

# THE RISE OF SOCIAL COMMERCE

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During the past two decades [#socialmedia](#) has fundamentally changed the way we communicate and interact. Now it is radically changing the way we shop. With huge repercussions. Let's take a look.

From the early days of MySpace in 2003 to Facebook's launch in 2004, social media has come a long way. What started as a digital means of communication has evolved into a dominant [#marketing](#) tool that is indispensable for any brand.

The pandemic has accelerated (and reinforced) a new trend that was already emerging: social media moving out of their typical marketing boundaries and becoming integrated into peoples' shopping experiences and habits under the umbrella term that we call [#socialcommerce](#). In other words, social commerce is where hyper-personalization meets entertainment and shopping by means of immersive experiences that excite.

Accenture estimates that the global social [#commerce](#) opportunity will nearly triple by 2025, reaching \$1.2 trillion (from \$492 billion in 2021), whereas Statista puts the figure at \$2 trillion. To understand the momentum and size, the total e-commerce market globally is \$7 trillion.

Here are a couple of developments pointing to the [#future](#):

— In China Alibaba's (China's equivalent of Amazon) on-line shopping platform Taobao introduced in 2016 what we now call live commerce: the combination of real-time broadcasting with e-commerce so that customers (or viewers if you like) can browse and shop via chat functionalities without ever leaving the platform. The new business model has been so successful that it now accounts for 10% of all [#ecommerce](#) sales in China, having grown from a mere \$3 billion in gross merchandise value (GMV) in 2017 to over \$400 billion in 2022, according to McKinsey!

— According to TikTok, e-commerce is no longer the future of shopping; it is shopping itself. As a result, TikTok has been repositioning itself at the center of shoppertainment with the goal to transform how brands connect with their audiences. The idea is to meet consumers directly where they want to be (and meet), instead of trying to generate sales via the traditional vertical sales funnel.

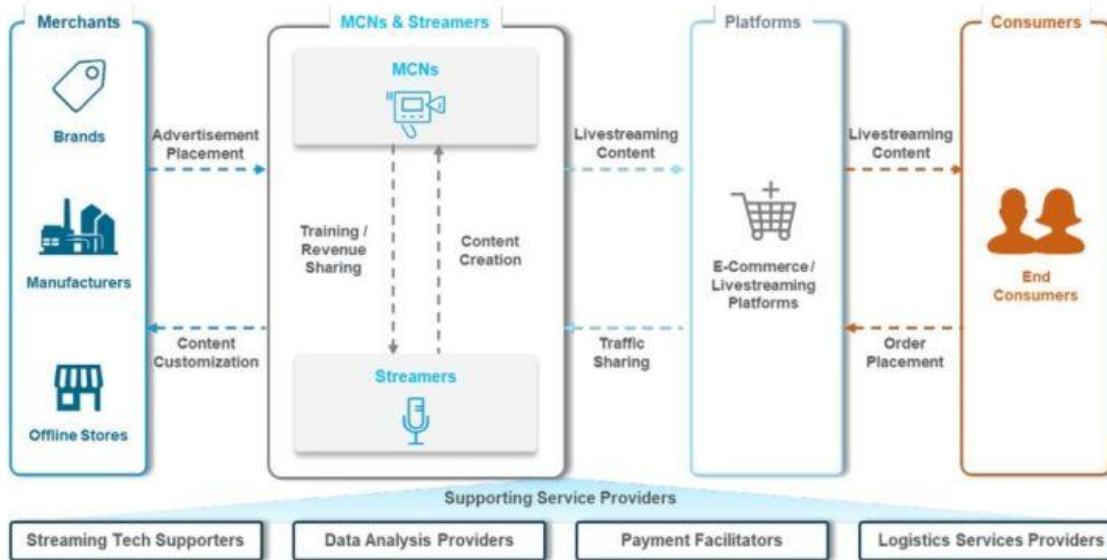
Of course, western markets have different cultural norms and shopping habits, and nobody says that the future globally will evolve in a similar (linear) fashion, as it has done in Asia. But it provides a useful glimpse into how social media will (increasingly) mix with day-to-day life events and how this can revolutionize the shopping experience.

Going forward, social commerce can re-shape how customers interact with brands, going far beyond shopping. In this transformational journey three trends stand out: 1) millions of individuals and mid-sized businesses (can) now compete head-to-head with larger players 2) different social media usage and habits mean visible geographical variations 3) capturing the opportunity will go through changing formats and purchasing patterns.

Opinions: my own, Graphic source: Citi GPS

# The rise of social commerce

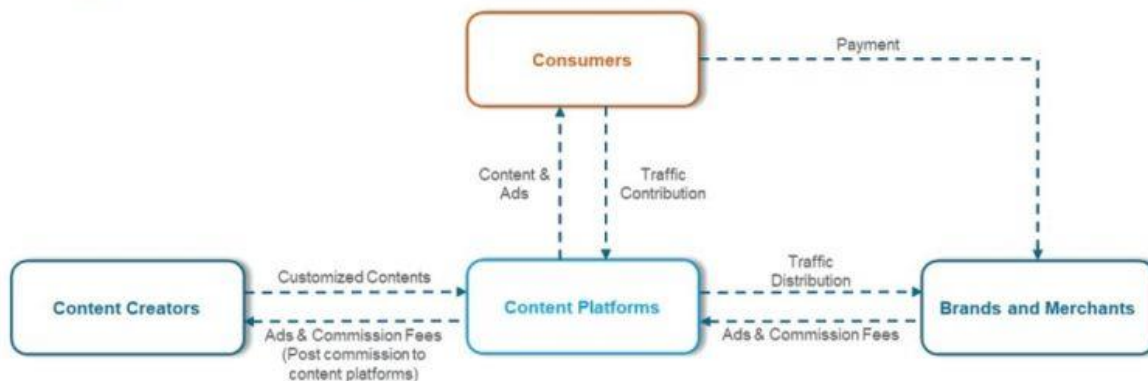
## 1. Livestreaming e-commerce value chain



## 2. Gamification illustration



## 3. Shoppable content value chain



Graphic source: Citi GPS

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