

There is a (soft) ceiling to social buying

Article

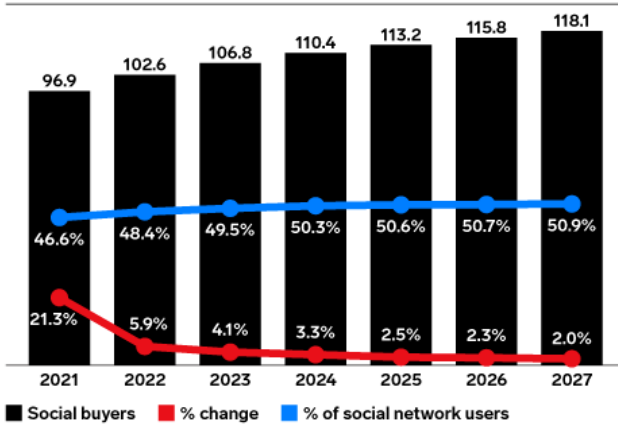
Following Meta's recent backtracking on its shopping initiatives and TikTok's early struggles with TikTok Shop, it's easy to dismiss social commerce. Yet sales continue to rise, and social platforms continue to capture a growing share of total retail ecommerce sales.

- **Sales are quickly approaching \$100 billion.** Gen Z's influence on social media habits, new commerce technologies from TikTok, and rising annual spending by buyers are the main factors driving growth. And with users now spending just shy of 2 hours on social media per day, there is plenty of room for brands and users to squeeze more sales.

- **Currently, around half of social users are social buyers.** The number of buyers can never surpass the total number of platform users, and not every social user will convert into a buyer. Existing shopping and social media habits, trust and privacy concerns, and established retailer loyalties are **the top reasons** why US social users are split roughly 50-50 when it comes to purchasing via social media.

US Social Buyers, 2021-2027

millions, % change, and % of social network users



Note: ages 14+; social network users who have made at least one purchase via any social channel (e.g., Facebook, Instagram, Pinterest, Line, WeChat, VK), including links and transactions on the platform itself, during the calendar year; includes desktop/laptop, mobile, and tablet purchases

Source: Insider Intelligence | eMarketer Forecast, Sep 2023

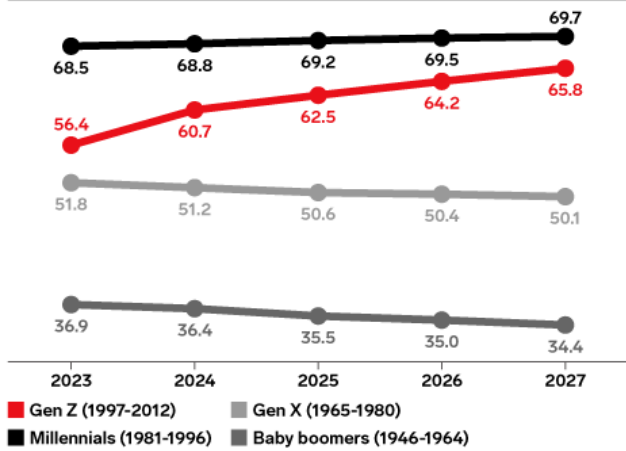
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- **Buyer growth will be driven largely by young people on TikTok.** As Gen Z grows up and accounts for more of the total social user base, they could eventually break the ceiling for social buying. Gen Z is already more likely than older generations to buy via social media, and their **preferences are reshaping** how social platforms are used. For now, however, the number of new buyers is growing only slightly faster than **total social users**, keeping the share of users who are buyers at roughly 50% through our forecast period.

US Social Network Users, by Generation, 2023-2027

millions



Note: internet users who use a social network via any device at least once per month
 Source: Insider Intelligence | eMarketer, May 2023

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Report by Jasmine Enberg Oct 19, 2023

Social Commerce Forecast 2023



