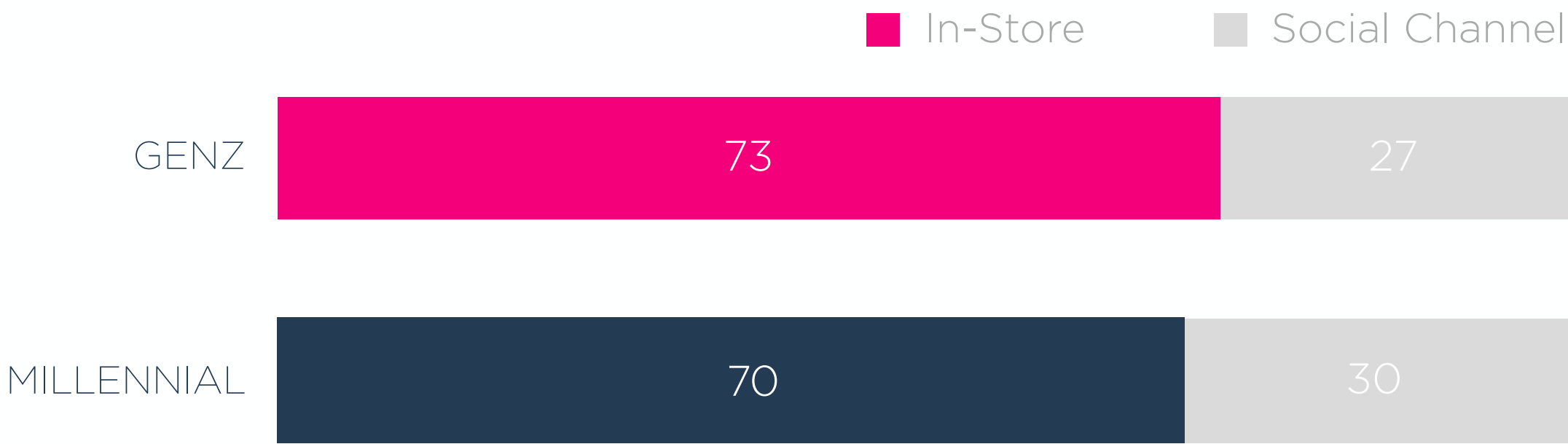
WHEN IT COMES TO SHOPPING WHICH DO YOU PREFER?

■ Buying Impulsively ■ Doing a lot of research

GENZ	34	66
MILLENNIAL	33	67

Source: Archrival
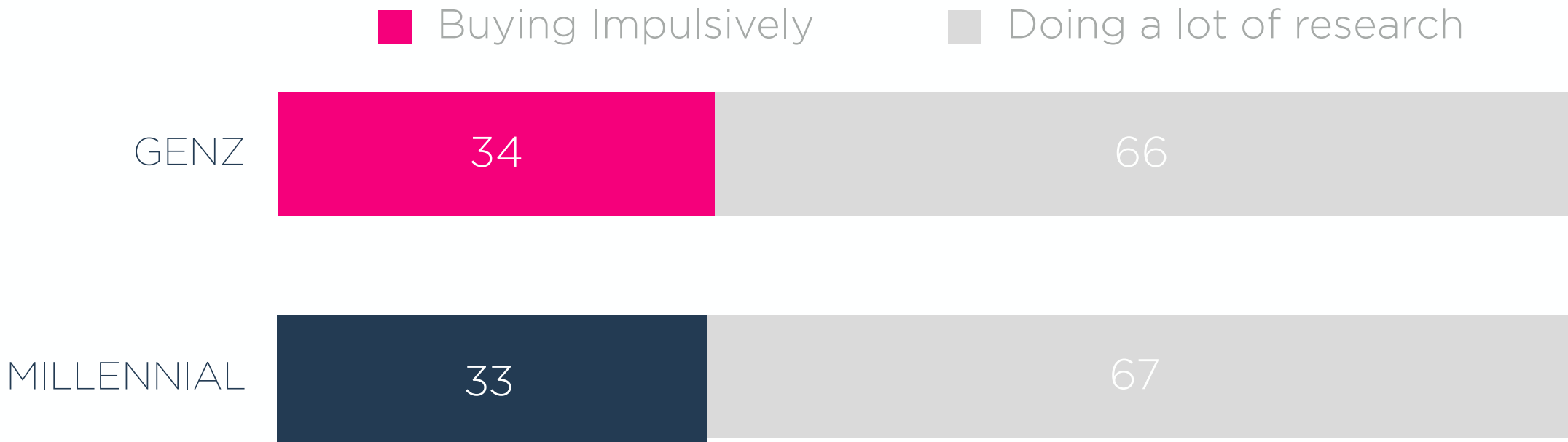
THE RESEARCH ON GENZ AS DRIVERS OF SOCIAL COMMERCE IS MIXED. WHILE THERE ARE SOME CLEAR DATA TO SHOW THEY ARE FREQUENT BUYERS ON CHANNELS LIKE TIKTOK AND INSTAGRAM, THE SHIFT IN BEHAVIOR FROM OLDER AUDIENCES (EG. MILLENNIALS) IS SUBTLE.

CONTRARY TO SOME DEPICTIONS, GENZ ARE NOT OPERATING IN A CLOUD OF SOCIAL MEDIA CONFUSION AND ARE NOT VICTIMS OF IMPULSE-DRIVEN ALGORITHMS.

FOR GENZ, SOCIAL MEDIA IS FAVORED AS A STARTING POINT FOR PURCHASE DECISIONS. THEY ARE TAKING IMPORTANT SOCIAL (GROUP/ TRIBAL) SIGNALS FROM SOCIAL ...AND USING THESE SIGNALS TO FILTER/SELECT PRODUCTS.

Social decision-making also presents a shift from solo, individualistic routines to group, collaborative experiences. In this context, audiences are looking for different buying signals on social than they would have on search, with considerations, emotions and 'feel' being prioritized over more functional evaluations.

WHERE AUDIENCES DISCOVER NEW PRODUCTS

"Where do you discover new products, brands?"

Channel	GenZ	Millennials
Friends & Family	62%	68%
Online Communities (Groups)	58%	41%
Youtube	55%	37%
Influencers	49%	37%
TikTok	48%	31%
Instagram	47%	36%
Pinterest	38%	29%
Ecommerce Platform (ie. Amazon)	36%	45%
Search (ie. Google)	33%	42%
Other Social Apps	33%	15%
Facebook	28%	32%
News & Editorial	25%	44%
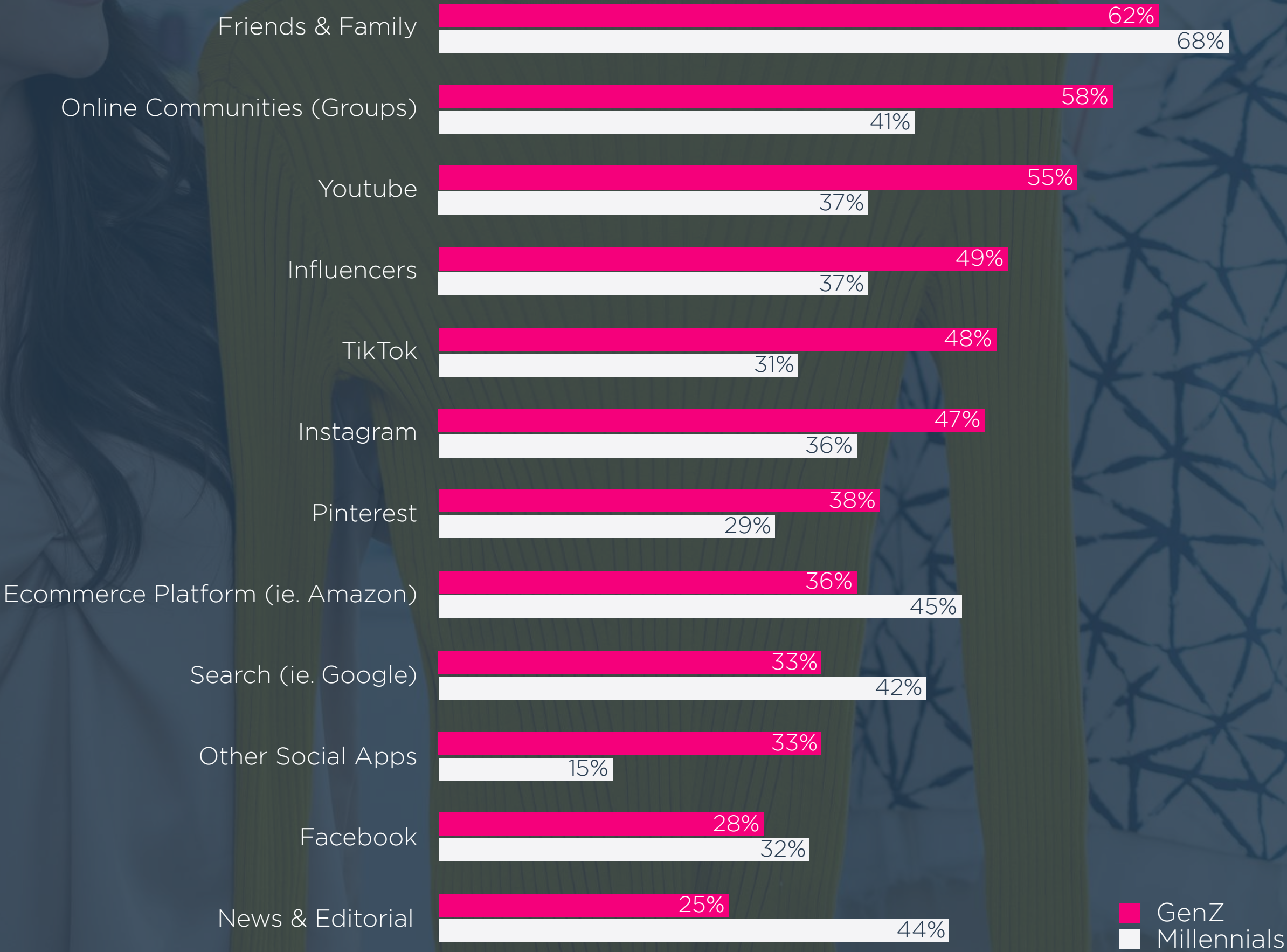
■ GenZ
□ Millennials

Source: Totem 2024 (GenZ n=285, Millennials n=249)

TikTok is a catalyst for change - especially with GenZ. It is pushing legacy social and ecommerce platforms to scramble and develop new strategies in response.

TikTok is hoping to chart a different path from Western social media. Where Facebook is dependent on advertising for revenue (98%), TikTok will aim to grow with a hybrid model, split between ads (20%) and ecommerce (80%).

Unlike its Western competitors there is no 'church-state' barriers to respect in its approach to content and commerce.

When charting the direction of TikTok, it may be better to view it as a competitor to Amazon than Facebook. If TikTok succeeds in realizing its social commerce vision, then it could be a real threat - in combining the ease of native check-out and fulfillment with social communities and entertainment.

However, TikTok's recent deal with Amazon integrating shoppable Amazon ads into TikTok raises questions about its ability to truly challenge Amazon. While this move might not signal a full retreat by TikTok, the timing of its ecommerce ambitions certainly look to be delayed.

TIKTOK IS A PRIME CATALYST FOR CHANGE. IT OFFERS UP A POTENT MIX OF HIGHLY TARGETED ENTERTAINMENT (STICKY ALGOS), WITH A PLETHORA OF SHORT-CUTS TO BUY (FOR NATIVE, IN-APP CONVERSION).

GENZ ARE PRIME AUDIENCES FOR TIKTOK AND WILL THEREFORE PLAY A LEAD ROLE IN THE ESTABLISHMENT OF TIKTOK-STYLED SOCIAL COMMERCE ROUTINES. SOME OF THESE ROUTINES ESTABLISHED WITHIN TIKTOK WILL PERMEATE ACROSS OTHER CHANNELS - AND PRESSURE OTHER DIGITAL PLAYERS TO RESPOND WITH NEW FEATURES.

TikTok is making a comprehensive push into ecommerce. In addition to native, in-app checkout, it is setting up fulfillment centers, to add depth to its ecommerce offering. The hope with its Amazon integration will be to establish more customer routines for social purchase ...and ultimately grow its own GMV.

As of 2023, TikTok's ecommerce and advertising revenue were roughly equal, with ad revenue at $18 billion, and ecommerce revenue at 20 billion (USD). If TikTok follows its business model from China (where social commerce is much more mature), it will be aiming for ecommerce revenue to ultimately be 5x advertising revenue in its global markets.

TIKTOK IS OUTPACING WITH AUDIENCE TIME IN US

Millions of minutes among the US adult population

- ● Facebook
- ● Instagram
- ● TikTok

Facebook: 5,802 · 5,491 · 5,337 · 5,209 · 5,121 · 5,023

TikTok: 2,014 · 3,138 · 3,997 · 4,428 · 4,801 · 5,190

Instagram: 2,989 · 3,232 · 3,545 · 3,914 · 4,127 · 4,327

2020 · 2021 · 2022 · 2023 · 2024 · 2025

Source: Insider Intelligence, eMarketer

3

10 CONSIDERATIONS

In our approach to evaluating the state of play with social commerce, we looked at a large body of existing research and data, from sources including, eMarketer, Statista, Accenture and Archrival - many of whom have done foundational primary research. With this data as a starting point, Totem pinpointed key unanswered questions and conducted supplementary surveys with GenZ and Millennial audiences in the US.

Collectively, these data sets underpin our analysis and "10 Considerations" for brands on social commerce. The 10 considerations, are the near-term insights, tactics and strategies that brands should be looking to solve for, in order to improve overall performance in driving commerce through social media channels.

A fresh brand personality, attitudes and culture, together with a willingness to collaborate (with influencers, other brands and customers) are keys to success.

Honesty, openness, authenticity ...and playfulness are the attributes that best define the personalities of winning brands in this mode of social commerce.

10

CONSIDERATIONS

10 CONSIDERATIONS

Key issues and insights for brand success,
related to social commerce strategies.

1. BRANDS MORE FUN
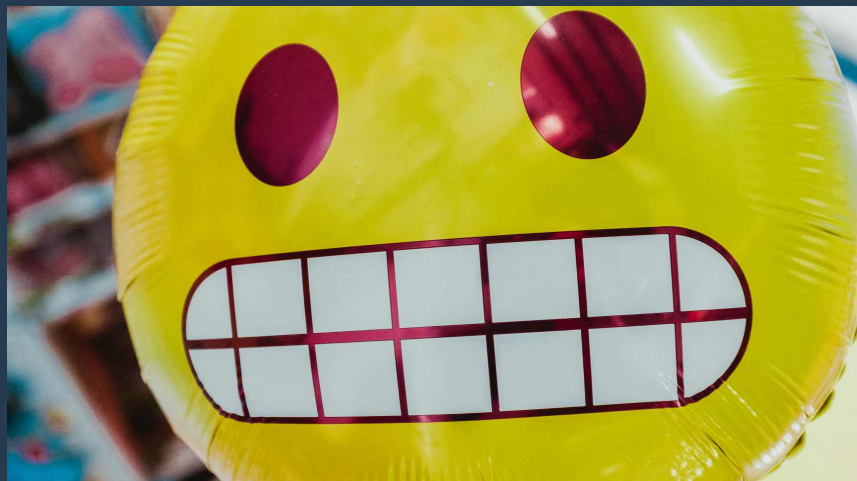
2. IMMERSIVE WORLDS
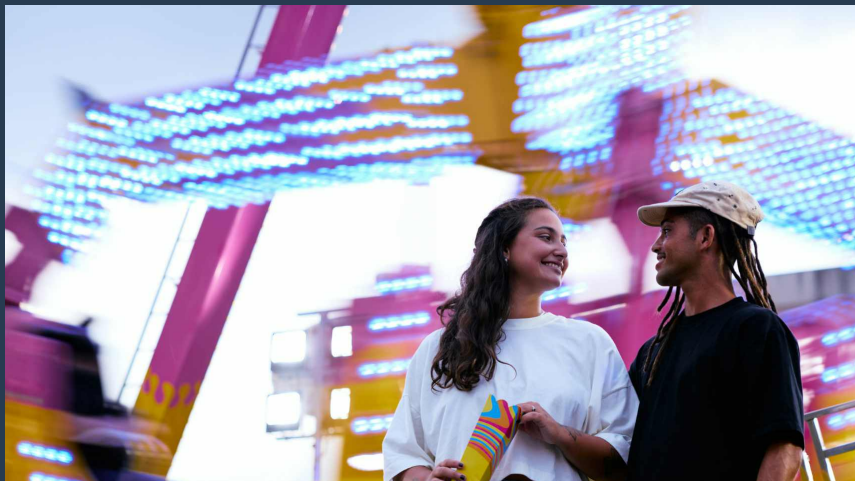
3. OFFLINE REBOUNDS

4. BRAND COLLABS

5. EVERYONE BUYS & SELLS

6. COMMUNITY CO-CREATE
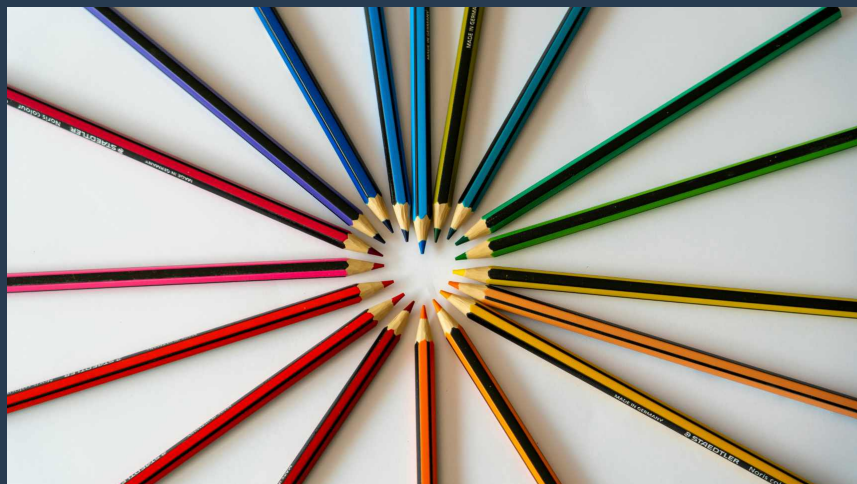
7. INFLUENCERS ACCELERATE
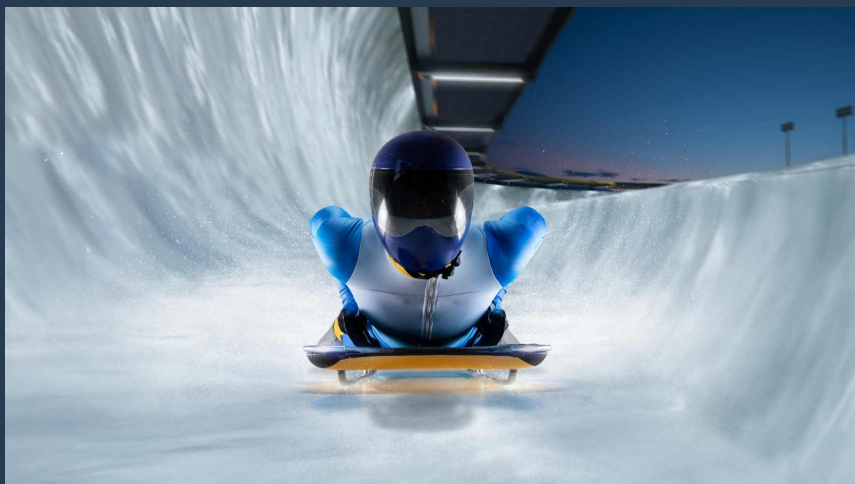
8. SOCIAL PROOF > HYPE
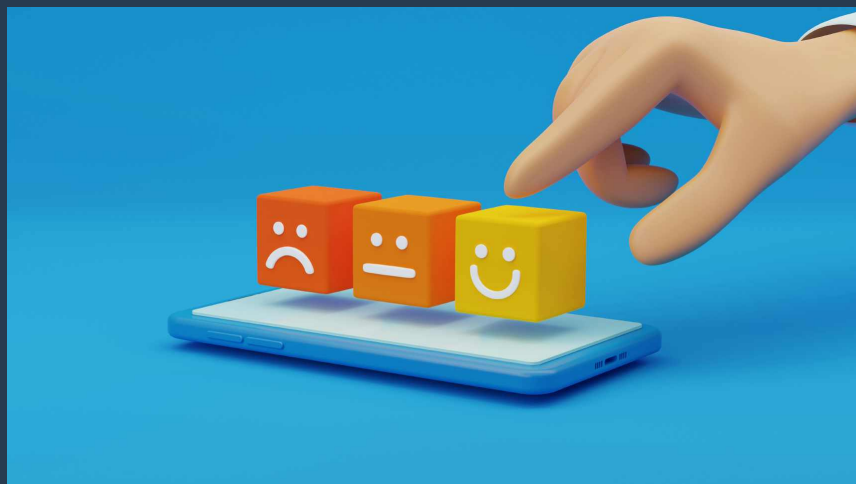
9. DTC BRANDS PIVOT

10. LIVESTREAM TIDE RISING

1. BRANDS NEED TO BE MORE FUN

With product research/evaluation shifting from search to social, new modes for brand communications are being established. Consumers are tuning out from brands with tired, stale routines and, favoring brands that offer fresh, fun, community-focused messages. Being playful in branding counts for a lot with social shoppers.

Audiences are looking to social media for clues around what to buy, what's cool, what's fun. Younger consumers - in particular - want to support brands that have a point of view, and have shared values. They want to buy from brands that create positive, fun vibes.

Brands looking to be more playful, more fun, should look to; dopamine design, humor in advertising and content, creating fun experiences/events. Transparency and authenticity are foundational attributes that underpin increasingly brave (and hopefully fun) brand activities.

According to data from Hootsuite's 2024 consumer survey, 56% of consumers think that brands should be more relatable on social media. Providing enjoyment, entertainment and fresh, fun content keeps people engaged and willing to follow. Like any relationship, the parties that provide the most joy tend to win out.

WHICH OF THE FOLLOWING WOULD MAKE A BRAND SEEM "MORE COOL" TO YOU (GENZ)?

Exclusive content	55%
Sponsoring an event I want to attend	55%
Collaborate w/ artists, celebs, brands	52%
Limited-edition product drops	52%
Active social media comment section	51%
Challenging social norms	45%
Presence on community chat forums	39%
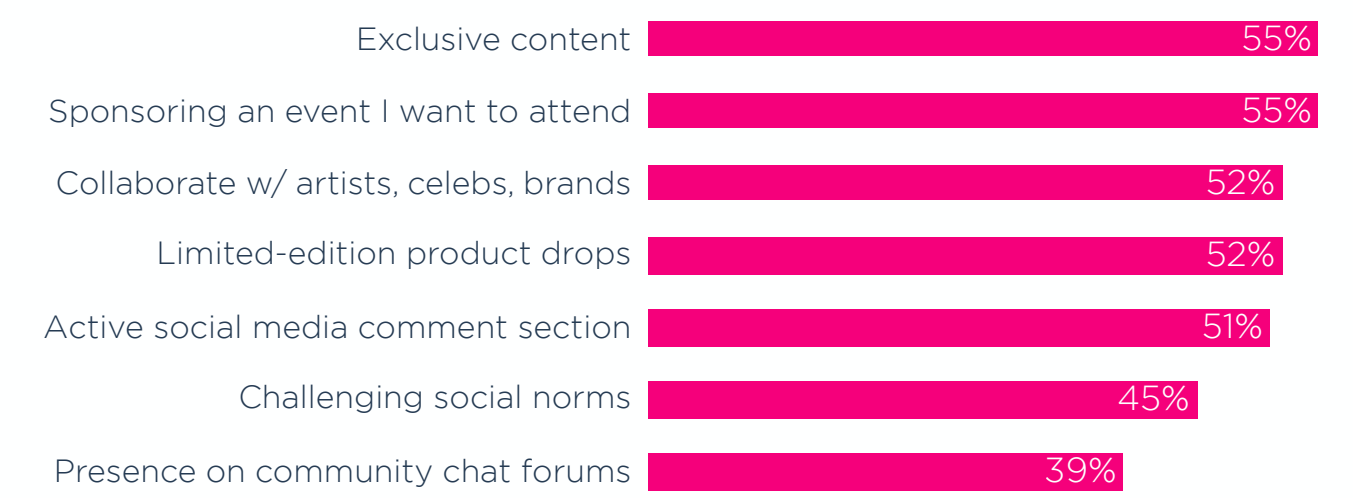
Source: Archrival

Inspiration and affinity are key to capturing consumer intent. Correspondingly, brand narrative is more important than ever. Brands that can build common associations with customers, build trust and maintain high levels of engagement across all 'checkpoints' have a major advantage in this paradigm.

2. IMMERSIVE BRAND WORLDS

In a marketing world where community drives commerce, brands need to make greater efforts toward immersion and taking customers to colorful, rewarding places.

There has always been the notion in marketing that brands need to help customers 'see the product fitting into their lifestyle.' In this context, a product well placed into a fashion editorial or into a movie used to be tools for showcasing product-lifestyle fit. Brands today are raising the bar, creating fully immersive branded 'worlds.'

In 2023, a new standard for brand immersion was set with the Barbie movie, where Mattel rolled out a complete 'world' built around the brand image and attitude - with plenty of room made available for other brands to connect with and co-create inside of the Barbie-verse.

Monopoly, Lego, Ikea, Museum of Ice Cream, Buck-ees - are among a rapidly growing list of other brands expanding the canvas of their brand stories, with more immersive experiences for customer to dive into.

Social-driven shoppers thrive on community experiences and immersion. Brands need to be their own authors/ editors, creating stories ('worlds') that customers can step full into - in order to be truly memorable (and shareable).

Live-streaming, AR and VR hold massive potential for brands to scale-up immersive brand experiences online.

These three activities represent a continuum for delivery of immersive experiences, going from easy/affordable to more complex. Among these, live-streaming is the low-cost, gateway application, while AR and VR - which are currently more complex - are quickly becoming more accessible/effective.

Brands increasingly need to create worlds around their own culture (and co-create culture with consumers). These 'worlds' ought to be fun, interesting, novel and brand-relevant, inviting audiences to 'go on a journey' with them. Strong emotional connections and lasting memories are cornerstones of branding.

3. OFFLINE SHOPPING REBOUNDS

Covid put a short-term freeze on physical shopping, while digital commerce surged ahead. At the time, there was a sense that the shift would be permanent and that digital would increasingly overshadow physical sales.

But, offline, physical shopping has rebounded and is gaining momentum as consumers look for more entertaining, immersive 'retail-tainment.' Consumers are seeking out 'third-places' where they can feel a deep sense of community and affinity with a tribe or interest. In this context, experiential, immersive offline retail has been much more successful than traditional retail. So, while 'retail-tainment' is thriving, old school malls and department stores are facing steady decline, as success is flowing to fun places.

Across all age groups, there is a preference to buy in person. Consumer research from Archrival show a 75% preference to buying in-person in the US (for both GenZ and Millennials). So, customers are showing up for offline retailers but the experiences have to deliver genuine value. Customers face a lot of noise, so brands need to be memorable to break-through.

Retailers must also deftly link physical and digital experiences, in order to maintain customer attention.

According to projections from Coresight Research, total sales by US department stores are expected to fall from $103 billion in 2018 to only $81 billion by 2026.

Meanwhile specialty shops are thriving. In a survey of 1,000 U.S. consumers conducted by Wakefield Research on behalf of Faire, 55% of adult consumers reported they would rather shop at specialty retail stores (over big box retail).

Events, pop-ups and immersive/entertaining shopping experiences (eg. Museum of Ice Cream) bridge the gap between the real world and social media, with stories and emotions from online flowing through UGC content. Younger audiences, in particular are seeking unique experiences and greater immersion - they want to be enthralled by brands.

4. BRAND COLLABORATIONS

Following along the theme of building emotion, fun and immersion into brand-audience relationships, brand collaborations represent an important tactic for brand growth.

If the brand director's goal is to create an immersive lifestyle around its brand, then brand collaborations are essential ingredients in adding depth to a brand-centred world. Brand collaborations add much needed novelty and fun, to the tapestry of the brand story. They keep the story fresh, fun and surprising.

While brand collaborations are effective in adding color for loyal customers, they are also essential in bridging access to new audience segments. Tactical collabs with novel, new brands can help systematically spark interest (discovery) into new groups, thereby widening consumer pools. In this way, collaborations can be useful in helping brands both re-position and expand to new audiences.

In China, where this practice of brand collaborations is more mature, larger brands commonly orchestrate upwards of 20-30 collabs per year, with each collab serving different strategic aims.

In 2023, research conducted by the Marketing Science Institute indicated that engaging in brand partnerships has the potential to boost a brand's visibility by as much as 30%.

And, according to a report by Forbes, some brands are earning over 28% of their total company revenue through partnerships, and those dedicated to the partnership economy long-term are seeing annual revenue channel growth surpass 50%.

Brand collaborations can have transformative effects - especially for brands locked into staid, stereotypical positions. The Balenciaga x Crocs collab illustrates this potential - its even been made into an HBS case study. While Balenciaga's playfulness sparked a lot of buzz, for Crocs, the tie-up completely revitalized a dying business.

5. EVERYONE'S A BUYER & SELLER

In this new era of social commerce, everyone is both a consumer and a seller (affiliate/reseller).

Messaging is no longer one-way, flowing top-down from brand to consumer. End-customers who buy products are also acting as affiliates/resellers for the very same products they purchase themselves - while being held to account for objective reviews/ratings, in their role as advocates. In this paradigm, every new purchase has the potential to be multiplied several times over.

User Generated Content (UGC) is the currency of social commerce. It serves as measuring stick for the multiplier effect that should result from WOM, reselling and affiliate sales online.

As a measure of implied brand trust, authenticity, the quality and volume of UGC provides insight into whether a brand is winning-over the crowd and building community effects online.

Brands (product) with highly engaged communities both receive and ask for reviews. While (hopefully) this is a highly organic, spontaneous process, brands should take the initiative by asking customers to share testimonials, unboxing videos, and showcase the lifestyle benefits of the product.

REASONS TO FOLLOW A BRAND ON SOCIAL MEDIA

I might buy from brand in future — 56% / 38%
I have already bought the brand — 55% / 49%
My friends like the brand — 48% / 35%
The content is fun, interesting — 44% / 31%
Influencers connected w/the brand — 30% / 17%
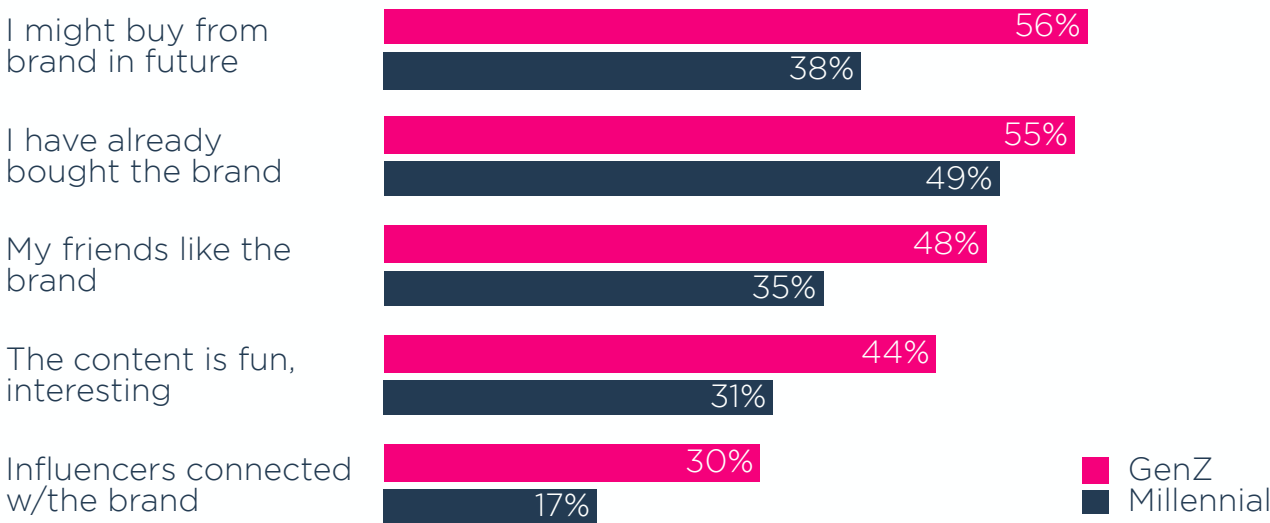
GenZ
Millennial

As consumers have become more deeply immersed in social-purchase research, they have also become resellers and affiliates. If you're going to spend efforts to zero-in on the best product in category, you might as well passionately resell it too. Affiliate networks have risen to meet this opportunity, with Click Funnels, Rakuten, and Amazon Associates leading the way.

6. COMMUNITY CO-CREATION

Customers (acting as part of a community) expect to play a powerful role in helping to shape the brands they follow. The more expert consumers become in product categories, the more they have to offer in terms of feedback and recommendations to the brands in those categories.

Correspondingly, a growing cohort of brands who are listening intently to consumers, influencers and affiliates are turning feedback and insights, into product iterations and innovations.

Community co-creations have become embedded in the culture of social commerce success - in a similar way as brand collaborations have become.

Brands who are willing to action customer and affiliate recommendations, can enjoy powerful tailwinds from improved community advocacy, referrals and enthusiastic WOM. The level of 'buy-in' is high for customers who help to inform product innovations, as is the willingness to buy, advocate for and resell.

The case of Stanley's cup/mug may be the best recent example of a community-brand co-creation. In the case of Stanley, an affiliate (reseller) community made critical design changes that resulted in a transformative 'unlock' for the brand.

The outcome of working with a small group of influencers to 'crowd design' new iterations has lead to the brand becoming a viral sensation on social media (with 300x increases in total revenue during the period).

The process of community co-creation is taking place across a range of channels. Regular comments sections on mainstream channels like Facebook, Instagram and TikTok offer up reviews that hint-at and point-to improvements. Discord and Reddit have forums dedicate to product ideas/reviews. Kickstarter and Indiegogo also play an important role in this process of shaping new products.

7. INFLUENCERS AS ACCELERATORS

Influencer marketing continues to proliferate as social marketing becomes central to brand success. According to data from Meltwater, 71% of B2C businesses used influencers as part of their marketing plans in 2023.

Influencer marketing has grown to the point where it touches all angles and aspects of marketing.

Influencers are the connective tissue of the social commerce world, linking channels, stories and products across an otherwise fragmented environment.

While influencers can be used for a range of activities, they should be viewed mostly as accelerators, adding targeted momentum at key stages of the social commerce flywheel - sparking discovery, consideration, new audience penetration.

Using influencers for social selling is also on the rise. While brands may sacrifice a large share of margin with influencer sales, Totem's research from China (where this practice is more mature), show that, if the sale helps establish a hero product for the brand and/or open-up new audiences, the margin trade-off can be rationalized.

As skepticism about larger influencers ebbs-and-flows, there are corresponding moves to use micro-influencers. If family and friends are the most powerful forms of validation (and WOM), then micro-influencers are the next best thing - they are relatable, credible voices.

The goal with micro influencers is about profile matching, so that influencers are well matched to the communities in target. People do respond much more favorably to people who are similar to themselves - even if they know the outreach is commercial.

In the era before social media, it was editors and interest-focused media (together with PR) that served as catalysts for these goals. Influencers have almost completely replaced editors now - and are in fact capable of accelerating a wider range of brand goals; from awareness to consideration, sales to engagement.

8. SOCIAL PROOF, NOT HYPE

Customers (especially GenZ) are weary of platitudes and hyperbole and, instead want to see brands getting a passing grade inside of social communities, being judged by a jury of their peers.

Customers also want more authenticity and transparency (filters and photoshop are bad). Above all, customers want to see people they know, trust and admire using the product - helping them envision how/if it fits their lifestyle. Instead of a quick, slick sizzle reel, customers increasingly would prefer to see a detailed, informational video, providing a full experience of the product.

Livestream video demos fit very well into this space, allowing the host to show details and, respond to specific audience questions in realtime.

Research from Archrival show that GenZ (in particular) are very sensitive to ads and sponsored posts. They do not want interruptions to their flow of organic activity on social. And, when it comes to buying, they are highly interested in organic reviews and independent information about would-be purchases.

If the economy slows significantly (as it appears it will), then we should see greater pressure to shift decision-making from impulse/spontaneous toward prudence and diligence. In this context, the role of social proof should expand further.

WHAT WOULD DISCOURAGE YOU FROM MAKING A PURCHASE?

Not being able to find independent info or reviews
- GenZ: 46%
- Millenial: 35%

Too many sponsored posts or ads being served to me
- GenZ: 43%
- Millenial: 29%

The ad disrupts the content I'm consuming
- GenZ: 41%
- Millenial: 32%

■ GenZ
■ Millenial

Source: Archrival

9. DTC BRANDS ARE PIVOTING

There has been a degree of hubris amongst the core group of DTC brands which has seen them steer clear of Amazon and other platforms - favoring a high-equity, brand centric approach over 'selling out' in mass channels.

While a full embrace of Amazon might still be outside the scope of pure play DTC brands, they have been more receptive to social commerce strategies.

As pure play DTC tactics become harder *(privacy laws, deprecation of 3rd party data)* and more costly *(rising ad costs on Facebook and Google)*, brands will have to look more seriously at both social commerce and platform ecommerce to maintain - and accelerate - growth.

Pure-play DTC brands will have to divert a greater share of effort (and budgets) from Search (and Facebook) performance ads, toward content, influencers and related activations through social channels.

Digital native, DTC brands come in two basic types:

(1)"Indie Brands" - who are brand-centric, independent players with a focus on strong brand stories, quality service and conversion via owned Websites.

(2)"Shadow Brands" - who are discount-focused, selling mostly through Amazon, with little-to-no brand equity and minimal quality in approach to marketing.

While both of these brand prototypes will benefit from a pivot to (addition of) social commerce, it is the "Indie Brand" which has the most potential upside, given that (1)they already thrive on social and (2)their high-quality, high-trust approach is a hand-in-glove fit.

DTC brands of the last ten years have been like the indie rock bands of the 90s. DTC brands have followed a pretty strict ethos in selling direct, from their own Websites (and shops), so a shift to embrace social commerce more fully might come with compromises - selling inside social platforms.

10. THE LIVESTREAM TIDE IS RISING

Livestream has seen a rush of new offerings in the US in recent years, with almost all major platforms building some live video capabilities. TikTok, Youtube Shopping and Amazon Live are among the notable channels.

A range of dedicated live commerce apps (The NTWRK, WhatNot, Fanatics) have also made strong plays at cracking the live commerce code in the US.

Live commerce in the US has a long way to go (to hit the high marks set in China) but it has proven its place in the marketing toolkit ...and should continue to mature.

Live-streaming can be used to boost a range of marketing goals, including; sparking new awareness, brand storytelling, product demos, flash/group sales, customer and post-purchase support. Often, these goals can be combined to score multiple wins, as when, for instance, a live sale (to establish a brand 'hero product') also helps establish a firm brand position and story.

BRAND
GROWTH

LOW EQUITY
(Rent Audience)

3rd Party KOLs/Media can kick-start awareness, interest in (a new) brand, product ...and/or widen appeal to new segments.

Brand storytelling, entertainment, interest-based content creates meaningful, lasting engagement with audiences.

HIGH EQUITY
(Retain Audience)

KOL Livestream sales spark the link between attention-action, to generate quick sales and ...ideally establish "hero products."

Institutionalized broadcasts by brands (customer service, product demos) - elevates consideration, re-enforces trust.

CONVERT
SALES

Moving through 2024 and into 2025 brand inventories continue to grow, as there is growing cost concerns among consumers. Livestream selling could serve as a unique remedy for brands looking to combine discounting with content that helps build brand equity. Live commerce is much more fun than simple price markdowns.

THE IMPACT OF AI?

It's still very early days with the emergence of AI in marketing. While in a small way, AI already plays a role in most activities, it has a long way to go in fulfilling its promised transformative impact.

While the holistic impact takes time to build, AI will have notable, incremental impact on a wide range of social commerce activities;

- *Customer profiling (Segmentation/personalization)*
- *Insights on customer feedback*
- *Customer/Community Co-Creation Ideation*

Marketing teams will likely pick-and-choose AI solutions from key platforms (Facebook, TikTok) as well as MarTech systems-of-record (Salesforce, Hubspot), assembling patchwork solutions to marketing goals.

Younger consumers (GenZ) have demonstrated a growing distrust for algorithms, programmatic ads - favoring more authentic, community derived insights. Given these biases, many AI initiatives (the ones in plain sight) could be hard to gain easy acceptance.

It is likely that, as AI moves more center-stage, that audiences will covet brands who lean into being quirky, fun, interesting and ...more human in approach.

GROWING DISTRUST OF ALGORITHMS: GENZ

I trust my algorithms to serve me what I want
- GenZ: 49%
- Millennial: 62%

I've gamed my algorithm to break out of my own content bubble
- GenZ: 29%
- Millennial: 45%

My algorithm knows me better than I know myself
- GenZ: 28%
- Millennial: 41%
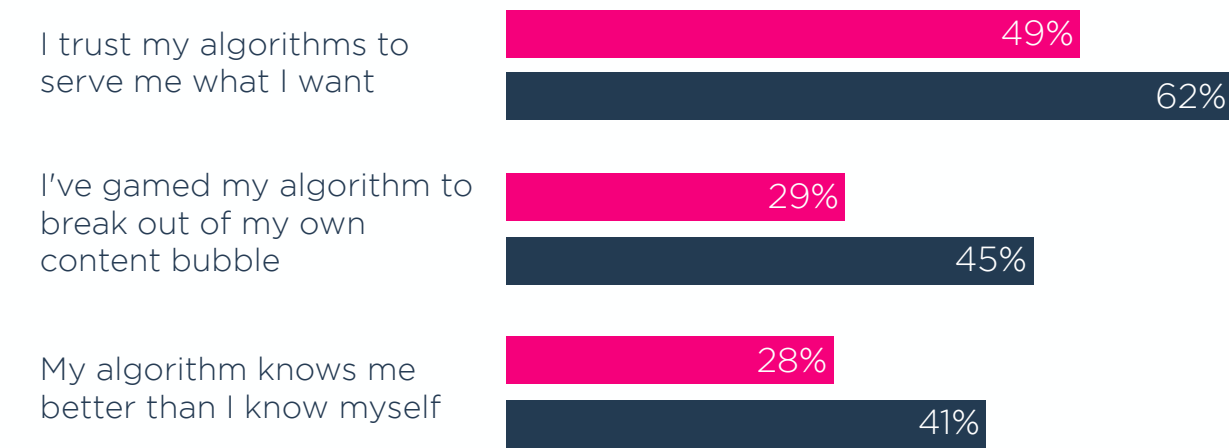
■ GenZ
■ Millennial

Source: Archrival
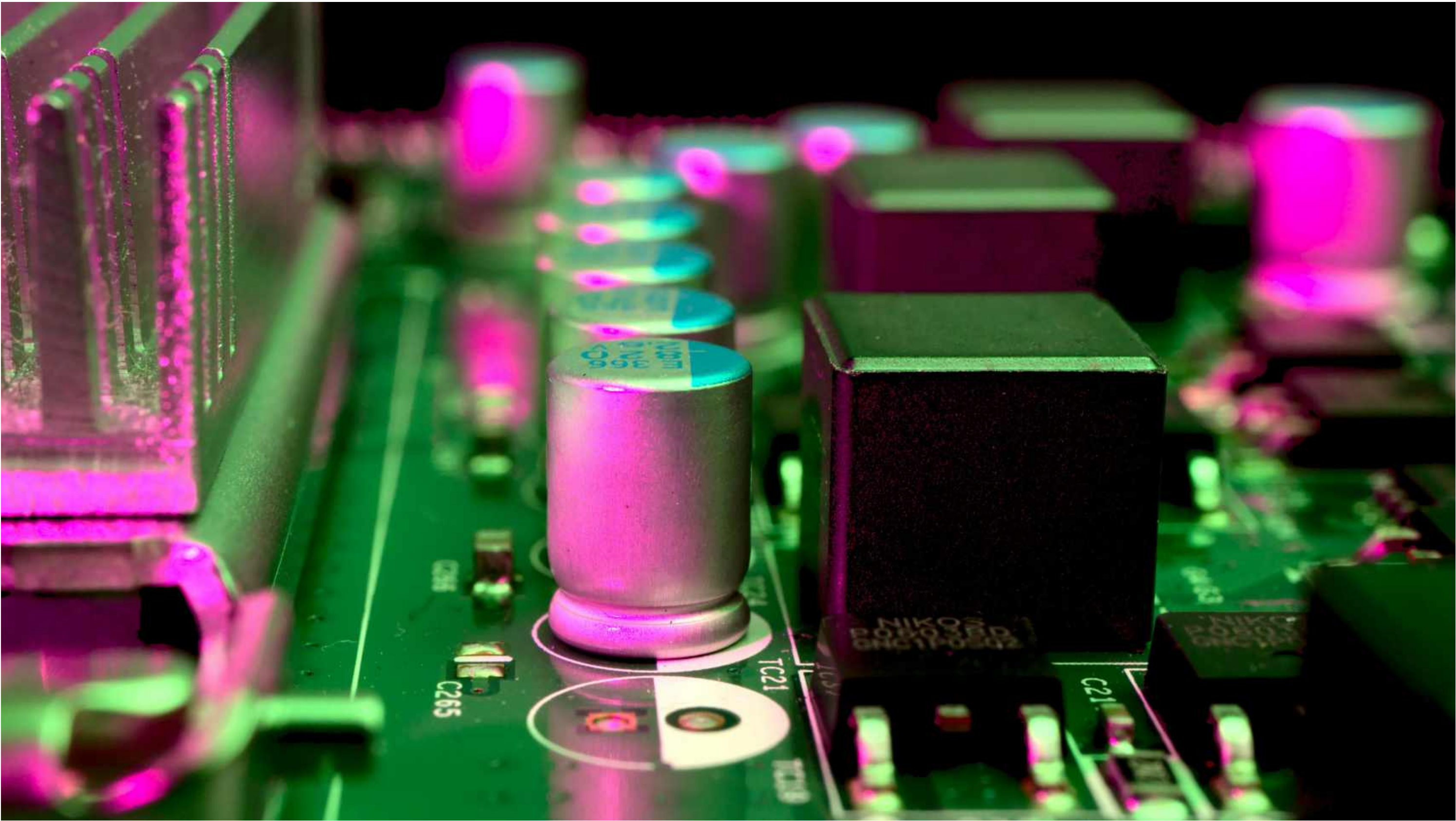
Projections from Accenture in 2023 suggest that it will take 8 years, 7 months for the global Fortune 2,000 companies to complete AI transformations. The prior 'digital transformation' took 9 years, 11 months to complete. So, we are still at the very early stages of AI transformation and brands should be making small tactical experiments at this stage.

CHANNELS & APPS

Brands need to have very specific content for each platform, and appreciate the role that each channel plays along the path-to-purchase; from sparking awareness to building consideration and enthusiasm, from purchase to loyalty and advocacy.

At the same time, brands need to target the features/functions within each channel that define the quintessential experience of that channel - and deliver native content for each of these channels and features.

The trade-off for a highly customized approach per channel (and per feature) will be that only well resourced brands can do it all well.

Brands with smaller marketing budgets will have to make choices and specialize in a select few channels where they can apply a winning formula.

In this context, most brands should be targeting 1-2 large channels (eg. Instagram, Pinterest) as brand hubs, while doing tactical trials/tests in smaller (experimental) apps and platforms.

PATH TO PURCHASE

While most platforms serve activity across multiple stages in the path-to-purchase, brands should aim to target channels for specific goals - maximizing the relative advantages of each channel.

AWARENESS

CONSIDERATION

PURCHASE

ENGAGEMENT - LOYALTY - AWARENESS

Interest Level

First Interest

Information Search

Purchase Options

Shortlist

Make Purchase

Show-Off

Enjoy & Bond

Advocate

Little Disappointments

Less Frequent Use

Dissociate

Time (Pathway)

INSTAGRAM

YOUTUBE

PINTEREST

TIKTOK

AMAZON

WHATSAPP

REDDIT

SNAP

TWITTER

FACEBOOK
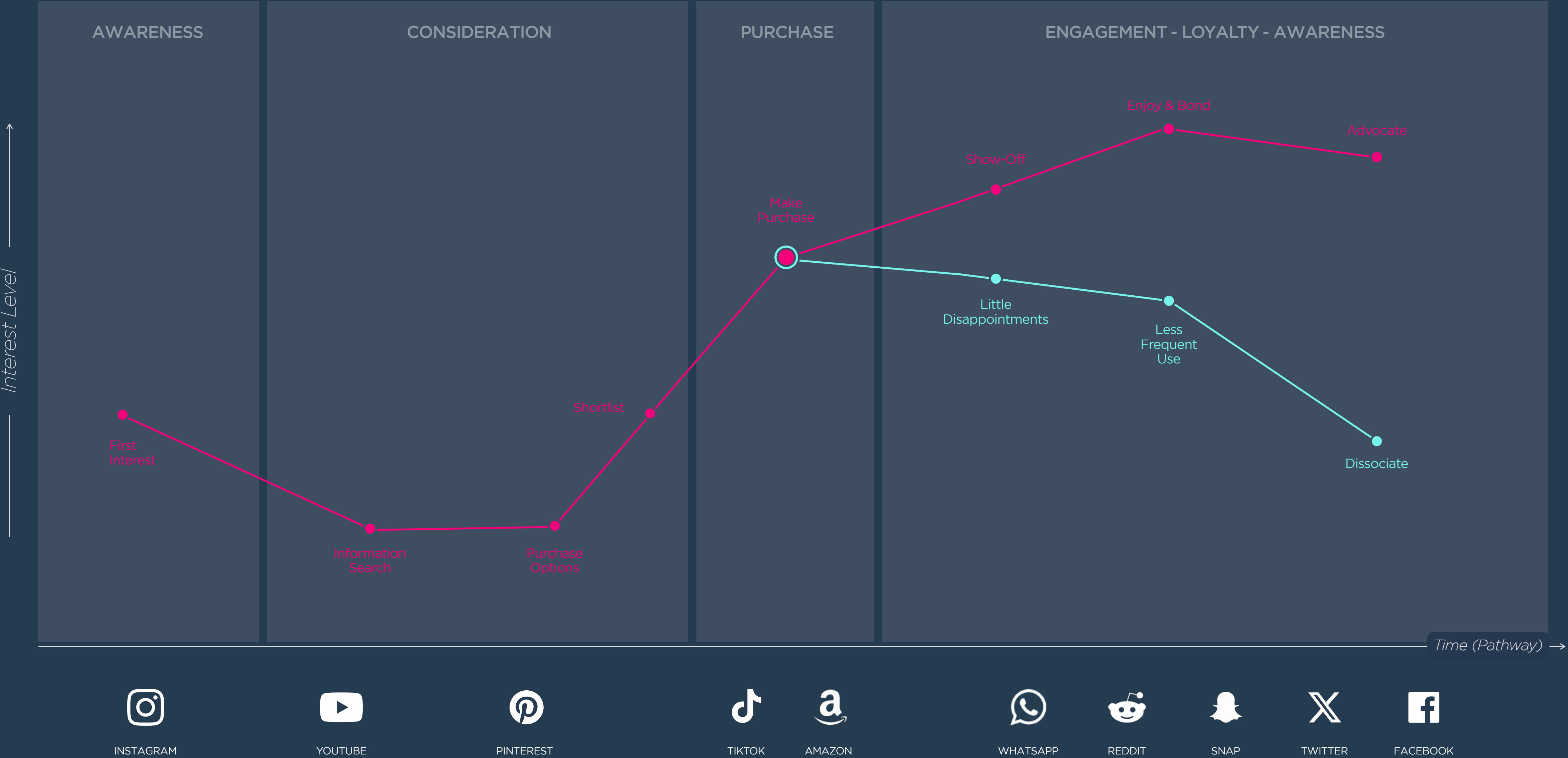
CHANNELS & ACTIVITIES

Among, GenZ, there are very few clear cut champions on a feature-by-feature basis, with leading features/activities being split between YouTube, TikTok and Instagram.

Long form video (YouTube), short videos (TikTok) and 'Stories' (Instagram) are the only three activities with firmly entrenched user preferences and usage rates.

While, TikTok ranks highest in social shopping and discovery, preferences are not yet firmly entrenched. And still only a minority (40%) of GenZ engage in social shopping, so platform winners and losers are yet to be decided with social commerce.

Amazon is also a very important player in the growth of social commerce. While not a 'social' channel itself, Amazon has integrated with key channels (Meta & Snap in Q4, 2023 and TikTok & Pinterest in Q3, 2024) to feature Amazon shoppable ads inside each of the social channels.

Social users who link their accounts to Amazon will be able to buy featured products through Amazon without ever leaving the social platform - making it feel like a native, in-app purchase.

Trust has been a critical challenge for native, social purchases (customers not feeling safe to share payment info with platforms, not knowing if/how/ when products will arrive). Amazon could help bridge this gap, and help establish renewed customer routines for 'native' social purchases.

In short, Amazon could be a catalyst to more rapid adoption of social purchases.

PERCENT OF GENZ AUDIENCES ACTIVE, BY FEATURE

Platform with highest level of activity per feature

- ● YouTube
- ● TikTok
- ● Instagram
- ● Facebook

Activities with high usage and clear favorite platforms

Long Videos

Short Videos

Watch Stories

View Feed/ Timeline

View Creator Content

Shopping & Product Discovery

Keyword Search

Direct Messaging

Liking/Commenting

Gaming

Online Communities

Livestreaming

Read/Watch News

% who chose platform as their go-to for that activity

% who engage in the activity

CHANNEL EVALUATIONS

CHANNEL SCORECARDS

	Facebook	Instagram	YouTube	TikTok	Pinterest	Snapchat	X
User Intent *(Shopping Mindset)*	2	2	2	3	4	1	1
E-commerce Infrastructure *(Catalogue Syncing, Native Payment System, Native Checkout, Shop Tab)*	4	4	2	4	2	1	2
Shopping Access Points *(Advertising Options, Access Points, Affiliate program, peer-to-peer selling)*	4	4	3	4	4	2	3
Targeting Ability / Algorithm *(Quality of Algorithm, Detailed Interest Targeting)*	4	4	4	5	3	3	3
Retargeting Ability *(Product Reminders, Save Carts, Ad Retargeting)*	4	4	2	4	4	2	3
Meaningful Engagement *(Community, 1-1 at Scale, Ability to Drive Repeat Purchase)*	3	2	3	2	2	3	4
AGGREGATE SCORE *(Reflecting Overall Potential of Channel for Ecommerce)*	4	3	3	4	3	2	3

FACEBOOK

FACEBOOK

FACEBOOK ACTIVE USERS AND REVENUE (2017-2023)

EFFECTIVENESS FOR BRANDS:

Facebook has been a significant player in social commerce, leveraging its extensive reach to connect brands with a broad audience. The platform excels with robust targeting and retargeting options, dynamic ads, and seamless integration between Facebook and Instagram. Marketplace ads and Buy & Sell groups target users already in a shopping mindset, while interest groups facilitate personalized connections at scale, supported by integrated CRM tools.

However, the platform's advertising space is saturated, leading to higher costs. Facebook's less visually oriented interface makes it less attractive for product discovery. This can result in fewer conversions, as audiences primarily engage for social connections, making shopping more deliberate.

Despite these challenges, Facebook remains a powerful tool for brands. Brands can effectively reach their audience, drive deliberate shopping actions, and build meaningful customer relationships.

"FACEBOOK'S REACH IS UNPARALLELED, MAKING IT A CRITICAL PLATFORM FOR BRAND ENGAGEMENT AND SALES."

Quote from Shopify 2024

- MAU (Monthly Active Users) - Millions
- Revenue (USD Billions)

3.07 BILLION
Monthly Active Users

Millions (MAU)

Year	MAU	Revenue
2017	2,129	US$40.65
2018	2,320	US$55.83
2019	2,498	US$70.69
2020	2,797	US$85.96
2021	2,910	US$117.92
2022	2,963	US$116.60
2023	3,065	US$134.90
2024 (e)		

3,200

1,600

FACEBOOK

OVERALL APPROACH OF CHANNEL:
Facebook generates revenue through targeted ads and in-app purchases, creating opportunities for brand engagement and customer interaction. Actively building communities and groups fosters deeper connections, while collaborating with influencers and using Facebook Shops can drive sales and brand loyalty
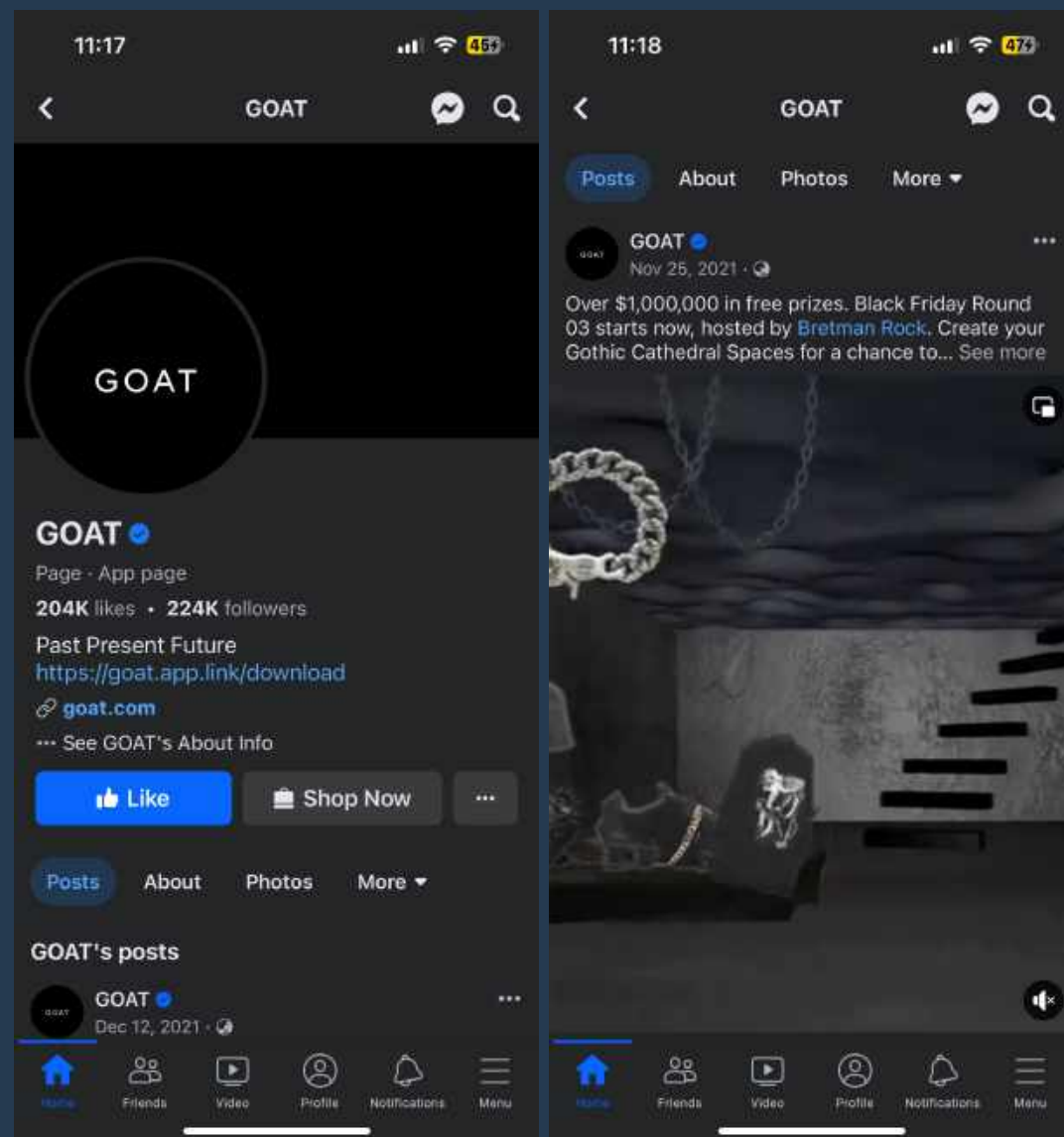
Brands use Facebook to engage audiences through content, ads, and direct interaction. They also leverage analytics to measure campaign effectiveness and customer behavior.

Meta integration allows businesses to seamlessly connect their Facebook and Instagram accounts for unified management, advertising, and analytics across both platforms.

IN-FEED ADS
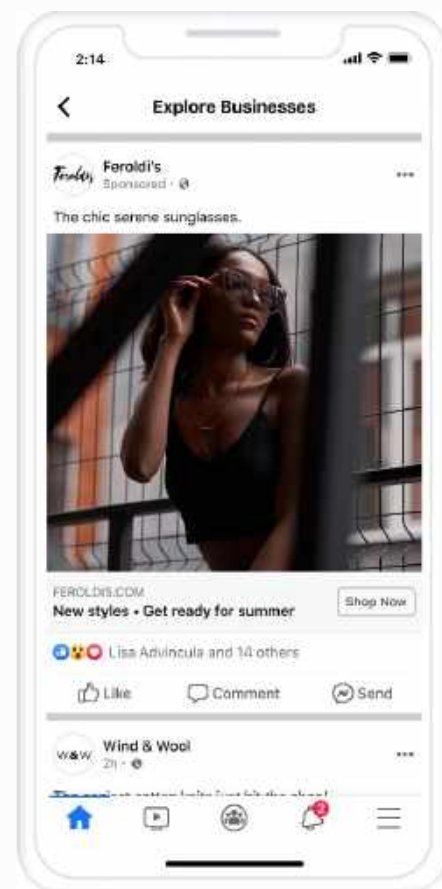
Facebook Ads enable businesses to create targeted advertising campaigns using a variety of formats, such as images, videos, and carousels, to reach specific audiences based on demographics, interests, and behaviors.

AFFILIATE & BRAND PAGE
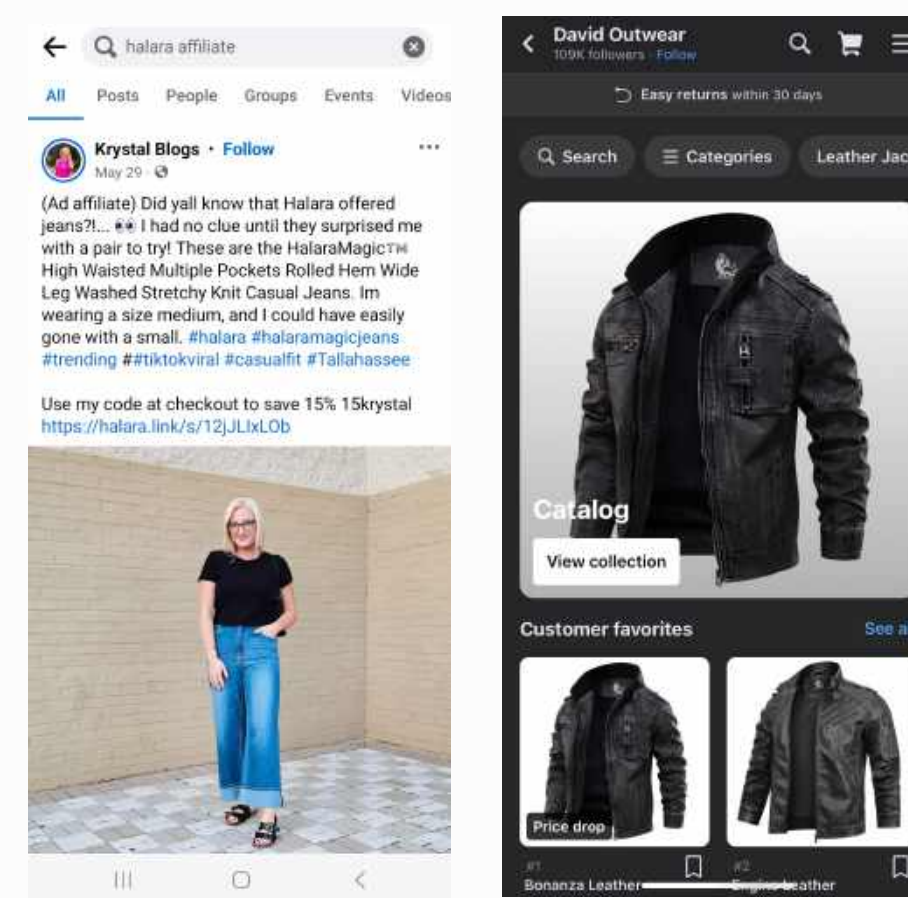
Influencer & Brand Pages with FB Shop and external links – stories and posts on the brand's page that link to their shop (shoppable posts show up on the explore page with an icon).

TRANSACTION POINTS
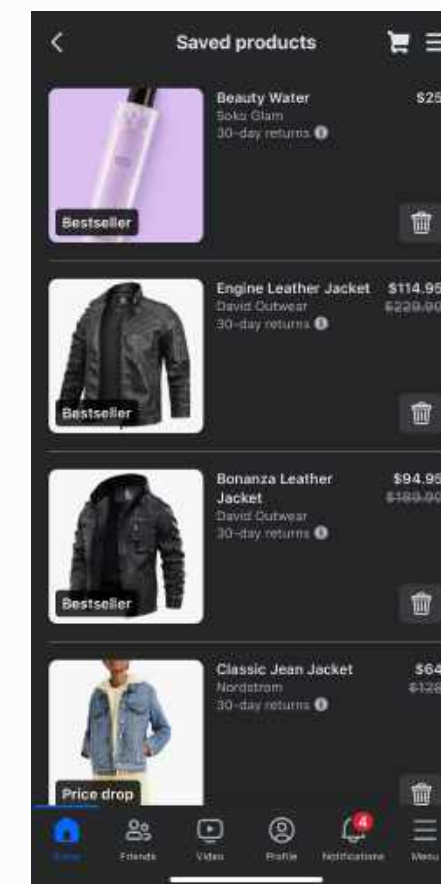
Transactions happen through Facebook Shops, where businesses can sell products directly on the platform or drive sales through links to their websites within the Facebook environment.

META PAY
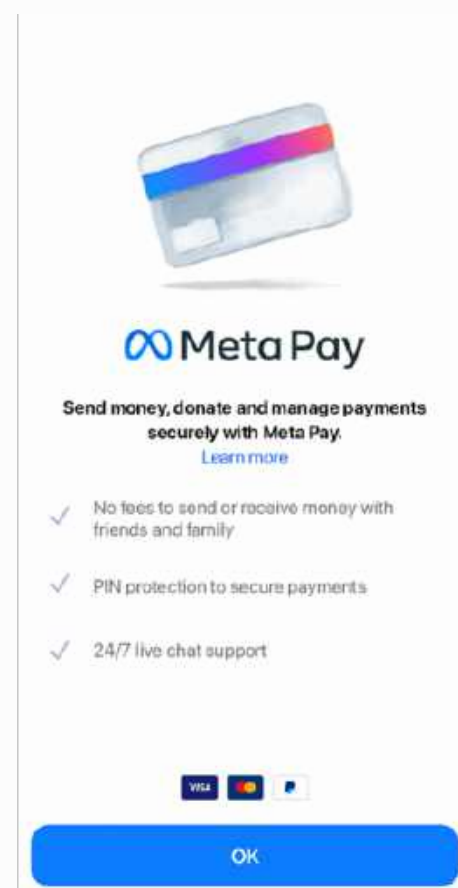
Integrated Meta Pay is a secure digital wallet that allows users to make payments and transfer money across Meta platforms, including Facebook and Instagram.

GROUPS & MESSENGER
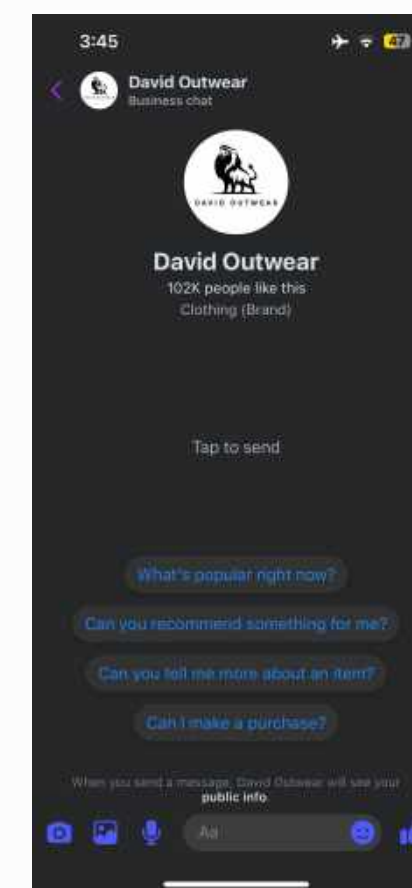
Facebook Groups are communities within Facebook where users with shared interests can connect, share content and engage. Messenger allows users to privately communicate one-on-one or in group chats, sharing text, photos, videos, and other media.

LIVE SHOPPING
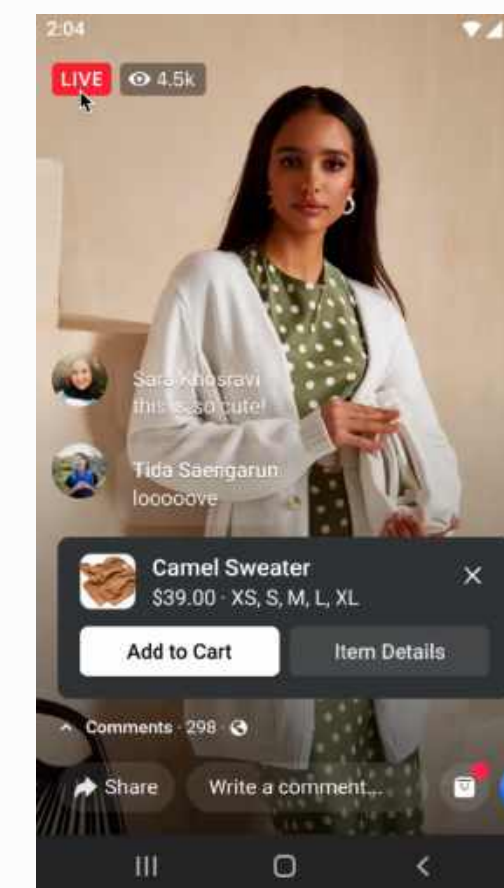
Facebook Live Shopping lets businesses showcase products live, allowing viewers to browse, ask questions, and buy. Facebook Saved Products lets users save items for later purchase.

SHOPPING ACCESS POINTS

- ☑ SHOP TAB ON PROFILE PAGE
- ☑ LINKS TO BUY EMBEDDED INTO POSTS
- ☑ LIVESTREAM SHOPPING
- ☑ HIGH-LEVEL OF INFLUENCER ACTIVITY
- ☑ PEER-TO-PEER SELLING

E-COMMERCE INFRASTRUCTURE

- ☑ NATIVE CHECKOUT
- ☑ NATIVE PAYMENT SYSTEM

Q4, 2023

Meta also has Amazon shoppable ads, allowing native checkout in Facebook for Amazon Shops.

RETARGETING

- ☑ SAVED CARTS
- ☐ PRODUCT REMINDER

MEANINGFUL ENGAGEMENT

- ☑ CHAT WITH BRANDS
- ☑ PRIVATE TRAFFIC FUNCTIONS
- ☐ ALIGNMENT WITH YOUTH

WITH ITS INTEGRATED SHOPS AND EXTENSIVE USER BASE, BRANDS CAN LEVERAGE FEATURES LIKE LIVESTREAM SHOPPING AND INFLUENCER ACTIVITIES TO DRIVE SALES AND ENHANCE VISIBILITY.

FACEBOOK FACES CHALLENGES IN MAINTAINING LONG-TERM ENGAGEMENT AS USERS OFTEN PRIORITIZE SOCIAL CONNECTIONS OVER SHOPPING. DESPITE THIS, COMPREHENSIVE ADVERTISING TOOLS AND BROAD REACH MAKE IT ESSENTIAL FOR EFFECTIVE DIGITAL MARKETING.

"THE NEXT ERA OF OUR WORK AT META IS GOING TO FOCUS ON UNLOCKING THE CREATIVE ECONOMY AND BUILDING NEW TOOLS FOR SOCIAL COMMERCE. WE BELIEVE THAT SOCIAL COMMERCE WILL BE A KEY DRIVER OF REVENUE GROWTH FOR US AND OUR PARTNERS."

Mark Zuckerberg, CEO of Meta

INSTAGRAM

INSTAGRAM

INSTAGRAM ACTIVE USERS AND REVENUE (2017-2023)
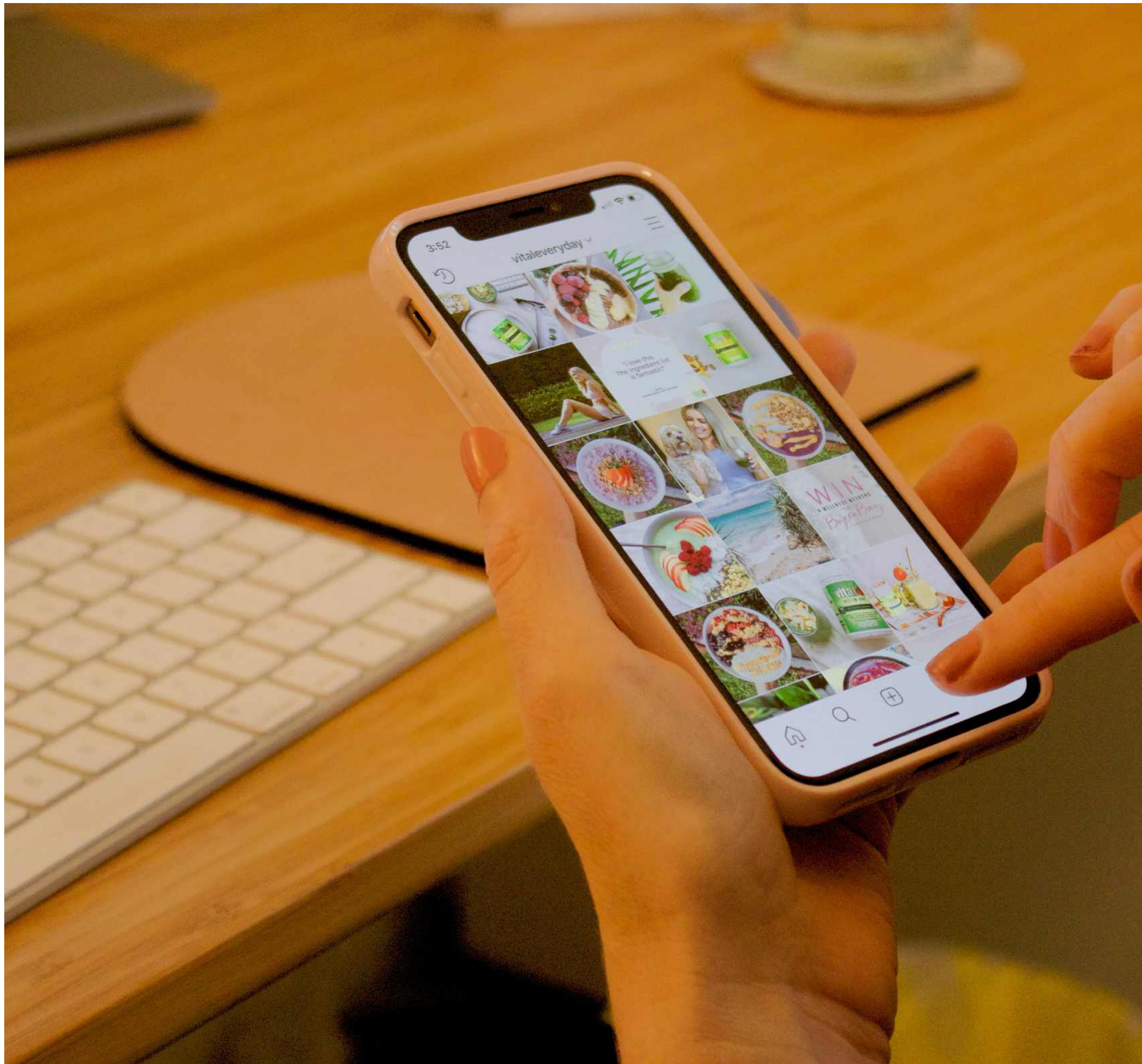
EFFECTIVENESS FOR BRANDS:
Instagram's user base and visual focus make it a standout platform for brands. With integrated e-commerce capabilities, strong visual appeal and advanced advertising and targeting tools, it offers a seamless full-funnel shopping experience from discovery to purchase.

However, user intent on Instagram can be a challenge for brands, as people are often in a passive browsing mode (making them less likely to make impulsive buys). The dedicated "Shop" tab and buried "Saved Products" features can create fragmented touchpoints for shoppers, forcing brands to invest more in retargeting ads and influencer collaborations.

Nevertheless, Instagram remains a powerful platform for brands due to its visual appeal and integrated tools. Advanced targeting and influencer collaborations can help brands navigate the challenges and effectively engage with their audience, driving both inspiration and purchases.

"WE'RE FOCUSED ON CREATING SEAMLESS SHOPPING EXPERIENCES THAT LEVERAGE THE STRENGTH OF OUR SOCIAL NETWORKS.

Mark Zuckerberg, CEO of Meta

■ MAU (Monthly Active Users) - Millions
○ Revenue (USD Billions)

2.3 BILLION
Monthly Active Users

Millions (MAU)

2,200

1,100

700 — 2017 — US$4.10
1,000 — 2018 — US$10.30
1,210 — 2019 — US$19.40
1,435 — 2020 — US$26.80
1,690 — 2021 — US$47.60
1,960 — 2022 — US$51.40
2,115 — 2023 — US$60.30

2024 (e)

INSTAGRAM

OVERALL APPROACH OF CHANNEL:
Instagram generates revenue through sponsored ads and shoppable posts, allowing direct purchases within the app. It serves as both a discovery and transactional platform for consumers. Effective Instagram strategies should focus on visual appeal, engaging with followers, and leveraging brand partnerships to drive brand awareness and consideration.
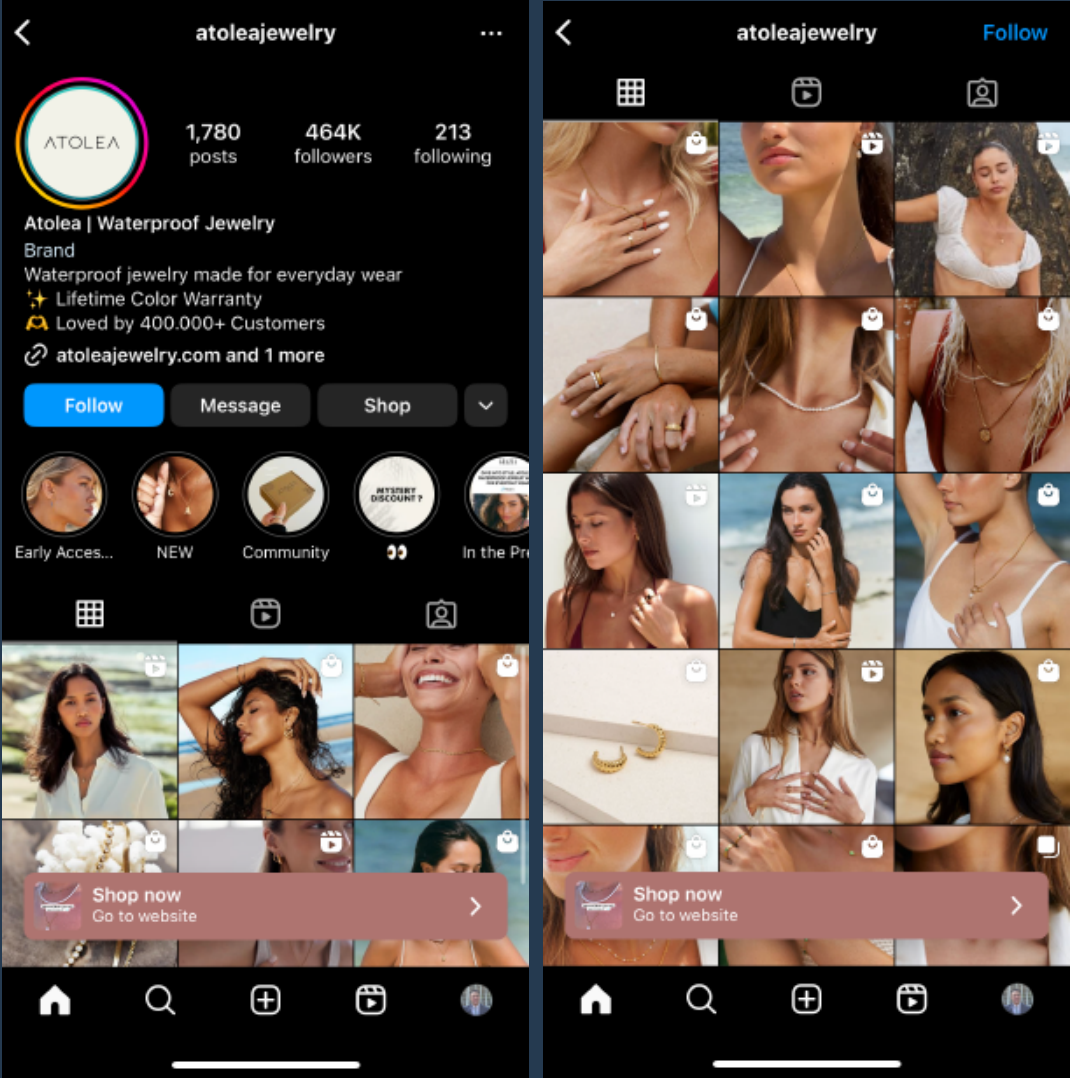
Brands use Instagram to showcase products or services creatively through photos and videos, as well as engaging with audiences through comments and direct messages. Influencer collaborations broaden reach, while targeted advertising campaigns increase visibility and drive sales.

Meta integration on Instagram allows businesses to connect their Instagram account with Facebook for unified management of content, advertising, and analytics across both platforms. Instagram's also third-party integrations with platforms like Shopify allow businesses to set up Instagram Shopping, tag products in posts and stories, and direct customers to online stores.

SHOPPABLE ADS
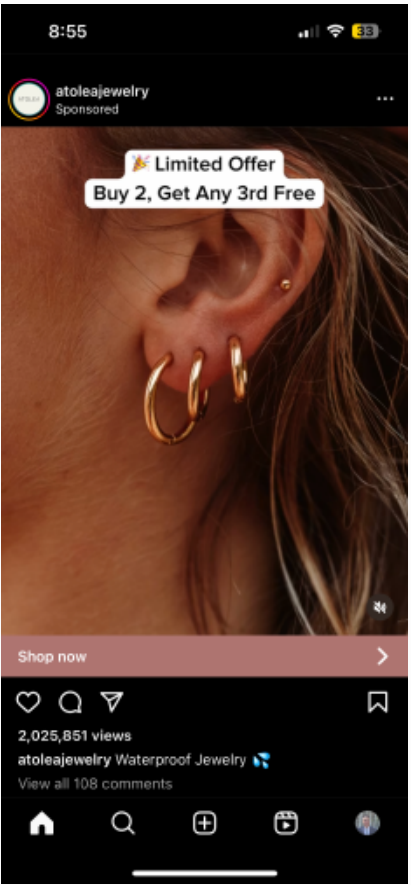
With in-feed shoppable ads and story ads, Instagram ads let businesses promote products or services, in different formats within the app.

BRAND POSTS
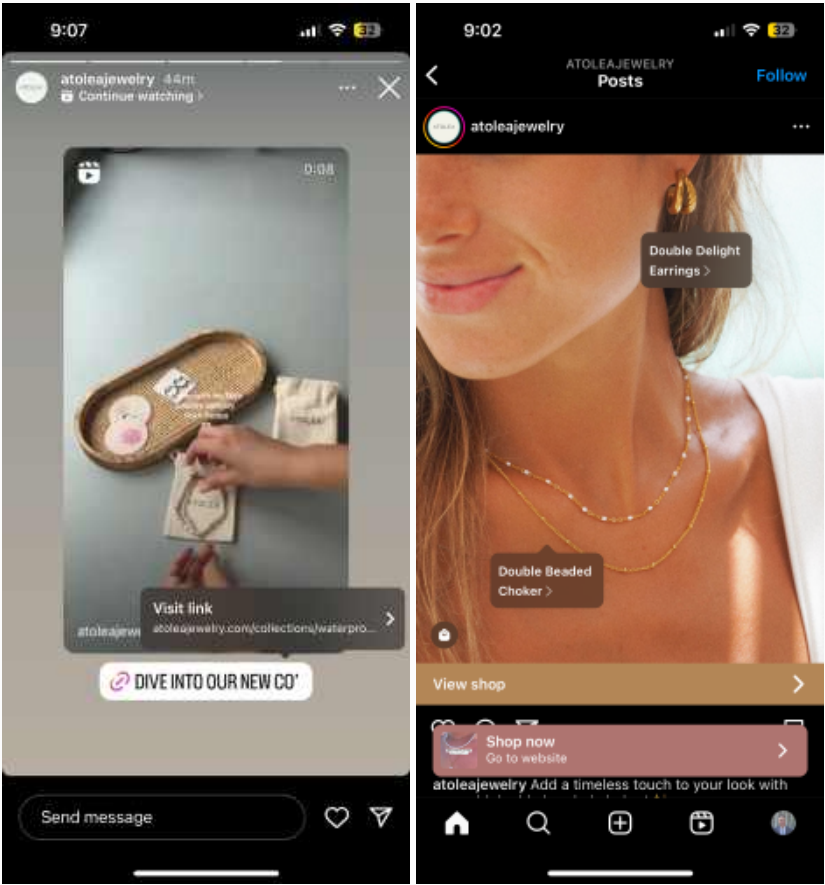
Shoppable posts and stories on Instagram let businesses tag products for direct purchase within the app.

TRANSACTION POINTS
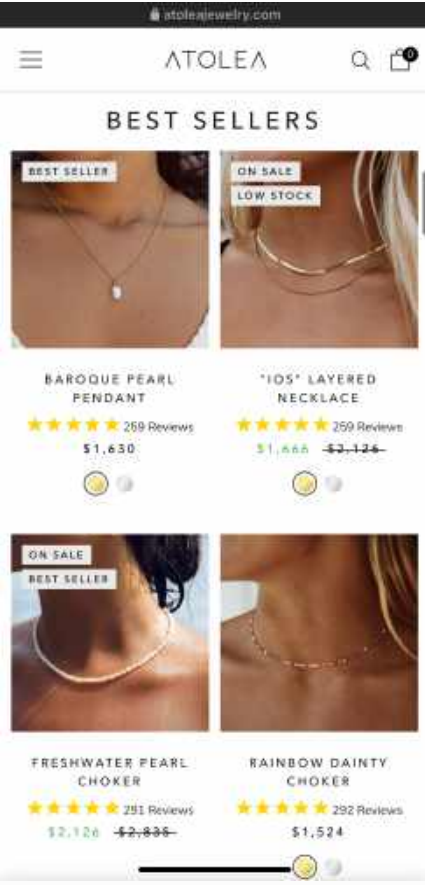
Instagram facilitates transactions by directing users to external websites for purchases and offering an in-app cart function. This allows users to add multiple products from different sellers to a single cart, streamlining the checkout process within the app.

NATIVE CHECKOUT & PAYMENT
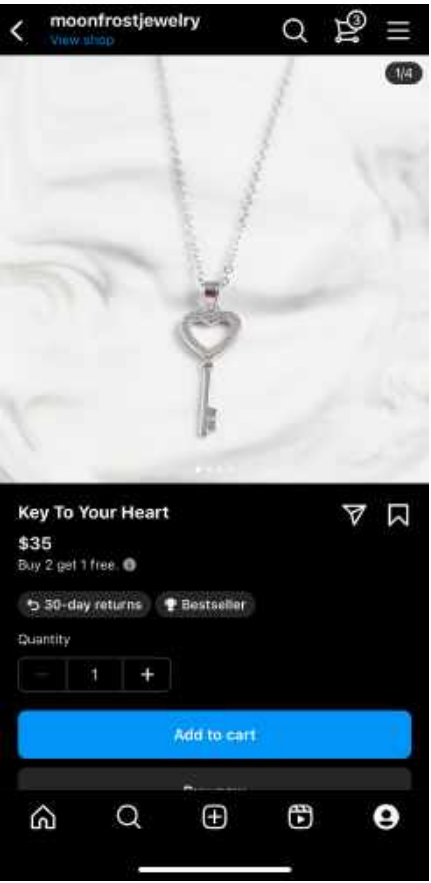
Integrated Meta Pay is a secure digital wallet that allows users to make payments and transfer money across Meta platforms, including Facebook and Instagram.

AFFILIATES/KOCS
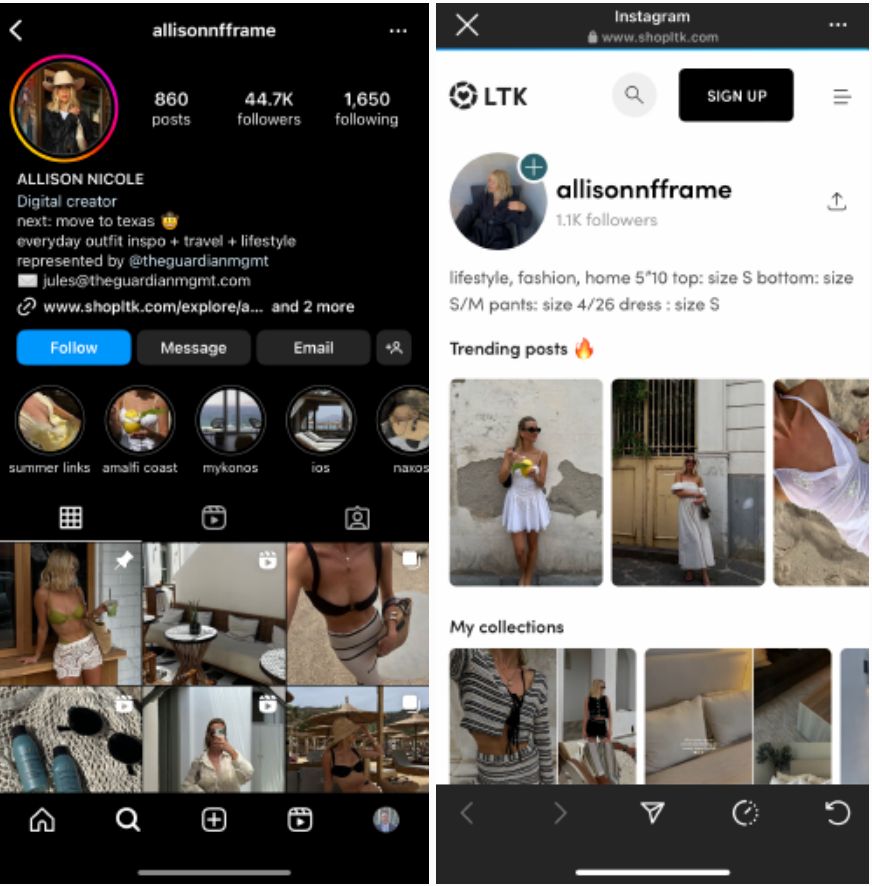
Influencer affiliates promote products using affiliate links for commissions. KOCS are influencers that brands partner with to reach targeted audiences through sponsored content.

SAVED PRODUCTS
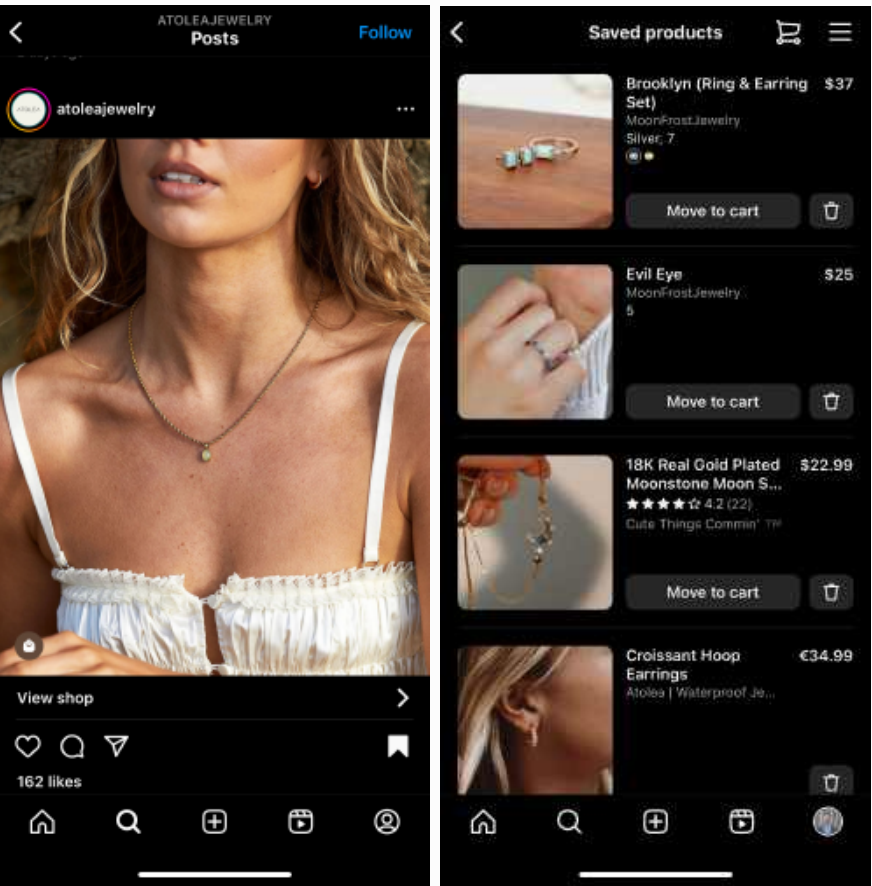
The Saved Products feature lets users bookmark items for easy access later. The cart function allows users to add products from shopping posts and complete purchases through Instagram's checkout.

INSTAGRAM

SHOPPING ACCESS POINTS

- ☑ SHOP TAB ON PROFILE PAGE
- ☑ LINKS TO BUY EMBEDDED INTO POSTS
- ☐ LIVESTREAM SHOPPING
- ☑ HIGH-LEVEL OF INFLUENCER ACTIVITY
- ☑ PEER-TO-PEER SELLING

E-COMMERCE INFRASTRUCTURE

- ☑ NATIVE CHECKOUT
- ☑ NATIVE PAYMENT SYSTEM

Q4, 2023

Meta also has Amazon shoppable ads, allowing native checkout in Instagram for Amazon Shops.

RETARGETING

- ☑ SAVED CARTS
- ☑ PRODUCT REMINDER

MEANINGFUL ENGAGEMENT

- ☑ CHAT WITH BRANDS
- ☐ PRIVATE TRAFFIC FUNCTIONS
- ☑ ALIGNMENT WITH YOUTH

INSTAGRAM IS A POWERFUL PLATFORM FOR MARKETING, SELLING, AND BRAND ENGAGEMENT. BUSINESSES AND INFLUENCERS USE POSTS, STORIES, AND REELS TO CONNECT WITH AUDIENCES.

SHOPPABLE POSTS AND TARGETED ADS FACILITATE DIRECT SALES, WHILE AUTHENTIC INFLUENCER COLLABORATIONS AMPLIFY REACH AND SALES. THIS MAKES INSTAGRAM ESSENTIAL FOR MODERN DIGITAL MARKETING AND BRAND GROWTH.

"INSTAGRAM IS AT THE FOREFRONT OF THE SOCIAL COMMERCE REVOLUTION. OUR GOAL IS TO MAKE SHOPPING AS EASY AND ENGAGING AS SHARING A PHOTO. WE ARE INVESTING HEAVILY IN SHOPPING FEATURES TO SUPPORT BRANDS AND CREATORS IN DRIVING CONVERSIONS."

Adam Mosseri, Head of Instagram

EVALUATION
OF SOCIAL COMMERCE POTENTIAL

3

YOUTUBE

YOUTUBE

EFFECTIVENESS FOR BRANDS:
YouTube excels in creating deep, engaging content that builds brand awareness and trust. Users visit the platform primarily for entertainment, information, or to validate products. For the latter, YouTube is particularly effective as users are often in a buying mindset, making more deliberate (less impulsive) decisions.

The platform's strengths include strong affiliate marketing and fostering trust and loyalty among followers, which makes influencing decisions easier. YouTube's robust targeting capabilities and analytics leverage Google's extensive data, allowing for precise retargeting through Google ads. Additionally, live stream shopping on YouTube enables real-time engagement with viewers.

However, YouTube heavily relies on external links for purchases and lacks a native shopping cart feature. The longer-form content can take more time to capture viewer interest, and the platform is highly dependent on content creators for its effectiveness. Despite these challenges, YouTube remains a powerful tool for brands aiming to build trust and drive deliberate purchasing decisions.

"YOUTUBE IS LIKELY TO SEE A SURGE IN INTERACTIVE CONTENT, OPENING THE DOOR TO DEEPER AUDIENCE ENGAGEMENT."

Intelligent Relations PR, 2024

YOUTUBE ACTIVE USERS AND REVENUE (2017-2023)

■ MAU (Monthly Active Users) - Millions
○ Revenue (USD Billions)

2.75 BILLION
Monthly Active Users

Millions (MAU)

2,800

2,681   2,727
2,598

2,409

2,202

1,929

1,723

US$31.50
US$28.80   US$29.20
US$19.10
US$15.10
US$11.10
US$8.10

1,400

2017   2018   2019   2020   2021   2022   2023   2024 (e)
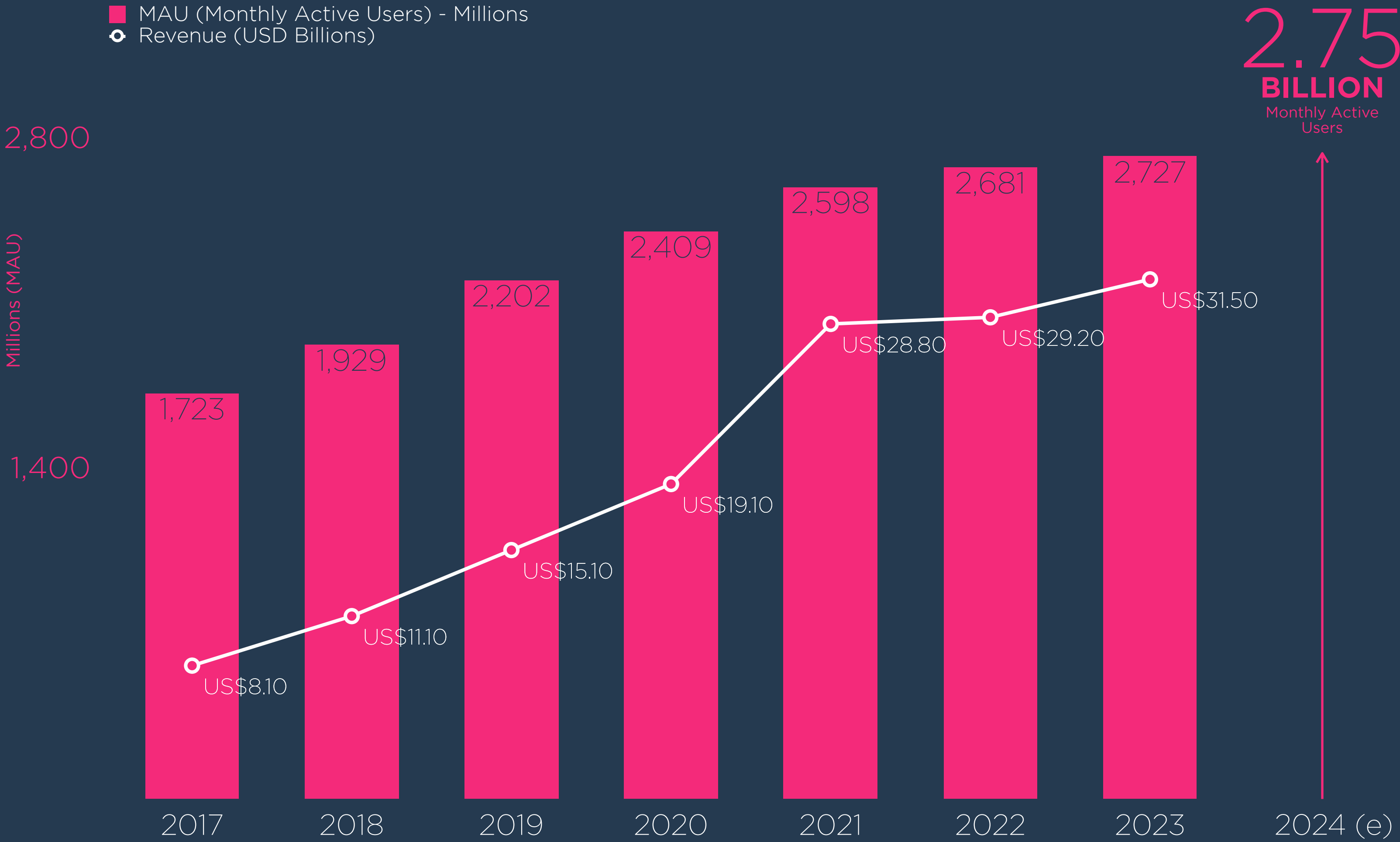
YOUTUBE

OVERALL APPROACH OF CHANNEL:
YouTube generates revenue through ads, premium subscriptions, and channel memberships, allowing creators to monetize content directly. Brands should focus on high-quality content, audience engagement, and influencer collaborations to expand reach. Utilizing YouTube's ad platform and shoppable videos can drive brand awareness and consumer action.
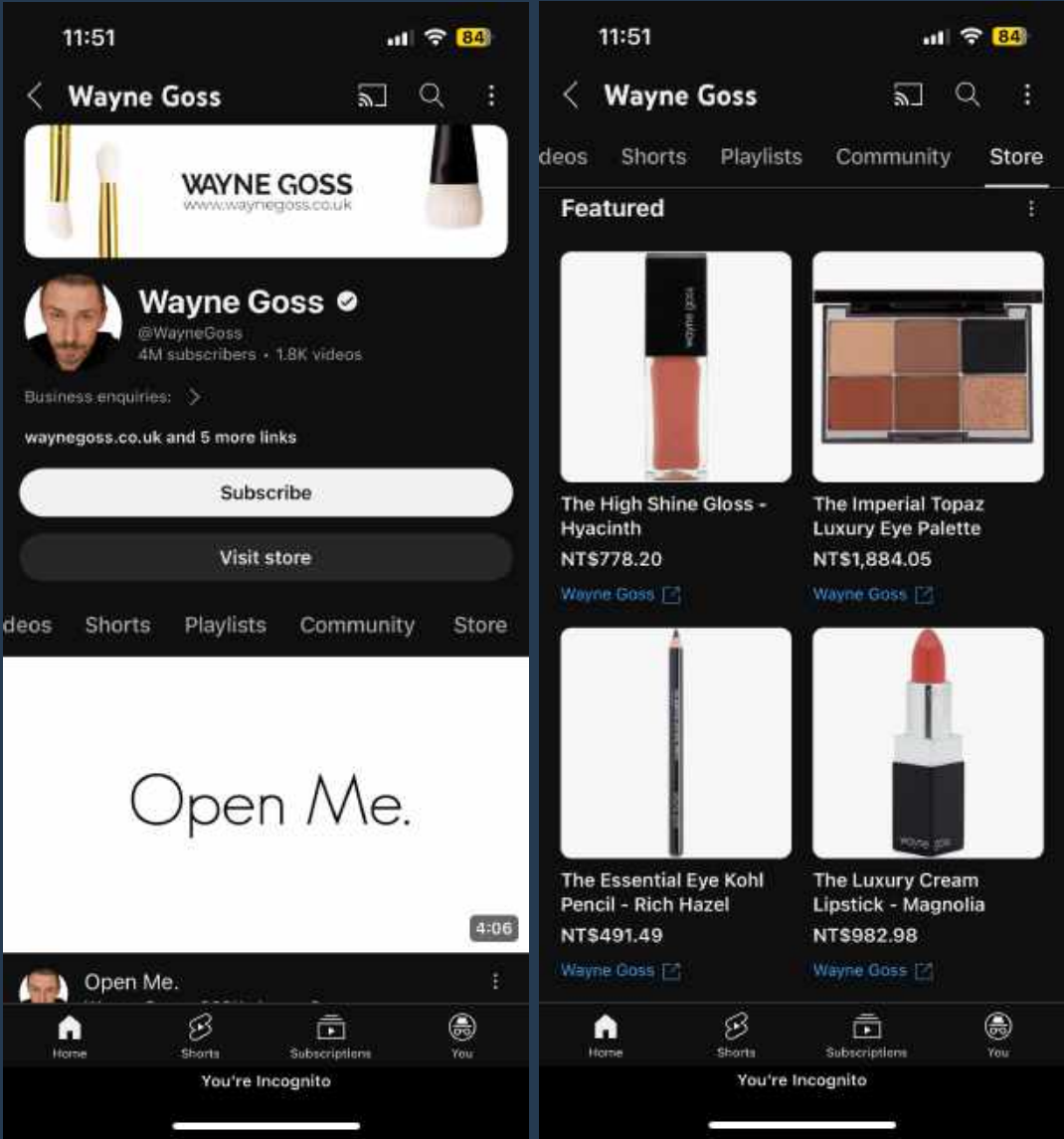
Brands and influencers use YouTube to promote products, services, and personal brands through engaging video content such as tutorials, reviews, and entertainment. They leverage YouTube's extensive reach to build communities, increase visibility, and monetize through ads and sponsorships.

Merchbar, Spreadshop, and Teespring integrate with YouTube, allowing creators to sell custom merchandise directly through their videos, expanding revenue options beyond ads.

ADS
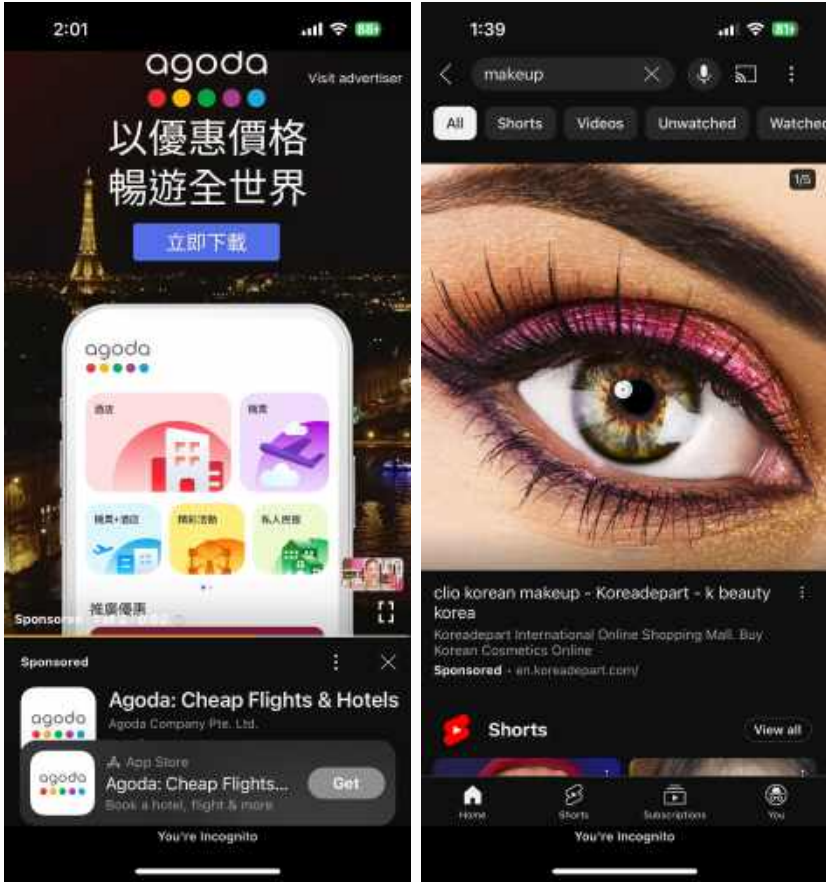
YouTube ads appear before, during, or after videos and in search results. Audiences are targeted based on demographics and interests.

YOUTUBE CHANNEL STORE
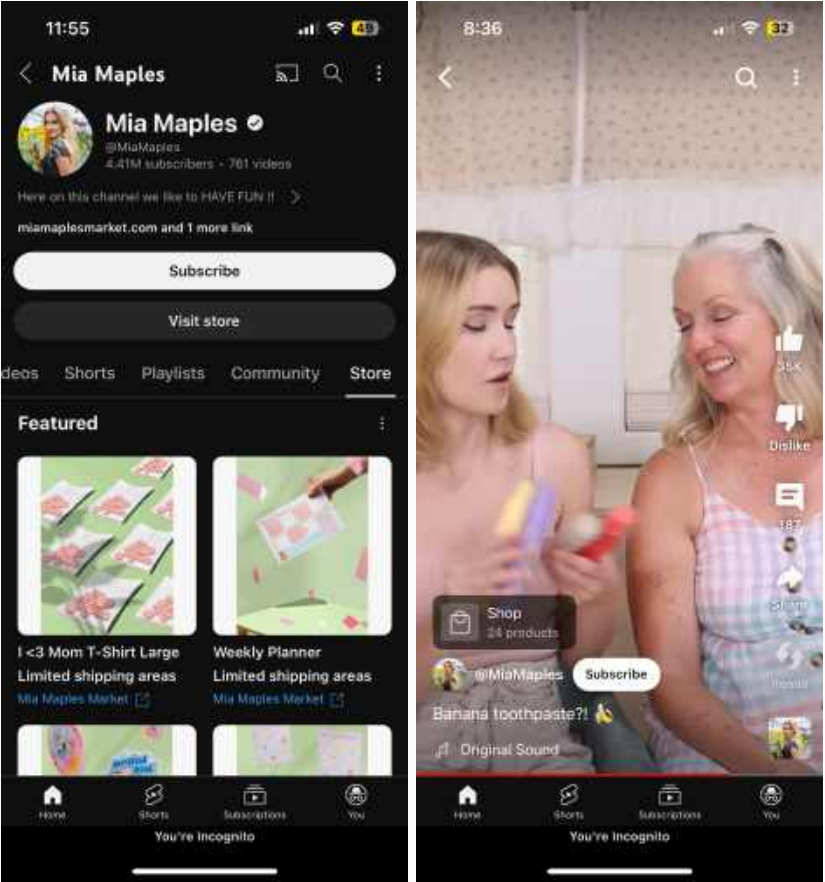
Channels use links in descriptions, cards, and end screens to direct viewers to external websites, social media, and merchandise stores. Eligible channels can also sell branded products directly under videos through the YouTube merchandise shelf.

TRANSACTION POINTS
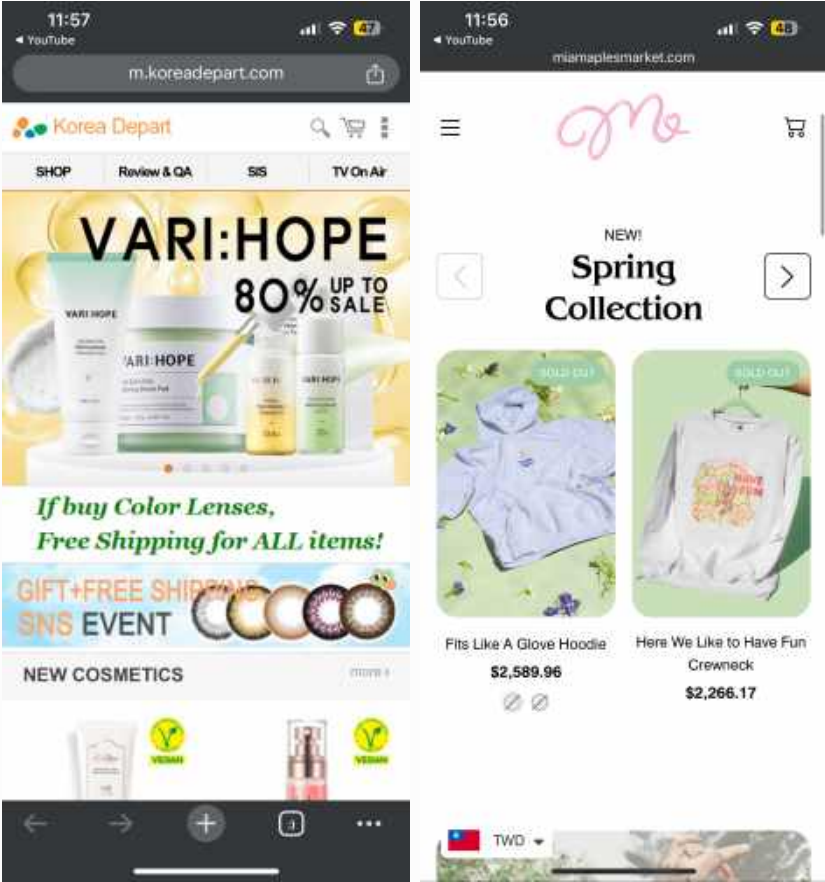
Transactions occur when creators direct viewers to external e-commerce platforms through links in video descriptions, cards, or end screens. This allows creators to monetize their content by facilitating outside purchases.

ABOUT SECTION
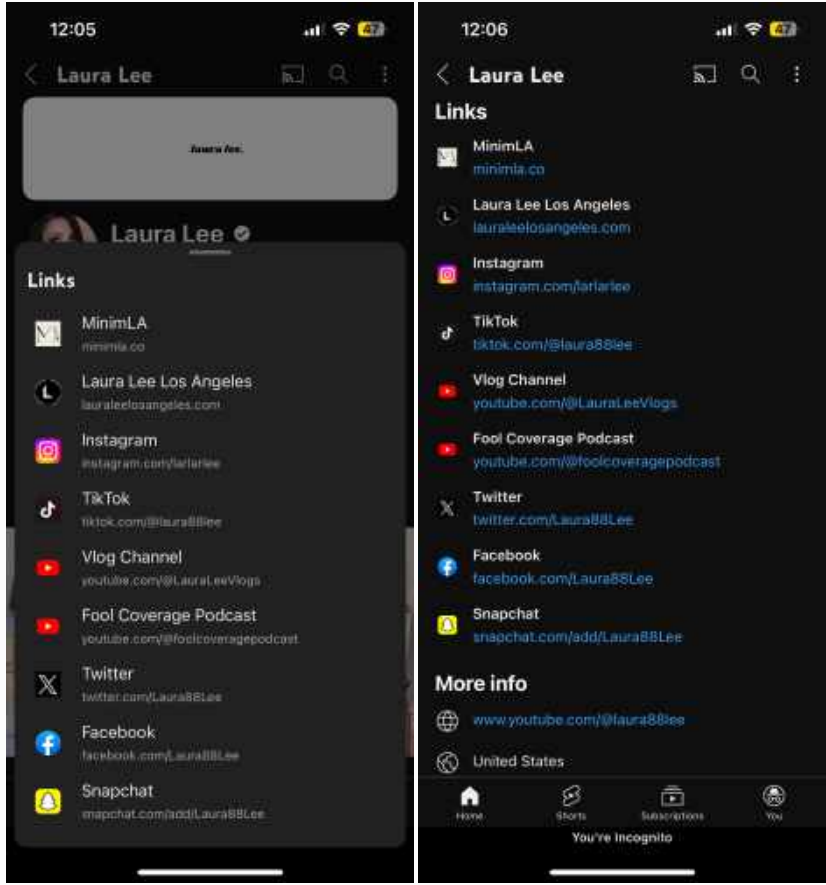
Creators use the "About" section to share key details about themselves and their content, including bios, links to social media, contact info, and sometimes merchandise or collaboration details.

INFLUENCERS

Creators earn from ad views through the YouTube Partner Program.

LIVESTREAM SHOPPING
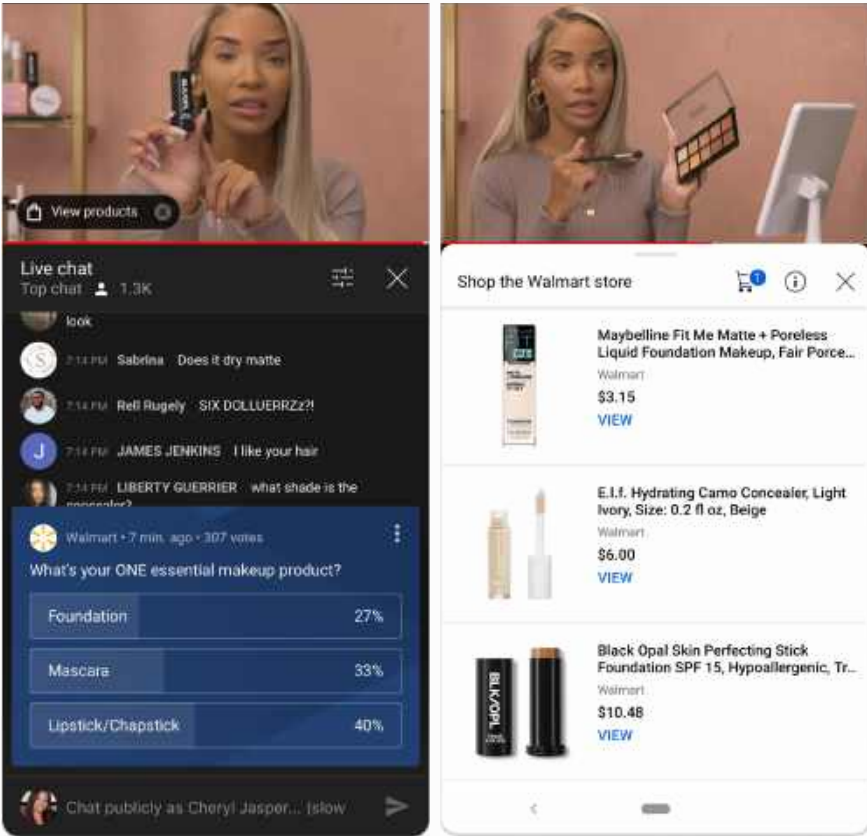
Livestream shopping allows brands and creators to sell products in real-time, enabling viewer interaction via live chat and purchases through provided links.

▶ **YOUTUBE**

SHOPPING ACCESS POINTS

- ☑ SHOP TAB ON PROFILE PAGE
- ☑ LINKS TO BUY EMBEDDED INTO POSTS
- ☑ LIVESTREAM SHOPPING
- ☑ HIGH-LEVEL OF INFLUENCER ACTIVITY
- ☑ PEER-TO-PEER SELLING

E-COMMERCE INFRASTRUCTURE

- ☐ NATIVE CHECKOUT
- ☐ NATIVE PAYMENT SYSTEM

RETARGETING

- ☐ SAVED CARTS
- ☐ PRODUCT REMINDER

MEANINGFUL ENGAGEMENT

- ☐ CHAT WITH BRANDS
- ☐ PRIVATE TRAFFIC FUNCTIONS
- ☑ ALIGNMENT WITH YOUTH

YOUTUBE IS A VERSATILE PLATFORM FOR DISCOVERING AND CONSUMING A WIDE RANGE OF VIDEO CONTENT. YOUTUBE CONNECTS USERS WITH CONTENT FROM MULTIPLE CREATORS AND BRANDS, PROVIDING AN OPEN AND DIVERSE ECOSYSTEM.

THIS FLEXIBILITY MAKES YOUTUBE A POWERFUL TOOL FOR ENTERTAINMENT, EDUCATION, AND MARKETING, STANDING OUT AGAINST MORE CONTROLLED PLATFORMS LIKE FACEBOOK AND TIKTOK.

"YOUTUBE IS UNIQUELY POSITIONED TO DRIVE SOCIAL COMMERCE THROUGH VIDEO CONTENT. WE'RE EXPANDING OUR SHOPPING FEATURES TO ENABLE CREATORS AND BRANDS TO SELL PRODUCTS DIRECTLY FROM THEIR VIDEOS."

Neal Mohan, Chief Product Officer of YouTube

EVALUATION OF SOCIAL COMMERCE POTENTIAL

3

TIKTOK

TIKTOK

EFFECTIVENESS FOR BRANDS:
TikTok is a highly effective platform for creating engaging, viral content that drives impulsive buying and quick sales conversions. Algorithms and a strong influencer marketing ecosystem allow brands to reach a wide audience rapidly, making it particularly effective for new brand or product releases.

The personalized TikTok environment makes users more likely to buy products recommended by influencers they follow. Brands have the opportunity to create genuine, direct connections, reducing reliance on affiliates. TikTok's integrated shopping features and its experienced social commerce mindset, influenced by Douyin's success, strengthen its effectiveness.

However, maintaining consistent, long-term sales on TikTok can be challenging. TikTok's short-form content make it difficult to build long-term brand loyalty and deeper relationships with customers. Additionally, political obstacles in some regions may affect the platform's accessibility and performance. Nonetheless, TikTok remains a powerful tool for brands aiming to create immediate impact and drive quick sales.

"TIKTOK IS POISED TO SIGNIFICANTLY BOOST ITS PRESENCE IN THE SOCIAL COMMERCE ARENA."

Nick Sforza, Optival

TIKTOK ACTIVE USERS AND REVENUE (2017-2023)

■ MAU (Monthly Active Users) - Millions
◉ Revenue (USD Billions)

1.70 BILLION
Monthly Active Users

Millions (MAU)

1,700

850

Year	MAU	Revenue
2018	271	US$0.15
2019	508	US$0.35
2020	756	US$2.60
2021	1,112	US$4.80
2022	1,501	US$9.60
2023	1,635	US$16.10
2024 (e)		
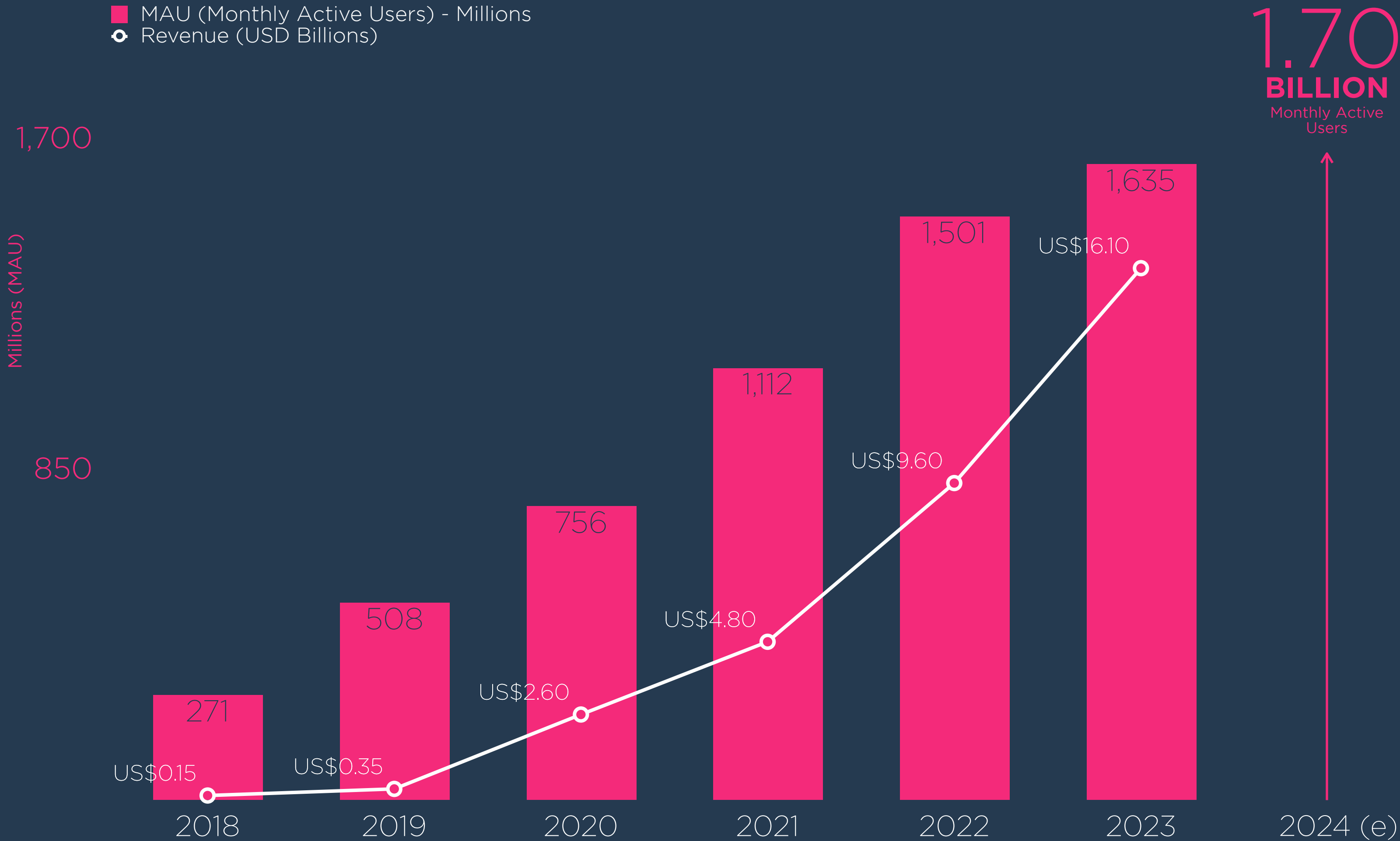
TIKTOK

OVERALL APPROACH OF CHANNEL:
TikTok generates revenue through sponsored ads and in-app purchases, offering unique opportunities for brand engagement and direct consumer transactions. Brands should focus on creating captivating, relatable content that aligns with TikTok's vibrant community culture. Leveraging popular trends, challenges and collaborations with well-known creators.
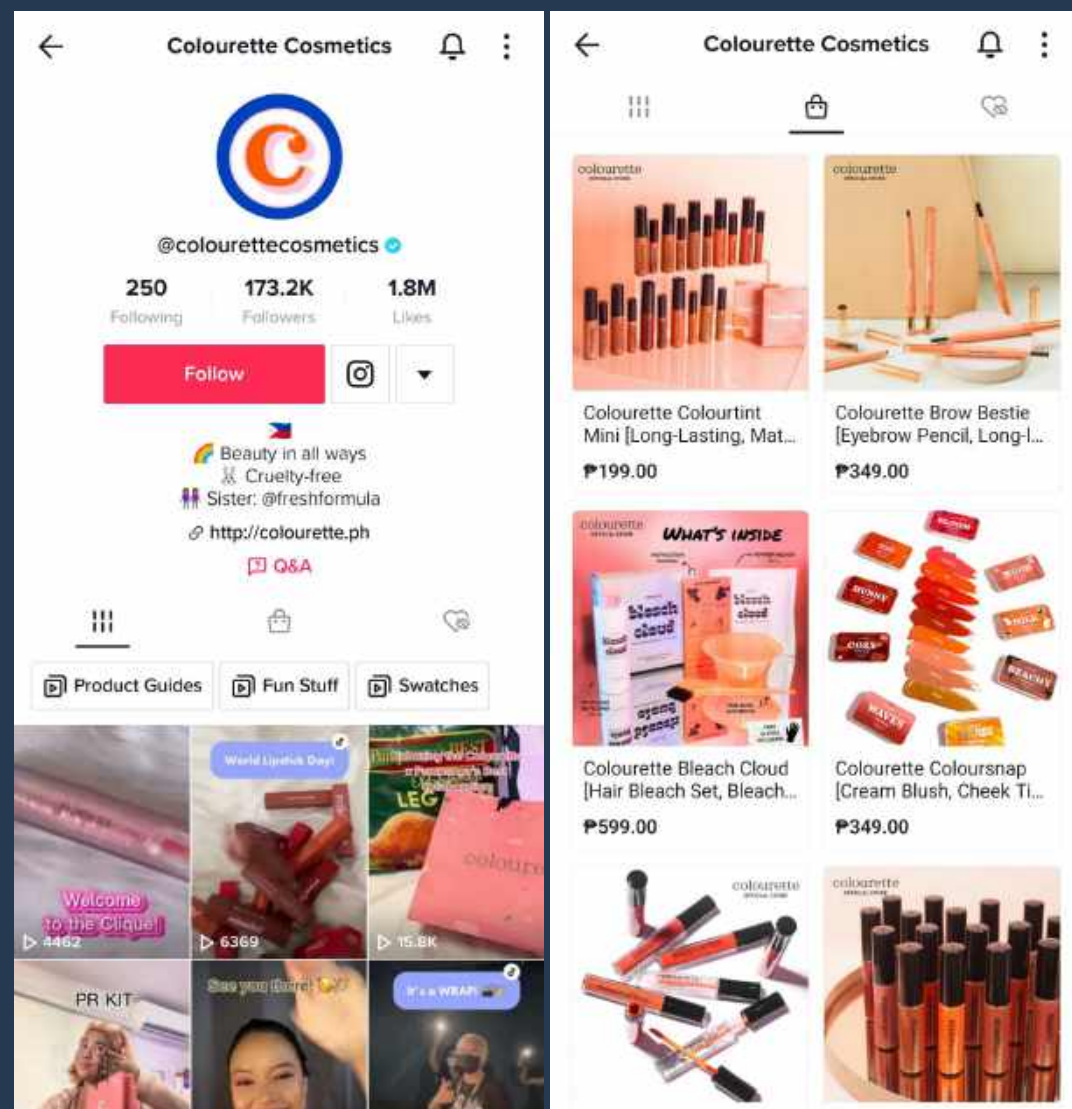
Both brands and users use TikTok to create and share short videos to entertain, inform, or promote. TikTok's viral potential can boost visibility and engage with a global audience through creative strategies, while users explore trends, communities, and content creation.

TikTok collaborates with Shopify, WooCommerce, Salesforce Commerce Cloud, BigCommerce, Magento, and a range of services for e-commerce, customer support, print-on-demand, reviews (Yotpo), and shipping logistics (WeeBee, Flowspace, Easyship), enabling direct sales and robust operational support for brands and creators.

ADS/MEDIA
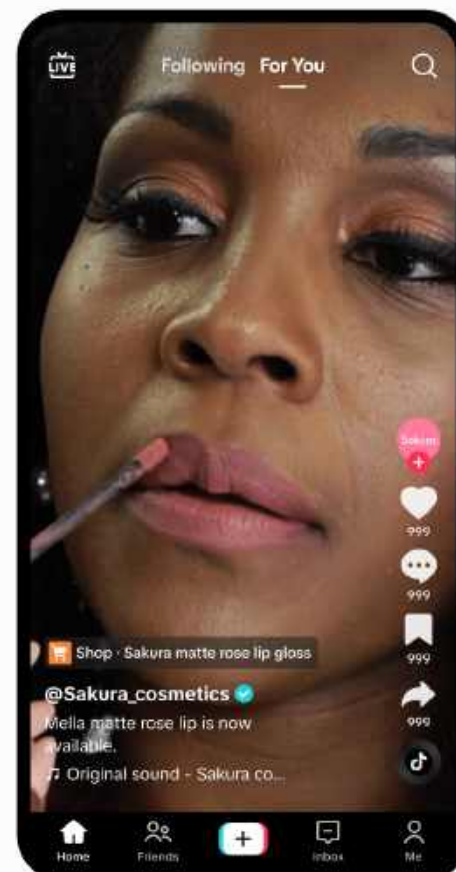
TikTok ads are paid promotional content appearing as in-feed videos, branded effects, hashtag challenges, or display ads. Advertisers target specific audiences to boost visibility, engagement, and conversions, using TikTok's tools for campaign management and performance analytics.

BRAND PAGES

Post With Link to Buy
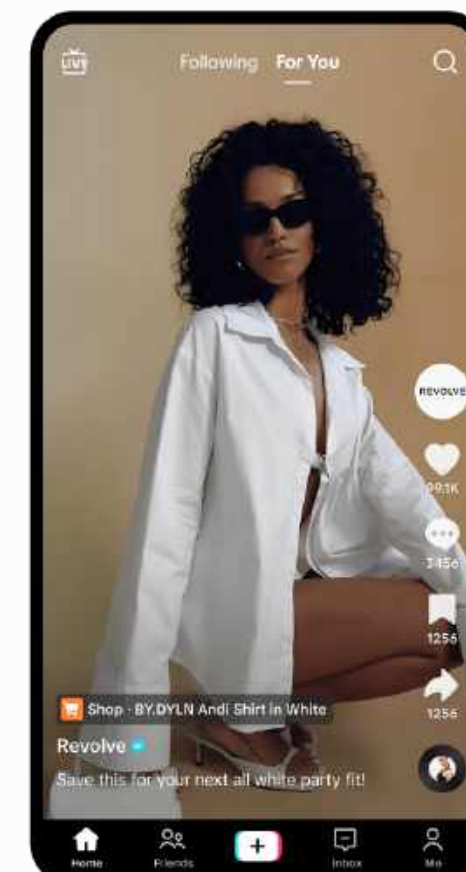
Brands showcase content and engage with audiences, offering insights and customization. External links in bios direct viewers to external sites, while TikTok Shop enables direct in-app product sales from featured content.

TRANSACTION POINTS

Product Selection & Buy
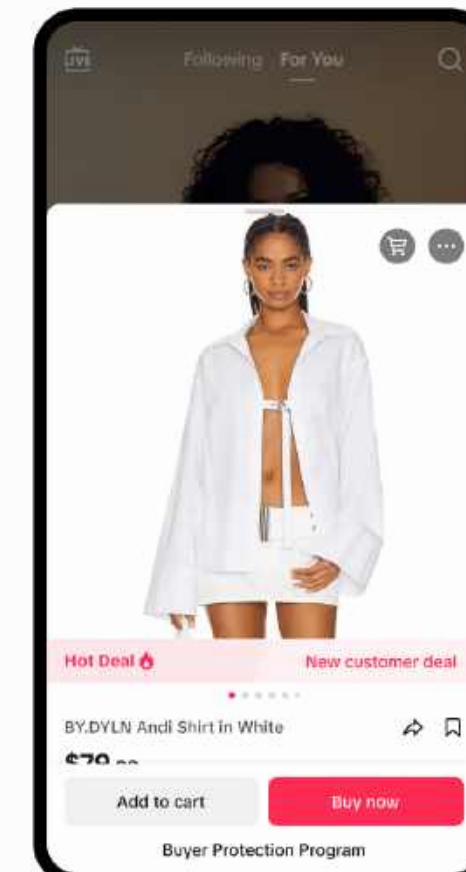
TikTok Shop (not available in all markets) lets brands sell products directly in the app, while the Save to Cart tool allows users to save items for later purchase. External links in profiles and video descriptions direct users to other e-commerce sites for transactions.

NATIVE PAYMENTS
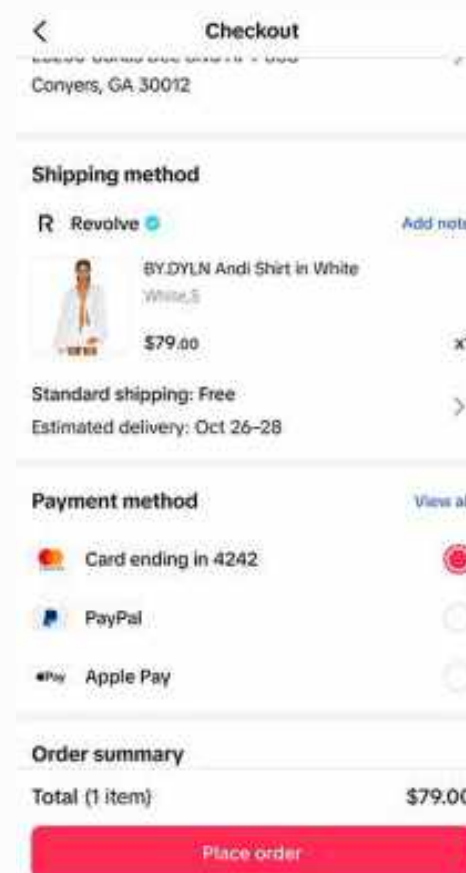
TikTok's native payment system supports secure in-app purchases using credit/debit cards, PayPal, and other regional payment methods, streamlining transactions for TikTok Shop and live shopping events.

INFLUENCERS

Influencers post on behalf of brands, featuring brands and promotions inside of video posts.

LIVESTREAM SHOPPING
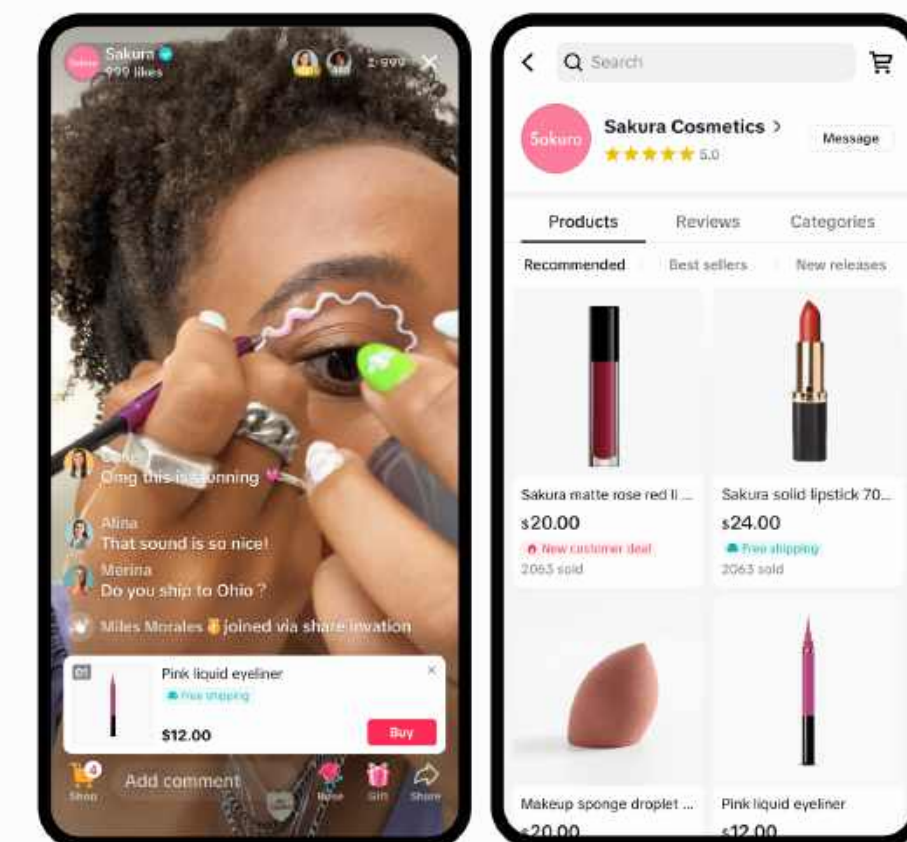
TikTok Live Shopping lets brands and creators sell products in real-time during live-stream sessions, where viewers can engage, ask questions, and make purchases directly in the app.

TIKTOK

SHOPPING ACCESS POINTS

- ☑ SHOP TAB ON PROFILE PAGE
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- ☑ HIGH-LEVEL OF INFLUENCER ACTIVITY
- ☑ PEER-TO-PEER SELLING

E-COMMERCE INFRASTRUCTURE

- ☑ NATIVE CHECKOUT
- ☐ NATIVE PAYMENT SYSTEM

Q3, 2024
TikTok also has Amazon shoppable ads, allowing native checkout in TikTok for Amazon Shops.

RETARGETING

- ☑ SAVED CARTS
- ☑ PRODUCT REMINDER

MEANINGFUL ENGAGEMENT

- ☑ CHAT WITH BRANDS
- ☐ PRIVATE TRAFFIC FUNCTIONS
- ☑ ALIGNMENT WITH YOUTH

TIKTOK'S INTEGRATED SHOPS AND VARIOUS SHOPPING TOOLS LIKE PROFILE PAGE SHOP TABS, EMBEDDED PURCHASE LINKS, AND LIVESTREAM SHOPPING MAKE IT A POWERFUL SOCIAL COMMERCE PLATFORM.

HIGH INFLUENCER ACTIVITY AND PEER-TO-PEER SELLING FURTHER ENHANCE PRODUCT DISCOVERY AND ENGAGEMENT. ALTHOUGH LACKING A NATIVE PAYMENT SYSTEM, TIKTOK EXCELS IN RETARGETING WITH SAVED CARTS AND PRODUCT REMINDERS.

"TIKTOK IS MORE THAN JUST AN ENTERTAINMENT PLATFORM, IT'S A DISCOVERY PLATFORM. WE ARE EXCITED TO EXPAND OUR SOCIAL COMMERCE CAPABILITIES, HELPING BRANDS CONNECT WITH AUDIENCES IN AUTHENTIC WAYS THAT DRIVE REAL SALES."

Shou Zi Chew, CEO of TikTok
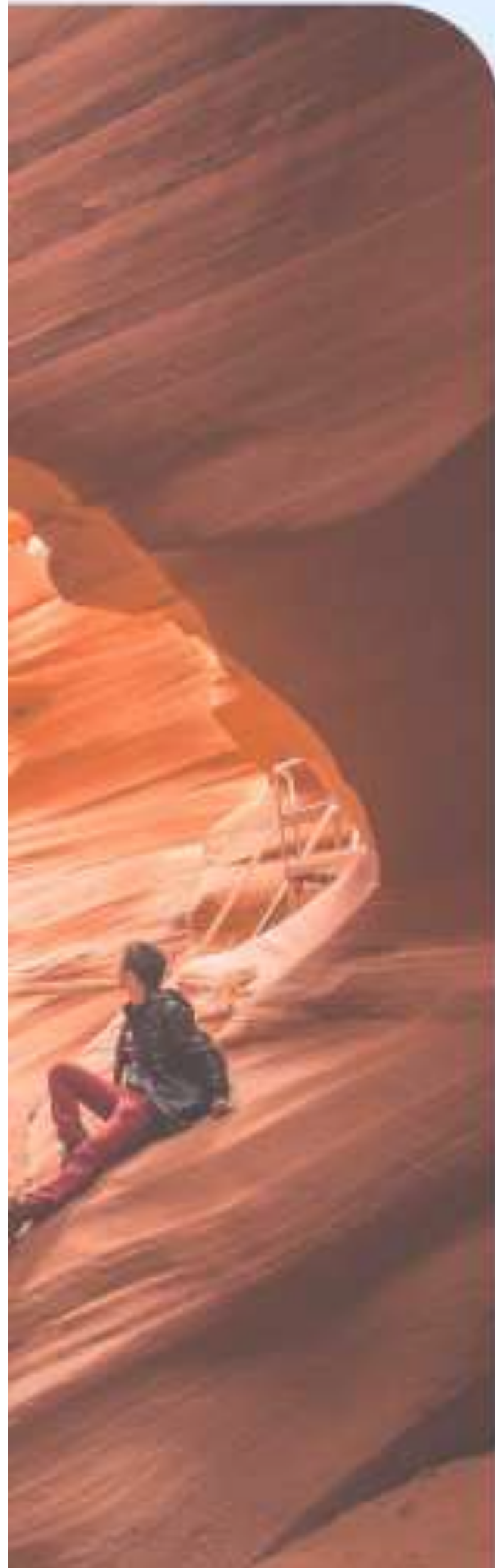
PINTEREST

PINTEREST

EFFECTIVENESS FOR BRANDS:

Pinterest is a discovery platform, which focuses specifically around shopping, curation and sparking new consideration. Pinterest data suggest that 96% of searches are unbranded, showing that users are more open to new ideas and inspiration.

Where Facebook, Instagram and TikTok serve a range of goals (eg. Entertainment, messaging and news), Pinterest is squarely focused on showcasing lifestyle images (mostly products). In contrast to multipurpose social channels, Pinterest is purpose built to connect shopping discovery, with consideration and purchase.

Data from Pinterest point to 80% of weekly users having discovered a new product/brand on the channel - and a remarkable 85% having made a purchase from a 'pin.' Related data suggest that Pinterest drives more traffic to shopping sites than Facebook, Snapchat and Twitter. And, in the realm of rising ad costs on larger social channels, Pinterest may offer relatively better ROAS.

"I DON'T GO TO PINTEREST TO BUY NIKE SHOES, I GO TO PINTEREST BECAUSE I DON'T KNOW HOW TO DRESS MYSELF."

Quote from Pinterest Webinar

PINTEREST ACTIVE USERS AND REVENUE (2017-2023)

- ■ MAU (Monthly Active Users) - Millions
- ○ Revenue (USD Billions)

518 MILLION Monthly Active Users

Year	MAU	Revenue
2017	216	US$0.47
2018	265	US$0.75
2019	335	US$1.14
2020	459	US$1.69
2021	431	US$2.58
2022	450	US$2.81
2023	498	US$3.05
2024 (e)		

Millions (MAU)

500
250
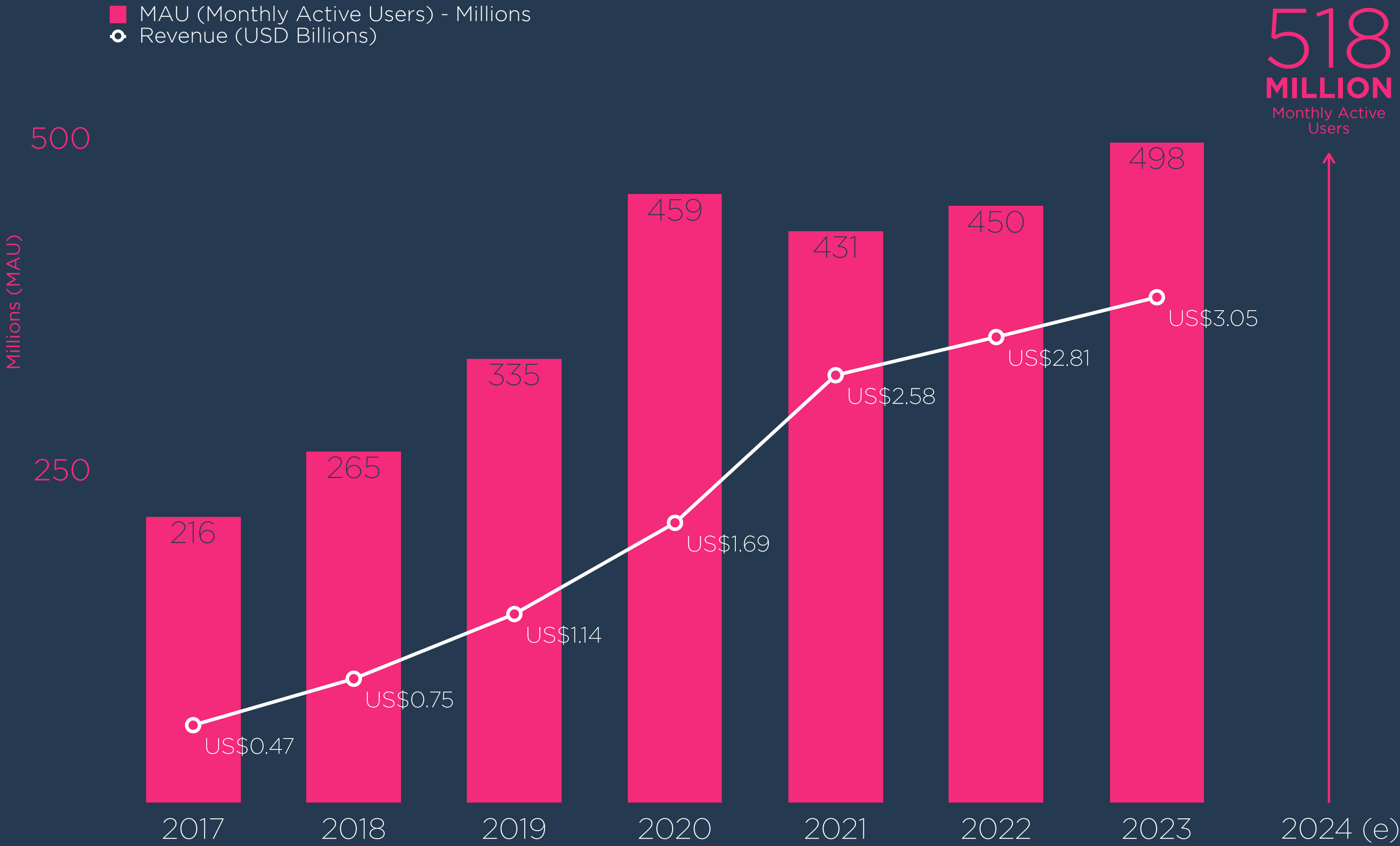
PINTEREST

OVERALL APPROACH OF CHANNEL:
Pinterest makes its money from ads promoting 'shoppable pins'. There is no on-platform check-out option. Pinterest serves as a 'discovery' platform for consumers. For brands, an effective Pinterest strategy should be focused around driving 'share of voice' and 'share of consideration.'
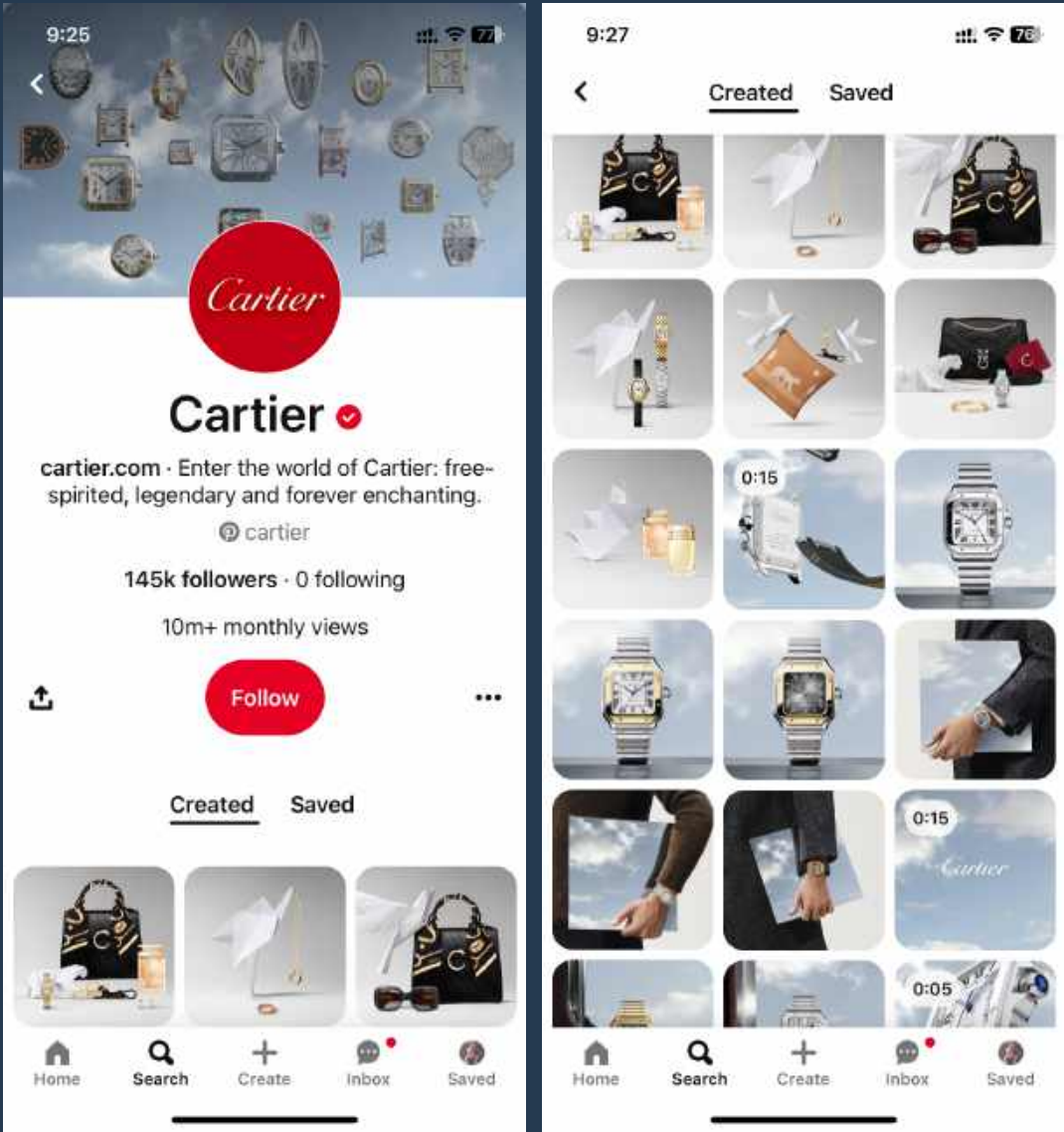
Brand Accounts: Brands create pins (photos & videos) which link to the brand Website, where the transaction is completed.

The Shopify integration connects directly to a merchant's website, automatically (on daily basis) refreshing product images as pins, directly from product catalogues. Pinterest's integration with Amazon allows users to discover and pin products from Amazon, creating shoppable pins that link directly to Amazon for purchase. This makes it easier for users to find and buy items through Pinterest while expanding the reach of Amazon products on the platform.

IN-FEED ADS
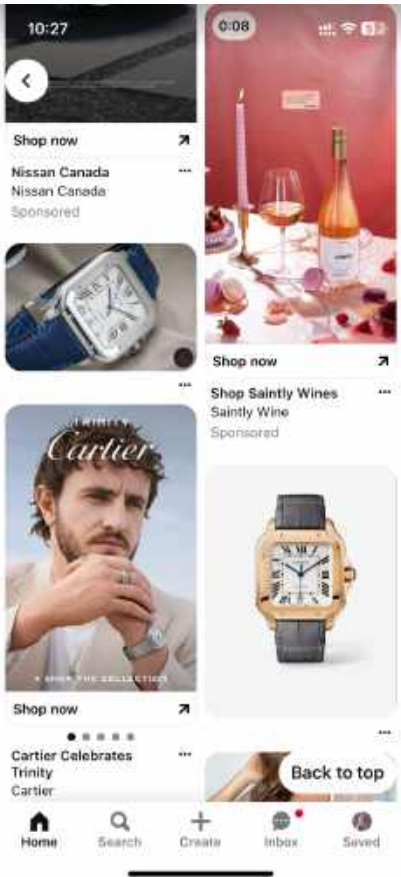
Ads drive traffic to shoppable pages. Ad targeting variables/options include; interests, customer lists (own list/online list), demographics, keyword targeting, 'act-alikes'

BRAND PINS (POSTS)

Product Post
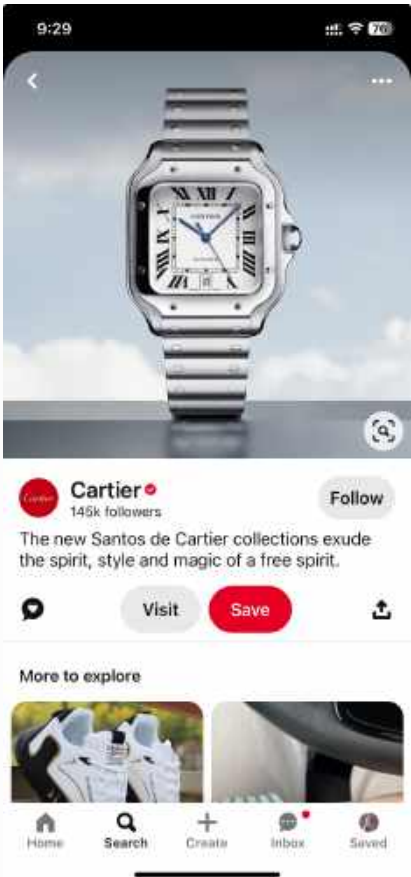
Pins are optimized as 'searchable' with SEO tagging.

TRANSACTION POINT

Checkout on Brand Website

Traffic funnels to website where the transaction is completed. ... meaning that Pinterest still works as DTC tool, having sales complete on brand site.

ADS-TO-AMAZON LINK
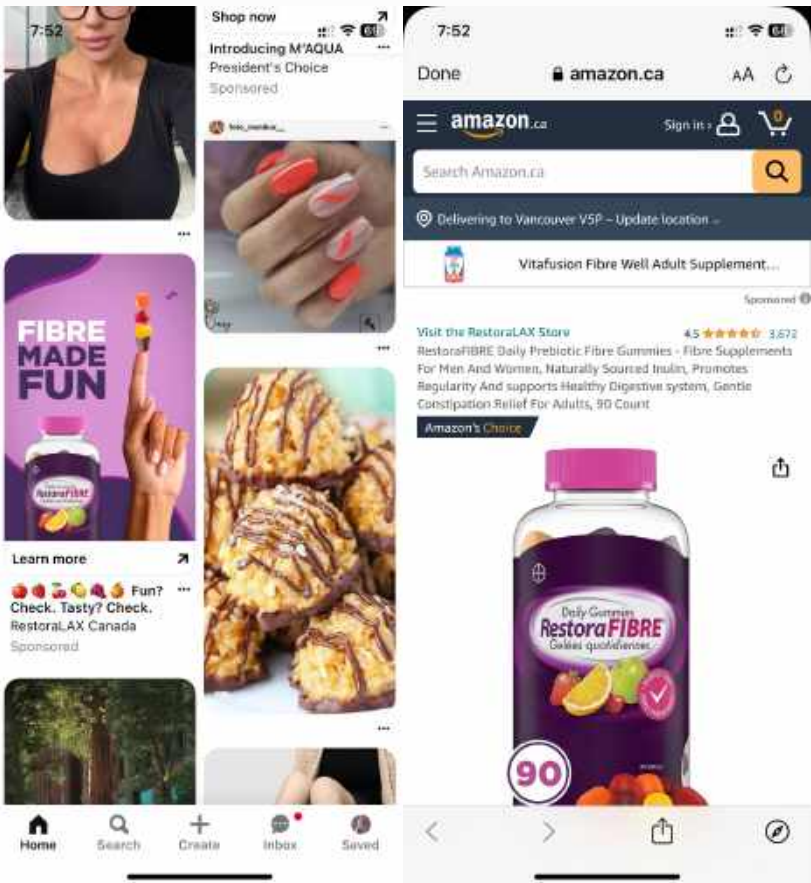
In-Feed Ads Link to Amazon Brand Store

Amazon-Pinterest Ad program allows Amazon merchants to create shoppable pins'. Customers will be able to add products (from pins) directly to Amazon cart. This partnership is aimed at Amazon sellers who want to create more discovery and merchandising effect within Pinterest.

AFFILIATES/INFLUENCERS

Affiliate Post to 3rd Party Website
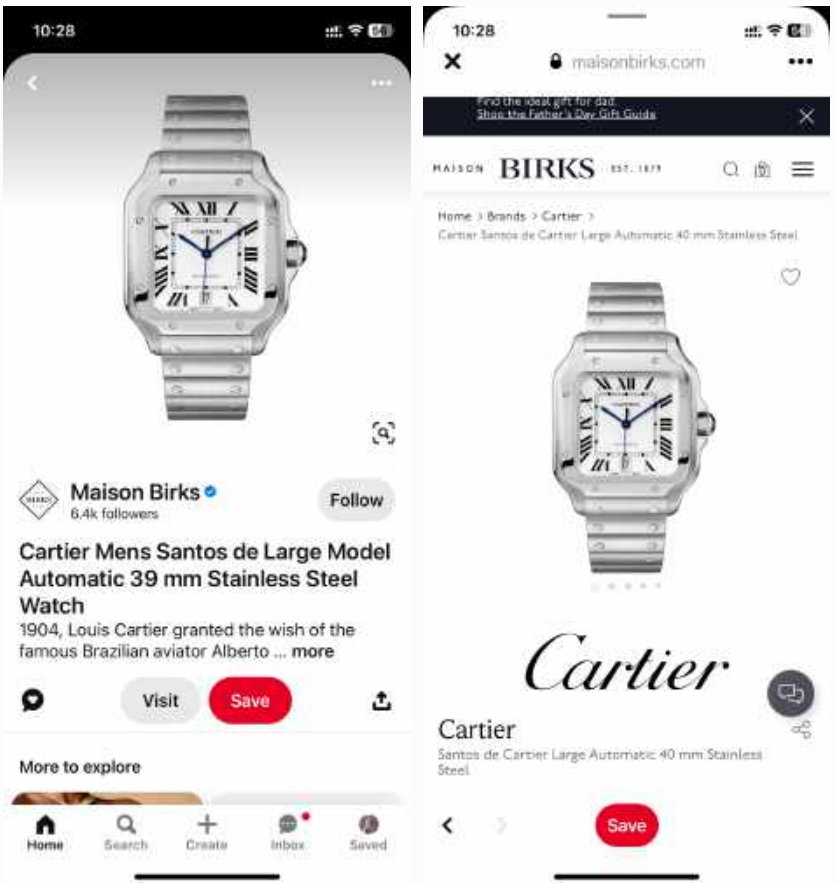
'Re-pinning' a shoppable pin means that everyone (who shares your post) is expanding reach. Everyone is a KOC. Affiliate codes/links can be added to pins using 3rd party affiliate programs.

CAMERA SEARCH TOOL
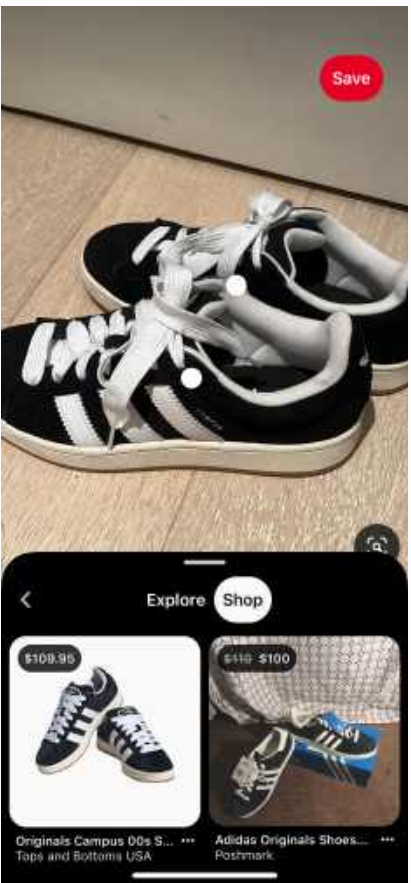
Pinterest's visual search tool lets users explore and shop related pins by uploading images or clicking on items within a pin, using AI to find similar content based on visual cues. "Shopping List" feature automatically saves users' shoppable product pins (launched in 2019 and uploaded from verified retailers), shows product reviews, and notifies users when a pinned product has a price reduction.

SHOPPING ACCESS POINTS

- ☐ SHOP TAB ON PROFILE PAGE
- ☑ LINKS TO BUY EMBEDDED INTO POSTS
- ☐ LIVESTREAM SHOPPING
- ☑ HIGH-LEVEL OF INFLUENCER ACTIVITY
- ☑ PEER-TO-PEER SELLING

E-COMMERCE INFRASTRUCTURE

- ☐ NATIVE CHECKOUT
- ☐ NATIVE PAYMENT SYSTEM

Q3, 2024

Pinterest has Amazon shoppable ads, allowing native checkout in Pinterest for Amazon Shops.

RETARGETING

- ☑ SAVED CARTS
- ☑ PRODUCT REMINDER

MEANINGFUL ENGAGEMENT

- ☐ CHAT WITH BRANDS
- ☐ PRIVATE TRAFFIC FUNCTIONS
- ☑ ALIGNMENT WITH YOUTH

PINTEREST IS, BY DESIGN A TOOL TO DISCOVER AND SAVE CONSUMPTION IDEAS. IT HAS THE POTENTIAL TO BE THE MASTER WISH-LISTING TOOL.

ITS NEUTRAL APPROACH IN CONNECTING CONSUMERS WITH MULTIPLE END-POINTS IS ALSO AN ADVANTAGE - ESPECIALLY WHEN MEASURED AGAINST PLAYERS LIKE AMAZON, FACEBOOK AND TIKTOK WHO ARE TRYING TO CAPTURE LARGER CHUNKS OF THE VALUE CHAIN.

"THIS ALIGNS WITH OUR GOAL OF MAKING EVERY PIN SHOPPABLE, SO THAT WE CAN ENABLE AS MANY USERS AS POSSIBLE TO BRING THEIR DREAMS TO LIFE.

GEN Z IS OUR FASTEST GROWING AUDIENCE, MAKING UP 42% OF OUR GLOBAL USER BASE. THEY'RE SEARCHING AND SAVING MORE THAN OTHER GENERATIONS, AND THEY'RE HERE TO SHOP."

Bill Ready, CEO of Pinterest.

EVALUATION OF SOCIAL COMMERCE POTENTIAL

3
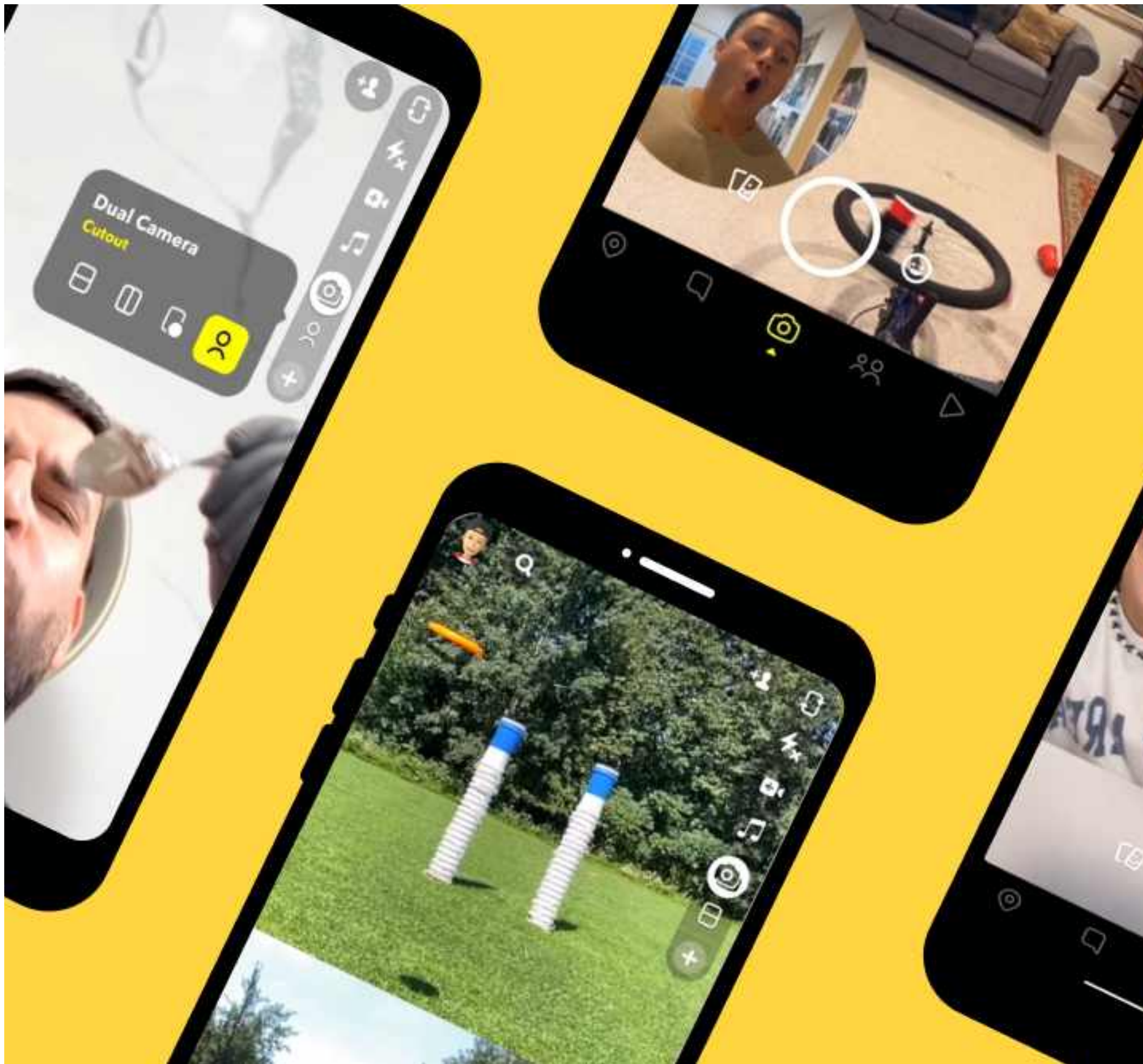
SNAPCHAT

SNAPCHAT

EFFECTIVENESS FOR BRANDS:

Snapchat's user base is predominantly young, with a significant portion being Gen Z. Users on Snapchat typically seek entertainment and social interaction, making them curious and receptive to innovative and engaging shopping experiences, especially those incorporating AR technology.

One major advantage is Snapchat's AR Shopping lens, which allows users to interact with and try on products, breaking the barrier of product try-on in an online environment. This feature facilitates a fast track from discovery to purchase and adds a fun factor to the shopping experience, making it more appealing to young users.

Snapchat's ability to scale is limited, however, as recommended feeds, influencer content, and branded accounts are not central to discovery. This impacts the ability to build meaningful and long-term relationships with users. Additionally, Snapchat has less developed peer-to-peer and affiliate marketing compared to other platforms, though this offers an opportunity for brands to own direct relationships with users. Its shopping infrastructure is also less advanced than other platforms.

"SNAPCHAT'S AUGMENTED REALITY TOOLS ARE PART OF WHAT MAKES THE APP SO MUCH FUN TO USE."

Quote from Hootsuite Social Media Manager

SNAP ACTIVE USERS AND REVENUE (2017-2023)

■ MAU (Monthly Active Users) - Millions
◉ Revenue (USD Billions)

422 MILLION
Monthly Active Users

Millions (MAU)

500

250

| Year	MAU	Revenue
2017		US$0.80
2018		US$1.10
2019	299	US$1.70
2020	354	US$2.50
2021	428	US$4.10
2022	494	US$4.60
2023	654	US$4.60
2024 (e)		
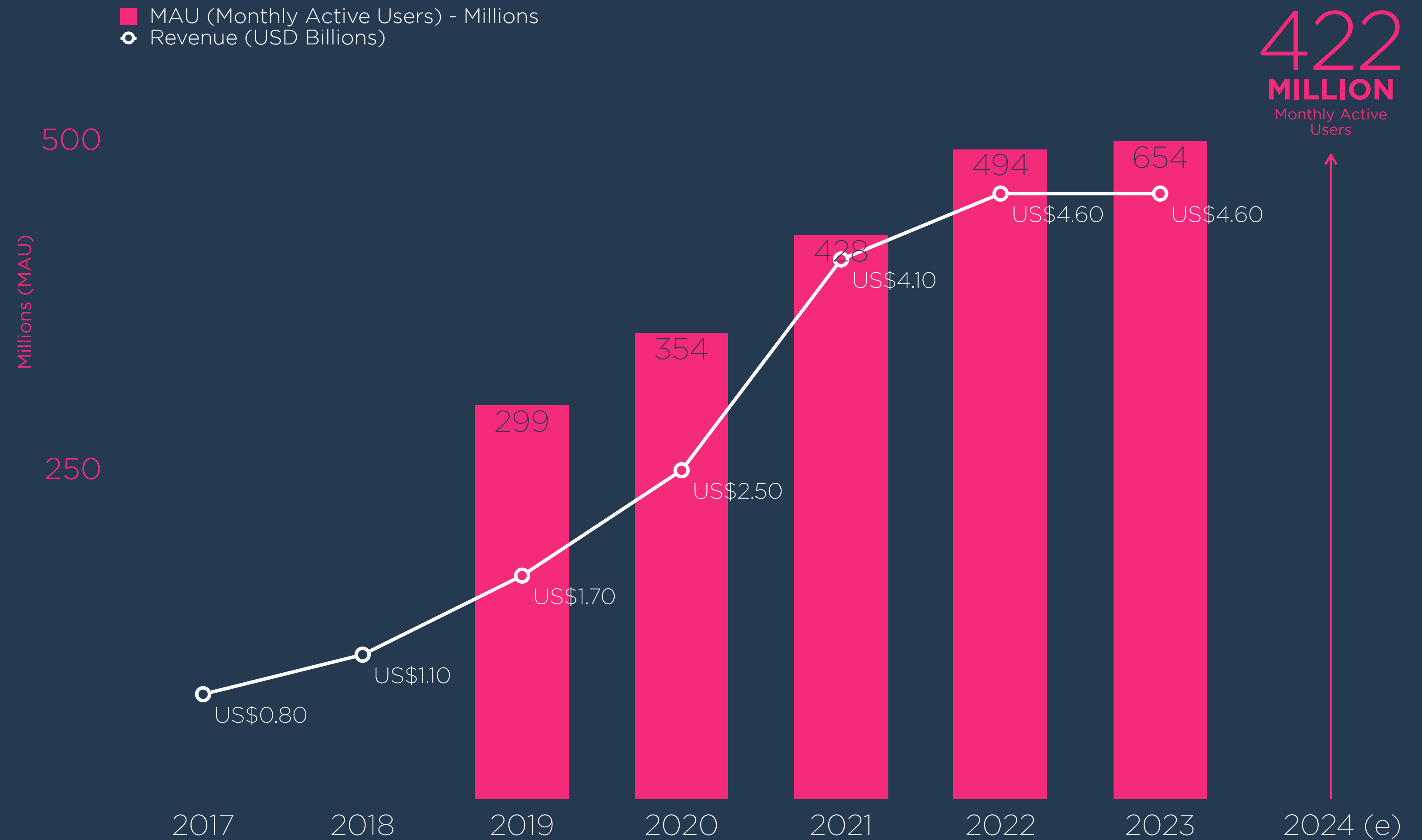
SNAPCHAT

OVERALL APPROACH OF CHANNEL:
Snapchat stands out with its unique AR features and highly interactive content, while generating revenue through sponsored ads and in-app purchases. Brands should focus on creating compelling content using AR, engaging users through interactive Stories and Discover, and leveraging influencer collaborations to enhance visibility, drive engagement, and foster loyalty.
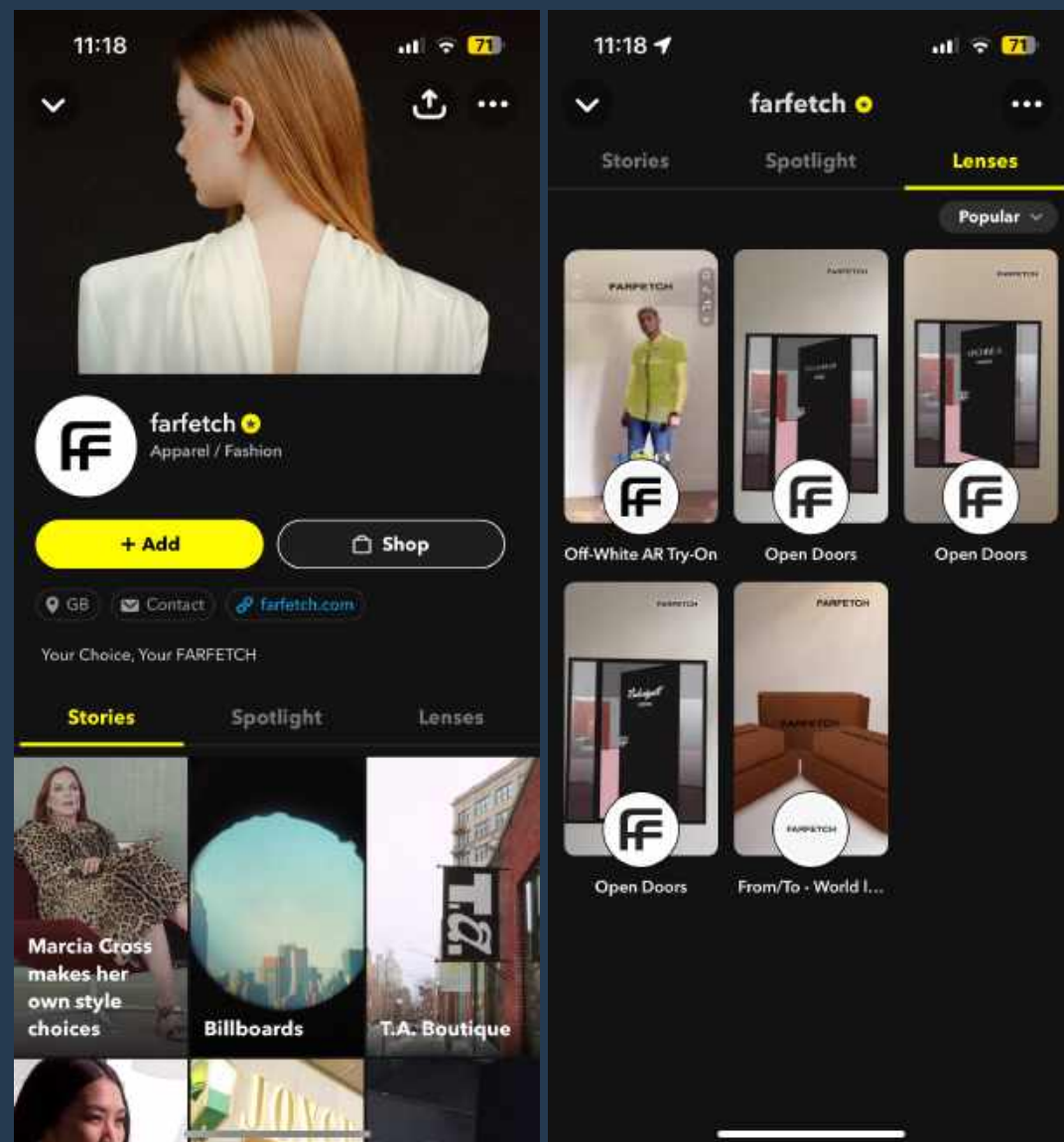
Brand Accounts: Brands create pins (photos & videos) which link to the brand website, where the transaction is completed.

The Shopify integration connects directly to a merchant's website, automatically (on daily basis) refreshing product images as pins, directly from product catalogues.

ADS INTEGRATED
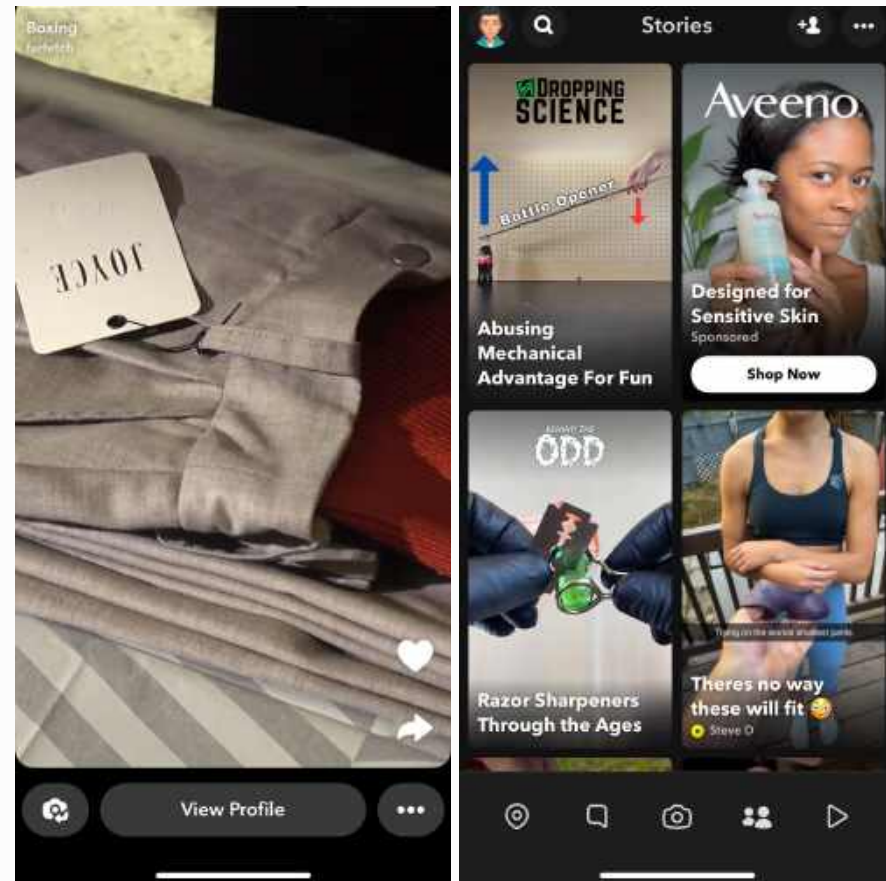
Snapchat's Discover, Stories, and Spotlight features integrate ads seamlessly into content streams, allowing brands to reach users through curated content, visual stories, and user-generated content for effective marketing and direct engagement.

BRAND PAGES
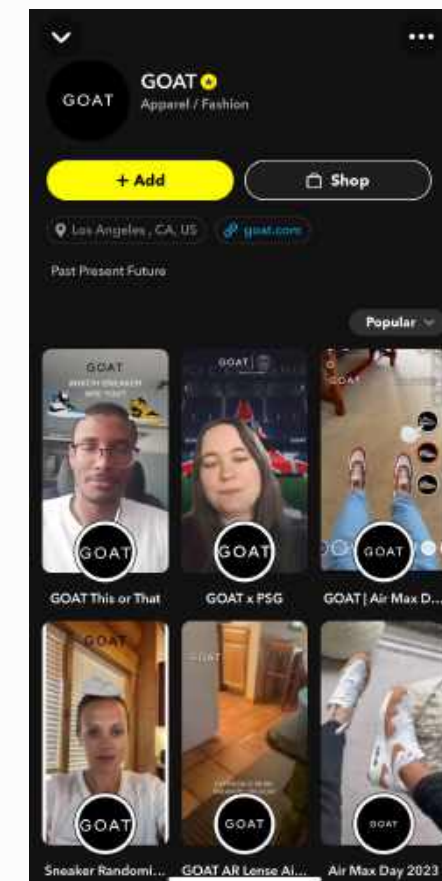
Snapchat Brand Pages are specialized profiles within the app that allow brands to share content, engage with users through AR experiences, and offer in-app shopping, catering primarily to a young audience.

TRANSACTION POINTS
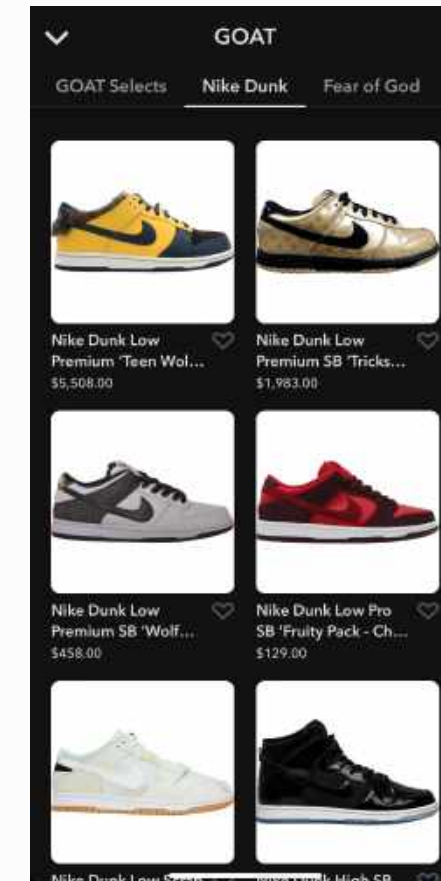
Traffic funnels to the brand's website or Snapchat's built-in store where the transaction is completed.

UNIQUE UI
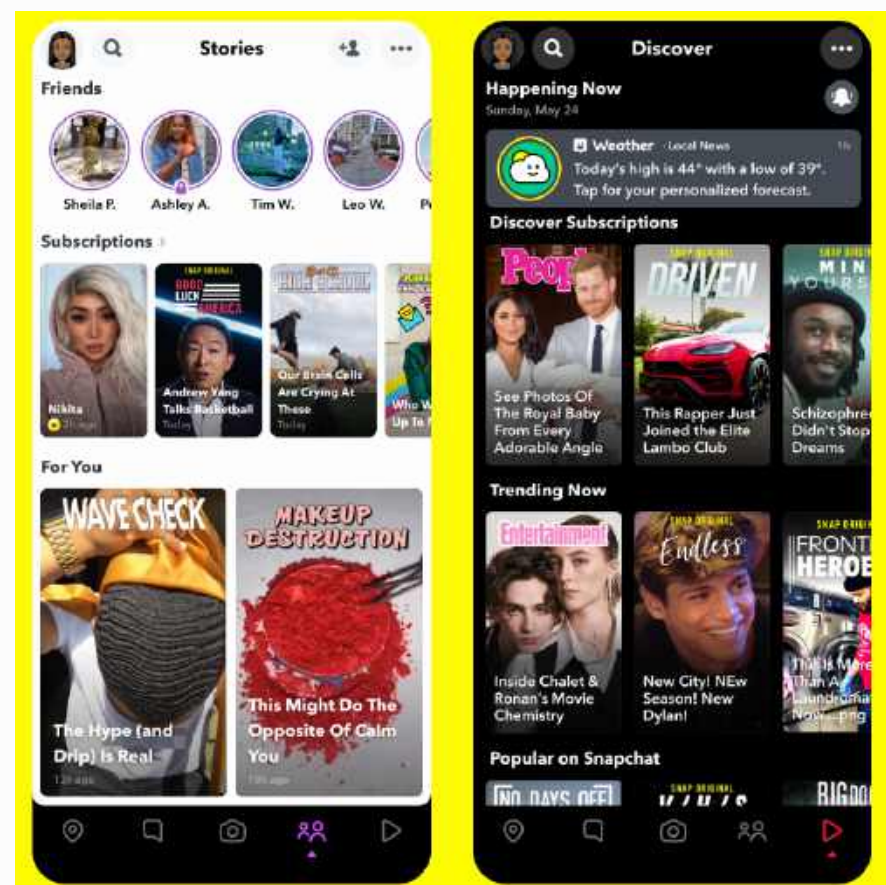
Snapchat offers real-time friend location on the Maps Page, disappearing messages and content on the Chat Page, and creative photo and video tools on the Camera Page. Users can view and share 24-hour stories on the Story Page, and discover trending videos on the Spotlight Page.

FAVORITES
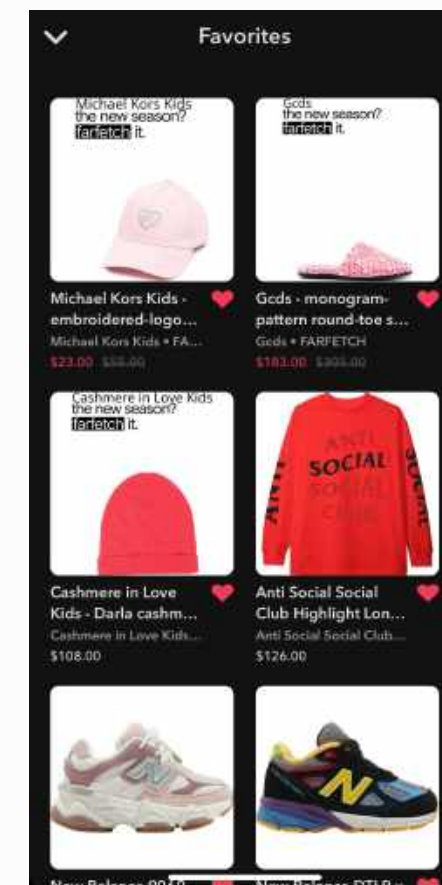
Snapchat's Favorites feature lets users save and organize products they're interested in while shopping on the platform, making it convenient to revisit and consider purchases later.

AR FILTERS

Snapchat's AR filters enable users to virtually try on products within the app. This feature merges interactive engagement with seamless e-commerce, allowing direct purchases.

SNAPCHAT

SHOPPING ACCESS POINTS

- ☑ SHOP TAB ON PROFILE PAGE
- ☑ LINKS TO BUY EMBEDDED INTO POSTS
- ☐ LIVESTREAM SHOPPING
- ☑ HIGH-LEVEL OF INFLUENCER ACTIVITY
- ☐ PEER-TO-PEER SELLING

E-COMMERCE INFRASTRUCTURE

- ☑ NATIVE CHECKOUT
- ☐ NATIVE PAYMENT SYSTEM

Q4, 2023

Snap also has Amazon shoppable ads, allowing native checkout in Snap for Amazon Shops.

RETARGETING

- ☐ SAVED CARTS
- ☐ PRODUCT REMINDER

MEANINGFUL ENGAGEMENT

- ☐ CHAT WITH BRANDS
- ☐ PRIVATE TRAFFIC FUNCTIONS
- ☑ ALIGNMENT WITH YOUTH

SNAPCHAT OFFERS UNIQUE ENGAGEMENT THROUGH ITS INTEGRATED SHOPS AND HIGH-LEVEL INFLUENCER ACTIVITY, DIFFERENTIATING ITSELF WITH ITS STRONG FOCUS ON AUGMENTED REALITY (AR) EXPERIENCES.

THE PLATFORM SUPPORTS SHOPPING VIA PROFILE PAGE TABS AND EMBEDDED PURCHASE LINKS, ALTHOUGH IT LACKS NATIVE PAYMENT SYSTEMS AND LIVESTREAM SHOPPING.

"SNAPCHAT IS EVOLVING INTO A POWERFUL PLATFORM FOR SOCIAL COMMERCE. WE'RE INTEGRATING AUGMENTED REALITY FEATURES THAT MAKE SHOPPING MORE INTERACTIVE AND ENGAGING FOR OUR USERS."

Evan Spiegel, CEO of Snap Inc.

X
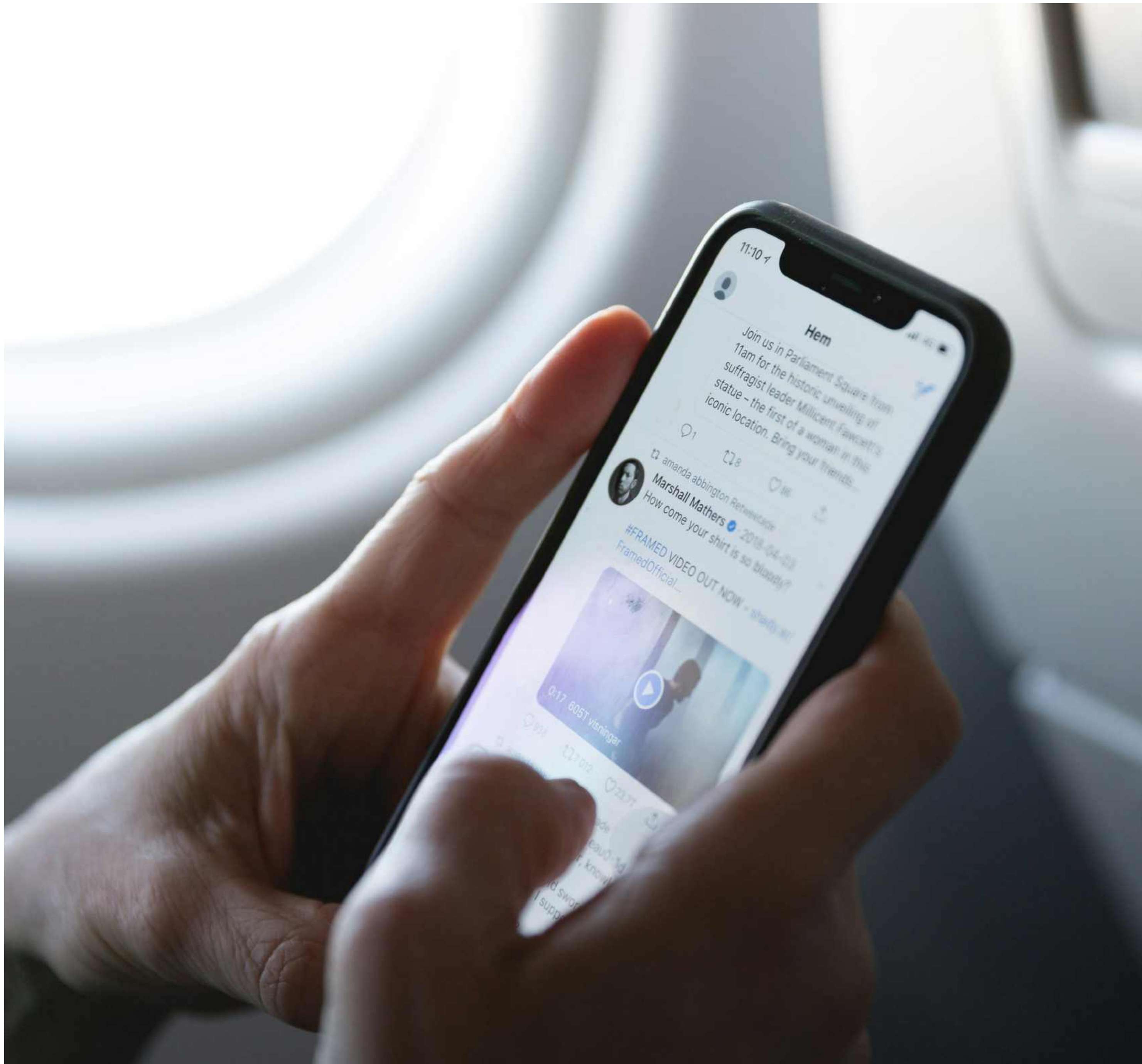
TWITTER

X/TWITTER

EFFECTIVENESS FOR BRANDS:

Users typically engage with the platform for news updates and direct interactions with brands or public figures. This real-time interaction fosters a community-driven environment, making it ideal for brands to connect with users on a personal level. However, users are not primarily here for product inspiration or purchase, which can limit its effectiveness for direct sales.

The advantage of X/Twitter lies in its ability to create meaningful connections through real-time conversations and community engagement. Brands can leverage these interactions to build trust and foster loyalty. Additionally, features like Drops can create buzz and engage the community around new product releases or special offers.

Despite these strengths, user intent isn't really geared towards shopping, making it less effective for driving direct sales. Its text-centric nature may not be as compelling for visual-driven product showcases compared to other platforms. Furthermore, the lack of integrated CRM options can make it challenging for brands to manage customer relationships effectively.

"[X'S] NEW STRATEGIES TO INTEGRATE ONLINE SHOPPING EXPERIENCES FOCUS ON REAL-TIME ENGAGEMENT TO DRIVE SALES.

Quote about X/Twitter from HubSpot

■ MAU (Monthly Active Users) - Millions
◉ Revenue (USD Billions)

350
MILLION
Monthly Active Users

Millions (MAU)

500

250

| Year	MAU	Revenue
2017	310	US$2.40
2018	298	US$3.00
2019	312	US$3.40
2020	347	US$3.70
2021	362	US$5.00
2022	401	US$4.40
2023	421	US$3.40
2024 (e)		
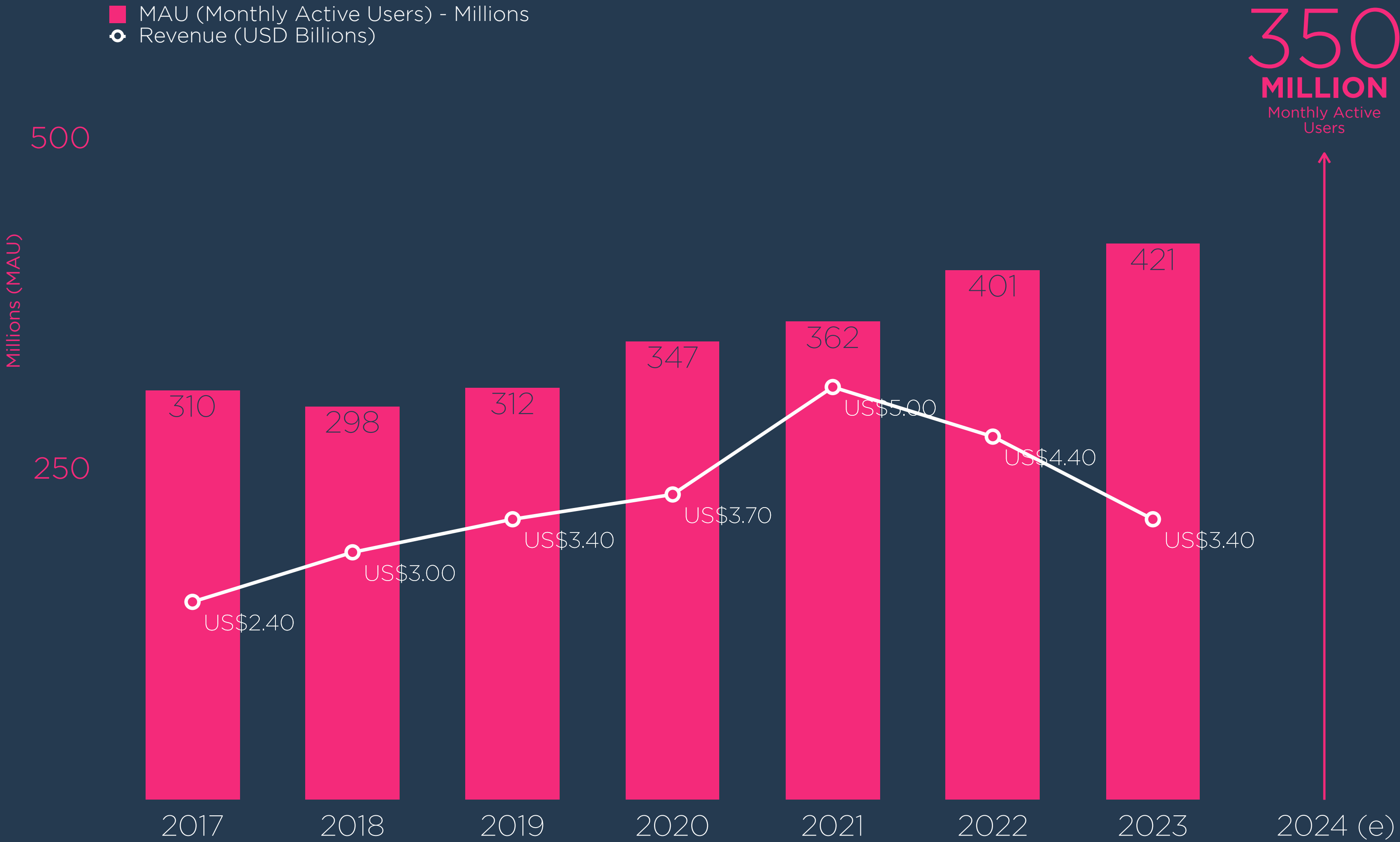
X/TWITTER

OVERALL APPROACH OF CHANNEL:
X/Twitter differentiates by offering real-time engagement and direct interactions with brands and public figures. Brands should create timely, relevant content that sparks conversations that align with current trends. Consistent participation in trending topics, and using multimedia content like videos and GIFs, further drives engagement and brand awareness.
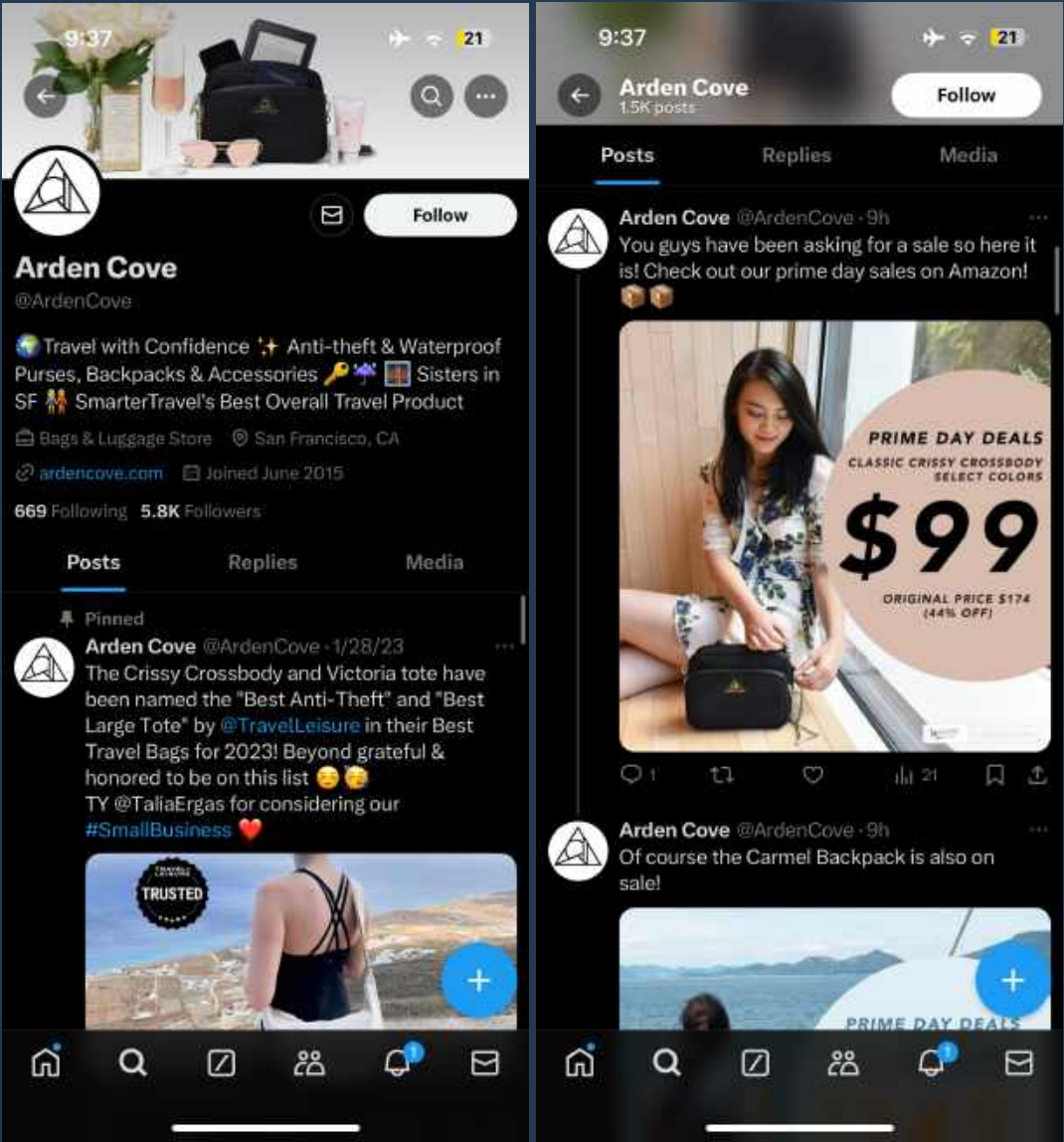
Brands and influencers use X to engage with audiences, share updates, promote products, and join trending conversations. They utilize targeted ads and analytics to reach specific audiences and refine marketing strategies.

X integrates with third-party tools like Hootsuite and Buffer for scheduling, Sprout Social for analytics, and Zendesk for customer support, streamlining content management, tracking engagement, and enhancing customer service.
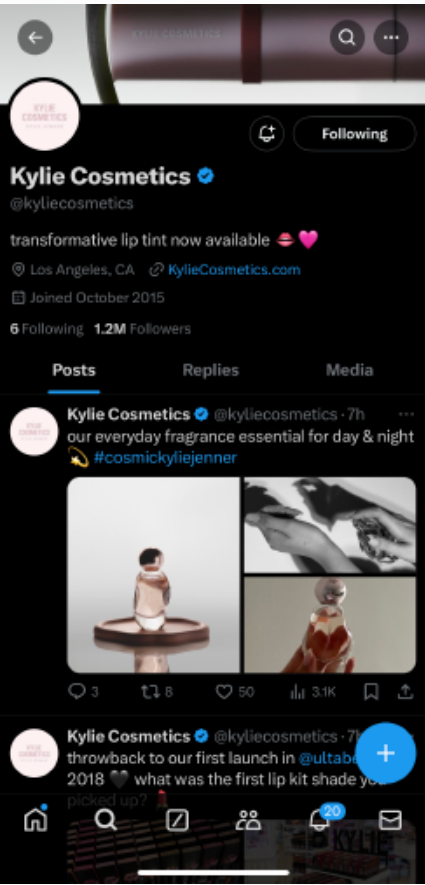
ADS/MEDIA

Ads feature promoted tweets, accounts, and trends targeted to specific audiences to boost engagement, followers, and brand visibility within the platform.

BRAND PAGES

X's interface supports social interaction and content sharing. The Home Timeline offers personalized tweets from followed accounts and recommended content. Search and Explore provide personalized topics and accounts, featuring trending and suggested content.

TRANSACTION POINTS

Transactions occur through ads or sponsored content that link to external websites for purchases. While X doesn't process transactions directly, it effectively drives traffic to external sales points through its user engagement.

BRAND-CUSTOMER MESSAGING

Brands engage with audiences by posting updates, responding to comments and messages, joining trending topics, and using polls and hashtags to expand their reach.
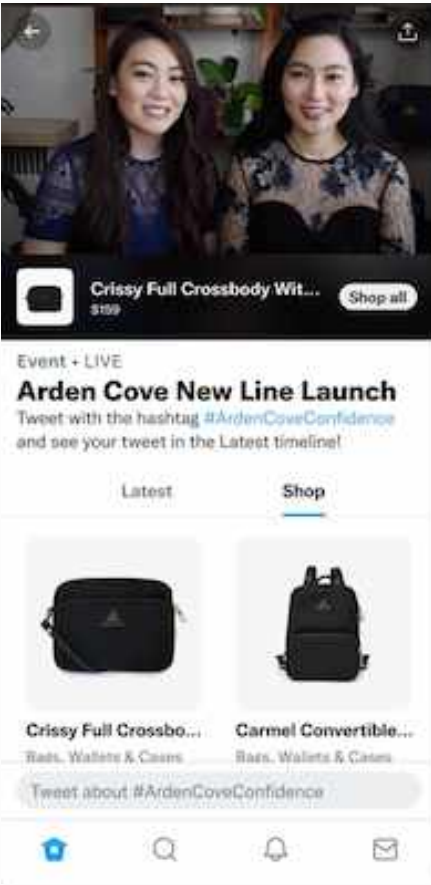
INFLUENCER ACCOUNTS

Pages are profiles where users post updates, interact with followers, and share content, serving as a central hub for communication and interaction within the platform.

LIVESTREAM SHOPPING

Livestream shopping enables real-time product promotion and sales. Brands and creators can engage with audiences directly through live video, while viewers can purchase products via integrated links.

SHOPPING ACCESS POINTS

- ☐ SHOP TAB ON PROFILE PAGE
- ☑ LINKS TO BUY EMBEDDED INTO POSTS
- ☐ LIVESTREAM SHOPPING
- ☑ HIGH-LEVEL OF INFLUENCER ACTIVITY
- ☐ PEER-TO-PEER SELLING

E-COMMERCE INFRASTRUCTURE

- ☐ NATIVE CHECKOUT
- ☐ NATIVE PAYMENT SYSTEM

RETARGETING

- ☐ SAVED CARTS
- ☐ PRODUCT REMINDER

MEANINGFUL ENGAGEMENT

- ☑ CHAT WITH BRANDS
- ☐ PRIVATE TRAFFIC FUNCTIONS
- ☑ ALIGNMENT WITH YOUTH

BRANDS ON X CAN LEVERAGE EMBEDDED LINKS AND HIGH INFLUENCER ACTIVITY TO DRIVE PRODUCT VISIBILITY, BUT THE PLATFORM LACKS INTEGRATED SHOPS AND NATIVE PAYMENT SYSTEMS.

X FACES CHALLENGES IN SUPPORTING DIRECT SHOPPING EXPERIENCES DUE TO LIMITED E-COMMERCE INFRASTRUCTURE AND RETARGETING OPTIONS, BUT ITS STRONG CAPABILITIES IN ENGAGING WITH TRENDING CONVERSATIONS MAKE IT VALUABLE FOR MAINTAINING A DYNAMIC BRAND PRESENCE.

"WE'RE BUILDING AN ECOSYSTEM WHERE REAL-TIME CONVERSATIONS CAN LEAD TO REAL-TIME PURCHASES. OUR FOCUS IS ON CREATING TOOLS THAT HELP BRANDS ENGAGE AND CONVERT THEIR AUDIENCE ON THE PLATFORM."

Elon Musk, CEO of X

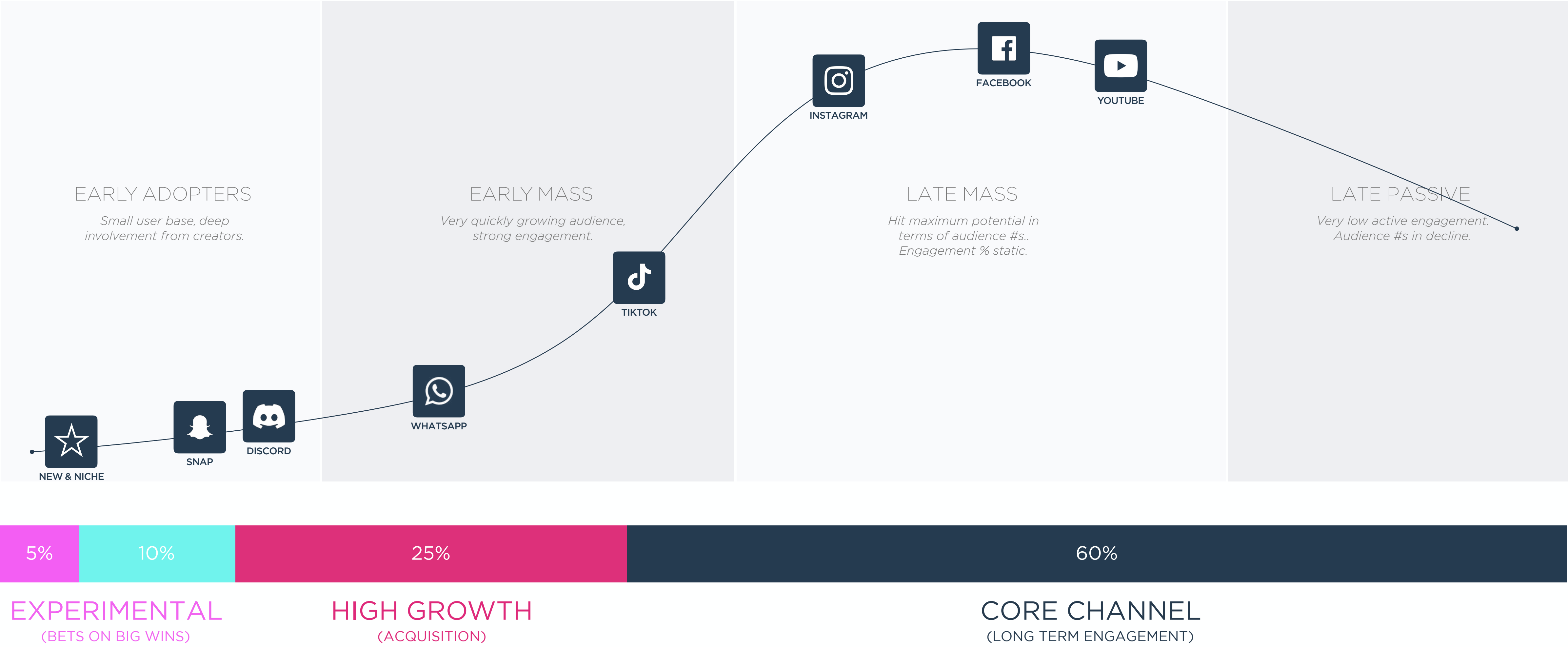## EVALUATION OF SOCIAL COMMERCE POTENTIAL

3

APPS & OPS TO WATCH

With the fixation on/for Facebook and other larger channels, a large number of brands are systematically overlooking niche marketing opportunities.

New apps (especially those that share audiences/activities with the brand) offer important value as experimental investments.

AUDIENCE SCALE

EARLY ADOPTERS
Small user base, deep involvement from creators.

EARLY MASS
Very quickly growing audience, strong engagement.

LATE MASS
Hit maximum potential in terms of audience #s.. Engagement % static.

LATE PASSIVE
Very low active engagement. Audience #s in decline.

INSTAGRAM

FACEBOOK

YOUTUBE

TIKTOK

WHATSAPP

SNAP

DISCORD

NEW & NICHE

PORTFOLIO

5%	10%	25%	60%

EXPERIMENTAL
(BETS ON BIG WINS)

HIGH GROWTH
(ACQUISITION)

CORE CHANNEL
(LONG TERM ENGAGEMENT)

AMAZON'S STEADY MARCH TO WINNING THE SOCIAL COMMERCE RACE

Amazon is positioning itself to sit at the center of social commerce, building integrations with a host of social sites (Pinterest, Snap, Meta & TikTok), with Amazon ads inside social apps, native checkout linked directly to Amazon shops. Amazon's success in this space seems inevitable, even if it takes many years to play out.

At the same time as Amazon is re-wiring social media traffic to its platform, it continues to experiment with a range of native, social features. Its 'consult a friend' function is a fun way to add engagement on its platform, while helping customers to validate purchases with their closest friends. Small, tactical experiments like 'consult a friend' should help the ecommerce giant to slowly, but surely dial-in its approach to social commerce - while social-first platforms (eg. Facebook), struggle to make any progress with native checkout.

Earlier (in 2023) Amazon launched its "Inspire" shopping feed, where users can take photos/videos of products they love (or have purchased). This Pinterest-like approach might not sit too well with Pinterest - who Amazon already has a partnership/integration with.

Amazon's 'Consult a Friend" feature launched in late 2023, allows customers to send messages out through their choice of messenger app - and then post results back onto Amazon shopping pages. According to the company has been most effect in the categories of; apparel, shoes, electronics and furniture.

NTWRK

CONTENT X COMMERCE FOR A NEW GENERATION VIDEO SHOPPERS

NTWRK blends entertainment and commerce to provide an appealing, attractive platform for creators to sell goods and interact with GenZ/Millennial audiences. The livestream video marketplace gives brands, artists, and personalities the power to create original content and sell exclusive products.

The model of daily exclusive product drops, narrative-driven content, engaging hosts, seamless native purchasing, and social distribution creates high-energy, immersive experiences for both buyers and sellers.

Collab opportunities abound, like when the platform teamed up with the Dallas Cowboys, Post Malone and Cheatin Skates for limited-edition clothing collection drops.

With NTWRK's rapidly growing user base of over 2 million monthly active users (MAU) the company recently announced they are folding its brand and business into media platform, Complex, which it acquired for $108 million.

NTWRK stands out by integrating social media engagement with e-commerce, creating an immersive shopping environment that encourages user participation and interaction. Leveraging user-generated content, the platform enhances product discovery and authenticity, fostering a community-driven approach that builds trust and drives higher conversion rates.

VIDEO-BASED SOCIAL COMMERCE PLATFORM FOR COLLECTORS

Whatnot began as a livestream shopping platform focused on collectibles like Funko Pops and sneakers, and has since broadened its scope to include sports cards, comics, action figures, fashion, electronics, jewelry, and even perishables like food and pet supplies.

As of 2024, Whatnot remains the fastest-growing independent live shopping platform in the US, with a valuation of US$3.7 billion. The company's sales have tripled since 2022, and it continues to expand aggressively into new categories and geographies.

As a live-streaming e-commerce platform, Whatnot helps sellers auction products in real-time to an engaged audience how keep coming back for the exciting interactive shopping experiences.

Whatnot has experienced significant growth in its user base, with monthly active users (MAU) exceeding 1.5 million. This growth is driven by the platform's niche focus on collectibles and its engaging live auction format.
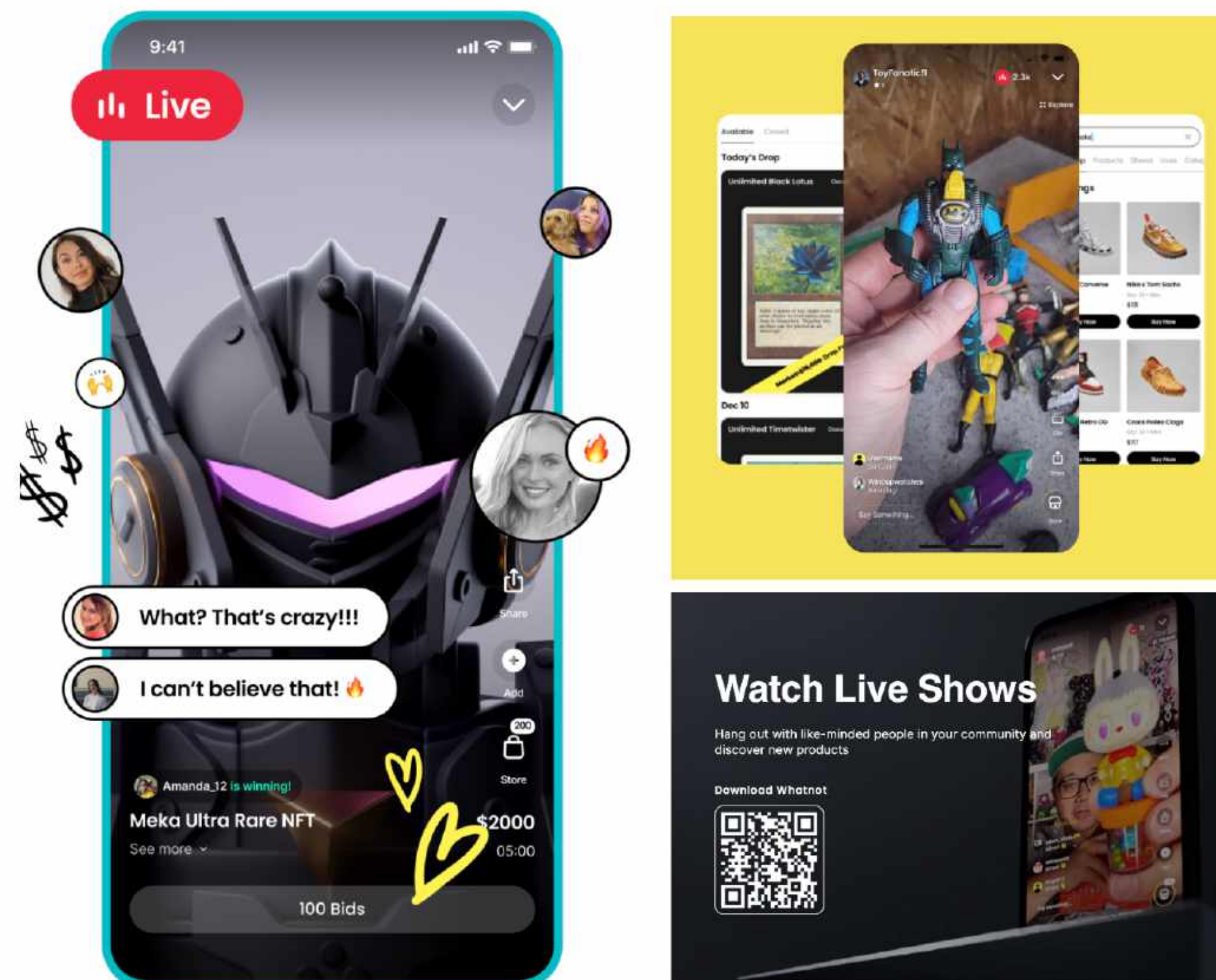
Whatnot's livestreaming auction model creates urgency and excitement, leading to higher engagement and a faster sales process. Buyers can directly engage with sellers, ask questions, and see products in real-time, enhancing transparency and trust.

FANATICS WINS BIG WITH LIVE SHOPPING OF SPORTS MEMORABILIA

In the space of a year, Fanatics Live became a star player in the sports memorabilia niche. The social commerce hub focuses on live-streamed events that blend live auctions, real-time interactions, and exclusive content.

The platform has collaborated with major influencers like Dude Perfect, and has strong partnerships with major sports leagues and big-name athletes – which helps deliver exclusive products and content to its audience.

The platform's user base has surged to over 2 million monthly active users (MAU), driven by its strong brand presence and entertaining live event format.

Fanatics Live users spend an average of 56 minutes per session, and 42% actively participate in chat, highlighting the platform's ability to be consistently engaging and entertaining for its audience of diehard sports fans.

Fanatics Live has emerged as a leading social commerce platform by leveraging interactive live events, strong brand partnerships, a huge audience of sports fans, and a robust digital presence to engage and convert sports enthusiasts.

POISED TO TAKE-OVER AS LEADER IN US LIVE COMMERCE?

Amazon Live offers an interactive social commerce platform where influencers, brands, and experts host live video streams to showcase products, demonstrate their usage, engage with viewers in real-time, and make purchases directly from livestreams.

The integration of Amazon Live with its core platform ensures a steady flow of traffic and buyers (potential customer base of 230 million US customers).

Key competitive advantages include its seamless integration with Amazon's catalog and reviews, making shopping cohesive and encouraging conversions and repeat purchases. Amazon Live also uses analytics to offer personalized recommendations, optimize stream scheduling, and target specific customers.

Amazon's robust logistics network, fulfillment centers, and delivery solutions ensure quick and reliable product delivery. This infrastructure supports Amazon Live by enabling fast order fulfillment and enhances the platform's appeal as a social commerce hub through its reliability, scale, and ubiquity..
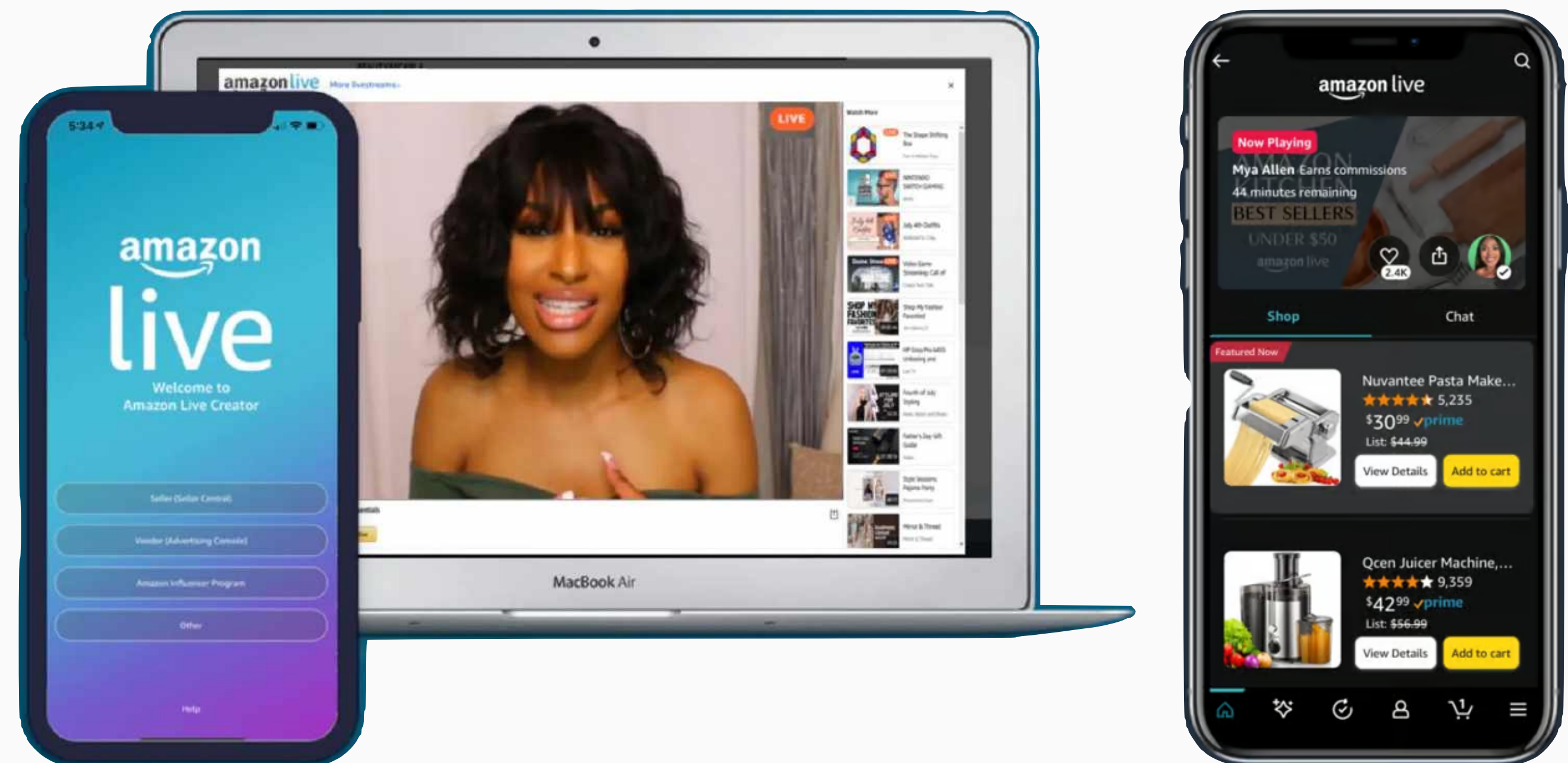
The trust and credibility established by Amazon's existing platform extend to Amazon Live, making viewers more comfortable and confident in making purchases during live streams. Features like "Shop the Show" on Prime Video and Freevee further enhance the interactive shopping experience by allowing customers to browse, shop, and engage with the content they're watching.

MESSAGING APP AS LEADING PLAYER IN CONVERSATIONAL COMMERCE

WhatsApp continues to integrate features allowing businesses to connect directly with customers. By sharing product catalogs and facilitating seamless communication and customer service, WhatsApp users can browse and purchase products within the app, providing a streamlined shopping experience.

The platform's end-to-end encryption guarantees secure communications and transactions, fostering trust among users and businesses. Additionally, WhatsApp's global reach, integration with the Facebook ecosystem, and support for multimedia and AI chatbots enhance its social commerce capabilities.

By offering a complete shopping experience, where customers can browse catalogs and interact with sellers in real-time, WhatsApp provides a rich and engaging platform for both buyers and businesses.
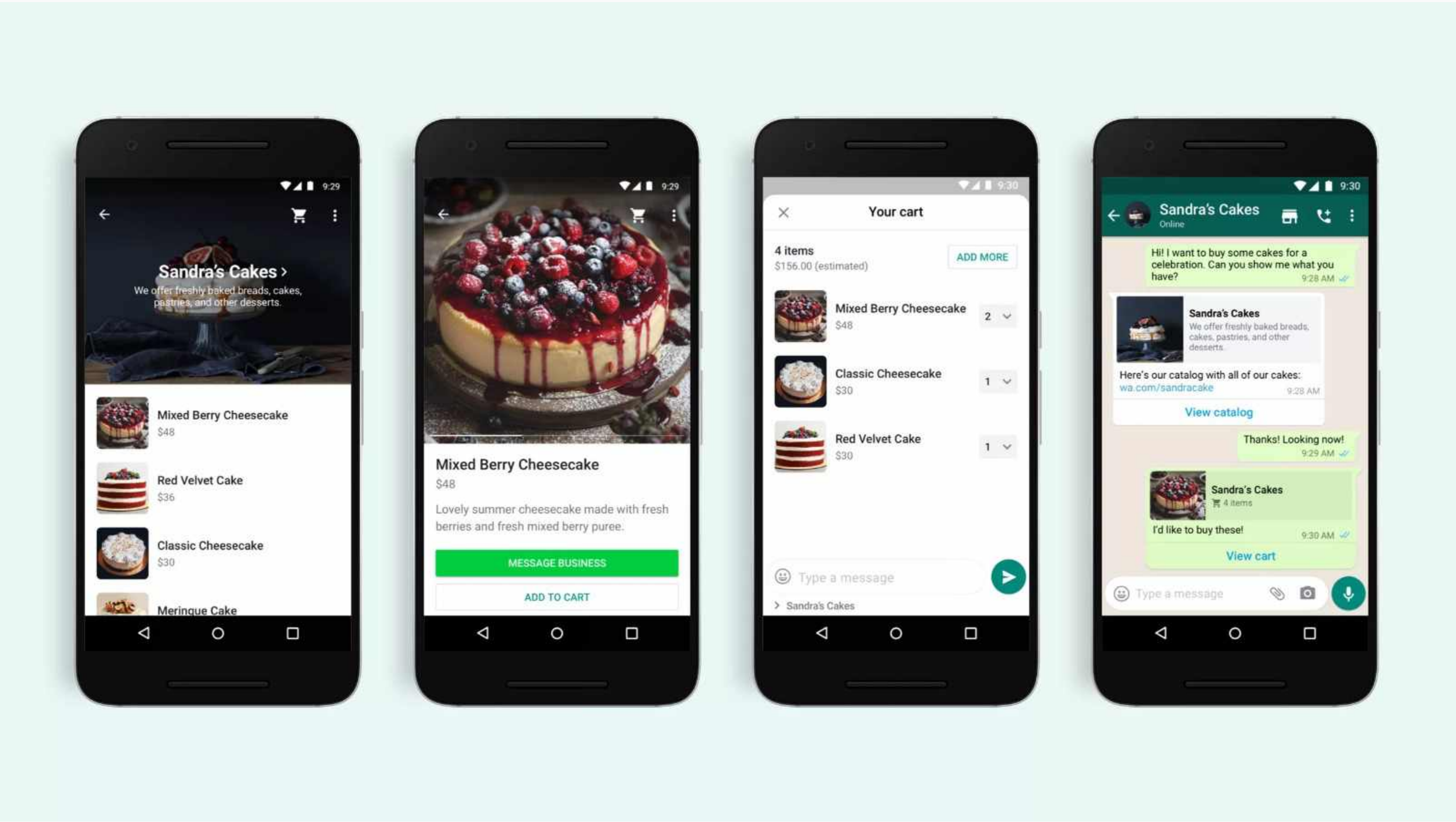
WhatsApp leverages its vast user base and advanced features to integrate social commerce seamlessly. With over 2 billion MAU, it offers a complete shopping experience, secure communications, and real-time interactions, enhancing customer engagement and trust.
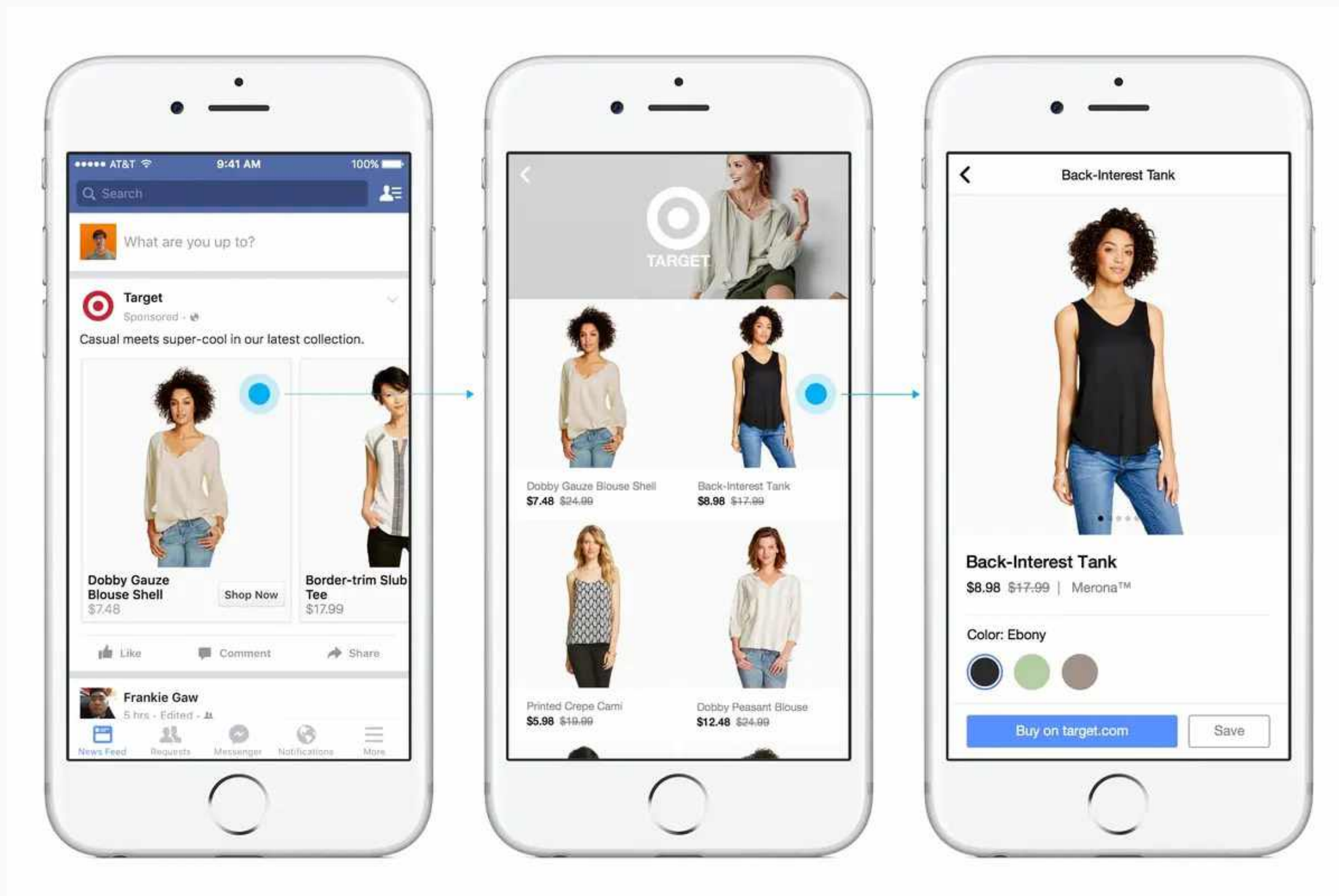
THE MISSING PIECE IN FACEBOOK'S SOCIAL COMMERCE PUZZLE?

Facebook Messenger enables businesses to interact directly with customers through automated chatbots, in-app purchases, and personalized messaging. Businesses can showcase products, handle customer inquiries, and process transactions, creating a complete shopping experience within the app.

Key competitive advantages include its integration with the Facebook ecosystem, while the platform's advanced AI and chatbot capabilities enable businesses to personalize customer service, automate responses, and streamline the purchasing process.

As part of the Facebook family, Messenger offers a secure and familiar environment, fostering trust and encouraging higher engagement and conversion rates for a monthly audience of 1.3 billion users.

FBM's robust features have enabled brands like Clinique to enhance their social commerce strategies. Clinique's "Skin School Live" videos on Facebook allowed users to ask questions to professionals and shop products during the live stream.

Facebook Messenger facilitates social commerce through automated chatbots, in-app purchases, and personalized messaging, providing a seamless shopping experience. With over 1.3 billion MAU, FBM offers a secure, integrated platform for businesses to engage and convert customers efficiently.

PERSONALIZED SHOPPING MEETS GAMIFIED, SOCIAL COMMERCE

TEMU has instantly made waves as a social commerce platform, blending e-commerce with social networking. Users can discover, share, and purchase products directly within the app. By leveraging user interactions, recommendations, and rewarding social sharing, TEMU amps up the shopping experience and drives sales.

The platform excels in integrating social & gamified features, like product recommendations, user reviews, and the sharing of purchases or wish-lists with friends. TEMU also effectively engages users and drives awareness across other social channels, boosting consideration and traffic to the app.

With select group sales, discounts increase as the number of participating buyers increase, encouraging 'socialization' of sales opportunities.

TEMU has grown incredibly fast, with over 50 million monthly active users (MAU) in the US and 167 million globally. Nevertheless, TEMU grapples with challenges and scrutiny. These include a variety of issues including privacy, security, difficulties with refunds and returns, and general reputation concerns.

TEMU collaborates with influencers and actively promotes community participation through a range of rewards and incentives. This approach creates a vibrant and interactive platform, where users feel engaged and valued.

ENTERING THE US MARKETPLACE GAME WITH FOCUS ON FAST FASHION

Shein identifies and responds to fashion trends with lightning speed, adding up to 10,000 new items a day.

Its expansion is driven by a massive product range, relentless new arrivals, and an aggressive digital marketing strategy that heavily relies on social commerce. Shein's encourages user-generated content (UGC), offering incentives for users to share, comment, like, and engage with others. This approach fast-tracks awareness and consideration to conversion.

Much like Amazon and Walmart, Shein has entered the US 'marketplace' game, offering 3rd party mainstream brands the opportunity to tap into its social commerce and backend fulfillment capabilities.

Shein faces stiff challenges in its quest to breakthrough in the US. The Chinese owned platform faces scrutiny on an array of issues. Copy-cat products, IP violations and (a recent surge in) grey market inventory all have a chilling effect for mainstream brands evaluating Shein as a marketplace/platform.
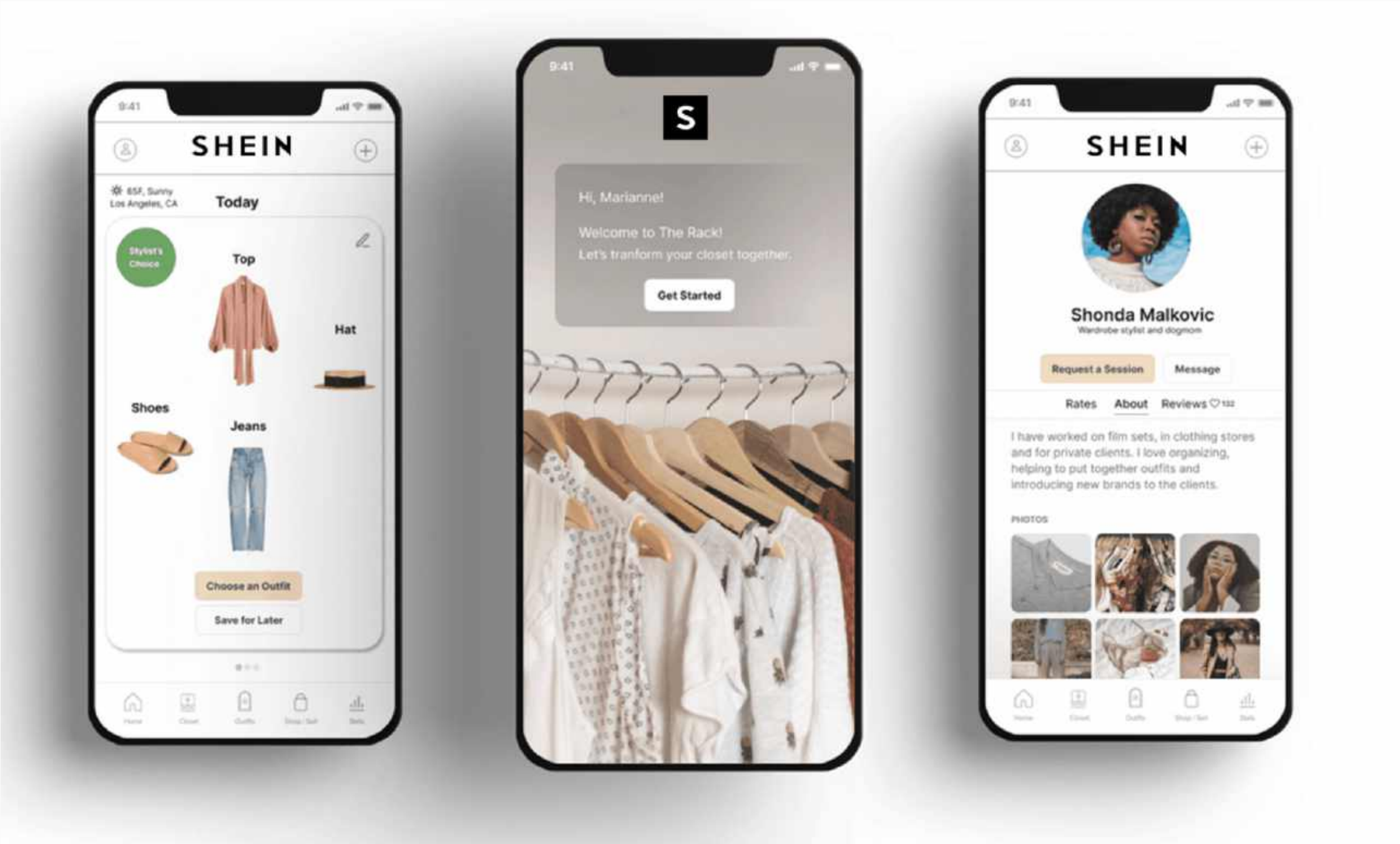
SHEIN's ability to rapidly identify and produce new fashion ensures a constantly growing inventory. This, combined with affordable pricing, helps drive the brand's social commerce strategies. Influencer collaborations, user-generated content, and social media campaigns all drive further engagement.

5

GROWTH FRAMEWORKS

TOTEM'S BRAND GROWTH FRAMEWORK

Tracking data and performance of over 10,000 brands globally, Totem has developed its "Brand Growth Framework" as a template for brand growth.

It provides key strategies needed by start-up brands to quickly become category leaders. And, at the same time, provides tactics for established brands to defend leadership positions, with renewed momentum.

When set against the challenge of social commerce planning, the "growth framework" reveals that brands need to:

A. Focus on improving brand distinctiveness and creating ('owning') a culture/category, while leveraging those advantages toward ever larger, and braver brand activations. New, experimental media (eg. Live-streaming, AR/VR) offer prime opportunities for bold activations, if distinctness and culture are in good shape.

B. Have rock solid loyalty and advocacy solutions in place to support bottom-up, organic growth.

BRAND GROWTH FRAMEWORK

Brave brands have a purpose - and resolve to take a stand. They venture big gains with bold, compelling campaigns.

BRAND "BRAVERY"

Investing into underpriced platforms ahead of the curve. Well timed investments can earn brands big rewards.

NEW MEDIA MINDSET

When brands become synonymous with a culture and become intertwined with it at every conceivable level.

OWN CATEGORY/ CULTURE

Sheer power of presence. Pervasiveness/penetration underpins a large share of market - scale for brands.

PERVASIVENESS/ PENETRATION

How well a brand stands out against the crowd, or focuses in on a particular niche. What makes them memorable.

DISTINCTIVENESS

A full array of channels (offline and online) ensures that a brand is accessible at all times for customers.

OMNI-CHANNEL

Social content which is highly responsive, conversational and focused on authenticity and reciprocity with audiences.

SOCIAL MEDIA ENGAGEMENT

Systems to communicate with individuals and segments at scale, while keeping a personal touch.

1-2-1 AT SCALE (CRM)

A healthy relationship with customers - brand delivers on its promises and makes things right for its customers.
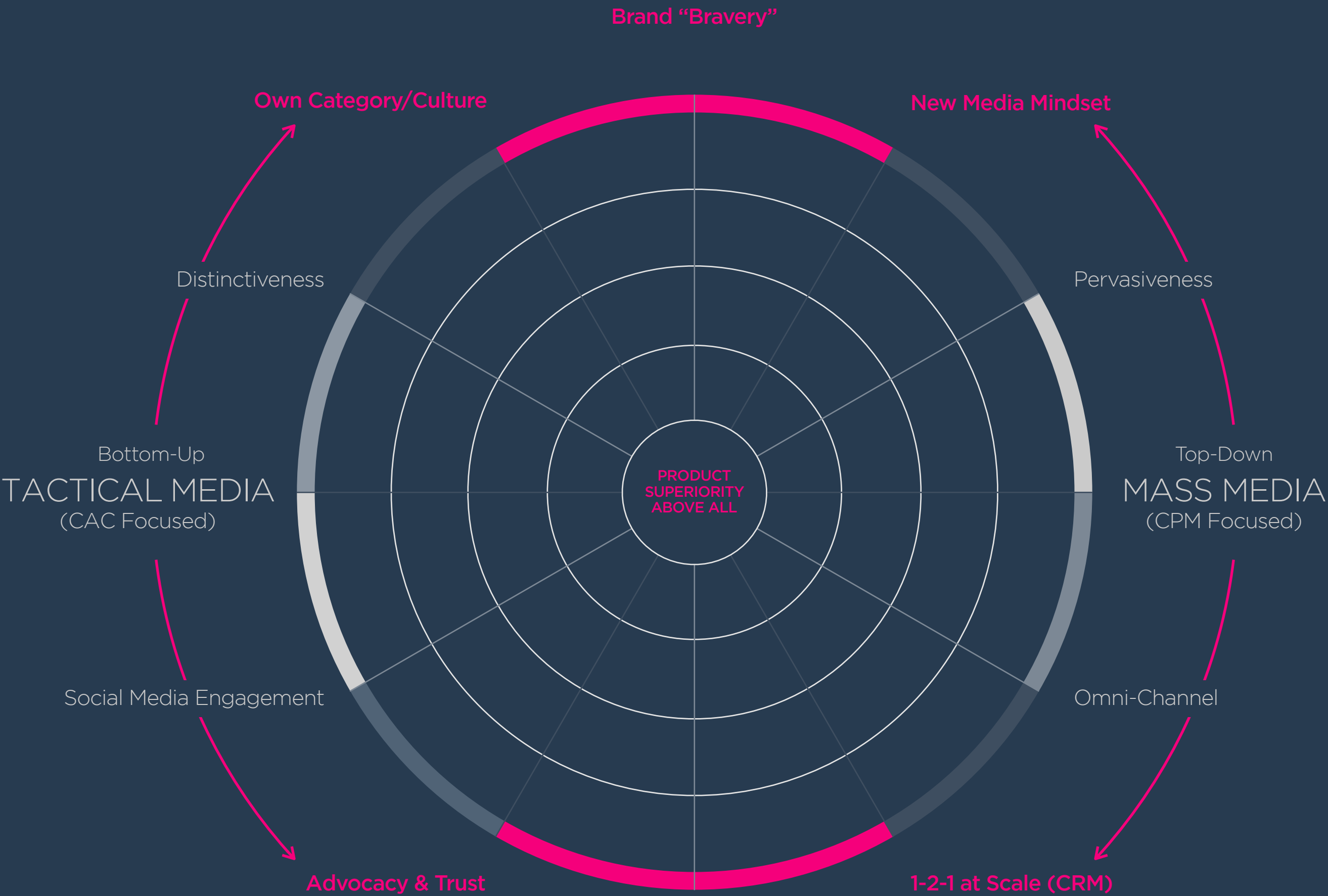
ADVOCACY & TRUST FOCUSED

Creating quintessential brand experiences via new technologies (VR/AR, livestream, haptics and more).

VIRTUALIZING EXPERIENCES

Brand "Bravery"

Own Category/Culture

New Media Mindset

Distinctiveness

Pervasiveness

Bottom-Up
TACTICAL MEDIA
(CAC Focused)

PRODUCT SUPERIORITY ABOVE ALL

Top-Down
MASS MEDIA
(CPM Focused)

Social Media Engagement

Omni-Channel
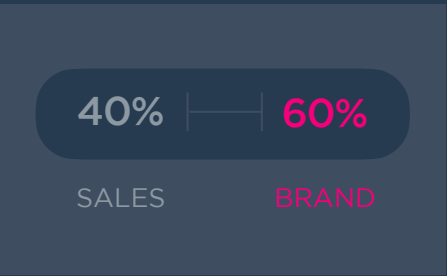
Advocacy & Trust

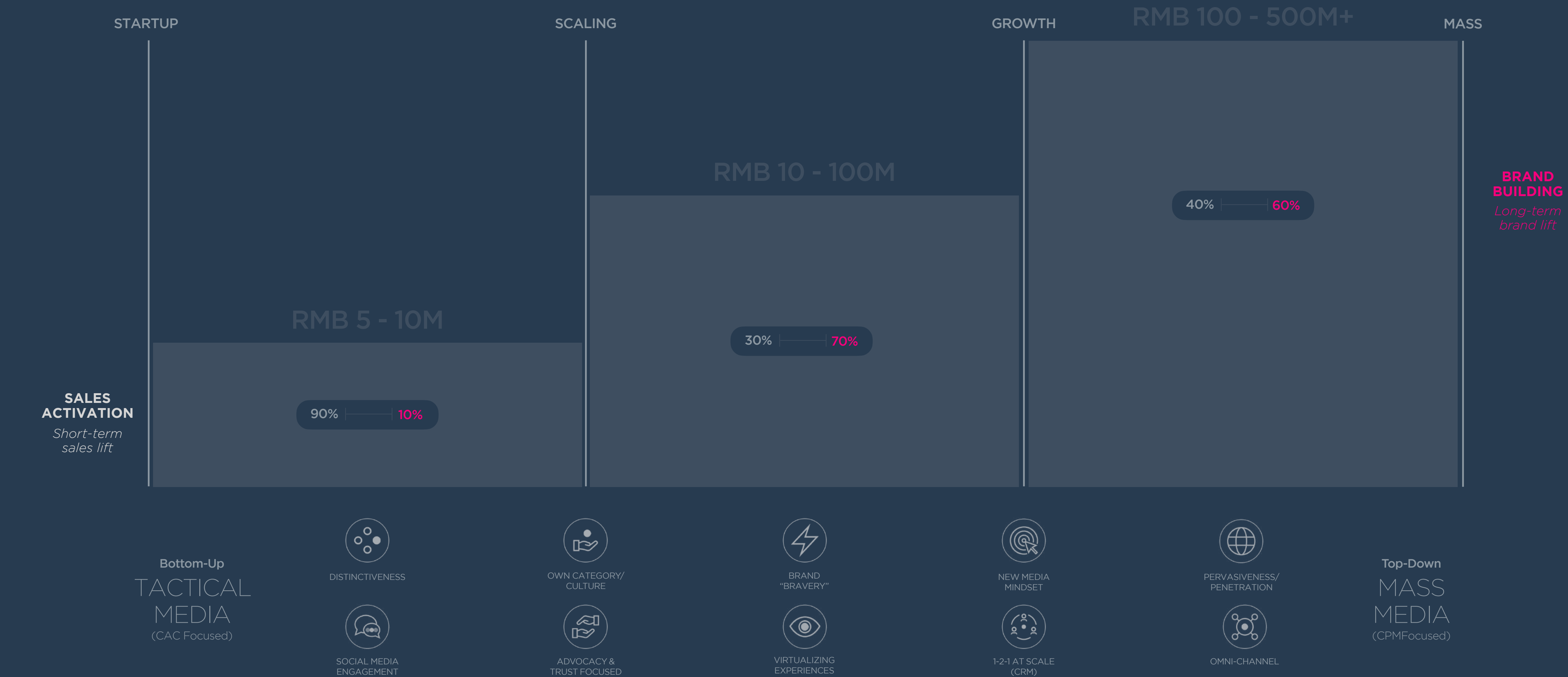**1-2-1 at Scale (CRM)**

Virtualizing Experiences

BRAND GROWTH TIERS

What's the appropriate split between brand and performance marketing spend?

Start-up brands can ride performance marketing efforts through to a first plateau in growth. During this stage, a bias of 90% toward "performance" (bottom of funnel) may be effective. Following this initial growth spurt, brands must flip-the-switch and increase brand building (top-of-funnel) budgets. Research from Binet & Field has been instructive (they call for an average split of 60:40 in favor of brand investment). Ratios of 70:30 in favor of brand for incumbents looking to re-ignite penetration.

40% ⊢⊣ 60%
SALES   BRAND

STARTUP   SCALING   GROWTH   RMB 100 - 500M+   MASS

BRAND BUILDING
Long-term brand lift

RMB 10 - 100M

40% ⊢⊣ 60%

RMB 5 - 10M

30% ⊢⊣ 70%

SALES ACTIVATION
Short-term sales lift

90% ⊢⊣ 10%

Bottom-Up
TACTICAL MEDIA
(CAC Focused)

DISTINCTIVENESS

OWN CATEGORY/ CULTURE

BRAND "BRAVERY"

NEW MEDIA MINDSET

PERVASIVENESS/ PENETRATION

Top-Down
MASS MEDIA
(CPMFocused)

SOCIAL MEDIA ENGAGEMENT

ADVOCACY & TRUST FOCUSED

VIRTUALIZING EXPERIENCES

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OMNI-CHANNEL

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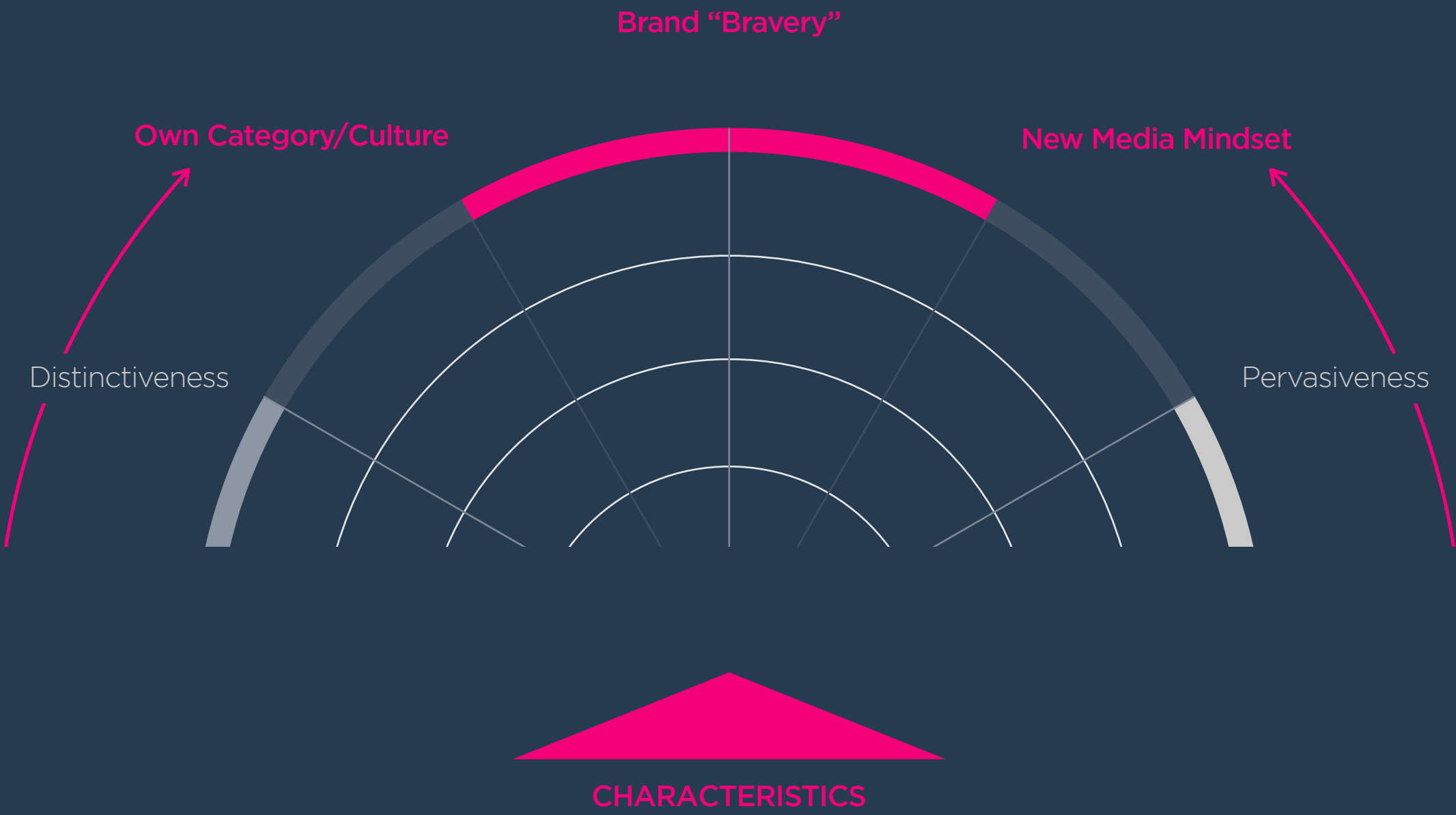
THESE FUEL NEW CUSTOMER GROWTH

ARC'TERYX AIMS TO ELEVATE ITS IDENTITY, LINK TO LOCAL CULTURE

Arc'teryx, best known for technical outdoor apparel, is a brand native to the Pacific Northwest.

With its "Walk Gently" product line, the brand is aligning itself to Indigenous art/design from its home region - with a product line designed by Musqueam designer Cole Sparrow-Crawford. The seven-piece collection blends traditional designs with Arc'teryx's technical fabrics, showcasing elements of fishing, canoeing, and harvesting.

While the brand identify of Arc'teryx is already closely identified with the Pacific Northwest region, this effort elevates the focus and amplitude of this identity - helping the brand edge toward a more distinctive image.

Brand distinctiveness is hard to establish and requires yeoman effort to maintain. Layer-up-layer of brand codes need to be written and defended.

"Walk Gently" not only highlights Indigenous artistry but also supports Indigenous communities. Profits from the collection are donated to organizations like Indigenous Women Outdoors, which is dedicated to Indigenous female empowerment and wellbeing. By partnering with Indigenous designers, Arc'teryx demonstrates the importance of inclusivity and representation in the outdoor industry, particularly one so close to home for the brand. The social buzz generated from "Walk Gently" underscores the power of advocacy in brand initiatives, highlighting how meaningful collaborations can extend beyond products to create cultural and social impact.

Arc'teryx's "Walk Gently" collection, designed in collaboration with Indigenous artist Cole Sparrow-Crawford, blends traditional Coast Salish elements with modern technical fabrics. This initiative celebrates the roots of Arc'teryx in the Pacific Northwest, while supporting Indigenous communities.

DELIMEX FEEDS THE GAMERS WITH FREE TREATS

Delimex's "Feeding Gamers" campaign zeroed in on hungry gamers – not just hungry for snacks, but also for video game glory.

Delimex-themed characters would announce themselves via social media, and sacrifice themselves to any gamers that found them for the free experience points – a process known as "feeding". But participants were also rewarded with IRL taquito coupons, turning a traditional sampling campaign into an interactive experience.

By leveraging social media to announce in-game events and rewards, Delimex seamlessly blended social commerce with interactive engagement. This strategy helped position the brand as a go-to snack for gamers, integrating their taquitos into major online games like Call of Duty: Modern Warfare 2 and Overwatch 2.

The gameplay collaboration yielded impressive results, reaching over 40 million gamers and generating more than 654,000 engagements. Remarkably, the sentiment was 100% positive.

Delimex's "Feeding Gamers" campaign entertainingly integrated taquitos into popular online games (partly by offering Delimex's own gamers as cannon fodder), reaching over 40 million gamers and generating 654,000 engagements. This fun-focused approach, featuring in-game rewards and real-life taquito coupons, positioned Delimex as a go-to snack for gamers.

CAMPBELL'S SOUP MIXES IN SOCIAL COMMERCE

Campbell's "Brothtails" campaign took an unusual turn by offering cocktails made from their Ready to Use broths. Recipes crafted by professional mixologists helped reenergize the brand and engage audiences through social media-driven content.

Reactions to these broth-based cocktails were... mixed. Some were pleasantly surprised, others revulsed, and some just baffled. But influencers on social media eagerly participated, creating content that amplified the campaign's reach and engagement.

Brothtails highlights the power of creative risk-taking by a traditional brand. By embracing the unexpected (and having some fun), Campbell's sparked renewed interest, showing that even soup can innovate and surprise.

The Brothtails campaign led to a 1,600% increase in organic engagement, a 69% increase in brand mentions and more than 46 million impressions.

PHO MANGO BOURBON SOUR

PORK RAMEN MEZCAL MARGARITA

THAI CHICKEN NEGRONI

"Delicious" - Buzzfeed

"Delicious" - Virgin Radio

"Delicious" - Auburn Lane

"Delicious" - Vancouver Sun

"Delicious" - TrendHunter

"Delicious" - HOLR Magazine

Campbell's boldly ventured into mixology with Brothtails, creating unexpected cocktail recipes using their Ready to Use broths. Professional mixologists crafted unique combinations like the Pork Ramen Mezcal Margarita, Truffle Mushroom Daiquiri, and Thai Chicken Negroni. These quirky, creative drinks sparked a wave of social media content and engagement as influencers and foodies dared to try them out.

TONY THE TIGER BECOMES A TWITCH STREAMER

Kellogg's Frosted Flakes has transformed its iconic mascot, Tony the Tiger, into an interactive VTuber through Twitch's Brand Partnership Studio. The move leverages the increasing popularity of live streaming and virtual avatars, particularly among younger audiences, to engage in a fresh, immersive way.

Tony the Tiger's VTuber presence not only drives engagement on Twitch but also sparks conversations on social media, encouraging fans to share clips and interactions. The campaign highlights Kellogg's commitment to adapting to evolving media preferences and social commerce by maintaining relevance in the digital age – with a character that has existed since 1952.

By integrating Tony the Tiger into the VTuber world, Kellogg's not only rejuvenates a classic character but also sets a new precedent for brand interaction through digital and interactive media.

The debut of the Mascot VTuber has reached an engagement rate of 19.8% that transcend the average performance (16%) of the top 1000 Twitch channels in Q2, 2024.

Kellogg's Frosted Flakes transforms Tony the Tiger into an interactive VTuber through a partnership with Twitch. Using advanced animation technology, Tony is brought to life as a virtual avatar controlled by a human performer, allowing for real-time interaction with viewers. Engaging younger audiences through live streaming showcases Kellogg's efforts to adapt to evolving media preferences, while addressing new standards for brand interaction in the digital age.

TOYOTA DRIVES ENGAGEMENT WITH HIGH OCTANE FILM

Toyota's short film "Getaway Driver" for the 2024 Corolla Hybrid targets Gen Z and Millennials - across a wide range of traditional and digital media channels. The campaign smartly incorporates a range of video channels, influencers and traditional media promotions to maximize exposure across media and demographics.

Presented in collaboration with SiriusXM, "Getaway Driver" features a 4.5-minute narrative where internet comedian King Bach makes a desperate escape from a chainsaw-wielding killer, ultimately being rescued by a friend driving the Corolla Hybrid Nightshade.

The campaign's social commerce strategy leveraged King Bach's influence to drive engagement and convert buzz into brand connections. The YouTube premiere featured a live chat with King Bach, building significant interest and interaction from a new generation of drivers among the celebrity's massive YouTube, Instagram and TikTok following.

The film's release was bolstered by King Bach's extensive social media following, with over 25 million followers on Instagram and 28 million on TikTok.

Toyota's "Getaway Driver" short film for the 2024 Corolla Hybrid combines action, comedy and horror to engage Gen Z and Millennials. The film's premiere on YouTube, accompanied by a live chat with star King Bach's extensive reach on Instagram and TikTok, reached over 25 million and 28 million followers respectively, resulting in significant social media engagement and interaction.

THESE SUPPORT LOYALTY, RETENTION

CHARACTERISTICS

A full array of channels (offline and online) ensures that a brand is accessible at all times for customers.

OMNI-CHANNEL

Social content which is highly responsive, conversational and focused on authenticity and reciprocity with audiences.

SOCIAL MEDIA ENGAGEMENT

Social Media Engagement

Omni-Channel

Systems to communicate with individuals and segments at scale, while keeping a personal touch.

1-2-1 AT SCALE (CRM)

Advocacy & Trust

1-2-1 at Scale (CRM)

A healthy relationship with customers - brand delivers on its promises and makes things right for its customers.

ADVOCACY & TRUST FOCUSED

Virtualizing Experiences

Creating quintessential brand experiences via new technologies (VR/AR, livestream, haptics and more).

VIRTUALIZING EXPERIENCES

WALMART COMBINES HOLIDAY SHOPPING WITH HOLIDAY TV

Walmart's "Add to Heart is a 23-part shoppable rom-com series designed to integrate holiday shopping with holiday viewing. The series, which follows a New York designer who rediscovers romance while shopping at Walmart. As viewers watch the episodes on platforms like TikTok, Roku, and YouTube, they can click on products showcased in the scenes.

The series allows viewers to purchase hundreds of featured products directly from the show. In addition to TikTok Video Shopping Ads, Roku users can shop by using the "Ok to Text" feature, which sends a text message with a link to the product page, creating an instant link to buy the item they see on screen.

By integrating social commerce, "Add to Heart" creates a seamless shopping experience that encourages viewers to share purchases on social media,, while testing the potential of combining entertainment with e-commerce.

"Add to Heart" allows viewers to shop over 330 products featured in the show directly from their screens. These products, ranging from furniture and fashion to holiday décor, are sourced from Walmart and made available for purchase in real-time.

Walmart's "Add to Heart" blends entertainment with seamless shopping by featuring over 330 products in a 23-part romantic comedy series. Available on TikTok, Roku, and YouTube, viewers can purchase items directly from the show using interactive features, creating a new kind of shopping experience.

GENTLE MONSTER TAPS INTO PERSONALIZED NOSTALGIA

Korean eyewear brand Gentle Monster is creating a truly personalized experience that taps into the nostalgia and individuality of their target audience.

Gentle Monster's 2024 Optical Collection campaign includes a Gentle High School website with an AI-powered photo generator for creating retro student ID cards, something familiar to this age group's teenage years.

By encouraging users to share their AI-generated ID cards on social media, Gentle Monster transforms personalized content into a social commerce strategy, driving engagement and brand visibility through user-generated content.

Gentle Monster has also done a masterful job at creating immersive, offline retail experiences with regular shops and pop-up experiences, where customer service staff can and do focus on customer customization and next-level product support. Gentle Monster is a model for what a modern, innovative retail playbook looks like.

Gentle Monster's 2024 Optical Collection campaign features a Gentle High School website with an AI-powered photo generator. Users can upload selfies, which are then converted into retro Y2K-style student ID cards. This interactive feature allows fans to design and personalize their own IDs, tapping into nostalgic memories while expressing their personal style.

NATORI GETS INTIMATE
WITH LIVE STREAM SHOPS

Luxury fashion and lingerie brand Natori has integrated live-streaming into its website. Within these routine livestreams, the founder, designers and sales staff all show-off products, do live fittings and answer customer questions, on a regular basis, helping bring a more immersive, engaged experience to its online customers.

Natori has been an enthusiastic early-adopter of live-streaming in the US. Company president, Ken Natori is quoted as saying; "Will livestreaming ever be as big in the U.S. as it is in China? Absolutely not! But, for us, from an ecommerce perspective, it is important to be an early adopter of livestreaming."

Its faith has paid off. The conversion rate during Natori's inaugural live selling event on Oct. 6, 2022, was more than double compared to a typical day.

Beauty brand PAI has also initiated a livestream strategy, with livestreams embedded on its website. The brand holds conversations, product demos and sales for key products. PAI uses Bambuser for its livestream integration.
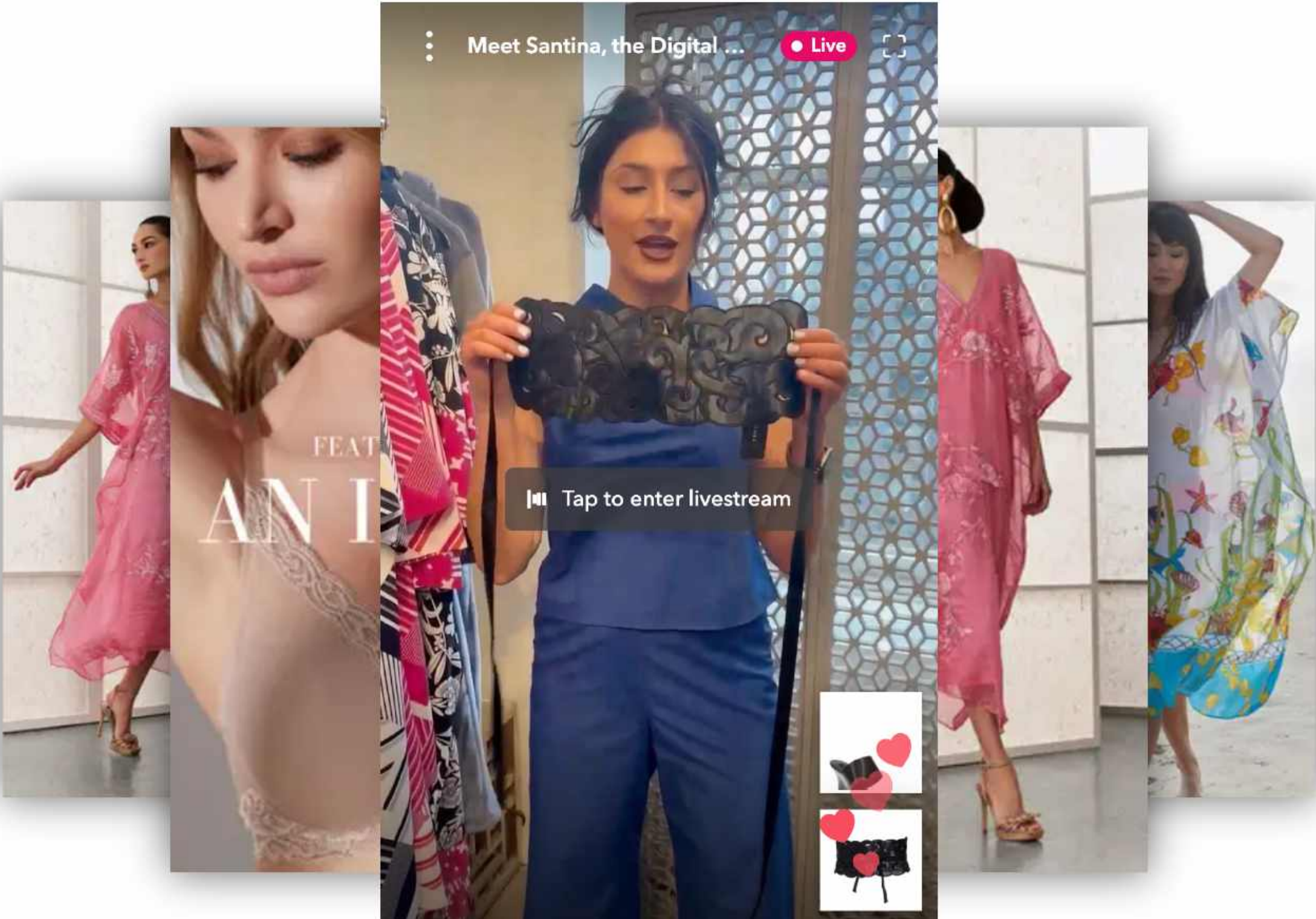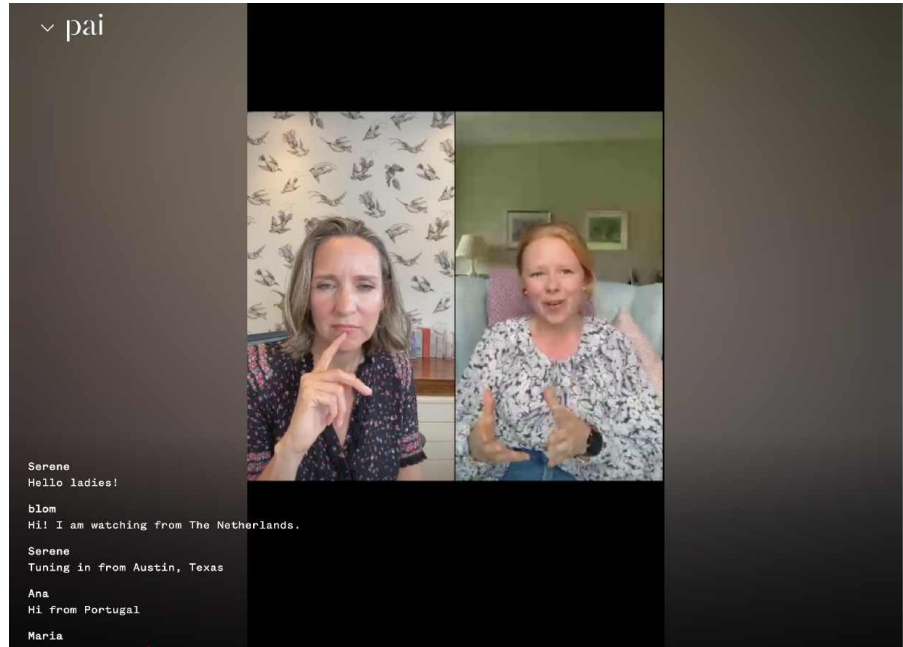
Natori's livesteam, which is embedded into its website, is powered by Firework. As part of Firework's solution, brands can showcase products (and link, direct to sales), facilitate audience reactions and interactions (chat, Q&A) - and touts AI custom service capabilities. Firework integrates with Shopify and other platforms for commerce.

FROM HEALTH-FOOD GROCERIES TO CELEBRITY SMOOTHIES

Erewhon has emerged as one of the most innovative companies of 2024, transforming from a grocery store to an A-list lifestyle brand - with social media as a key to this successful emergence.

Erewhon has turned influencer interactions into a powerful tool for brand advocacy and customer acquisition, using reviews/testimonials from celebrities to fuel a robust social media flywheel (with UGC and WOM, advocacy and acquisition).

With high-quality products that resonate with health conscious A-List celebrities, Erewhon, is naturally aligned with a class of customers likely to advocate on its behalf. Hailey Bieber, Emma Chamberlain, Shay Mitchell and Kendall Jenner have all given the brand a massive boost.

In addition to social testimonials and referrals, celebrities and brands have also co-created, limited-time juice and merchandise collaborations (eg. Balenciaga). Erewhon sold 36,000 units of Hailey Bieber's blend within the first month after she posted a selfie with the branded smoothie on her social media.

Erewhon has transformed from a traditional grocery store into a high-end lifestyle brand through strategic celebrity partnerships- significantly boosting the brand, and attract a broader audience by making it a staple in celebrity social media.

INITIATING CRUCIAL LINKS TO SOCIAL MEDIA …AND UGC

Mass-premium, minimalist luggage brand Monos is doing a solid job of building trust and advocacy with its customers - from product quality to after-sales service, from email communications to social media.

It starts with a quality core product (suitcases), which the brand has been successful in designing and delivering. Quality continues with product packaging - giving customers the feel of having bought luxury brand.

That period during the 'honeymoon,' just after someone has opened the box with a lovely new product, is key to activating customer advocacy online. Brands must be intentional about guiding recent buyers to advocate on their behalf through social media. During this critical step, Monos has a process in place to incentivize recent buyers - with loyalty points offered as a rewards for sharing.

Monos uses Smile.io as system for its loyalty and referral program. Smile.io allows brands to manage points, VIP, and referrals to work seamlessly together.

Building trust and advocacy is an exercise in getting the details right and making customers feel like they are getting good value and being treated with respect. Mass-premium luggage brand Monos has done an exceptional job of ensuring that the customer experience from end-to-end is solid, giving it the feel of a much more premium brand.

TOTEM

BRAND GROWTH PLANNING

Totem works with a range of brands in North America, Asia and Europe on brand strategy and business intelligence solutions.

Our clients range across industries, including; retail, fashion, beauty, travel, entertainment and finance.

Projects for our clients address critical issues including; new markets entry, corporate development and M&A advisory, digital capabilities/ innovation, brand strategy, category design and data insights and analysis.

www.talktototem.com/dtc-insights

2024
CHINA MARKETING & MEDIA TRENDS

COMPREHENSIVE PLANNING AND GROWTH FRAMEWORKS FOR BRAND SUCCESS IN CHINA.

2022
THE FUTURE OF DTC MARKETING

INSIGHTS, ANALYSIS AND GROWTH FRAMEWORKS FOR DIRECT-TO-CONSUMER BRANDS - WITH GLOBAL AND U.S. FOCUS.

ASIA ECOMMERCE COUNTRY SNAPSHOTS

DETAILED DATA AND DETAILS ON THE ECOMMERCE AND SOCIAL MEDIA LANDSCAPE ACROSS ASIA. PERSPECTIVES ON REGIONAL GROWTH.

2024
CHINESE BRANDS GOING GLOBAL

RANKING OF CHINA'S TOP CONSUMER, RETAIL BRANDS GROWING ONTO THE WORLD STAGE. INSIGHTS ON IF/HOW THEY ARE SUCCEEDING.

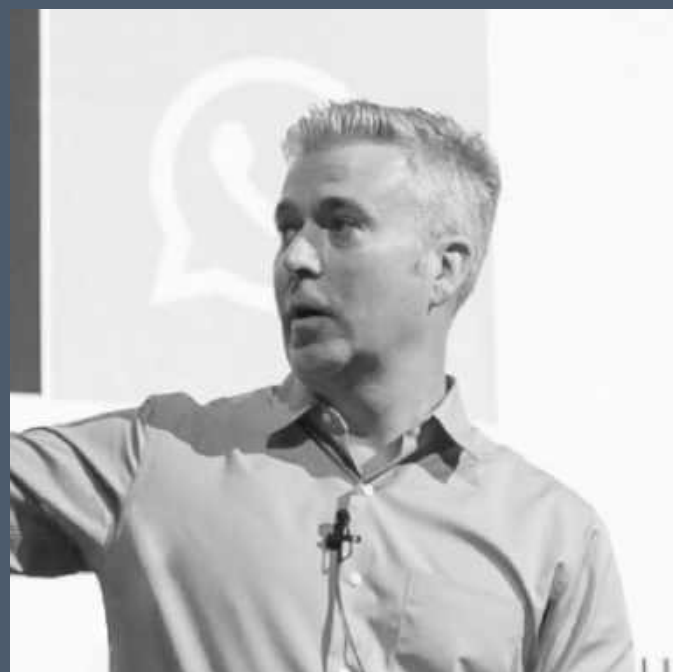TOTEM

Our team work with brands in North America, Asia and Europe on the insights and strategies that help brands grow.

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CHRIS BAKER
BUSINESS STRATEGY

RON WARDLE
COMMERCE STRATEGY
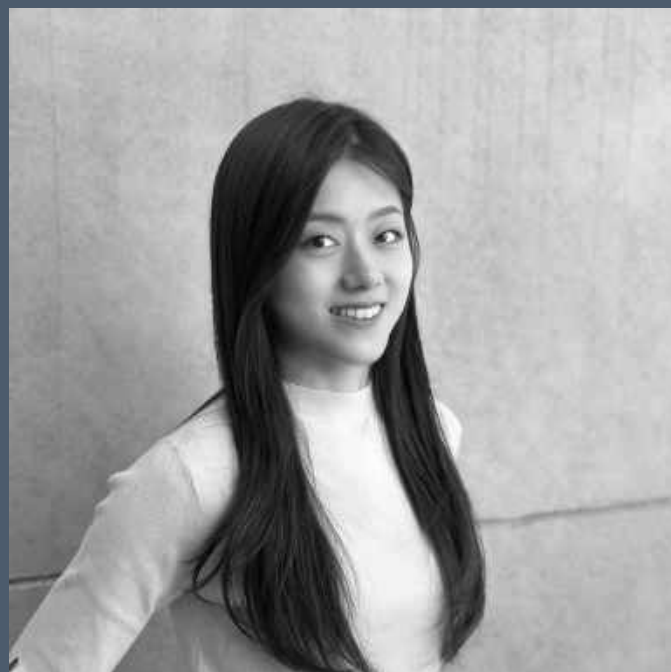
SUMMER FENG
ANALYTICS STRATEGY

DAVE WONG
BRAND CREATIVE

GARFIELD WANG
DIGITAL STRATEGY

MO FEYZBAKHSH
PERFORMANCE DIGITAL

MOONY WU
INSIGHTS & PLANNING

KAREN LEE
MANAGING DIRECTOR

TOTEM