

# THE RISE OF SOCIAL COMMERCE

AND ITS IMPACT ON THE  
SOUTH AFRICAN CONSUMER

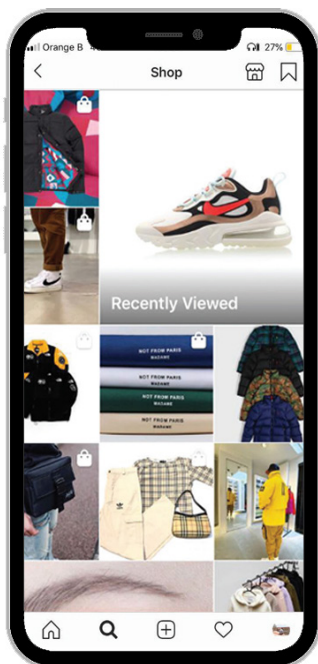


# SOCIAL COMMERCE IS CHANGING THE WAY CONSUMERS SHOP AND PREFER TO MAKE PURCHASES.

It is blurring the line between E-Commerce and social media.

So, what is Social Commerce exactly?

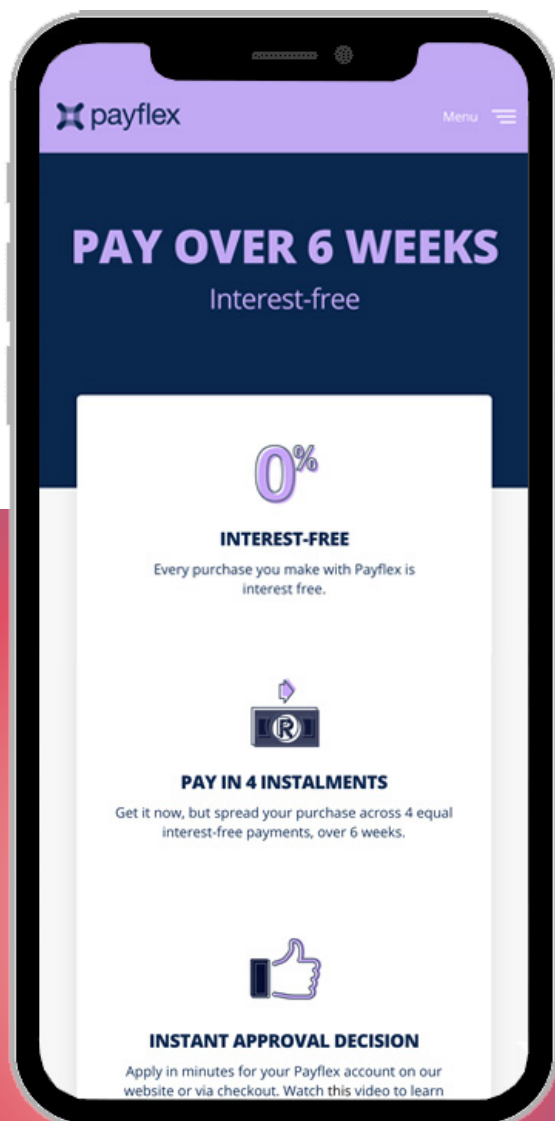
**S**ocial Commerce is a subset of E-commerce, and more broadly, retail. It's the evolution and maturation of social media meeting shopping. Essentially, allowing a transactional relationship to take place between customers and sellers, enabled by social media.



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# 2021 AND THE SOUTH AFRICAN CONSUMER



The way consumers shopped in South Africa changed considerably in 2020 and 2021 is set to be no different. The COVID-19 pandemic triggered an E-commerce boom in South Africa, taking user penetration from 10% at the start of 2020 to the current 37%. This number is expected to grow by 44% to 32 million users by 2024. (Source: Deloitte Africa Digital Commerce Survey, 2020)

Naspers reported significant business growth at the end of November 2020, with Takealot recording revenue growth of 41% and Superbalist 37%.

In addition, mobile is reported to be the fastest-growing channel and the biggest driver of internet growth in EMEA. The boost of online users unlocks an opportunity for Social Commerce to break through, even faster than initially thought.

However, it also exposes challenges. One of the biggest barriers to E-commerce in South Africa has been a lack of trust by consumers, with regard to safe and secure payment methods. Payments are expected to be one of the most important factors impacting online shopping trends this year, and this will directly influence growth in Social Commerce in South Africa.

The next generation of local shoppers is increasingly turning away from traditional payment solutions, and embracing payment flexibility. The Heavy Chef Foundation reported a 60% increase year on year of online shoppers being referred to the Payfast payment engine via social channels. Facebook produced a 113% increase in shoppers and a 35% increase was generated from Instagram, between January and December last year.

These figures are expected to show continued growth in 2021, as more businesses embrace Social Commerce.

Social networks will need to gear up R&D while the biggest change needs to come from advertisers. From large corporations to SMB's, all businesses face the pressure of rethinking their strategies, in order to adjust to this post-pandemic retail landscape.

# PLANNING AND EXECUTION CONSIDERATIONS:

Social Commerce is a hybrid animal which demands more resilience and adaptability. To drive business impact, Social Commerce requires high quality planning and execution that seamlessly drives growth and incremental conversions, instead of just focusing on cost-efficiency. This means your organisation needs to be flexible and responsive to consumer trends before implementation.

## Key components to drive success are:

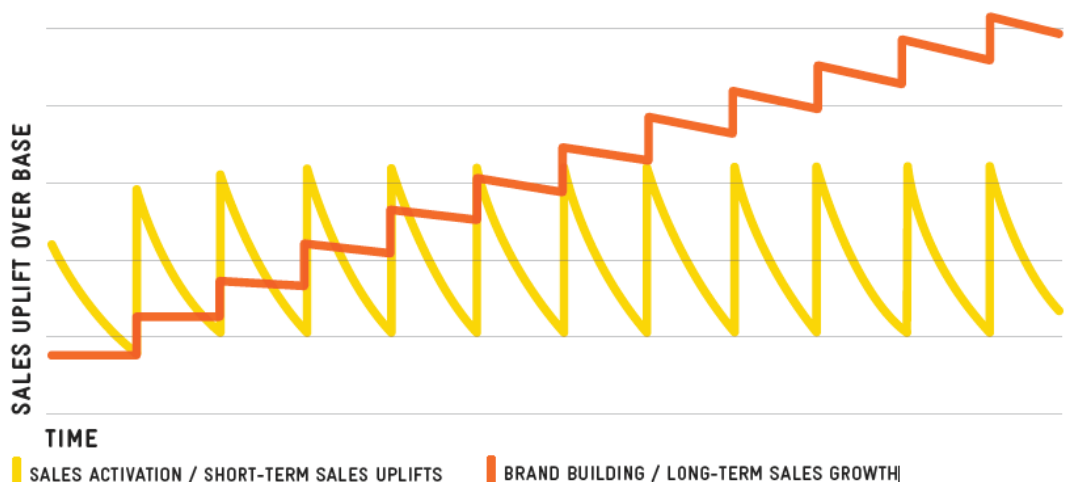
### 1 HARMONISE BRAND BUILDING & PERFORMANCE:

Brand building is still a key component of performance and should not be neglected when it comes to performance marketing. Operating in marketing silos are no longer an option. Instead, construct synergy between Social Commerce and brand building tactics,

to the point where the one continuously enhances the other.

This will help leverage the correlation between short- and long-term effectiveness and create relevance for the consumer. Brands with a stronger salience and online presence see a higher response rate from their activation channels.

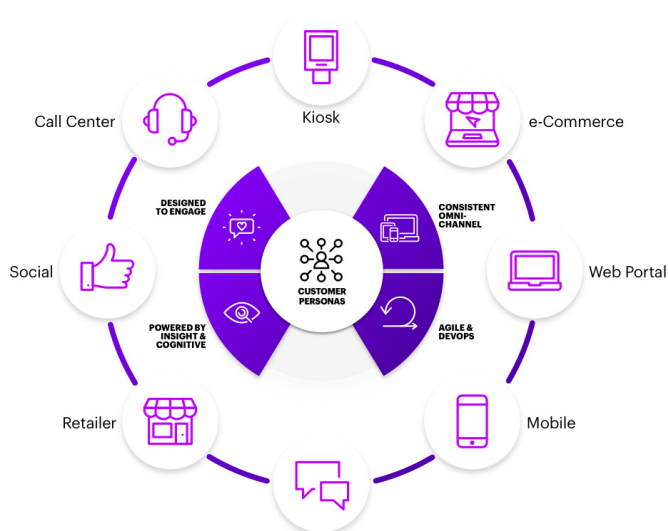
BRAND BUILDING AND SALES ACTIVATION WORK OVER DIFFERENT TIMESCALES (FIGURE 02)



## 2 OMNICHANNEL IS A POST PANDEMIC ESSENTIAL

We're in an era where consumers no longer care where they purchase. Today, the path from discovery to purchase traverses across several channels. Therefore, brands design ecosystems that connect both online and offline, as well as utilise partnerships and craft consistent omnichannel distribution mechanisms.

Consumers' purchasing journeys will increasingly become a blend of in-store and online shopping experiences across all categories of E-commerce and one of the key touchpoints is social so it should be a key consideration when it comes to your digital marketing ecosystem. .



## 3 DATA & ANALYTICS FOR A PERSONALISED JOURNEY

It's essential for brands to understand that Social Commerce efforts should always address the target personally, but not too intrusively. Advanced understanding of what tickles the audience's senses and tailoring the content based on those insights, will help reduce media waste and guarantee a pinpointed message delivery.

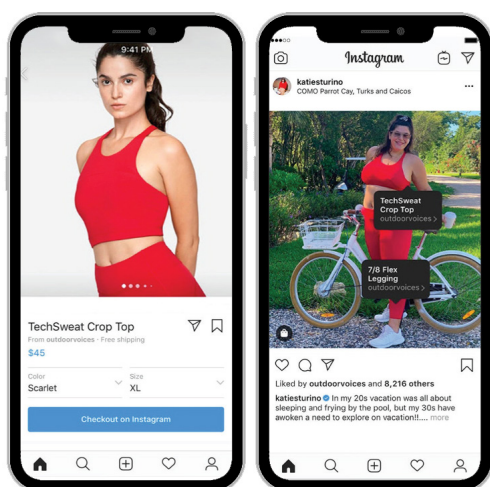


**MOVE THE NEEDLE BETWEEN SCALE AND ACCURACY ACCORDING TO YOUR NEED**

When crafting a Social Commerce driven strategy, interest, demographic and behaviour-based targeting are key building blocks. You will need to find the ideal balance between broad and niche targeting. Additionally, your defined audience is the seed for a more refined segmentation (e.g. previous engagers, lookalikes based on similarities).

## 4 DEPLOY THE POWER OF INFLUENCE

Currently advertisers are lining up their influencers as content creators and curators, in order to maintain authenticity and credibility. But more and more influential people contribute to the decision process and even spark the last click. Which is why social platforms are increasingly integrating influencer shopping features and check-out possibilities.



## 5 DEPLOY AUCTION BEST PRACTICE

A reliable Social Commerce strategy can only succeed by elaborating on what's working. For instance, longer term campaigns increase the chances of underperformance. A higher frequency is recommended as your ideal user needs to be reached several times.

Consequently, the user is reached multiple times, which necessitates a variation on creative assets. And, most importantly: lean on the algorithm and dynamic optimisation features that the social network offers.

## 6 TEST

Test everything.... that makes sense from a business perspective. Test with purpose. We consider it an essential tactic for driving business performance. For our Social Commerce projects, we are able to run more than 50 different A/B tests over the course of a year. Relevant testing parameters include formats, targeting clusters, platforms, placements and call-to-actions, to name a few.

Testing is the foundation of Social-commerce ecosystem.





## 7 THINKING BEYOND ROAS

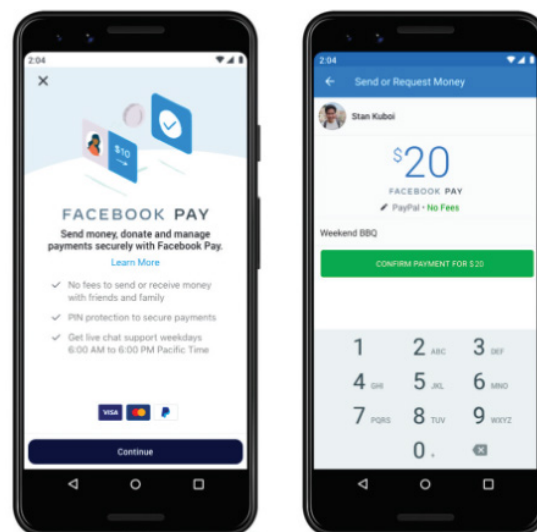
When you prioritise Social Commerce in your overall strategy, you should measure efficiency by looking beyond return on ad spend (ROAS). From a transactional point of view, we believe marketing efforts should be aimed at driving growth. Therefore, the KPI's should be adapted to measure incremental growth, which isn't possible by focusing on ROAS.

# WHAT'S ALREADY HERE/NEXT?

The quality of experience design can either help a brand to get ahead of the curve, or send it to the back of the queue, behind its competitors. From our point of view, success in Social Commerce is built by combining functionality, an excellent user experience with creativity and playfulness. Across the social landscape there are interesting cases of how the platforms are enabling fluid and seamless transactions.

### FACEBOOK PAY

Facebook Pay is currently available in South Africa and provides people with a convenient, secure and consistent payment experience across its cluster of apps: Facebook, Messenger, Instagram & WhatsApp. Trust is a key factor for South African shoppers, and you need to consider this in your strategy, especially as it relates to the consumer in Africa.



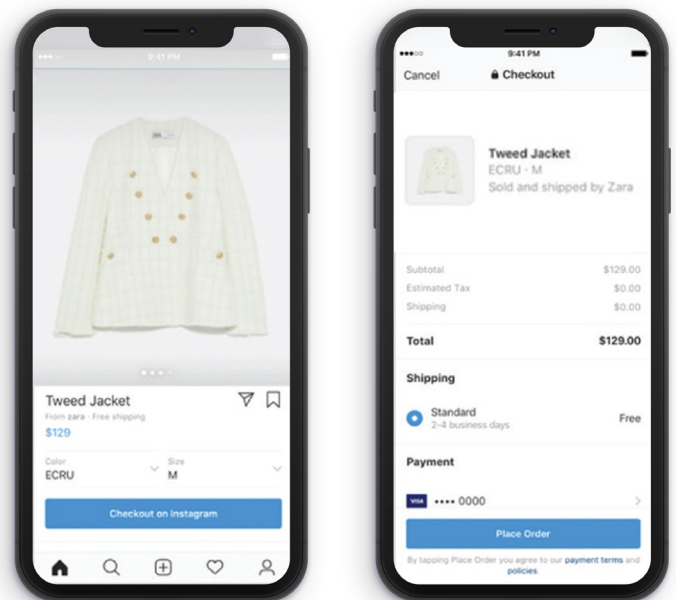
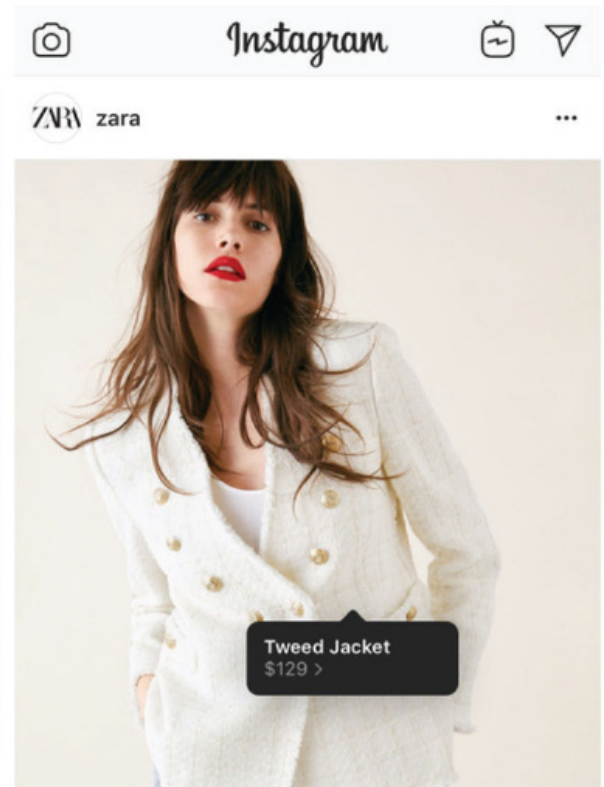
## INSTAGRAM SHOPPING

IG Shop is an in-app shopping destination where people can discover products and brands they love from across Instagram.

It includes features like product tags, which allow businesses to highlight products from their catalogue in stories and in feed, so that people can learn and engage more. IG Shop is currently available in South Africa, but without the check-out functionality.

## INSTAGRAM CHECKOUT

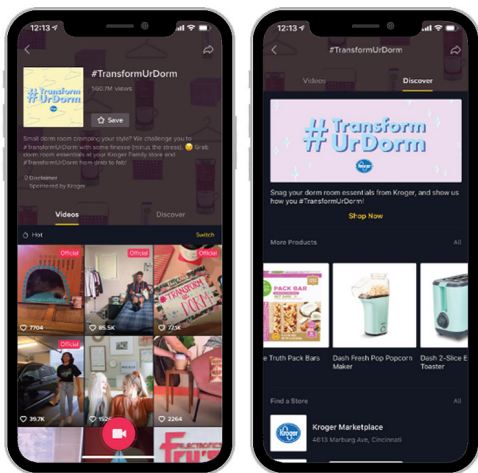
Instagram geared up in the commerce race by offering its users a 2-step purchase option without leaving the app. The Checkout feature is still only available to the US, but we suggest keeping an ear to the ground, as this feature will have a big impact on the local market.



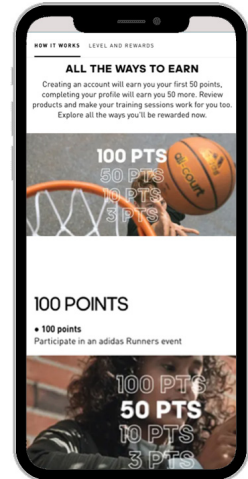


## TIKTOK IN-APP BUYS

With Tik Tok launching its advertising solutions in the South African market and showing wider spread penetration across the continent, this is a Social Commerce bandwagon we recommend exploring. Users can now purchase items that are marked with a sponsored hashtag.

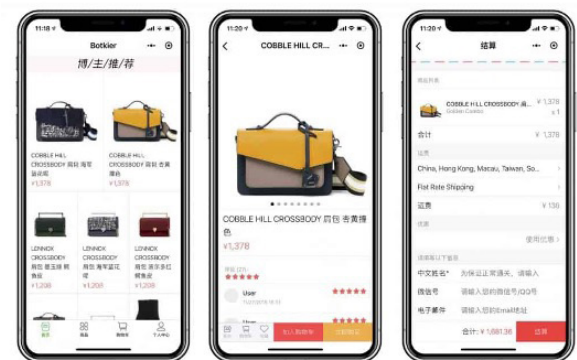


By empowering content creators beyond opinion sharing, social influence is fast becoming Social Commerce.



## ASIAN SUPER APPS

Social Commerce has already proven its potential in certain key markets. With Asia gradually becoming the barometer for the global consumer's pulse, it is safe to say that the design of fully integrated super apps, such as WeChat, will inspire the rest of the world. These apps have the characteristics of an operating system and allow users to combine entertainment, social networking and commerce in a single space.



## INFLUENCERS INTO SALESPeOPLE

Creator Brands are using their content creators as salespeople. Adidas launched a membership program called the Creators Club. By giving its most enthusiastic consumers early access to products, exclusive drops and special events, they also enable members to sell Adidas goods themselves.



# TO CONCLUDE

**S**ocial Commerce has become the new impulse aisle and, some would say, the new shopping mall. Still, the biggest - and most urgent - constraint for Social Commerce's breakthrough, is untangling the level of fragmentation in retail marketing.

A lot of businesses - small or large - already have an omnichannel set-up available. Yet, it remains siloed and not integration-first, as it requires extra staff and increases costs. These efforts could and should be re-allocated

to experience. Both existing consumers and prospects won't settle for less than a seamless experience when purchasing products and services, preferably in a single session without many detours.

Therefore, we believe Social Commerce can fill this space to meet time-sensitive consumer demands and tackle these fragmentation challenges. The margin for platform innovation and perfection is big, the momentum even bigger.

## ABOUT SOCIAL.LAB

Since 2018, Social.Lab South-Africa has provided access to our pool of in-house talents to industry-leading clients anywhere in the world. We provide digital services for agencies and brands who require reliable, cost-effective, and scalable solutions across a range of digital marketing specializations.

## CONTACT US

Contact us to learn more about social e-commerce and how you can make it work with your business objectives.

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