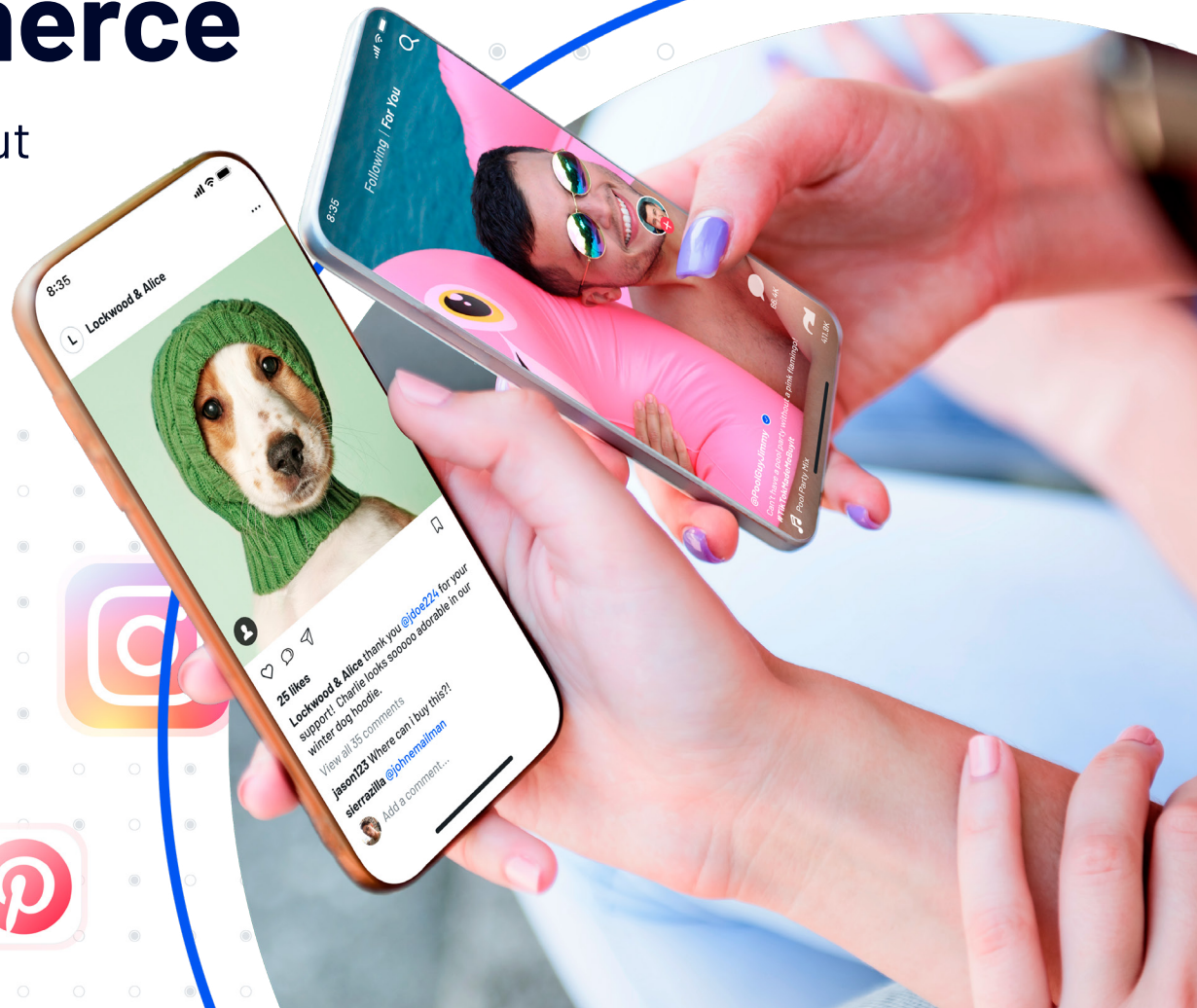


# The Complete Guide to Social Commerce

What Retailers Need to Know About the Next Evolution of Ecommerce



# Introduction

Social media has always been an invaluable communication channel for retailers. The global reach of social media platforms has allowed marketers to potentially engage tens of millions of users with tailored messaging. More significantly, social media fundamentally altered the relationship between businesses and consumers by forming direct lines of communication between individuals and brands.

Less than two decades since entering the mainstream, social media companies have introduced digital marketplaces that give retailers tools to build full-fledged customer experiences within their platforms. **These new innovations combined with the redefined nature of the business-to-consumer relationship have led to social commerce – the next evolution of ecommerce.**

Social commerce is a rapidly growing subset of ecommerce that allows retailers to sell to customers directly through social media. Over the next four years, global social commerce sales will grow three times faster than traditional online sales and account for 16.7% of the total ecommerce spend, according to projections from Accenture.<sup>1</sup> Simply put: Retailers can't afford to ignore social commerce going forward.

## IN THIS GUIDE...

**We'll cover everything you need to know about social commerce, including tips on identifying if social media is a viable sales channel for your business.**

**By the end, you will have gained the following:**

1. An overview of the social commerce marketplace in the U.S.
2. A comprehensive understanding of the various social media platforms offering social commerce tools.
3. The best way to determine if social commerce is a fit for your company.
4. Tips on how to get started selling using social media.

# Understanding Social Commerce

## Defining Social Commerce

Social commerce is **the process of selling products directly to consumers via social media**. From product discovery and research to checkout, the entirety of the shopping experience takes place on a social media platform. This requires retailers to build **customer experiences within the frameworks of their preferred social media channels**.

Social commerce follows many of the same basic principles as ecommerce. But there is one key distinction to remember: The **point of sale takes place entirely within a social media platform**. A retailer typically will include social commerce as part of their ecommerce strategy – making social commerce a subset of ecommerce.

## Social Commerce vs. Social Media Marketing

Social commerce is not social media marketing. As with traditional ecommerce, social media marketing or advertising overlaps with social commerce. Both involve retailers tapping into the audience of a given social media platform to target content that drives conversions. However, **social media marketing requires retailers pay to engage users and traditionally redirects them to an external website or product page** to complete the buyer journey.

Retailers practicing social commerce primarily engage their followers with organic content. They can still market to users with paid ads, but the buyer journey will always continue natively within the social media platform. Ultimately, a social commerce strategy has the advantage of **creating a streamlined customer experience and reduces the risk of a potential buyer dropping off the path to purchase** in the process of being redirected to an external online store.

## The Buyer Journey in Social Commerce

A standard ecommerce buyer's journey generally follows five steps: **(1) Awareness, (2) Consideration, (3) Acquisition, (4) Service, (5) Loyalty.**

Any retailer would consider it a success if a buyer were to progress through all five of these steps. The path seems simple, but it's not so straightforward when put into practice.

Most ecommerce shoppers who complete the buyer journey will be redirected across several channels — including search engine results pages, ecommerce stores, product review sites, social media, phone, and email. This requires **significant effort on the part of the customer and increases the risk they drop off the path to purchase.**

A social commerce model reduces that risk by **efficiently moving customers through a frictionless buyer journey** within one platform.



### Ecommerce Buyer Journey

- 1 Awareness**  
A buyer uses a search engine to look up solutions to a problem and clicks a company's product ad in the process.
- 2 Consideration**  
Buyer checks resources like product pages, review sites, and social media to research the product and the company.
- 3 Acquisition**  
Buyer decides to purchase the product from the company's online store then checks their email for tracking information and order updates.
- 4 Service**  
Buyer returns to the company website for help with their order and decides to call customer service to resolve the issue.
- 5 Loyalty**  
Buyer leaves a positive review or rating on an external review site and advocates for the company through social media and word-of-mouth.



### Social Commerce Buyer Journey

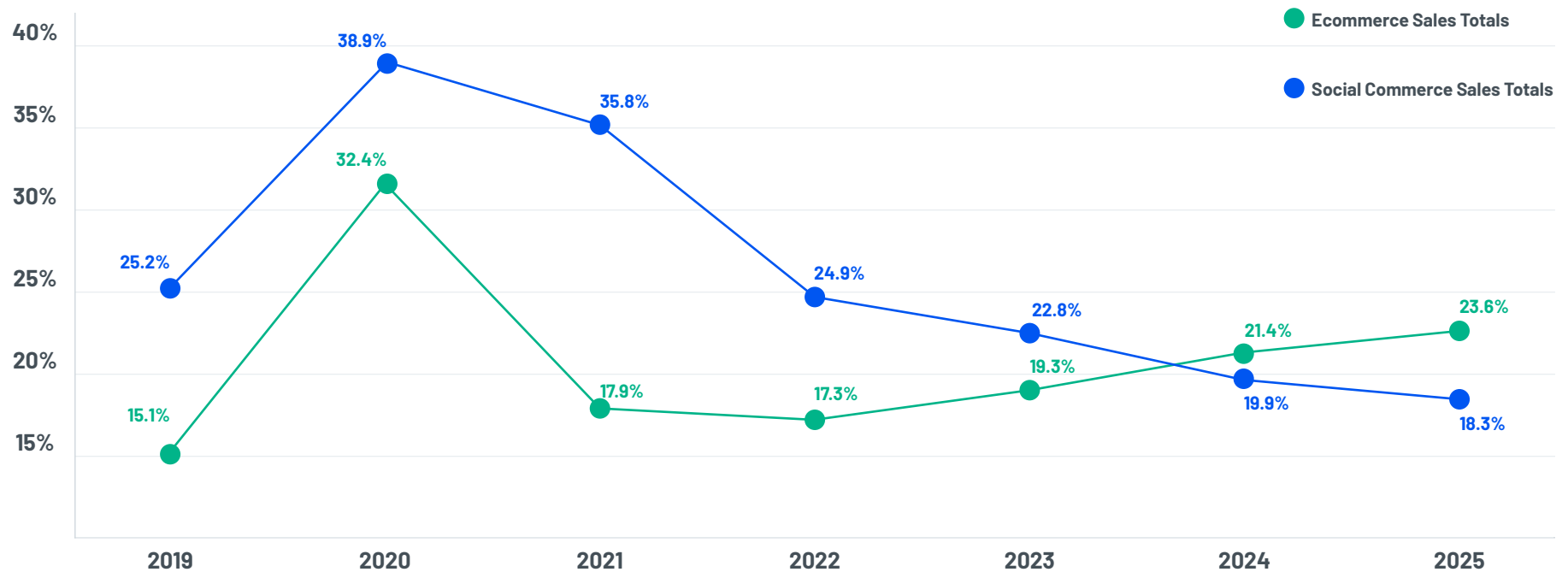
- 1 Awareness**  
A buyer searches a social media platform to see if others have encountered their same problem and discovered a solution.
- 2 Consideration**  
Buyer is intrigued after seeing videos of other people using a product, so they look at the company's social media profile and decide to direct message them with questions.
- 3 Acquisition**  
Buyer purchases the product directly from the company's profile or virtual storefront without having to disengage from the brand.
- 4 Service**  
After receiving the order, the buyer direct messages the customer support team through the social media platform and gets a response within minutes.
- 5 Loyalty**  
Buyer posts a positive product review along with a video of them using the item, which the retailer can like and share to market to other followers.

## The Impact of the Pandemic

The coronavirus forced many consumers to pivot away from in-person shopping alternatives. Consequently, the ecommerce industry experienced [an unprecedented 10 years' growth within the first quarter of 2020](#), according to an analysis by McKinsey & Company.<sup>2</sup> By the end of 2020, [online retail sales in the U.S. grew 32% from the previous year](#) to reach nearly \$800 billion.<sup>3</sup>

But even as online sales showed no signs of slowing, **many consumers still craved the social experience of shopping in a store.** Recognizing this demand, social media companies accelerated their ecommerce initiatives by rolling out new interactive shopping features to their platforms. This led to social commerce outpacing ecommerce in year-over-year (YoY) growth rate.

YoY Growth of Social Commerce vs. Ecommerce (% Change)



Source: eMarketer

# Navigating the Social Commerce Marketplace

## Social Commerce in the US

As pandemic-related **lockdowns led consumers to rely on social media to stay connected** in 2020, **social commerce sales in the U.S. reached \$27 billion** — a 38.9% year-over-year increase.<sup>4</sup> Social commerce sales projections for 2021 are as high as \$36 billion. By 2025, the size of the American social commerce market will **more than double to \$99 billion**, according to Accenture.

Social commerce sales comprise a fraction of the current ecommerce market in the U.S. However, average order value (AOV) projections are over \$400 per social commerce buyer and will nearly double by 2025, according to forecasts by eMarketer.

**Half of social media users ages 18 to 34** were estimated to have made at least one social commerce purchase in 2021 compared to only a third of those 55 and older.<sup>5</sup> With this in mind, the **demand for social commerce will only increase as younger consumers come of age** and exercise their spending power.

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**By 2025, the size of the American social commerce market will more than double to \$99 billion.**

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Source: Accenture

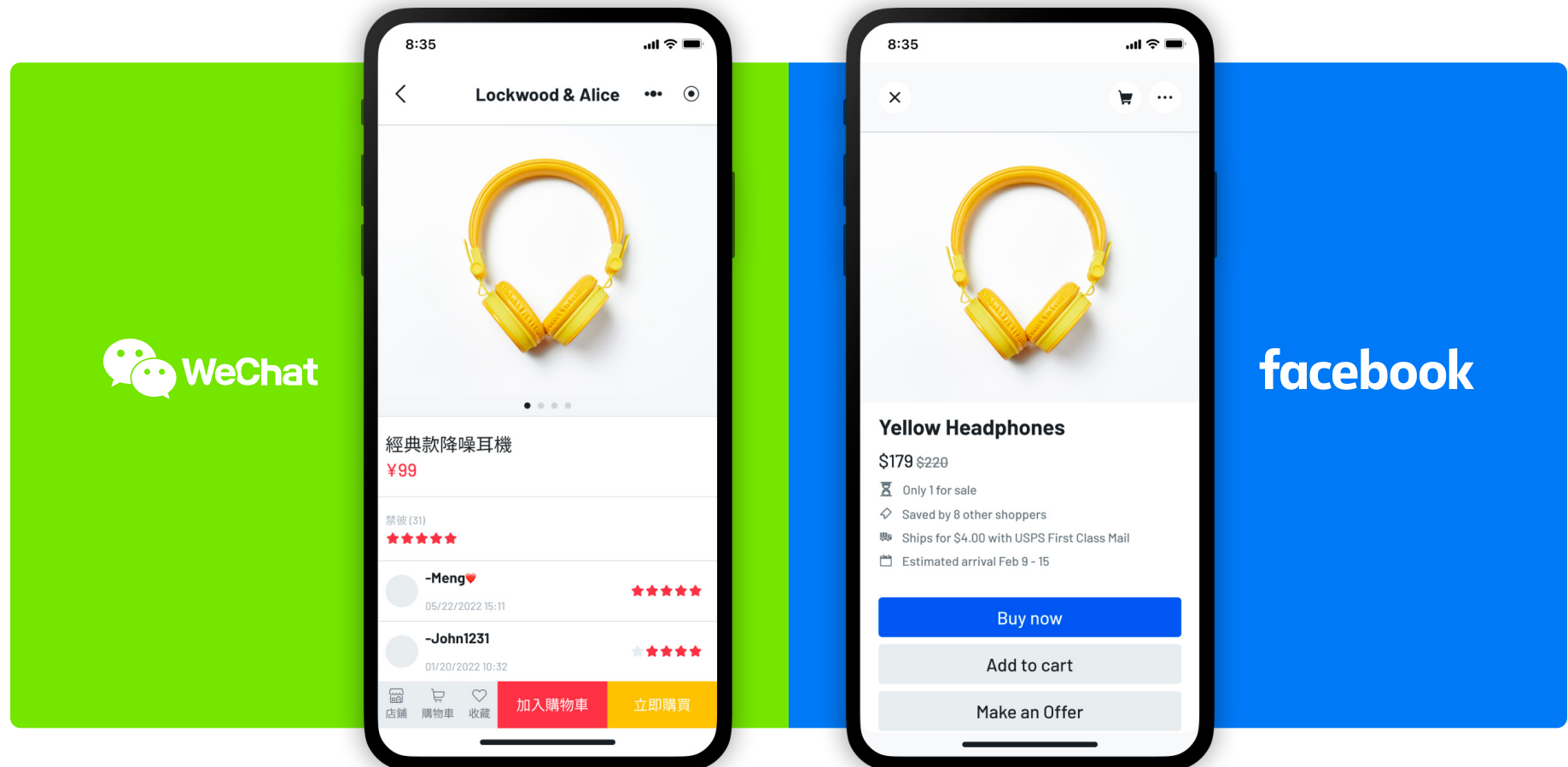
## China: A Glimpse into the Future

For a better idea of the trajectory of social commerce in the U.S., retailers can look to the steady growth of China's market. Chinese social commerce sales **reached \$363.3 billion in 2021**, a 35.5% year-over-year growth.<sup>6</sup>

Even though the growth rate of the U.S. market kept pace in 2021, the sheer volume of the Chinese social commerce market is massive. This is partly due to China's mobile-first culture and the widespread popularity of **WeChat, the social media "super app" with more than a billion users**.<sup>7</sup>

WeChat lets ecommerce companies create mini-programs, or mobile-optimized shopping experiences, that easily integrate throughout its user interface — **a model platforms like Facebook and Instagram have replicated**.

By 2024, the Chinese social commerce market will account for 14.5% of the country's ecommerce sales. With the U.S. still lagging, the success of social commerce in China has given social media companies a blueprint to enhance their platforms.





## The Democratization of Ecommerce

In the U.S. and around the world, social commerce can shift the power dynamic away from large ecommerce sites and big-box stores. The communal nature of social media combined with the global reach of the largest platforms has given small- and medium-sized businesses (SMBs) access to an audience of tens of millions of consumers.



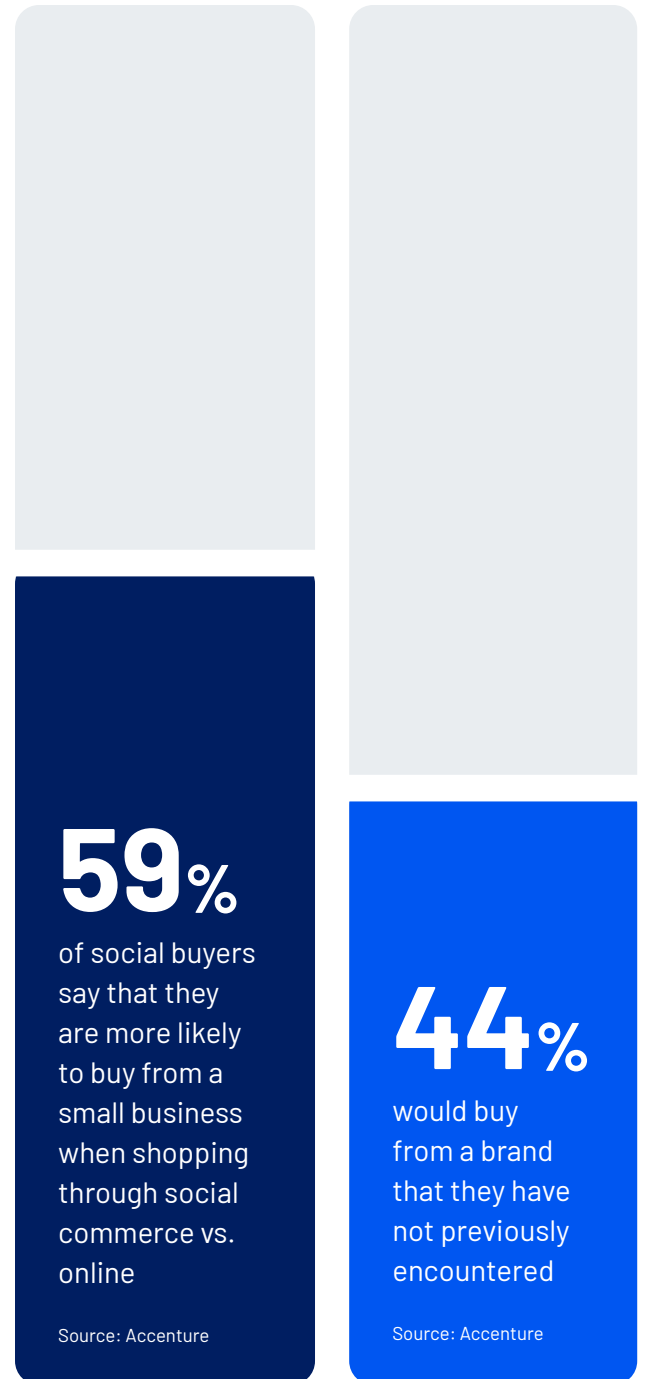
**Of shoppers ages 18-24, 72% said they were more likely to trust a business that had a presence on their preferred social media platform.**



Source: Bizrate Insights

Social commerce **levels the playing field for SMBs** because success depends heavily on a company's ability to grow and engage an audience using authentic content rather than advertising dollars.

Social media users also feel **more inclined to buy from small businesses through social commerce** compared to traditional ecommerce. Three in 5 social buyers say they are **more likely to purchase from a small business when social commerce shopping**, while 44% would rather buy a brand they have not encountered in the past, according to research from Accenture.





## Who Uses Social Commerce

Social commerce buyers **skew younger and would spend no more than \$100 on a transaction**, according to a recent Bizrate Insights survey of 3,300 online shoppers. Generation Z shoppers place a high value on social media as an information source and are the demographic most likely to consider using social commerce. Of the shoppers ages 18 to 24 surveyed by Bizrate Insights, 41% would consider making a social commerce purchase. Seventy-two percent said they were **more likely to trust a business that had a presence on their preferred social media platform**.

Gen Zers already have **nearly \$150 billion in buying power**.<sup>8</sup> Young consumers will significantly influence the futures of both social commerce and ecommerce. As the first generation of truly digital natives comes of age, retailers that can use social media effectively will have an immense opportunity to form brand loyalty and retain consumers 24 years and younger.

## Social Media Platforms and Their Strategies

The direction of social commerce in the U.S. is entirely dependent on the capabilities of social media platforms. As the social commerce market in the U.S. has grown, **social media companies have distinguished their platforms by investing in user interface enhancements and emerging technologies** like augmented reality and virtual reality.

**The next five pages will give an overview of five platforms in the U.S. that offer the most comprehensive social commerce capabilities and continue to roll out new features for retailers.**



**Download our infographic to learn more about how consumers are shopping with social media?**

**Download for Free**



### Facebook Shop

Of the major social media platforms in the U.S., Facebook has come the closest to offering [an end-to-end social commerce experience](#).<sup>9</sup> With Facebook Shop, any retailer can set up a storefront showcasing their products. Shoppers can view items in a mobile shopping interface that feels familiar, add the items to a cart, then checkout without ever leaving the Facebook app.

Across all age demographics, Facebook is the [most used platform with social commerce features](#) in the U.S., according to a report by Pew Research.<sup>10</sup> Retailers can display their products in a simple format that resembles a traditional ecommerce store or app. Facebook Shop also seamlessly integrates with Facebook Messenger so customers can reach out to a business for help with product questions, order updates, and other customer support topics.

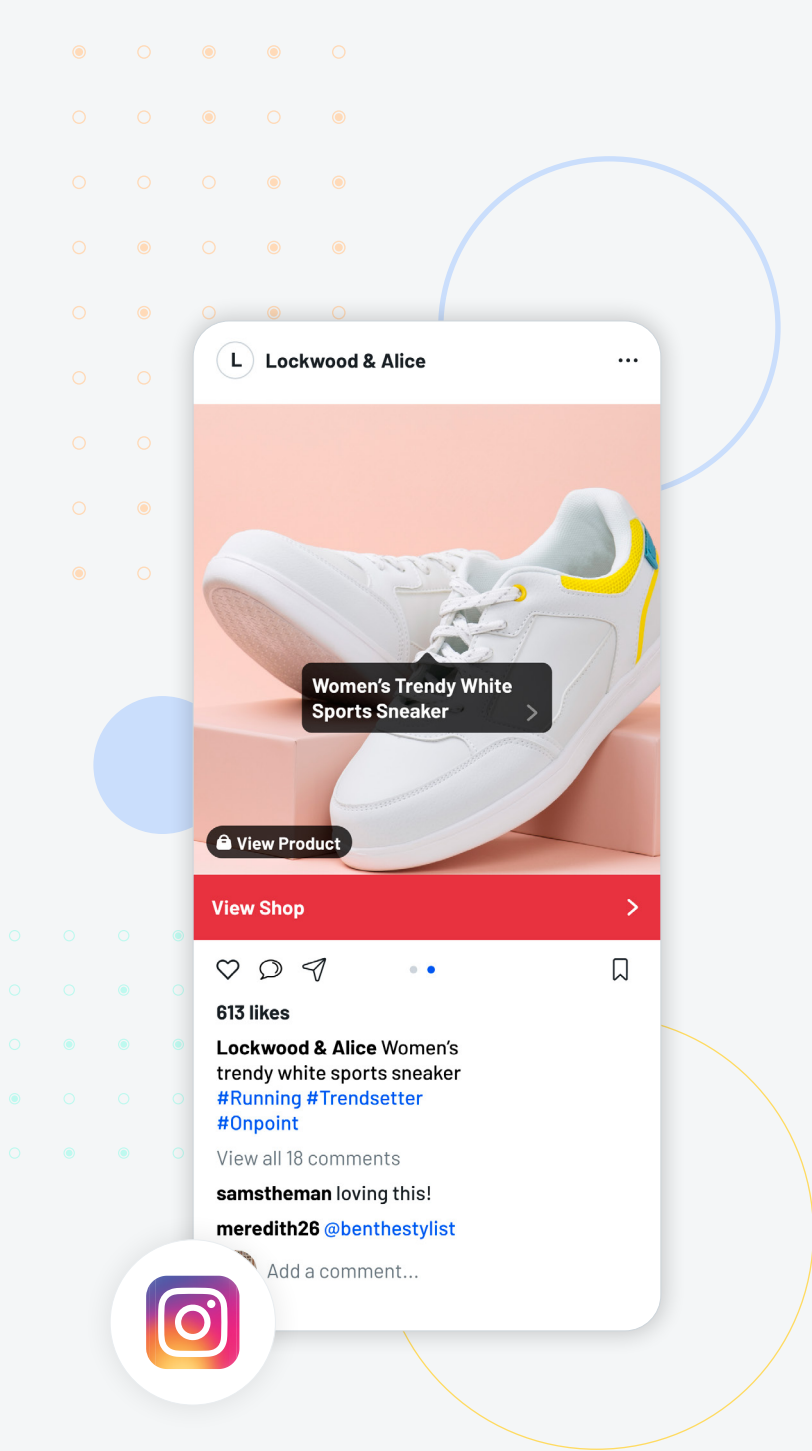
Percentage of American Adults Who Have Used Facebook	
Total	69%
Men	61%
Women	77%
18- to 29-Year-Olds	70%
30- to 49-Year-Olds	77%
50- to 64-Year-Olds	73%
Ages 65 and Up	50%
Source: Pew Research	

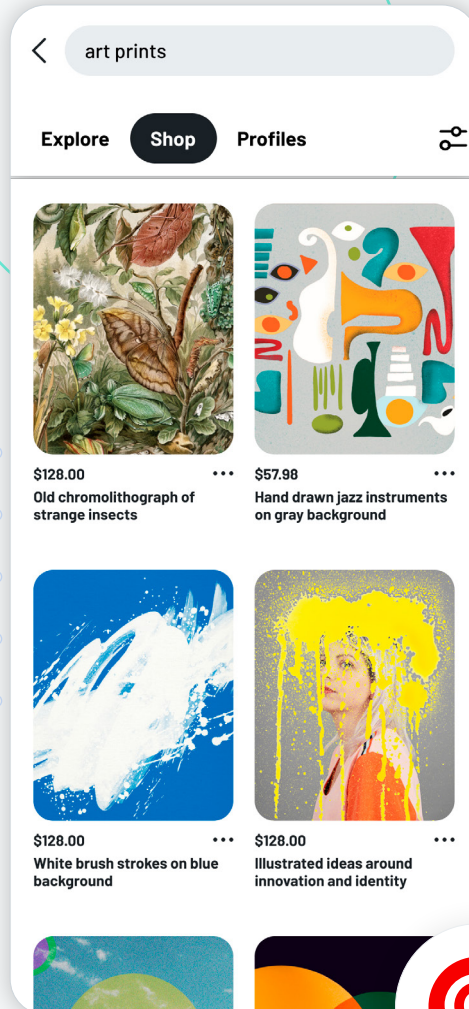
Instagram Shopping

Instagram blends product discovery throughout its entire user experience in a way that does not feel forced. Instagram Shopping lets retailers create virtual storefronts and display products individually or in collections for free. Additionally, businesses on Instagram have the option to use Product Tags in photo and video posts to make [identifying an item and redirecting to in-app product pages faster and more fun](#).<sup>11</sup>

Among the major social media platforms that offer social commerce features, Instagram is the second most used platform behind only Facebook. Additionally, **71% of 18- to 29-year-olds say they have used Instagram** – making it the most used platform among this crucial demographic.<sup>12</sup>

Percentage of American Adults Who Have Used Instagram	
Total	40%
Men	36%
Women	44%
18- to 29-Year-Olds	71%
30- to 49-Year-Olds	48%
50- to 64-Year-Olds	29%
Ages 65 and Up	13%
Source: Pew Research	





## Pinterest Shoppable Pins

Pinterest has always been a valuable platform for product discovery and inspiration. Retailers can use [Product Pins that display real-time pricing and redirect users to an external online store](#) or product page.<sup>13</sup> Pinterest recently updated its app to include a dedicated Shop tab and Shopping List to conveniently save Products Pins and monitor price drops.

Eighty percent of weekly Pinterest users have [discovered a new brand or product](#).<sup>14</sup> With 46% of female adults using its app, Pinterest is also the second most used platform with social commerce features among women in the U.S.<sup>15</sup> While Pinterest does not offer a widely available in-app checkout process, it is still a valuable tool for organically marketing products in a rich, visual format.

Percentage of American Adults Who Have Used Pinterest

Total	31%
Men	16%
Women	46%
18- to 29-Year-Olds	32%
30- to 49-Year-Olds	34%
50- to 64-Year-Olds	38%
Ages 65 and Up	18%

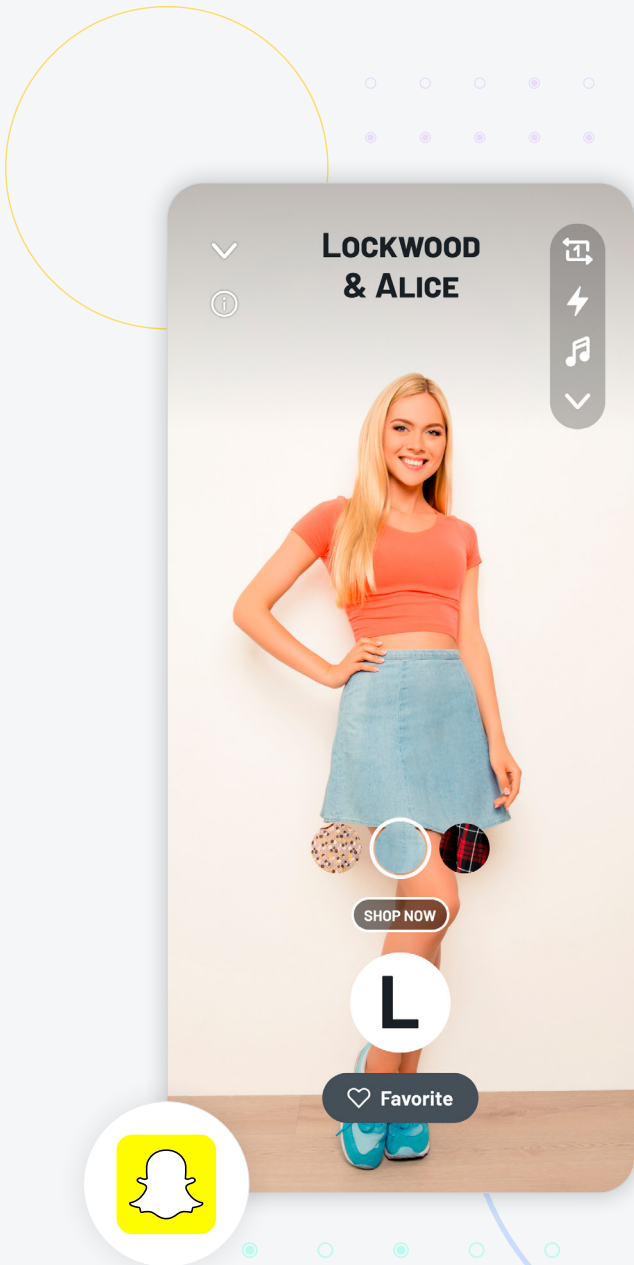
Source: Pew Research

Snapchat Lenses

Snapchat distinguished itself as an AR leader when it first introduced Lenses that recognized and tracked users’ faces to create interactive filters or masks. The company has applied the same technology to social commerce so that users can “try on” 3D clothing, makeup, and accessories like watches and glasses. After a limited rollout with select major brands, [Snapchat has opened its social commerce features](#) so that any business can create a free Public Profile and showcase their product catalogs using AR.<sup>16</sup>

Snapchat is a fast-paced, visual-heavy app with the most comprehensive AR tools of any platform. But keep in mind that **Snapchat’s user base skews much younger – 65% of consumers ages 18 to 29 have used it – and may not be optimal for a retailer with an older target audience.**<sup>17</sup> Snapchat’s AR tools are more impactful for fashion, apparel, jewelry, and makeup brands that want to give consumers a better idea of how their products look before making a purchase.

Percentage of American Adults Who Have Used Snapchat	
Total	25%
Men	22%
Women	28%
18- to 29-Year-Olds	65%
30- to 49-Year-Olds	24%
50- to 64-Year-Olds	12%
Ages 65 and Up	2%
Source: Pew Research	







## TikTok Shopping

Until recently, TikTok worked exclusively with large brands to test new social commerce features for interactive product discovery, such as [shoppable livestreams led by influencers](#).<sup>18</sup> After a successful test period, [the platform unveiled TikTok Shopping](#), a new suite of social commerce tools that gives more businesses the ability to host live shopping events and link to external product pages from organic videos.<sup>19</sup>

TikTok's global popularity and viral, trend-setting nature make it a major X-factor in the social commerce marketplace. The video-sharing platform has indicated its long-term strategy will be centered on "community commerce," a variation of social commerce that [emphasizes content produced by individual creators](#) rather than brands to drive sales.<sup>20</sup> For now, retailers can use TikTok to highlight their merchandise in short-form videos and direct customers to product pages.

Percentage of American Adults Who Have Used TikTok

Total	21%
Men	17%
Women	24%
18- to 29-Year-Olds	48%
30- to 49-Year-Olds	22%
50- to 64-Year-Olds	14%
Ages 65 and Up	4%
Source: Pew Research	

## 4 Steps to Get Started with Social Commerce

### #1: Decide if Social Commerce Is Right for You

The massive global reach of the world's largest social media platforms is a compelling reason to try social commerce. But **having access to tens of millions of social media users does not guarantee success**. Before deciding to invest time and resources into a social commerce strategy, you need to **take time to understand your customers and determine your target audience**.

The shopping preferences of social media users vary across age, gender, socioeconomic background, and other traits. **Regularly collecting buyer feedback can give you insights into your business' customer base**. By implementing a survey tool on your ecommerce site, you can **collect valuable data to build customer profiles or personas**. You can then cross-reference the customer data you've collected with widely available social media usage statistics and demographic breakdowns to help you **decide which platform gives you the best opportunity to reach your target audience**.

**Gender**

☐ Male ☐ Non-binary/third gender

☐ Female ☐ Self-describe

**Marital Status**

Married ▾

**Education**

High school graduate ▾

**Annual Household Income**

\$150K to less than \$200K ▾

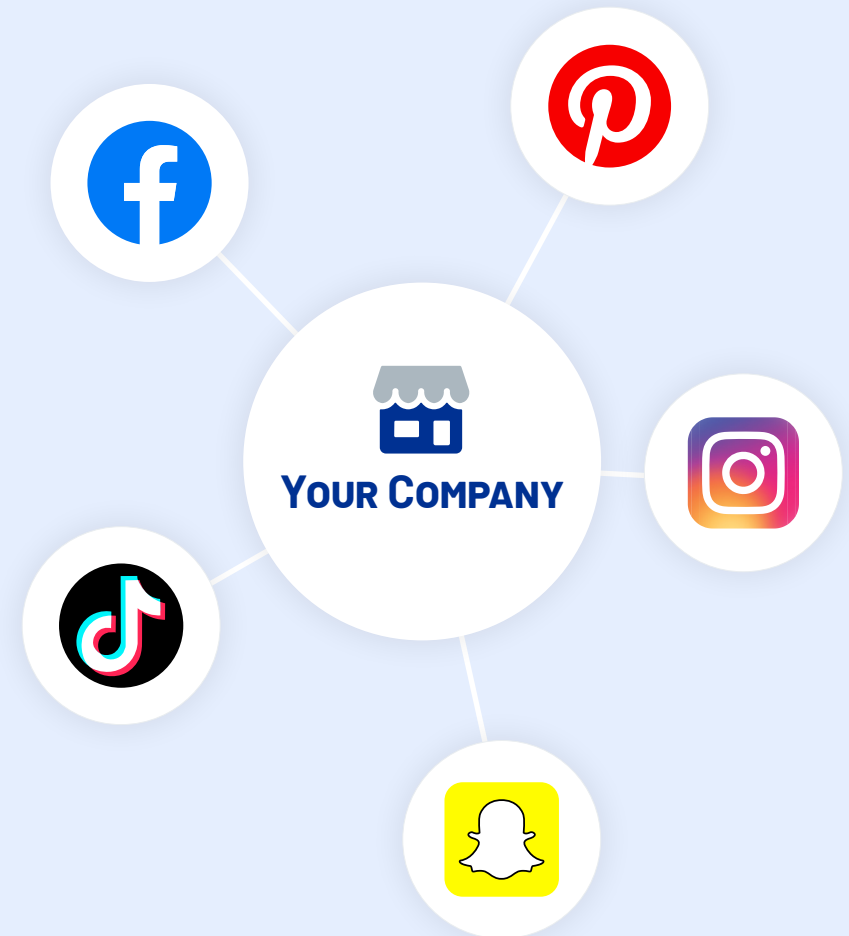


### #2: Choose a Platform

When starting out with social commerce, **you need to determine which social media platform your business can grow with.** Facebook is a great all-around platform with a simple user interface that resembles a more traditional ecommerce app. Instagram and Pinterest are generally more visual and rely on photo and video content. Snapchat uses advanced AR tools to simulate a product's physical appearance. TikTok relies heavily on short-form video content and is betting on the influence of its global community of creators to help retailers drive sales.

A small boutique with a modest social media presence may find Facebook Shop or Instagram Shopping easier to start. In contrast, a luxury clothing retailer with a dedicated social media manager may want to build an AR Lens so customers can sample its spring clothing line using Snapchat.

**Ultimately, ecommerce professionals need to choose the platform they feel gives them the best opportunity to showcase their product catalogs and engage customers.**

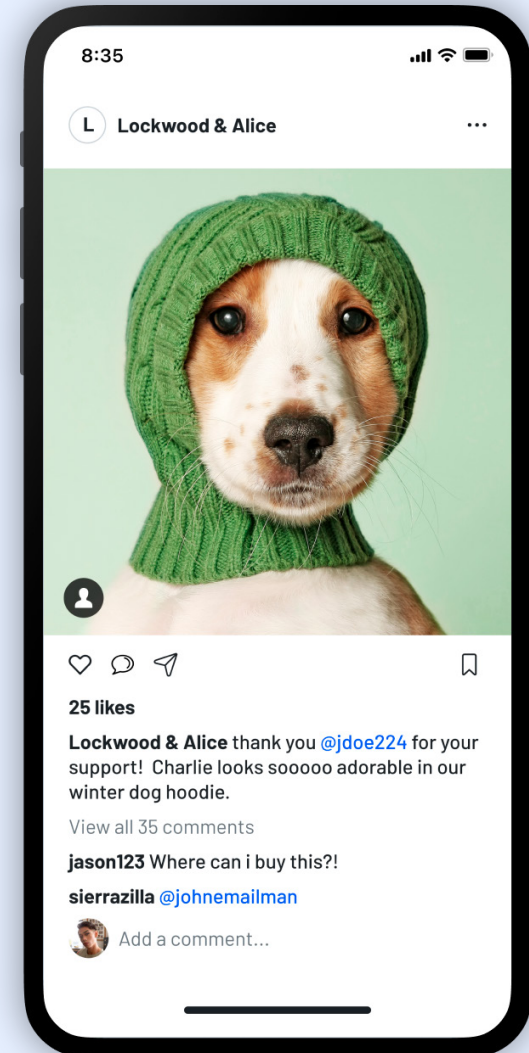


### #3: Build and Execute an Authentic Content Strategy

Content is **the driving force behind any social commerce strategy**. Because social media is a place for self-expression and interaction, authentic messaging goes a long way toward building trust between a brand and consumers. User-generated content (UGC) will help your brand connect with shoppers while alleviating some of the pressure to produce original content.

UGC is created by customers and can be easily shared by brands on social media. Reviews, video unboxings, and try-ons are prime examples of UGC and function like word-of-mouth advertising for customers because it gives the appearance and feel of an unbiased, unscripted opinion of your product or service. **Similar to including social proof on an ecommerce site, UGC can help move customers through the social commerce buyer journey.**

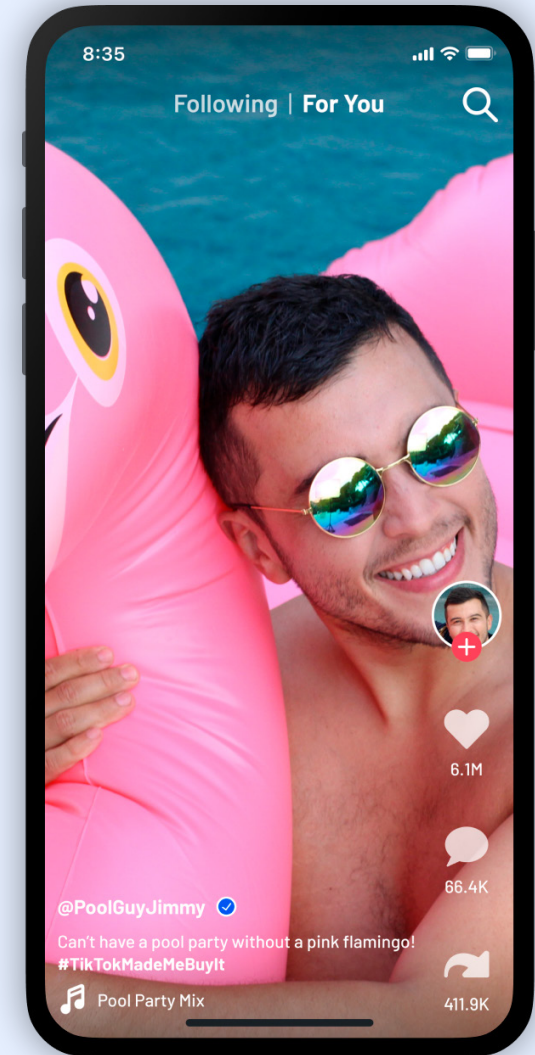
You will still need to craft compelling organic content to build up a strong social media presence and encourage followers to engage with your brand. Once your audience starts generating content related to your business, the benefits could be significant: Consumers are **2.4 times more likely to say UGC is more authentic** than content created by the brand itself, according to a report by Stackla.<sup>21</sup> The same report concluded **UGC highly impacts the purchase decisions of 79% of people.**

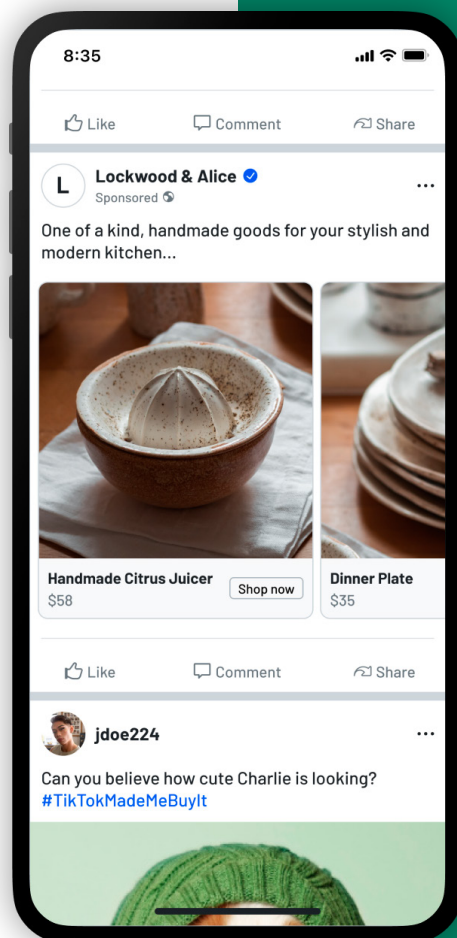


## #4: Always Know What's Trending

The future of the social commerce landscape is dependent on the direction social media companies choose to take their platforms. As these companies continue to embrace emerging technologies like AR and VR, **retailers need to stay on top of new features as they are released, determine if they are suitable for their social media strategy, and strike fast.** But social commerce trends aren't just limited to technology and platform updates.

Social media is massively influential over pop culture. A great example is #TikTokMadeMeBuyIt — a hashtag with billions of views and counting that began with people sharing videos of themselves using products they bought after discovering them on TikTok. Monitoring your social media channels for content like hashtags and trending topics will **help your brand maintain its authentic voice and can also inspire new content ideas.**





## What to Do if Social Commerce Isn't a Good Fit

A retailer may decide now is not the best time to put resources into a social commerce strategy. Whatever the reasoning, **businesses can still use social media as a tool for driving traffic to an ecommerce site or promoting products.**

Social media marketing is still a viable solution in 2022. In a recent Bizrate Insights survey of 3,000 consumers, 83% of respondents said they made a purchase after seeing an ad for a company's product in their social media feeds. Paid advertising will give you access to targeting features that can help expand your company's presence beyond its followers while driving more traffic to your ecommerce site.

“  
In a recent survey, 83% of respondents said they made a purchase after seeing a product ad in their social media feeds.  
”

Source: Bizrate Insights

If you're working with a limited budget that doesn't allow for paid advertising, then creating organic content is a practical alternative. This could be as straightforward as prioritizing content output, experimenting with a new content format, or launching an account on a new social media platform.

**Organic content that is engaging and authentic will pay dividends by helping your brand establish its voice on social media while also cultivating a loyal audience that will be in place if you decide to develop a social commerce strategy in the future.**

## Conclusion

Social commerce presents **an exciting opportunity for retailers to market and sell their products** to consumers worldwide. As social media companies continue to roll out interactive new features like AR try-ons and influencer-led livestream shopping to their platforms, **we may finally see the experience gap between online and brick-and-mortar shopping close.**

Until that day comes, it's important to remember the social commerce market is still evolving. Considering that most consumers interested in social commerce skew young, it may take several years before social media becomes a viable sales channel for some businesses.

At the very least, it's crucial retailers utilize social media as a marketing channel. By **understanding your target audience and creating engaging content now**, you'll be able to build a social media presence while setting your company up for social commerce success later on.

If you determine social commerce is viable for your business right now, then the tools and strategies discussed in this guide will help get you started with little to no upfront financial risk. **In the end, authentic content – not the size of your advertising budget – will lead to a winning social commerce strategy.**





## Use VoC Feedback to Find Out if Social Commerce Is Right for Your Business

Success in social commerce depends on stellar, authentic content. But first, you need to understand your customer base to ensure your content will resonate. The Online Buyer Survey, Bizrate Insights' flagship voice-of-customer (VoC) feedback solution, can help you collect valuable demographic information and build representative customer profiles.

With unlimited survey data included at no cost, you'll be able to gain insights into your customer base that will ultimately drive your content strategy. Take the first step toward social commerce success and start hearing from your customers today.

[Schedule a Demo](#)

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