

**TRACY
LOCKE**

haygarth

***ENTERTAINMENT
COMMERCE:
Fad or Future?***



MARCH 2022

Entertainment Commerce is driving us to a new norm in which every moment of our lives is shoppable.



Have you ever caught yourself scrolling through Instagram only to find you just bought a new sauce pan because your favorite influencer featured it in their latest livestream? Or been in the midst of a game of Fortnite when you realize your character is wearing the latest Air Jordan’s long before you’ve gotten your hands on them?

That’s Entertainment Commerce.

This mega-trend is not about making shopping experiences more entertaining. Rather, it is the embedding of brand experiences into platforms traditionally designed for entertainment with the opportunity to buy presented as an ingrained part of the experience. And it is compelling people to buy in ways they never have before.

We at TracyLocke-Haygarth have been monitoring how Entertainment Commerce is emerging across media channels and its effect on consumers. We are already seeing it revolutionize the purchase journey and transform people into impulsive, irrational shoppers.

Entertainment Commerce will not just be a set of tactics for brands to deploy, but will truly present a new model for us as marketers in which any moment of life can instantly lead to conversion.

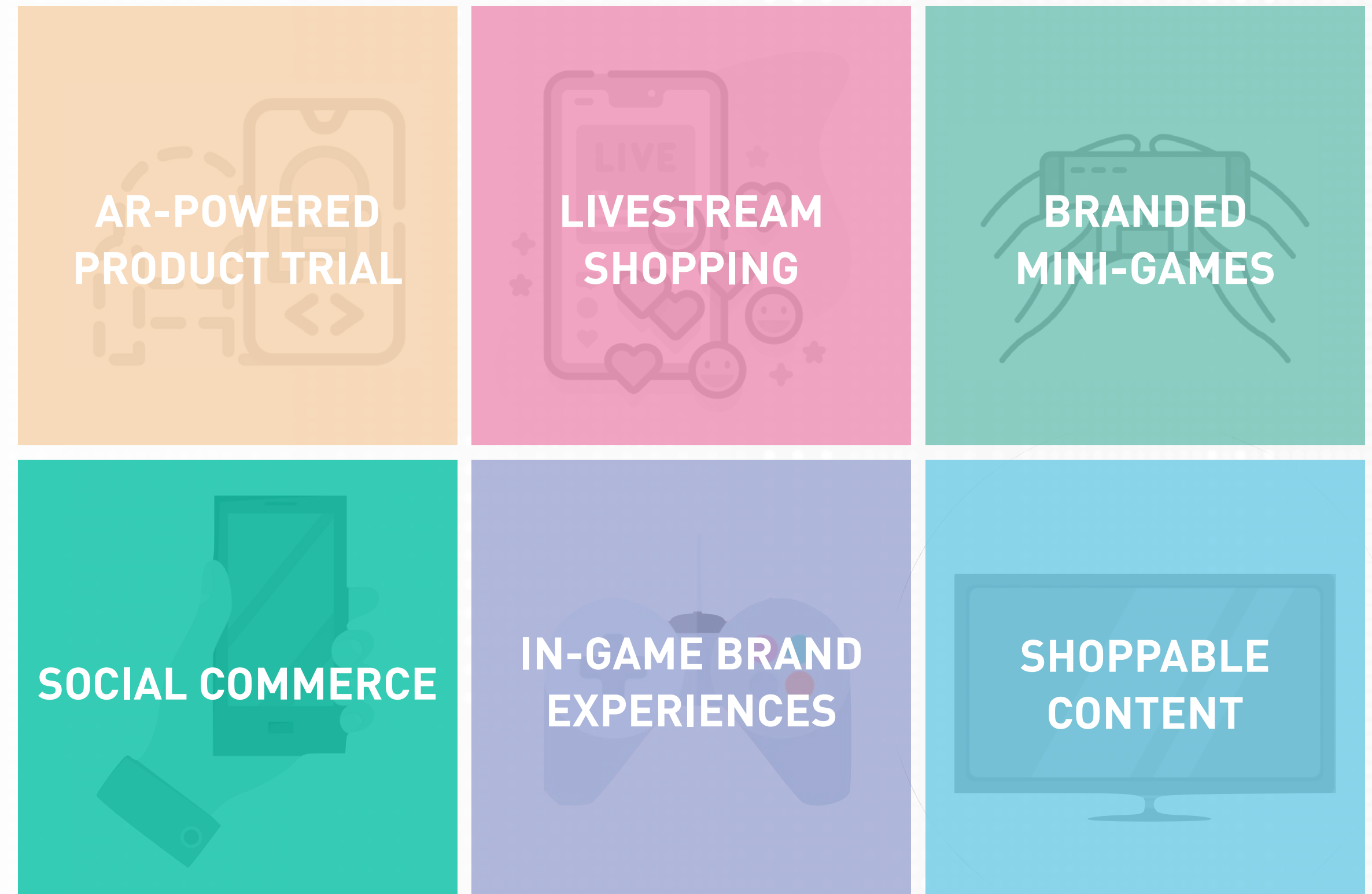
In this March edition of The Drop, we start the conversation around this shift towards always-on shoppability. Continue the discussion with us (or debate us!) as we monitor the future driven by Entertainment Commerce.

Entertainment Commerce is: The seamless blending of leisure experiences and shoppability.



Entertainment Commerce :

- Converges entertainment and shopping into one seamless interaction
- Leverages new technologies within traditional entertainment media, social media, and gaming
- Simultaneously enables both brand engagement and product conversion
- Is interactive and allows shoppers to try, engage, and converse in real-time



Today, Entertainment Commerce is infiltrating a variety of platforms.

MEDIA CONTENT

Established content publishers who have long featured sponsored links to recommended products are adding native checkout platforms on their sites to enable seamless conversion while consumers are consuming content.



SOCIAL COMMERCE

Livestreams, influencers, and new checkout technology have all evolved social media from a space to engage with content and discover products to a destination for purchase.



GAMING

Branded mini games and in-game experiences along with in-game product trial have transformed consumers' leisure time spent gaming into potential moments of conversion.



BRICK & MORTAR

Retail destinations have evolved to be more focused on leisure experiences and brand engagement over conversion with concepts like stock-free stores and digitized B&M experiences.



Early stages of Entertainment Commerce have proven to be an undeniable force.

GROWTH

+150%



Chinese marketplace Taobao saw a +150% increase in sales since they started using livestreams.

REACH

12M



Fortnite's virtual Travis Scott concert attracted 12 million viewers and invited them to shop for limited edition merchandise.

SALES

\$3B



In just one half-day livestream day in October 2021, two Chinese KOLs sold \$3 billion worth of goods - three times Amazon's daily sales.

Are we suggesting that all marketers immediately launch livestreams and gaming partnerships?

NOT EXACTLY.

To win in Entertainment Commerce, we need to fundamentally change the way we think about reaching consumers.

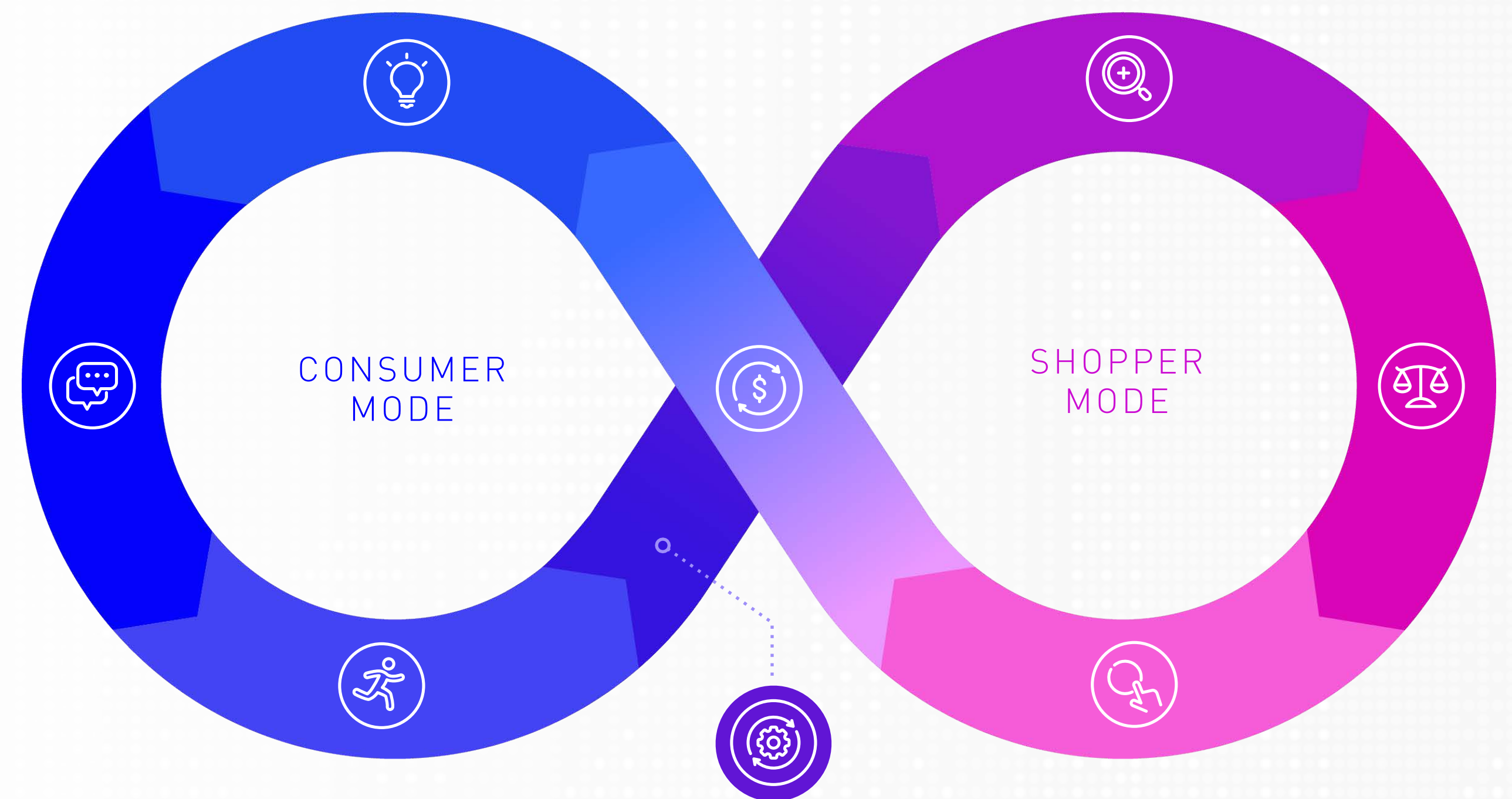
Consider the Purchase Journey: Typically thought of as a fluid path with **two distinct modes** of consuming and shopping.



The purchase journey comes in many forms, but almost universally marketers envision it as a fluid path in which people shift between modes of living their everyday life and actively making purchase decisions.

These stages are exclusive and there are distinct points of decision-making within each. These touchpoints are critical to us as marketers as we design our activation strategies around the specific objectives and ways to win at each.

We at TracyLocke-Haygarth use our proprietary model, the Affinity Loop. It is a continuous loop that maps the moments and channels people go through when engaging with and buying a product. Depending on the brand and channels, not every step will necessarily be taken and the flow can happen on- and offline in a matter of seconds or over a period of time.



In Entertainment Commerce, there is not a journey through two distinct modes, but rather one converged experience.



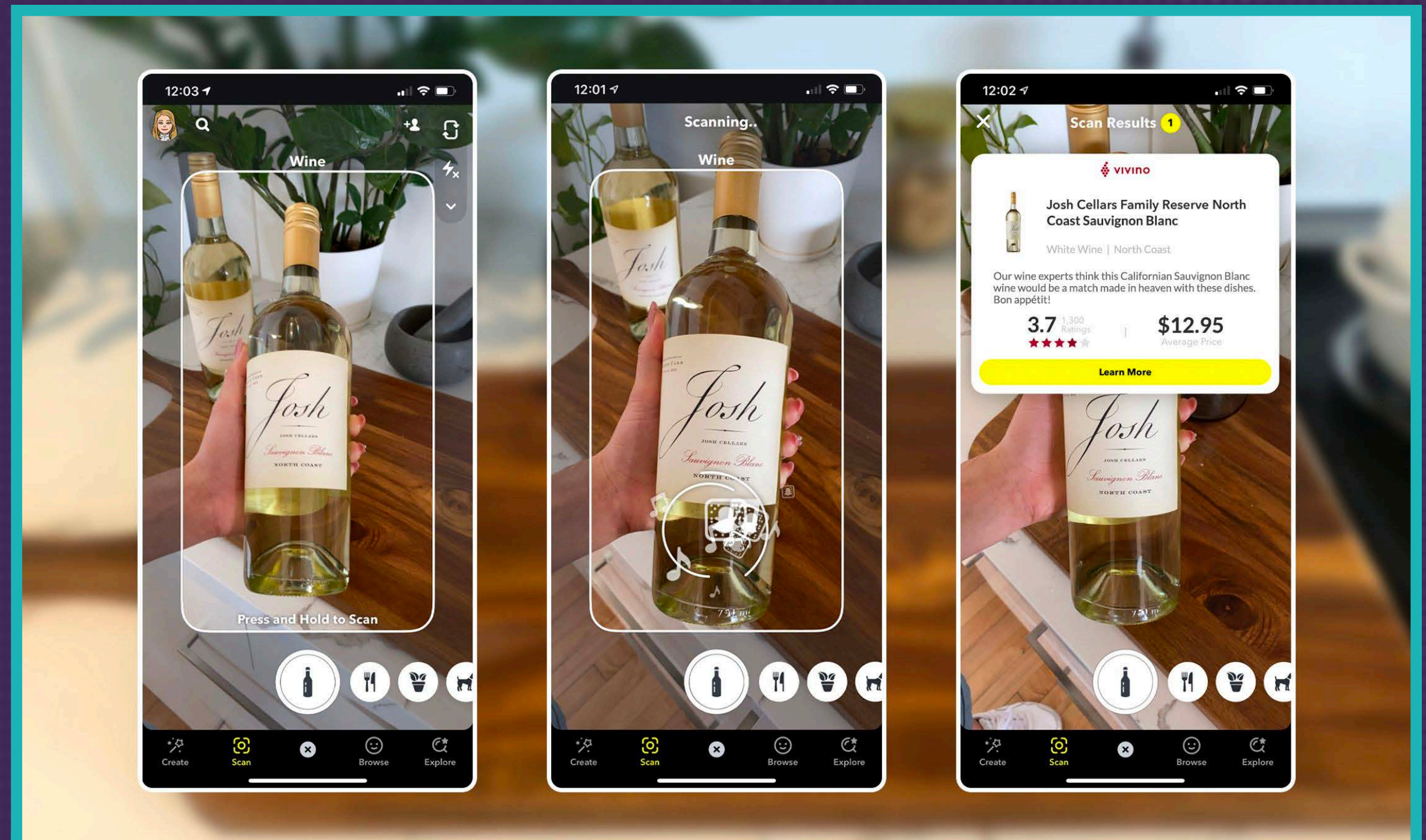
Entertainment Commerce leverages new technology to better integrate shoppability features into traditional moments of leisure, enabling a single touchpoint to drive awareness and be directly linked to purchase.

In doing so, Entertainment Commerce both provokes demand and closes the sale. The purchase experience converges as people are interacting and engaging with the brand at the exact same moment that they are shopping it.



In the February '22 edition of The Drop, we explored how this convergence happens in gaming. Through a partnership and custom skins, Fortnite players outfitting their characters suddenly find themselves trying on Balenciaga's latest line. They experience moments of discovery, consideration, and trial simultaneously.

The moment of inspiration becomes the moment of purchase, **making every moment of life shoppable.**



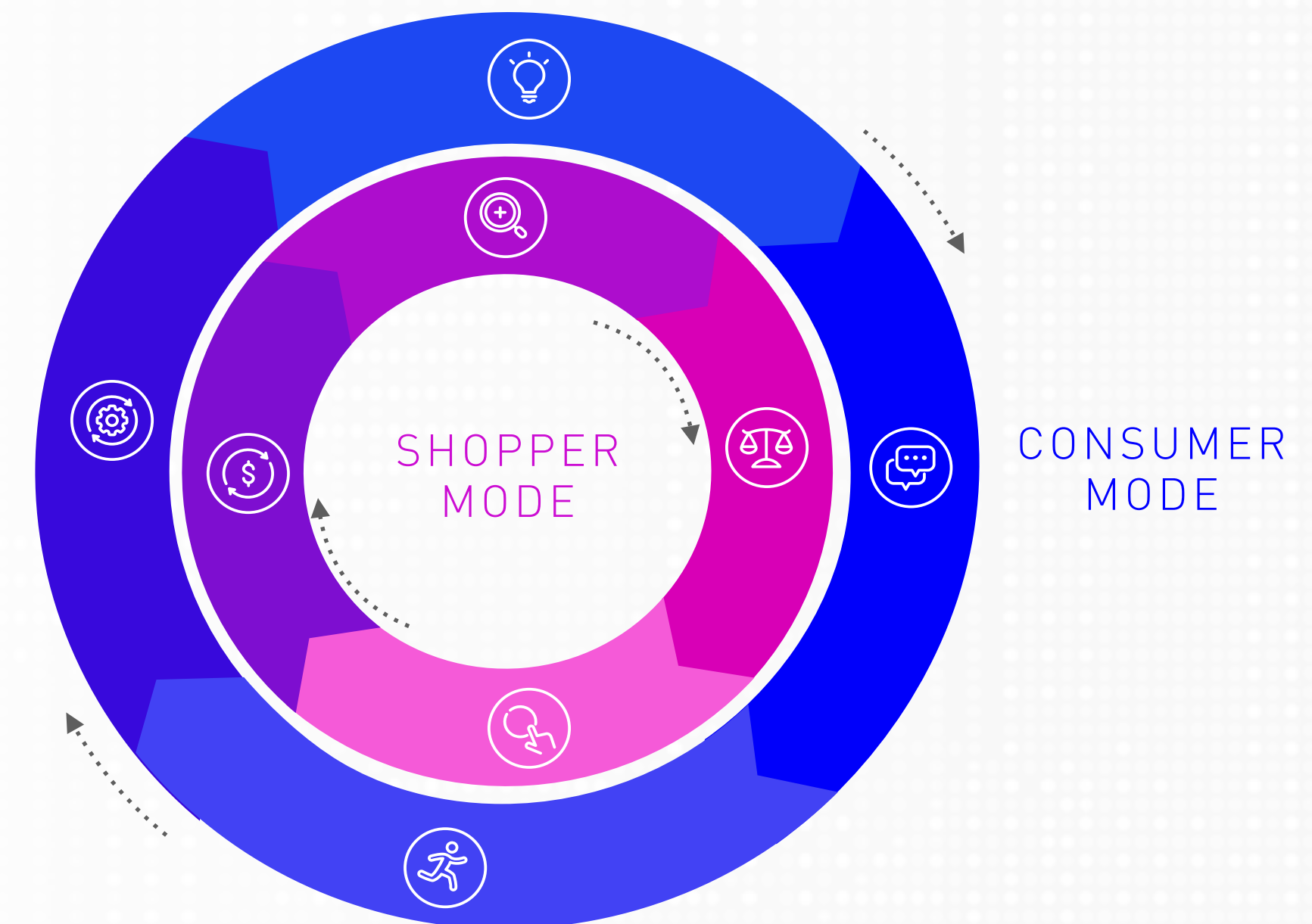
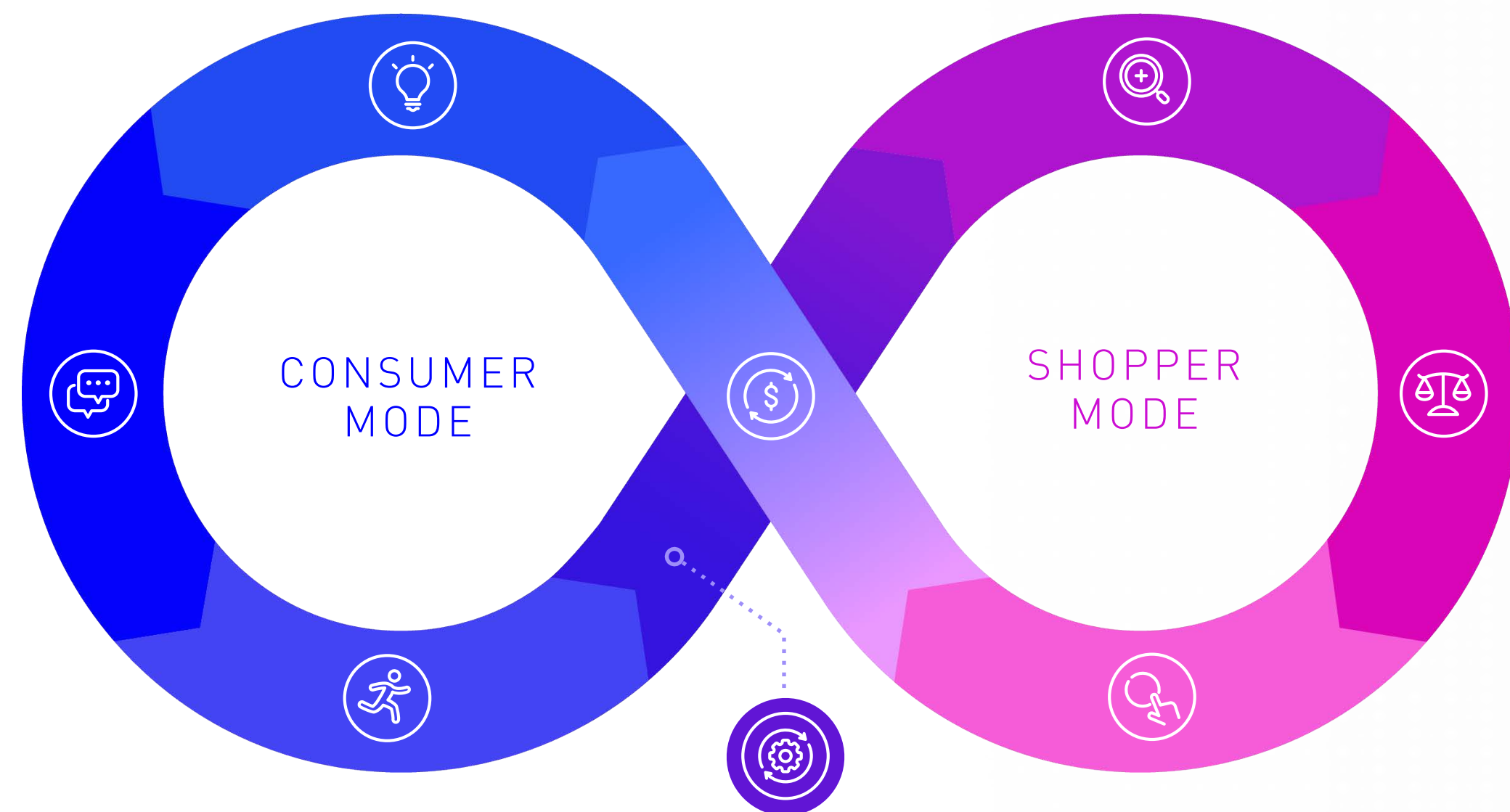
Snapchat's Scan is an AR experience that senses, enhances, and transforms the physical world around us. Consumers can take a photo of just about anything in the world around them and be served a selection of products to shop and purchase all within the platform.

See more examples of shoppability expanding into daily life in the January '22 edition of The Drop.

In Entertainment Commerce, we have to re-evaluate the purchase journey.

FROM: A FLUID PATH WITH TWO DISTINCT MODES

TO: A SINGLE EXPERIENCE IN WHICH CONSUMING AND SHOPPING HAPPEN SIMULTANEOUSLY.



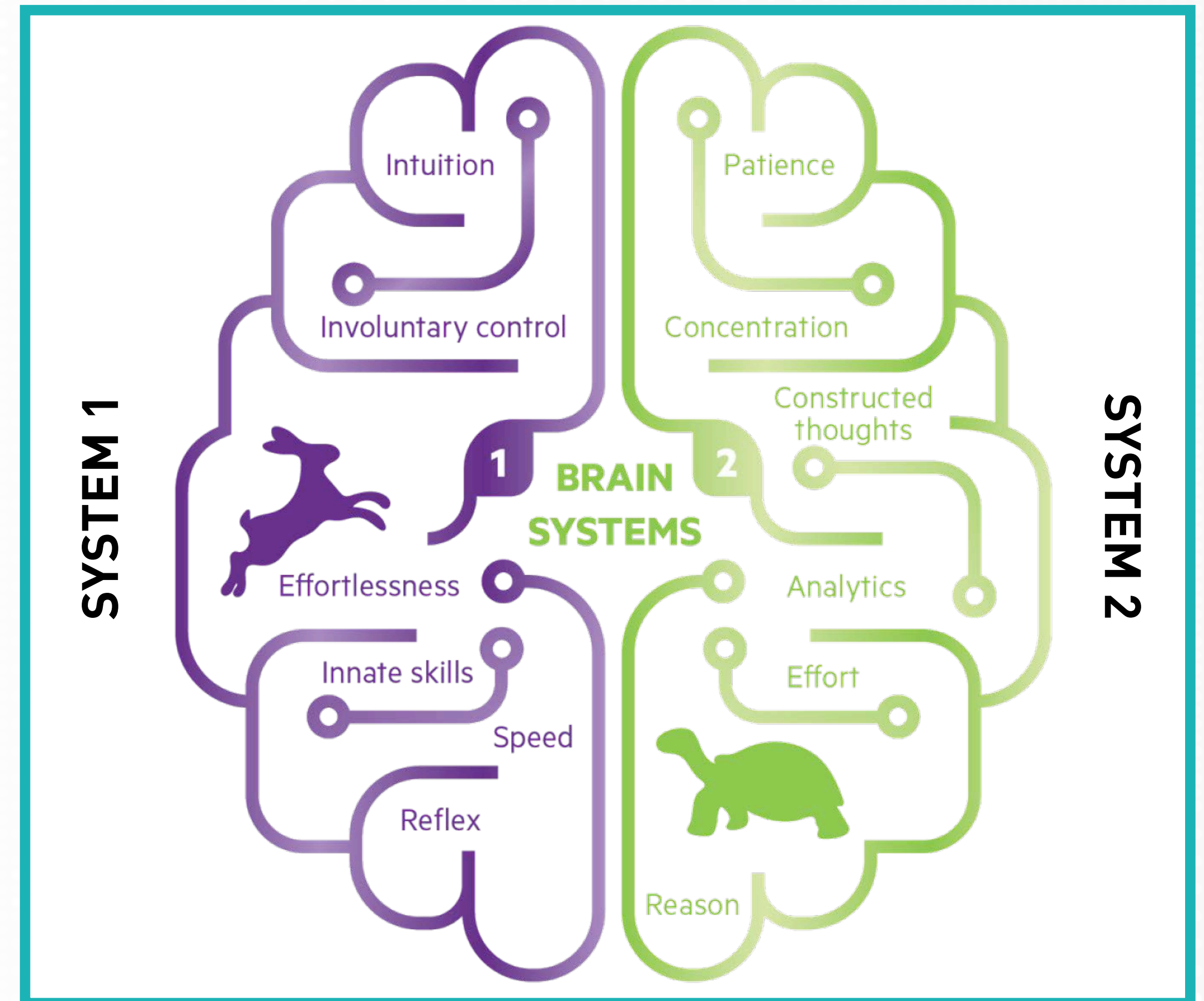
The convergence of living and shopping moments challenges the way we believe shoppers make buying decisions.



Traditionally, marketers follow the belief that an emotional connection will grab the shopper's attention while a more rational mindset is used to evaluate a potential purchase.

In this way, shoppers are tapping into both decisioning systems of their brain - System 1 which is fast, intuitive, and emotional and System 2, which is slow and analytical. System 1 traditionally is believed to engage shoppers while System 2 closes them on the sale.

But is this really how people are thinking when the engagement experience and shopping experience are one and the same?



Winning shoppers' hearts becomes the key to winning their wallets.



The moments in which shoppers would test, evaluate, compare, and analyze products are now embedded into the brand engagement experience with Entertainment Commerce tactics like livestreams and virtual trials.

As shoppers stay in the emotionally-charged engagement moment, they do not shift to rational System 2 thinking and instead stay in the more irrational System 1.



AR product trial, like from Argentinian beauty brand Todomoda, enables brands to form emotional connections with shoppers while they are experiencing and evaluating the product. These experiences keep them in System 1 thinking and drive emotional and impulsive purchasing.

Shoppers' decisioning becomes **HIGHLY IRRATIONAL**

IMPULSIVE ACTION DRIVES VOLUME

- Shoppers experience an emotional high when they discover a product they want and feel a sense of urgency as they crave the immediate gratification of buying
- Utilizing a single platform allows shoppers to move to conversion quickly and seamlessly. With less road blocks, they have fewer moments to pause and potentially rethink their purchase

LESS RATIONAL EVALUATION CATALYZES THE BUYING DECISION

- Demand is for an emotional “want” not a tangible “need”
- They aren’t trying to solve a problem so they don’t do rational evaluation of comparing options, evaluating the benefits/disadvantages, and ultimately deselecting products
- Ultimately, they want to see how the product fits into their life vs. understand the product claims, details, etc.

In Entertainment Commerce, we must appeal to shoppers making quick, subconscious decisions.

FROM: CONSCIOUS JOURNEY

requiring intentional effort and action moving from stage to stage

TO: SUBCONSCIOUS ACTION

enabling single-step purchase within fluid content consumption

Deliberate

System 1 and 2 decisioning

Goal is to get shoppers
from point A to point B

Distinct destinations &
experiences at each step

Automatic

System 1 decisioning only

Goal is to keep shoppers engaged

Single experience with steps
embedded as one fluid interaction

With Entertainment Commerce here to stay,
**how do brands win in a world in which
commerce is always-on?**

KEY TAKEAWAY #1:
THE MOMENT OF INSPIRATION
IS ALWAYS-ON.

Marketers must capture and keep shoppers' attention.



Attention is currency in today's digital world and in Entertainment Commerce, it is of the highest value. Shoppers are willing to spend a lot more time with brands in entertainment spaces than they would in a typical interaction - some shopping livestreams hold attention over 10 minutes and gaming experiences can last hours.

But their attention is still scarce and it is critical that brands win it. **They must prioritize the experience** they're delivering above all else to capture shoppers and keep them interacting with the brand long enough to drive conversion.



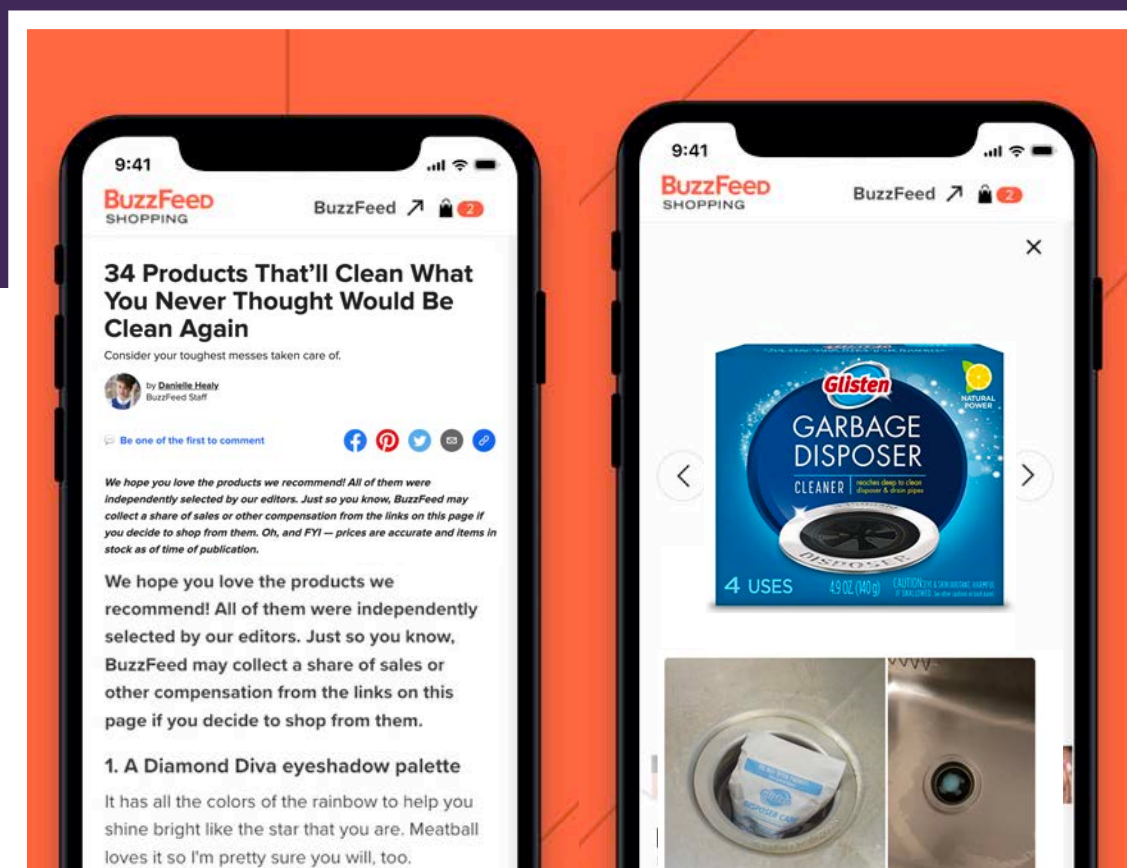
Retailer content like Walmart Cookshop draws shoppers in with an experience that is engaging, personalized, and beneficial to them and then drives conversion by incorporating easy add-to-cart shoppability.

KEY TAKEAWAY #2:
AS THE JOURNEY CONVERGES, INTERACTION IS THE KEY TO CONVERSION.

Earn (and keep) attention through authenticity.

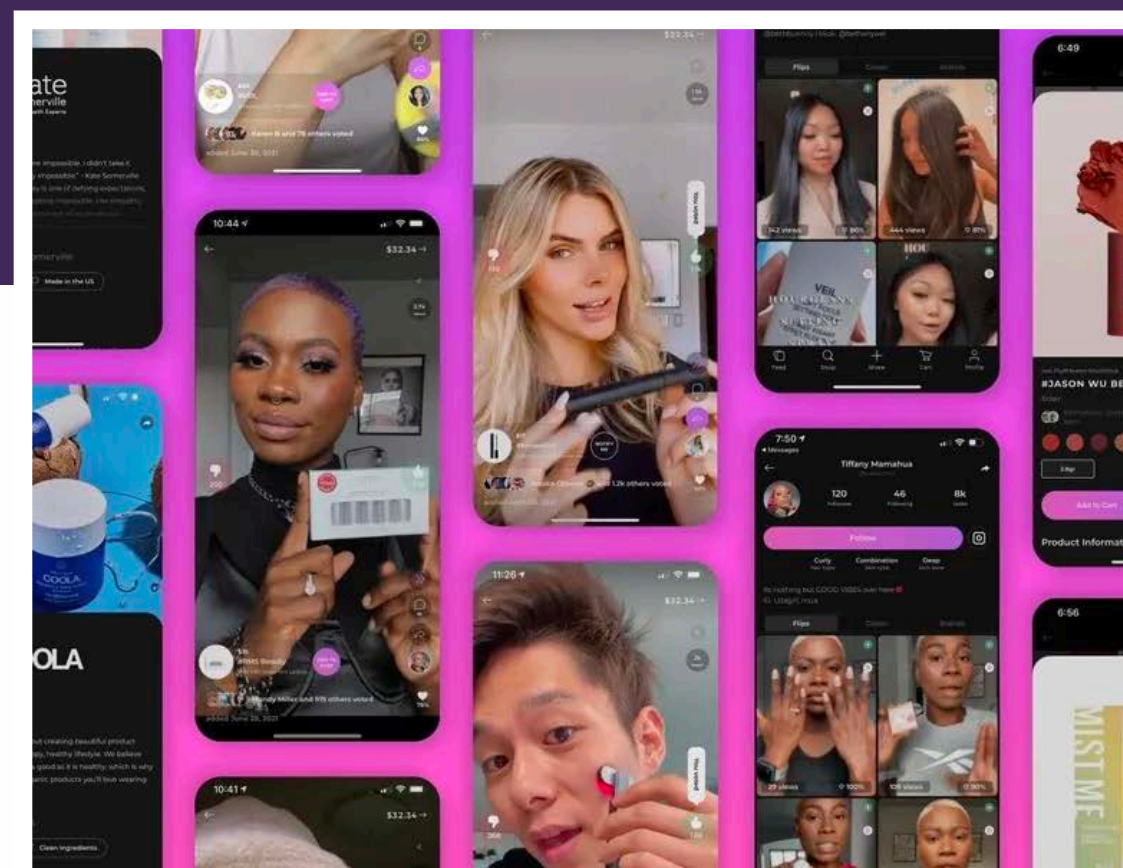
CREATE ASSOCIATIONS WITH 'REAL LIFE'

Meet shoppers in everyday moments and drive an immediate connection with your product by showing shoppers how it fits into their life and pays off their emotional needs.



LEVERAGE FAMILIAR PERSONALITIES

Shoppers look to trusted influencers for inspiration. Choose the right ambassadors - if you're using sales people vs. real people, shoppers will see through it.



CREATE A RELATIONSHIP, NOT JUST A TRANSACTION

Purely selling will make an interaction feel inauthentic and forced. Make it engaging in order to draw shoppers in and spark demand for your brand.



KEY TAKEAWAY #3:
EMOTIONAL DECISION-MAKING
DOMINATES ENTERTAINMENT COMMERCE.

Marketers must embrace irrationality.



As marketers, we must focus on creating an emotionally-appealing experience for shoppers to drive them to buy.

While over-selling with claims and RTBs will not resonate with shoppers looking to fulfill emotional desires, brands don't have to completely abandon their more functional objectives. Consideration, education, and repeat purchase can all be achieved through Entertainment Commerce by putting a more emotion-forward sense on the experience.

Emotion-Forward Entertainment Commerce Can:

DRIVE ASPIRATION

Putting your products in a context that drives an emotional response creates a craving and urgency in shoppers as they feel they must have it in order to experience that feeling again.

OFFER EDUCATION

Instead of simply stating claims, appeal to emotional thinking by putting those RTBs in the context of shoppers' life and desires.

WIN LOYALTY

Fun and easy experiences can drive positive equity that keeps your brand top of mind and drives shopper loyalty.

KEY TAKEAWAY #4:
SHOPPERS MAKE DECISIONS QUICKLY AND IMPULSIVELY.

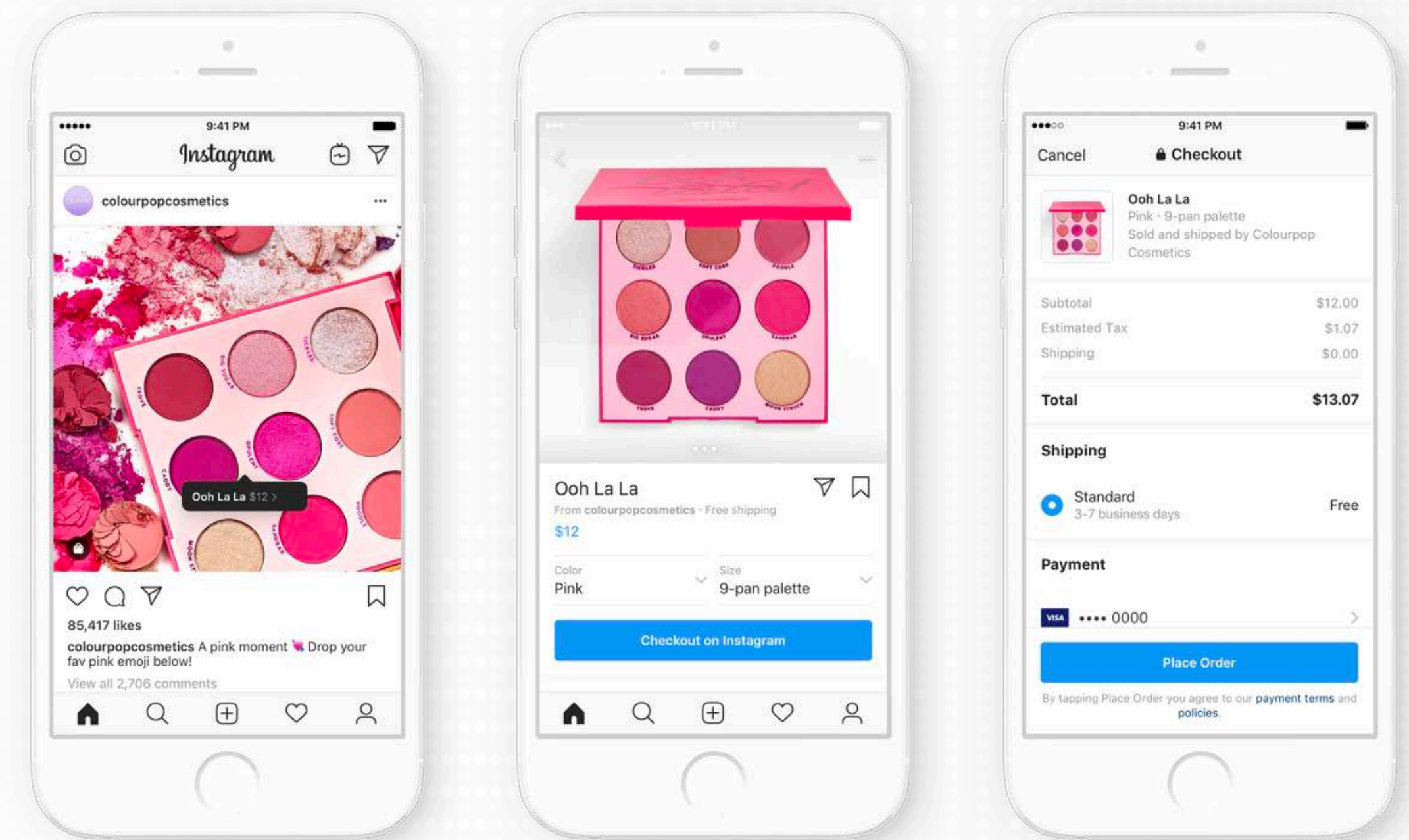
Make shoppability seamless to close the sale.



Entertainment Commerce drives impulsivity and brands that create seamless shoppability will capitalize on that and win conversion.

To do that, brands must remove barriers in the shopper experience. Staying in a single-platform or creating easy connection between the engagement experience and the conversion point will be critical to creating a frictionless experience.

Brands also must consider how to structure their media plans so that the points of engagement and selling can happen simultaneously. Every media touchpoint should be shoppable so that at any point that a shopper interacts with the brand, they can also purchase it.



We've been exploring the power of Social Commerce for quite some time. It is a strong example of a seamless experience engaging consumers from the point of discovery through purchase all within the single social platform.

Entertainment Commerce Around the World



“ With slow but constant steps, Entertainment Commerce starts to be included in LATAM companies’ strategies to attract shoppers’ attention and generate conversions.

Both on digital and physical formats, this kind of tactic adds emotional value to shopping occasions by turning them into enjoyable moments beyond the product/service itself.

In a context where consumers are constantly exposed to ads and are gradually more demanding, it is crucial to develop meaningful and personalized marketing actions which not just simplify purchase process, but also make consumers emotionally connect with brands. ”

- Commerce Strategist, LATAM



“ Retailers are beginning to see that more products on display and more products in stock does not necessarily translate to more sales. The result is that more and more space is being dedicated towards experiences with the majority of stores aiming to devote 50% of their space to Entertainment Commerce by 2030 or sooner.

Shopping centres (like Westfield) and streets (Oxford street) will be keen to solidify their association as a destination experience and draw more shoppers to reverse the trend in recent years of people looking online to fulfill their retail needs.

It’s likely that they will look for shops that have Entertainment Commerce as a key part of their business to improve the total experience of the consumers. ”

- Commerce Strategist, EU



“ In Asia, marketplace (e.g. Shopee, Lazada, Tmall,) is dominating, but their product-centered nature is overpowering brand identity. Entertainment Commerce is an opportunity for brands to reclaim their voice - strengthening engagement that are as immersive and informational as in-person experiences while seamlessly merging content and commerce into an engaging ‘feel-good’ experience. Done right, it is a balance between entertainment and selling – creating joy and shoppable moments that fit effortlessly into shoppers’ hectic lives. ”

- Commerce Strategist, APAC

“ As Entertainment Commerce becomes expected for Asian shoppers, engagement is not a guarantee without careful planning beforehand. Our observation suggests that effective Entertainment Commerce strategy looks like building and reinforcing that one (or two) desired behavior that is fundamental to the sustainable growth of your business through an addictive and rewarding experience. ”

- Commerce Strategist, APAC

In Summary:

Entertainment Commerce is revolutionizing the way shoppers think and interact with brands. It is a trend that is here to stay and will set the stage for a future in which there is no distinct shopping moment, but rather every moment of our lives will be shoppable.

KEY TAKEAWAY #1: THE MOMENT OF INSPIRATION IS THE SHOPPING MOMENT.

Marketers must prioritize the experience in order to develop engagement that **captures and keeps shopper attention.**

KEY TAKEAWAY #2: AS THE JOURNEY CONVERGES, INTERACTION IS KEY TO CONVERSION.

Authenticity will keep shoppers' attention - connect with shoppers' real life, use trusted personalities, and prioritize the experience over the transaction.

KEY TAKEAWAY #3: EMOTIONAL SYSTEM 1 DECISION-MAKING DOMINATES ENTERTAINMENT COMMERCE.

Marketers must embrace shoppers' irrationality and appeal to them by using communication and tactics that **drive emotional connections.**

KEY TAKEAWAY #4: SHOPPERS MAKE DECISIONS QUICKLY AND IMPULSIVELY.

Marketers must empower shoppers to **experience and buy in one seamless interaction** or risk losing them along the way.

ACTION PLAN FOR MARKETERS

DO TODAY

1. Identify opportunities to add shoppability to your current media content and brand engagement experiences.
2. Explore key entertainment spaces where your shoppers are active and identify opportunities to embed your brand.
3. Establish partnerships with influencers, media platforms, and brands to create Entertainment Commerce experiences.

PLAN FOR TOMORROW

1. Evaluate your current media planning structure and identify opportunities to combine your media and commerce strategies.
2. Invest in infrastructure that supports the seamless purchase and fulfillment of products from emerging commerce channels.
3. Work with retail and media partners to build Entertainment Commerce strategies together and have your products featured.

Thank You.

Want to discuss or debate with us? Join the conversation [here](#)!

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