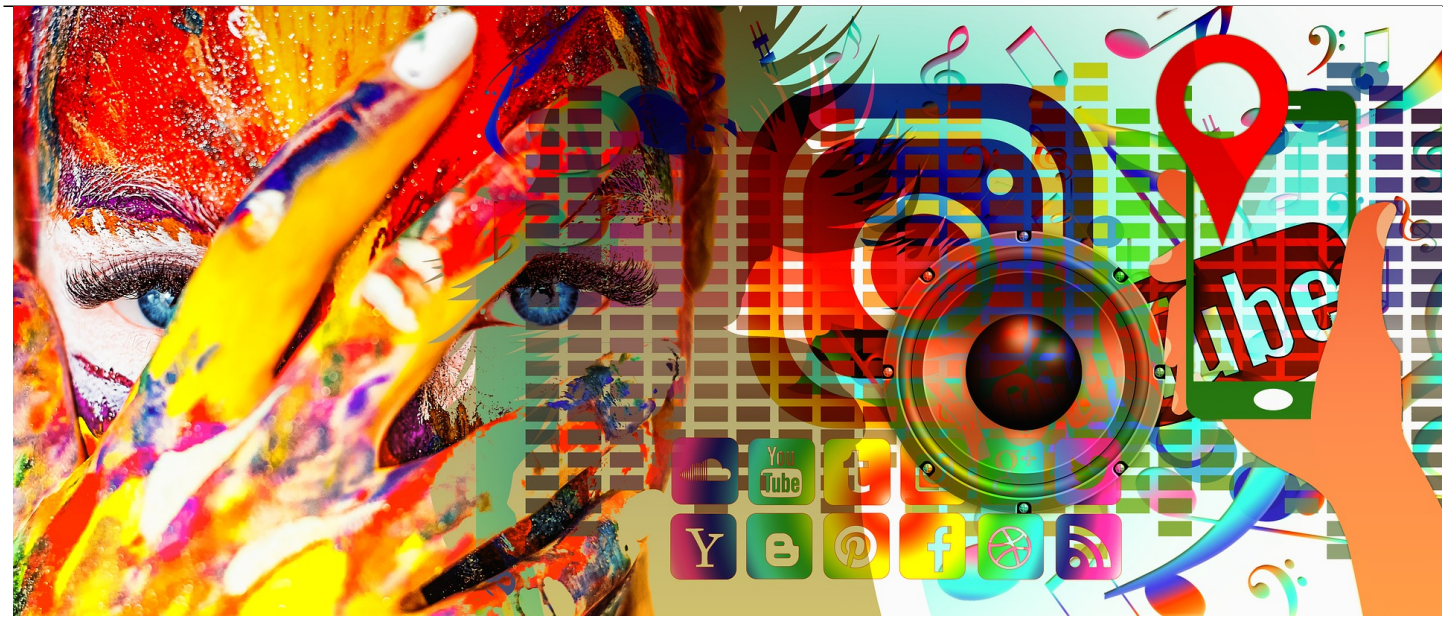
??????????????????

??????????????????

???Rishi Kumar



Social commerce is already one of retail's break-out stars of 2022. As eMarketer reported recently, retail social commerce is already a multibillion-dollar industry in the United States alone with sales rising to an expected $56.17 billion by 2023. About half of U.S. social media users surveyed by eMarketer had bought something via a social media platform in the past 12 months. And depending on which research you read, social commerce is even bigger globally: a $2.9 trillion market by 2026. According to ChannelAdvisor, half of 18-to-25 year olds had discovered products they purchased on social media sites. TikTok alone has exploded as a social commerce app without even trying. In 2021, TikTokers were avidly discussing how TikTok influenced their purchasing decisions via the hashtag #TikTokMadeMeBuyIt, which had racked up 8.2 billion views as of this writing.

It is important that retailers understand what social commerce is, why it is growing, and whether social commerce is right for them.

Social Commerce Defined

Social commerce happens when a business relies on social media to sell a product or service. By contrast, with e-commerce, a business typically relies on its own website or partners with a business such as Shopify to launch a standalone e-commerce site. That's the simple distinction.

Beyond the surface-level definition, social commerce is a bit more varied, encompassing three types:

- **Shopping engines**. Sites such as Instagram and Pinterest offer retailers features that make it

possible for them to promote and sell products on their sites. These include, for instance, Instagram Shopping, a set of features that allow people to shop a brand's photos and videos all across Instagram; or Pinterest Shopping, through which a brand can upload its product catalog, then layer on ads to conduct commerce. And there are many, many more examples from sites such as Facebook. These are the meat-and-potatoes forms of social commerce, focusing on creating a transaction.

- **Social experiences**. A number of businesses are tapping into the experiential nature of digital to offer social commerce capabilities. One very hot example is live commerce, which relies on livestreaming to sell products. Live commerce has become huge in China, and the rest of the world is just now starting to catch up. For instance, in 2020, Walmart brought a shoppable live stream experience to U.S. TikTok users for the very first time.
- **Influencer commerce**. A brand partners with an influencer to sell a product. The influencers may range from celebrities to micro-influencers who may possess strong followings in different regions or fields of interest. This type of social commerce overlaps with the first two above. For instance, Walmart's shoppable live stream on TikTok relied on celebrity influencers to showcase different products somewhat like the Home Shopping Network. In fact, influencers have fueled the popularity of #TikTokMadeMeBuyIt. They're using the hashtag to draw attention to all the goodies that people can find and buy on TikTok, which is a masterstroke of simple, viral marketing.

Social commerce is like e-commerce because a transaction is involved online, either on a social site or a hosted site connected to a social app. But with social commerce, the entire customer journey, from awareness to purchase, may occur entirely within the social app; by contrast, with e-commerce, a retailer may more often rely on forms of digital advertising ranging from search to display across search engines such as Google to attract shoppers.

Put another way, with social commerce, the retailer brings commerce to the consumer, where they already live on social apps. With e-commerce, the retailer needs to attract consumers to a website or app with a combination of online advertising and search engine optimization. The customer journey leaves plenty of room for friction and drop-off with e-commerce. But with social commerce, the journey is practically friction free because the experience occurs within the social site where the consumer is already searching for things to buy.

However, social commerce is not a competitor to e-commerce. Social commerce complements an e-commerce strategy by targeting a highly engaged audience on specific apps. Remember, though, that not *everyone* hangs on out Facebook, Instagram, Snapchat, Pinterest, or TikTok. As popular as those sites are, they account for only a segment of the online audience, and there are plenty of casual users of those apps who spend plenty of time across the entire digital world searching for things to buy. After all, Google remains the second-most popular product search platform after Amazon; indeed, Amazon and Google together are hardly considered social commerce sites. It is advisable for retailers to consider social commerce to be part of an omnichannel strategy, not a competitor.

Why Is Social Commerce So Popular?

You can't understand the rise of social commerce without understanding Millennials and Gen Z. Millennials came of age on social media, and Gen Z grew up on social. Together, they account for half the size of the U.S. population. It was only a matter of time before brands figured out that they could make money off them where they hang out on social media. But two other things happened to make social commerce take off:

- Social apps developed tools to make it easier for business to advertise and sell products. For example, TikTok partnered with Shopify to launch virtual storefronts where TikTok members can browse and purchase.
- 2020 happened: the great surge of digital usage that happened amid social distancing in the offline world.

Especially as bellwether brands such as Walmart began to ramp up their social commerce efforts, many others started to tip their toes in the water, too. Their timing was perfect: by then, apps such as Instagram had already made available social shopping tools.

What Your Brand Should Do

Just because social commerce is on the rise, it doesn't mean social commerce makes sense for you. A retailer needs to be ready to do it right. Here are some tips for getting started.

- **Do your homework on your audience**. What audience are you trying to reach? As noted, social commerce appeals especially to Gen Zers and Millennials. But within each social media app, the audience may vary. For instance, Pinterest appeals, especially to Millennial women.
- **Understand what sells on social**. Expensive categories such as luxury are less popular. Clothing, beauty care products, consumer electronics, and home décor are especially popular.
- **Understand how to sell on social**. Gen Z and Millennial generations are especially visually savvy, and of course social apps are typically visual in format. Knowing how to leverage visually appealing features such as Instagram Stories and TikTok short-form video is a must. Learn from small-to-medium sized businesses on TikTok that have cracked the code for creating engaging short-form video that humanizes their brands. For example, blatant ads don't do well on TikTok. Playful content that emulates user-generated content works. Video includes both pre-recorded and livestreamed events. Large brands have the resources to learn from the smaller players and apply those lessons learned at scale.
- **Learn how to use the tools available to you.** All apps play by their own rules. They're all walled gardens. But they copy each other, too (Meta is notorious for copying features from Snapchat); so, fortunately learning the tools of one app will prepare you to succeed with another. But social commerce features evolve rapidly.
- **Make sure you are set up for success**. Getting into social commerce means potentially creating a spike in demand for your products. Are you set up with the back-end technology and fulfillment processes to deliver on purchases made? Is your customer experience team ready to manage performance issues that will arise? 43 percent of consumers say they don't trust social media platforms to manage the payment process. Make sure your policy on returns and refunds is clearly stated and that it's as customer friendly (or even better) than it is for in-store returns/refunds. Here, brick-and-mortar retailers may have an advantage by making it possible for customers to return products purchase on social in physical stores.
- **Learn from social commerce**. Retailers regularly use apps such as TikTok to understand shopping trends before they become mainstream. This early read gives them an edge with their in-store merchandising strategies. To sense and respond properly and rapidly, retailers should invest in the proper artificial intelligence tools such as natural language processing.

Contact Centific

Finding the right partner can help a retailer get started figuring out how to capitalize on social

commerce.

Centific brings together data, intelligence and experiences to deliver human-centric solutions to complex business challenges. Our focus is on omni-channel e-commerce solutions including social commerce, digital store operations, intelligent insights, and labor optimization. We understand how to link social commerce to a broader omni-channel strategy.

We are also enabling our customers with high-quality data to train models and augmented and virtual reality around search, relevance, personalization, fraud, store operations to name a few.

We rely on design sprints all the time as part of our FUEL methodology for unlocking innovation. We believe that starting with a design sprint allows brands to generate creative solutions with consumers in mind.

To discuss how can we help in your transformation journey, please contact Centifc. Learn more about our retail capabilities here.

Image source: https://pixabay.com/illustrations/social-media-connection-concept-3758364/