

# *Creating Seamless Shopping Experiences*

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JUNE 2021

FOR THE MODERN CONSUMER THROUGH SOCIAL MEDIA



*The COVID-19 global pandemic has now been our collective reality for well over a year and has significantly altered the world in which we live. Nearly every facet of society has been impacted, from social constructs, to politics, medicine, and business operations. Drilling down into how business has been altered, there is one sector that has seen incredible growth – eCommerce.*

# The Pandemic more than Doubled the Growth Rate of eCommerce

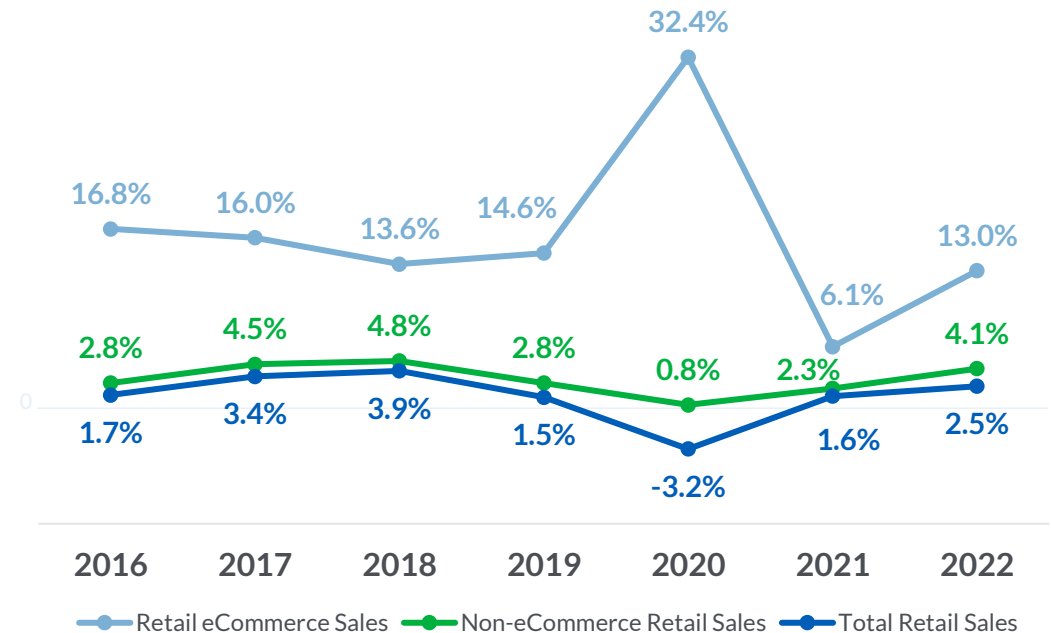
While eCommerce was always projected to grow, there was an astounding 32.4% increase in eCommerce sales in 2020. Growth rates are expected to level out as the industry matures, with eMarketer expecting online sales to grow 6.1% in 2021.

Amazon remains the industry leader, with Amazon’s Prime membership estimated to have grown to 147 million members in the US as of March 2021, according to research firm Consumer Intelligence Research Partners (CIRP). Key players like Walmart and Target have entered the market and are looking to take a piece of Amazon’s market share and sales.

In 2021, the retail landscape will continue to be shaped by the pandemic even as the world starts ‘normalizing’ again. With vaccine rollout speeding up in the US, we expect consumers to start feeling more comfortable with activities they have not been able to take part in due to COVID-19. The financial impact of the pandemic, however, indicates that consumer spending power may be decreased.

US Retail & Retail eCommerce Sales Growth, 2016-2022 (% change)

Source: eMarketer, September 2020



Note: retail sales exclude travel and event tickets, payments (such as bill pay, taxes, or money transfers), food services and drinking place sales, gambling and other vice good sales; retail eCommerce sales include products or services ordered using the internet, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments (such as bill pay, taxes or money transfers), food services and drinking place sales, gambling, and other vice goods sales; non-eCommerce retail sales exclude products or services ordered using the internet; excludes travel and event tickets, payments (such as bill pay, taxes or money transfers), food services and drinking place sales, gambling, and other vice good sales.

01 INTRODUCTION

**02 PERMANENT CHANGES IN SHOPPER BEHAVIOR**

03 ADAPTING THE SOCIAL EXPERIENCE FOR THE NEW NORMAL

04 EMBRACING EMERGING TECHNOLOGIES FOR LONG-TERM SALES SUCCESS

*As the world adapted to a new normal where social distancing and stay-at-home orders became part of day-to-day life, the modern shopper evolved as well.*

*During COVID-19, consumers turned to digital platforms for everyday tasks such as keeping up with family, and safe shopping. In this at-home economy, it has become increasingly important to identify new ways to engage consumers while factoring in new media behaviors such as increased usage of streaming audio/video and social media.*

## *Consumers now demand three things:*

- 1** *Convenience*
- 2** *Seamlessness*
- 3** *Personalization*

## *Convenience*

Industries like electronics and apparel had been building their online customer bases for years ahead of the pandemic, but as trips to brick-and-mortar stores decreased, it was essential to make even grocery shopping accessible online.

Increasingly, consumers started opting to get the week's groceries delivered with the click of a button. eMarketer estimates an increase of 52.9% in online grocery sales from 2019 to 2020, with 71% of the Millennials/GenZ group citing that they are comfortable with shopping for groceries online. Platforms like Instacart have seen massive growth, with 63% of users planning to increase their usage in future.

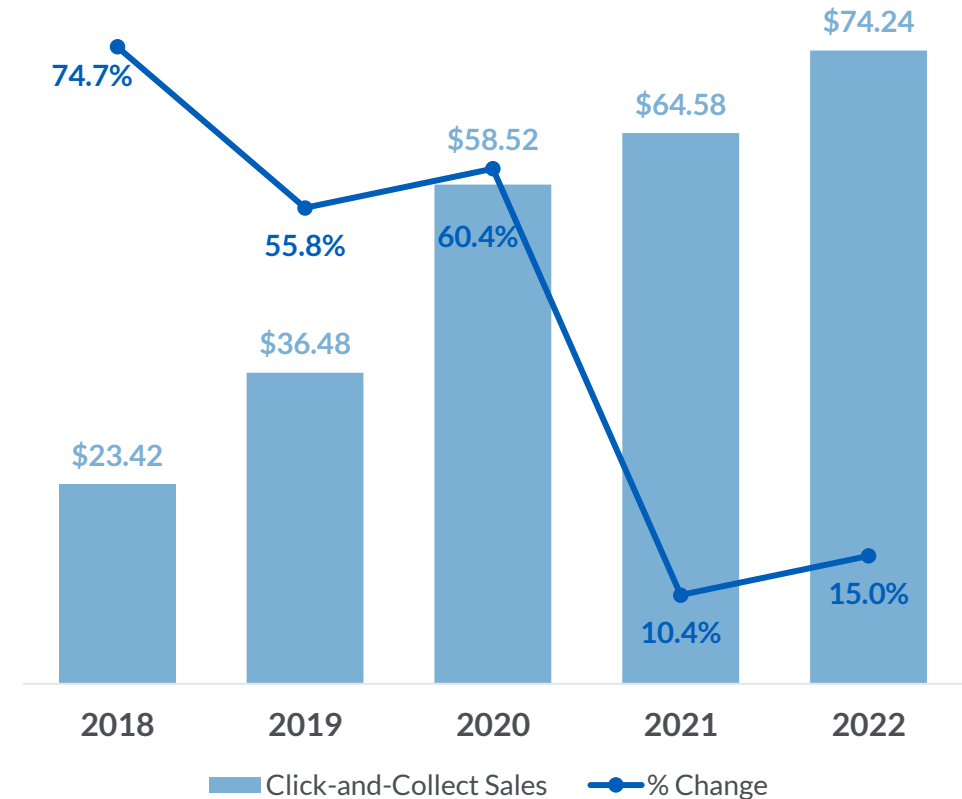
# Seamlessness

BOPIS (Buy Online Pick up In Store) or Click-and-Collect, has become an easy and fast way to shop and according to estimates, 90% of brick-and-mortar retailers are offering BOPIS in 2021. Walmart, The Home Depot, Best Buy, Target, and Lowe’s accounted for \$44.2 billion of the \$58.52 billion total for US BOPIS last year, according to eMarketer. BOPIS is expected to hold its momentum after the pandemic wanes.



US Click-and-Collect Sales, 2018-2022 (billions and % change)

Source: eMarketer, May 2020



Note: includes products or services ordered using the internet (regardless of payment method) for pickup in a store or a locker in a retail or pickup hub location; excludes travel and event tickets, payments such as bill pay, taxes or money transfers, food services and drinking place sales, gambling and other vice good sales



## *Personalization*

The modern shopper expects content that is tailored to them and their buying habits. Research has shown that there is a 20% increase in sales when personalized experiences are utilized, and when advertising is deemed to be impersonal, people feel annoyed.

An example of this is the integration of the fashion recommendation app ScreenShop onto the Snapchat platform, which will make apparel and other shopping recommendations based on a user's photos. Consumers will then be directed to a third-party website to complete the purchase.



Given these shifts in consumer behavior, social commerce, by its nature, is perfectly positioned to take its place as a major shopping medium. The digital path to purchase usually starts with intent - for example, a product search - and if a consumer is not sure what they are looking for, discovery follows. This is where social media shines.

With the ability to target users based on online behavior, platforms such as Facebook have been able to build eCommerce products such as Facebook Shops, which launched in 2020. Other leading social platforms are following suit and are developing products to take advantage of the growing social commerce opportunity.



As with any growing medium, especially when it's asking consumers to part with cash, there are obstacles to overcome. The main reasons given by US adults for not having made a social commerce purchase were that they preferred a direct relationship with the retailer and a lack of trust in the social platforms handling transactions, according to an April 2020 study by Catalyst and Kantar.

According to Business Insider Intelligence's June 2020 "US Digital Trust Survey," Instagram and Pinterest scored the highest on a 1-5 scale on ad relevance. Pinterest is a key platform for online shopping as it is designed to provide inspiration, an obvious and critical driver of sales success.

***Consumer comfort and shoppable environments will be what fuels the success of social commerce.***

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*During the COVID-19 pandemic, we saw social commerce become increasingly prominent as retailers looked for more unique ways to reach consumers digitally – especially younger consumers who are gaining more spending power and tend to spend more time on social media. The number of social commerce buyers in the US saw a 25.2% spike in 2020, which correlates to the shift of in-store to online buying due to COVID-19, according to the Social Commerce 2021 report from eMarketer.*

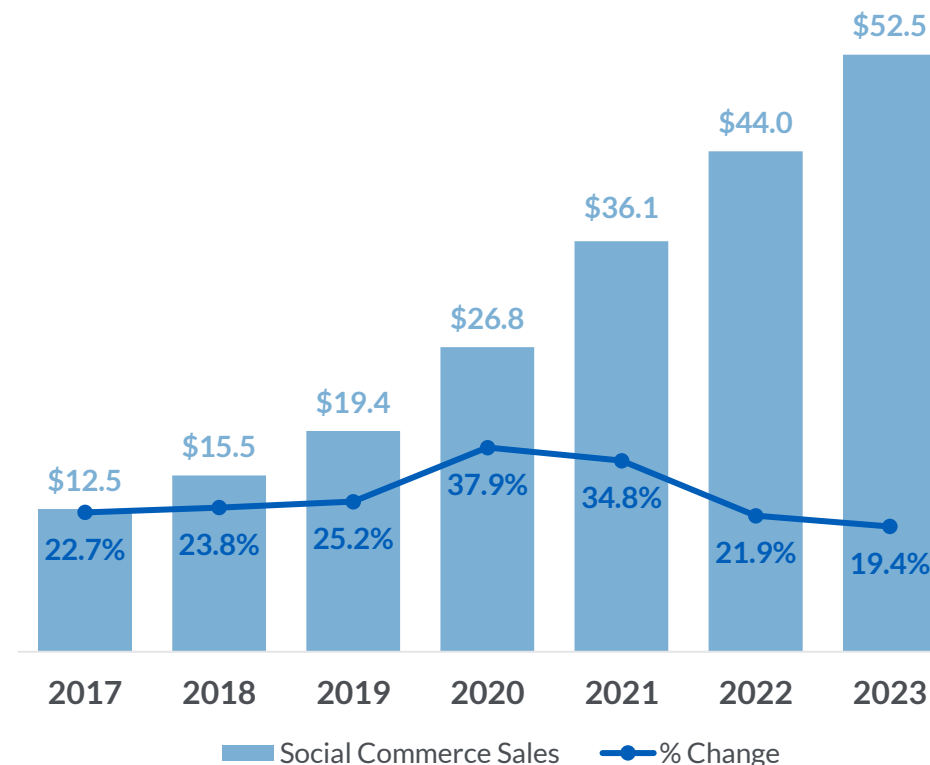
Social commerce optimism derives from the example of China, which is the most advanced social commerce market globally. eMarketer estimates that social commerce sales in China will amount to 13.1% of total eCommerce sales in 2021. While the two markets differ greatly, and the US cannot be expected to mirror that of China's any time soon, China does offer a blueprint for innovation. WeChat is currently the leading social media platform and social commerce destination in China.



Despite consistent growth and sales in the US accelerating by 38% in 2020, most social commerce is still getting stuck at checkout. This is likely a contributing factor to why social commerce is expected to account for only 4.3% of total eCommerce sales in 2021, according to eMarketer.

### US Social Commerce Sales Growth, 2017-2023 (billions and % change)

Source: eMarketer, January 2021



Note: includes products or services ordered using the internet (regardless of payment method) for pickup in a store or a locker in a retail or pickup hub location; excludes travel and event tickets, payments such as bill pay, taxes or money transfers, food services and drinking place sales, gambling and other vice good sales

Consumers using social media as part of their shopping journey is not a new phenomenon, and the medium has always been a part of the purchase process, whether that meant looking for inspiration or finding out about new products through social channels. The value of social media has always been its ability to capture people's interest, lifestyles, and activities, which is why it is often typically seen as an upper funnel tactic. The medium has, however, come a long way in terms of conversion-driving capabilities, and we are seeing an increase in brands using social media to achieve action-driven objectives such as leads and sales.

***The challenge lies in closing the transaction loop.***

While consumers would use social sites to become aware of new products, 57.8% of social buyers completed their most recent social commerce purchase by clicking on a link taking them to a retailer's product page, according to a study conducted in June 2020 by Bizrate Insights. A total of 18.7% of respondents said that they made the purchase directly through the social media's platform's checkout process and added their payment information.

Although social media will always play a role in the discovery and research phases of the consumer journey, it has evolved into a full-funnel solution, with improvements being made in the area of in-platform checkout.

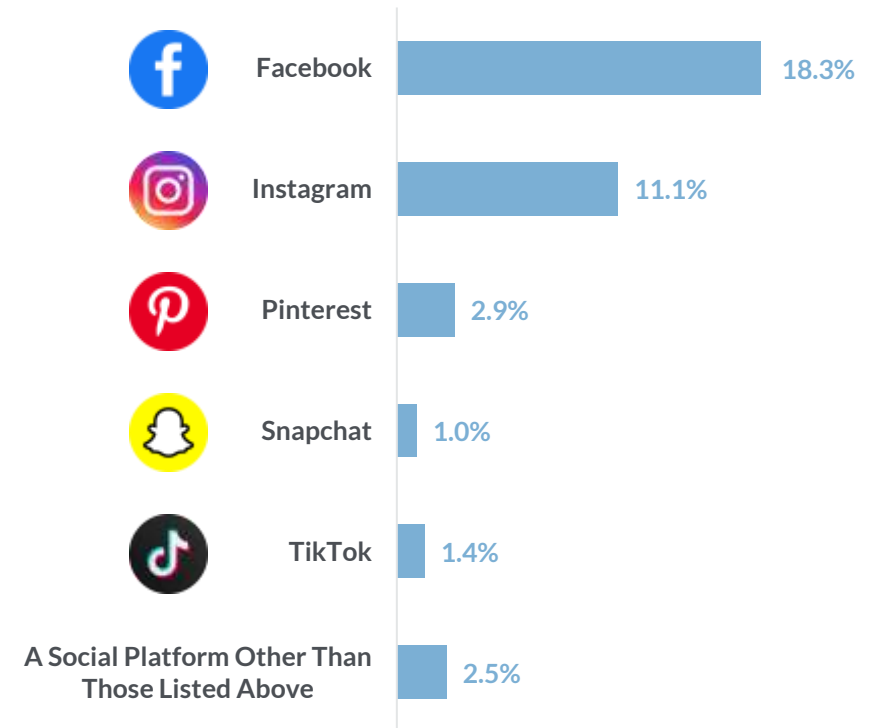
In line with the themes of seamlessness and emerging tech, social platforms like Facebook, Instagram, Pinterest, Snapchat and TikTok have been rolling out products to facilitate discovery and research and are increasingly exploring in-platform checkout options. These additions should help drive social commerce sales which are expected to hit \$52.53 billion by 2023, according to an eMarketer report from January 2021.

Currently, Facebook, Instagram and Pinterest are still the leading platforms in terms of actual purchases, with Facebook and Instagram offering native checkout solutions in the form of Facebook checkout via Shops or Marketplace, and Instagram Checkout.

Initially developed to help small and mid-sized businesses sell online, Facebook Shops is an early success story and has now reached more than a million active shops with over 250 million people interacting with digital storefronts each month, according to a 2021 article published by PYMNTS.

### US Adults Who Have Made a Purchase via Select Social Media Platforms (% of respondents)

Source: Bizrate Insights, June 2020



Note: ages 18+; in the past year; excludes the 70.4% of respondents who did not make any purchases via social platforms in the past year

***For all its success,  
social commerce also  
has its challenges.***



It is important to note that social commerce is not necessarily a fit for every brand. There is an element of entertainment to social media, and if a brand is relevant and unmistakable, the chances are higher that it will succeed in social commerce. According to October 2020 data from social metrics firm Shareable, apparel and accessories drove the highest share of social actions (55.7%) of any retail subcategory, followed by consumer electronics (15.4%) and sporting goods/equipment (8.3%).



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*Simply adding a buy-now button to a post will not suffice when given the opportunity to connect with billions of engaged users. Social commerce is becoming an increasingly versatile tool in any marketer's arsenal as platforms are researching and testing countless innovations. Social sites are no longer merely a way to get likes but should be seen as playing a key role in driving lifetime brand value.*

*So how can brands enhance the effectiveness of their eCommerce efforts?*

*Harmelin Media has identified three key trends and areas of expected product enhancement and expansion:*

- 1 Shoppable Video/Content**
- 2 Mimicking the in-store experience: AR Integration/Shopfronts**
- 3 Checkout/Native Checkout**

## ***Shoppable Video/Content***

With media and eCommerce converging, it is important to convert demand into purchases as seamlessly as possible, which means that in a way, the medium becomes the store.

All the major social platforms currently offer shoppable content, shoppable ads and all except for TikTok have livestreaming commerce products.

Some examples of shoppable video and content include live video streaming shopping experiences like Facebook Live Shopping, video shopping tags on IG reels and YouTube and Shoppable Games on Snapchat.

Livestreamed shopping and shoppable formats from creators and brands will also help increase the number of customer touch points in 2021.

# Mimicking the in-store experience: AR Integration/Shopfronts

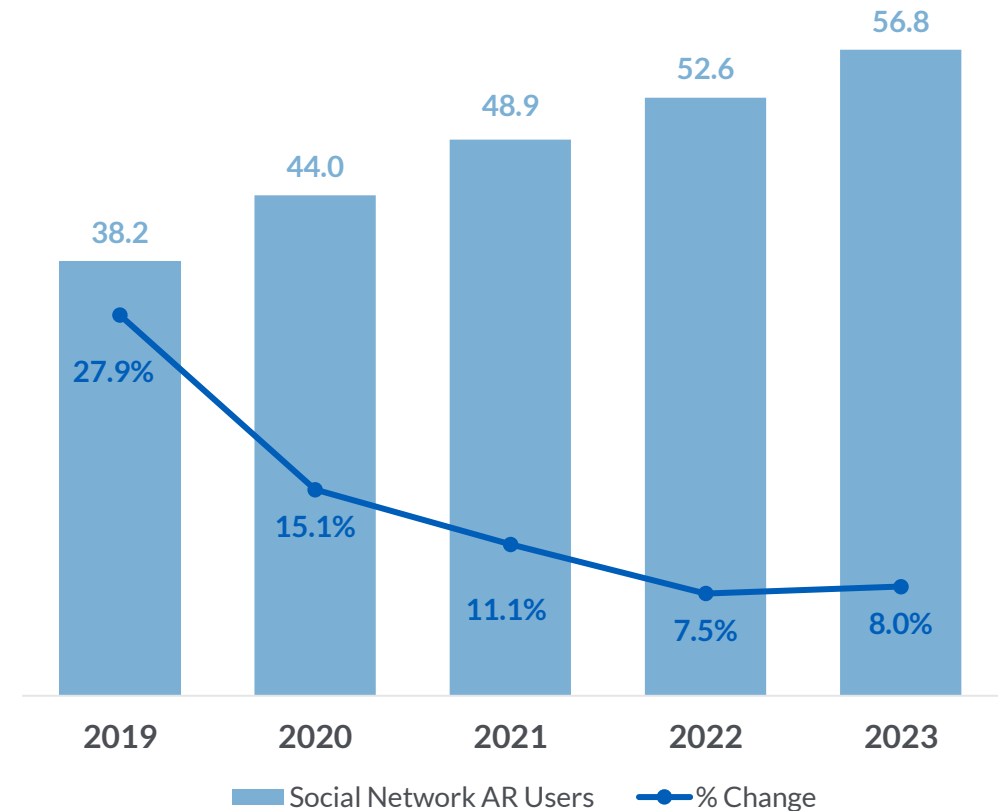
With new technologies such as digital showrooms, social media can allow for some of the in-store activities consumers crave while allowing them to shop from wherever is most convenient to them.

Adding features like shop tabs and digital only catalogs, as well as the development of virtual try-on tools will create a browsing environment like you might find in-store.

Except for TikTok, all the major social platforms currently offer shopping tabs and product catalog uploads. Facebook, IG, Pinterest, Snapchat and TikTok also offer a form of AR Try-On.

US Social Network AR Users, 2019-2023 (millions and % change)

Source: eMarketer, March 2021



Note: individuals of any age who experience AR content within a social network at least once per month via any device.



Some social platforms are also working on social features that allow consumers to chat directly with customer service representatives, which can help them answer questions and concerns that they may have as they move through the purchase journey.

In addition to chat features, Facebook rolled out the WhatsApp Carts feature in Q4 2020, which allows users to add products to a shopping cart while browsing a merchant's catalog and then send the order to the business via messaging.

Adding a chat functionality for an eCommerce brand has been successful during the pandemic, with merchant sales attributed to Shopify's chat function, Shopify Ping, having increased 185% between March and July 2020, according to the Shopify's Future of Commerce report.

## *Checkout/Native Checkout*

Most major platforms have been rolling out native checkout options, with Facebook, IG and Snapchat offering in-app checkout. All the big five platforms have also partnered with Shopify. As native checkout becomes widely available, online retailers will be able to shorten the path to purchase as sales will come directly through social platforms instead of having an extra step of driving consumers to the retailer's website.

Some consumers still prefer social media to serve as an intermediary for eCommerce transactions, rather than the final point of purchase. Brands and social platforms must weigh up the pros and cons of having the actual transaction point on a social platform versus on the retailer's site.



Not every brand will need to adopt shopping checkout if they want to maintain a direct relationship with the customer, but it is important to make products as visually appealing and discoverable as possible.

As users of all generations become more comfortable with using technology for shopping, we expect to see higher conversion rates for products that feature 3D/AR content or that are voice-enabled. This means that brands need to act quickly to ensure they are evolving along with their user base and improving digital capabilities to adjust to changing needs and expectations.

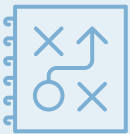
## Key Takeaways



Social platform usage rates continue to grow as consumers flock to social media for information and entertainment, but it remains a small part of overall US eCommerce.



Major social platforms in the US are basing their strategies after China's WeChat, building full social commerce stacks for merchants with storefront, payment, fulfilment, marketing, and messaging capabilities.



Even though not all social eCommerce strategies will have the end goal of transactions in platform, lifestyle brands should have a social strategy in place for brand building and upper-funnel tactics.

# About us



Harmelin Media specializes in strategic media solutions and has more than 38 years of experience helping clients navigate a rapidly changing media landscape across digital, traditional and lifestyle forms. The firm has grown with a diverse client roster including many Fortune 500 companies across an array of industries and is now one of the largest independent media service firms in the United States.

Harmelin's expertise is in managing the massive data sets that our clients and campaigns generate to develop strategic, channel-agnostic recommendations that generate business results and positive return on investment. We accomplish this while maintaining a long-term business focus, providing superior customer service and operating with 100% transparency in our operations. Our approach has resulted in unprecedented retention rates with both employees and clients.

Harmelin's current media billings exceed \$800 million across all digital and traditional channels on a local, national and international basis. We are a Google Premier Partner, Facebook Marketing Preferred Partner and proud member of the ANA.

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