

The changing landscape of social e-commerce

By  Yvette Gengan

26 May 2021

Covid-19 has been one of the main reasons for digital transformation across many markets, particularly in the e-commerce space. As a subset of e-commerce, social e-commerce has seen some gains since 2020 with digital media giants enhancing their shopping capabilities in the digital space.



Source: www.unsplash.com

What do we know about social e-commerce so far?

eMarketer has said that we define social commerce to include products or services through buying directly on the social platform, or through clicking links on the social network that lead to the retailer's page with the option for immediate purchase. This includes platforms like Facebook Marketplace and Instagram Checkout.

In the context of South Africa, 57.7% of internet users have purchased a product online. As this number increases year on year, social media companies are upping their shopping games to take their share of this pie to increase revenue. As such, we can expect to see more media budgets shifting into social commerce solutions over the next few years.

Platforms that have the scale and contextual relevance to drive product discovery will lead the race. In the US, Facebook and Instagram together with Pinterest have offered the best discovery experience and lead in the social e-commerce space. In South Africa, we see the same from Facebook and Instagram. However, we can expect similar offerings from the likes of TikTok and YouTube, going by their growth in the past year.



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What do we have to look forward to from leaders in the social e-commerce space?

We have seen top platforms improve their e-commerce offerings; including product catalogues on Facebook, on platform checkout features on Instagram, carousel ads on Twitter and livestream shopping.

Facebook has been the leader in the category most recently with Facebook Shops, Instagram Checkout and Facebook Marketplace. These features have been pivotal for digital native brands who have primarily succeeded in this space. The platform has the scale and technology to offer some of the best ad solutions targeted at a seamless shopping experience; dynamic product ads, collaborative ads, instant experiences, and carousel ads are all examples of this technology. Facebook usage in South Africa is incredibly high - as such, most product discovery happens on Facebook, with Instagram at a close second.

However, Facebook has some competition as other platforms continue to innovate for increased revenue.

What are social e-commerce competitors doing?

There was news recently around TikTok planning to release e-commerce solutions within their ad formats. TikTok's growth globally has been astounding, so it's a definite contender to Facebook. While not fully available in South Africa yet, the formats that are being looked at in other markets are collections ads, dynamic product ads, promo and showcase tiles. If you are a small and medium business, there is value in starting on the platform to organically grow your following - which can only help when these solutions become available in South Africa.

There has been a lot of conversation and hype around the social audio app Clubhouse. According to a Techcrunch article, the platform has launched payments to a small test group of creators to test top creators receiving payments and donations from followers. Perhaps it's a way to stay competitive with Facebook, Twitter and LinkedIn who are adding similar audio features to their platforms - nonetheless, they are rapidly evolving in the social e-commerce space to better the discovery experience for users.

Snapchat has a decent market size in South Africa with about 8m users, particularly among the younger demographic. There are rumours of Snapchat integrating a fashion recommendation app called Screenshop onto its platform. The app will be able to recommend clothes to users based on photos that they upload and then facilitate the shopping of these items. Snapchat is known for its amazing AR lens technology, so I think it is safe to assume that we will soon see a unique shopping experience which utilises these lenses. It's probably a while before we see this in South Africa, but Snapchat is one of the bigger social platforms pushing to make headway in the social e-commerce space - definitely one to look out for.



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Trends to look out for

Apple's IOS update and Google's third party 'cookiepocalypse' will be the contributing factors in accelerating social e-commerce activities. On-platform checkouts will become the norm in the next few years as retail brands strive to continue tracking and measuring their consumer journey and actions. It is vital that any retail business that is not in the e-commerce

space begin this process.

Another trend on the increase is livestream shopping. For those of us who are like a fine wine, we will remember the TV shopping channel where you could see a product being advertised and purchase by calling the toll-free number. In many markets around the world, TV shopping is still very in demand and works really well. However, with the increase in time spent on digital platforms, we are seeing this behaviour make its way into the digital space, giving room for 'livestreaming shopping'.

The most popular livestreaming shopping platforms are Facebook and Instagram. Facebook allows retailers to sell products through live shopping. This feature integrates with Facebook's Shop.

Instagram allows the same - businesses and creators can tag products when they go live. Before going live, you can add up to 30 products to a collection to showcase and you can pin one item at a time while live to feature that product. This can happen for all products which have been approved.

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