

## What we know about e-commerce and social commerce

Source: WARC Best Practice, May 2024

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This article provides marketers with information and guidance about connecting marketing communications directly with the opportunity to purchase and facilitating seamless online purchases.

**The ubiquity of smartphones has accelerated the evolution of e-commerce and social commerce. More brands are keen to adopt an ‘always on’ approach and try to facilitate seamless online purchases at every opportunity, directly connecting marketing communications with the opportunity to purchase.**

### Definition

*E-commerce* describes the trading of goods and services online.

*Social commerce* describes online retail which uses social networks or peer-to-peer communication to drive sales.

*Shoppable media* is interactive content that enables users to begin and – increasingly – complete a purchase within the publisher ecosystem.

*Shoppable video* is interactive video which allows viewers to click on items to discover more information, add to basket and complete a purchase.

*Livestream* is live video (or sometimes audio), usually streamed on social platforms and apps and often hosted by a celebrity or social media influencer.

*Retail media* includes all forms of online and offline advertising within retail ecosystems, from targeted sponsored ads on websites to in-store media.

# Key insights

## 1. Gen Z and Millennials shop on social media to be sociable and entertaining

Research by Snap and Havas Media Network found that a majority of younger audiences are embracing social commerce, with 64% of Gen Z and Millennials having made a purchase through social media in the past year. It also found the shopper journey is not always a solitary one and often involves multiple layers of interaction:

- *The discovery/inspiration phase dominates:* 88% use social media to discover new products and 44% use it to evaluate items for consideration and purchase.
- *Community is integral:* 85% include friends and family in their shopping journey through direct messages, tagging in posts, and attending live shopping events together.
- *Dynamic engagement makes a difference:* Over one-third have used augmented reality (AR) and approximately three out of five have attended a virtual shopping event – with 66% more likely to purchase a product after an AR experience, and over half making a purchase during a live shopping event.
- *Seamlessness rules:* At 60%, the biggest engagement drop-off across the social commerce journey is from the discovery phase to the purchasing phase.
- *Technology needs humanity:* 81% utilise the AI/chatbot feature, as it provides a 'shopping buddy' that delivers ease and personalisation.

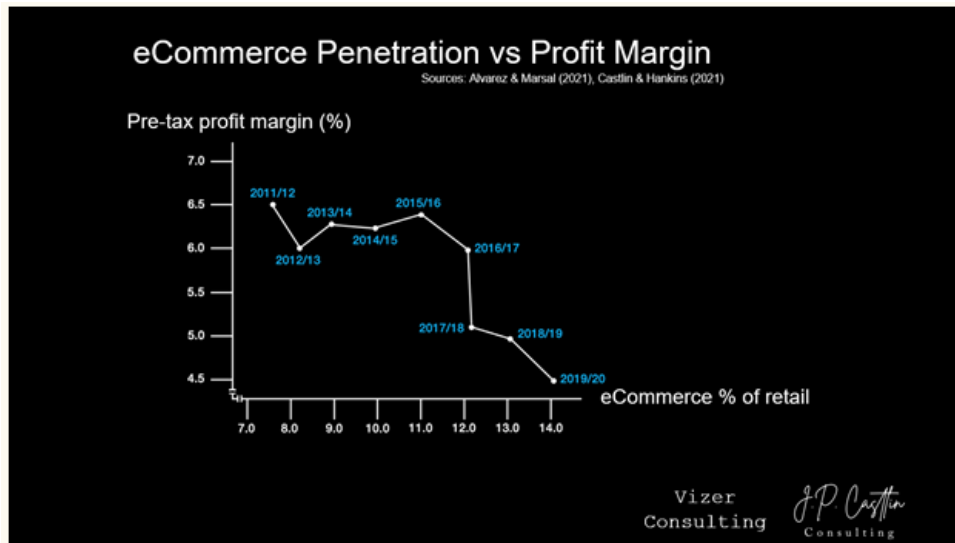
Based on this understanding there are six overarching principles that brands can employ to create meaningful social shopping experiences for Gen Z and Millennial audiences:

1. *Pursue Personalisation:* Excellent customer experiences incorporate the human touch – whether through personalised guidance during the buying process, tailored buying suggestions and consultation, or stellar support following a purchase.
2. *Action Authenticity:* Gen Z and Millennials carefully choose who they interact with online. They look to friends and family for opinions and advice on planned purchases, making this trusted group a powerful influence, while authentic micro-influencers hit the mark, selected based on their transparency, authenticity, and shared values.
3. *Utilise Ubiquity:* Leverage technology to create 'real-life' shopping moments that transition seamlessly between the virtual and real-world – fulfilling this cohort's expectation for engaging and futuristic experiences.
4. *Tackle Trust:* A secure purchase platform delivering clear and relevant product information and offering connections to real people, with support from discovery to post-purchase, builds credibility and instils confidence to make a purchase.
5. *Emphasise Entertainment:* Lean into the growing 'live shoptainment' space for more holistically engaging shopping experiences that inspire and entertain.
6. *Choose Convenience:* A seamless experience provides consumer ease across the entire shopping journey, increasing repeat sales and creating brand advocates.

Read more in: [Six actionable insights for creating engaging social shopping experiences for Gen Z and Millennials](#)

## 2. There is a much-increased focus on turning e-commerce into profit

E-commerce businesses have often been more focused on growth than profit – pure-play e-commerce players are more than twice as likely as pure-play brick-and-mortar stores to report that they are unprofitable. The logistical demands of e-commerce are more complex, unpredictable and hard to optimise, and the costs associated with product delivery and a higher rate of returns can hurt **profitability**.



To address this, marketers can consider:

- *Cross-subsidisation* of e-commerce operations via other profitable businesses e.g. Amazon’s cloud computing platform, Amazon Web Services or retail media businesses.
- *End free delivery and returns* outside of offering them as a short-term promotion. Even the marketing strategy of encouraging people to reach a certain level of spend before receiving free delivery is questionable, as it potentially leads to more returns.
- *Take a narrow – or broad – approach* - for example, Primark, the UK-based fashion retailer, is planning to trial a purely click-and-collect e-commerce offering rather than a full-scale digital proposition. On the other hand, fashion chain H&M has embraced a marketplace model – selling the products of third-party brands on its digital hub.
- *Provide B2B e-commerce services* such as UK apparel retailer Next renting its fulfilment capabilities to other brands, or online cosmetics business The Hut Group (THG) providing a range of business-to-business services from fraud screening tools to marketing advice and warehouse management systems.
- *White-label services for influencers* interested in making branded products. Marketers could offer unbranded support, whether consulting, fulfilment or connections with big-name retailers.
- *Acquiring brands* - having built out an e-commerce infrastructure, the economic efficiency of these capabilities can be increased by using them to distribute more brands.

**Enterprise digital commerce platform VTEX** suggests a need to address poor conversion rates with about seven in 10 digital shopping carts being abandoned (eight in 10 on mobile). As the cost of attracting digital traffic has increased, making customer acquisition more expensive, brands should also maximise revenues from more profitable existing customers. Looking at direct and organic recurring orders that do not require paid media and segmenting buyers to identify the most profitable groups can help. Leaning into communications designed for existing customers, personalisation, post-purchase engagement, first-party data collection and presence on the channels popular with the most valuable customers are important.

## Repeat Customers Drive Profits



This should be coupled with reliable inventory and order-management solutions that could otherwise undermine profitability. Marketers are advised to treat fulfilment as a core product, not an afterthought, unify and make transparent inventory across every channel, and tap into online marketplaces.

Read more in: [How to tackle the digital commerce profitability challenge](#), [The gravity of e-commerce: How e-commerce costs keep companies grounded, and what marketers can do about it](#) and [Show me the money: How marketing can help ecommerce shift from “profitless prosperity” to the Jerry Maguire era](#)

### 3. Successful digital commerce requires creating future demand as well as driving conversion

As brands increasingly pursue digital commerce and try to emulate the high growth of successful tech and start-up companies, they are switching focus to a shorter-term, performance-based approach. This risks companies ‘optimising themselves out of effectiveness’ as they efficiently convert all existing market demand with performance marketing targeted at people already in the market, then see their performance metrics decline as that demand is exhausted. To avoid this, most brands need to **balance performance marketing with brand-building to create future demand**. While start-ups can grow quickly through strong performance marketing to convert pre-existing demand, scaling up is much harder as pre-existing demand becomes exhausted. Mature brands grow most efficiently by focusing on sustaining existing demand and generating new demand.

A study into the role of brand in helping performance marketing to work harder for brands scaling up uncovered the importance of ‘**growth efficiency**’ – how efficiently a brand can generate sales growth going forward, measured via the ratio of sales uplift relative to ad spend increase. The study also found a positive correlation between brand awareness and growth efficiency – the higher the awareness, the much greater the growth efficiency. Brands are therefore advised to understand and monitor their growth efficiency and scale their brand awareness as they scale their performance marketing spend to maintain growth efficiency – and thus sustain profitable growth.

Future demand is created by standing out with engaging advertising and creating an emotional connection so new customers are aware of a brand and add it to their consideration set – making them more likely to respond to performance marketing when they are in the market. Brand-building to create future demand is built on **four drivers**:

- fame and mental availability (two linked concepts)

- recognition via distinctive brand assets
- perceptions of value built on brand associations, which help support pricing
- brand experience, which needs to match the brand promise.

In seeking to balance demand creation and conversion, brand need to put aside **outdated notions that traditional channels drive brand while digital channels drive performance**. As digital channels mature, and as traditional channels digitise, there will be more opportunities to build brands in what have been thought of as performance channels, and drive performance from brand-building work. Given these trends, brand-building (creative and media approaches that build future demand) and performance (conversion of demand) need to be planned together to leverage the connections between the two and maximise the impact.

Some suggest the need for '**creative commerce**' that breaks down the silos between creativity and commerce, and embeds brand experience into commerce and commerce into brand experience – in order to create a consistent total experience for the consumer that avoids reputational damage that can translate into poor sales. This requires new mindsets and approaches, such as marketing, brand, social, public relations and retail teams working as a connected brand experience team from the beginning.

*Read more in: **Creative commerce builds brand reputation – so why is it often an afterthought?**, **Growth efficiency: Marketing's existential metric**, **Rethinking brand for the rise of digital commerce**, **Does brand matter in digital commerce?** and **Do you need online ads to drive online sales?***

#### 4. To be effective in e-commerce, brands need to address the marketing basics

Effectiveness in the e-commerce age requires a **rethink of the 5 P marketing fundamentals** – product, pack and price, proposition, people and place – to see how they can flex for the online world. For example, brands such as **Mondelez** and **Hershey** are offering bigger packs and multi-buy options, at different price points, as they look to boost profitability out of online retail.

Delivery is now a **new 'moment of truth'** for online brands, with packaging a key touchpoint. The moment when the customer receives a package is an opportunity for a brand to showcase its creativity and enhance the brand experience. And unboxing is a moment that marketers can capitalise on.

Research into the psychology of online shopping found that **mental availability matters more than ever**. Online shopping is perceived as risky, even by risk-takers, but strong mental availability helps shoppers feel confident and in control. In **digital**, physical availability is arguably more important, since it requires breadth and depth of distribution as well as maximising presence and value at the point of sale. To be truly effective, a combination of traditional omnichannel retail strategies and new growth models such as voice, social, and visual commerce, including direct-to-consumer (DTC) approaches, is required. However, creativity is also critical to go beyond mental and physical availability to encompass **digital availability** – which capitalises not only on the functional aspects that help brands stand out (strong digital and retail media presence, great CX) but also the emotional features of a brand (its distinctive assets and how it engages).

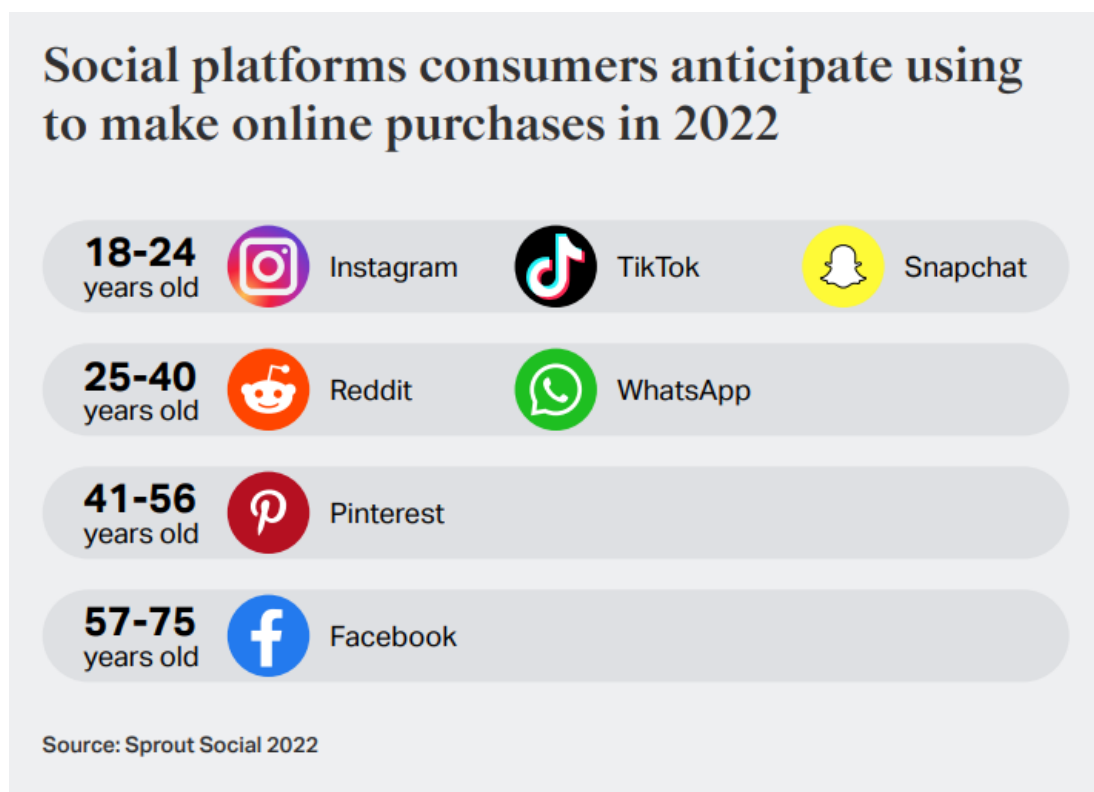
In addition to the basics, like visibility in search, brands should also prioritise influential factors like strong online reviews. A recent report by Google and The Behavioural Architects shows that **social proof** can influence consumer decision-making and therefore help win the 'digital shelf'. A study in the Journal of Consumer Behavior found social influence cues – such as showing high average star ratings that customers have awarded to products – **affected purchase decisions**. Furthermore, combining them with defaults – pre-selecting products for consumers to potentially buy – had an even stronger nudging effect. Getting on consumers' digital

shopping lists where goods are ordered on auto-pilot, or repeat, will be a key objective for online brands.

Read more in: [How brands grow today: Beyond mental and physical to ‘digital availability’ powered by creativity](#), [The WARC Guide to e-commerce and the future of effectiveness](#), [Something old, something new: What can brands do in e-commerce during this recession?](#) and [Delight at the doorstep: letterbox packaging – the new moment of truth](#)

## 5. Social commerce continues to thrive in Asia and is growing steadily elsewhere

Driven by high rates of mobile penetration and demographics with an affinity for social media, **social commerce is expected to reach \$660bn by 2025**, up from \$295bn in 2021. While only accounting for 4% of e-commerce sales in the US, it has been **booming for a number of years in Asia** with social commerce accounting for nearly half of e-commerce sales in Southeast Asia – where social media is the primary channel for new product discovery, consideration set building and product research. Content creators and influencers are a key channel for social commerce. Brand owners need to understand which mix of influencers or content creators and social platforms are best suited for their category and target market.



**Social commerce** is a complex set of interactions – more about the nature of the selling experience than the channel, not confined to just social platforms but can take place around and adjacent to them (including offline), inherently nonlinear purchase journeys, and incorporating interactive features like ‘live shopping’ and ‘conversational commerce’ or ‘virtual clienting’. This is particularly true in the pioneering markets of APAC where superapps incorporate social interactions at every step of the customer journey.

To capitalise on social commerce, brands are advised to do **five things**:

- Create better mobile social commerce experiences, especially on mobile-specific social media platforms



- Become more visually driven, relatable and authentic so content stands out from fast-rolling mobile news feeds - and encourages shoppers to click to find out more and then buy
- Build trust and consumer confidence with online experiences which demonstrate the clear value – and security – of browsing and shopping via social channels
- Test and measure the effectiveness of any investment instead of, and as well as, in-store promotion
- Constantly optimise the continually evolving customer journey to reflect online behaviour

Read more in: [Lessons from APAC: What can we learn from Asia's social commerce strategy? and The Future of Digital Commerce: Part of the Marketer's Toolkit 2023](#)

## 6. In Asia, livestream video is at the forefront of shoppable media growth

**Livestreaming** is an e-commerce format and marketing and sales method. It integrates live product demonstrations, live Q&As, time-limited price promotions, live negotiations, and instant ordering through online streaming services hosted either by an influencer studio, or online store. Interactive features allow viewers to click on items to discover more information, add to basket and complete a purchase. Formats include interactive 'hotspots'; 'buy it now' overlays; direct in-cart integration; and connections to e-commerce platforms.

Livestreaming as an e-commerce format has been **booming in China** since the beginning of 2020, accelerated by store closures and consumers spending more time at home due to the COVID-19 crisis. According to BCG, **30% of consumers said they were shopping more via short-form video platforms like TikTok and via livestreams like Kuaishou** - and that they would continue to do so. The number of livestreaming users reached **560 million in China as of March 2020**, representing 62% of the country's total number of internet users. Livestreamed commerce is **predicted to generate \$400bn in revenue in 2022**.

Livestreaming has also taken off in other countries. For example, a **GWI** study found that nearly half (45%) of internet users in India said they frequently watch livestreams by influencers. Of these, 83% said they were likely to buy products from influencers they follow. Following its rise in popularity, media owners, including Meta, Amazon, TikTok and YouTube, introduced in-app shoppable livestream capabilities. While Facebook and TikTok have since scaled back their plans, perhaps reflecting the nature of their audiences and platforms, **Instagram and YouTube** look set to have more success.

Brands that host livestream events have reported **conversion rates up to 30%** – up to 10 times higher than in traditional e-commerce. But while livestreaming is focused on driving short-term sales, it can enable improved marketing efficiency by **combining brand marketing and performance marketing**. To do so it needs to be viewed as content not just sales. While Chinese consumers say the main reasons for attending livestreams are “instant coupons, irresistible gifts and discounts”, inspiring, educational and helpful content is appreciated - research has found that well-appreciated content has a 72% correlation with a better perception of a retail brand.

Livestreaming **effectiveness** is impacted by the platform – high liveness and high shoppability are best – and the creator who hosts it. As with traditional advertising, attitudes towards the host, actual content and accurate targeting are important. Creators can use the following strategies to boost the shoppability of the live advertising session beyond choosing an ideal platform:

- select a congruent brand or product that fits
- undergo host training
- present the product in an effective way

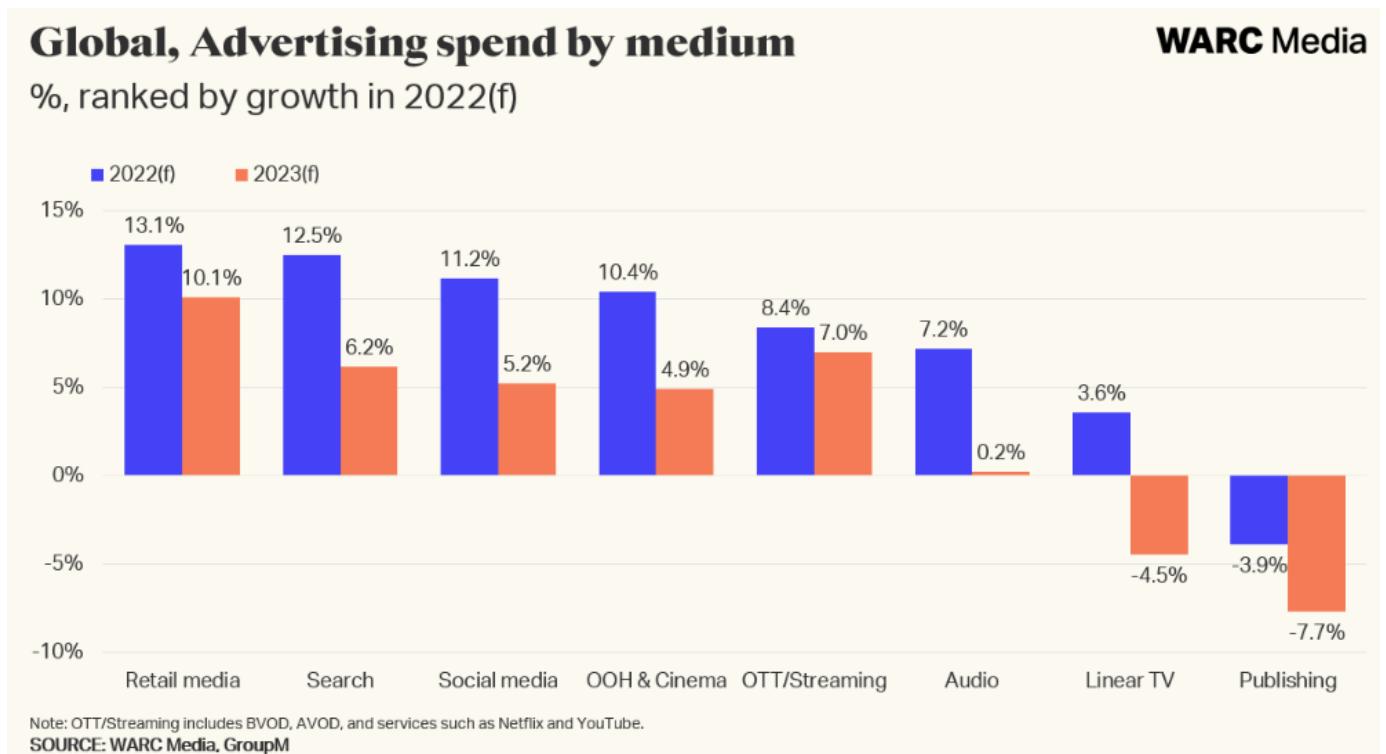
- facilitate post-advertising purchase
- do not just advertise, look at the greater good.

Livestreaming is becoming **increasingly popular in Western markets**. American retailer Walmart has embraced live selling and hosted shoppable livestreaming events across TikTok and Twitter, increasing their social followers by 25%. The **US** livestream market is expected to have reached \$32bn in 2023. A McKinsey & Co. study reports that livestream conversion rates are at 30% – 10 times higher than traditional e-commerce – and that livestream events generate high brand awareness and are best for getting people to try new products. There are also success stories in Europe, such as Swedish brand CAIA Cosmetics which hosted a livestream makeover with the brand’s founder, resulting in a 5% conversion rate - far higher than the website’s rate.

Read more in: [Everything you need to know about livestream selling in the West: What’s working, what’s wonky and who’s winning](#), [The WARC Guide to shoppable media](#), [Strategies for Effective Live Advertising](#) and [The WARC Guide to e-commerce and the future of effectiveness](#)

## 7. Retail media is a fast-growing channel

Global retail media investment is forecast to reach \$128.3bn in 2023, up 10.2% year on year, and rising to \$141.7bn next year, according to WARC forecasts. Retail media has achieved double-digit growth every year since 2014, and from 2019 to 2022 – during which the pandemic **propelled the growth** of online shopping and e-commerce investment – it saw its ad spend more than double. Amazon occupies more than four-fifths (87.8%) of the market outside of China, on WARC estimates, and is forecast to earn \$45.4bn in ad revenue this year per WARC Media. Its 20.4% year-on-year ad revenue will see Amazon supplant Alibaba as the world’s largest retail media owner this year.



Omnichannel retailers like **Target, Walmart, Kroger** and **CVS** in the US and Sainsbury’s and Ocado in the UK – as well as non-retailers like Door Dash and Uber, which have their own traffic and purchase data – have also become advertising and media destinations by ramping up their e-commerce capabilities and developing



their **retail media** offerings, which tend to be similar to performance marketing on other online platforms. Furthermore, in November 2022, **a new partnership was announced between Publicis and Carrefour** to create a retail media network in Europe and Latin America.

Retail media offers a variety of native formats which direct shoppers to click on a product page or store within the retailer's site. The channel provides valuable targeting capabilities using each retailer's own shopper data. Turning shopper behavioural data into actionable insights to share with brands will be the foundation for retail media networks looking to lock in long-term brand relationships. This requires major analytic horsepower so, maybe unsurprisingly, Amazon is at the forefront of effectiveness measurement capabilities.

*Read more in: [Global Ad Trends: Retail media's path to consolidation](#), [The Rise of Retail Media – and what this means for brands](#) and [The Future of Digital Commerce: Part of the Marketer's Toolkit 2023](#)*

## **8. As e-commerce grows, organisations are restructuring**

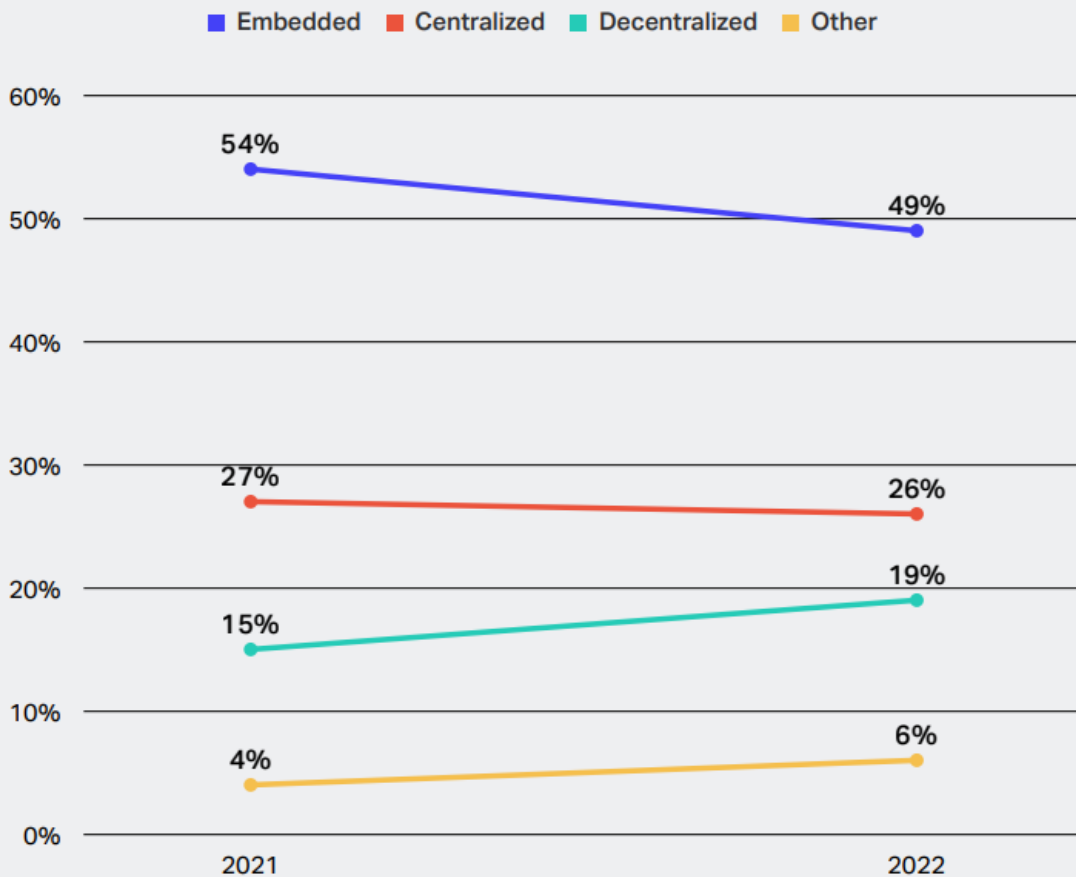
According to a Profitero report, companies commonly organise around three structures:

1. The *embedded model* where e-commerce practitioners are spread across each team to provide perspective to the rest of the company
2. The *decentralised model*, in which all layers of the organisation are involved in the development and integration of e-commerce into the business
3. And the *centralised model* where all members of the e-commerce team operate within one specialised group.

More brands are shifting to a more “decentralised” approach, incorporating e-commerce across their organisations rather than having separate silos.

# Which best describes the structure of your e-commerce team?

(% of brands surveyed)



Source: 2022 Comm organizational benchmarking report, Profitero

Teams on the brand side are pulling talent from across the sales and marketing spectrum to meet the evolving challenges of e-commerce. The key to success is blending brand marketers and digital commerce leaders into one team with aligned goals and a common set of metrics.

Read more in: [The Future of Digital Commerce: Part of the Marketer's Toolkit 2023](#)

## 9. Distinctive assets can help brands stand out in a cluttered e-commerce environment

The range of options online makes it challenging for brands to cut through the clutter and make a sale. Plentiful, distracting, mental and physical clutter takes away concentration capabilities and visual faculties, making any one particular brand hard to find. 'Shopping Distinctive Assets' – such as brand logo, colour and design – act as brand beacons for buyers, creating easy recognition in crowded digital shopping environments. These assets are created in advertising, but their raison d'être is to help the brand 'pop during the shop'.

A study by Professor Jenni Romaniuk at the Ehrenberg-Bass Institute confirms the importance of 'distinctive brand assets' in online shopping environments. The research focused on banking apps on smartphone screens

and sought to identify why brands stood out. It confirms the importance of prior knowledge to recognition, and the importance of 'distinctive brand assets', at times when the brand's name may not be visible.



Brands are advised to:

- Develop the right 'shopping' distinctive assets according to the type of environments the brand will be displayed in
- Marry together branding and design to use the brands' distinctive assets in a way that is visually appealing
- Images are more powerful than words, so prioritise them, particularly if you are a smaller brand with fewer users and lower awareness

Read more in: [Sink or soar? Standing out in the e-commerce world](#)

## 10. Mobile commerce should be frictionless, personalised and focused on creating regularity

According to Bloomreach research, **direct site traffic accounts for the majority of mobile commerce traffic**, taking a four-fifths share in Europe and North America, so the website experience is fundamental to success. **Deloitte Digital** research into brand mobile site data showed that a mere 0.1-second improvement in load time can influence every step of the user journey, ultimately increasing conversion rates. Conversions grew by 8% for retail sites and by 10% for travel sites on average. With a 0.1s improvement in site speed, retail consumers spent almost 10% more.

**Starbucks China** used app-based communication and digital ecosystem development to maintain customer acquisition and engagement during the COVID-19 pandemic. It rolled out a succession of online retail experiences, such as Starbucks Now and Starbucks Delivers, which include mobile orders, tracking, payment, loyalty and e-gifting. In Q1 2020, mobile orders in China accounted for 15% of Starbucks' total revenue, up 10% from the previous quarter.

Mobile-first e-commerce platform Joom offers **five lessons in launching an effective mobile commerce experience** from scratch:

1. *Start with the product and test to get it right.* Instant gratification is key, so fewer clicks and frictionless checkout are vital.
2. *Make the product experience as personalised as possible.* As the mobile screen can only show limited options, using machine learning to understand users and personalise their experience is critical. Supporting multiple languages is also important.
3. *Aim to increase lifetime value* rather than average order value. Increase the frequency with which customers browse to discover products by finding out what the triggers are that will keep them coming back.
4. *Harness user-generated content at scale* to keep people returning to the platform. Encourage the creation of authentic and credible product reviews which use rich content like photos, videos and detailed text descriptions. The volume of reviews is more important than the score – even products with lower scores are purchased more than those without any.
5. *Identify and reward your ‘power users’.* Joom created a special section for these ‘power users’ called the Bloggers Exchange, where they can connect with merchants who want them to review products. For the platform, the key benefit is the content the ‘power users’ create, as it provides users with a reason to check the app more regularly.

Read more in: [Milliseconds make millions: A study on how improvements in mobile site speed positively affect a brand’s bottom line](#), [Four factors in China that contributed to faster mobilisation and recovery against COVID-19](#) and [Launching and scaling a mobile-first e-commerce start-up](#)

## 11. Shoppable media requires a new approach to creative, tech and influencers

Where previously e-commerce was utilitarian and functional, users are growing accustomed to more immersive and interactive experiences. While hygiene factors such as free delivery remain pivotal to e-commerce success, shoppers are increasingly influenced by content. GWI found that 29% of online buyers globally would be **encouraged to make a purchase if the shopping experience is “entertaining”**, while 24% could be swayed by a live product demo. Hence the growing importance of **shoppable media** blurs the boundaries between entertainment and shopping.

Success requires a new approach which blends storytelling with the type of messaging likely to trigger an immediate conversion. The future of e-commerce lies not in a destination-centric strategy which puts the focus on online stores, apps and email, but rather a **moment-centric** one. This means a new approach to e-commerce technology, to seamlessly operate multiple ‘front-ends’ – an Alexa skill, a Facebook store or a TikTok video – and provide a native, contextually-relevant experience for users of each digital platform. Until in-app checkout becomes a common feature of all social platforms, brands should strive to maintain a feeling of seamlessness for shoppers – even if the back-end integration is not completely smooth.

Influencers will play a pivotal role in helping consumers discover products and brands to sell them on social media. This will help marketers to directly attribute sales to influencer marketing. However, effectiveness is dependent on the influencers selected to take part. Particularly when it comes to livestreaming, the **influencer will ideally combine mainstream appeal with a passionate following**. The **rise of shoppable media** on social platforms will bring some positive changes for brands. For instance, influencers’ followers will come to expect shoppability in content. Brands aligned to an influencer’s interest and expertise may also benefit from

shortening the steps to conversion.

Read more in: [The WARC Guide to shoppable media](#) and [How to thrive in the era of social commerce](#)

## 12. Community commerce is an emerging opportunity

Community commerce is at the intersection of creator content, community and traditional social commerce. It involves entertaining, compelling content that just happens to feature brands. It is authentic, creator-driven, word-of-mouth marketing that can engage audiences as they congregate around particular interests, trending hashtags or creative stories. Creative content enables product discovery and opportunity for immediate, seamless conversion, even for unplanned purchases, with the community driving engagement and social proofing in a way that stimulates decision-making. While they can create their own communities, for most brands content creators play a vital role as they boost product discovery (78%), educate and inform (76%), and inspire their audiences to try new products (73%). Brands will need to build a meaningful relationship with creators, allowing them the freedom to express the unique, authentic voices their followers expect while making a brand relatable in a way that is true to the platform.

Read more in: [From discovery to purchase: The role of community commerce](#)

## 13. Brands need the right search strategies to maximise e-commerce potential

Historically, search use has been focused on bottom-of-the-funnel keywords close to conversion. However, it also has a role to play earlier in the journey in driving visibility and consideration as consumers research, explore and evaluate options ahead of purchase. This involves embracing generic keywords as well as brand terms.

It is suggested approximately 15-20% of search budgets should go to branded terms. A '**Defend, Expand, Build**' strategy can:

- defend established brands by ensuring customers searching for the brand will be given every opportunity to convert with minimal distraction from competitive offers
- expand brands by upselling and/or cross-selling to non-core offerings such as new items, regimens, line extensions, or even more profitable pack sizes
- build brand discovery through high-quality and optimised brand and product content.

Another behaviour that has increased during the pandemic is the use of a variety of platforms for visual search, as consumers seek inspiration. By embracing **visual search** brands can:

- collapse the conversion process, taking the consumer from image to purchase in seconds
- be retail-ready on visual platforms like Pinterest and Instagram
- enable consumers to search more effectively, particularly when they don't know the name of the item they're looking for.
- increase sales through increased conversion and conversion value.

Read more in: [The new rules of search](#), [Search strategies for customer retention on e-commerce platforms](#) and [Visual search: The perfect partner for e-commerce](#)

## 14. Winning instore increasingly requires winning online first

Currently, successful brands need to face up to three key challenges created by the shift to e-commerce. Firstly, it is causing the retail shelf to shrink – the digital shelf on desktop only displays 6-12 SKUs for consideration, the mobile shelf only 2-3 SKUs and the voice-assisted shelf only 1 SKU. So despite the virtual aisle with millions of choices, the nature of the digital shelf is one of greater curation, personalisation and recommendation to limit choice and drive conversion – if a national brand is not winning there, it ultimately ceases to exist to the shopper. Secondly, e-commerce has enabled the rise of multiple kinds of challenger brand competition to national brands – DTC and digitally-native brands, speciality channel brands, private label and retailer exclusive brands – as well as giving agile smaller brands a new route to growth. Thirdly, digital leadership increasingly influences instore stocking decisions. So winning online with strategic retailer partners will give national brands the greatest competitive edge to not only capture disproportionate share of growth in the #1 growth channel, but also in the omnichannel marketplace as retailers make increasingly difficult decisions about what they carry in their physical stores.

To be successful in e-commerce, particularly on Amazon, brands should consider ten principles:

- Promote strategically with bundles or unique items rather than price reduction which can erode pricing and profitability long-term
- Invest in subscription programmes that promote loyalty as the positives outweigh the costs
- Prioritise online retailer order fulfilment because being out of stock in e-commerce is much more damaging
- Prioritise investment in category keyword search rather than branded terms as it is more likely to produce incremental business
- Focus on increasing engagement through improved content on the display page – rather than SEO – to increase conversion which in turn drives better search outcomes
- Treat consumer reviews with the utmost respect
- Protect the brand equity by monitoring pricing and enforcing pricing policies
- Consumer demand, not price incentives, drives increased retailer demand
- Retailers value post-promotional lift rather than in-event ROI in evaluating the success of a promotion – and so should brands
- The incrementality of e-commerce is hard to measure but is the leading indicator of long-term omnichannel success

Read more in: [Three challenges brands need to overcome in e-commerce](#) and [Ten ways brands can crack the Amazon code](#)

## More on this topic

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The WARC Podcast: [The collision of brand and e-commerce](#)

The WARC Podcast: [3 in 15: Shoppable media](#)

WARC Category Intelligence: [What's working in Retail 2023](#)

## Further reading

Euromonitor Strategy Briefings: [The online grocery landscape of the US](#)

Euromonitor Strategy Briefings: [Unpacking the e-commerce strategies of Kenvue, Nestlé and Unilever](#)

Euromonitor Strategy Briefings: [Top five digital consumer trends in 2023](#)

[Gen Z, AR and influencers: 10 trends shaping social commerce in 2024](#)

[Retail media and e-commerce: Marketing trends for 2024](#)

[Tomorrow's Commerce 2024](#)

[How to take advantage of the 'fourth wave of e-commerce'](#)

[Shaping e-commerce experiences for luxury brands](#)

[Strong brand awareness tracks with higher "growth efficiency" on Amazon](#)

[How to understand new buyers and lifetime value using Amazon insights](#)

**Tracking “new-to-brand” consumers can help drive growth on Amazon**

**Instacart’s strategy for acquiring (and keeping) online grocery customers**

**Why Walmart.com needs more than a “copy and paste” strategy**

**How brands can optimize content on Target.com**

**Mobile commerce expands while social experiences slower growth**

**Mobile, social help power digital commerce growth**

**So what’s behind Pinduoduo’s rapid growth in China e-commerce?**

**Marketplace to watch: Temu (and key takeaways for CPG brands)**

**Spotlight India: The transition for social media users: From social networking to social commerce**

**Riding India’s e-commerce wave to grow brand reach and accessibility**

**Seven ways to improve the online shopping experience**

**Wrangling with returns: Making the process painless**

**Brands must focus on effectiveness, not just completeness, with ecommerce product pages**

**Tips for optimizing video on e-commerce platforms**

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