

SOCIAL COMMERCE TRENDS ROUNDUP

October 2021

Retail social commerce is a multibillion dollar industry in the US, having earned \$26.97 billion in sales in 2020. That figure will more than double by 2023, when we predict earnings will hit \$56.17 billion. eMarketer has curated this Roundup of insights, articles, and interviews with brand marketers to offer a closer look at the social commerce landscape and what we can expect to see in the future.

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SPONSOR MESSAGE

With the explosion of new social channels, brands are thinking hard about how to win the next generation of customers. Without question, they will need to embrace conversational commerce, live shopping, and other forms of shoppable social media. They will also need to provide in-the-moment support through a combination of chatbots, live agents, and digital self-service.

These developments require a different kind of platform for managing the customer experience (CX) at scale—one that is unified and flexible enough to support increasingly complex customer journeys.

For 25 years, Emplifi has been a leader in social media management and customer service solutions. With the acquisition of Go Instore earlier this year, we're bringing live shopping and livestreaming into our unified CX platform for enterprises. We're on a mission to help brands close the CX gap and optimize digital interactions every step of the way.

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OVERVIEW

Retail social commerce is already a multibillion dollar industry in the US, having earned \$26.97 billion in sales in 2020. That figure will more than double by 2023, when we predict retail social commerce earnings will hit \$56.17 billion.

A deeper dive:

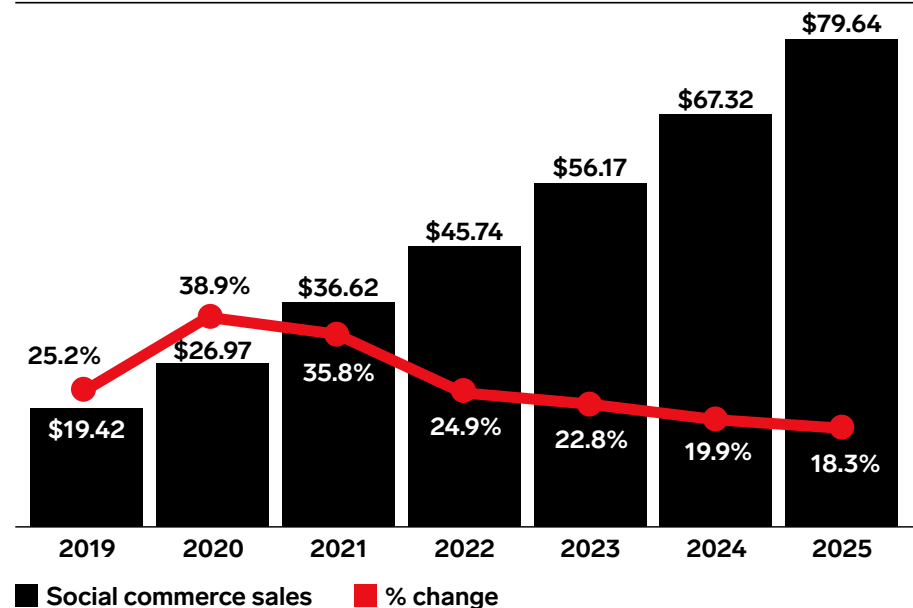
- Social commerce is most popular among adult members of Gen Z: More than half of US social media users ages 18 to 24 have made purchases via a social channel.
- While social buying is a growing trend in the US, it's more popular in China and Russia, where 51.5% and 49.5% of social network users have purchased via a social channel.
- In the US, millennials are the most likely group to use social media networks as important information sources for shopping decisions.

Looking ahead, we project social commerce will be a \$79.64 billion industry in the US by 2025. While that's a lofty figure, marketers have a long way to go if they plan on catching up with China's success.

Social commerce will be a \$79.64 billion industry in the US by 2025, according to eMarketer estimates.

US Retail Social Commerce Sales, 2019-2025

billions and % change



Note: includes products or services ordered via social networks (such as Facebook, Instagram, Pinterest, WeChat, Line, VK, and others) regardless of the method of payment or fulfillment; excludes travel and event tickets, tips, subscriptions, payments, such as bill pay, taxes or money transfers, food services and drinking place sales, gambling and other vice goods sales

Source: eMarketer, May 2021

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HOW US RETAIL BRANDS CAN TAKE ADVANTAGE OF GROWING SOCIAL COMMERCE TRENDS

Although the US has begun to reopen post-pandemic, certain trends that started during lockdowns will continue to grow this year. We expect US social commerce sales to rise by 35.8% in 2021 to \$36.62 billion, as noted in our June 2021 report, "Social Commerce Forecasts 2021: How a Trend 'Made in China' Is Shaping Up in the US."

That's only a slight deceleration in growth from 2020, when sales surged by 38.9% thanks to the pandemic-driven boom in ecommerce, increased social media consumption, and brands continuing to leverage these platforms to sell directly to consumers.

In 2022, the growth rate will dip back down to pre-pandemic levels and slowly decelerate through 2025. That said, the average amount spent by a social buyer in a year will double between 2020 and 2025, reaching \$737.32 per buyer.

Social Commerce Sales and Average Annual Social Commerce Sales per Social Buyer in the US, 2019-2025

billions and dollars per social buyer

	2019	2020	2021	2022	2023	2024	2025
Social commerce sales (billions)	\$19.42	\$26.97	\$36.62	\$45.74	\$56.17	\$67.32	\$79.64
Dollars per social buyer	\$320.50	\$341.59	\$406.08	\$470.50	\$550.33	\$637.07	\$737.32

Note: includes products or services ordered via social networks (such as Facebook, Instagram, Pinterest, WeChat, Line, VK, and others), regardless of the method of payment or fulfillment; excludes travel and event tickets, tips, subscriptions, payments such as bill pay, taxes, or money transfers, food services and drinking place sales, gambling, and other vice goods sales

Source: eMarketer, May 2021

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As noted in our recent report, "US Ecommerce Forecast 2021," although US social buyers are not spending a lot as a whole, their average order values are relatively high. As a result, brands should master social media platforms to not only inspire consumers but also facilitate one-click purchases.

In 2021, we expect 90.2 million US people, or 35.9% of internet users, to make at least one social commerce purchase during the calendar year. That puts the US in second place out of the 13 countries where we forecast social buyers, behind only China.

Overall, we estimate that US social commerce will more than double between 2021 and 2025, reaching \$79.64 billion.

Consumers are engaging with social platforms more, and these platforms are often used at different points of the shopping journey—from inspiration to purchase. Retailers and brands will need to include social media strategies in their playbooks to reach this coveted shopper.

One tip for US brands that want to succeed in this space is to consider your audience, as social commerce may not work for every customer base. Gen Zers and millennials are the most likely generations to make a purchase via social media.

According to our latest forecast, around half of US social network users ages 18 to 34 will make at least one social commerce purchase in 2021, compared with around one-third of those ages 55 and over.

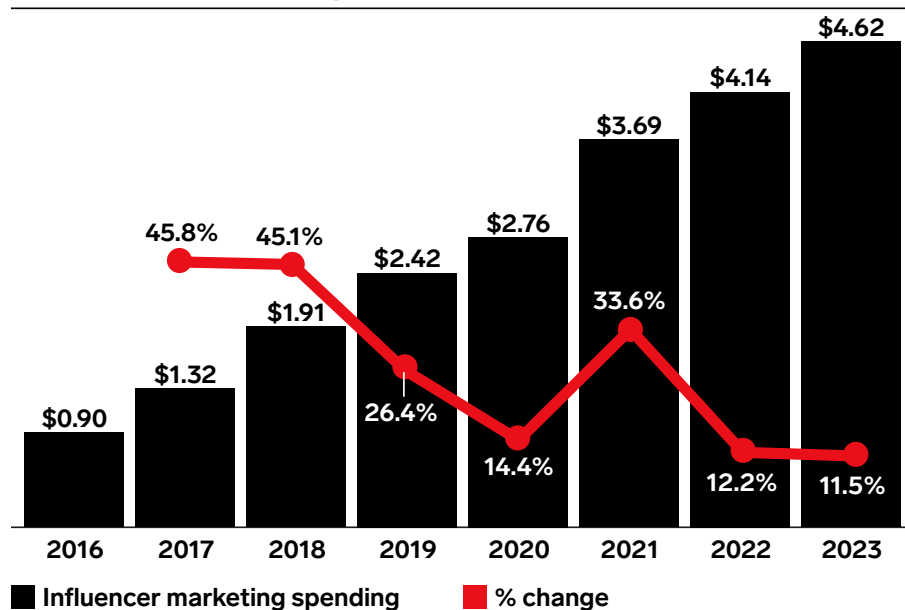
In brief, we define "social commerce" as purchases made by buying directly on the social platform, such as via Instagram Checkout, or through clicking links on the social network that lead to the retailer's product page to complete the transaction.

US INFLUENCER MARKETING IS NOW A \$3 BILLION-PLUS INDUSTRY

US influencer marketing spending will rise by 33.6% in 2021 to \$3.69 billion. Our inaugural forecast shows that US marketers will allocate nearly \$1 billion more to influencer marketing this year than they did in 2020, representing the strongest spending growth in the industry since 2019. Growth will continue in double digits until 2023, when spending on influencer marketing campaigns will approach \$5 billion.

US Influencer Marketing Spending, 2016-2023

billions and % change



Note: payments made to influencers or their representatives to promote products and services primarily on social media and other platforms featuring user-generated content; excludes noncash payments such as free products or trips; excludes paid media

Source: eMarketer, June 2021

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The strong spending growth comes after a year of influencer marketing budget cuts. Close to two-thirds of US marketers worked with influencer marketing last year, up from 55.4% in 2019. But as the pandemic put a strain on marketers' budgets—particularly in the early part of 2020—many were forced to pause campaigns or cut influencers' paychecks, slowing spending growth. And many marketers who worked with influencer marketing last year did so by amplifying influencer content in their paid media campaigns. Our forecast excludes spending on paid media campaigns with influencers.

Instagram is the leading influencer marketing platform. While we don't publish platform-specific breakouts for influencer marketing spending, we estimate that Instagram accounts for roughly half of the market. A significant portion of spending also goes to influencer campaigns on YouTube and Facebook. TikTok is still a small slice of the influencer marketing spending pie, but it's growing fast.

What's driving influencer marketing spending growth in 2021?

Improved brand-creator collaboration tools from social platforms. Recent examples include the following:

- **Instagram:** In April, Instagram announced it would launch a creator marketplace to connect brands and creators for partnerships. That was followed by a series of updates to its branded content tools, including the ability for creators to tag up to two businesses per piece of branded content.
- **Snapchat:** In May, Snapchat rolled out a new creator marketplace to help influencers partner with businesses for branded content and Lenses, Snapchat's artificial reality filters.
- **TikTok:** In January, TikTok launched the Creator Portal to provide creators with tools and advice on content strategy, including a direct link to its creator marketplace to help them set up partnerships with brands. In June, TikTok also introduced TikTok Jump, which allows creators to embed third-party services from brands into their videos.

■ **YouTube:** YouTube revamped its creator marketplace in June 2020. Now called BrandConnect, the feature connects creators with brands and provides tools to help embed products into videos and for marketers to measure the impact of their partnerships.

These new tools enable marketers and creators to work together more seamlessly, pushing more spending into the influencer marketing space.

The rise of social commerce. From shoppable content to livestreaming commerce, brands are increasingly tapping creators to help drive their social commerce goals. As influencers prove their ability to drive sales as well as brand awareness, we expect brands to invest more money into influencer marketing. According to our latest forecast, 90.2 million US consumers ages 14 and up, or 35.9% of internet users, will make at least one purchase via social media during 2021.

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The continued growth of TikTok. Even as TikTok and other short-video venues work toward developing their ad businesses, influencer marketing continues to be the primary way for brands to engage with those audiences. And, as brands ramp up their own ad and organic content production on those platforms, they're also willing to pay influencers for their help. Case in point: the launch of IPG Mediabrands' Creator Collective, which matches clients with creators to provide feedback and advice on campaigns, and ATTN's TikTok studio, which provides consulting and creative and production services for brands.

The return of travel and influencer marketing adoption among new industries. Pandemic-related travel restrictions and social distancing measures disproportionately affected travel influencers, many of whom were forced to pivot their strategies and collaborate with different kinds of brands, like finance and consumer packaged goods. (Think travel influencers partnering with credit card companies that offer cards with travel perks from online shopping.) As travel marketing returns and those new industries continue to spend, total influencer marketing spending will rise.

Influencers will continue to rely on brand sponsorships. Creators have more ways than ever before to make money, but brand sponsorships will remain the primary source of income for most. As creators continue to rely on brands for their livelihoods, more money will flow into influencer marketing. And as social platforms continue to incentivize creators to create content for their platforms, more opportunities for brand collaborations will open up. Facebook, for instance, recently pledged to invest over \$1 billion in creator programs by the end of 2022 in an effort to attract and retain creators on its core platform and Instagram.

How does influencer marketing spending compare with social network ad spending?

Influencer marketing spending is a drop in the bucket when compared with social network ad spending. In 2021, we expect US advertisers will spend \$58.66 billion on social network ads, up by 26.9% year over year. But both influencer marketing spending and social network ad spending are rising in tandem, indicating a growing reliance on social media overall.

Influencer marketing is helping propel social network ad spending. Amplifying influencer content via paid media accelerated during the pandemic, particularly in the early days as studio closures and budgetary constraints curtailed ad content creation. Since then, marketers have continued to rely on the tactic as it proved to be a quick, easy-to-produce, and inexpensive alternative to brands' own creative. That will help drive ad spending growth on social platforms, as we count spending on those paid media campaigns in our social network ad spending estimates.

LIVESTREAM SHOPPING CATCHES ON IN THE US

Popularized in China, livestream ecommerce combines QVC-like shopping, game shows, talk shows, and auctions with the ability to chat and purchase in real time.

China's livestream shopping market alone is bigger than every other country's total ecommerce market—save two. Livestream shopping took off in China four to five years ago, but has developed into a \$300 billion industry this year, accounting for 11.7% of all retail ecommerce sales in the country. To put that in perspective, that figure makes the livestream shopping market in China larger than every other entire retail ecommerce market in the world, except for China and the US.

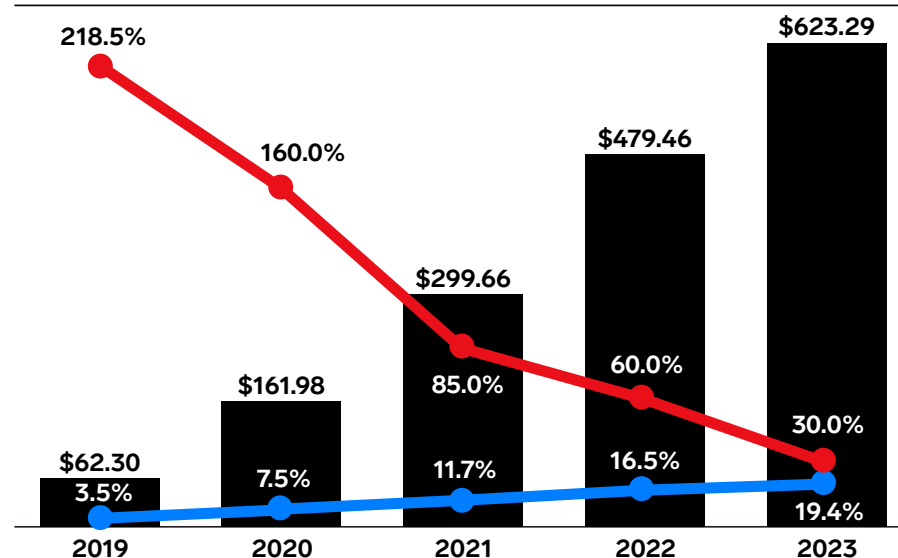
The phenomenon gained momentum in the US last year. In the US, livestreaming was just starting to make inroads when the pandemic hit, giving it a sudden boost. Brick-and-mortar stores temporarily closed down and consumers, quarantined at home, looked for new ways to entertain themselves and shop.

US brands are turning to partners for their livestream shopping initiatives. Livestreaming remains a relatively nascent shopping experience in the US. But smaller, more daring digitally native brands, and even well-established brands and retailers, are testing the waters. Most are partnering with one of four types of players:

- **Social media networks.** Many brands are using the massive existing audiences of social media networks and their expanding livestream offerings. Walmart's partnership with TikTok and Sephora's with Facebook are just two examples of this practice.
- **Newer livestream shopping apps.** A number of new apps have emerged that offer brands the opportunity to livestream on their platform. Brands like Diageo and Vans have partnered with LA-based Ntwrk; Ulta Beauty has worked with beauty-focused Supergreat.
- **Legacy home shopping networks.** Many established brands have long-standing relationships with legacy home shopping players like QVC or HSN (now both part of Qurate Retail Group). For example,

Livestreaming Ecommerce Sales in China, 2019-2023

billions, % change, and % of total retail sales



■ Livestreaming ecommerce sales

■ % change ■ % of total retail ecommerce sales

Note: includes products or services ordered via online video streaming where the presenter demonstrates and discusses the offering and answers audience questions in real time; the livestream session can take place on an ecommerce website or on a social media platform; includes products or services ordered using the internet via any device, regardless of the method of payment or fulfillment; excludes virtual items gifted by viewers to livestream presenters, travel, and event tickets

Source: eMarketer, May 2021

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Estée Lauder and Dyson sell through QVC. These legacy TV networks are well-established shopping platforms built around video; they enjoy high levels of brand recognition. However, buyers on these platforms can skew older than those on digital platforms.

- **Amazon.** In 2019, Amazon launched Amazon Live, a series of concurrent livestreams where brands can showcase their products. Livestreams appear on Amazon product detail pages and on the Amazon Live homepage. However, Amazon Live hasn't gained serious traction, with even the featured livestream often attracting a few hundred shoppers at most.

Going it alone is also an option. Retailers such as Nordstrom have also launched their own livestream shopping channels. This approach allows retailers to retain complete control of the experience and tap into loyal shoppers. But it's difficult for retailers to get a large number of shoppers to tune in to livestreams. New channels like these have to be marketed to reach relevant shoppers.

Brands and retailers should choose a strategy based on their tech know-how and target demographics. But they should bear in mind that the lines are blurring—even established brands like QVC are wooing younger customers with their digital-first initiatives.

Livestream shopping took off in China four to five years ago, but has developed into a \$300 billion industry this year, accounting for 11.7% of all retail ecommerce sales in the country.

HOW IMPORTANT WILL LIVESTREAMING BE FOR SOCIAL COMMERCE IN 2021?

Livestreaming was an existing trend that gained newfound relevance during the pandemic. Over the past few months, nearly all of the major US social networks have expanded their services and introduced new livestreaming opportunities, many of which are aimed at boosting commerce on the platforms.

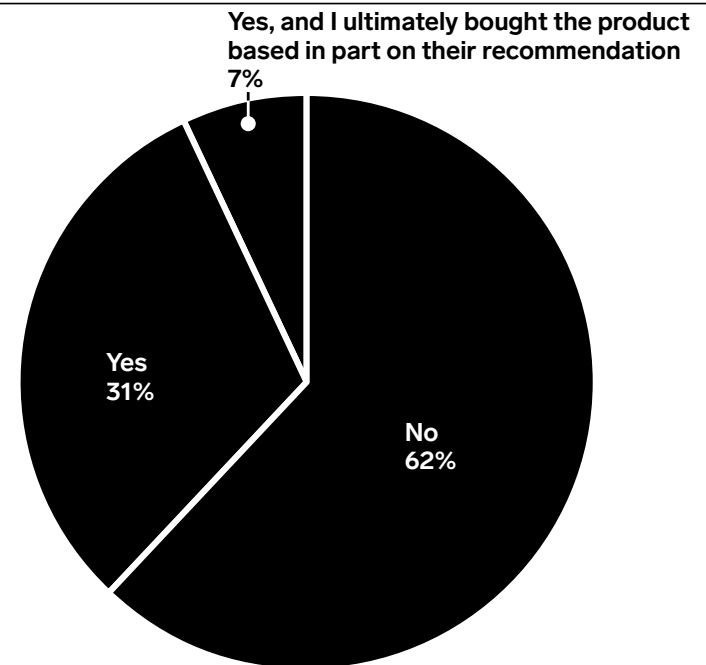
Here are some of the key developments:

- **Facebook:** In May 2021, Facebook introduced “Live Shopping Fridays,” during which brands can showcase products through Facebook’s live shopping feature. From the livestreams, customers can tap featured products to learn more about them, add products to their shopping carts, and check out.
- **Instagram:** The platform first introduced live shopping capabilities for merchants that use its in-app payment system, Instagram Checkout, in May 2020. In March 2021, Instagram expanded its livestreaming offering with the launch of Live Rooms, which allow users to add up to three other co-hosts to their livestreams, doubling the number of hosts per livestream from two to four.
- **Pinterest:** In late May 2021, Pinterest hosted its first in-app livestreaming event with an initial test group of 21 creators as hosts. Viewers were able to shop products promoted in the livestream sessions via Product Pins and comment to interact with the hosts.
- **TikTok:** In March 2021, Walmart partnered with TikTok for a second live shopping event on the platform, following a pilot of the livestream shopping program in December 2020. Walmart hasn’t provided sales figures from the first live event but told TechCrunch in March that it received seven times more views than expected and a 25% increase in its TikTok follower count.

The social platforms have had no trouble getting brands to buy into their live shopping ambitions—Facebook’s Live Shopping Fridays, for example, boast many big-name brands from Sephora to Abercrombie & Fitch. The networks’ enthusiasm for live shopping comes directly from

US Adults Who Have Watched a Livestream of Someone Talking About a Product that They Might Want to Buy, April 2021

% of respondents



Note: n=2,024 ages 18+

Source: The Harris Poll, "Covid-19 Wave 60," April 19, 2021

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China, where livestream shopping is already big business for brands.

In April this year, for instance, ecommerce giant Alibaba revealed that it generated \$61.7 billion in gross merchandise value (GMV) in 2020 on its Taobao livestreaming platform for merchants alone and that the number of daily active users on the platform doubled from 2019.

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According to our inaugural forecast, livestreaming social commerce sales in China will reach \$131.52 billion in 2021 and account for 37.4% of total social commerce sales in the country. By 2023, 60.9% of social commerce dollars in China will come from livestream shopping, amounting to \$281.21 billion.

Overall, we expect total retail livestreaming ecommerce sales in China to reach \$299.66 billion in 2021, including livestream sessions on both ecommerce and social media platforms. The total number of livestream ecommerce buyers in China will hit 320.1 million—of which 60.7%, or 194.2 million, will make a purchase via a livestream on social media at least once this year.

In the US, buying products promoted via livestreams is still in its early days. In an April 2021 survey by The Harris Poll, for example, 38% of US adults said they had watched a livestream of someone talking about a product that they might want to buy, but just 7% said they ultimately bought the product based on the presenter's recommendation.

But interest is rising, and livestreaming is poised to be a major driver of growth for social commerce as the capabilities expand and improve. In a Q4 2020 survey by GlobalWebIndex, for instance, 22% of US and UK social livestreamers said having a “buy” button available during a livestream session would be a top purchase driver, compared with 13% of social network users who said the same for social media content overall.

SOCIAL COMMERCE: THE NEW ERA OF ONLINE SHOPPING

This article was contributed and sponsored by **Emplifi**.



Zarnaz Arlia

CMO, Emplifi

Social commerce is taking the business-to-consumer (B2C) world by storm. If you haven't bought something directly through Instagram, Facebook, or TikTok storefronts, you will soon. eMarketer estimates that social commerce will be a \$351 billion industry this year in China alone, and it's growing rapidly in Europe and the US, too.

Not surprisingly, the leaders are B2C brands in industries like apparel, consumer electronics, cosmetics, and home décor. Consider these examples from established global brands:

- Levi's and Tommy Hilfiger have started experimenting with live online shopping events hosted by influencers and celebrities, as an innovative way to embrace emerging technology and introduce what's new.
- Estée Lauder introduced livestream beauty tutorials for customers to "watch & shop," and a page of archived sessions inviting visitors to binge watch past livestreams.

Social commerce has the potential to reinvent how brands engage customers at a key time in their journeys. From image shopping to product demonstrations to discussions with a real salesperson, livestream shopping is bringing influencers, superusers, and peers together with shoppers to deliver the future of commerce. Connie Chan of a16z calls this phenomenon "[shopatainment](#)"—a combination of entertainment, commerce, and content.

This is a defining trend of our time and an opportunity for companies to reach new audiences and delight them with the kind of memorable, convenient, and engaging experiences they seek. Embracing social commerce will be a critical strategy for closing the customer experience

(CX) gap—the distance between what consumers expect from their online shopping experiences and how well brands are able to provide these experiences.

Unmet CX needs

Before the market can realize all this promise, we must address several unmet needs. Brands must avoid becoming a commodity, while learning how to capture the next generation of consumers and turn followers into customers. Social media usage continues to grow, making it increasingly crucial for brands to become discoverable and find ways to drive conversions via their social media presence.

How will marketers know which channels are going to be most effective? And will it be possible to add more channels without needing more resources from IT? In each of these cases, solving the problem comes back to building relationships through exceptional CX.

Today, most early adopters are making do with one-off integrations for each channel and their ecommerce websites. More complex integrations are emerging that connect to inventory management systems and product information systems.

Overcoming the challenges of social commerce

In the not-so-distant future, companies will want to see lightning-fast consumer connections, conversions, and sales across familiar social channels without the need for heavy information technology (IT) involvement. They will need a fully integrated way to manage and optimize inventory across new channels, and have the means to provide care, help, information, and support through the same platform. Finally, omnichannel analytics and content management will be critical to success in social commerce.

Our increasingly social world needs a unified CX platform to bring together marketing, commerce, and care in a way that ushers in the new era of social commerce.

Turn social browsers

into social buyers.



Close your CX gap

Click this ad to learn how »

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QUESTIONS ABOUT TIKTOK'S NEW SHOPPING TAB, ANSWERED

TikTok and Shopify are expanding their partnership. Select Shopify merchants worldwide are able to create in-app storefronts in a dedicated Shopping tab on their TikTok profiles, the companies announced in late August.

How does this feature compare with TikTok's past social commerce updates? The new Shopping tab changes the interface of the app itself, encouraging a new user behavior to emerge.

- Many of TikTok's social commerce features so far have centered on building ecommerce-related ad products. But because TikTok ads appear as native videos on users' For You feed, they don't alter the existing behavior of scrolling through videos.
- The Shopping tab, on the other hand, encourages users to go to business profiles to make a purchase. Once there, users are presented with a type of content they haven't yet seen on TikTok: static product showcases.
- While it's a big step forward for TikTok's social commerce push, it could also be a challenge. TikTok has become well known for two things: short-form video, and the algorithm driving its time-sucking For You feed. Getting users to engage with still-image product catalogs may be a leap, but it's one chance TikTok needs to take to keep up with competitors.

How does TikTok's Shopping tab stack up against Instagram's Shop feature? There's still no way to search for products, or to check out natively, but both those things could change soon.

- On Instagram, the Shop tab is accessible via the navigation bar, but shopping on TikTok is confined to businesses' profiles. There still isn't a central place on TikTok to search for specific items or discover new ones.
- Even so, Instagram also started off with business profile-only shopping, before adding a dedicated Shop tab.
- Plus, TikTok's Chinese counterpart, Douyin, has let users search for

products since 2019, so it's likely something similar could come to TikTok soon.

- As for in-app purchasing, for now, businesses will need to link users out to their Shopify pages to complete the checkout process. But Douyin, too, started off by linking out to Taobao stores before adding native checkout.

Will this development change our social commerce forecast?

Though the TikTok Shopping tab is big news, Nazmul Islam, eMarketer forecasting analyst at Insider Intelligence, said our estimates still hold.

- "The partnership with Shopify shouldn't change the numbers too much—we set high growth levels expecting more developments in social commerce," Islam said.
- Plus, he said, "clicking on ads is still the main way people end up making purchases that count toward our social commerce sales numbers." Because there still isn't a central discovery mechanism for new brands or products, businesses will likely continue to rely on ads to drive users to their shops..
- Notably, our forecast doesn't touch on one major way TikTok drives purchases: viral products that users search for and purchase off-site, a phenomenon known as "TikTok made me buy it."

What should marketers look out for? Pay extra attention to how users engage with shopping-related content, and keep a close eye on when the feature ropes in more creators.

- For now, TikTok is going slow—and for good reason. (Just think of the backlash Instagram received when it put its Shop tab front and center in users' navigation bars.) Marketers should follow TikTok's lead.
- One big sign of success will be if TikTok expands the Shopping tab to creators beyond existing Shopify merchants with TikTok For Business accounts. Not only will that open up a host of new influencer marketing opportunities, but it could also pull in some creators who have been lured by Instagram's more developed shopping features.

QUIP'S VP OF GROWTH TALKS D2C MODELS, PODCAST ADS, AND MAKING A TOOTHBRUSH AS COOL AS NIKES

Shane Pittson is the vice president of growth at oral-care provider Quip, overseeing advertising efforts and consumer research, optimizing lifetime value and customer acquisition costs, and improving retention rates. We recently spoke with Pittson about creating buzz for a brand, gaining retail distribution, Quip's brief stint on dating apps, and more.

Why do you think Quip has been successful?

SP: One of the first things that comes to mind for me is the product itself—the hero product of the electric toothbrush being genuinely category disrupting.

Quip wasn't a pure marketing or brand play. From the get-go, it incorporated thoughtful product and service design, which brought something new to the category. It wasn't necessarily that it was an innovation in the sense of an invention of features that didn't exist, but rather it brought all of the most impactful features into a design that was attractive, that people wanted to use, and that they wanted on their bathroom mirror or counter.

Early on, I felt like we were onto something when we saw people posting things like, “Today was a good shopping day; I got a new pair of gold Nikes and a gold Quip,” photographing them together. I remember thinking that may be the first time that a toothbrush is at the same kind of hype or excitement level as a new pair of sneakers. Bringing that kind of experience and excitement to a category that was really stagnant, at a price point that was really accessible, set the brand up for success.

Initially, Quip was entirely direct-to-consumer [D2C] and only later branched out to major retailers like Target. How important was starting out as a D2C to the company's trajectory?

SP: That order was very helpful. Ultimately, distribution is great. There's a certain amount of people who prefer to shop in-person—and as a brand that has accessibility in mind, we don't want to exclude

people who don't want to shop online. So, I think moving into stores was always part of the plan. But starting as D2C-only, I think it allowed us more flexibility in many ways and ultimately allowed us to enter conversations with retailers that had large-scale distribution, bringing with us more interesting data and perspectives to inform those conversations.

That's the benefit of D2C: Customers are very supportive and willing to give feedback. We have around an 80% response rate with post-purchase surveys. Going into conversations with larger-scale retail partners, we have a clear view of what our customers are asking for from an innovation road-map perspective.

It seems as though the retailer also benefits when the brand starts that distribution conversation with actual customer data to plan around.

SP: Yes. I think both parties ultimately benefit from that understanding and knowledge of the customer, their desires, and their backgrounds.

In terms of the brand's perspective, we definitely tested retail. We did a pop-up shop or two and worked with [Gwyneth Paltrow's wellness brand] Goop on some holiday stores.

Additionally, we worked with [corporate gifting company] New Stand in New York. We tested quite a few small retail outlets and saw that we were really high-producing in those environments. That gave us a lot of confidence that retail would be a smart strategy for us. We were also able to understand, even with the smaller tests, how many of those people who discovered us through brick-and-mortars were coming back and starting subscriptions with us online.

Many D2Cs have built subscriptions and replenishment into their business models. How does that affect the relationship with retailers? And how much do subscriptions improve lifetime value?

SP: We've created a positive loop where we're sending incremental foot traffic to the retailer [through new product releases and add-ons]. In August of last year, we launched the Quip Smart Toothbrush and Smart Motor. The motor is backward compatible with the millions of brushes that we've already sold. It's an easy, low-cost upgrade.

And to continue driving value, we give users of that brush points for brushing for two minutes twice a day. There are different kinds of bonuses for streaks or other kinds of behaviors that exhibit good oral-care habits. And rewards that you can get with those points include gift cards to some of our retail partners.

Which channels have done particularly well for Quip? Have any channels not performed how you expected?

SP: I'll answer the last part of that first, because it's funny. We did more than one test with different dating apps. Because we were thinking, "Oh, fresh breath goes with oral health. It's probably a really good group of people to be interested in oral-care products." That didn't pan out very well for us, but those tests were smaller scale.

What we did have success with, like most D2Cs, was where we began: digital. That allowed us to test into messaging, understand what messaging was performing best, and refine how we spoke about Quip.

"What we did have success with, like most D2Cs, was where we began: digital. That allowed us to test into messaging, understand what messaging was performing best, and refine how we spoke about Quip."

From there, we began to look into offline. I think the first offline test we did was on the New York City subway. Out-of-home still has a great place in helping to cast that wider net and then grow top-of-funnel awareness and interest.

We then made the leap into audio and TV, and those have been great channels for us with a lot of great partners. I think that audio is an extension of influencer marketing in many ways, with the rise of podcasts and their hosts having unique and dedicated followings and a range of audience sizes for very relatable advertising.

Every podcast host we work with gets the product and is able to try it so that they can speak on it from a firsthand experience, which I think is one thing that's been really helpful for our business.

From a social media standpoint, how much success are you seeing, specifically with respect to converting traffic?

SP: Social remains one of our consistent marketing channels. Early on, I think one of the biggest benefits of something like Facebook was being able to see people's real-time reactions to new products and messaging. Those platforms are always going to play an important part in our marketing mix—mass distribution of social media messaging, then seeing what resonates best and refining accordingly.

Quip now offers quite a few products, but that wasn't the case in the beginning. Would it have been easier to launch with a larger assortment, or did the focus on one hero product help at the outset?

SP: I think as a startup, and one with a relatively small team, having that focus on a single product, making improvements, and being able to quickly iterate on one key or core element was helpful.

I think it was also helpful from a messaging perspective. You're not trying to juggle a whole bunch of different products and needs. That's part of how we got from there to where we are now.

SOCIAL COMMERCE BEST PRACTICES FOR US BRANDS

Social commerce in the US may not be as big as it is in China yet, but there's no reason why it won't be someday. Here are four things US brands that want to get a head start into social commerce must consider today:

Know your audience. Social commerce may not work for every customer base. Gen Zers and millennials are the most likely generations to make a purchase via social media.

"Gen Z and millennials are already hanging out on social media," said Eden Amirav, co-founder and CEO of Become.co. "They're already viewing products, and it's a natural experience for them to buy."

Don't confuse social commerce with ecommerce. Social media platforms will never be Amazon. While most traditional ecommerce purchases start with a product search—which requires intent—social media's sweet spot lies in discovery.

In an August 2020 Facebook IQ survey conducted by GfK, the top ways in which adults worldwide said they would like to digitally discover brands and products in the future were "products categorized by current trends" and "products categorized by lifestyle," cited by 38% and 37%, respectively. That speaks to several different surfaces on social media platforms, including Instagram's Explore tab or Pinterest's home feed.

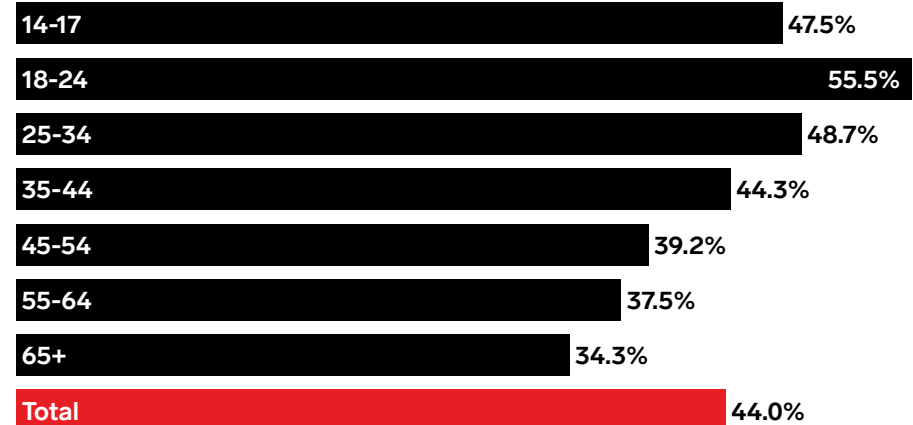
Other options farther down on the list also mentioned social media directly, including "trending products among their social circle (e.g., people they interact with the most on social media)," cited by 33%. Meanwhile, about one-quarter of respondents each chose "livestreaming with influencers using the product" and "livestreaming with a brand representative who recommends the right product for them."

Focus on getting customers in a purchasing mindset. Buying directly in a social app is the norm in China, but that's not going to be the case in the US anytime soon. It also doesn't need to be.

"In China, consumers are used to doing everything in one app, including payments," said Alessandro Bogliari, co-founder and CEO of influencer marketing agency The Influencer Marketing Factory. "In the US, we're used to taking extra steps. We open up Instagram, see a product we like,

US Social Buyers, by Age, 2021

% of social network users in each group



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

Source: eMarketer, May 2021

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and then click through to the page via the embedded browser. It's going to take years for us to go in the direction of China."

Instead, social media should be about getting consumers inspired to buy, regardless of where the final transaction takes place.

How? According to a December 2020 survey by Bazaarvoice and Savanta, the type of ad or content that was most influential in getting US adults to make a purchase was shoppable images and videos, cited by 24.0%. Video advertising was next, at 16.3%, followed by posts from brands that they follow, at 13.4%.

Work with influencers. Influencers are the amalgamation of media, shopping, and entertainment. From brand awareness to consideration to sales, US brands should tap into creators and influencers to help drive their social commerce goals.

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