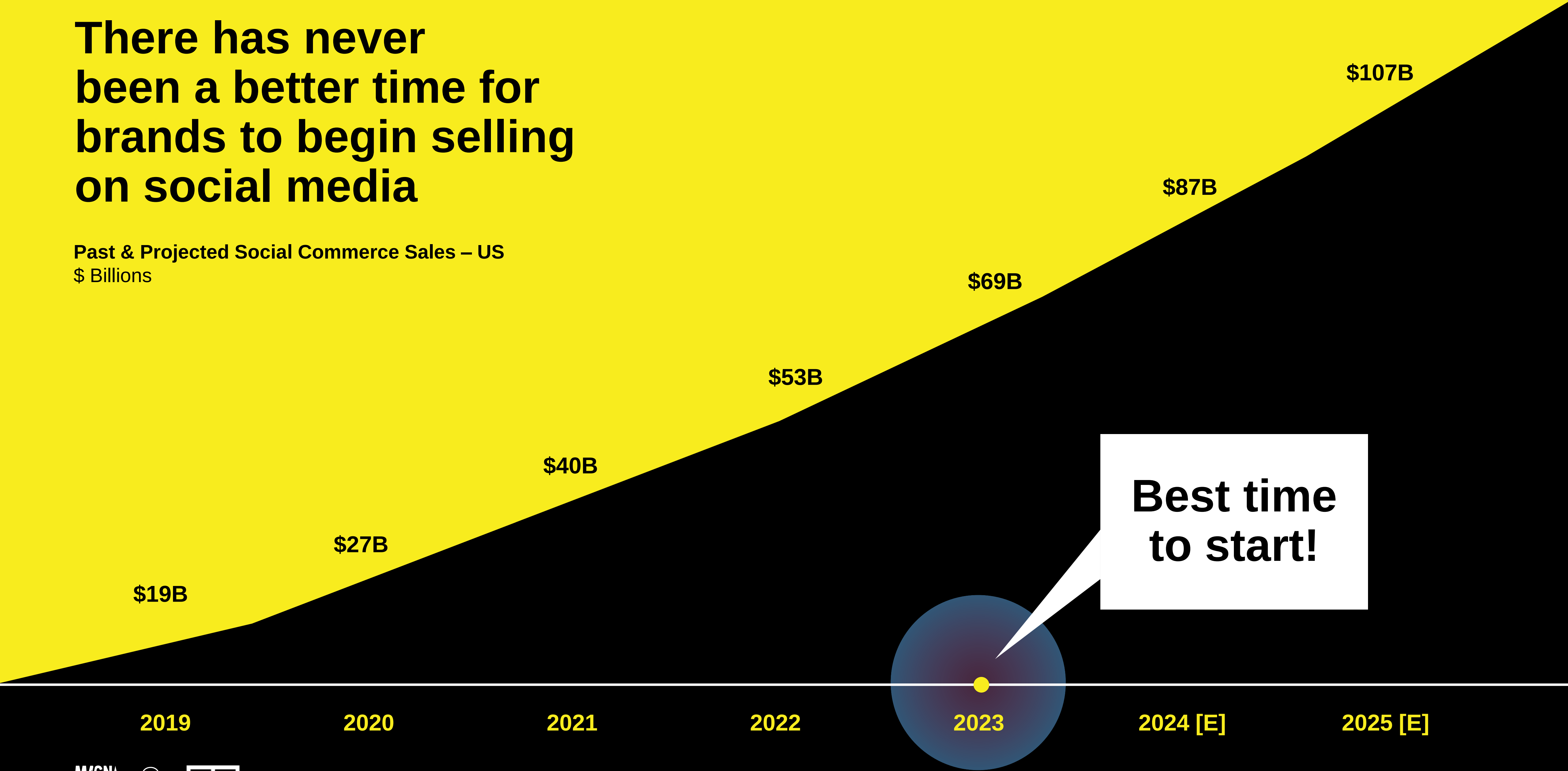
What does the future of social commerce entail?

MAGNA MEDIA TRIALS

REPRISE COMMERCE

There has never been a better time for brands to begin selling on social media

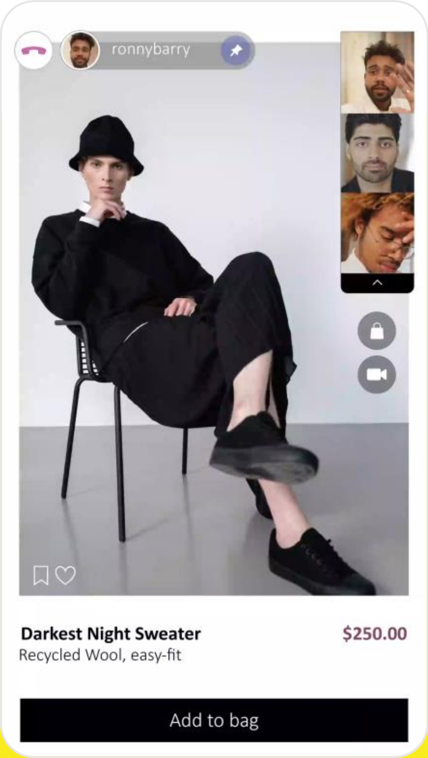
Past & Projected Social Commerce Sales – US
$ Billions



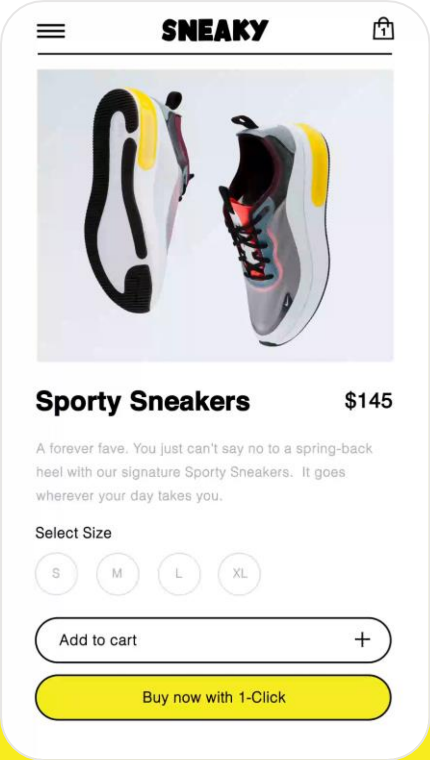
Source: eMarketer, July 2022
Note: Includes products or services ordered via social networks and messaging apps regardless of the method of payment or fulfillment; excludes travel and event tickets, tips, subscriptions, payments, such as bill pay, taxes, or money transfers, food services and drinking place sales, gambling and other vice goods sales

Advancements in technology raise questions about what exactly the future of social commerce will entail

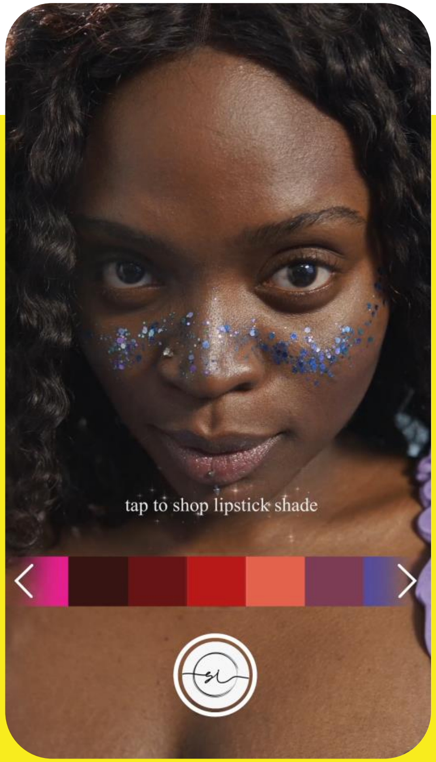
Shoppable buttons



Virtual shopping groups



Single click purchase



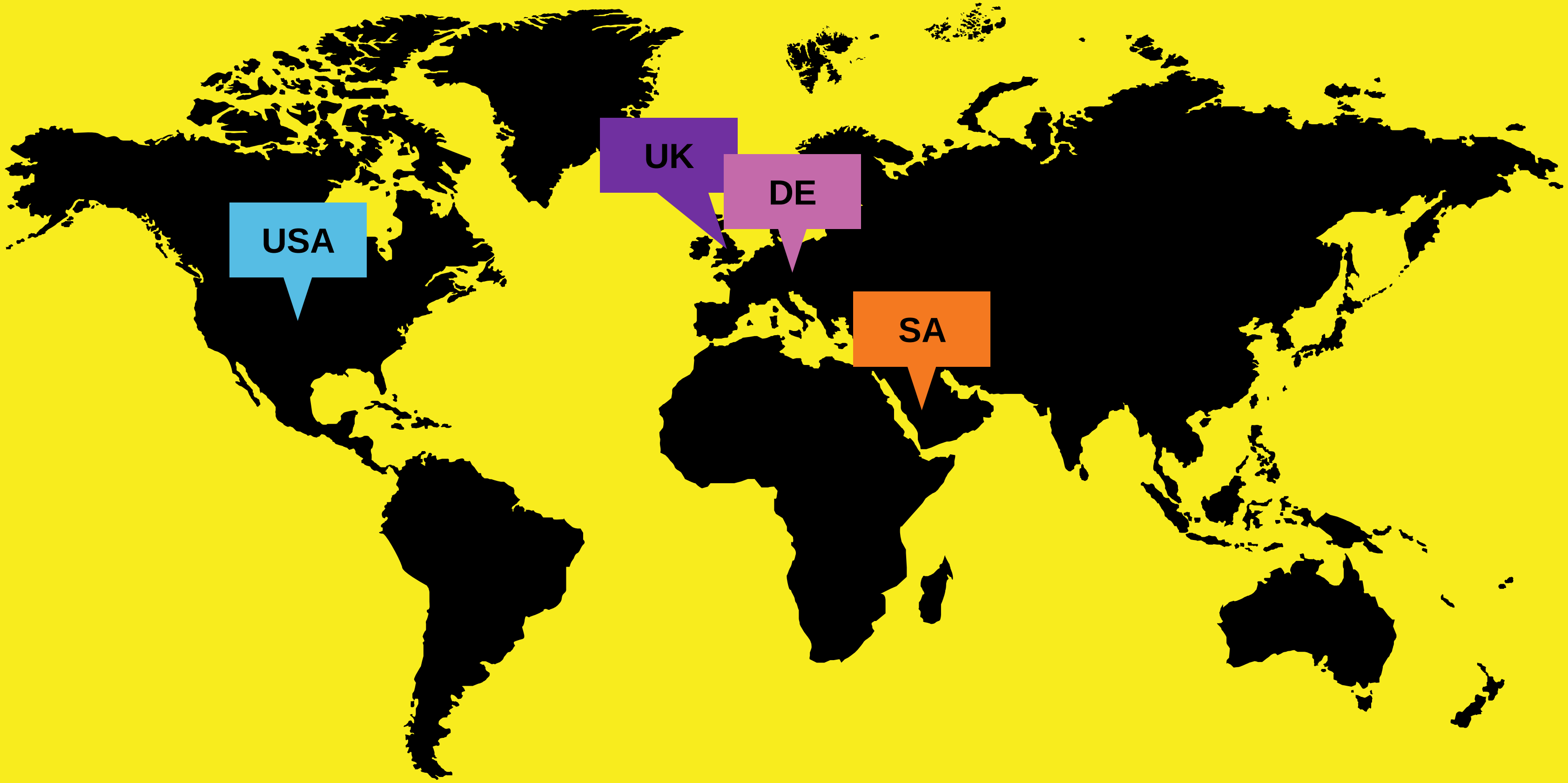
Augmented Reality

Ultimately, the future won't be driven by technology alone - It will also be driven by consumer needs and behaviors

Ran Experiments To Uncover…

1. Consumer needs related to online shopping
2. Identify online shopping trends and patterns to understand the future of commerce

Tested In 4 Countries:



The approach

QUAL

What
Focus Groups

Who

- ❑ Focus Groups (Total n=25)
  - 5 focus groups
  - 1 hr. each
  - Social media users + online shoppers*
- ❑ Representative across generations and gender
- ❑ Market:

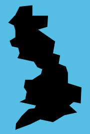
QUANT

What
Online Survey

Who

- ❑ Online surveys (Total n=8000, n=2000 per market)
  - Social media users** n=6000
  - Snapchat Booster*** n=2000
- ❑ Nationally representative online panel
- ❑ Markets:

United States 

United Kingdom 

Saudi Arabia 

Germany 

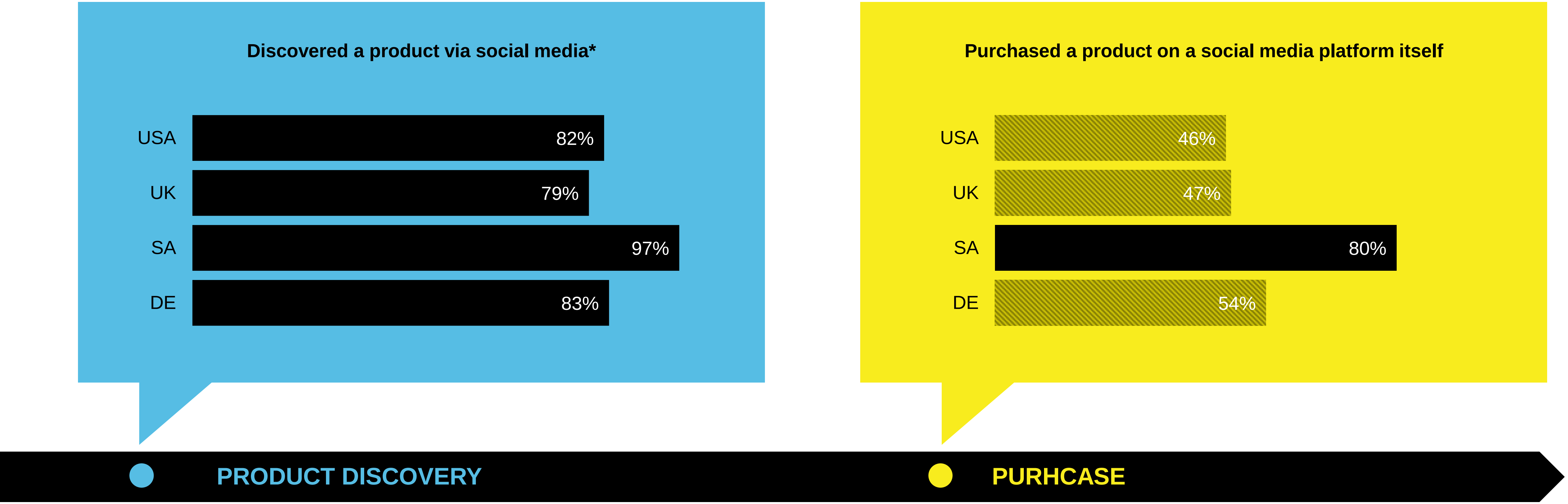
MAGNA MEDIA TRIALS REPRISE COMMERCE

*Social media users + online shoppers include those who use social media at least once a week and have purchased something online in the last 6 months
**Social media users include those who use social media at least once a month
*** Snapchat booster includes those who use snapchat at least once a month

Table of Contents

Social media platforms play a significant role in the purchase journey

Past behavior on social media - % Yes



Social media users only; USA N= 1,531; UK N=1515; SA N= 1,505; DE N=1,585
Survey Q: Which of the following have you done when shopping on social media?
*Net score of 'Discovered a product via social media and purchased via the brand's website later' and Discovered a product via social media and instantly clicked through to the website to make a purchase

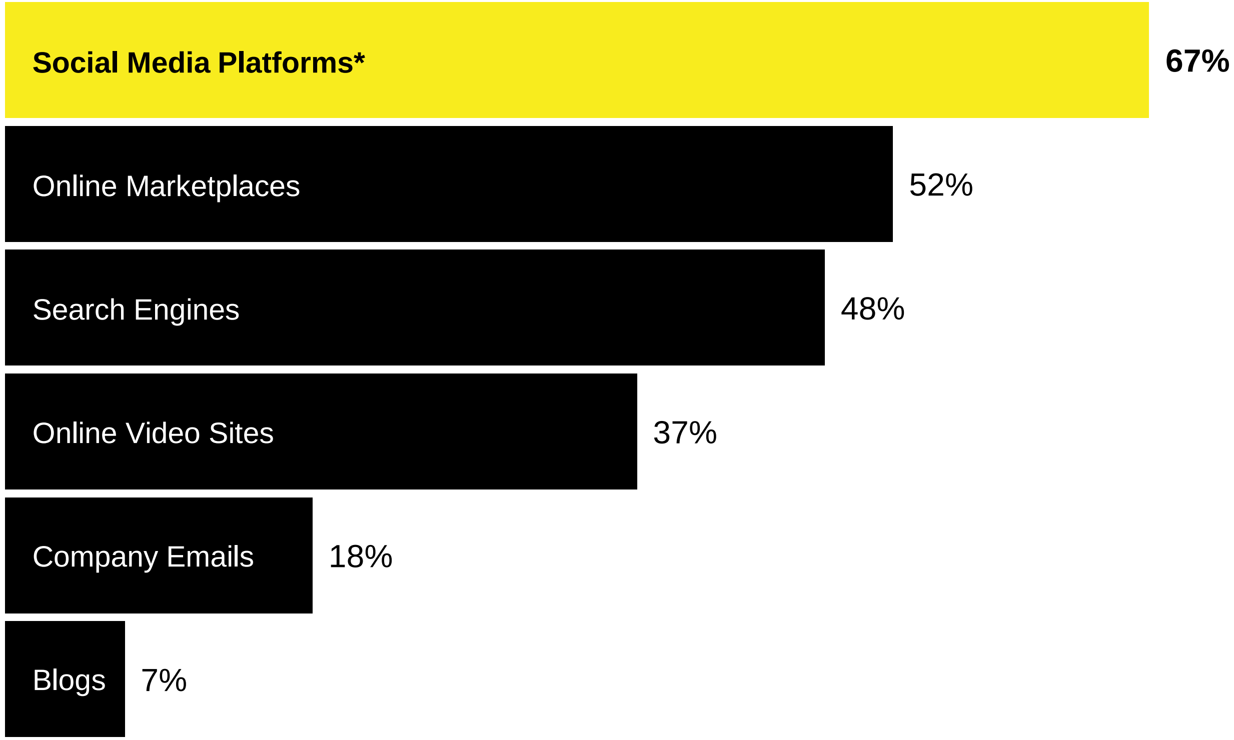
Social media platforms will continue to serve as a top mode for product discovery

Social media platforms are already the most popular source for product discovery

“ [**Social media**] definitely influences what I purchase. Like I might see something on my [social media account] … where I'm like, oh I really like that pair of boots …”

Amanda C, A24

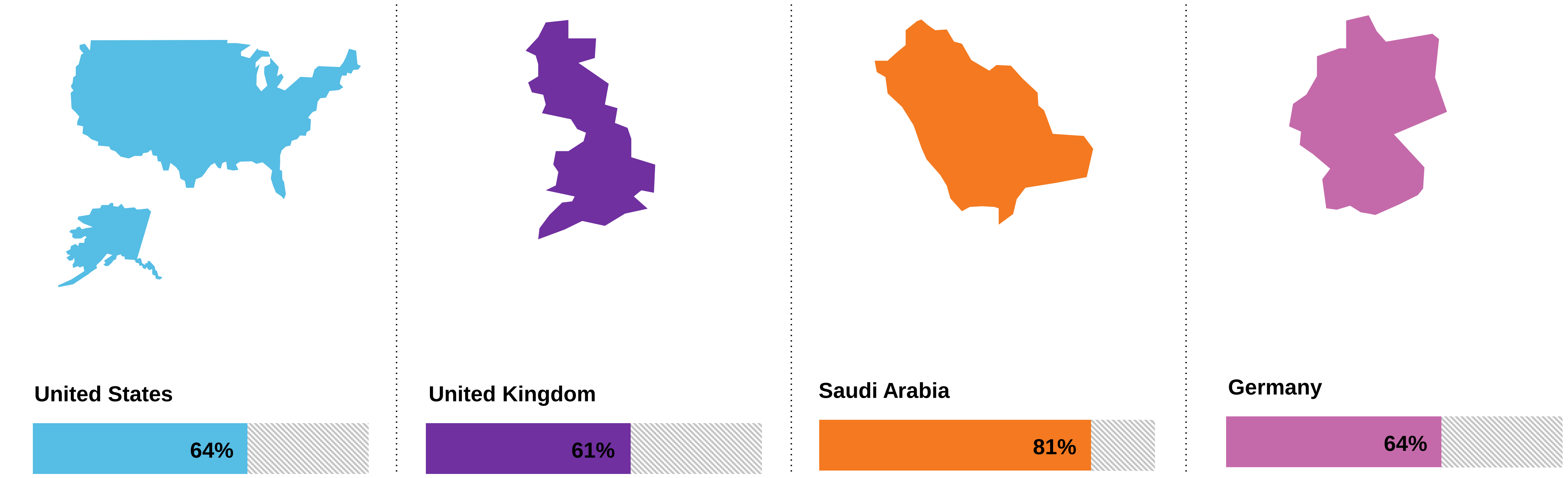
Top 3 online sources for product discovery - % Selected



Social media users only, N= 6,136
Survey Q: What are the top 3 sources you use to discover new products online?
*Net Score for social media platforms includes, recommendations from friends/family on social media platforms, ads/sponsored posts from brands on social media platforms, influencers you follow on social media platforms

All markets prefer social media platforms for product discovery, especially Saudi Arabia

Top online source for product discovery
- % Net Score of those who use social media to discover new products*

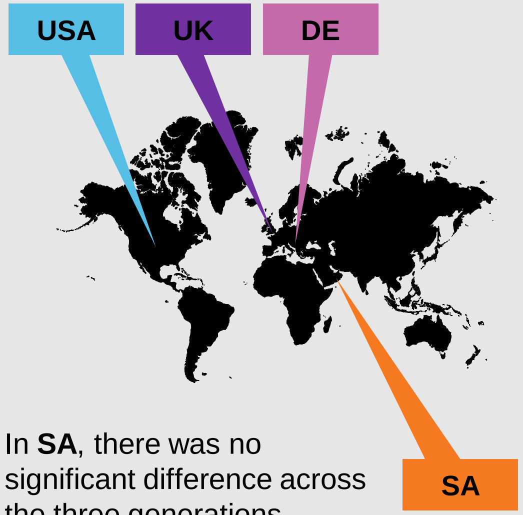


Social media users only; USA N= 1,531; UK N=1515; SA N= 1,505; DE N=1,585
Survey Q: What are the top 3 sources you use to discover new products online?
*Net Score for social media includes, recommendations from friends/family on social media, ads/sponsored posts from brands on social media, influencers you follow on social media

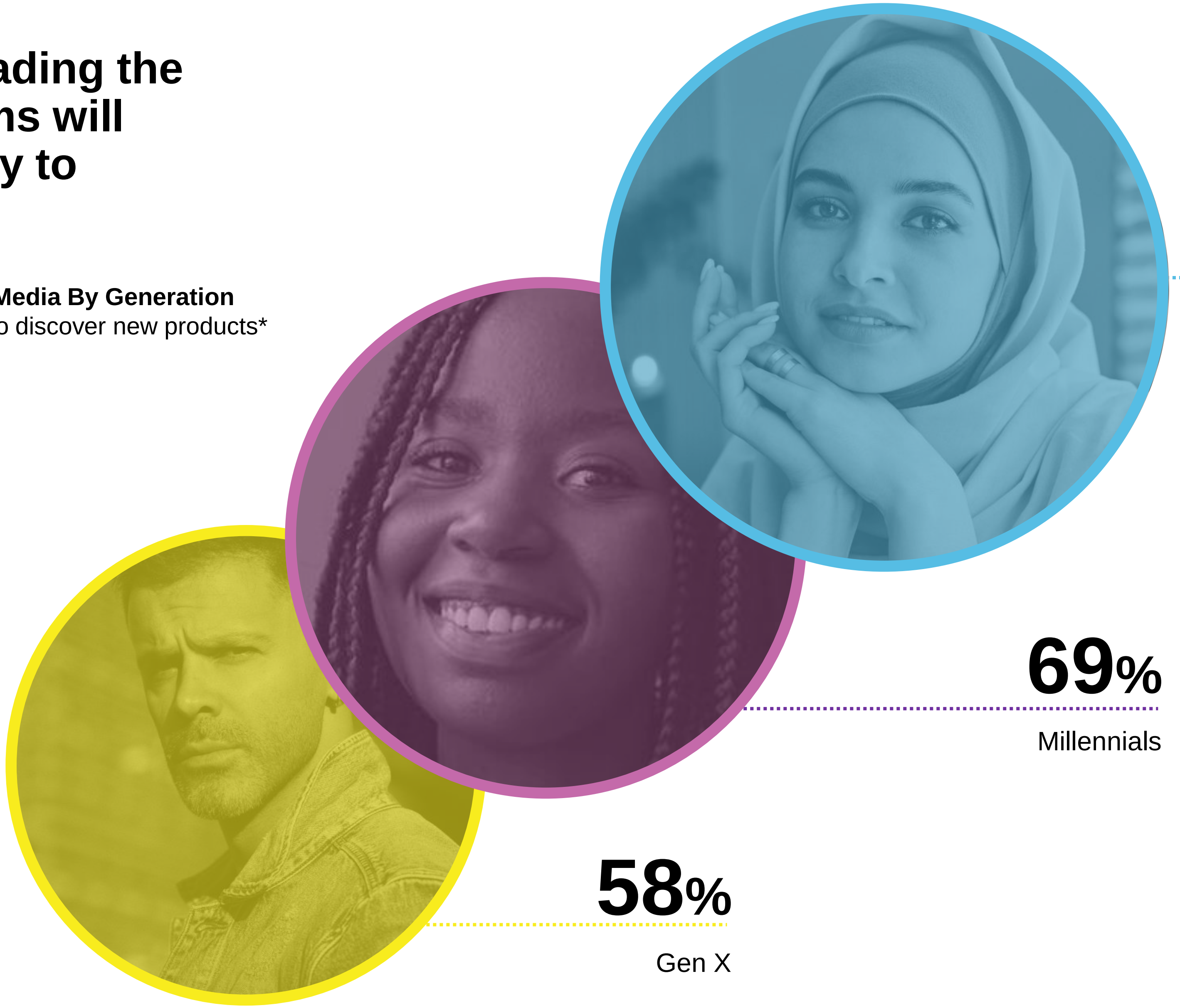
With younger generations leading the charge, social media platforms will continue to grow as a top way to discover new products

Top 3 online sources for product discovery - Social Media By Generation
- % Net Score of those who use social media platforms to discover new products*

Similar trend in ____



In **SA**, there was no significant difference across the three generations



72%
Gen Z

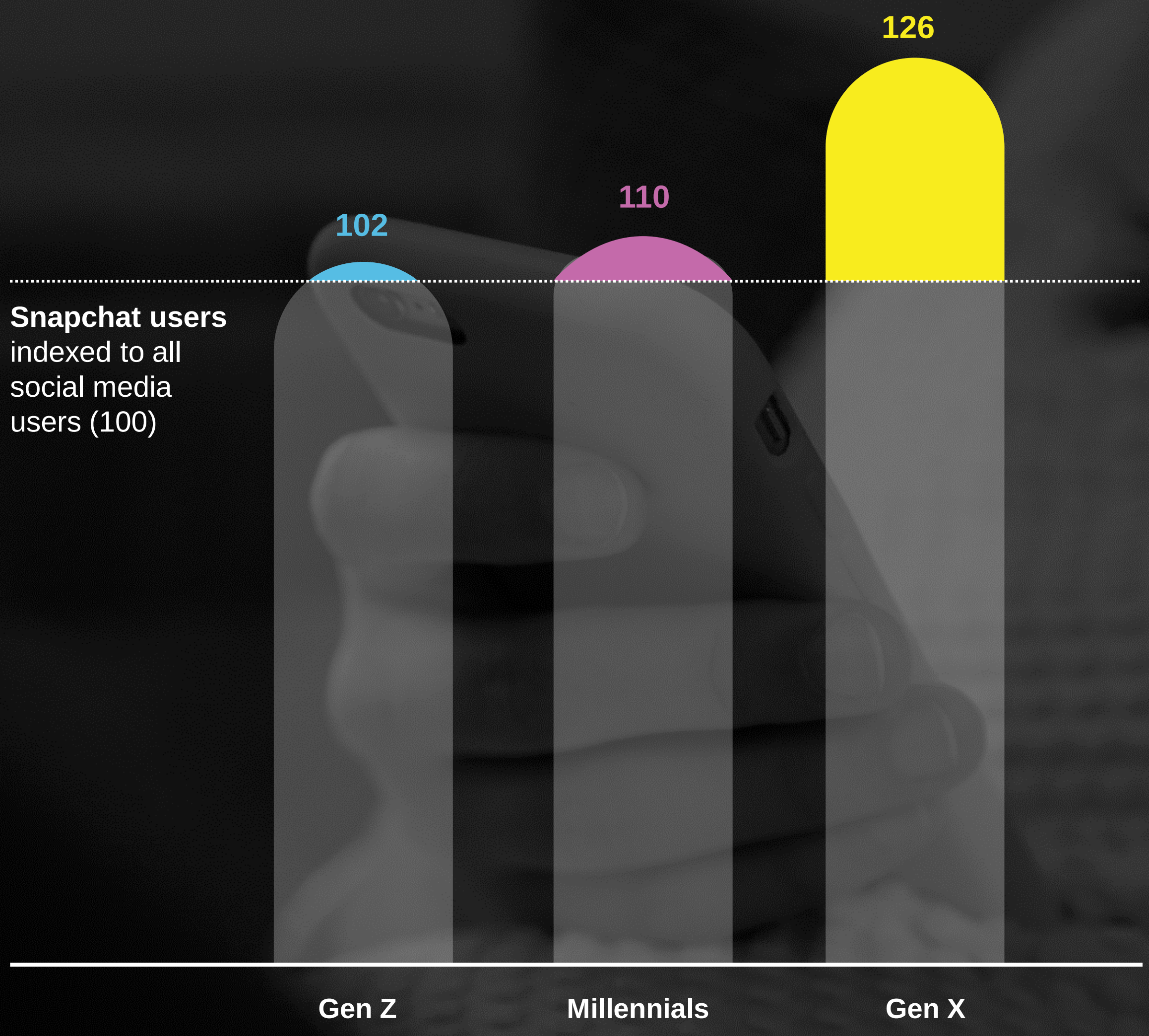
69%
Millennials

58%
Gen X

Social media users only, Gen Z N= 1,166; Millennials N=3,876; Gen X n= 1,094
Survey Q: What are the top 3 sources you use to discover new products online?
*Net Score for social media includes, recommendations from friends/family on social media, ads/sponsored posts from brands on social media, influencers you follow on social media

Snap-chatters are even more reliant on social media platforms for product discovery

Top 3 online sources for product discovery by Generation
Indexed - % Net Score of those who use social media platforms to discover new products*

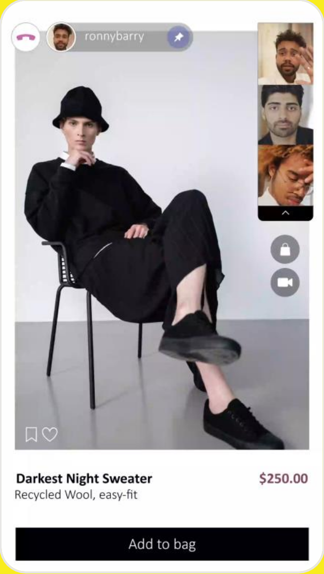


Social media users only, Gen Z N= 1,166; Millennials N=3,876; Gen X n= 1,094
Those who use Snapchat once a month or more often, Gen Z N= 1,376; Millennials N=4,023; Gen X n= 757
Survey Q: What are the top 3 sources you use to discover new products online?
*Net Score for social media includes, recommendations from friends/family on social media, ads/sponsored posts from brands on social media, influencers you follow on social media

Invest in social shopping features to simplify product discovery

Likelihood to use following social shopping features in the future
% Very/ Somewhat Likely

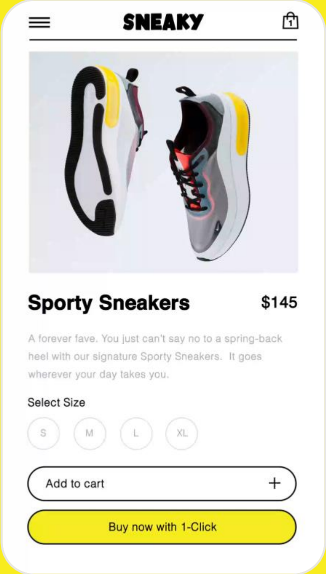
Shopping Tabs
72%



Virtual Shopping Groups
60%

Integrative AR
56%

Discover Tab
67%



Shoppable Buttons
70%

Augmented Reality
64%

Social media users only, N= 6,136
Survey Q: If social media platforms offered the following shopping features in the future, how likely would you be to take advantage of them?

The future of influence starts within one's own social network

While influencers serve as a resource, nothing beats the people you know in real life

"But I think if my… close friends and my family… somehow made some sort of mechanism that showed what they were buying or that they were happy with it or made a review on it, then I would trust it and potentially buy it. "

Darren S, A43

Likely to turn to ____ for…
- % Very/ Somewhat Likely

Recommendations

Inspiration

Social media users only, N= 6,136
Q: Regarding shopping on social media, how likely are you to turn to the following for product recommendations?
Q: Thinking more specifically about shopping on social media, how likely are you to turn to the following for inspiration when shopping?

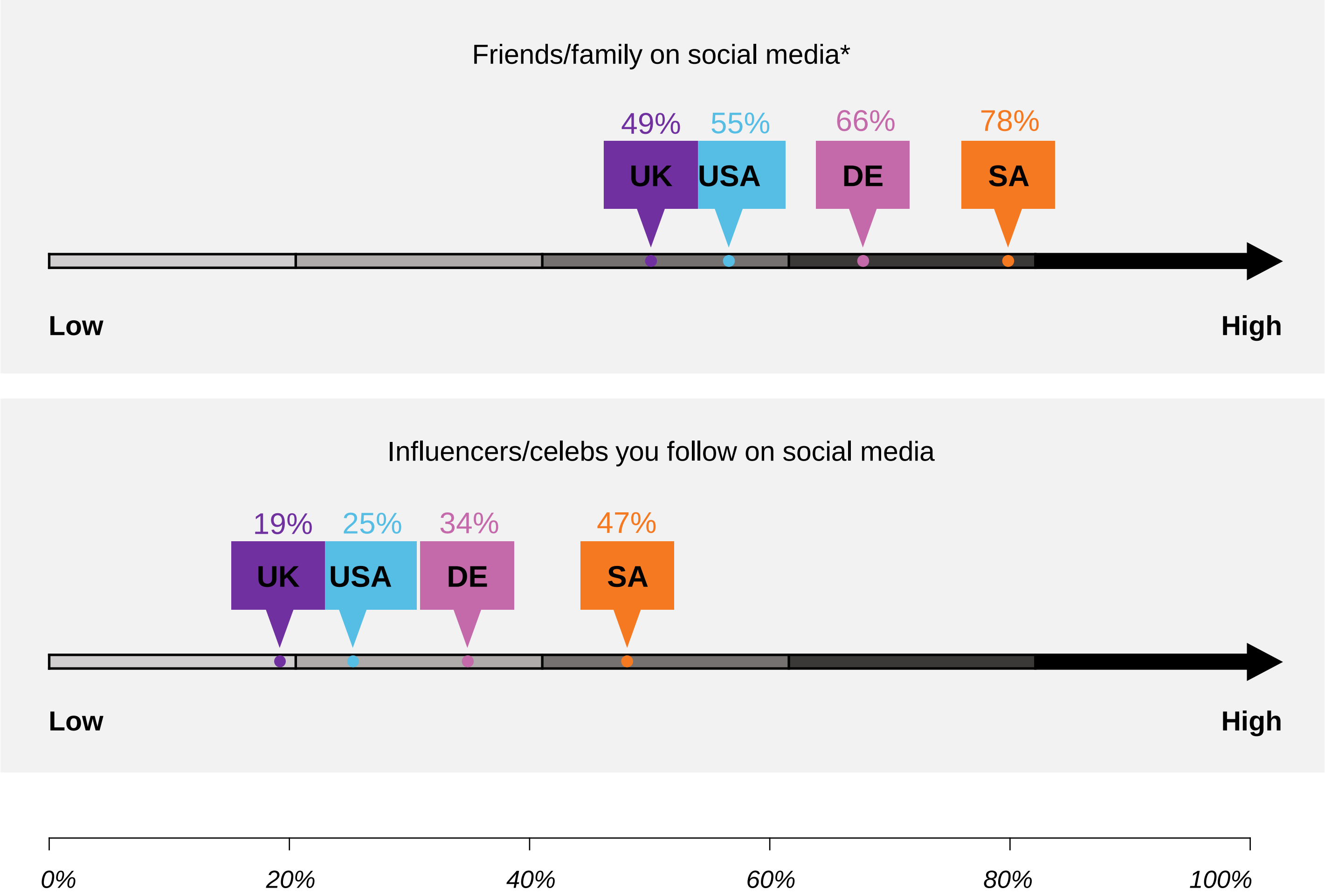
Across the globe, the final decision is powered by one’s own social network

Customers want to feel informed and confident in their purchase – they trust opinions of close friends and family most when it comes to shortlisting and final decisions

“When it's shared by someone you know, it feels more likely that they actually believe in the products.... I think it lends some credibility to the claim”

Ashley V, A32

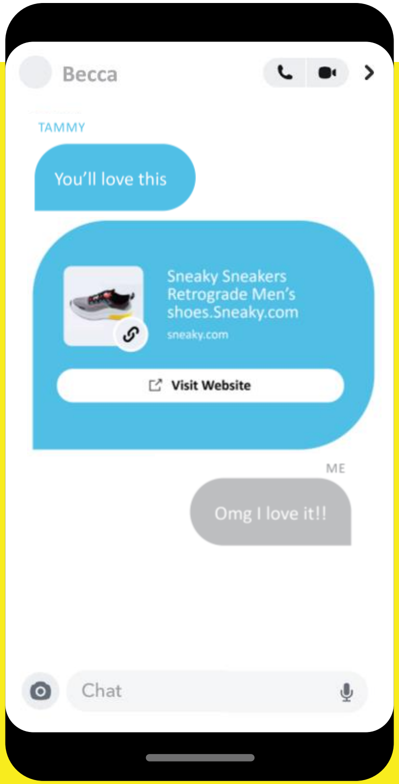
Factors valued when making a purchase decision - % Selected ‘High Value’



Social media users only; USA N= 1,531; UK N=1515; SA N= 1,505; DE N=1,585
Survey Q: Imagine you are considering a purchase, how much value would you place on the following when making a final decision?
* Includes recommendations from friends/family in personal chat & Products you see on friends/family members’ social media profile (% Net Score

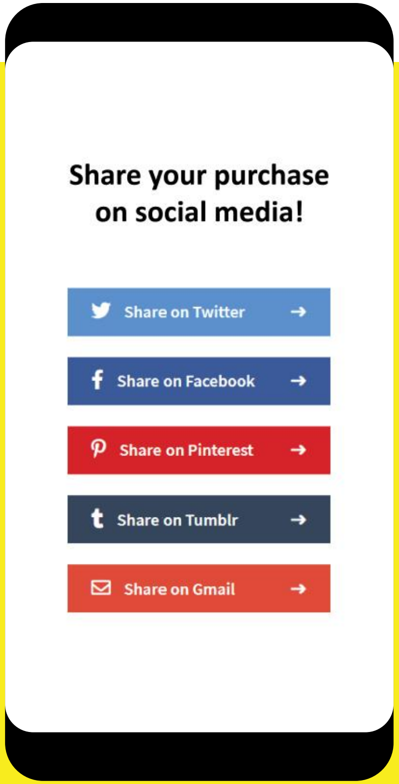
Explore tools that enable conversations with friends/family on social media platforms

Likelihood of using the following ‘peer to peer sharing’ social media features
- % Very/Somewhat Likely



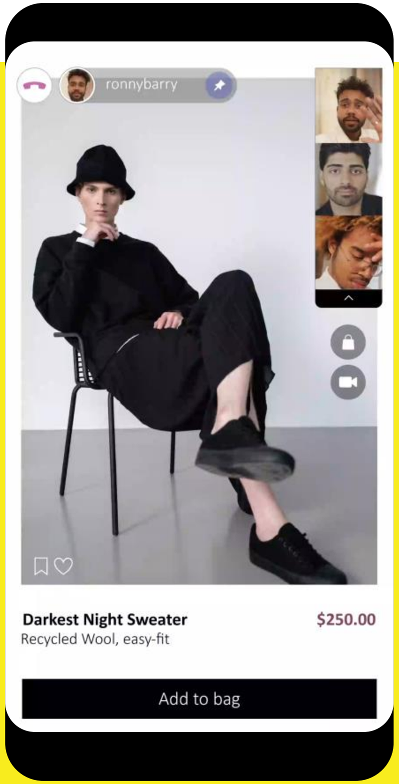
69%

Get direct links to purchase products shared with you in chat by friends/family



64%

Share your recent purchase in chats with friends/family



56%

Virtual shopping parties with friends/family

Social media users only, N= 8,188
Survey Q: How likely would you be to take advantage of the following features if offered on social media platforms?

Social media has the power to collapse the purchase journey

We tested different shopping journeys

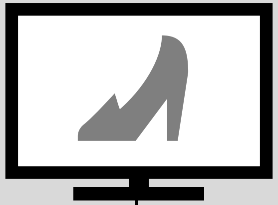
5 SHOPPING JOURNEYS

N=8,000

Each person answered Qs related to one journey

Traditional Shopping Journey

Discover product on social media/TV



- Like product
- Search for it online
- Go to brand website
- Purchase

Social Shopping Journey

Friend Recommendation: See a product rec from your friend in chat on social media

Friend's Post: See a product mention in friend's social post/story

Influencer's Post: See a product mention in an influencers social post

Sponsored Post: See a product in a sponsored brand post on social media

- Like product
- Click on link
- Purchase

MAGNA MEDIA TRIALS REPRISE COMMERCE

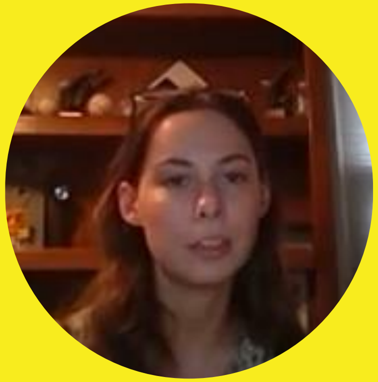
Everyone agrees – the traditional shopping journey is <u>more complicated</u>

The shopping journey <u>feels complicated</u>
- % Strongly/Somewhat Agree

Gen Z finds the 'Traditional shopping journey' around 2X more complicated than 'Social shopping journey'

Social media users only, Gen Z N= 1,166; Millennials N=3,876; Gen X n= 1,094
Survey Q: How much do you agree or disagree with the following as they relate to the scenario you just saw/read?

Social shopping smooths the purchase journey

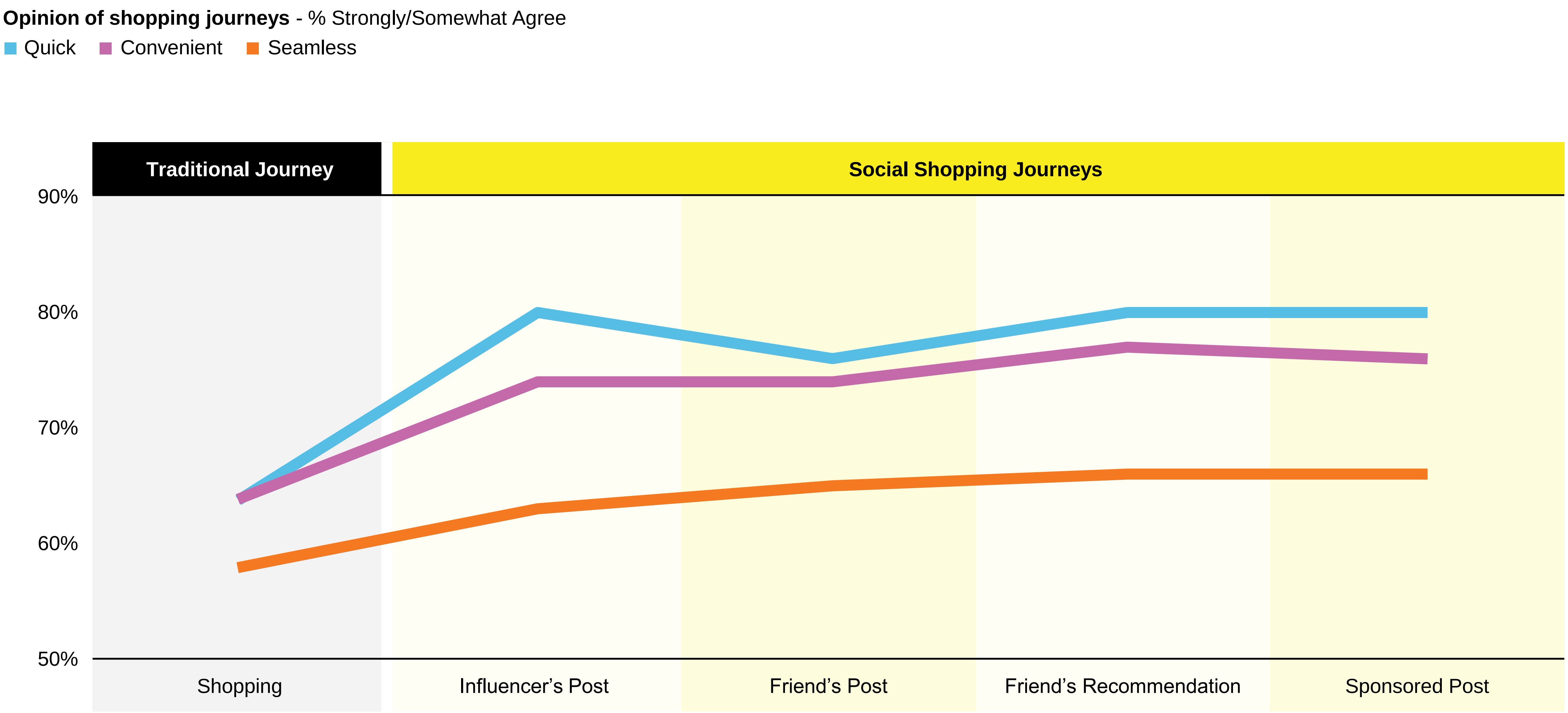


"Being able to… click links out from there… is …my most common way to be influenced from social media. "

Amanda C, A24

Social media users only, N= 6,136
Survey Q: How much do you agree or disagree with the following as they relate to the scenario you just saw/read?
↑: Statistically significant differences between groups at 90% significance

Any path to purchase on social beats the traditional



Social media users only, Traditional scenario N=1,192; Influencer's post N=1,173; Friend's post N=1,237; Friend's recommendation n=1,275; Sponsored post N=1,259
Survey Q: How much do you agree or disagree with the following as they relate to the scenario you just saw/read?
↑: Statistically significant differences between groups at 90% significance

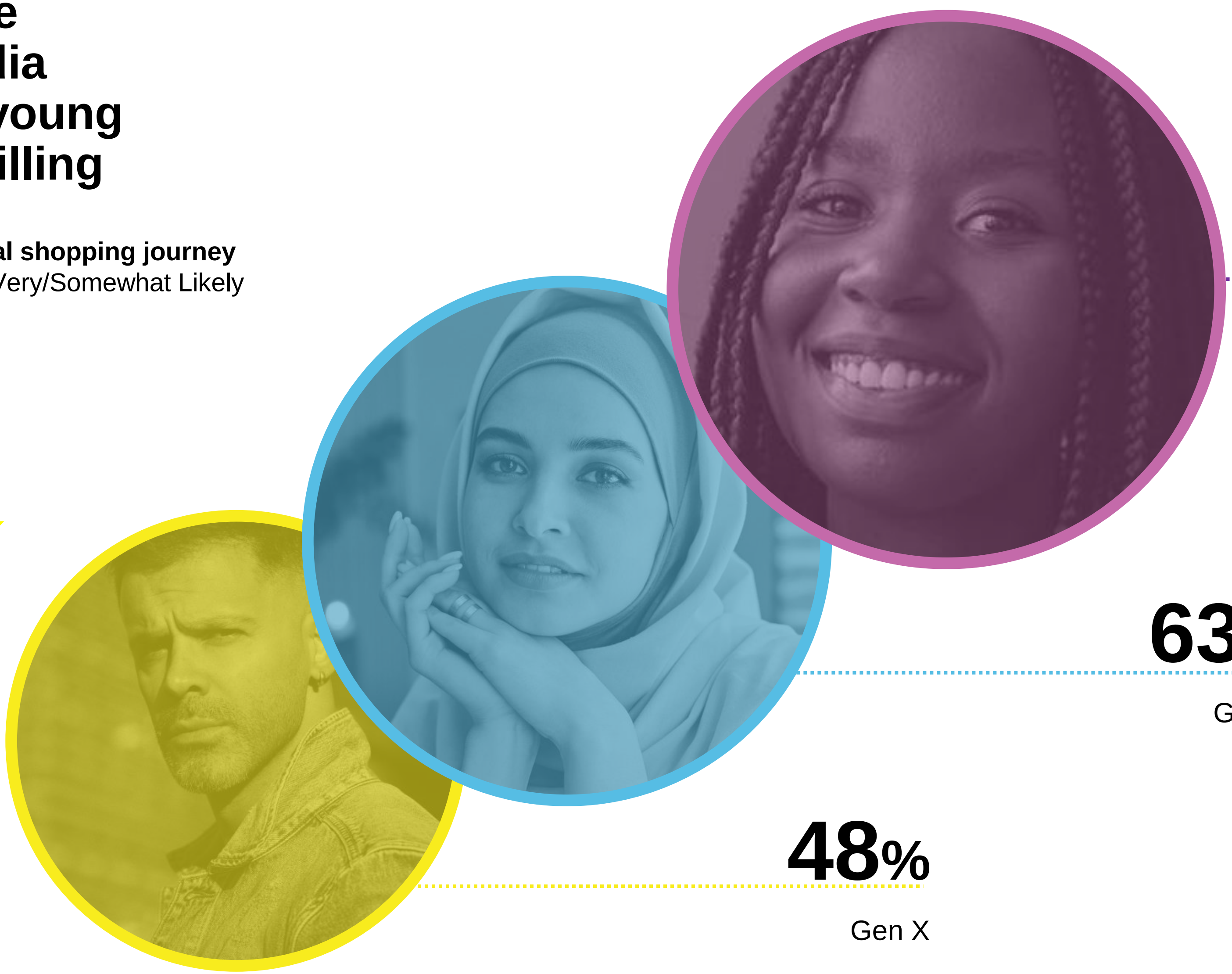
Openness to making the purchase on social media platforms is universal, young people are especially willing

Those likely to make a purchase via a social shopping journey
- Average of all social shopping journeys - % Very/Somewhat Likely

60%

are likely to make a purchase using a social shopping route

79% Snapchat users are likely to make a purchase using a social media route



69%
Millennials

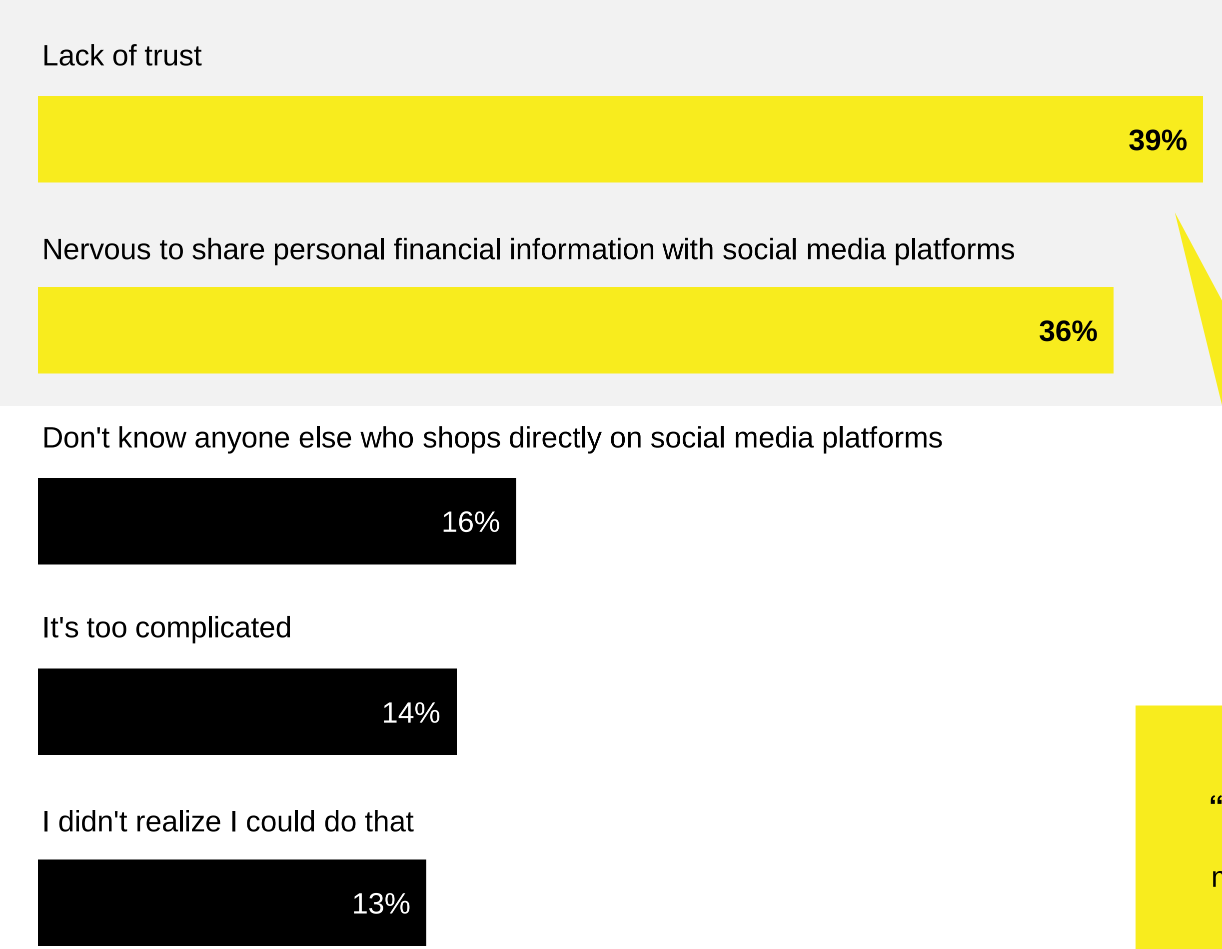
63%
Gen Z

48%
Gen X

Social media users only, Gen Z N= 1,166; Millennials N=3,876; Gen X n= 1,094
Those who use Snapchat once a month or more often, N= 6,136
Survey Q: Next, we'd like to show you a hypothetical scenario to see how you feel about it. Imagine you are in the following situation...[scenario Text]Considering this, how likely would you be to 'purchase' the product?

Adding layers of security will help amplify adoption

Barriers for purchase on social media platforms - % Selected

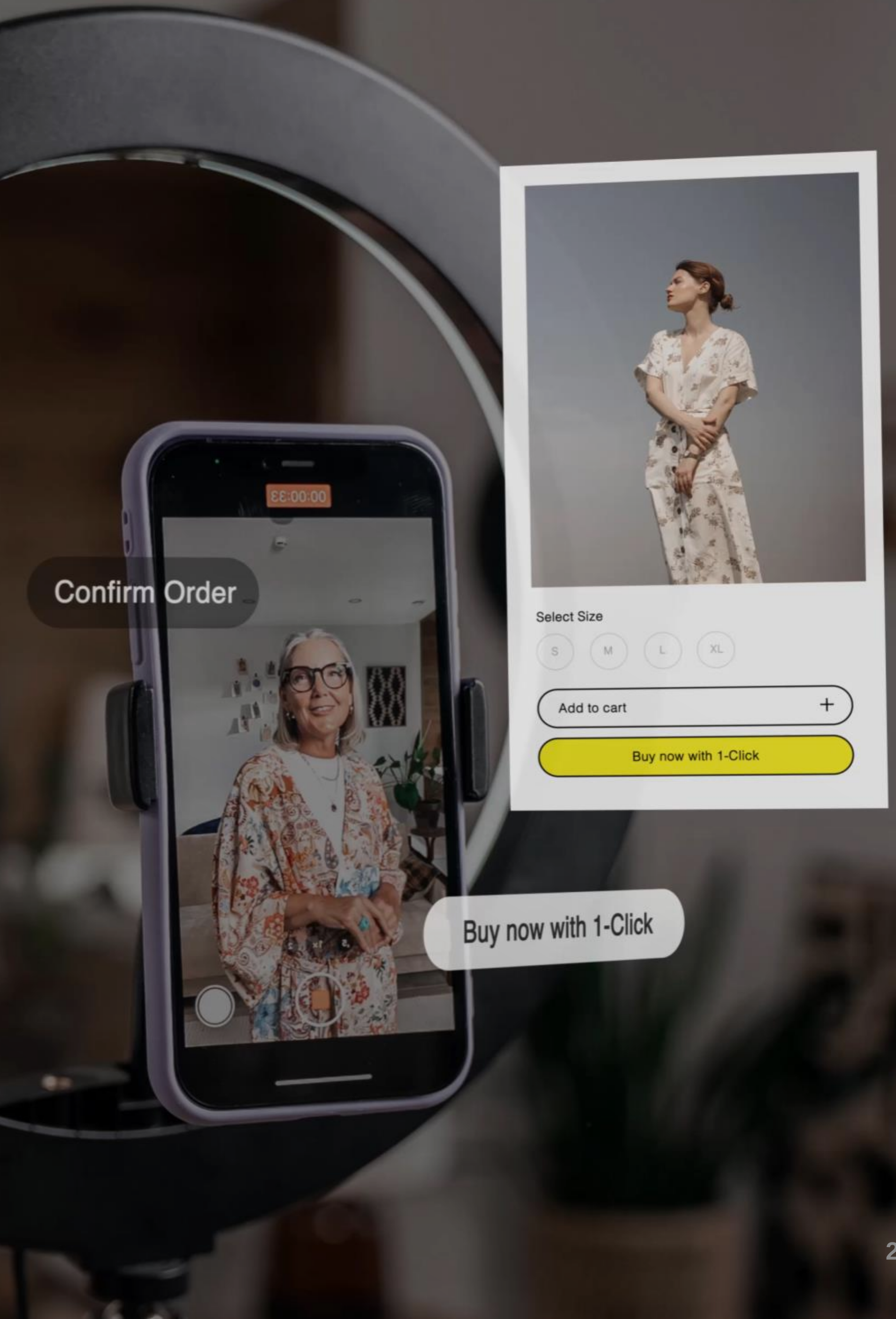


Saw a **similar trend** across all 4 markets

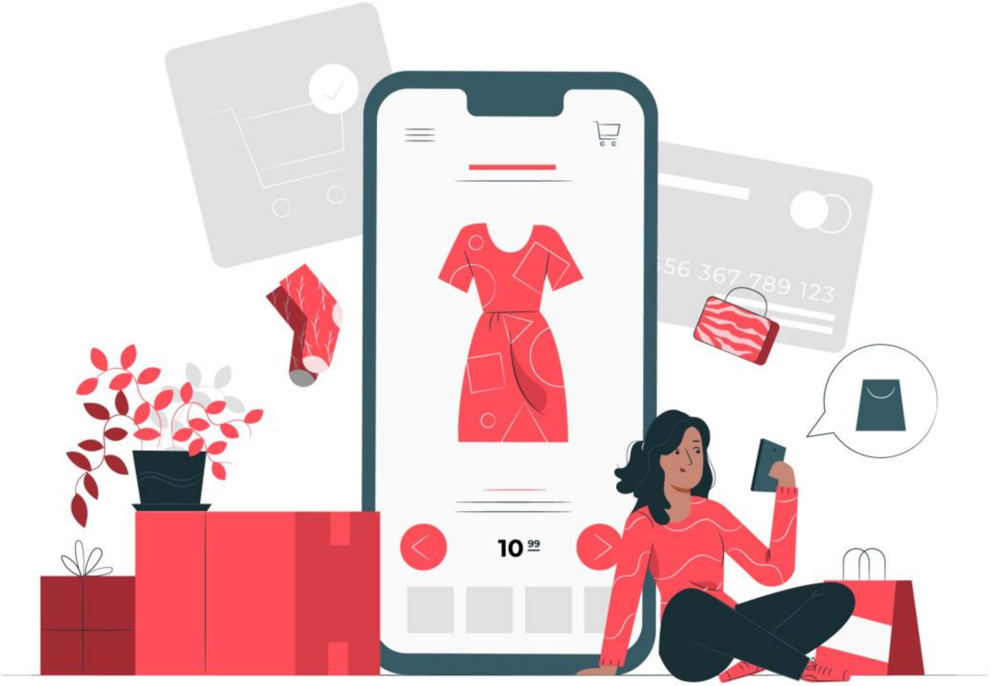
"Lack of trust' could include the brand itself, the social media platform, social media in general, etc.

Social media users only, N= 6,136
Survey Q: You mentioned that you have not yet purchased a product directly on social media. Which of the following best describes why?

Social commerce will provide a direct path to DTC



Brands have the power to drive DTC



92%

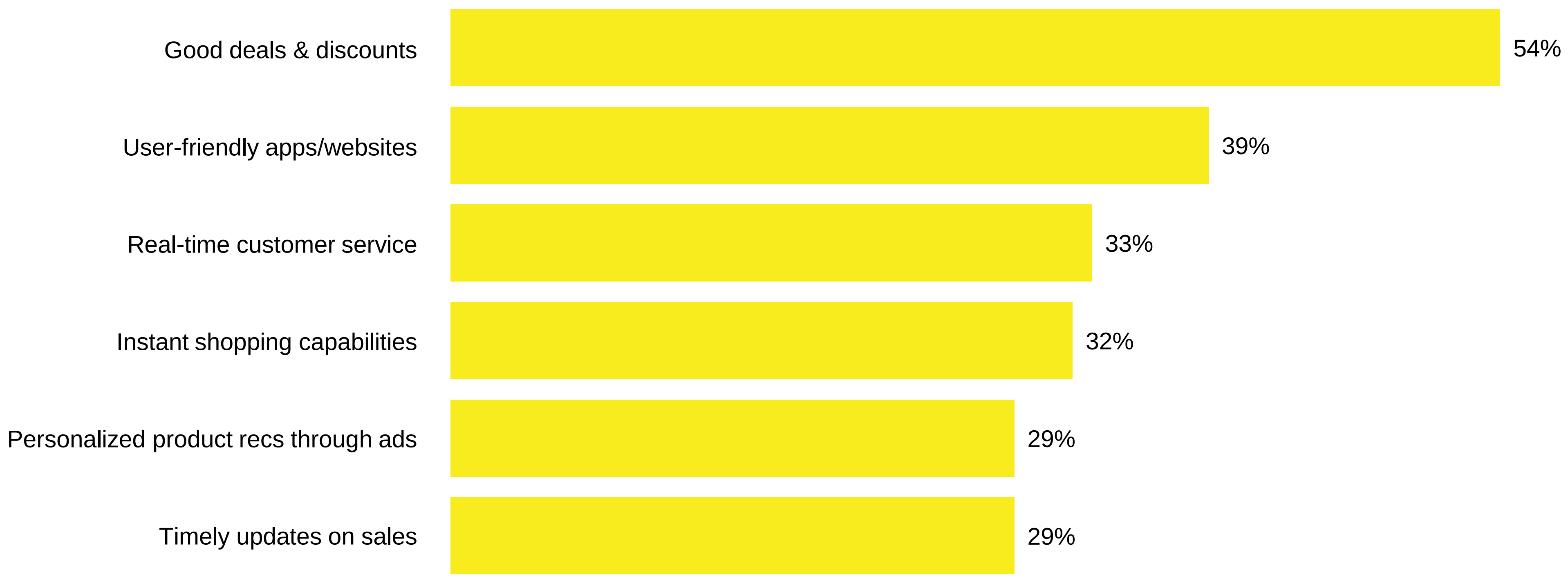
Said they would be willing to purchase directly from brands on social media platforms instead of an online marketplace if offered…
- % Net Score

- Good deals and discounts
- User-friendly apps
- Realtime customer service
- Instant shopping capabilities
- Recs for products through ads
- Timely updates on sales and events

Social media users only, N= 6,136
Survey Q: Which of the following options, if any, would encourage you to purchase directly from the brand on social media instead of an online marketplace (like Amazon, Walmart.com, etc.)?

Outside of discounts, brands should invest in customer service improvements to drive DTC

Incentives for DTC shopping on social over online marketplace - % Selected



Social media users only, N= 6,136
Survey Q: Which of the following options, if any, would encourage you to purchase directly from the brand on social media instead of an online marketplace (like Amazon, Walmart.com, etc.)?

User-friendly apps and real time customer service are the most popular incentives across the all markets

Incentives for DTC shopping on social over online marketplace - % Selected

	USA	UK	SA	DE
User-friendly apps	41%	31%	49%	36%
Real time customer service	30%	22%	52%	30%
Instant shopping capabilities	30%	23%	49%	26%
Recs for products through ads	22%	17%	49%	29%
Timely updates on sales and events	26%	18%	50%	24%

Social media users only, N= 6,136
Survey Q: Which of the following options, if any, would encourage you to purchase directly from the brand on social media instead of an online marketplace (like Amazon, Walmart.com, etc.)?

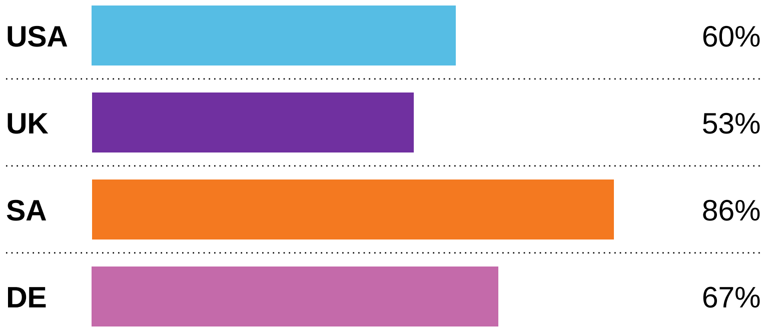
AR will be a linchpin in purchase decisions going forward

AR will bring the benefits of in-store shopping to online

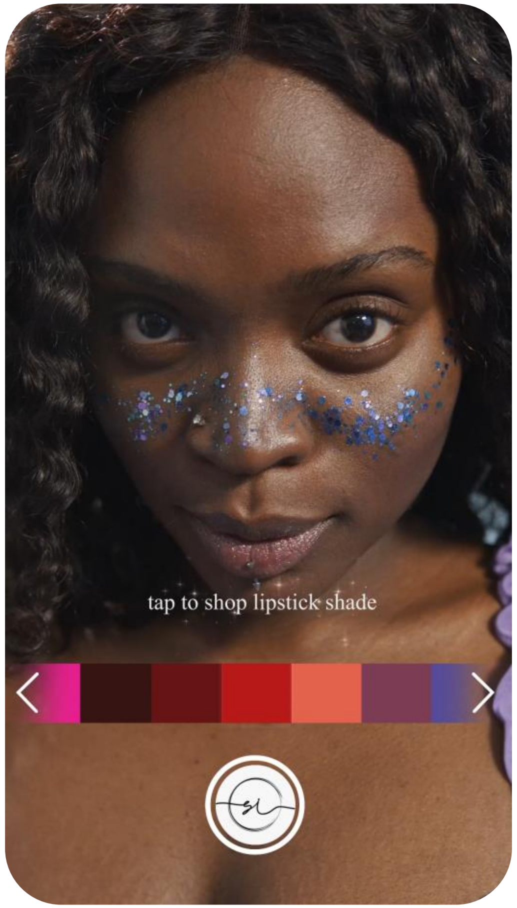
Opinions of AR - % Strongly/Somewhat Agree

66%

AR would bring the excitement of instore shopping to online by allowing me to seek input on products by sharing try-ons and AR filters with friends and family

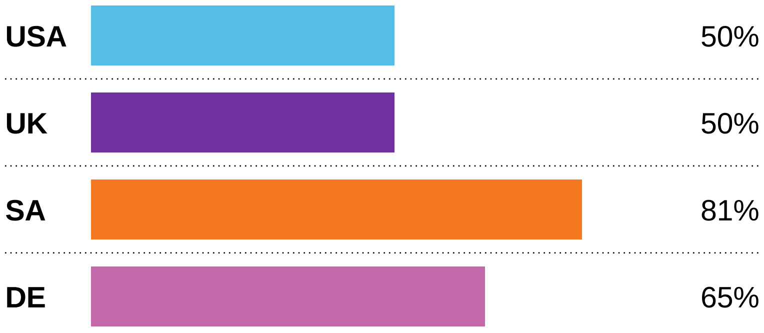


77% of heavy snapchat users agree



61%

I would be less likely to shop in-store if I got to virtually experience the product before purchasing it

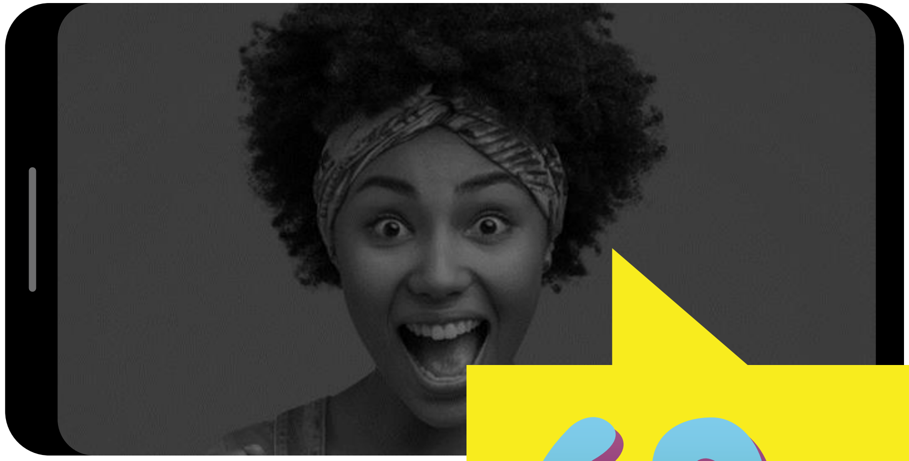


71% of heavy snapchat users agree

Social media users only, N= 6,136
Those who use Snapchat once a month or more often, N= 6,156
Q: How much do you agree or disagree with the following statements about AR and online shopping?

AR will instill confidence in purchase decisions

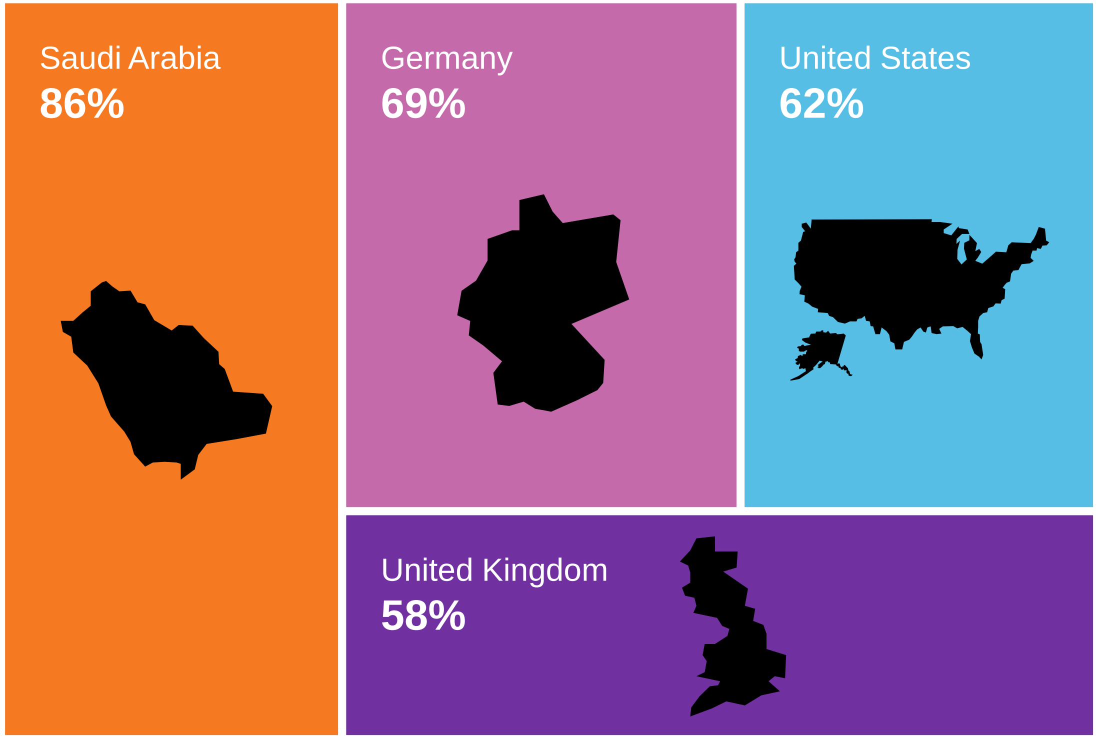
Opinions of AR
- % Strongly/Somewhat Agree



69%

I would feel more confident about my purchase if I got to virtually experience the product before shopping

Opinions of AR: I would feel more confident about my purchase…
By Country | % Strongly/Somewhat Agree



Social media users only, N= 6,136
Q: How much do you agree or disagree with the following statements about AR and online shopping?

Beyond purchase decisions, AR will drive sustainability and brand profitability with fewer returns

Opinions of AR
- % Strongly/Somewhat Agree

"I think it's maybe just saving you having to return something or just providing some peace of mind that you'll like what something looks like when it arrives."

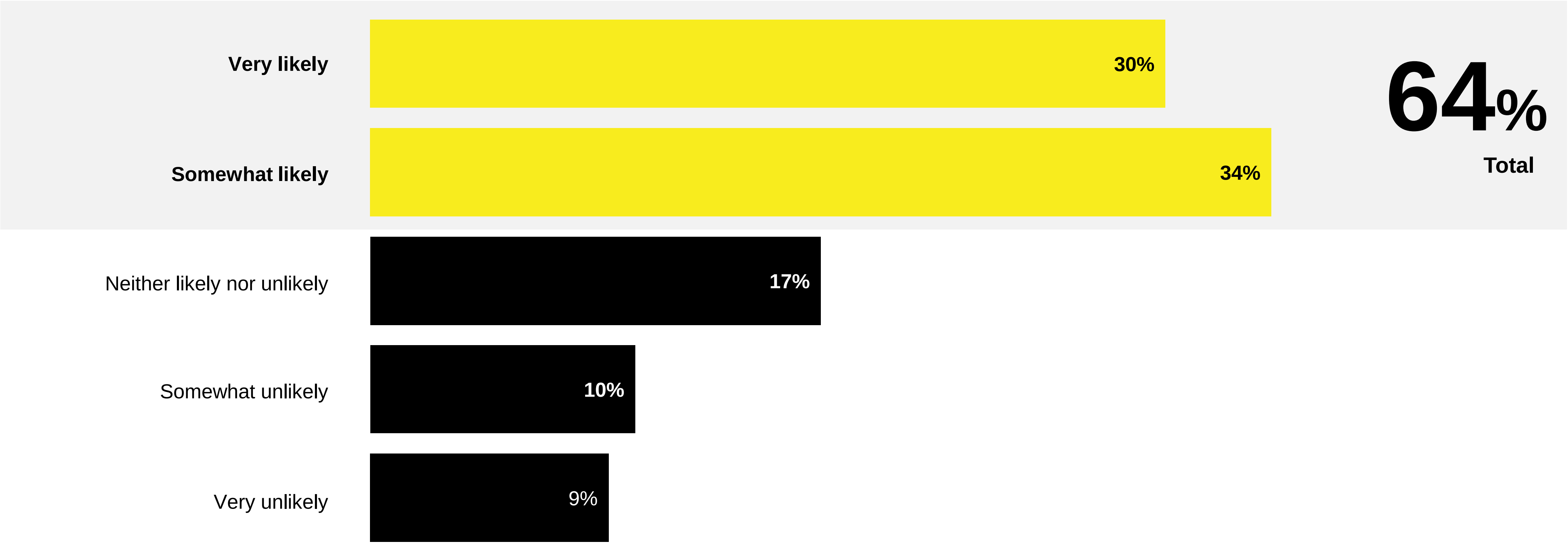
Ashley V, A32, Female

I would be less likely to return **a product** if I got to virtually experience the product before purchasing it

MAGNA MEDIA TRIALS · REPRISE COMMERCE

If available, most people will use AR for try-on

Likelihood to take advantage of AR shopping feature to try-on/check out products



Social media users only, N= 6,136
Survey Q: if social media platforms offered the following shopping features in the future, how likely would you be to take advantage of them? Easy access to an augmented reality feature to try-on/check out products

There’s a desire to use AR across all verticals, especially clothing and furniture

“I think AR support is really going to be a thing that that takes off. I mean, we already have fitness mirrors where you can like work out with a trainer who's right in front of you.”

Mike B, A35

Interest to use AR while shopping - % Very/Somewhat Interested

Clothing **87%**	Furniture **85%**	Tech Products **83%**
Travel **80%**	Personal Care/Beauty **78%**	Food **76%**

Social media users only, N= 6,136
Survey Q: Assuming it was available, how interested would you be to use an AR feature when shopping online for the following?

Implications

1

Brands should experiment with existing and emerging social commerce tech like discovery tabs and virtual shopping groups to enhance consumer experience

People are already shopping on social media, and the data shows that they will continue to do so

2

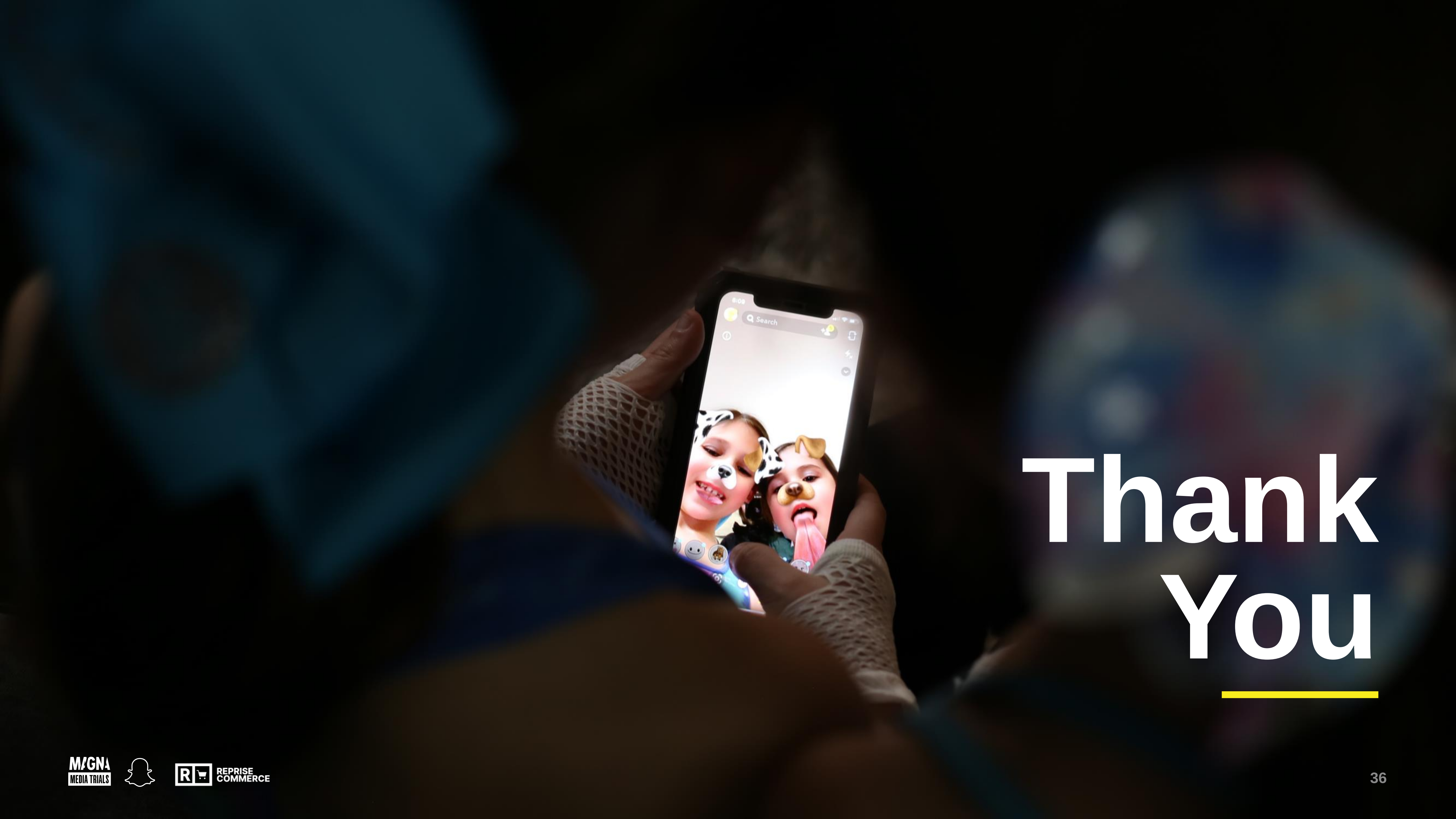
Advertisers should aim to invest in tools that connect friends and family on social media while online shopping

People will continue to trust their own social network over influencer and celebrities, especially when it comes to the final purchase decision

3

Advertisers should test AR capabilities alongside video ads on social media platforms to better understand how AR can help fuel consumers' purchase decisions

People are excited about AR and believe it has potential to bring the excitement of in-store shopping to online



Thank You