



As seen in your feed: Shopping goes social, trending past US\$1 trillion in annual sales

Propelled by social media influencers and digital-native consumers, social commerce is laying the groundwork for a broader shoppable media landscape.

Brooke Auxier, Ariane Bucaille, Kevin Westcott, and Dennis Ortiz

THE SOCIAL MEDIA feed is the new storefront—and users are doing more than just window shopping. Deloitte Global predicts that the market for social commerce will surpass US\$1 trillion globally in 2023 (figure 1).¹ That's assuming an approximate CAGR of 25%—not unreasonable considering past growth trends and the continued reliance on all things mobile and digital—driven by the purchases of the more than 2 billion people expected to shop on a social media platform in 2023.²

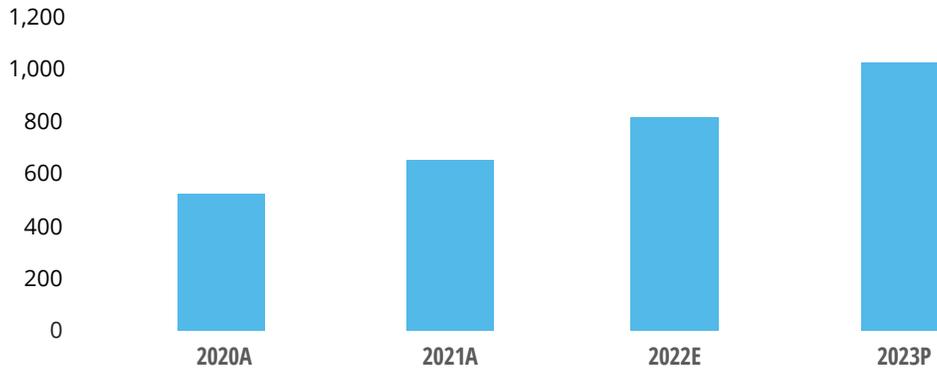
Shopping on social: The ultimate in inspiration and instant gratification

Social commerce—a consumer experience on a social platform that blends the point of inspiration and the point of purchase—marries serendipitous product discovery with effortless digital payment to create shopping opportunities that are hard for many to resist. Imagine seeing your favorite influencer's latest post in your social feed—and they're wearing the coolest pair of shoes you've

FIGURE 1

The global social commerce market is expected to continue to expand, possibly topping US\$1 trillion in annual sales in 2023

Global social commerce market (US\$ billions)



Note: 2020 and 2021 are actual numbers, 2022 is Deloitte's estimate of sales, and 2023 is Deloitte's prediction.

Source: Deloitte Global analysis.

ever seen. With a couple of quick taps, you can add those exact shoes to your virtual cart, “buy now” with a mobile payment service, and get them delivered to your doorstep within a few days. All without leaving your couch ... or your device.

Social commerce—a consumer experience on a social platform that blends the point of inspiration and the point of purchase—marries serendipitous product discovery with effortless digital payment to create shopping opportunities that are hard for many to resist.

With an expected 5 billion social media users worldwide in 2023,³ the social commerce market is growing faster than traditional e-commerce,⁴ and it

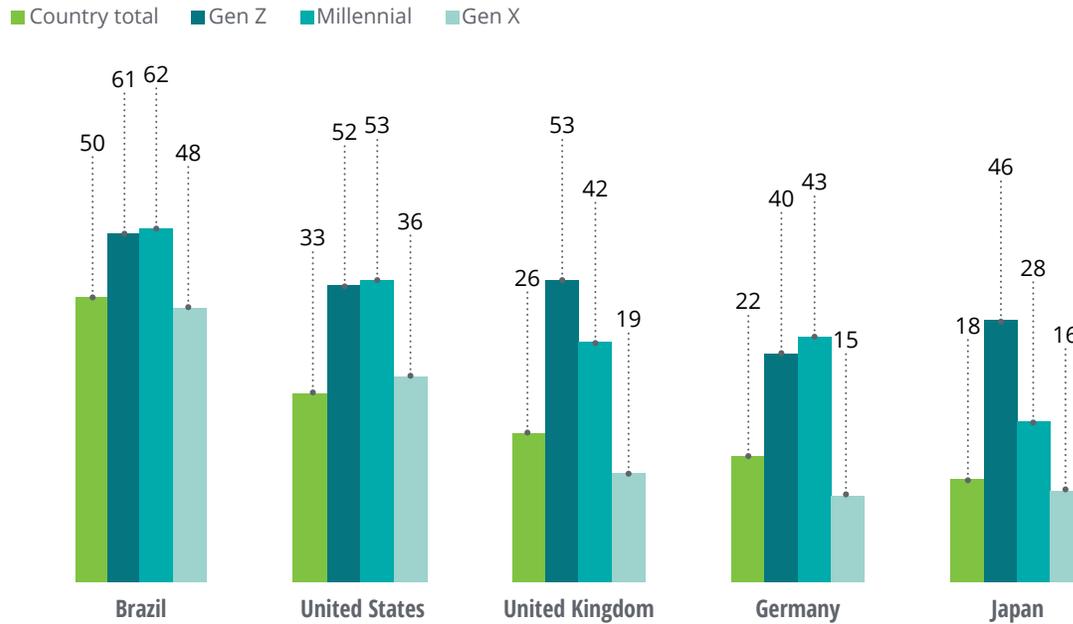
shows no signs of slowing down. Fueled initially by a surge in popularity during COVID-19,⁵ the market is continuing to expand despite ebbs and flows in the pandemic. Research from 2021 shows that about a third of US consumers had ever made a purchase directly on social media, and an even larger share said that seeing a product on social media was part of their buying journey.⁶

So what’s behind all this growth? In large part, it’s the rise of the “creator economy,” the cadre of millions of “influencers” or “creators” who use their clout to promote, advertise, and sell products to their captivated audiences. These online personalities have global reach: In many countries, including the United States, the United Kingdom, Germany, Brazil, and Japan, at least 60% of people say they follow influencers. To convert these loyal fans into repeat customers—which is largely how they monetize their online content⁷—influencers build relationships with their followers, encourage community among their devotees, and sell their lifestyle with every new snap and selfie. Many make thousands of dollars per post, though compensation varies widely based on the number of followers they have on a given platform.⁸

FIGURE 2

Gen Z and Millennial consumers are most likely to say their buying decisions are influenced by social media influencers

Percentage of consumers who say social media influencers completely or somewhat influence their buying decisions



Note: N (all Brazil consumers) = 1,000; N (all US consumers) = 2,000; N (all UK consumers) = 1,002; N (all Germany consumers) = 1,002; N (all Japan consumers) = 1,000.

Source: Kevin Westcott et al., 2022 *Digital media trends, 16th edition*, Deloitte Insights, March 28, 2022.

Social media users have proven a receptive audience for influencers’ sales tactics. One-third of US consumers, for instance, say that social media influencers ... well ... influence their buying decisions. In Brazil, that figure increases to 50%, perhaps because people in Brazil are more likely to use social media and follow influencers compared to people in the other countries surveyed.⁹ The influence of social influencers is likely higher still in markets like China, where the social commerce landscape is even more developed and sophisticated.¹⁰

At around 20% of the global population, Millennials currently dominate the social commerce market (figure 2).¹¹ But not to be overlooked is the maturation of many Gen Zs to an age where many have more money to spend. Gen Z is the world’s biggest generational cohort, accounting for more

than 30% of the population worldwide,¹² and most of this burgeoning generation of digital natives tend to be all social, all online, all the time. Nearly all Gen Zs surveyed across the United States, the United Kingdom, Germany, Brazil, and Japan say they use social media platforms, with 85% of responding US Gen Z social media users saying they go on social media *daily*. Further, more than half of US Gen Zs say they use social media for shopping inspiration,¹³ which is the first, and arguably the most important, step in the purchasing journey. In the future, Gen Zs are expected to continue to be very much online, where they’ll continue to get hypertargeted and personalized ads for products they want and need—straight from the influencers they already know and love.

THE BOTTOM LINE

The expanding social commerce ecosystem is full of opportunity for brands, social platforms, and developers alike. Brands and influencers should focus their efforts on discovering which product categories are ripe for social commerce as well as tracking cultural shifts in user behaviors and buying preferences.

The creator economy—and the content influencers produce and post—has increased media consumption on social platforms overall, making these platforms ideal channels for brands to capture potential customers where they are already spending their time. Identifying and activating an inclusive cohort of influencers, who not only represent the brand but can relate to and connect with ideal customers, could thus be central to cracking the social commerce code.¹⁴

In addition, brands can benefit by utilizing social advertising's hypertargeted and personalized features. Social media algorithms that determine which ads are displayed in a user's feed can be highly effective, drawing on billions of data points and powerful analytics to understand consumers and their needs. More than four in 10 consumers surveyed across the United States, the United Kingdom, Germany, Brazil, and Japan say they see ads on social media for things they have been looking for.¹⁵ Launching novel social shopping experiences, such as livestreamed events (already highly successful in China)¹⁶ or augmented reality-powered try-ons, could also be key.

Most social platforms are already benefiting from influencers' success in reaching and selling to their audiences: the platform gains new avenues for monetization, and it retains users who are captivated by influencer content. These platforms, as well as technology developers, can seek to further cash in by building infrastructures and capabilities that support fully integrated, intuitive shopping and payment experiences—not just on social media, but on streaming video platforms, gaming services, music and podcast services, and just about everywhere else in the future metaverse.

As social commerce evolves globally through continued experimentation and by looking to more mature markets for guidance, it has the opportunity to draft the blueprint for the broader shoppable media landscape, making new products easier to find, simpler to pay for, and quicker to buy across digital experiences. Looking beyond 2023, most digital experiences are expected to be considered "shoppable," and the same tap-to-purchase behavior available on social media platforms will likely be possible with other online services, too. Imagine watching a cooking show on a streaming video service. Just pause, select the recipe, add the items to your virtual grocery cart, select a delivery time, use mobile payment, wait for the doorbell to ring—and voila! Dinner is served.

Endnotes

1. Deloitte, "Social commerce and the creator economy: Business model considerations for the ecosystem," accessed September 19, 2022.
2. Accenture, "Shopping on social media platforms expected to reach \$1.2 trillion globally by 2025, new Accenture study finds," press release, January 4, 2022.
3. Simon Kemp, "Digital 2022: Global overview report," DataReportal, January 26, 2022.
4. Accenture, "Shopping on social media platforms expected to reach \$1.2 trillion globally by 2025."
5. Sarah Perez, "COVID-19 pandemic accelerated shift to e-commerce by 5 years, new report says," TechCrunch, August 24, 2020.
6. Kevin Westcott et al., *Streaming video on demand, social media, and gaming trends*, Deloitte Insights, October 19, 2021.
7. Carly Olson, "How do influencers make money? And how much? She'll tell you," *Los Angeles Times*, September 23, 2021.
8. Nashville Film Institute, "How much do influencers make? – Everything you need to know," accessed September 19, 2022.
9. Kevin Westcott et al., *2022 Digital media trends, 16th edition: Towards the metaverse*, Deloitte Insights, March 28, 2022.
10. Man-Chung Cheung, "Influencer marketing in China," Insider Intelligence, August 1, 2018.
11. Schroders Wealth Management, "What investors need to know about Gen Z," August 4, 2021.
12. Ibid.
13. Westcott et al., *2022 Digital media trends, 16th edition: Towards the metaverse*.
14. Deloitte, "DEI in the creator's market: Leading with purpose in social commerce," accessed September 19, 2022.
15. Westcott et al., *2022 Digital media trends, 16th edition: Towards the metaverse*.
16. Michelle Greenwald, "Live streaming e-commerce is the rage in China. Is the U.S. next?," *Forbes*, December 10, 2020.

About the authors

Brooke Auxier | bauxier@deloitte.com

Brooke Auxier is a research manager with Deloitte's Center for Technology, Media & Telecommunications. Her research focuses on media, entertainment, and consumer technology. She has a PhD in journalism from the University of Maryland.

Ariane Bucaille | abucaille@deloitte.fr

Ariane Bucaille is Deloitte's global TMT industry leader and also leads the TMT practice and the TMT Audit practice in France. She has more than 20 years of experience and is a chartered and certified public accountant.

Kevin Westcott | kewestcott@deloitte.com

Kevin Westcott, vice chairman, is the leader of Deloitte's US Technology, Media & Telecommunications (TMT) practice and the global Telecommunications, Media & Entertainment (TME) practice. His industry experience spans film, television, home entertainment, broadcasting, over-the-top, publishing, licensing, and games.

Dennis Ortiz | deortiz@deloitte.com

Dennis Ortiz is a principal with Deloitte Consulting LLP in the TMT practice focusing on the media and entertainment sector. He specializes in digital operations transformation, working with media clients to define their transformation ambition, design new operating models, and execute transformation programs across the media value chain.

Acknowledgments

The authors would like to thank **Akash Rawat**, **Jimmy Zheng**, **Abhilash Thalathoti**, **Kelly Moran**, **Duncan Stewart**, and **Lupine Skelly** for their contributions to this chapter.

Deloitte's Technology, Media & Telecommunications (TMT) industry group brings together one of the world's largest pools of industry experts—respected for helping companies of all shapes and sizes thrive in a digital world. Deloitte's TMT specialists can help companies take advantage of the ever-changing industry through a broad array of services designed to meet companies wherever they are, across the value chain and around the globe. Contact the authors for more information or read more on www.deloitte.com.

Deloitte. Insights

Sign up for Deloitte Insights updates at www.deloitte.com/insights.



Follow @DeloitteInsight

Deloitte Insights contributors

Editorial: Junko Kaji, Andy Bayiates, Aditi Gupta, Aishwarya Iyer, Dilip Poddar, Arpan Kumar Saha, Aparna Prusty, Blythe Hurley, Shambhavi Shah, and Preetha Devan

Creative: Sylvia Chang, Jaime Austin, Sofia Sergi, Govindh Raj, Sanaa Saifi, Rishwa Amarnath, Ayushi Mishra, Pooja N, and Gautham Dutt (TMT center)

Audience development: Pooja Boopathy

Cover artwork: Sylvia Chang, Jaime Austin, and Sofia Sergi

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

About this publication

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.