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Headline: From livestreaming to 'shoppertainment,' Gen Zers lead the way in Singapore's online shopping space

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Key Points

- As more businesses turn to social media to sell their merchandise, online shoppers in Singapore are exploring new buying experiences — and Gen Zers are leading the way.
- Gen Zers are an increasingly important consumer segment as their spending power has steadily increased over the past decade. Singapore's median graduate salary was 4,200 Singapore dollars (\$3,181) in 2022, up from S\$3,700 in 2020, according to Meta's digital consumer report.



Logos of online social media and social networking sites displayed on a smartphone screen on August 01, 2023 in Bath, England.

Matt Cardy | Getty Images News | Getty Images

As more businesses turn to social media to sell their merchandise, online shoppers in Singapore are exploring new buying experiences — and Gen Zers are leading the way.

According to a 2023 report by Meta and Bain & Company on Southeast Asia's digital consumer landscape, 72% of Gen Zers in Singapore prefer to shop online.

Gen Zers, typically born between 1997 and 2012, are leading other generations in discovering, evaluating and buying online, with 45% doing so via social media, the report showed.

Many social media sites have introduced e-commerce features on their platforms, providing an alternative to popular online shopping sites like Lazada and Shopee. For example, users can purchase directly from TikTok shop or Facebook Marketplace without navigating outside of the application.

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Shopping on social media contributes to the social commerce industry, which is poised to grow substantially in Singapore over the next five years and estimated to reach \$6.99 billion by 2028, according to a report last year published on Research and Markets.

Social media appeal

Gen Zers prefer to shop on TikTok and Instagram instead of Facebook, which is more popular with older generations, a 2023 survey by British analytics firm YouGov showed.

In Southeast Asia, more than 15 million businesses use TikTok to promote their work to an audience of 325 million monthly users, the content platform said in a release.

Videos that use entertainment and informational value to drive online purchases, also known as "shoppertainment," have created a market on the platform worth \$500 billion today, according to a 2022 report by TikTok.

Such a strategy enables businesses to attract buyers by creating fun, credible and inspiring content which meet customers' emotional needs, TikTok said.

The emotional engagement of "shoppertainment" appeals to Gen Zers as they would rather buy from content creators who provide a dimension of authenticity to the product, said Lawrence Loh, professor of strategy and policy at the National University of Singapore's (NUS) Business School.

"Compared to other generations, they prefer to get real about what they buy," he said.

Creators promoting products can also appeal to Gen Zers' preference for credibility by using livestreaming functions on social media platforms.

Unlike the static shopping experience of e-commerce websites such as Lazada or China's Taobao, TikTok's livestreamers chat to their audience for three or four hours at a time, said Tracy Loh, senior lecturer of communication management at Singapore Management University (SMU).

It's like getting a recommendation from a friend, she said, helping the buyer gain more user trust than a brand would. "You want somebody whose trust factor is high, especially when it comes to more personal or intimate products, such as cosmetics or health," she said.

Frequent online shopper Wu Zu An said she made her first social media purchase via TikTok after watching a creator test a particular cosmetics product out during a livestream.

"I could see that the product actually worked once she put it on her face," said the 22-year-old Singaporean.

Wu said she plans to use TikTok to shop for cosmetics from now on.

'One-stop shop'

Influencers with 1,000 to 10,000 followers who create content, also known as nano-influencers, make up the greatest share of accounts on TikTok and Instagram, according to Statista's e-commerce database.

Such small-scale influencers attract Gen Z shoppers as they provide niche recommendations that cater to Gen Zers' selective preferences, said Loh from NUS.

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As Gen Zers are digitally savvy, they rely a lot on social media nano-influencers to guide their purchasing decisions, he said. "They want to find something that aligns with their attitudes and preferences."

In contrast, millennials born between 1981 and 1996 prefer big brand names or macro-influencers like celebrities or sports personalities, he said.

Gen Zs are articulate and act as opinion leaders. Many influence their parents' or grandparents' shopping habits and lifestyles

Lawrence Loh

Professor of strategy and policy at the National University of Singapore Business School

Traditional e-commerce sites have started to emulate social media by expanding their range of influencers, using smaller-scale influencers to front local campaigns and attract Gen Zers, said SMU's Loh.

"Shopee is using younger, local artistes instead of people like Cristiano Ronaldo for more of its Singaporean campaigns," she said.

Social media commerce also makes it more convenient for Gen Zers to follow influencer recommendations by combining information search tools with the ability to make direct purchases.

For example, Instagram's "shoppable posts" feature allows businesses to tag products directly in their photo or video posts, taking users to the checkout page in a few taps.

"It's a one stop shop for Gen Zs as they don't have to go onto additional platforms," she told CNBC. "The fewer hoops the person has to jump through, the more likely they are to complete the sale."

Why Gen Zers matter

Gen Zers are an increasingly important consumer segment as their spending power has steadily increased over the past decade. Singapore's median graduate salary was 4,200 Singapore dollars (\$3,181) in 2022, up from S\$3,700 in 2020, according to Meta's digital consumer report.

Young shoppers have increasing amounts of disposable income and "no qualms" about spending it on certain items, said SMU's Loh.

"Although it has not been fully reached, there is great potential there ... give it a couple more years for their income to grow," she said.

Not only do Gen Zers have money — they also have social influence. They are young people who hold the power to sway other generations' purchasing decisions, said Loh from NUS.

"Gen Zs are articulate and act as opinion leaders. Many influence their parents' or grandparents' shopping habits and lifestyles," he added, pointing out that some older Singaporeans have even started using the same platforms Gen Zers use to shop.