

The state of social commerce

Approaching platforms and fulfillment in 2023



What's in this report

The role of social commerce in the omnichannel experience

The shift to social commerce: Why it's an increasing priority for brands

How brands are delivering successful social commerce experiences

Improving fulfillment: The importance of technology to deliver on brand promises

Steps retail teams are taking to drive social commerce performance now and in the future

Social media has become an integral factor in the growth of e-commerce. Brands have recognized the importance of building audiences and growing customer bases across social platforms, and as the cost of advertising and customer acquisition on platforms continues to rise, brands are increasingly turning to new social commerce strategies to engage existing audiences, acquire new customers online and offer a new, direct path to purchase.

The impact of the channel is profound: [Social commerce](#) is poised to enhance the shopping experience in 2022 and beyond, with a forecasted \$1.2 trillion in sales by 2025.

The approach to new and established customers is direct: Retailers are reaching customers on apps they use daily — such as TikTok, Instagram, Snapchat and Pinterest — and offering them shoppable content and experiences that include livestreams, virtual try-on technology and social media posts allowing users to purchase a product directly from the app. In tandem, brands are integrating social commerce functionalities to deliver seamless transactions that meet customer expectations for an e-commerce shopping experience.

To uncover how retailers are prioritizing and evolving their social commerce strategy in 2022, Digiday and FlowSpace surveyed more than 100 brand executives. This report spotlights their responses and, through qualitative insight from e-commerce experts, how companies are taking steps to optimize social commerce functionality and make transactions beneficial for customers and sellers alike.

The role of social marketing and commerce in building omnichannel brands

Brands have formed direct relationships with consumers on social platforms, and they will need to continue building those relationships as social media evolves to combine community, entertainment and commerce as part of platform offerings.

Successful omnichannel brands in 2022 are present across social media and numerous other channels, offering customers the ability to check out digitally and purchase a product at every touchpoint. While social media is compelling for upper funnel selling and relationship building, most customers are still redirected to buy their products outside of the social platform.

Whether it's online or offline, consumers expect a seamless, personalized shopping experience, from the moment they begin searching for or interacting with a brand's product through to when they make a purchase. To succeed in social commerce, brands have to offer an experience that earns customer trust, delivering the same fast, convenient product delivery experience shoppers expect from any other sales channel.

Daniela Gonzalez, head of social media strategy at Media Monks, a marketing and advertising services company, said that consumer trust in the social commerce space plays into the way retailers use consumer data, deliver relevant experiences and follow through on fulfillment.

"Consumers expect honest, transparent messages from brands and trust that their personal information will be used securely," said Gonzalez. "The other factor is delivery, which is one of the

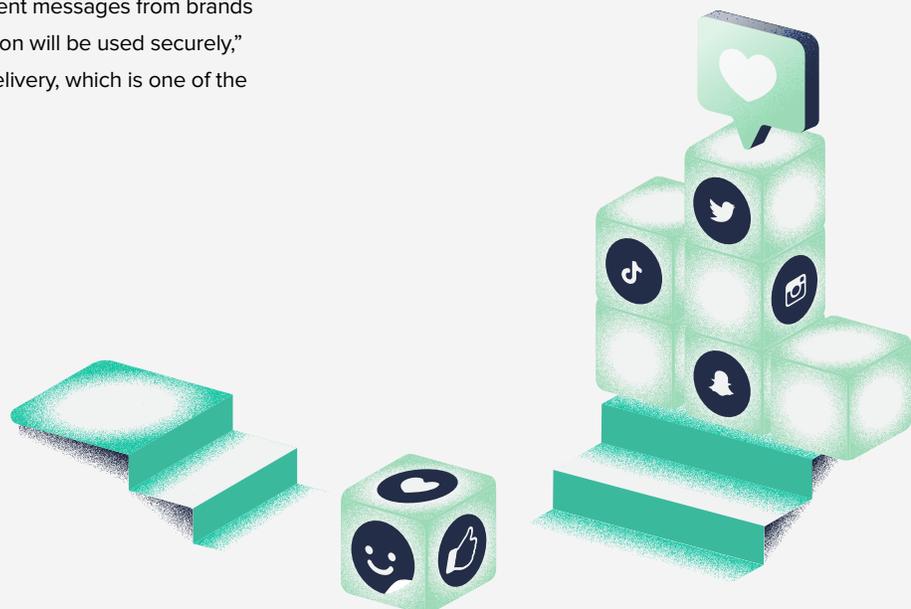
biggest barriers in the retail industry right now. Not all brands can manage the delivery process that is in demand for social commerce right now."

Asahi Ruiz, head of strategic planning for the Americas at Media.Monks, added that to boost consumer trust within social commerce, brands are expanding their influencer collaborations to shift perceptions and expectations. "Influencers and creators are shaping brand messaging and are closing the gap between expectation and the actual service," he said.

The combination of creators authentically promoting products with fast, and often one-click purchase options has improved the transactional system with social commerce, which values loyal and engaged audiences over larger but dispersed audiences.

Key takeaways:

- **Online and offline, consumers expect a seamless, personalized experience throughout their entire shopping journey.**
- **Brands will succeed in the social commerce space if they offer an experience that earns customer trust by delivering fast and convenient product delivery that shoppers expect from any channel.**

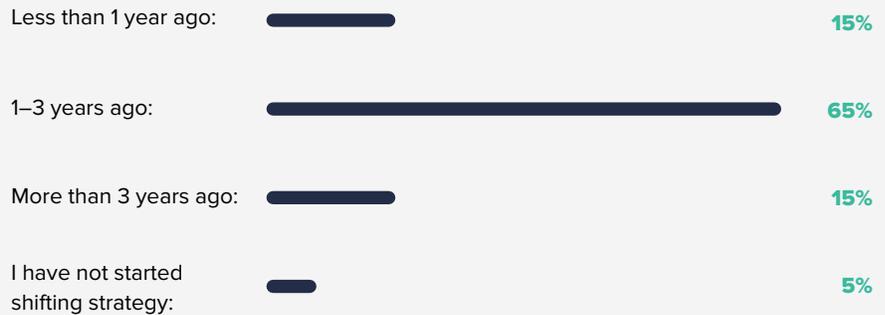


Why brands are prioritizing social commerce

As social media platforms offer new formats, brands are shifting strategies to capture and engage audiences. The survey found that more than 65% of the respondents have recently started investing in social commerce, being one to three years into their strategy.

Shifting to social

Q When did you start shifting your investments to social commerce?



Of the respondents who have started investing, 72% said that social commerce is a moderate priority within their overall e-commerce strategy this year, while 27% consider it a high priority. Social commerce priority is likely to increase after 2022, with 35% saying they expect the channel to be a high priority.

It is helpful to note the 8-percentage-point shift, an upward tick for respondents tagging social commerce as a high priority, and then a downward move in the moderate-priority responses.

Prioritizing social commerce

Q How much of a priority is social commerce within your e-commerce strategy in 2022 and beyond 2022 (expected)?



There are multiple reasons why brands plan to continue shifting priority toward social commerce. Data privacy protections are suppressing the ability to track shoppers across the web, limiting the effectiveness of existing advertising models. As a result, the cost of advertising on social platforms is rising, which is pushing brands to seek new ways to find and engage their customers.

In tandem, social media platforms are continuing to release and update social commerce capabilities such as [live shopping](#) and [augmented-reality experiences](#) that allow customers to test out brand products using their mobile devices. As platforms continue to roll out social commerce advancements, brands will be more likely to increase budget and resources toward experimenting with new social commerce formats.

The survey found that roles and responsibilities that fall across marketing, merchandising, social media and e-commerce are converging. According to respondents, brand managers or officers (46%) or e-commerce leads or directors (40%) are primarily responsible for managing social commerce strategies.

Managing social commerce

Who manages social commerce strategy within your organization?



The survey found that brands have clear reasons for why they are shifting to social commerce. Respondents are prioritizing social commerce as a sales channel because it provides a new opportunity for customer acquisition and advertising strategies (45%), ownership of customer data (43%), long-term brand loyalty (33%) and improving customer experience (25%).

Why brands are using social commerce

Why are you prioritizing social commerce as a sales channel? Select all that apply.



The quality of traffic and customers from social commerce is also proving to be comparable or better than other e-commerce channels for a majority of respondents — 89% said the quality was comparable (38%), moderately better (35%) or significantly better (16%).

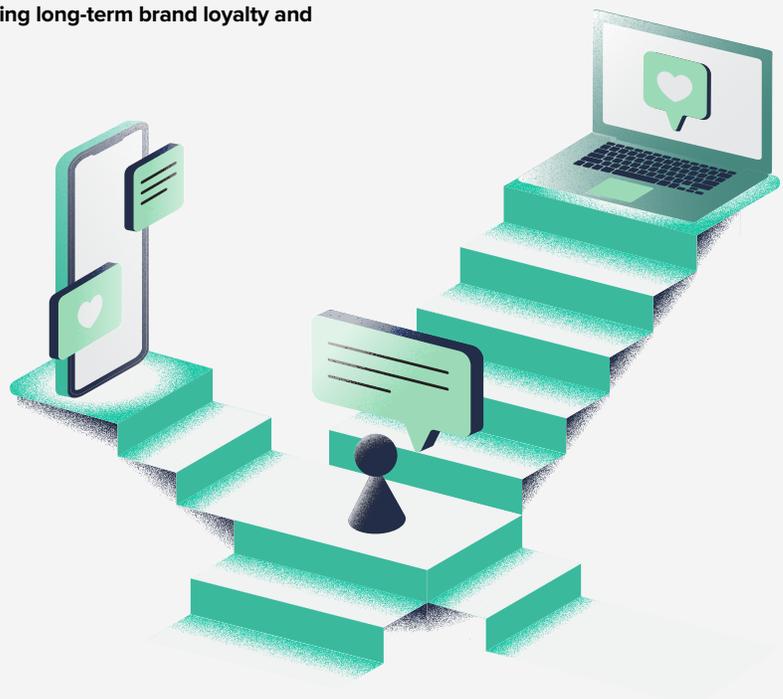
Social commerce traffic quality

Q How does the quality of traffic and customers from social commerce compare to that of other e-commerce channels?



Key takeaways:

- **Data privacy protections are hindering advertisers' ability to track shoppers across the web. As a result, the cost of advertising on social platforms is increasing, pushing brands to find new ways to engage customers.**
- **Social commerce provides brands with a new outlet for customer acquisition and advertising, ownership of customer data, creating long-term brand loyalty and improving the customer experience.**



Social commerce strategies and functionalities

As brands seek to integrate or advance social commerce into their e-commerce strategy, figuring out which platforms and which functionalities will resonate with audiences is critical to drive growth.

“Snapchat specializes in playful integrations and extended AR experiences while TikTok leverages the power of communities and the impact of creators to detonate a buy. Instagram, on the other hand, presents a closer and more direct experience for immediate purchase,” said Ruiz at Media.Monks. “For brands to fully understand the consumption behaviors in each platform, it will be vital to understand the platform’s rules, algorithms

and ‘socialspherics’ — meaning the platform’s characteristics — that make a customer want to buy to develop a broad shopping experience.”

Brands will continue to invest in social commerce if they are able to prove that it’s driving growth for the company and that the channel is worth the spend. Twitter and TikTok are the platforms that a majority of respondents are using or considering for their social commerce strategy (at 72% and 71%, respectively), while Facebook also remains a popular option (67%).

Brands are using these social platforms



What platforms are you using or considering for your social commerce strategy?

Select all that apply.



As survey respondents seek to advance their social commerce strategy, they want to incorporate a wide range of tactics, the most popular being shoppable livestreams (63%), shoppable short-form videos (44%) and social posts that allow users to directly check out and purchase products from the platform (43%).

If brands are able to execute these strategies effectively — offering consumers an experience that is a hub for product discovery and provides a one-click checkout process — social commerce tactics can help make the path to purchase easier and further drive customer loyalty.

Brands are approaching these tactics because they can drive awareness, engagement and interactions among consumers.

Expanding social commerce tactics



If given the option, what types of social commerce tactics would you want to include in your strategy? Select all that apply.



Key takeaways:

- **Brands are prioritizing social commerce tactics that enable them to drive awareness, engagement and interactions among consumers.**
- **Top tactics include formats that provide a direct path to purchase — shoppable livestreams, shoppable videos and social posts with a direct checkout option.**

Diving into social commerce: How brands are spearheading innovation

While social commerce is still developing as a practice, brands are already making strides, effectively reaching and engaging customers in the channel. This is especially the case when it comes to digitally native independent beauty brands.

Brands such as Rare Beauty, Kylie Cosmetics and Glow Recipe have added shopping tabs to their TikTok accounts and have also adopted TikTok's in-app checkout feature, which the platform launched in partnership with Shopify in 2021.

Korean brand Glow Recipe, in particular, which sells fruit-based beauty and skincare products, partnered with TikTok to be part of its beta shopping program. The brand joined the program after seeing a 600% sales spike in 2021 sparked from a viral TikTok moment where influencer Mikayla Nogueira posted a video using the brand's watermelon toner and highlighter. Glow Recipe also reported that 90% of its e-commerce traffic from TikTok is from first-time customers.

"We're seeing increasing numbers of consumers using the shopping tab and anticipate more consumers will continue to adopt this in-app feature, as we test ways to integrate these shopping links into our content," Glow Recipe co-founders and co-CEOs Sarah Lee and Christine Chang [told Glossy](#) in 2021.

Mented, a cosmetics brand that caters to women of color, recently started using livestream shopping through Pinterest TV as a strategy to reach customers. The brand, which launched on HSN in 2020, had previous experience hosting its own IG Live shopping events to demonstrate product and makeup tutorials.

Mented CEO and co-founder KJ Miller told Glossy that the company [would use Pinterest TV](#) to focus on storytelling and product benefits.

"Pinterest TV is going to allow us to connect directly [with Pinterest users]," said Miller. "We usually connect indirectly, as

our content is UGC-focused, or influencer-focused."

While many beauty brands have made the jump into social commerce over the past few years, brands in other industries are also demonstrating how using social commerce can benefit their business. For example, regional grocery chain H-E-B has incorporated [Facebook's live shopping feature](#) into its digital video strategy in an effort to maintain customer relationships, create community engagement and build brand awareness.

H-E-B'S Facebook live series spotlights local chefs and enables viewers to directly purchase all of the company's products used during the cooking demos. The company has reported that live streams garner hundreds of thousands of views, with one video highlighting French dishes garnering nearly 500,000 views. Giovanna Dimperio, senior director of digital marketing at H-E-B, told Digiday in January that along with positive engagement, the company found the shopping events fostered a sense of community with viewers being able to interact with one another and the chefs through the Facebook platform.

"We're always looking to test and innovate in digital spaces to help connect with consumers in the way that they want," said Dimperio.



Brands will continue to invest in social commerce if they are able to prove that it's driving growth for the company and that the channel is worth the spend. For respondents that have already started investing in social commerce, 58% said that ROI is somewhat higher compared to other e-commerce channels, while 17% said ROI is comparable.

Social commerce ROI

Q Currently, how does your social commerce ROI compare to that of other e-commerce channels?



For nearly three quarters of respondents, their social commerce strategy is already proving to be a strategic investment — 69% reported that ROI from social commerce moderately increased from 2020 to 2021.

How ROI is changing

Q How did your social commerce ROI in 2021 compare to that of 2020?



Improving social commerce transactions for customers and sellers

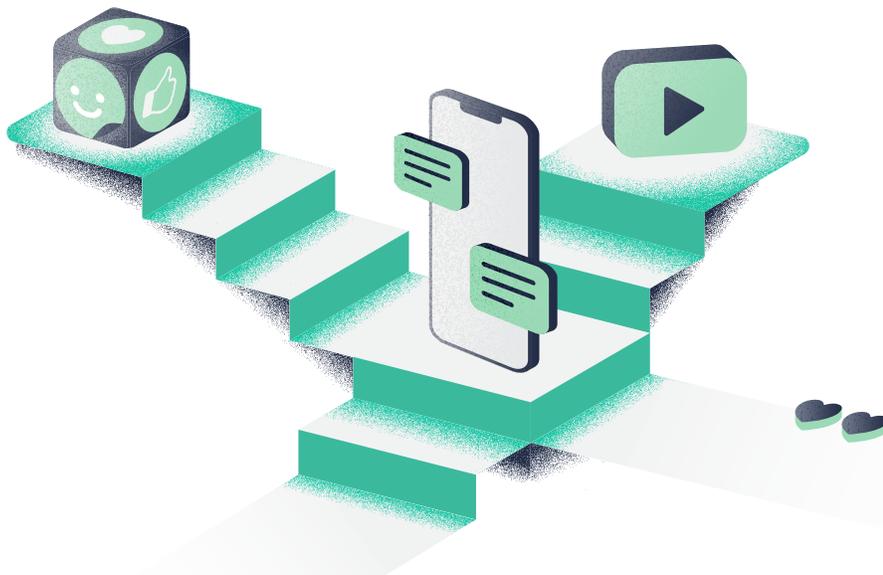
It's evident that social commerce is a key factor in pushing online shopping forward. As brands expand their strategy, they will need to leverage the opportunity to its fullest extent by delivering on the promise and relationship they've built with their customers — this means translating a seamless experience into the real world through fulfillment and delivery.

Brands have to ensure that the proper infrastructure is in place to deliver against customer expectations as soon as a shopper clicks the buy button. An effective social commerce strategy needs to consider and prioritize fulfillment optimization — offering a frictionless transaction and delivery experience is an important factor in maintaining customer loyalty and earning new brand customers.

Social commerce teams must consider four factors as they seek to optimize fulfillment:

- 1 Owning customer data:** Having ownership of audience data and insights will inform decisions that cater to customer habits and needs.
- 2 Efficient product delivery:** Brands need to ensure they offer customers delivery options that will provide a quick and frictionless experience, no matter where or how the order was placed.
- 3 Proper infrastructure:** Brands also need to make sure they have a fulfillment network in place capable of providing the quick, efficient delivery customers expect. One warehouse location can't meet delivery expectations of two days or less.
- 4 The right technology to support a fulfillment program:** Brands are approaching logistics software that give them the real-time visibility and insights that will help them deliver on fulfillment needs to improve the overall customer experience.

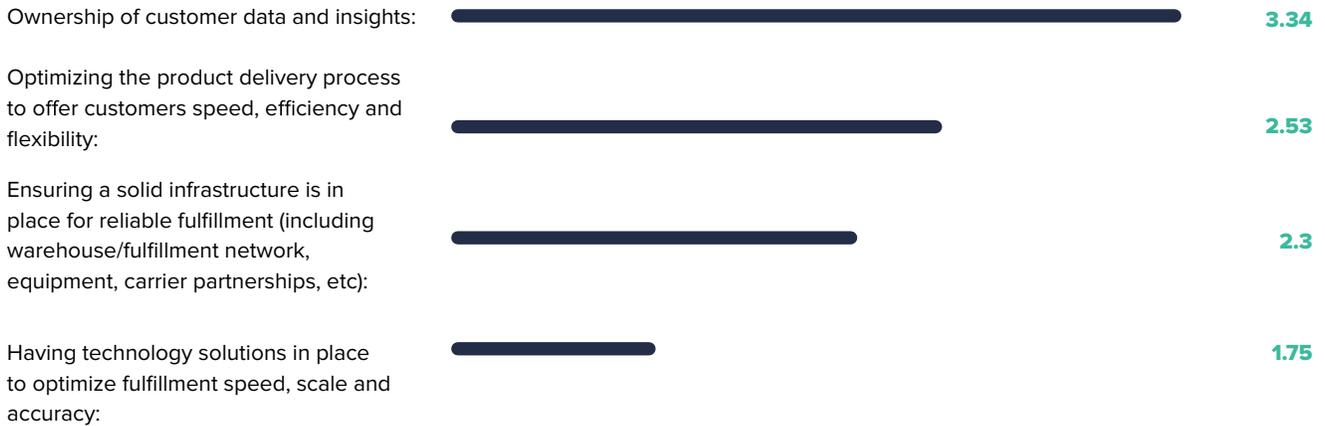
“Technology-powered fulfillment helps brands improve their social commerce strategies in the same way it does for traditional e-commerce.” - Anne Hallock, chief of staff, FlowSpace



Overall, respondents ranked ownership of customer data and insights as the most important aspect of fulfillment in relation to their social commerce strategy, followed by improving the product delivery process, ensuring they have a solid infrastructure in place, and integrating the right technology solutions.

Approaching social commerce fulfillment

Q What aspects of fulfillment are most important to enable a social commerce strategy?
Rank in order of importance. *Weighted rank, high to low.



To effectively deliver on fulfillment in the social commerce space, successful brands are treating each social platform as a store in itself. It’s a priority for brands to get a product from the store to the consumer and, in this case, the store is the social platform. This also means that social platforms should provide a direct line to their “cash registers” for customers.

“Brands selling on social platforms need to figure out how to get a product to a customer as quickly as possible with a low carbon footprint, but also as profitably as possible for the merchant selling it,” said Hallock. “The technology component of fulfillment really springs to the front as a priority, because real-time visibility is essential for delivering on customer expectations.”

Anne Hallock, chief of staff at FlowSpace, said that social media platform teams are focusing on delivering smooth transactions for customers that don’t involve redirecting them to another site. However, this requires having a technology partner that can help platforms and brands provide a better transactional experience, and one that provides real-time visibility on all aspects of fulfillment.

Hallock added that “technology-powered fulfillment helps brands improve their social commerce strategies in the same way it does for traditional e-commerce.” Technology helps brands ensure they are selling a product that’s actually in stock; delivering on promises that customers will receive their items promptly; achieving a better understanding of customers’ wants and needs; and providing a value chain for brands to be able to replicate and refine the social shopping experience.

Key takeaways:

- **Ownership of social commerce audience data empowers brands to make decisions that cater to customer habits and needs, including preferences for quick and efficient product delivery.**
- **Fulfillment features such as integrated inventory and order management, two-day or less delivery offerings and one-click checkout would lead brands to invest more in social commerce.**

Preparing social commerce strategies for the future

As social commerce continues to grow, brands will have to be strategic in deciding which platforms and features to use — and which technology vendors to partner with — in order to drive performance and fulfillment within the channel.

Proper Wild, a DTC energy supplement brand that focuses on clean and simple ingredients, uses social media to build awareness and authentic direct engagement with customers. The brand's ability to extend the relationship with audiences through social commerce — and offer seamless fulfillment that is consistent across sales channels — is fundamental to ensure regular repurchasing, one of the brand's key performance indicators.

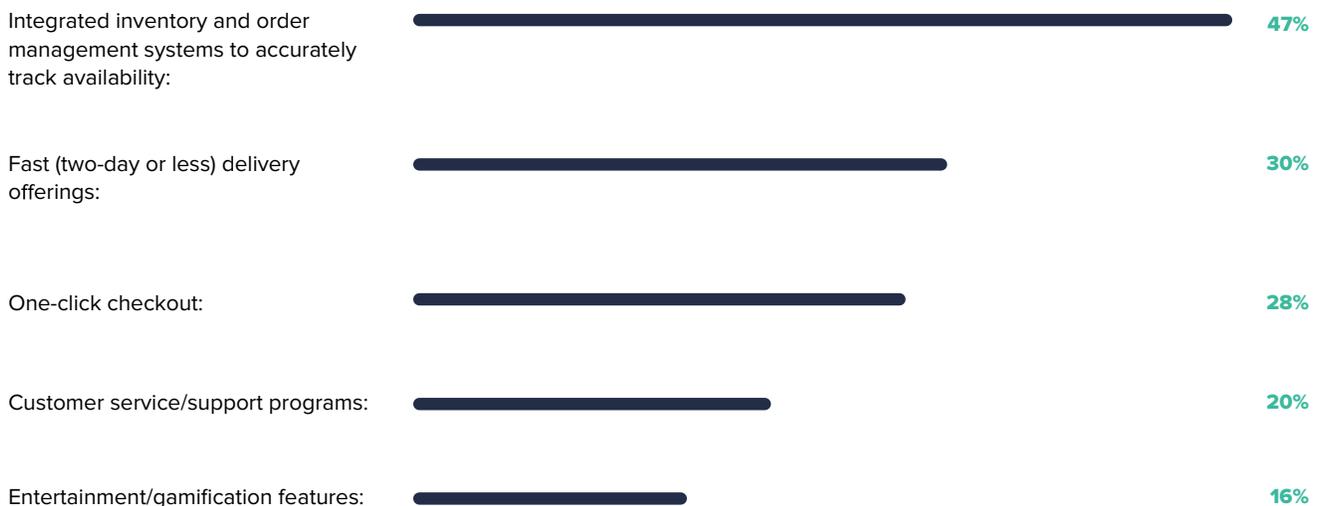
“A technology-first fulfillment partner is essential to ensuring customers receive products promptly and consistently, no matter the sales channel.”

- Vincent Bradley, CEO and co-founder, Proper Wild

The survey found that there are a few key factors that will push brands to invest in social commerce to expand their strategies. Respondents said they would invest more in social commerce if a variety of features were made more available, including integrated inventory and order management systems (47%), two-day or less delivery offerings (30%) and one-click checkout (28%).

Driving social commerce investments

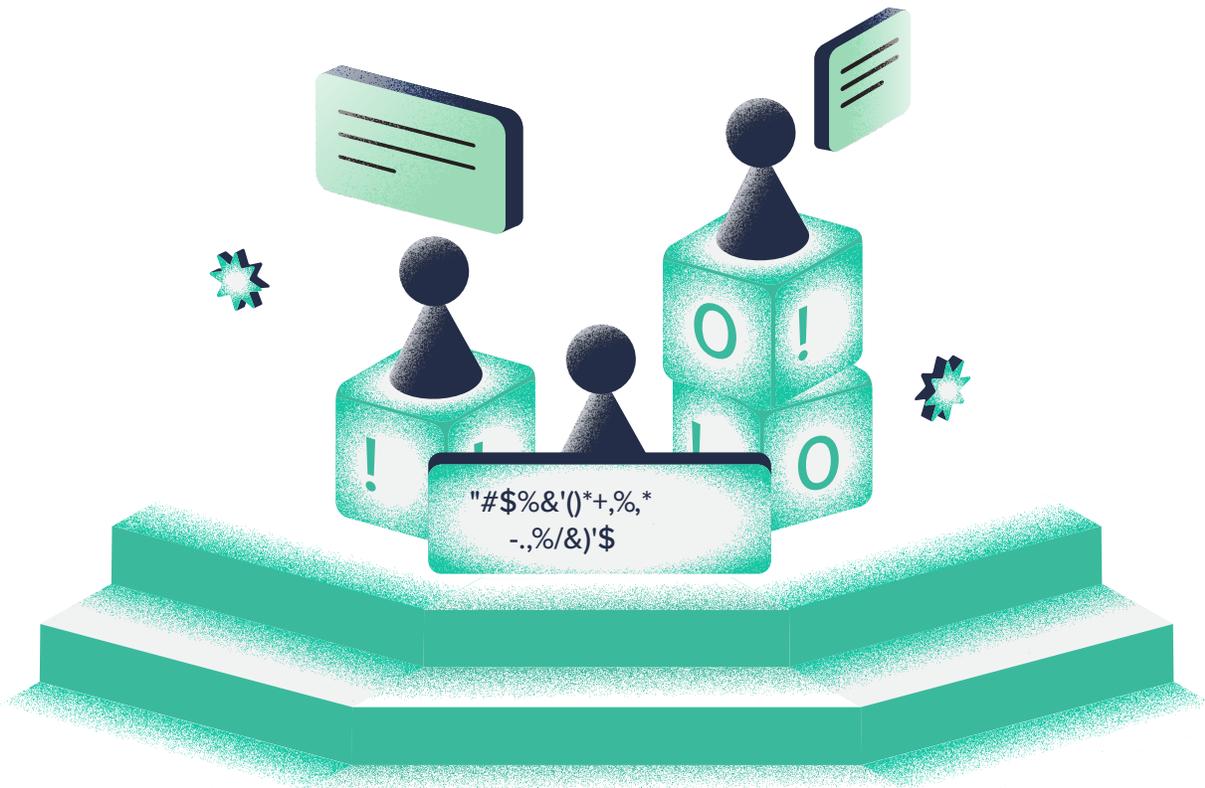
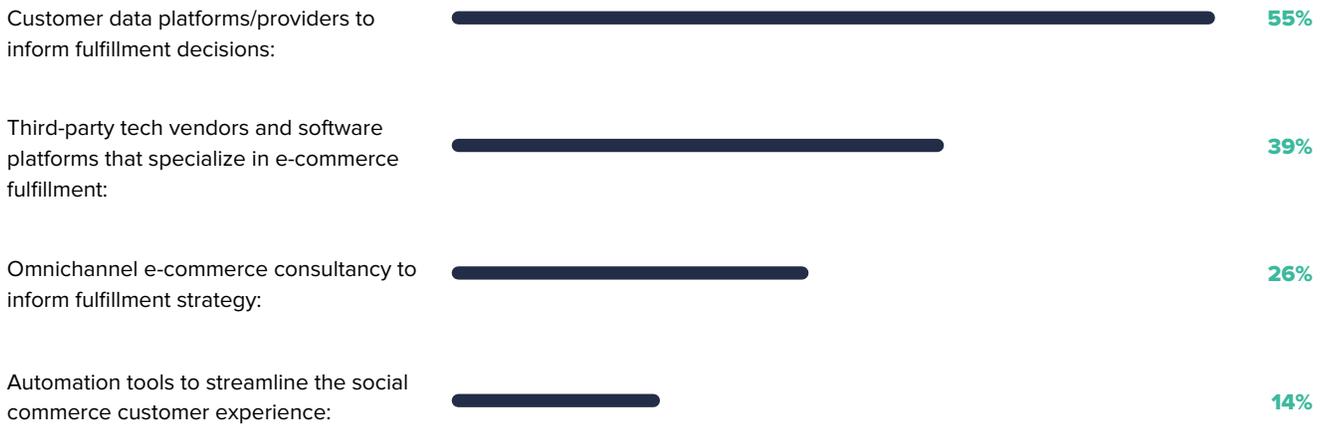
Q What would lead you to invest more in social commerce? Select all that apply.



To improve social commerce fulfillment in 2022, respondents are investing in a number of resources, the most popular being customer data platforms (55%) and third-party tech vendors and software platforms (39%).

Investing in resources

Q What resources are you investing in to improve social commerce fulfillment in 2022?
Select all that apply.



As brands seek out third-party technology vendors, they are considering those that can offer a full integration of their technology. A fully integrated partner will be able to provide full visibility into inventory and order management, helping teams execute their social commerce tactics as effectively as they would in other commerce channels. “You want your legacy channels of selling and the new channel of social commerce to be one and the same for fulfillment,” said Hallock.

In order to build a strong foundation to achieve social commerce success in the future, brand marketing and e-commerce teams are incorporating the following viewpoints:

View omnichannel as a combination of all touchpoints with a customer.

With social media and social commerce overlapping and evolving, teams are viewing the term omnichannel as one that encompasses engagement and transactions. This POV will help brands build relationships with customers on social media.

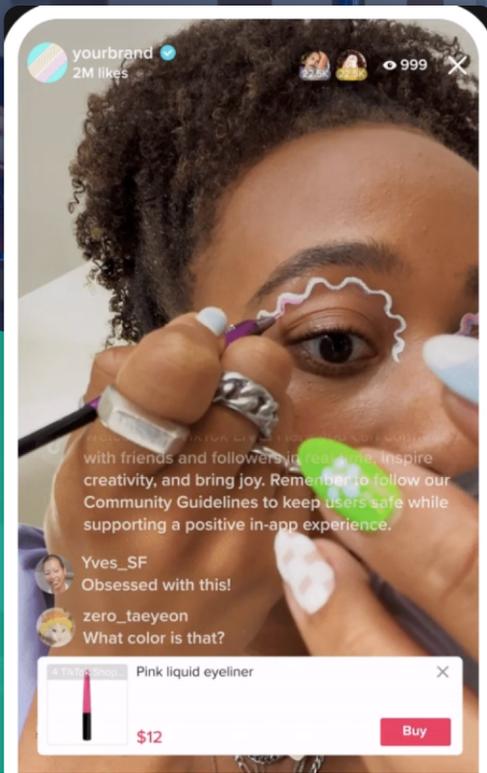
The evolution of social media advertising into social commerce is as simple as engaging the right fulfillment partner.

Scaling digital fulfillment through partnership with omnichannel fulfillment networks will help improve the buying and selling experience on social media and across channels.

The right fulfillment partner helps blend the digital and physical experience.

Brands should seek a partner that will provide real-time visibility into the physical requirements of selling through social — this includes inventory status, the path for prompt and cost-effective delivery and opportunity to earn a repurchase.

Brands and retailers that turn these considerations into action in 2022 will set themselves up to excel in the emerging social commerce space — one that will continue to provide new e-commerce growth opportunities for years to come.



FlowSpace Launches Fulfillment Offering for TikTok Shop

Powering TikTok

FlowSpace was the first-ever partner selected by TikTok to power fulfillment for TikTok Shop. With FlowSpace, merchants ensure consistently efficient, reliable product delivery and a seamless customer experience.

FlowSpace empowers merchants to centralize fulfillment for all channels of selling, from TikTok to Shopify to Amazon to marketplaces and beyond.

Learn more about the FlowSpace x TikTok partnership and how your brand can get started with TikTok Shop today.

About FlowSpace

FlowSpace powers independent fulfillment. The company provides omnichannel brands with the best-in-class fulfillment software, top-notch customer support, and stringent SLA adherence to fulfill orders from any channel, to any end-customer.

Centralizing real-time visibility, insights, and reporting in a single dashboard, FlowSpace empowers brands operating any configuration of locations with the data needed to manage fulfillment from anywhere. Its flexible, distributed network of +150 fulfillment locations enable merchants to expand or enhance existing networks, while ensuring best-in-class fulfillment execution.

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