

# Reimagining Retail: What are folks looking for from livestream shopping, and who's doing it well?

Audio

On today's episode, in our "Retail Me This, Retail Me That" segment, we discuss why livestream shopping hasn't caught on in the US and the UK the same way it has in China, what

TikTok is doing to make the US's launch more successful than the UK's, and what shoppers are looking for from a livestream. Then for "Pop-Up Rankings," we rank the top four brands that have done livestream shopping well. Join our analyst Sara Lebow as she hosts analysts Sky Canaves and Carina Perkins.

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## Episode Transcript:

Sara Lebow:

Hello, listeners. Today is Wednesday, March 22nd. Welcome to Behind the Numbers: Reimagining Retail, an eMarketer podcast made possible by Ibotta Performance Network.

This is the show where we talk about how retail collides with every part of our lives. I'm your host, Sara Lebow. Today's episode is all about livestream shopping.

Joining me for today's episode, we have senior analyst on our retail desk, Carina Perkins. Hey, Carina.

Carina Perkins:

Hi, Sara. Thanks for having me back.

Sara Lebow:

Thanks for being here. And also with us today is another senior analyst on our retail desk, Sky Canaves. Hey, Sky.

Sky Canaves:

Hey, Sara. It's great to be here.

Sara Lebow:

Yeah, welcome back. Before we jump in, we are running a contest. The Reimagining Retail team wants to give away prizes. Yep, you heard that right, prizes. Starting today, I'm going to read one question out in the episode and if you are the first person to answer it correctly and send us a screenshot of your Reimagining Retail review or five star rating, you will receive a Reimagining Retail branded gym bag. Be the first to email your answer to [podcast@emarketer.com](mailto:podcast@emarketer.com) and attach a screenshot of your review and or rating.

The first question is, what is the name of the University of Michigan fight song? That is my alma mater. What is the name of the University of Michigan fight song? We're going to run this contest for the next four weeks, so tune in next week where we'll announce the winner, give the answer to the question and tell you the question for the following week's contest.

Okay. Let's jump into our first segment, news and reviews where I give the news and our guests tell me their reviews. Today's story is a March 16th one from CNBC titled Retailers see a tough year ahead, so they're rolling out the recession playbook. The article says the US economy may not be in a recession, but it feels like it in a lot of stores across the nation. And it talks about how retailers are stocking up on high frequency items, becoming more strategic about discounts and focusing on loyalty. So Carina, your review of this story in 60 seconds is...

Carina Perkins:

Sure. Well, we are also hearing from the government now that we're going to swerve a recession here, but we are definitely seeing a lot of consumers cutting back on spending specifically on non-essential goods, but we're also seeing consumers cutting back on food and drink because inflation is just so crazily high here on food and drink that people are really having to reduce what they're buying to keep their grocery spending in check.

We have already seen a lot of the retailers here going to that recessionary playbook. So we've seen Tesco has introduced a reduced to clear section in its supermarkets. We've seen Morrisons slash prices on entry level products. We've seen Boots and Superdrug slashing prices on essential products as well. Clothing brands have been investing in resale and eCommerce, which is a sustainability as well, but that's also down to the fact that people are just having to cut their non-essential spending. So it's definitely something we are seeing and I think it's something we're going to see more across the year even if we do dodge a recession.

Sara Lebow:

Gotcha. And just to clarify for listeners, in case they can't tell by your accent, here refers to the UK?

Carina Perkins:

Yes.

Sara Lebow:

All right. Sky, your review of this story in 60 seconds is...

Sky Canaves:

So I think one of the underlying threads that ties a lot of these strategies together is real focus on value to the consumer from a retailer perspective and we see this with different strategies that some of them are trying as mentioned in the article. Target is doubling down on essential items and groceries, but it's also looking to add some cooler new bells and whistles like Starbucks delivery to your car and curbside returns. While Walmart is kind of guaranteeing its low prices, especially through its private label goods, but it's also focused on driving membership to Walmart Plus and it's trying to bundle together a whole suite of features and offers in there to make it worthwhile.

So I think we'll continue to do that because at the key right now for a lot of retailers is really emphasizing loyalty and trying to get consumers to stay loyal at a time when we know that consumers are becoming less loyal because of inflation and the price concerns.

Sara Lebow:

That makes sense. I definitely as a consumer feel that way about any retailer. I'll go where groceries are the cheapest. Okay. Now it's time for our next segment, retail me this, retail me that where we discuss an interesting retail topic. Today's topic is livestream shopping. Livestream shopping, which takes place in large part on social media, hasn't caught on in the US and the UK the way that it has in China and other parts of Asia. So let's start off with discussing that. Why hasn't it caught on in the West?

Carina Perkins:

I think that part of it is just a difference in how e-commerce has evolved and social commerce has evolved in China and in the West. So in China, social media is really already synonymous with commerce. So people will go to a social media platform with the mindset of buying something. Whereas I think in the UK and the US, people still primarily view social networks as social. So there's a bit of a change in mindset that needs to happen there and that's just going to take a bit of time.

I think also there's a big entertainment factor to live streaming in China that the UK and the US haven't quite got right yet. Things like really good quality hosts. I think hosting livestream shopping is quite a different skill from the more sort of traditional influencer content that we've seen thus far. So it's really finding the right people to be doing that. And it's things like discounts and interaction that really make live shopping a unique proposition. I think that we are still catching up in the US and the UK in making that really special.

Sky Canaves:

Yeah, I think here in the US, the e-commerce shopping and habits and channels were already pretty well-developed by 2020 which is when the pandemic really drew a lot of attention to how live-streaming had boomed in China and it started to capture global attention. So I think in 2020 we did see consumers in the US try new modes of shopping like curbside pickup, but it was really because they had to and live streaming shopping has been more of a nice to have feature. It's not a must have feature. And I think we see this generally with mobile commerce usage in the US. It's been a very gradual shift from mobile browser shopping to app-based

shopping. Part of that is generational and another part is just the incentives and ease of use of apps and payments, for example.

Sara Lebow:

Yeah, that makes sense. So the same way that Instagram has had trouble getting its users to adopt shopping within the app. TikTok is having trouble getting its users to adopt livestream in the US.

Carina Perkins:

I think it's also down to exposure and like we said, people have quite ingrained shopping habits and no are they more ingrained than the UK really. And interestingly, the UK lacks most of the world according to one study I saw in terms of adoption rate of live streaming. And another study I saw by The Influencer Marketing Factory suggested only 25% of UK consumers have purchased something during a live stream and that's versus 35% in the US.

There was some generational data in there which suggested that it really is a Gen Z phenomenon in this country, whereas in the US it's more spread across older age groups as well. So it found that 46% of US consumers aged 36 to 45 and bought something during a live stream versus just 18% in the UK. I think that some of that might be down to the fact that we've not had some of the technological advances in social commerce rolled out in the UK yet. So things like in-app checkout on Instagram haven't been rolled out here yet.

So live streaming is really something that has arrived and become popular if we can say it's become popular with TikTok. So that's really, TikTok is what's driving it and I think that's why really Gen Z is so dominant here in the UK.

Sara Lebow:

That's interesting. That's not necessarily what I would've expected. Livestream shopping feels like an older phenomenon to me. And then talking about China specifically, Sky, can you give us a look at what livestream shopping looks like in China?

Sky Canaves:

Sure. So I've watched that emergence for some years and right now it's kind of everywhere and has been for some time. And going back to the middle part of the last decade, 2015, 2016, this is when it really started to gain traction. And that's just really due to a perfect

confluence of factors. You had e-commerce and mobile internet adoption taking place at the same time, and it was really enabled by these platforms, namely Alibaba and Tencent that created ecosystems, the super apps with payments, mobile payments. And remember in China, credit and debit card adoption or penetration was very low at this time and still continues to be.

So mobile payments really replaced that and became the engine that drove e-commerce on mobile phones. And so live streaming really emerged as a way to make e-commerce more fun, more entertaining, while also addressing a lot of the trust gap in Chinese retail. So consumers wouldn't necessarily have a lot of trust in brands, and this goes back a long ways in Chinese retail. So they would look to influencers and other people that they could trust, acquaintances, members of their social circle.

And that really helped to drive e-commerce and especially live streaming. As Carina mentioned, you had the rise of these super charismatic hosts that really made livestream shopping become a form of entertainment and people would go home and watch live streams that would go for on hours selling all kinds of products. And there was also a big component of deals and discounts. In order to get the best deals, you had to be watching the live stream and two for one deals and all these sorts of giveaways and prizes and rewards that you could get while watching a live stream.

Another factor is really the logistics infrastructure in China and the quick delivery. So as livestream shopping took off, there's kind of an immediate gratification that takes place because goods could be delivered very, very quickly. I think at some point during one of the singles days over the last couple years, Alibaba, I think they boasted delivery time of as little as 10 minutes from purchasing in a livestream to getting it to somebody's door.

Sara Lebow:

So you talked some about deals and discounts, this trust factor, those are I guess motivations in China for shoppers getting into livestream shopping. What might motivate a US or a UK shopper?

Carina Perkins:

So I saw one study, it was a Wunderman Thompson study and it said that globally inspiration came out top as the reason that people got involved in a livestream event. I think that entertainment is really big in the US as well. I've seen studies suggesting that. I think in the UK



we are also most driven by discounts and I think perhaps that's why some of these livestreams haven't taken off yet. And also interactive elements like games, quizzes, giveaways, that's really motivating for UK consumers. Whereas I think in some other markets it's that entertainment piece.

So I think what brands and retailers really need to be doing before they plan these events and plan thinking about the content is really understanding what their customers want and what that market is likely to engage with.

Sara Lebow:

Yeah. Understanding why someone would log on to a livestream in the first place. Something I consistently scroll past.

Carina Perkins:

I think in the UK we are particularly skeptical of anything that's pushed upon us any kind of hard sell. So really the content is going to be really crucial here. And the feeling that they're sort of getting something back, getting a really good discount, I think that's more likely to motivate them to buy.

Sara Lebow:

So TikTok did launch live shopping in the UK. My understanding is it didn't go great. What is TikTok doing to make the US' launch an infrastructure more successful?

Sky Canaves:

So TikTok has had a very successful roadmap from its Chinese counterpart Douyin in making e-commerce and livestream e-commerce happen through a social platform in just a few short years. I think the information reported that last year in 2022, the gross merchandise value of e-commerce on Douyin had exceeded 200 billion US dollars. And that was a 76% increase over the previous year, which itself was triple 2020 levels when I think it was around 50 billion.

I think in 2019 it was 20 billion. So it's like gone 10X within the span of a few years in e-commerce. And most of that has been driven by live streaming, not by short video or shop storefronts. So it started rolling that out in Southeast Asia and the UK at the end of 2021, I believe and the results have been a little mixed. I think Carina can talk a little about the UK experience.

Southeast Asia has been pretty successful. They had over 4 billion in e-commerce sales in that region last year. Live streaming is part of TikTok shop, which also includes features like shoppable short video and other ad formats, but it's the central selling point. So here in the US they're still in the pretty early stages of testing livestream shopping with invited brand partners, and I think those are brands that have already been using TikTok and are familiar and comfortable with the platform.

So I think this indicates that it's taking a measured approach and really wants to get the experience both from a brand perspective as well as the user perspective for the audience here in the US.

Sara Lebow:

So is that the key difference, those brand partners?

Sky Canaves:

I believe they've worked with brand partners in the UK as well in launching TikTok shop, but my understanding is that in the UK they opened up TikTok shop much more quickly to brands to official accounts.

Sara Lebow:

So why is TikTok pushing livestream shopping so hard? It has other e-commerce formats? Why livestream?

Sky Canaves:

I think it's because they've had so much success with it in China and really brought it in as a central part of their business beyond just ads, which is what other social platforms have largely relied on. And we see with Meta's Facebook and Instagram pulling back on the social commerce features in favor of focusing on ads. There's really an opportunity for TikTok here.

I think it's part of that broader collapse or shortening of the marketing funnel that we talked about a couple of weeks ago, that it's so appealing to brands because it can be more efficient. You can get consumers to go directly from discovery to purchase in a very short period with very clear and direct attribution if you have in-app payments and checkout.

There's also for brands an engagement opportunity. They can engage with consumers directly during the livestream and solicit feedback and make more of a two-way conversation

between brand and consumer during the sales process, which I think is very appealing.

Sara Lebow:

Yeah. I've, I've been thinking a lot about that concept of social listening. I can see where this would be useful for that for brands.

Carina Perkins:

I think there's a generational aspect here as well. So we know that live streaming is, especially in the UK, has really big appeal among Gen Z. That's the kind of biggest appeal there and that's TikTok's key audience as well. So I think that it really matches for them to have that kind of content and that kind of commerce content on their site. And I think they're really hoping that with a bit of time, as we've said with a bit more habit-forming live streaming could be something that catches on here as well as in China

Sky Canaves:

Right. And that Gen Z is a generation that still hasn't established its shopping habits as much. They might be a little more open to buying things in different ways. And we see that in our regular surveys that we conduct bimonthly where we do ask about interest and experience with livestream shopping and the numbers are definitely higher, always among the younger cohort of 18 to 34 year olds.

Sara Lebow:

Cool. That's all we have time for in the first half. In the second half, we're going to be talking about some successful examples of livestream shopping in the US and UK. But first a quick word from our sponsor Ibotta Performance Network.

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Welcome back from the break. Now it's time for popup rankings where we take a look at specific examples and we rank them. Today, we'll be ranking in no particular order, our top

four brands that have done livestream shopping well. So let's start off with a brand in the UK. Carina give us a brand.

Carina Perkins:

So I'm going to talk about Snug, which is a sofa in a box company who held an Instagram live in November 2021 with comedian, Katherine Ryan and they said that they had 160% increase in virtual consultation bookings following that event. They then went on to hold a second live shopping event, which was a hybrid in-person and livestreamed event, which featured some of the band members from Naughty's groups Blue, Five, and the Blazin' Squad to appeal to their millennial customer base.

Snug said the event generated a hundred thousand impressions by users across social media and it also held an Instagram live Q&A that had over 700,000 views on their stories and posts. I think this is just really interesting because aren't talking here about a huge increase in revenue and sales on the night but they are talking about a big audience reach and some really good engagement with their core customer base. I think that what they've got right here is that entertainment factor that why would people join? Why would people tune in? And I think that they've really nailed that with the content that they've produced.

So I thought that was why they've done that. And they said that there's been a real... For brand awareness, it's been fantastic. So I thought that was a really interesting example.

Sara Lebow:

Yeah, hiring a comedian and boy band seems like a great idea. Let's fly back to the US. Sky, what's a brand in the US that's been doing livestream well?

Sky Canaves:

Sure. So my first pick is a direct to consumer fashion brand Telfar which is best known for its very highly covetable handbags that are released via drops. So not a regular schedule. You have to be in the know and follow the brand in order to get access to their products. And in late 2021, they launched Telfar TV which is actually a linear TV channel and its main focus is user generated content and amplifying that.

But they also use a channel to sell what they call drips, which are smaller versions of drops and would-be buyers have to be watching Telfar TV at the time that a drip is announced and look out for a QR code which they then would scan with their phones so that they can go to Telfar

site to buy the product. So it's a little bit of a hybrid between live streaming and mobile shopping and what you can do with traditional TV or connected TV, but it shows just how an in-demand product can really drive this kind of livestream commerce or live shopping.

It's something that another big live streaming platform, Whatnot is really focused on collectibles and drops and you have to be watching the livestream at the time in order to get access. So it's a different move away from the discount focus of livestream shopping to covetable product aspect of it.

Sara Lebow:

Sure. So Snug had entertainment, Telfar has exclusivity, which I think is one of Telfar's big things. They drop bags at specific times, sometimes in specific places. You need to be at a specific popup in Brooklyn to get it. So I can definitely see where livestream fits in there. All right. Another UK one, Carina, what's another brand that's done livestream successfully?

Carina Perkins:

Okay. So now I'm going to talk about a brand called Perfume Boss who hosted their first shoppable live two days after joining TikTok shop and then committed to hosting more than five live every week. And according to TikTok, in two months they saw a 438 increase in net revenue and a 369% increase in order volumes as well as a 32% increase in followers.

I think this is really interesting because we were talking about part of the problem with live streaming being just a lack of habit and a lack of exposure. I think this goes to show that if brands really put the effort in building that habit among their customer base, then they can have quite a lot of successful live streaming.

Sara Lebow:

So do they sell perfume? They're a perfume company? I wouldn't buy perfume from a livestream. How would you know what it smells like? I guess that's where trusting-

Carina Perkins:

That's where the trust comes.

Sara Lebow:

... the influencers is useful. And one final one in the US, Sky, give us our last brand.

Sky Canaves:

So my next pick is actually Walmart because here we have a big retail player taking yet another big risk with innovation. I think it's part of their longer term strategy to court younger consumers to look where the opportunity might be with brands as well. So over the past couple of years, Walmart has tried a bunch of different formats for live streaming starting at the end of 2020 when it worked with TikTok on its first livestream for the holidays and they've worked with other platforms like Twitter and YouTube and produced dozens of events.

About a year ago, they partnered with TalkShopLive which is a live streaming platform to do regularly scheduled shopping program on walmart.com brand own channels. And one of the innovations here was adding in-stream checkout so you would be able to buy products and checkout while watching the livestream without having to interrupt that experience. I think one area where it has potential to get really interesting is the expansion of live streaming and connecting it to Walmart's retail media network, Walmart Connect.

So they more recently announced a partnership with Firework, another livestream tech firm to add branded livestream into Walmart channels and connect them to retail media and put them out over social channels as well and then bring that back into walmart.com.

Sara Lebow:

Yeah, this is, I think a huge topic is the power of retail media outside of just search advertising or display advertising within search results. Things like social and CTV when retail media networks are partnered with them or own them can be massively powerful. As a curveball, we recently saw news that the White House is urging a TikTok sale in the US or urging by dance to sell TikTok. Could Walmart buy TikTok? We've talked about this on the podcast before.

Sky Canaves:

It feels like deja vu because they were one of the lead suitors back in late 2020 when the Trump administration was threatening a forced sale. So I think given their positioning, their interest, they could very well emerge as a player in any negotiations or any potential spinoff that takes place.

Sara Lebow:

Yeah, that would be a huge retail media network. I think I've confidently said on the podcast before that Walmart will not buy TikTok, so we'll see if I get proven wrong. Okay. That is all we

have time for today, so thank you for joining me today, Sky.

Sky Canaves:

Thanks, Sara.

Sara Lebow:

And thank you, Carina.

Carina Perkins:

Thanks, Sara.

Sara Lebow:

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