

# US social commerce is following in China's footsteps

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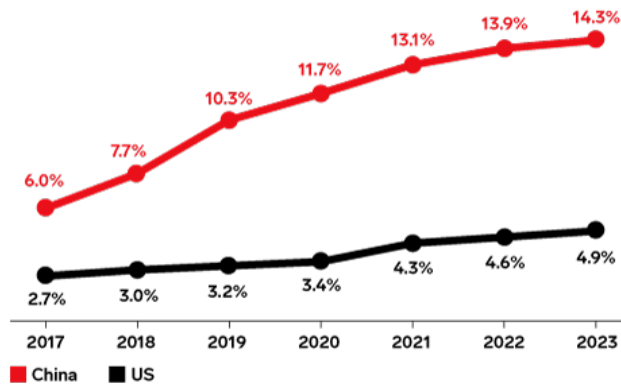
**Andrew Lipsman**

Social commerce—which we define to include products or services ordered by buying directly on a social platform, or through clicking links on the social network that lead to the retailer's product page with an immediate purchase option—is a fast-growing segment of the US ecommerce market that's garnering more attention and investment from media companies and brands.

Brands' optimism in social commerce stems from the example of China, the most advanced social commerce market in the world. We forecast China's 2021 social commerce sales will reach \$363.26 billion, up 35.5% year over year and more than triple what they were in 2018. These sales will account for 13.1% of total ecommerce sales this year.

## Social Commerce Penetration in China and US, 2017-2023

% of total retail ecommerce sales



Note: includes products/services ordered via social networks (e.g., Facebook Marketplace, Instagram Checkout, WeChat Mini Programs, Line Shopping, VK Market) regardless of the method of payment/fulfillment; excludes travel and event tickets, payments (e.g., bill pay, taxes, money transfers, food services/drinking place sales), gambling, and other vice goods sales  
Source: eMarketer, Jan 2021

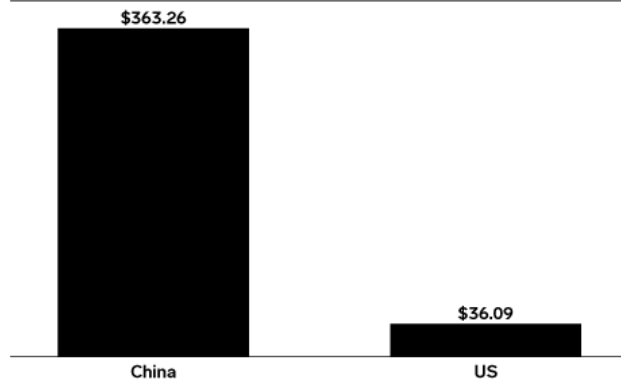
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By contrast, US social commerce will reach \$36.09 billion—less than one-tenth that of China—while accounting for 4.3% of US ecommerce sales.

## Social Commerce Sales in China vs. the US, 2021

billions



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Though modest today, the US market is growing fast. The question is to what extent the US can ever approximate to China's social

commerce evolution—an aspiration that may prove easier imagined than accomplished. We believe that social commerce will be a key source of ecommerce growth in the US, and that China offers a road map for innovation. At the same time, it's unrealistic to expect the US social commerce market to resemble that of China in the near term.

“China’s unique,” said Turner Novak, general partner at early-stage venture capital firm Gelt VC. “In the US, we went from radio to TV to PCs to dumbphones to smartphones. Whereas in China, they went from not even having the internet to suddenly everyone has a smartphone in their pockets.”

Through rapid infrastructural development and subsequent smartphone adoption, many rural communities in China have come online in recent years. Farmers, in fact, were instrumental in turning Chinese social commerce platform Pinduoduo into the fastest-growing ecommerce site of all time. Per our most recent estimates, the platform reached \$251.76 billion in ecommerce revenues in 2020, just five years after its inception. The group-buying site rose to popularity in Tier 3 markets as rural consumers tapped social media to round up other buyers to drive volume discounts. Farmers selling apples and other produce on the cheap were an early adoption driver of this virtual bazaar.

Pinduoduo’s meteoric growth was fueled by WeChat, the dominant social media platform in China that doubles as a popular commerce destination. Through Mini Programs—a lightweight app feature that helps merchants house virtual storefronts on the platform—WeChat functions as a one-stop shop for ecommerce.

It’s now clear that WeChat is the model for US social media companies’ social commerce strategies—and why they appear to be making significant investments in the space. Jessica Lessin, founder and editor-in-chief of tech publication The Information, argued in 2015 that Facebook ought to emulate WeChat. “If only I’d listened to your advice four years ago,” Facebook CEO Mark Zuckerberg replied to her in a 2019 Facebook post.

To learn more about how the pandemic-driven ecommerce boom has helped accelerate the growth of social commerce in the US, Insider Intelligence subscribers can read our recent report:

**Report** by Andrew Lipsman Feb 03, 2021

## Social Commerce 2021

