The Future of Social Commerce Report

2023 & Beyond

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Forbes

> **Social commerce** will **change** people's shopping behavior as profoundly as internet shopping did over the last twenty years

The Age of eCommerce
2010 → 2020 ($500bn → $4.5tn)

Advertising and SEO led

Urgent Threat: *COVID + death of cookies have led to Customer Acquisition Costs* ***increasing 3x***

The Age of Social Commerce
2020 → 2030+ ($560bn → $6.2tn)

Advocate led

Untapped Opportunity: *There are 650 Million people with 1k+ followers on Instagram alone*

Retail Exec Priorities

Want to know what other CEOs and CMOs in your industry are prioritizing over the next year? We set the scene by summarizing exactly what is on front of mind for Execs in the Retail space.

2023 Retail Exec Priorities

CEO

Create value-enhancing, differentiated ecosystems that can provide a range of items specific to their retail category and become a convenient one-stop shop for consumers.

Prioritize the push for sustainability, which will continue to impact the industry in 2023 and beyond. Sustainable shopping means that consumers need to know what a product is made out of, where it is made and what they can do when they have finished with it.

Take meaningful steps towards protecting mental health, hiring diverse employees, carbon labeling, comprehensive recycling, and sourcing products ethically and fairly.

Source

2023 Retail Exec Priorities

CMO

Retailers must break down data silos within their organizations to gain a clearer view and better understanding of their customers' preferences. Connected data from point-of-sale transactions, website traffic, email engagement, and media impressions enable retailers to create targeted campaigns, personalized offers and customer-centric products and services, which ultimately can result in increased brand engagement and sales. (source)

Prioritizing Instagram presence, shopping, and purchasing directly within the app is a groundbreaker. Retailers need to make their products easily discoverable on Instagram. Retailers can use Social Commerce to customize and personalize the shopping experience. Spread marketing campaigns across multiple channels rather than focusing on just one or two. (source)

Focus on live streaming – real-time, interactive video streams that sell products, often on social platforms. This brings in-store, personal service to the screen and enables viewers to comment during the events. (source)

2023 Retail Exec Priorities

CMO (SaaS Technology Needs)

Greater utilization of data and analytics to drive account-based marketing campaigns and platforms that increase personalization and interactive elements will be critical.

Communications professionals will need to be in lockstep with their communities to provide authentic and relevant content to their interests.

Focus on more in-product and in-app insights to create a competitive advantage by offering visibility into what drives growth and customer lifetime value. Use product data, demonstrating that customer-facing teams can benefit from product data to drive better decisions and outcomes.

Source

A Summary of Trends from 2022

The last 12 months have seen a significant shift across social channels, from the ways they're being used by consumers to the tactics that successful brands have taken to adapt to them - and many are here to stay.

Market Trends: 2022

- **Social media shopping is bigger than ever**, when combining Social Commerce, Video Shopping and Livestream Shopping.
- **The influencer is not dead** as Meta introduces the Instagram creator marketplace, with TikTok following suit and introducing a marketplace of their own.
- That said, **influencer trust is at an all time low** of just 4% due to a lack of authenticity and shifting consumer behaviour.
- **Omni-channel is the now.** Although it has been for a while, brands need to deliver a cohesive experience across multiple channels to entice customers as well as sell across multiple channels.
- **Shoppers want** (actually, demand) **personalized experiences** in store & online.
  - Owning more customer data allows for a more personalized shopping experience - including knowing social media shopping habits, in-store and online shopping habits. Only then can brands link them all to one.
- There is still talk about the **Metaverse** & advertising in the metaverse - but it's not yet mainstream, especially for midmarket brands. 2-3 years from now it is expected to be more prominent, so what are brands doing now to be ready?

Consumer Trends: 2022

- Consumers want **instant gratification**, especially from a purchase perspective. With the introduction of Amazon Prime & a post-COVID world, consumers now expect quick delivery and accessibility of products they want - when they want them.
- The **ROBO** model: Research Online, Buy Offline. Consumers will use brand websites to determine what they want to buy and then purchase in store. Product locators built into ecommerce is key, as is the experience when someone enters a brick and mortar store.
- **Google is now competing with TikTok & Instagram** as a search engine: 50% of Gen Zers will go to both platforms to get inspiration - and visual inspiration - rather than Google.
- Consumers want to and **will shop on social media channels**.
- Consumers **trust UGC 2.4x** more than brand-created content.

- **Socially integrated visual search** - a closer look:
    - **What is it:** Visual search allows users to simply take a picture of the outfit – or download a photo of a similar outfit – and search for articles of clothing within the picture. Then, a search engine like Google will provide a list of matching items, giving users an easy path to purchase.
    - **How can brands prepare:** To prepare for the emergence of visual search, retailers should ensure they have a presence on image-based platforms like Instagram or Pinterest. For example, fashion brands should constantly provide new photographs that model their newest clothing. Then, customers can use an application like Google Lens to identify exactly what piece of the outfit they'd like to shop for from that photo.
    - **What to know:** As image search becomes more sophisticated, retailers can also use it alongside marketing AI to create product innovations. With this technology, customers could link their Instagram or Pinterest to their customer profile, allowing the retailer to analyze the photos within. From there, they could curate a list of recommended items that suit a shopper's existing outfits or general sense of style.

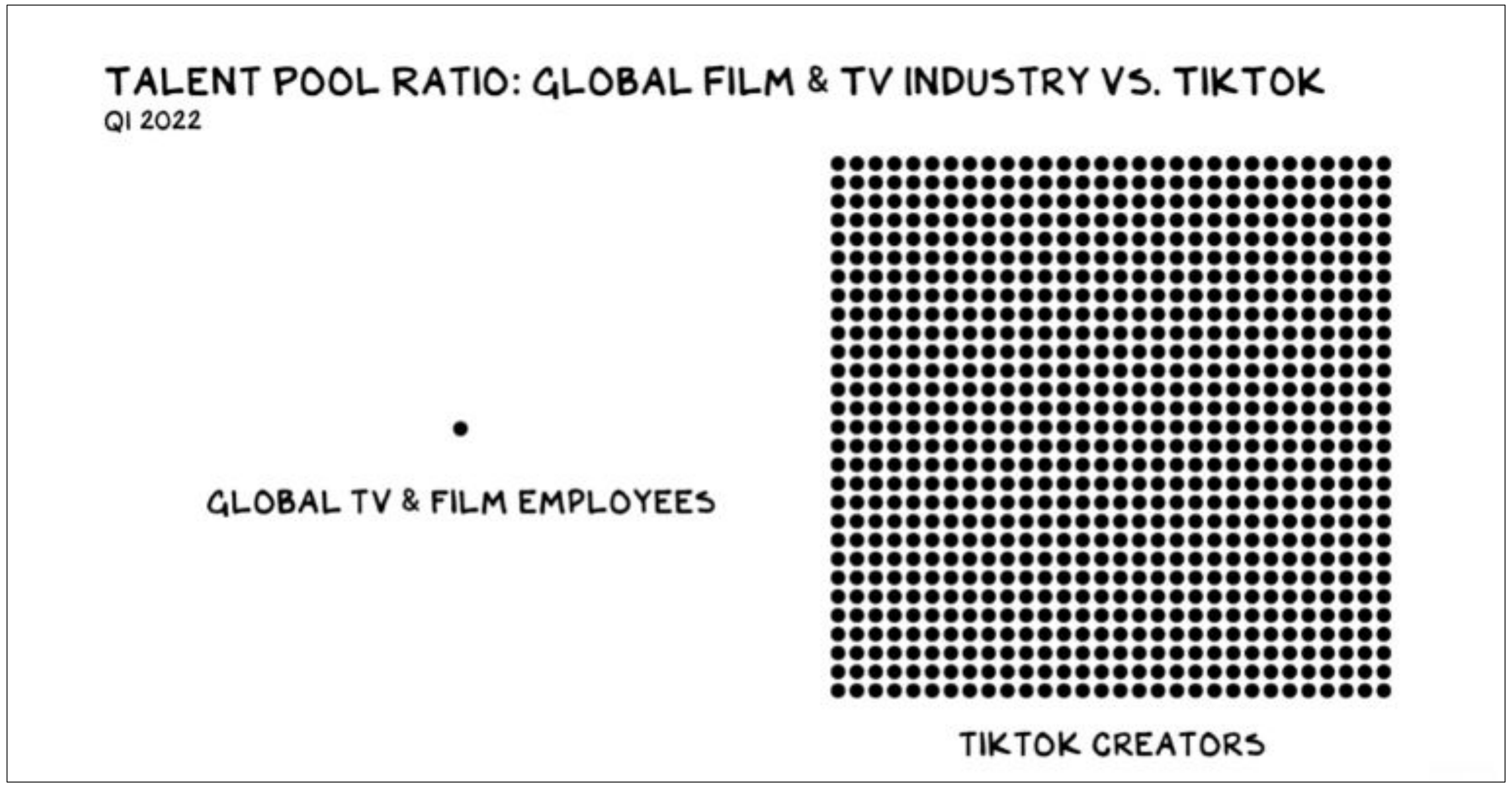
Source

Brand Trends: 2022

Duel has consulted with over 100 retail consumer & DTC brands - and this is what we're hearing:

- **Budget cuts** are happening.
  - Especially when it comes to photoshoots and production costs, into 2023. More brands are trying to turn to advocates to produce content for them but often brands don't know how to find true advocates, they only know how to find database influencers.
- Speaking of: the **influencer** - they're expensive, inauthentic and unreliable, according to brands.
- Brands are struggling with **Brand Perception**.
  - Brands want to gain more control over their narrative to help them better target the right audience. A brands story can be told within seconds across any social channel - and that story might not be correct.
- Brands need **first party data** more and more.
  - Google, Meta and Apple at every turn are owning data more and more, and brands need to find ways to mine, house and own their own customer data.

When brands say they are concerned that they no longer own their own narrative, this is why:



Source

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Duel's Take From The Trends

- **Data + Personalization:**
  Advocates will be the first to share their information with you - but not just basic information. If they like your brand, they will tell you anything you ask them. And you know what? Most brands never ask. However, doing this at scale is a challenge. Creating a channel for your advocates to do this for you is the solution.

- **User Generated Content (UGC):**
  Younger generations don't respond well to polished Instagram posts, caked with filters, and consumers of all ages want to know more when shopping in store. Regardless of age, all consumers are looking for real content, created by real customers who they can related to and trust to make a better informed buying decision. Social proof and UGC is 2.4x more trusted than brand created content - what is your UGC strategy?

- **Controlling the Narrative**:
  Brands no longer own the narrative. They used to just have their own channels and OOH to purchase ad space to tell the story. Now millions of creators and customers are able to share the brands story on their behalf - and it may not be right (or positive). How can brands stay in front of the narrative and story by educating their advocates and customers on what they stand for as a brand so that it infiltrates organic communities?

The Real Creator Economy

We've covered the scale of impact that creators can have over and above what one single brand's team can achieve - but what do they look like? And why should you care? This section takes a look at the true makeup of the economy, and what makes them tick.

The Creator Economy

What is it?

An economic system built by independent content creators who are connected to their audiences and businesses via the internet.

Creators are people who create, own, and distribute the content they produce to their audiences. The content is in the form of text, podcasts, music, videos, digital books, games, etc.

Where did it come from?

Previously, what was watched and consumed was controlled by a few big media conglomerates.

As the internet evolved, web2.0 was introduced and with that came the observation that people could create their own content and share with their own audience - practically for free with the ability to potentially earn income on the other side.

- **50 million** people consider themselves to be creators
- **46.7 million** think of themselves as amateur
- **2 million** are considered professional creators, earning enough from their passion to consider it a full-time income
- Of those 2 million, **1 million** earn their income from YouTube
- **500k** earn their income from Instagram, as influencers

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Who makes it up?

The Creator Economy

- Influencers
- Facebook Fans
- YouTubers
- Instagram Influencers
- Affiliates
- Podcasters
- Bloggers
- Digital Content Creators
- Vloggers & Videographers
- TikTokers

Influencer Trends

- The Influencer industry is worth almost **$14 billion in 2021** (a 42% year-on-year increase from $9.7 billion in 2020), and is projected to exceed $16 billion in 2022. (source)

- **Engagement is the new north star** metric:
  - Those with smaller followers have higher engagement due to trust. Brands should consider working with influencers based on their engagement rate, rather than following.

- Instagram and TikTok have both recently launched **creator marketplaces**, making it easier for brands to find brand-aligned talent to help with campaigns on those platforms.

- **Walmart** is currently exploring its own creator marketplace to help the brand and its 100k+ third party sellers gain exposure through influencers. (source)

- **1 in 4 Gen Zers** (16-25) in the US would prefer to become an influencer over a 9-5 job. (source)

- Gartner predicts that by 2025, 30 percent of influencer marketing budgets will be allocated to **virtual influencers**, like Lu do Magalu. (source)

Affiliate Trends

- The Affiliate industry is expected to grow to $8.2B in 2022, up 10% from 2021.
- It is a **desirable business model as it low cost** – the affiliate does the work to sell a brands products.
- It is a **low risk model for brands** as they don't pay anything until sales are made, meaning brands only pay for actual results.
- **An affiliate is also an influencer and vice versa** – and they can be the same person. It is mainly the way in which they are compensated differs (influencers get paid upfront for posts typically while affiliates get paid for results).
- Affiliate marketing in a **cookie-less world is a hard** – brands will still be able to use affiliate marketing once cookies are removed from browsers in 2023 but it will be harder.
- Affiliate marketing **is good for brands SEO** – the more backlinks the better.
- **Voice search** through Google Home, Alexa & Siri is on the rise – the better SEO brands have the better results for potential customers.

The Other (untapped, more authentic) Creators

Employees

Tapping into retail employees to propel brand growth

Professionals

Activating professionals in an industry to become an engine of growth

Ambassadors

Athletes, pro and photographers creating incredible content

Understanding Audiences

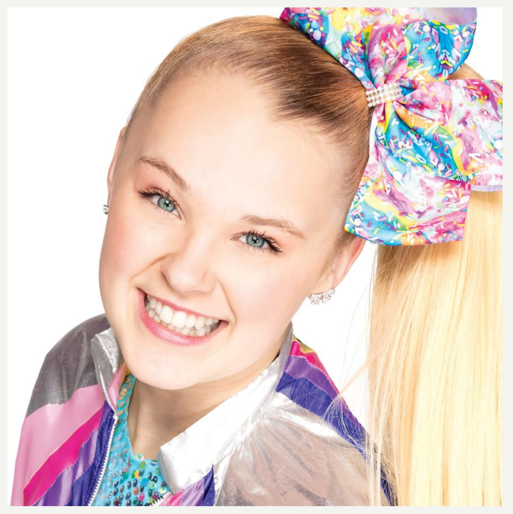
Now that you've got a decent understanding of the landscape today, we thought it would be valuable to share some insight of how different demographics are responding to those changes. This is really where the learnings and insights shared can be applied to certain audiences in order to capitalize on the Social Commerce movement.

Defining Generations

Baby Boomers
1946–1964
Age: 58 - 76

Generation X
1964–1980
Age: 42 - 59

Millennials
1981–1995
Age 27 - 41



Gen Z
1996–2010
Age: 12 - 26

Gen Alpha
2011–2025
Age: 0 - 11

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Gen Alpha: who they are, and why you should care

Born: 2011 - 2025... just after the iPad was created in 2010

Gen Alpha is heavily influenced by technology and the Gen Z creators who dominate their feeds. They are also termed Gen C - the COVID generation. For many years, at such a young age, **everything was digital.**

Gen Alpha - with the oldest in the group becoming teenagers this year - are soon to be the largest generation of future consumers. These last 2 years have dramatically shifted how they view the world.

Gen Alpha kids are raised on screens - and that's not necessarily all bad news.

Digital to Gen Alpha means a two-way street of communication where they can interact, collaborate and share their input.

Why brands need to care - and now:

Gen Alpha interacts digitally. They anticipate - and expect - all of their needs to met through their devices and at a quick speed. Brands need to know how to communicate to and capture the attention of this generation - in 7.5 inches of visual space with a million distractions.

Duel's take on Social Commerce

The most powerful definition of social commerce is: a purchase which is made or influenced by social and where selling is done through people (customers), not owned brand channels.

Social commerce is not limited to just the ability to make a purchase through a social platform, it is all encompassing of brands being able to use other vehicles to bring awareness to their products.

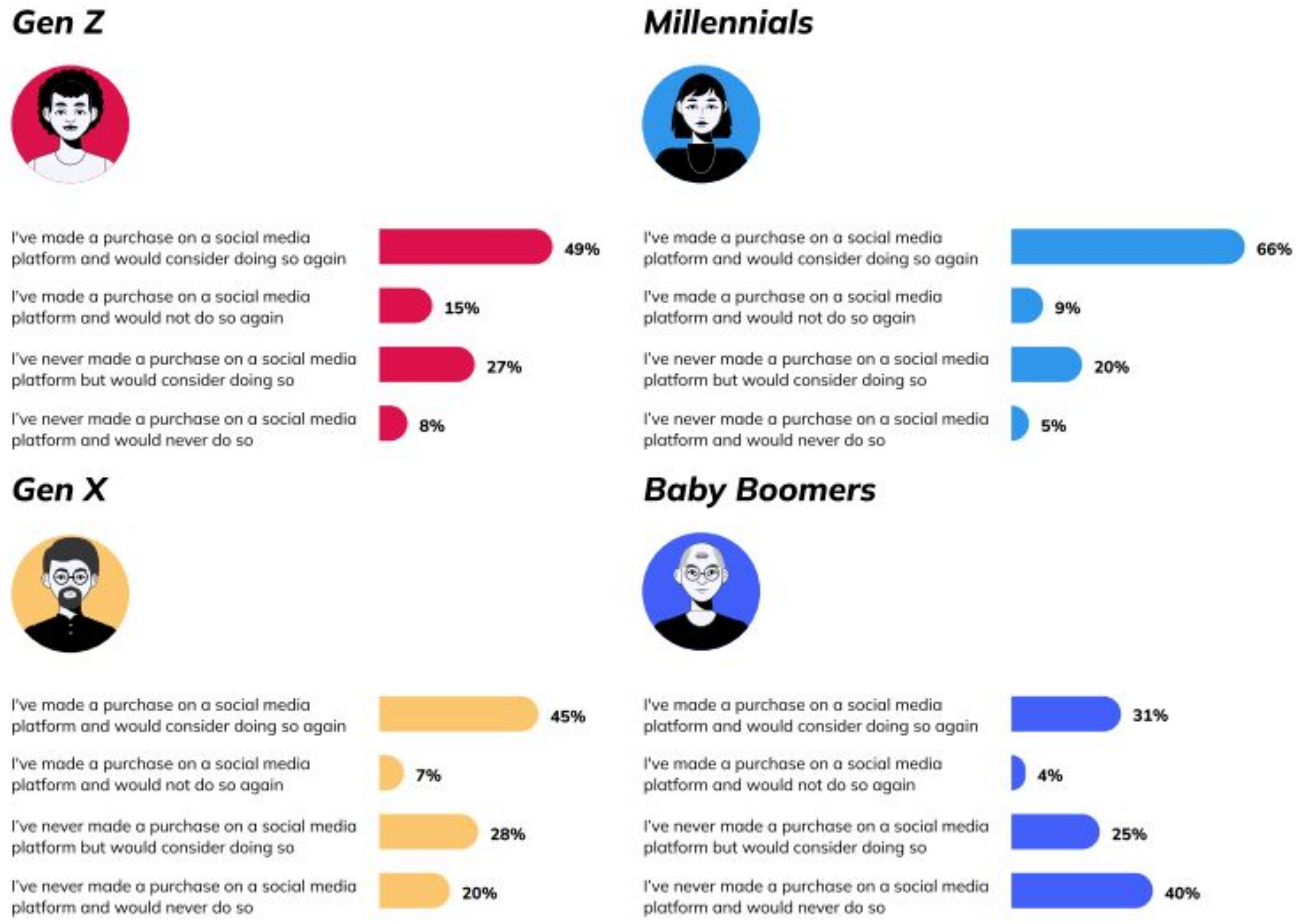
Social Commerce Trends

- Social commerce sales are forecast to increase from $958 billion USD in 2022 to $3.37 trillion USD by 2028.
- Many sites fall under the social commerce umbrella. As of 2021, Facebook was the most popular social media platform worldwide for online purchases at 31%, followed by Instagram at 23%, and TikTok at 8%.
- China is paving the way for social commerce and US retailers hope what they are experiencing with WeChat will translate. WeChat functions as a brands one-stop shop for eCommerce.
- Social commerce is earned content - it is not owned by the brand. The Gen Zs want to see what other people are saying about the brand, not what the brand is saying

Bringing together Social Commerce and the different audiences it reaches

The following slides profile purchase behaviours of the different Generations when it comes to aspects of social commerce. The information is pulled from Latana's Social Commerce Report 2022.

Question: How likely are you to make a purchase through a social media platform?



Duel Takeaway: *Gen Z & Millennials have purchased on a social platform - and will consider doing it again. From a brands perspective, how can you integrate a robust storytelling approach to authentically have your brand story tell? Because what we know is Gen Zs and Millennials aren't using brand owned channels to find the product, just for the final step of checkout.*

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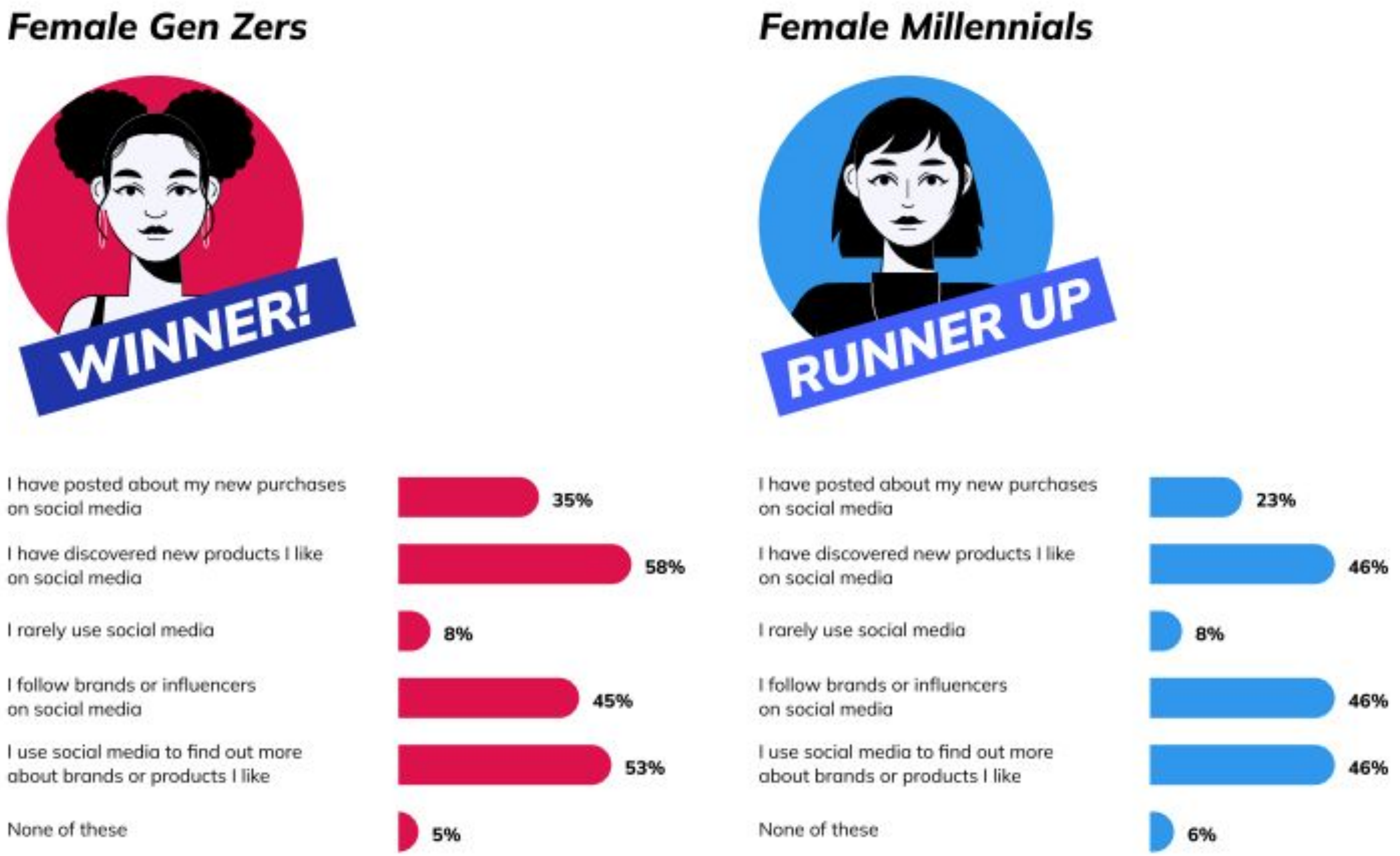
Question: How are consumers using social media in the concept of social commerce?

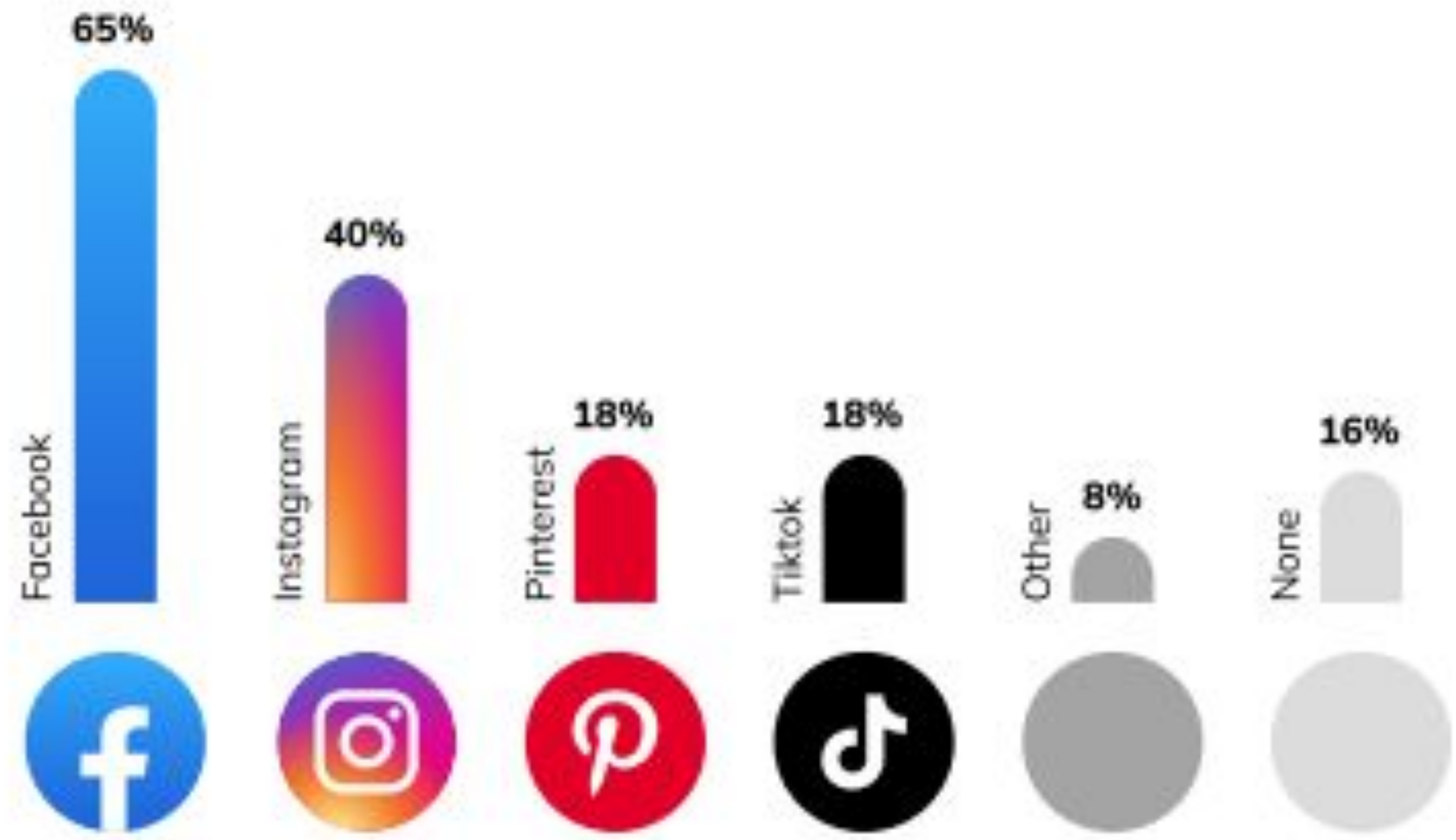
Duel Takeaway: *42% of consumers use social channels to discover new products. Most of this is not a brand's owned channel. This is why having people being the vehicle in which you sell is the most important aspect of Social Commerce, not the ability to just facilitate a transaction.*

Question: Who is the best audience when it comes to social platforms and social commerce?



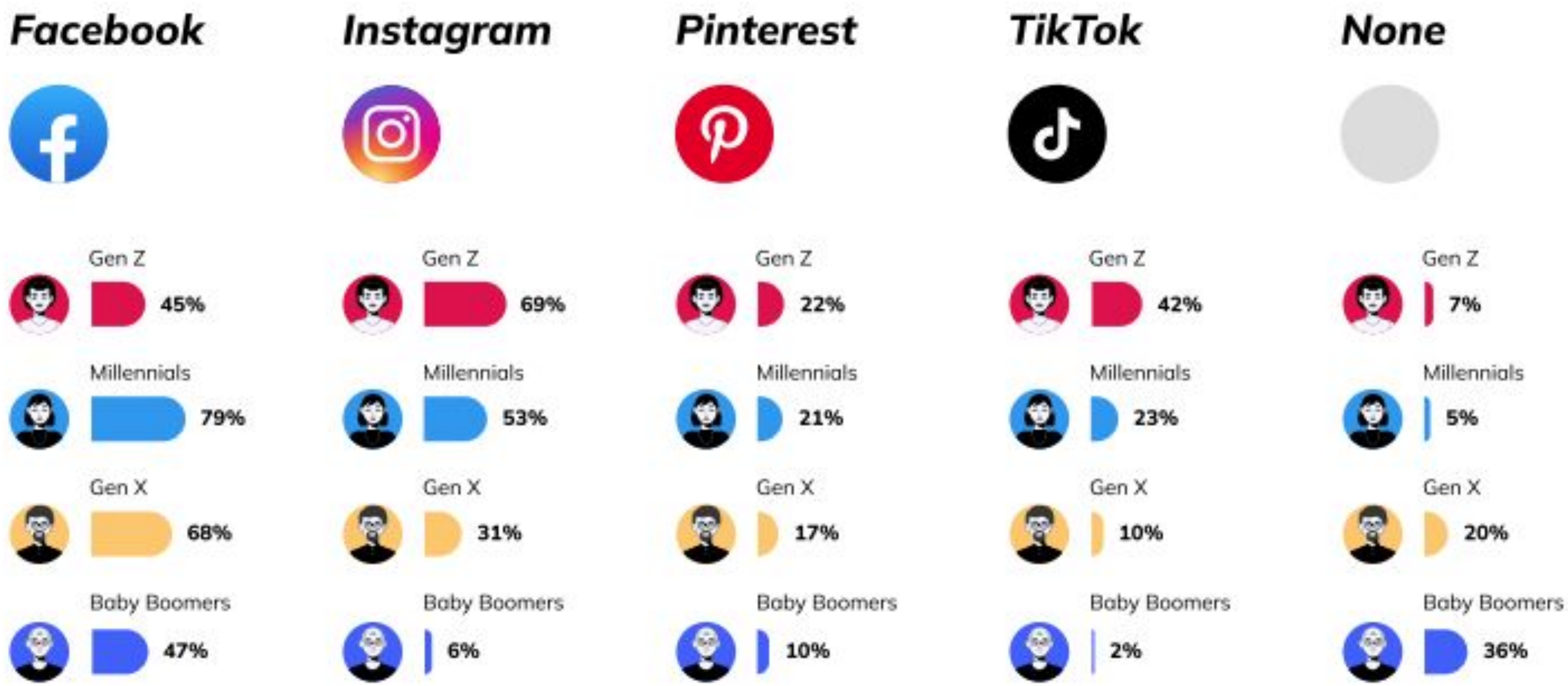
Duel Takeaway: *over 50% of Gen Zers & Millennials are using social media to discover new products – how are brands equipping those who are telling their brand story with the right story? Controlling the narrative is hard for brands today, are you advocates equipped and educated to sell on your behalf?*

Question: Which social media platforms would you consider buying from?
(response are not gender or age specific in responses below)



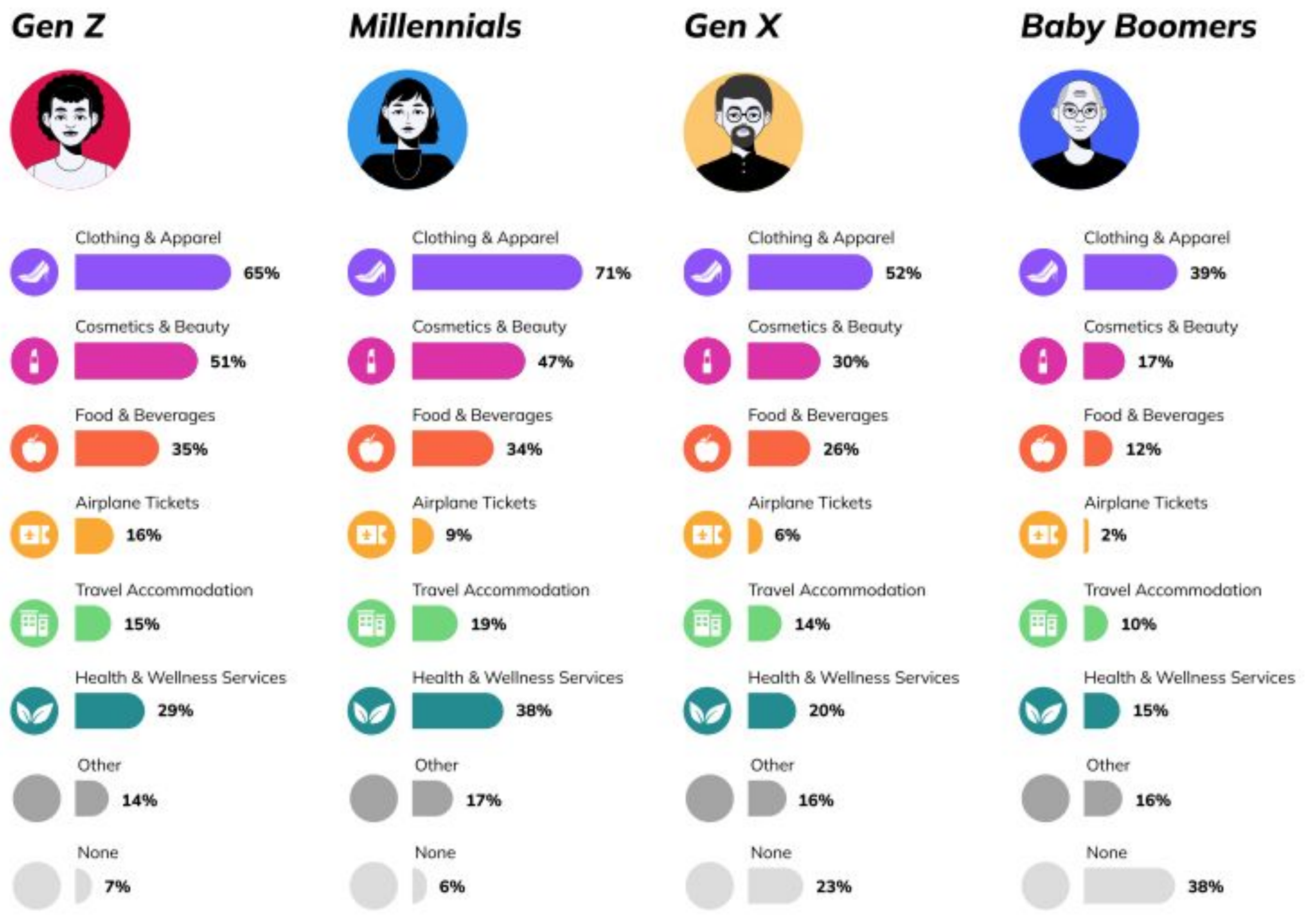
Duel Takeaway: *Interesting statistics here as we are seeing a move away from Facebook from the younger generations, however, Facebook owns the Marketplace category extremely well and are winning in that sense.*

Question: Which social media platforms would you consider buying from? (broken down by generation)



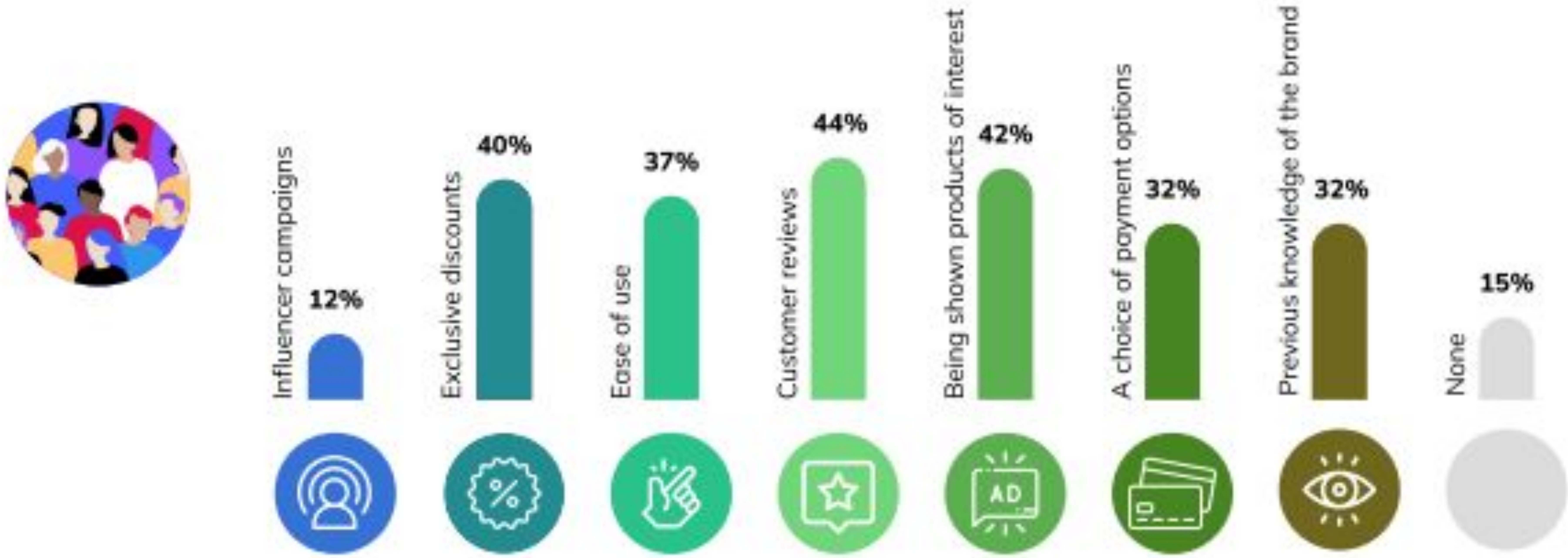
Duel Takeaway: *How are you showing up as a brand on these high converting channels?*

Question: Which of the following would you consider buying on social media if any?



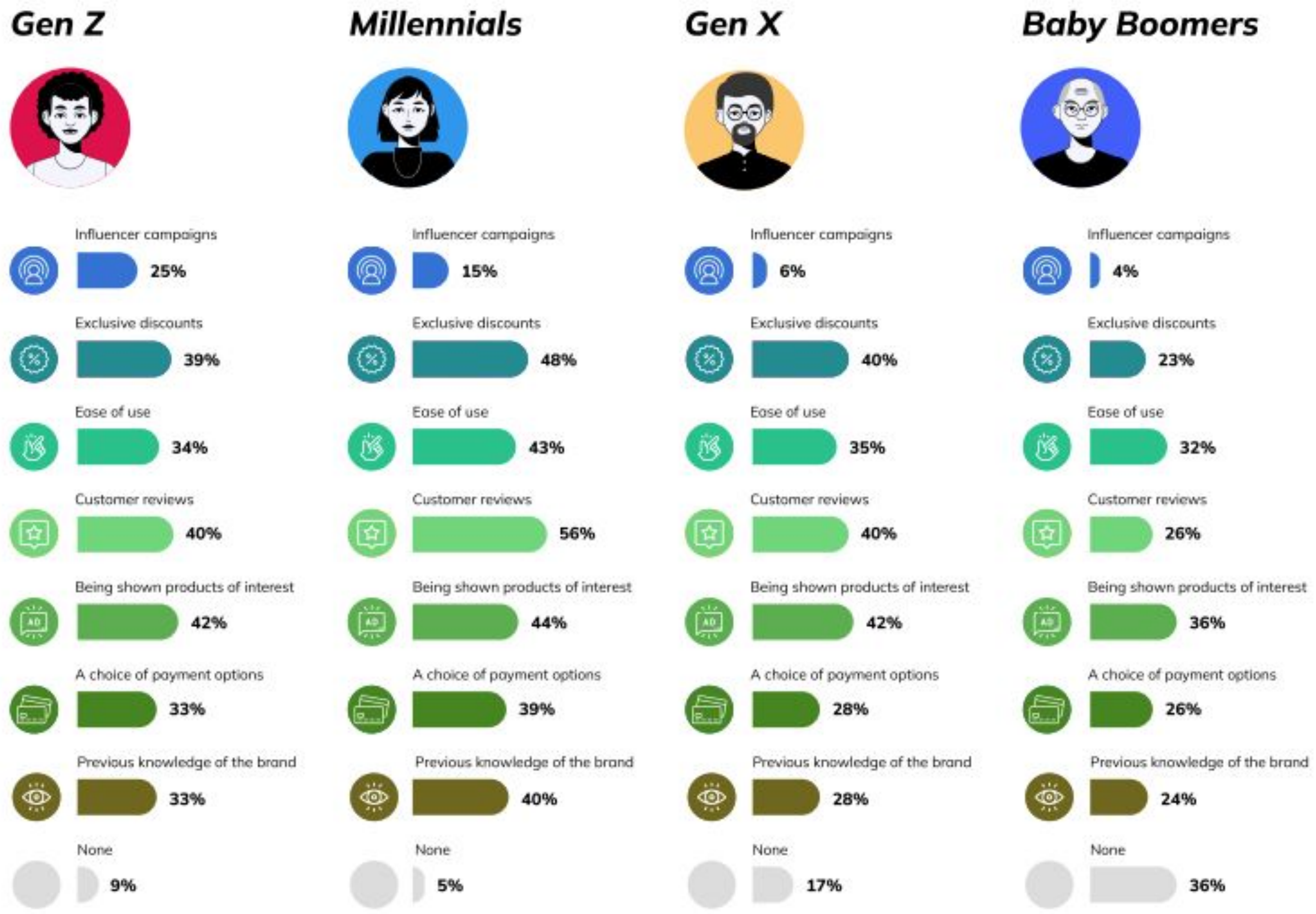
Duel Takeaway: *If you fall under this vertical, are you where your consumers are?*

Question: Which of the following might influence you to make a purchase on a social media platform, if any?



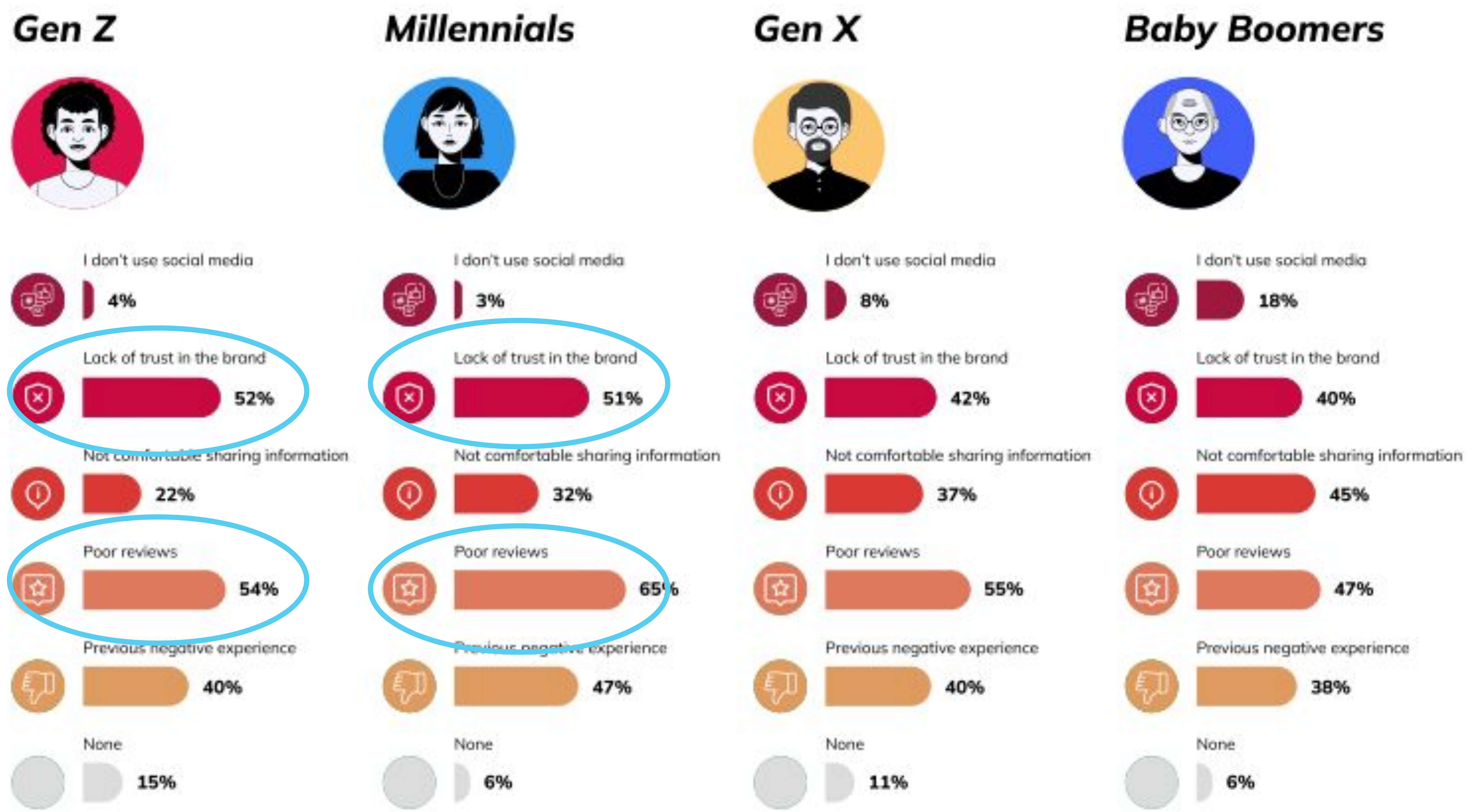
Duel Takeaway: *There are 4 principles of rewarding: timely, match to the advocate, variable and be brand relevant. Consumers are incentivized by rewards. As a brand, are you encouraging and rewarding advocating enough?*

Question: Which of the following might influence you to make a purchase on a social media platform, if any? Broken down by generation.



Duel Takeaway: *While any brands primary focus is most likely Gen Z & Millenials on social channels, consider how you can facilitate and cater to all generations when it comes to engaging with them - to support in converting a breath of ages.*

Question: Which of the following might stop you from making a purchase on a social media platform, if any? Broken down by generation.



Duel Takeaway: *Trust + Social Proof (reviews) are what consumers need to see in order to convert - is this baked in to your brand strategy?*

The Future of Social Commerce

Now that we've explored the biggest priorities for retail leaders going forwards, the trends that are shaping the landscape, the creators that are driving it as well as and the audience that are responding to it, your brand is that much closer to making a success of Social Commerce at your brand.

About the authors

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Duel is an Advocate Management SaaS platform, used by enterprise retail brands, to build Social Commerce programs and grow through the advocacy of their **customers** and **fans**.

Interested in learning more about Social Commerce programs for your brand?

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