

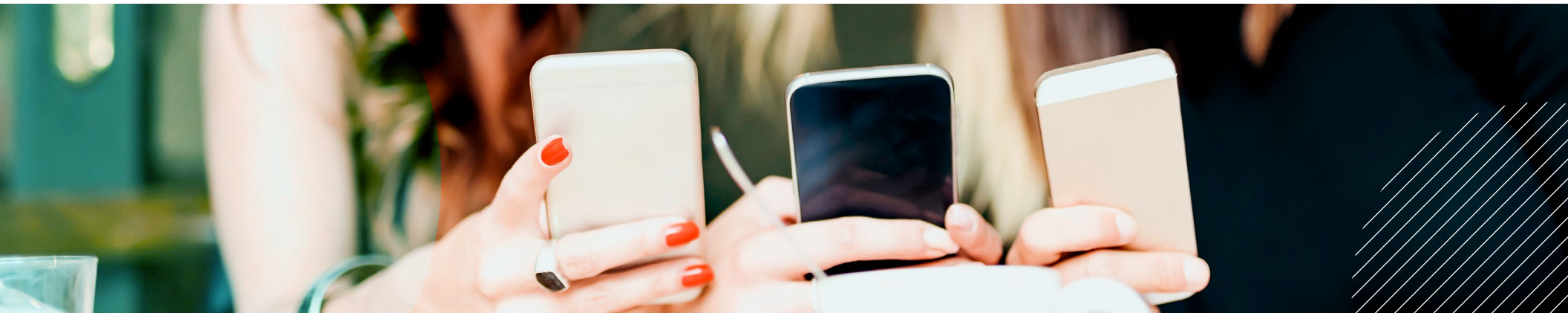
2022

Social Commerce Report

Accept No Limits.

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Letter from Diana Gordon



Welcome, and thank you for your interest in 3Q Digital's 2022 Social Commerce Report! This report outlines the findings of a survey of 400 marketing leaders across several different industries. In commissioning this study, we set out to better understand the beliefs and motivations behind a brand's decision to include social commerce as part of their overall marketing mix.

What we discovered in some cases validated our initial assumptions regarding the space. For instance, we confirmed that the majority of respondents still have social commerce activity sitting exclusively within an eCommerce "center of excellence." This confirms our hypothesis that internal organizational silos still prevail, even 18 months into the pandemic.

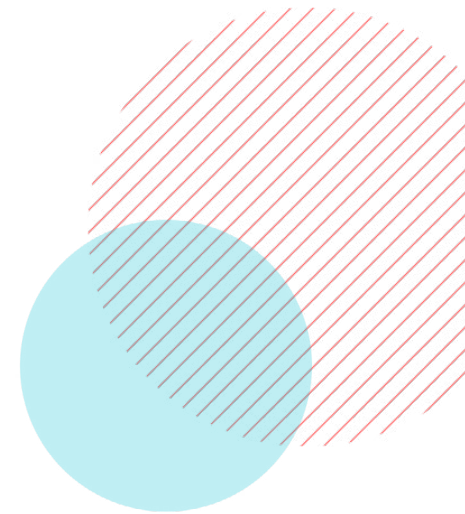
On the other hand, we saw some results that surprised even us. For example, while the majority of brands were investing in social commerce through Facebook-owned properties, other platforms like Snapchat were said to have better success at achieving overarching marketing objectives. Across the board, all respondents (regardless of industry) stated that social commerce would continue to grow in importance, as will investment in subsequent quarters.

We expect investments in social commerce to increase in coming years. As such, there will likely be a continued emergence of new platforms (such as Amazon Live), new capabilities like Facebook Shops, and new tech and service solutions geared toward helping brands maximize their return on investments in this space. We are certainly excited for the future of social commerce moving forward, and will continue to keep a very close eye on how brands can best leverage it to improve their growth marketing efforts.

Diana Gordon

Diana Gordon

VP, eCommerce & Marketplace Strategy



Meet the Respondents

“**...our initial assumption [was] that social commerce is primarily a digital marketing activity that brands within the retail and CPG industries practice, as that is where the majority of existing research had previously been conducted. Our other assumption was that industries that prioritize and have a well-established B2C practice will invest more into social commerce and experience the most success.**”

For this research report, we surveyed 400 senior marketing leaders across four distinct industries: retail, consumer packaged goods (CPG), financial services, and technology (specifically computing products, Software-as-a-Service, and consumer electronics).¹ We chose these industries to test our initial assumption that social commerce is primarily a digital marketing activity that brands within the retail and CPG industries practice, as that is where the majority of existing research had previously been conducted. Our other assumption was that industries that prioritize and have a well-established B2C practice will invest more into social commerce and experience the most success.

We also included the financial services and technology industries in our research, as both service B2C and B2B audiences and have a strong eCommerce presence, and we had assumed that both would be testing (or planning to test) social commerce initiatives.

Respondents were equally split among these four industries (100 each), and each had, at a minimum, \$100 million in annual company revenue. 40% of respondents identified as directors or senior managers, 43% were senior executives or vice presidents, and 17% were CMOs or the most senior marketing executive in their organization.

¹ See Appendix for more details

Social Commerce Importance and Investments

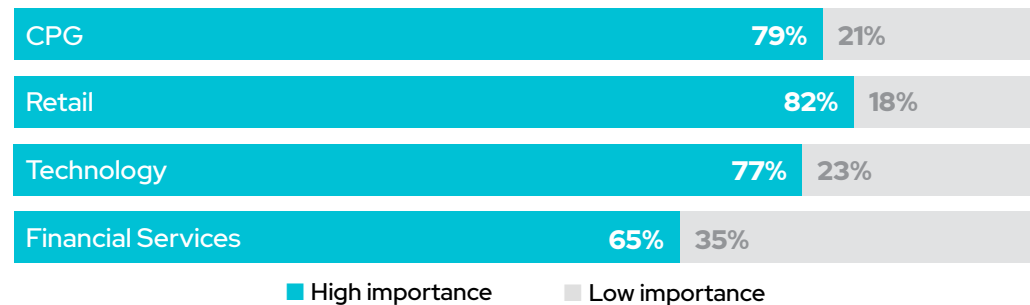
“By 2023, the average digital marketing budget will be \$1.5 million.”

Our respondents indicated they will be consistently increasing their digital marketing investments in the coming years. On average, \$480,000 was allocated to digital marketing budgets in 2020. That number will **triple** by 2023 to \$1.5 million. Unsurprisingly, CPG and retail brands spent more on digital marketing activities than those in financial services and technology.

Overall, 76% of respondents across all industries stated they believe social commerce is an important initiative within their organization, and 99% of these marketers have already invested or will be investing in it. Retail (82%) and CPG (79%) were the two sectors we surveyed that view social commerce as most important, while only 65% of respondents within financial services agreed with that statement.

Importance of Social Commerce

Breakdown by industry



HOW TO READ THIS CHART

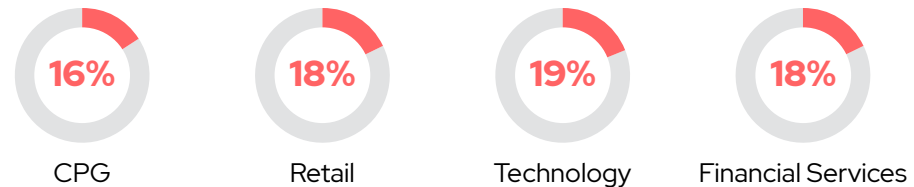
77% of the respondents in Technology said that within their organization, social commerce is of high importance.



The vast majority of respondents (88%) stated that they already invest, or will invest in the future, in social commerce initiatives and activities. This includes 93% of respondents in both the retail and CPG sectors, 85% in technology, and 80% in financial services. Overall, there will be a 19% increase in social commerce budgets from 2021 to 2023. Represented in dollar amounts, this equates to approximately \$140,000 in 2021 to \$400,000 in 2023.

Detailed Annual Average Increase in Social Commerce Budget Allocation (2021 – 2023)

The marketers surveyed said their social commerce budget allocations will rise through 2023. Broken out by industry this resulted in a stable range across sectors, from 16-19%.



When we asked respondents where their social commerce budgets resided, nearly a quarter (24%) stated it fell specifically within the realm of eCommerce, and only 15% placed it within social media marketing. Only 20% of respondents stated that social commerce was a part of their general digital marketing fund, which shows that most marketers today are still operating with siloed budget structures.

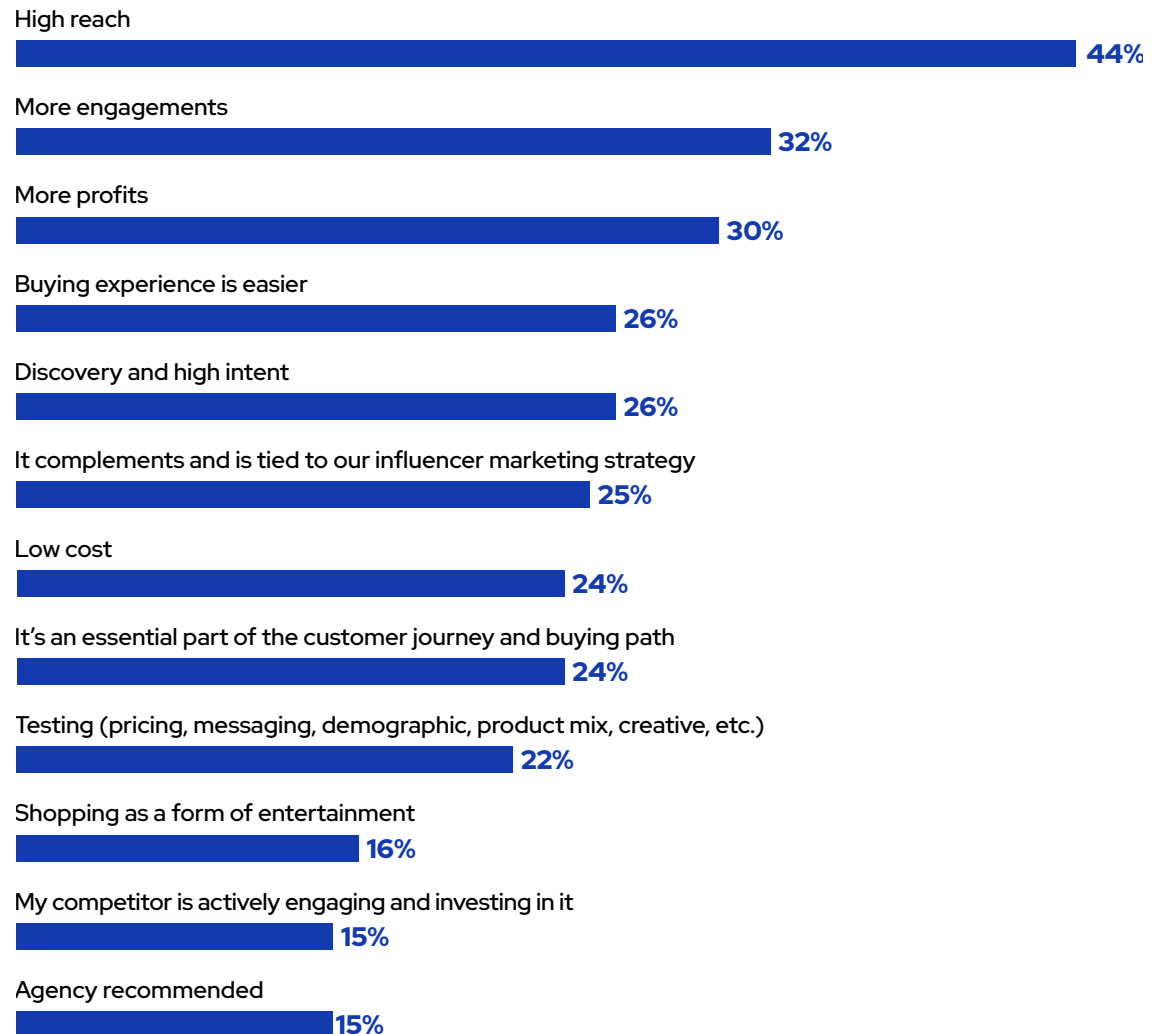
Reasons for Investing in Social Commerce

Brands that are investing in social commerce do so for a variety of reasons. By far the most important (chosen by 44% of respondents) was because they believe it **will help increase reach** (44%). Other goals include: **more engagements** (32%), **more profits** (30%), **creating an easier buying experience** (26%), and **improving discovery and intent** (26%).

On the other hand, the least important reasons for investing in social commerce include **shopping as a form of entertainment** (16%), **keeping up with competitors** (15%), and because it was **recommended by a digital marketing agency** (15%).

Reasons for Investing

All industries



Our research indicated that different industries each have their own unique reasons for implementing social commerce:

CPG

- Primarily leveraged for mid- to bottom-funnel activity.
- Complements influencer activity and looking to generate higher profits at a lower cost.

Retail

- Upper- and mid-funnel activity, increasing awareness, interest, and consideration.
- More concerned with easing the consumer's buying journey and complementing influencer marketing activity than profit, discovery, intent, and lower cost.

Technology

- Experimenting with upper- and mid-funnel activity, increasing awareness and consideration.
- Easing the consumer's buying journey.

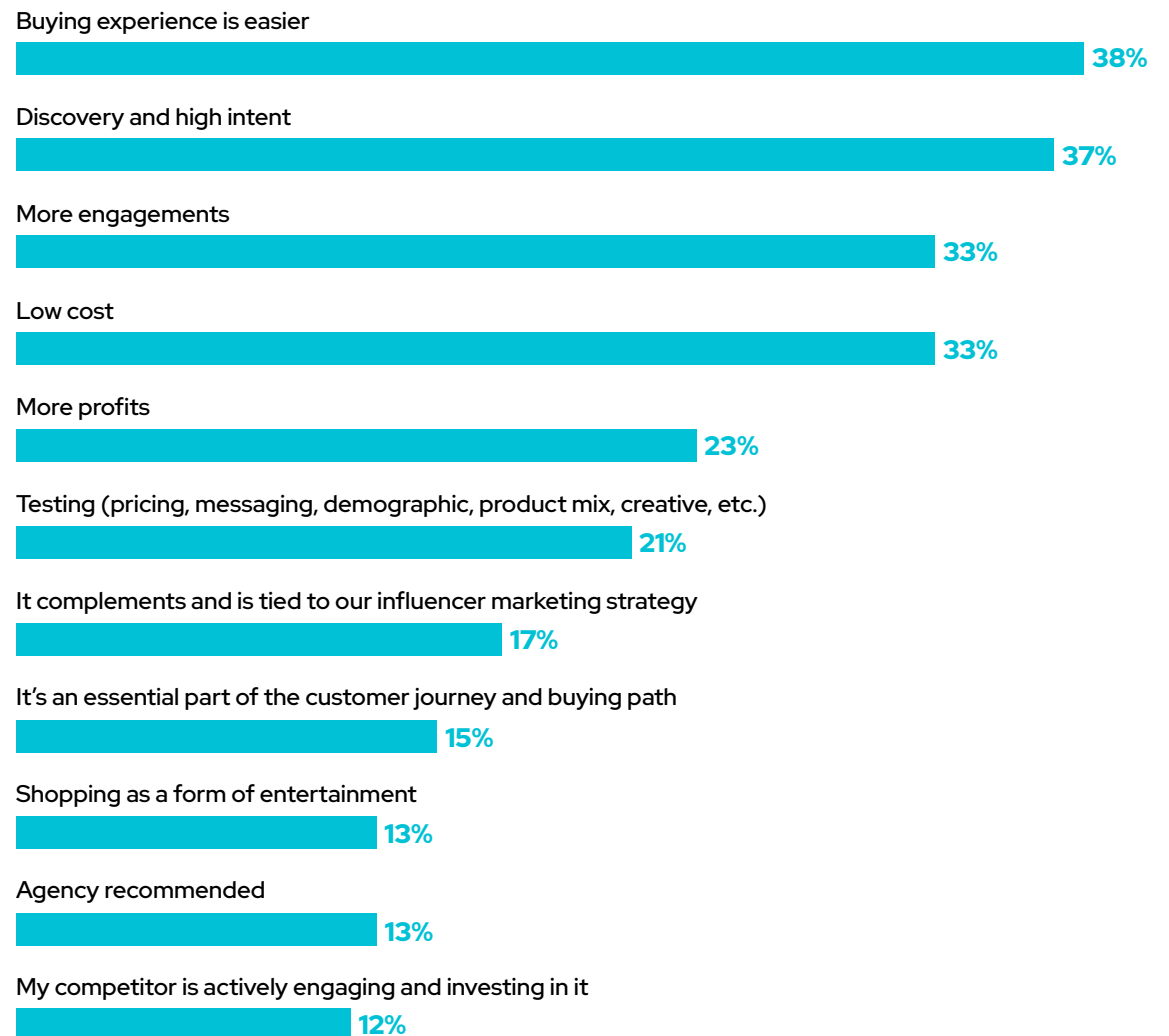
Financial Services

- Full-funnel activity, increasing awareness, discovery, consideration, and intent.
- Easing the consumer's buying journey.



For the remaining 24% (97 people) who indicated that social commerce is NOT important, more than half of them (54%) are still planning to invest. The top five reasons that group will invest—*an easier buying experience* (38%), *discovery and high intent* (37%), *more engagements* (33%), *low cost* (33%), and *more profits* (23%)—all line up with performance marketing activities. This suggests they are looking to improve outcomes at the bottom of the typical marketing funnel.

Reasons for Investing for Respondents Who Identified Social Commerce as Low Importance



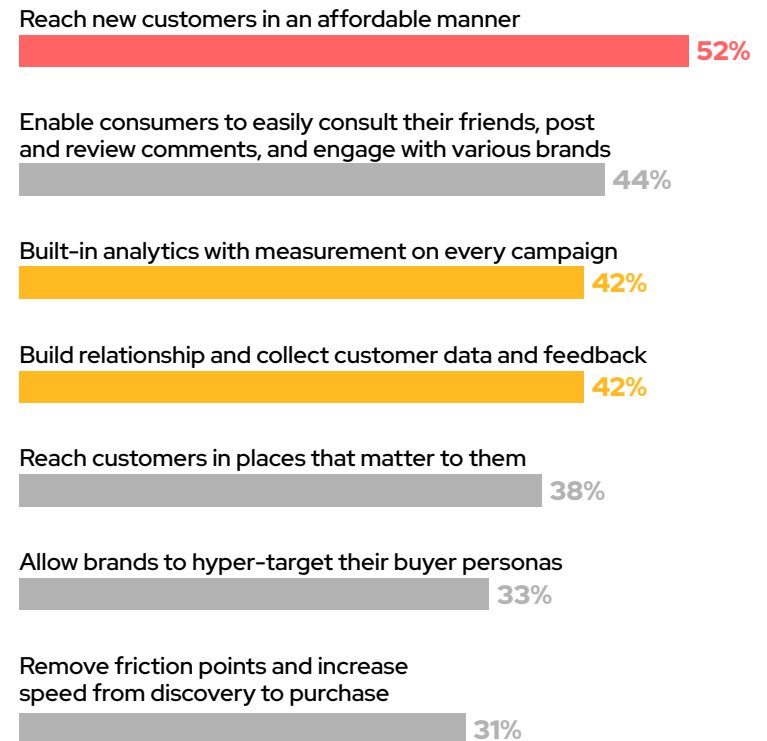
However, these respondents' reasons for investing didn't align very closely to the benefits they claim to be experiencing. The leading benefit (seen on the right)—*reaching new customers in an affordable manner* (52%)—is much more related to upper-funnel marketing activity. On the other hand, their top four reasons (seen on the previous page, excluding *creating an easier buying experience*) are all bottom of funnel or performance marketing initiatives.

Other popular benefits ranked highly by these respondents, like *enabling consumers to more easily engage and consult friends* (44%) and *building relationships, and collecting customer data and feedback* (42%), are also tied to upper- and mid-funnel activities. The least popular benefit from social commerce—removing friction points and increasing speed from discovery to purchase—is directly tied to performance marketing and the bottom of the funnel.

Of all 400 survey respondents, only 49 stated they would **not** be investing in social commerce. 72% of these individuals were from the financial services and technology sectors. Their reasons for not investing included:

1. Simply no interest in social commerce
2. Control issues (social media platforms controlling data and product pricing)
3. Maturity issues (waiting for maturation or think it's a fad)
4. Need more education on social commerce

Benefits of Investing for Respondents Who Identified Social Commerce as Low Importance



INSIGHT

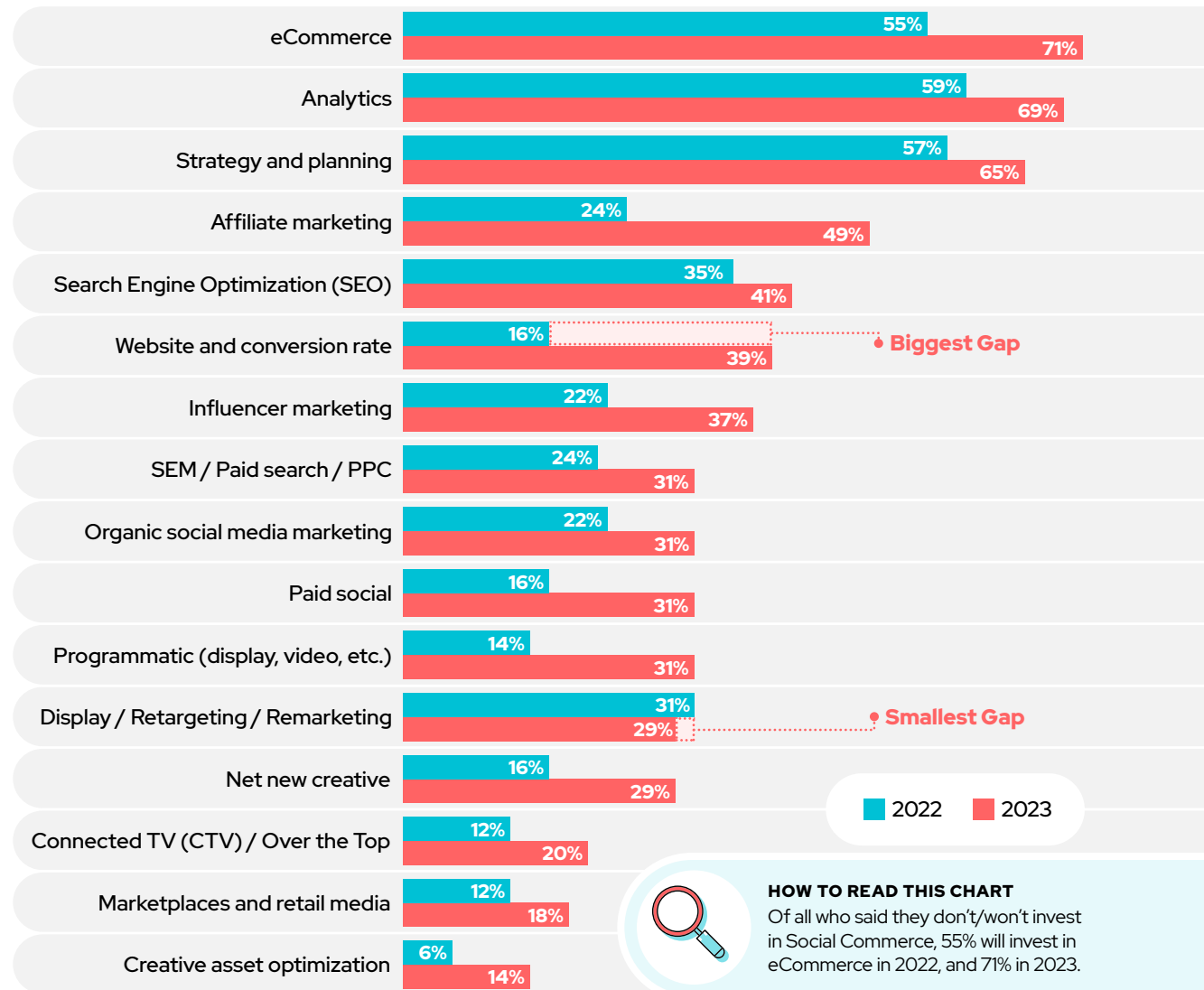
This chart illustrates the benefits of investing in social commerce according to those who believe social commerce is of low importance but invested in/or plan to invest in social commerce.

The **top reason** is growth-related, and **two of the top tier reasons** are related to data and analytics.

So, if not social commerce, what *will* these individuals be investing in? The top three areas they noted budgets will be going to in 2022 include **analytics**, **strategy/planning**, and **eCommerce**—and investments in all three of those will continue to rise in 2023. This suggests that most brands are focused on more structural improvements that are necessary to compete in a post-cookie world, instead of expanding their channel mix.

Interestingly, there will also be **major** investment increases across affiliate marketing, conversion rate optimization, programmatic, and creative asset optimization, with each of these growing by more than 100% from 2022 to 2023.

Alternatives for Investing for Respondents Not Investing in Social Commerce



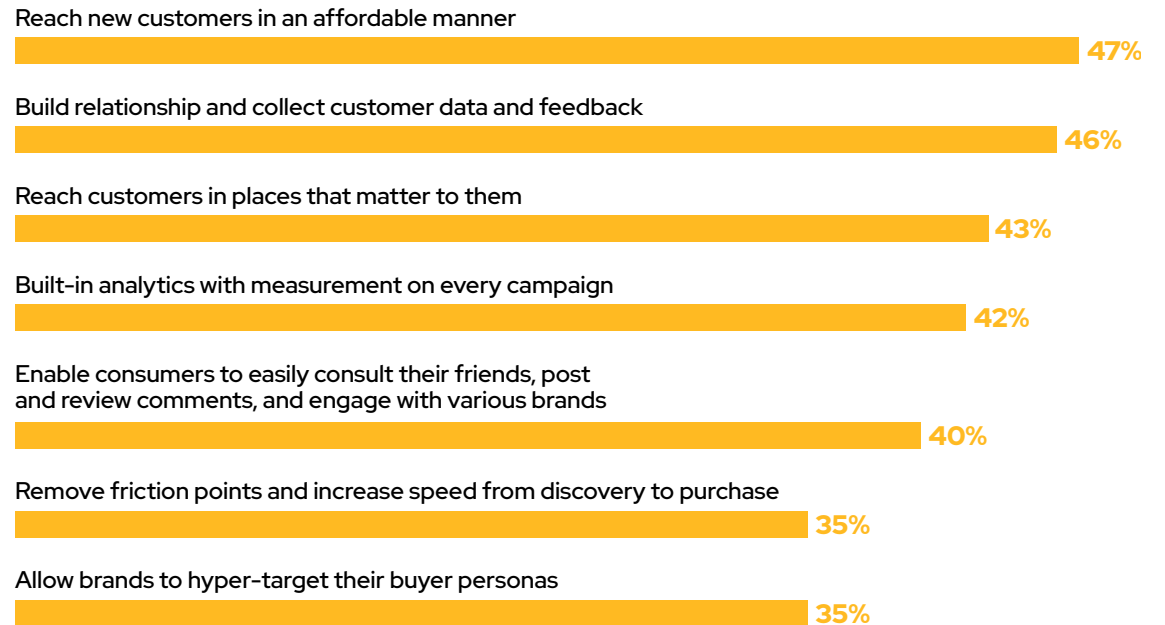
Benefits of Investing in Social Commerce

Across all four industries, the top two benefits brands have been receiving from social commerce include *reaching new customers in an affordable manner* (47%) and *building relationships and collecting customer data and feedback* (46%).

However, not as many marketers have seen social commerce as *helping to remove friction points and increasing speed from discovery to purchase* (35%), nor *a hyper-targeting of personas* (35%).

Social Commerce Benefits

All industries



CPG

CPG's second-highest reason for investing in social commerce was to **obtain more profits**. We discovered that this reason conflicted with the top benefit they are actually seeing, which was **building relationships and collecting customer data and feedback**. CPG brands are also seeing benefits related to increased engagement and measurement.

Retail

The top four benefits noted by retail brands (**reaching new customers in an affordable manner, building relationships and collecting data/feedback, reaching customers in places that matter to them, and hyper-targeting buyer personas**) are all aligned with the top three reasons they invest, including driving high reach, engagement, and creating an easier buying experience.

While lower cost was NOT a top reason retail brands invested, the number one benefit they are seeing is their ability to **reach new customers in an affordable manner**. We take this to mean that these marketers are receiving more value than they initially anticipated.

Technology

Brands are benefiting more than any other industry on reach, engagement, and measurement—the first two of which are their top reasons for investing. However, they aren't seeing as much improvement in **persona targeting** or **removing friction points in the buying journey**.

Financial Services

The benefits that financial services brands see from social commerce align very closely with their top reasons to invest. It is also the industry that has been able to gain the most benefit of **removing friction points** and **increasing the speed from discovery to purchase**.

While lower costs are not a top reason financial services brands invest, their number one benefit is the ability to **reach new customers in an affordable manner**. Similar to retail, they are seeing more there than they anticipated.

Our final key takeaway here is that **ALL** industries are indeed receiving the majority of the value they have been expecting from their social commerce investments.

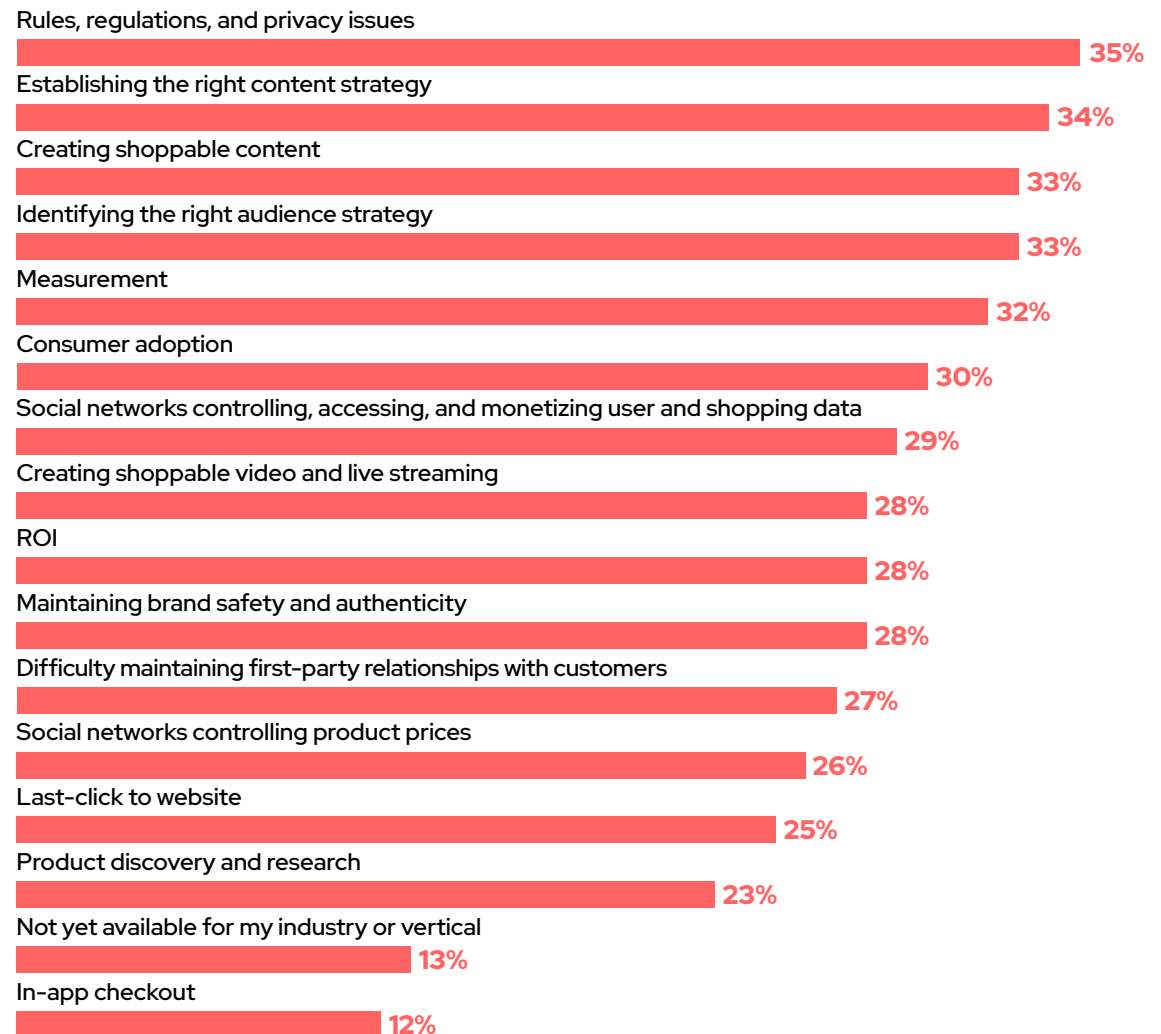
Social Commerce Challenges

Just because brands are investing in social commerce doesn't mean they are experiencing success in every area. Across ALL four industries, our respondents stated that **rules, regulations, and privacy issues** (35%) were their top challenge, and that is likely due to the major initiatives—such as data deprecation—undertaken in this area by advertising platforms and brands alike.

Another struggle for marketers is not just **establishing the right content strategy** (34%), but actually **creating shoppable content** (33%). Other consistent challenges included data and analytics—specifically related to **identifying the right audience strategy** (33%) and **measurement** (32%)—in addition to **ROI** (28%) and **platforms controlling data accessibility and monetization** (29%), and **platforms controlling product prices** (26%).

Social Commerce Challenges

All industries





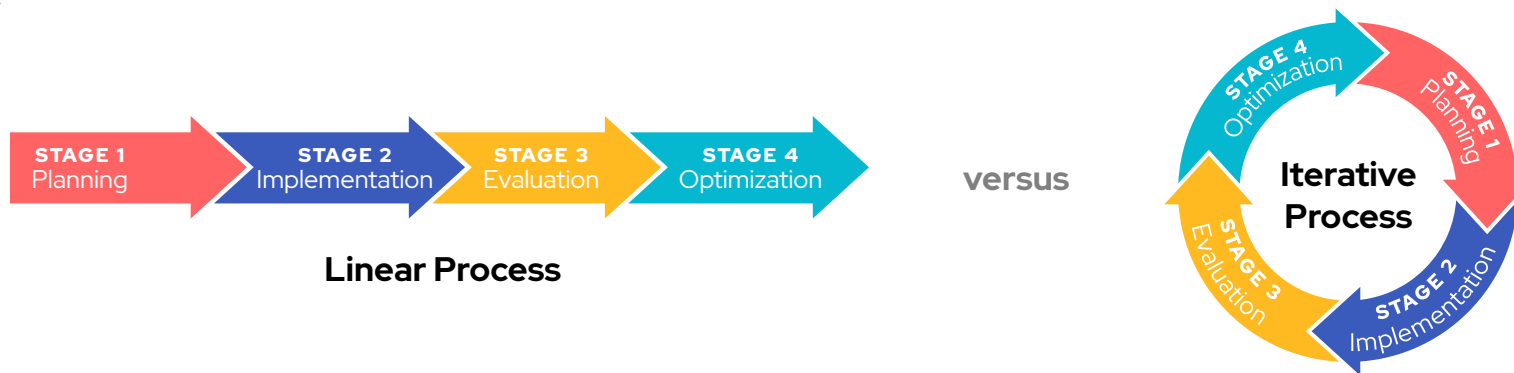
Below are the challenges that respondents noted, broken out by each specific industry. We included both the most and least challenging aspects for these sectors, along with some additional issues noted by respondents to keep an eye on going forward.

	CPG	Retail	Technology	Financial Services
Most Challenged	<ul style="list-style-type: none"> Understanding the data landscape (rules, regulations, and privacy issues) Targeting the right audiences Consumer adoption Content strategies 	<ul style="list-style-type: none"> Content strategies 	<ul style="list-style-type: none"> Creating content Targeting the right audiences Measurement Consumer adoption Understanding the data landscape 	<ul style="list-style-type: none"> Audience and content strategies (including last-click to website) Losing control of data Understanding the data landscape
Least Challenged	<ul style="list-style-type: none"> Tech and platform capabilities 	<ul style="list-style-type: none"> Targeting right audiences Platform capabilities 	<ul style="list-style-type: none"> Tech and platform capabilities 	<ul style="list-style-type: none"> Platform capabilities Consumer adoption
Challenges to Watch	<ul style="list-style-type: none"> Measurement Product discovery and research ROI Social networks controlling, accessing, and monetizing user and shopping data 	<ul style="list-style-type: none"> Measurement Understanding the data landscape Maintaining first-party relationships with consumers ROI Consumer adoption Social networks controlling, accessing, and monetizing user and shopping data 	<ul style="list-style-type: none"> Maintaining brand safety and authenticity ROI Social networks controlling, accessing, and monetizing user and shopping data Establishing the right content strategy (as they are still in testing mode) 	<ul style="list-style-type: none"> Maintaining first-party relationships with consumers Maintaining brand safety and authenticity Measurement ROI

Strategy and Implementation

In a perfect world, marketers would typically follow four maturity stages in order to enter, rank, and dominate a specific channel. These stages include Planning, Implementation, Evaluation, and Optimization.

When a new channel is just emerging (in essence, considered less mature), marketers typically don't follow these maturity stages in a linear fashion.



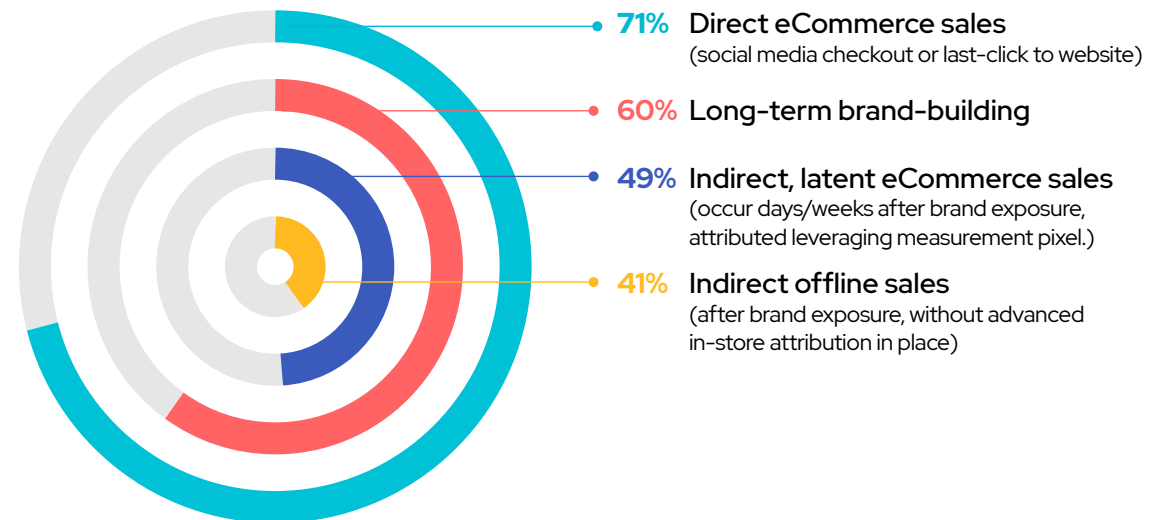
Based on responses to our market survey, the process for social commerce is more iterative. Most marketers tend to begin in the Implementation stage and continue right on to Evaluate and Optimize until they—or the industry—has figured out the formula for building an effective Plan.

When we asked respondents to choose statements that best described their current maturity state, most selected two or more statements that are present in more than one stage. **This tells us a couple of things. The first is that social commerce is still early in adoption, and not very mature. The second is that there is no clear delineation of a maturity rank, as they are still iterating and testing social commerce practices and platforms.**

71% of respondents declared that their social commerce strategy is to drive direct eCommerce sales.

However, not a single marketer out of the 400 we surveyed said that they didn't have a defined social commerce strategy. The most popular strategy for brands is to drive direct eCommerce sales (71% said this, and it includes the final checkout both on the social platform itself and driving last-click to website). The second most popular strategy was to build their brand over the long-term, which 60% of respondents selected. Only 41% of respondents use social commerce to drive indirect offline sales. This refers to situations when consumers have been exposed to a brand and there is no advanced in-store attribution in place.

What Are The Top Social Commerce Strategies?



Interestingly, while other sections in this report have shown differences in social commerce across industries, that was not the case here. The order of strategy rankings remained consistent with all respondents, no matter the sector.

So then, what were the initiatives that these marketers said drove their strategy?

- Across all four industries, **supporting product discovery and launches** was the most common noteworthy initiative.
- Both CPG and financial services’ top initiatives included **improving performance marketing conversions**, which complements their second reason for investing—**more profits**.
- Financial services and technology both have two similar noteworthy initiatives: **brand safety** along with **conforming and establishing a business presence**.
- Of the four industries, retail and CPG are likely the only industries to **adopt influencer marketing practices**.
- The least popular initiative driving social commerce strategy—something that remained consistent across all four industries—was utilizing a **TV-like medium, including live streaming**.
- Compared to other industries, financial services by far values **influencer marketing practices** the least.

Initiatives That Drive Strategy (By Industry)

	CPG	Retail	Technology	Financial Services
Top Initiative	Improvements in performance marketing conversion (47%)	Conforming and establishing a business presence (46%)	Audience targeting, retargeting, and amplification strategies (41%)	Improvements in performance marketing conversion (44%)
Least Popular Initiatives	TV-like medium (including live streaming) and algorithmic content targeting	TV-like medium (including live streaming) and pricing products to move	Algorithmic content targeting and TV-like medium, including live streaming	Algorithmic content targeting and TV-like medium, including live streaming
Noteworthy Initiatives	Product discovery and launches, audience targeting, retargeting, and amplification strategies, pricing products to move, influencer marketing, and aspirational and visually appealing content	Product discovery and launches, influencer marketing, improvements in performance marketing conversion, and audience targeting, retargeting, and amplification	Pricing products to move, improvements in performance marketing conversion, product discovery and launches, brand safety, and conforming and establishing a business presence	Product discovery and launches, conforming and establishing a business presence, audience targeting, retargeting, and amplification strategies, and brand safety (the last of which is a recurring theme with financial services, as it is also a challenge to watch for them)

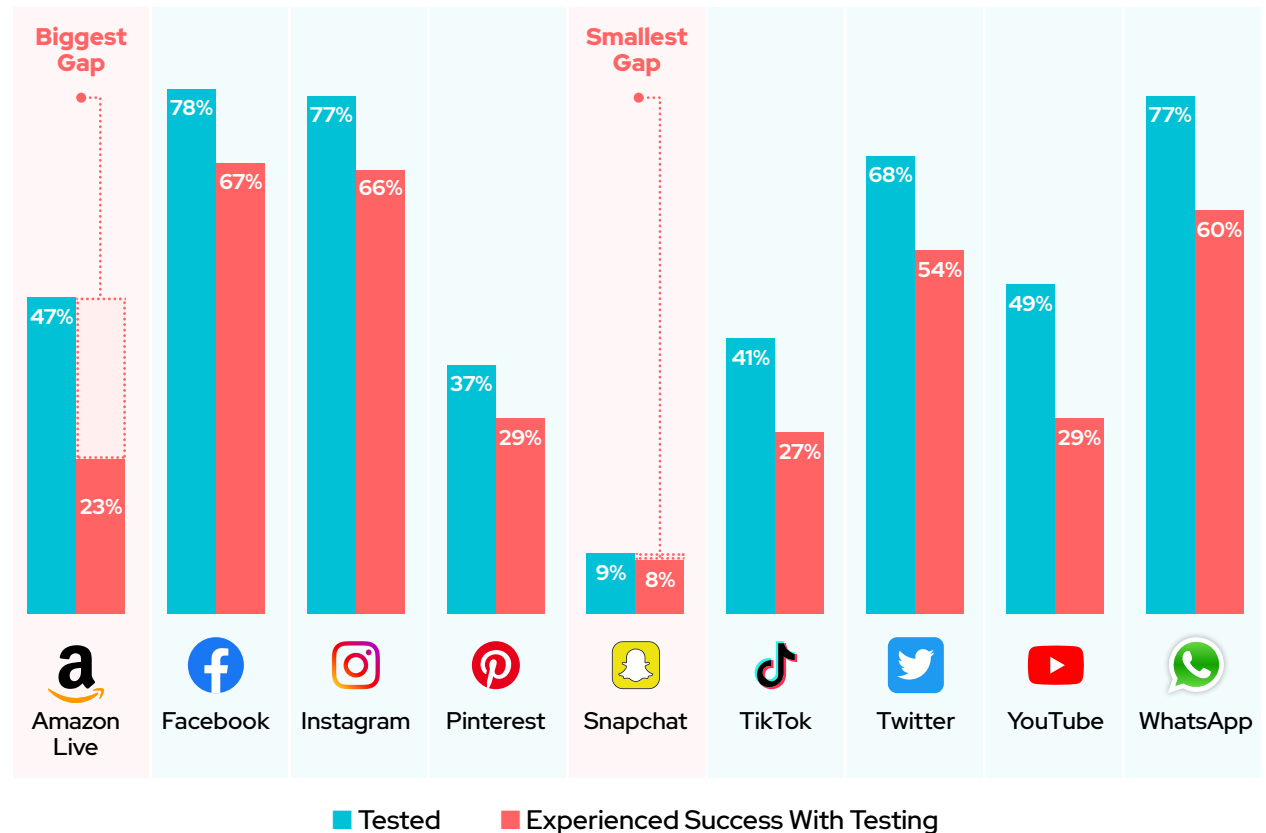
Specific Platform Testing and Success

Analysis from respondents' current maturity states indicated that we are still in the early stages of social commerce. Most respondents are still iterating and testing these capabilities. Facebook, Instagram, and YouTube are the leading platforms that a majority of respondents have tested and seen success with.

When broken down by industry:

- **Instagram** is the most popular platform for both CPG and retail.
- **YouTube** is the most popular platform for technology and financial services.
- **Snapchat** had a higher adoption rate with financial services brands than all other industries.
- **Amazon Live** was the platform that showed the biggest gap when we looked at testing and success—more than 50% of those brands that tested this platform did NOT see positive results. On the other hand, almost every brand that tested Snapchat saw success with it. However, Snapchat also had the lowest adoption rate compared to all other platforms.

Percentage of All Respondents Who Invest in Social Commerce

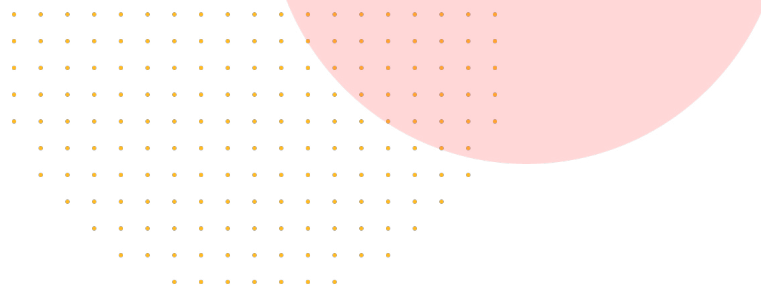




Conclusion

As you can see from our research, social commerce (in the US) is still in its early stages within the broader digital marketing environment. Each industry we looked at has their own unique reasons for investing in it, are all experiencing different benefits from it, and are all facing various challenges when implementing it within their marketing structures. It will be important to track the evolutions within this space over the next several years, as we are very keen on understanding how brands can best use social commerce to complement their broader media strategy.

If you're interested in learning more about how your brand can take advantage of social commerce or are looking to optimize your digital marketing efforts, [sign up for our Insights Digest newsletter](#) to have compelling and thought-provoking 3Q Digital content like this delivered directly to your inbox.



Appendix

The four industries included in this survey were:

Consumer Packaged Goods (CPG)

Food products, household products, packaged goods, tobacco, personal products, toiletries, and cosmetic products

Retail

Mail order/catalog, restaurants/fast food, drug stores, retail stores, cosmetics stores, and merchants of apparel, home furnishings/textiles, toys, pet food/supplies, appliances, jewelry and general merchandise

Technology

Computing products, SaaS, and consumer electronics: hardware, consumer electronics, prepackaged software, local area network systems and network systems integration, computer processing, and data preparation and data processing services

Financial Services

Banks, credit agencies, personal credit institutions, consumer finance companies, loan companies, business credit institutions, credit card agencies, and securities and financial contracts agencies

About Us

3Q Digital is one of the world's largest independent digital growth marketing agencies. Verified by TechCrunch as an Expert Growth Marketing Agency, it has built an impressive portfolio of clients in a range of verticals through paid media, business strategy, decision sciences, creative, SEO, and content. 3Q Digital has ranked in both Ad Age's and Inc.com's Best Places to Work lists in 2020 and 2021, and was also recognized on Adweek's Fastest Growing Agencies list in 2019.

<https://3qdigital.com/>

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