

DASH HUDSON

Global Digital Insights Report

Q1: The Convergence of Social and Commerce

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Context and Purpose

After a year of extreme turbulence for the global marketplace, 2021's first quarter has been a time for businesses to ground themselves in a transformed commercial landscape—either regroup and craft new strategies or continue to hone and refine what was already successful. In the marketing space, **two key touchpoints emerged as the most important for sales: e-commerce and social media, which have become inextricably linked.** The challenge thus far has been seamlessly interweaving these programs to create one cohesive experience.

As a leading visual marketing software for many of the world's top brands, Dash Hudson has had the unique opportunity to connect with and observe high-performance creative professionals in the midst of this strategic evolution. These observations, combined with comprehensive data from the Dash Hudson platform, provide marketers with crucial access to the trends, tactics, and tools they need to measure, predict, and understand their performance across digital marketing and e-commerce channels.

Summary of Findings

- 1 Follower growth and decline on Instagram greatly fluctuated in 2020
- 2 Retail and CPG industries are pertinent examples of how to deal with growth and decline
- 3 Trends in consumer behavior on social often correlate with broader market trends
- 4 Brands must embrace short-form video and native social shopping features to thrive online in 2021
- 5 Marketers in the beauty industry are setting a strong example for brands on social media, and should be looked to as innovators and leaders in the space

Follower Growth and Decline on Instagram

2020–Present

One of the most feature-diverse channels available, Instagram has steadily gained traction as the centerpiece of social marketing initiatives for businesses. At the start of 2020, brands in every industry were seeing exponential follower growth, peaking at an average MoM increase of **+489%** in February. But this period ended abruptly with the onset of the pandemic—leaving many to wonder why it was happening and what it would take to stabilize the numbers.

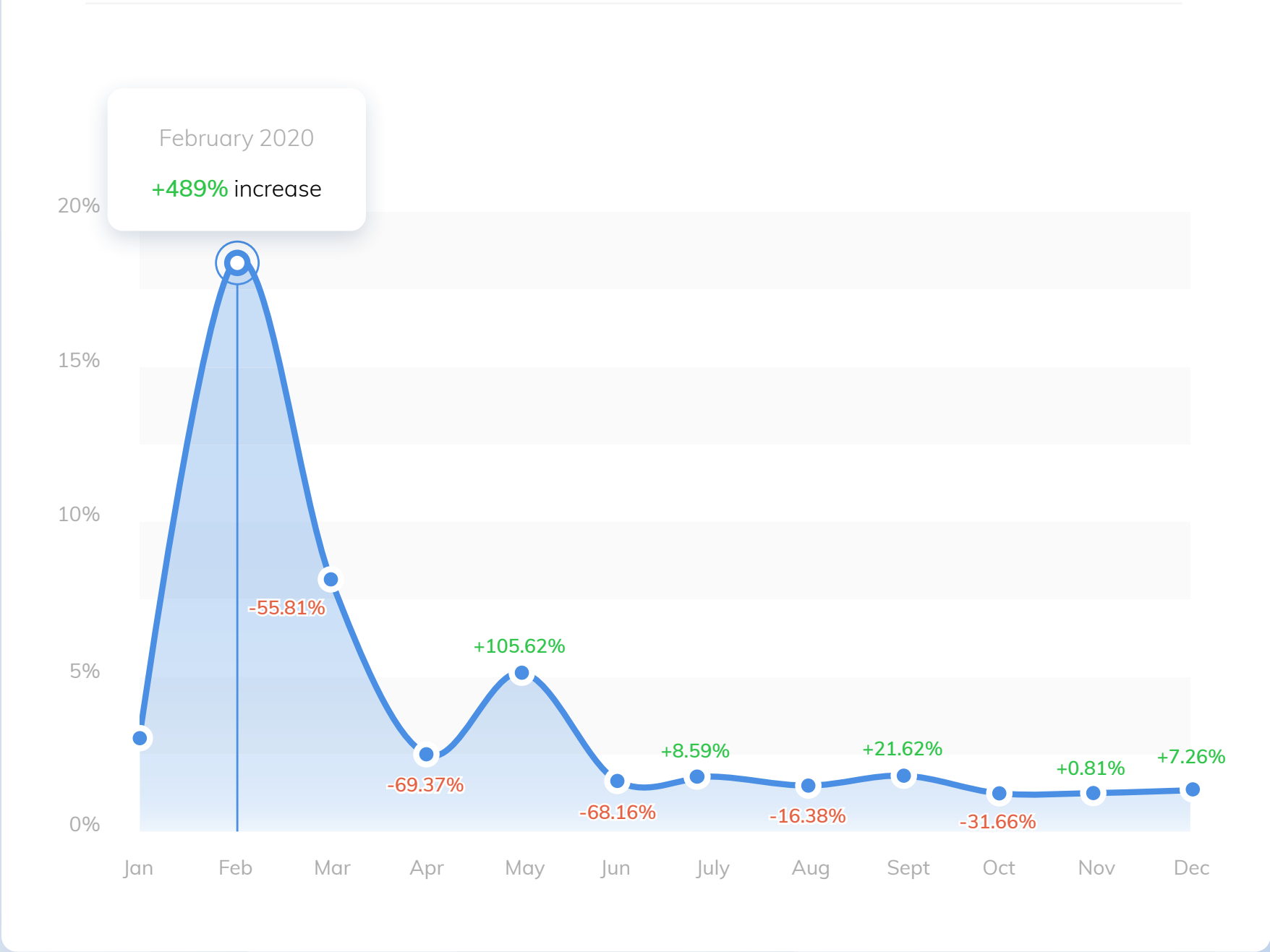
Overall, average growth rate accelerated and stagnated MoM at a regular interval (until the holiday season when it picked up steam in November and December).

Q1 Average: 9.88%

Q2 Average: 3.08%

Q3 Average: 1.68%

Q4 Average: 1.27%

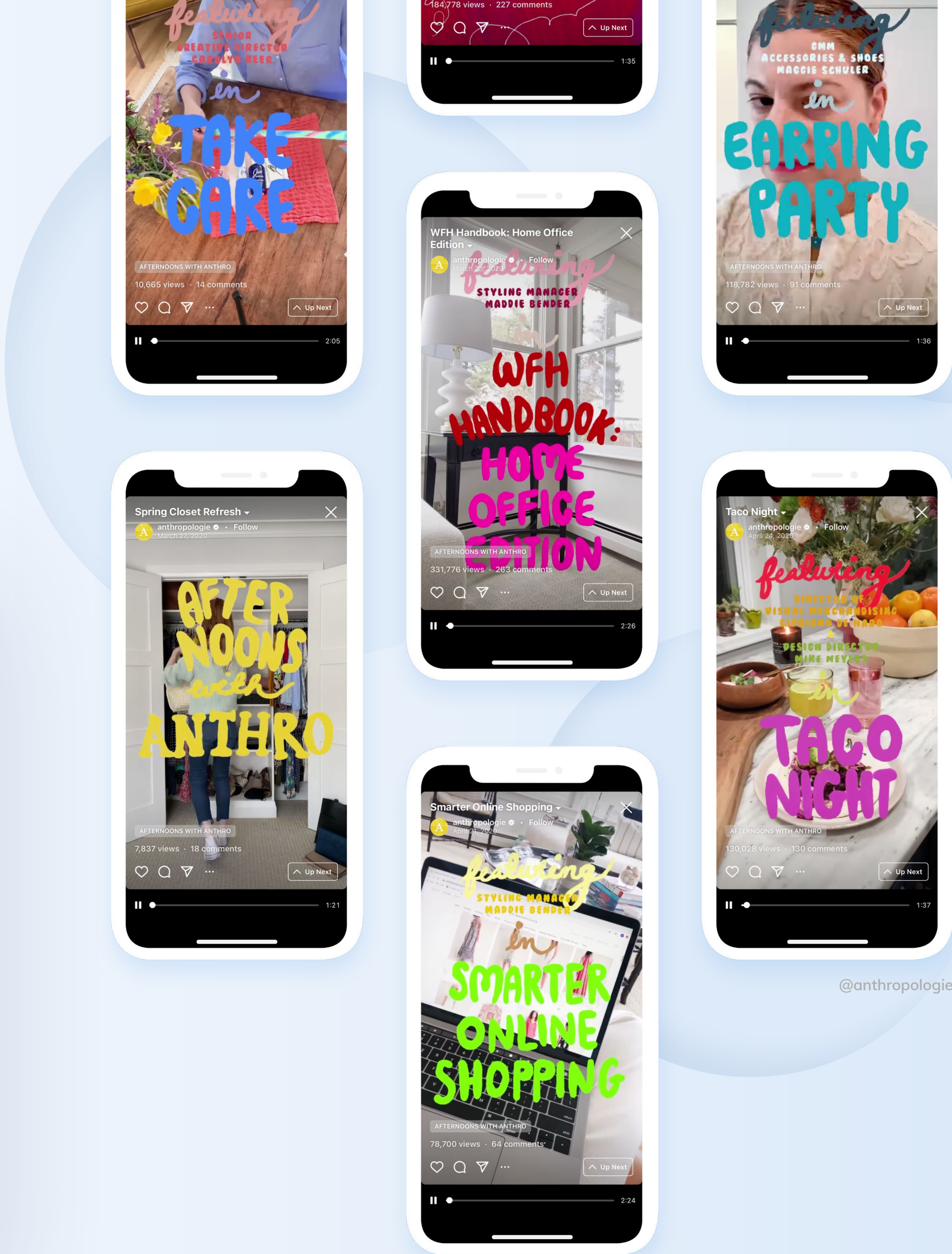
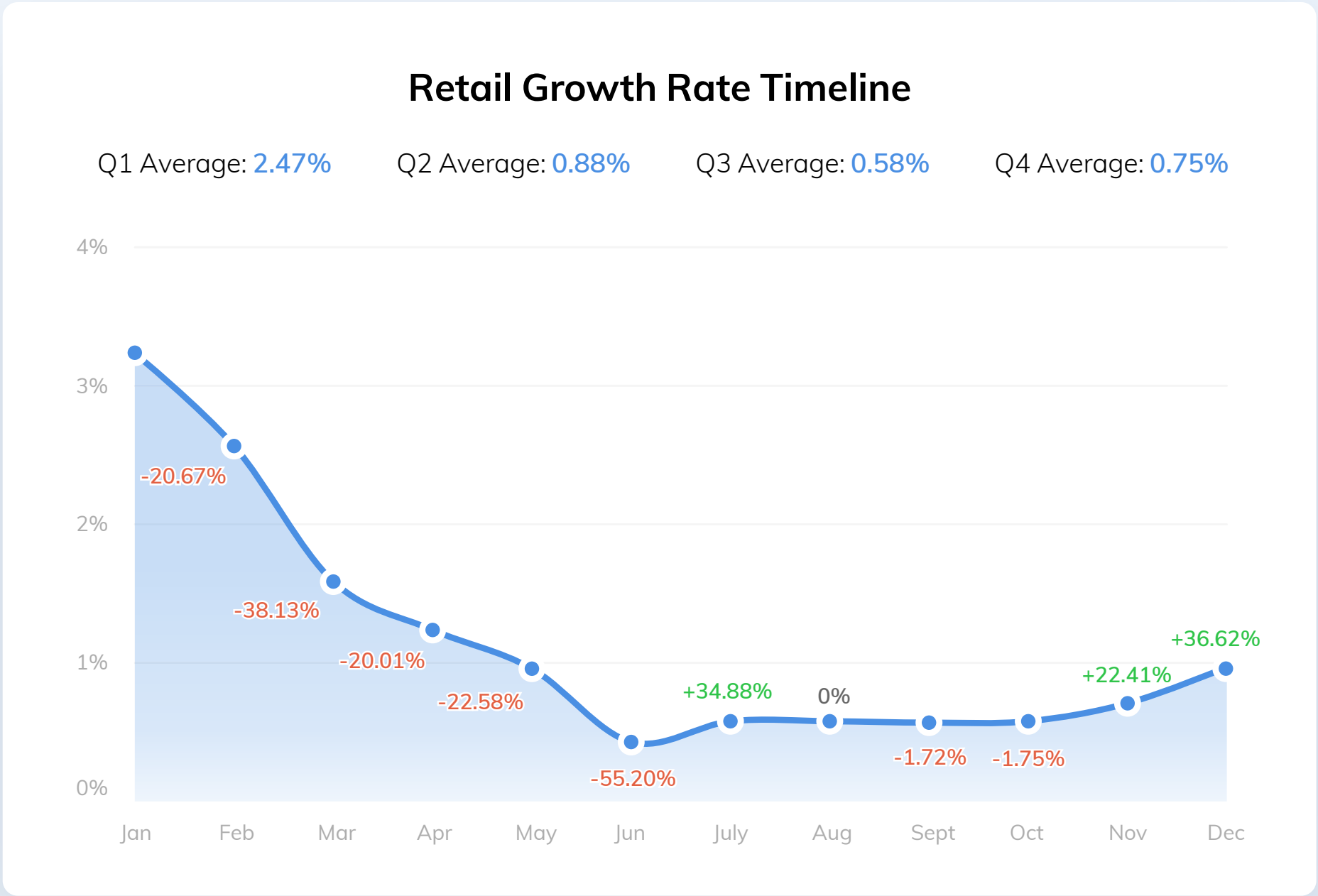


Industry Insights

User needs transformed at both a social and consumer level during this time, which was reflected in their behavior on Instagram. This saw some industries flourish while others faltered simply due to circumstance. We dug into the industry-specific trends in 2020 follower growth and loss to identify potential causes, as well as uncover areas of opportunity to expand or adjust Instagram approaches in 2021.

How Retail Skillfully Dealt with Loss

Retail was one of the hardest-hit sectors at the start of the pandemic with a steady decline in Instagram growth from February-June. For an industry predicated on the in-person experience of shopping, the shift to digital sales was clearly not without its challenges. However, in the latter half of the year, brands like Anthropologie and Old Navy were able to recover some of this loss by embracing social media as a crucial step on the customer journey, and leveraging features like IGTV to bring experiential elements back into the marketing mix.



How CPG Harnessed Growth

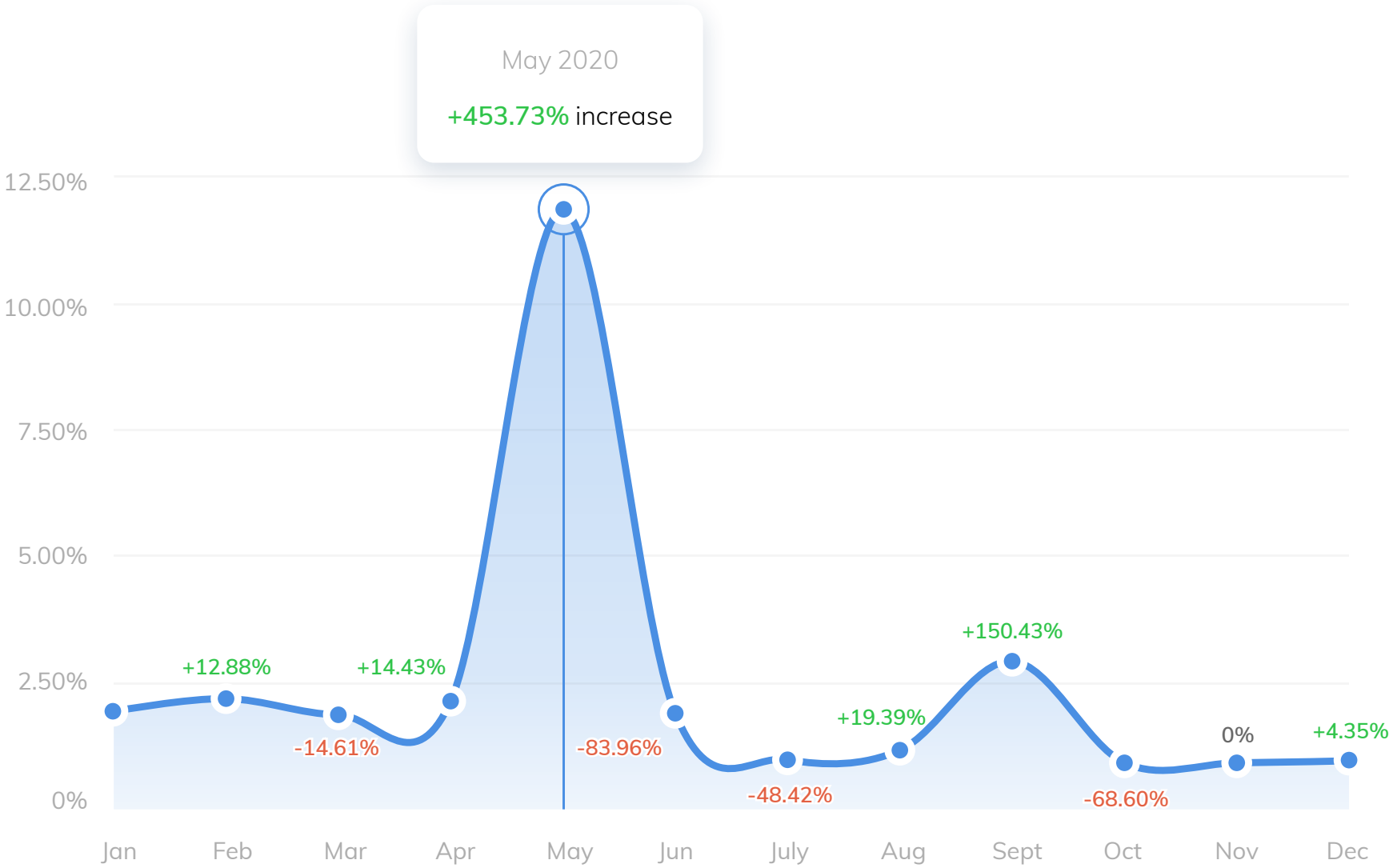
On the other end of the spectrum, the CPG category saw Instagram growth absolutely skyrocket over the course of 2020. Instead of struggling to stay afloat, brands were challenged to keep up with rapidly increasing social attention. The leaders in the industry, including Goli Nutrition and RITZ Crackers, leveraged Instagram to deepen connections with consumers and speed up the conversion process through strong narratives that inspired action.



Influencer and brand partnerships, UGC, and social impact were key content pillars across the industry, proving that CPG brands are diversifying their strategies to stay ahead of the curve.

Consumer Packaged Goods Growth Rate Timeline

Q1 Average: 2.00% Q2 Average: 5.30% Q3 Average: 1.69% Q4 Average: 0.93%



Follower Growth and Decline on Instagram

Key Learnings

Whether 2020 resulted in growth or loss, social marketers are still tasked with setting realistic goals they can actually achieve in 2021. The most important takeaway from both industry examples: **agility is the cornerstone of a thriving brand's Instagram playbook**. Marketers have to set up seamless workflows and clear processes to be prepared at any moment for a strategic pivot. Dash Hudson customers enjoy a comprehensive suite of features to predict and measure performance, select and schedule content, monitor community and relationships, and increase fluency across teams.

☆ **Tip:**

For timely insight into industry trends on Instagram, download Dash Hudson's 2021 benchmarks [here](#).

“ In tandem with our brand aims, our e-commerce KPIs have been **integral when devising our social strategy for 2021**. From revenue targets, to product deliveries, consumer behaviour and global and local events, we have worked closely to align our social and marketing strategies to support e-commerce trading.



Hannah Fillis,
Head of Social and Digital Campaigns
MATCHES FASHION

The Symbiotic Relationship Between Social Media and E-Commerce

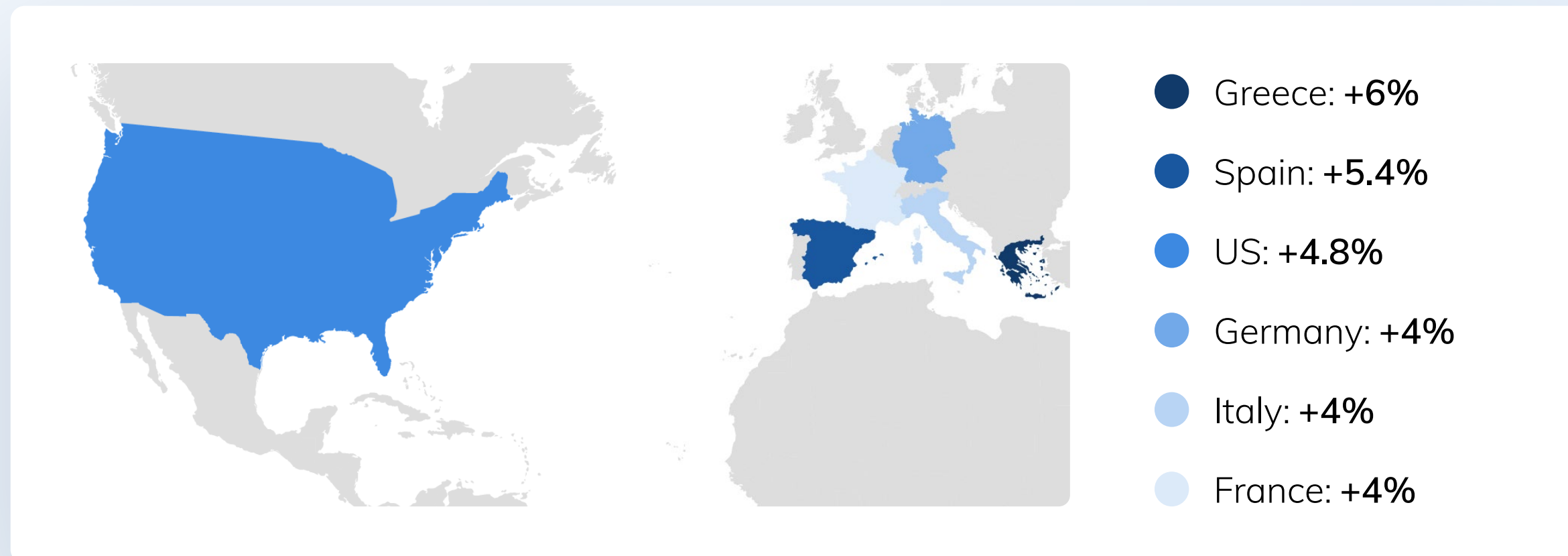
Correlation of Social Media and Sales

Global economies have become increasingly reliant on digital infrastructure to survive, resulting in more businesses shifting to an e-commerce model for sales. And consumers are following suit when it comes to purchase behavior. Per [eMarketer](#), the number of social commerce buyers in the US alone accelerated 25.2% to 80.1 million in 2020 and will grow another 12.9% to 90.4 million in 2021.

These new habits are not only reflective of a tight-knit social media community, but the market as a whole. For example,

follower growth on Instagram for the CPG industry is consistent with growth in the market; in September, [sales of consumer packaged goods](#) rose by nearly 6% in Greece, 5.4% in Spain, 4.8% in the US, and around 4% in Germany, Italy, and France.

In short: brands must consider the impact of social strategy on sales.



Social Commerce Stats to Know

40% of traffic for e-commerce brands came from Facebook last quarter*

46% of Instagram users make purchases after seeing product information on the app†

13.1% of e-commerce sales in China and 4.3% in the US will come from social in 2021‡

54% of mobile-engaged users expect to increase engagement with brands in 2021§

17% is the e-commerce conversion rate for top brands on social¶

*Source: [BusinessofApps](#), †Source: [Facebook](#), ‡Source: [eMarketer](#), §Source: [Forrester](#), ¶Source: [growcode](#)

☆ Tip:

According to Forrester, a leading global research and advisory firm:

Yes, you can use social marketing to achieve objectives at all stages of the customer lifecycle—from generating awareness to converting to sale to building long-term loyalty—but you may not be using social tactics at every stage at present. When it comes to social marketing technology, don't buy more than you need. Instead, consider the marketer-facing tools that will help operationalize and increase the efficiency of the social marketing programs you've chosen to deploy at specific stages of the customer lifecycle.

Tools And Technology: The Social Marketing Playbook, Jessica Liu and Melissa Parris, Forrester Research Inc., July 17, 2020

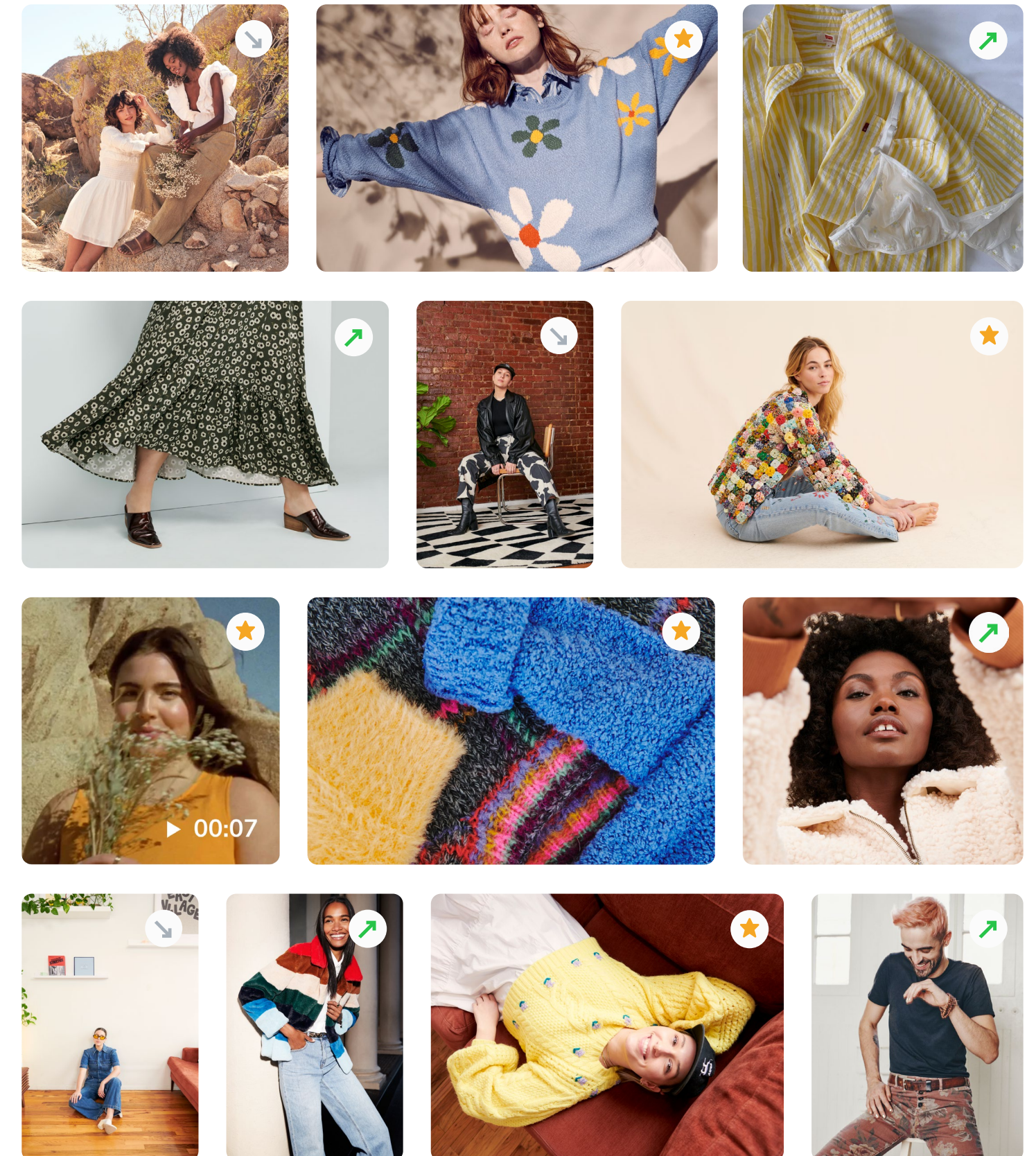
FORRESTER®

nuuly

Part of the URBN portfolio, clothing rental service Nuuly offers a curated monthly subscription box that allows fashion lovers to experiment with style without the commitment. With discovery at the forefront of this experience, social media is the perfect channel for the brand in both its marketing and e-commerce initiatives. The Nuuly team is able to move at speed by using all of the content tools in its social media arsenal on the retail side as well; they understand that strong performers on social are likely to be strong performers across all consumer touchpoints.

“ At Nuuly, we leverage [Dash Hudson's AI capabilities](#) to analyze the predicted performance of our editorial and UGC imagery to help us prioritize top-performing images in feed. **Since we began using this tool, we have consistently seen higher post engagement and increased customer interaction with Instagram shopping tags on our posts.** Combining the power of Visual IQ with Instagram shopping tags has helped us find the balance between engaging our followers with thumb-stopping content and encouraging product exploration.

The Social Team at Nuuly



The Nuuly merchandising team uses prediction icons to understand how they should shoot the articles they're incorporating in their boxes.

Expert Insights and Predictions

“ Over the past year, time spent on social and online shopping hit record numbers. In an effort to convert social users into shoppers, and better connect brands to consumers, social networks have transformed from hubs of discovery, community and connection into robust commerce engines. **Major platforms have launched new in-app shopping capabilities, further cementing social commerce as a critical investment channel for 2021.**



Sarah Owen,
Senior Strategist, Insight
WGSN

“ For Q2, watch the new Instagram Groups feature for sales opportunities. I believe it's just a matter of time until livestream shopping takes off Stateside, but we haven't seen the potential realized yet. Groups might provide a more intimate opportunity to sell limited products, and perhaps train your loyal fans to shop live—hopefully paving the way for truly shoppable IG Live experiences.

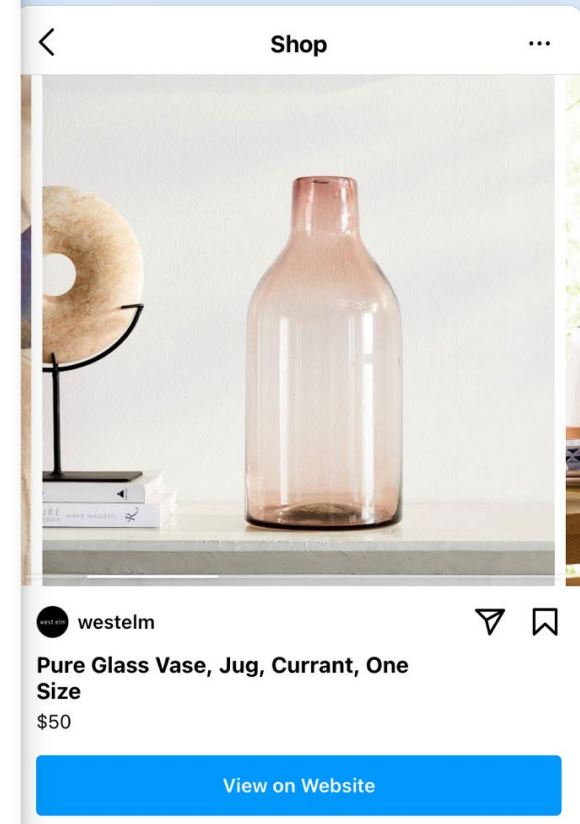
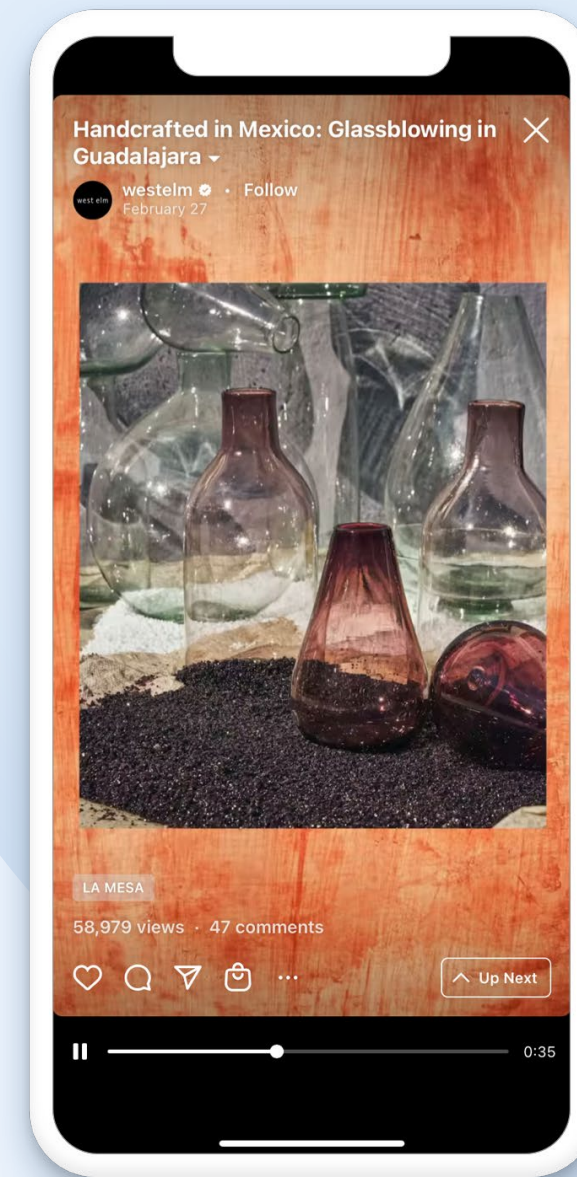


Marie La France,
VP of Strategy
DASH HUDSON

“ We're most excited by the advancement of social platforms in realising that e-commerce can be integrated into the platform in new and interesting ways. **Platforms have realised the appetite for people seeing something and wanting to shop can be served and accommodated, while still maintaining exciting and creative content that puts the user experience first.**



Hannah Fillis,
Head of Social and Digital Campaigns
MATCHES FASHION



@westelm

“ [Instagram] launched shops last year to help businesses set up their very own storefront directly in app, and we created a new tab on the home screen where brands can get discovered. We also made more shoppable video formats available globally, so that people could seamlessly shop something from a brand as soon as they discover it - whether that be in entertaining, short-form content like Reels, or in long-form storytelling like IGTV. **In 2021, we'll continue to add and improve features across the app so people can discover and shop new trends.** We're still in our early days, yet we're excited about the future of shopping on Instagram.



Bridget Evans,
Instagram Shopping Business Marketing Manager
Instagram

Emerging Platforms and Features for Social Marketing

Boost Engagement with Short-Form Video

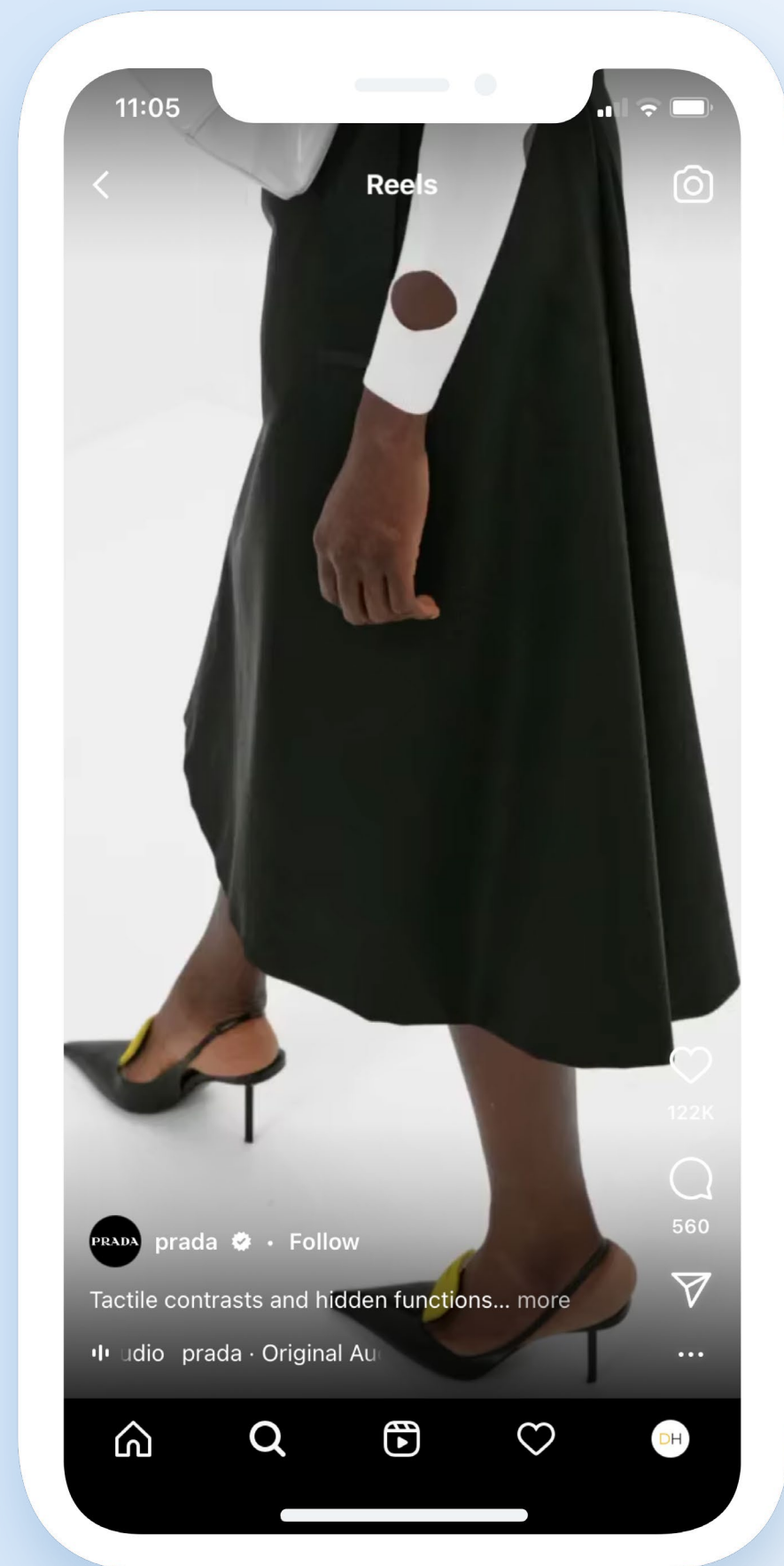
Video has become a popular medium for brand storytelling over the last few years, but will truly prove its power in 2021. Last year, consumers spent 40% more hours streaming on mobile devices. And according to Forbes, 99% of marketers are planning to continue using video in their strategies this year while 95% plan to increase or maintain their video spend. This is thanks in part to a rise in new platforms for video media.

40%

more hours spent by consumers
streaming on mobile devices in 2020

95%

of marketers plan to increase or
maintain their video spend in 2021



@prada

Instagram Reels

Globally launched in August of 2020, Instagram Reels are short, entertaining videos (up to 30 seconds) optimized to reach a broad potential audience in a discovery mindset. Instagram recommends Reels in the dedicated Reels and Explore tabs based on a number of signals, including people's interests, what's trending and popular, and locally relevant curated content.

“ Reels is an opportunity to break your bubble, be bold, and try content with a different mindset—experiment more and create knowing you could reach a bigger audience of people who don't follow you. **It's a place for brands to entertain existing and new audiences and be discovered on Instagram's global stage.**



Lauren Kohli,
Instagram Business Marketing (Stories and Reels)

Instagram

After spending Q4 of last year experimenting with the format, brands across industries have been zoning in on a Reels strategy and cadence over the course of Q1 2021 that boosts the potential for virality. This has been particularly successful in industries like luxury fashion, where lack of in-person access for runway shows can be supplemented through the unprecedented digital reach a surface like Reels provides.



Instagram by the Numbers

1 billion

monthly Instagram
users worldwide

54%

US market penetration
projected for 2021*

34%

of users fall in the
millennial age group†

15%

of users share brand posts or
product recommendations‡

66%

of users say they deliberately use
Instagram to interact with brands§

*Source: [eMarketer](#), †Source: [Statista](#), ‡Source: [GlobalWebIndex](#), §Source: [Facebook](#)

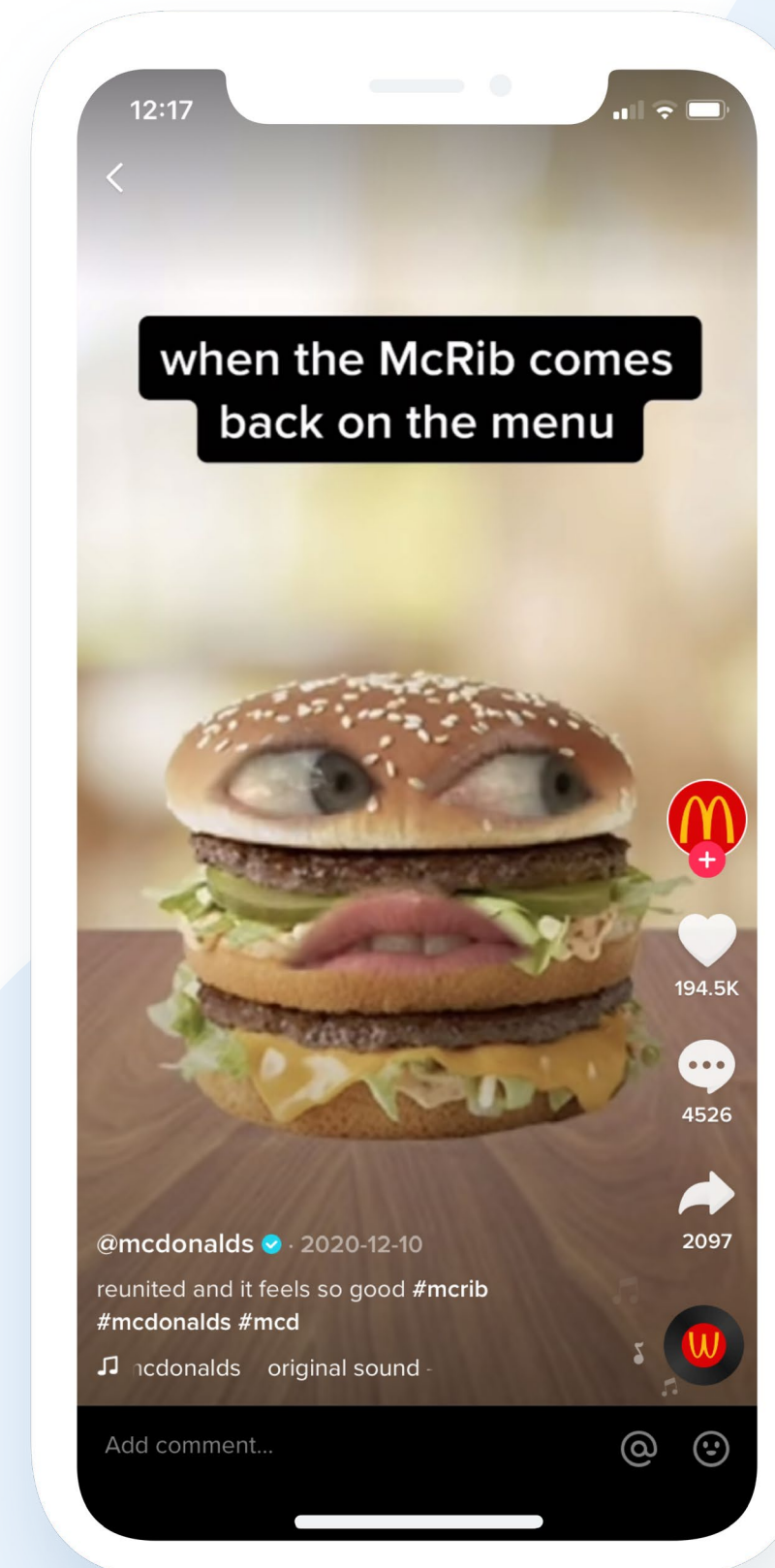
TikTok

TikTok is still a relatively new space for marketing, but is growing at a pace that brands can no longer ignore. The channel saw [325%](#) year-over-year growth and is on track to hit 1.2 billion active users this year. Plus, one in four TikTok users can't be found on any other channel—making it a fresh potential revenue stream.

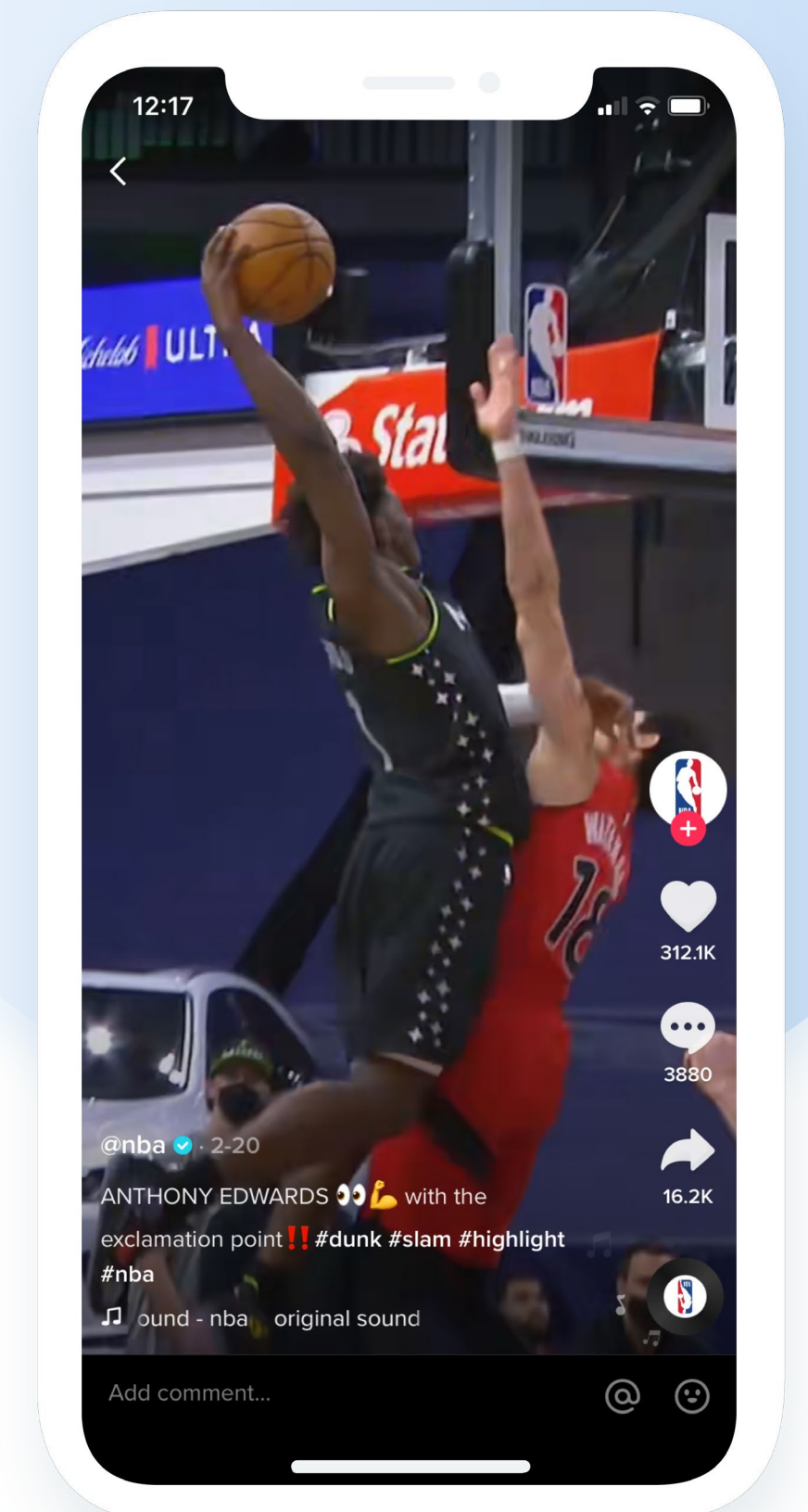
325%
Year-over-year growth

1.2 billion
Active users by 2021

Unlike channels prioritized for the social experience, TikTok is a content-first media hub that allows marketers some wiggle room when it comes to creativity, experimentation, and storytelling. Brands in the food and sports sectors became especially savvy on the channel over Q1, and currently garner millions of content hits. **For Q2, creating TikTok clips that focus on interactivity should be top of mind.**



@mcdonalds



@nba



TikTok by the Numbers

800 million

monthly TikTok users
worldwide

34%

US market penetration
projected for 2021*

40%

of users fall in the
Gen Z age group†

21%

of users share brand posts or
product recommendations†

52%

of users say they find new
products from ads on TikTok§

*Source: [eMarketer](#), †Source: [GlobalWebIndex](#), §Source: Nielsen via [TikTok](#)

Seamlessly Integrate the Digital Shopping Experience

Brands and platforms alike are starting to understand that bringing the social experience to the marketplace is the best way to convert digital audiences into customers. In Q1, adding in a layer of authenticity with images that speak to brand story and aesthetic helped to create a compelling digital presence across touchpoints—which is why integrated social-shopping features took marketing strategies by storm.



130 million

people tap to reveal a product tag every month

Source: Instagram

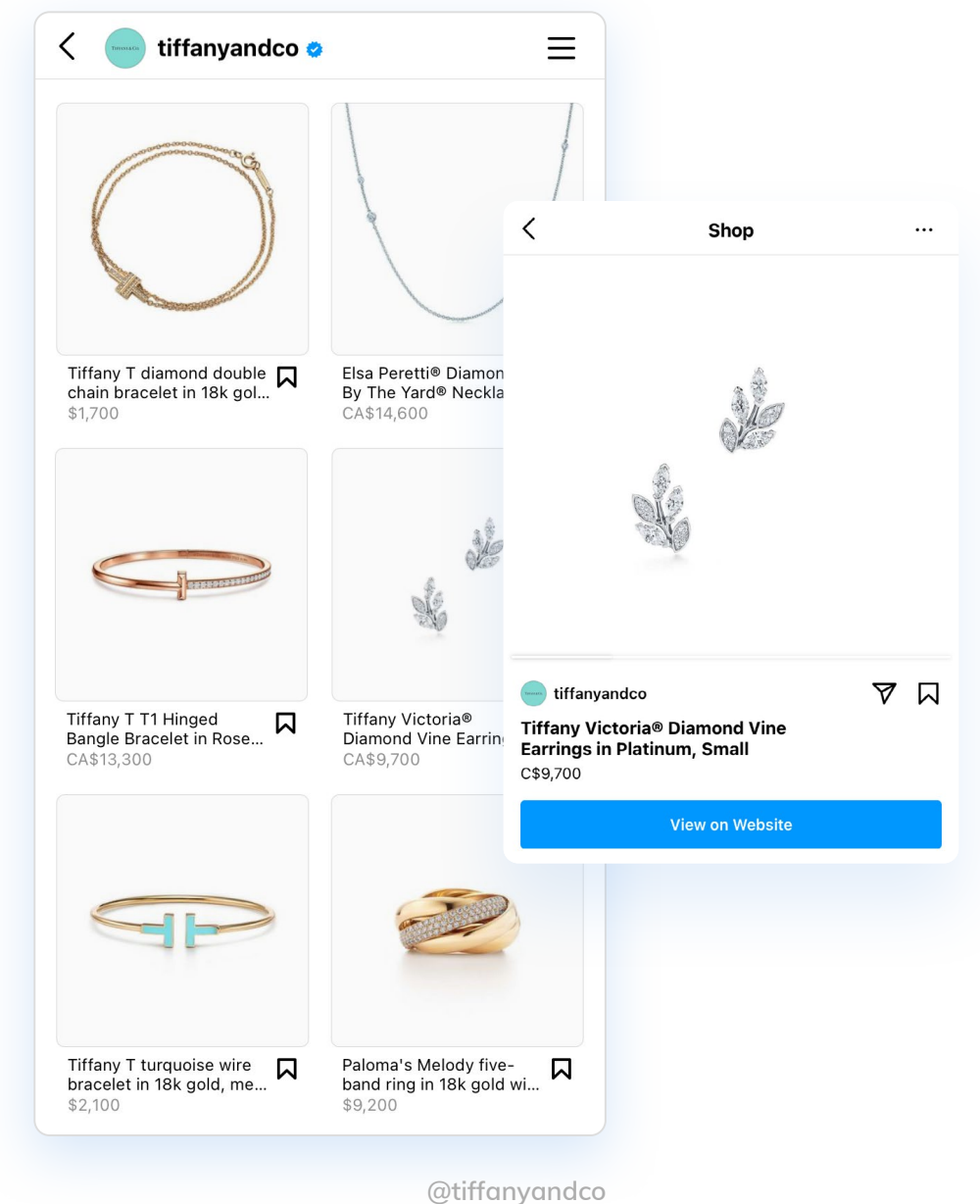
Introduced in May of 2020, Shops on Instagram is an “immersive full-screen storefront that enables businesses to build their brand story and drive product discovery” and in less than a year has become a prominent feature for sellers. 90% of people follow a business on Instagram, so Shops have been a natural fit for brands that want to capitalize on purchase-ready audiences.

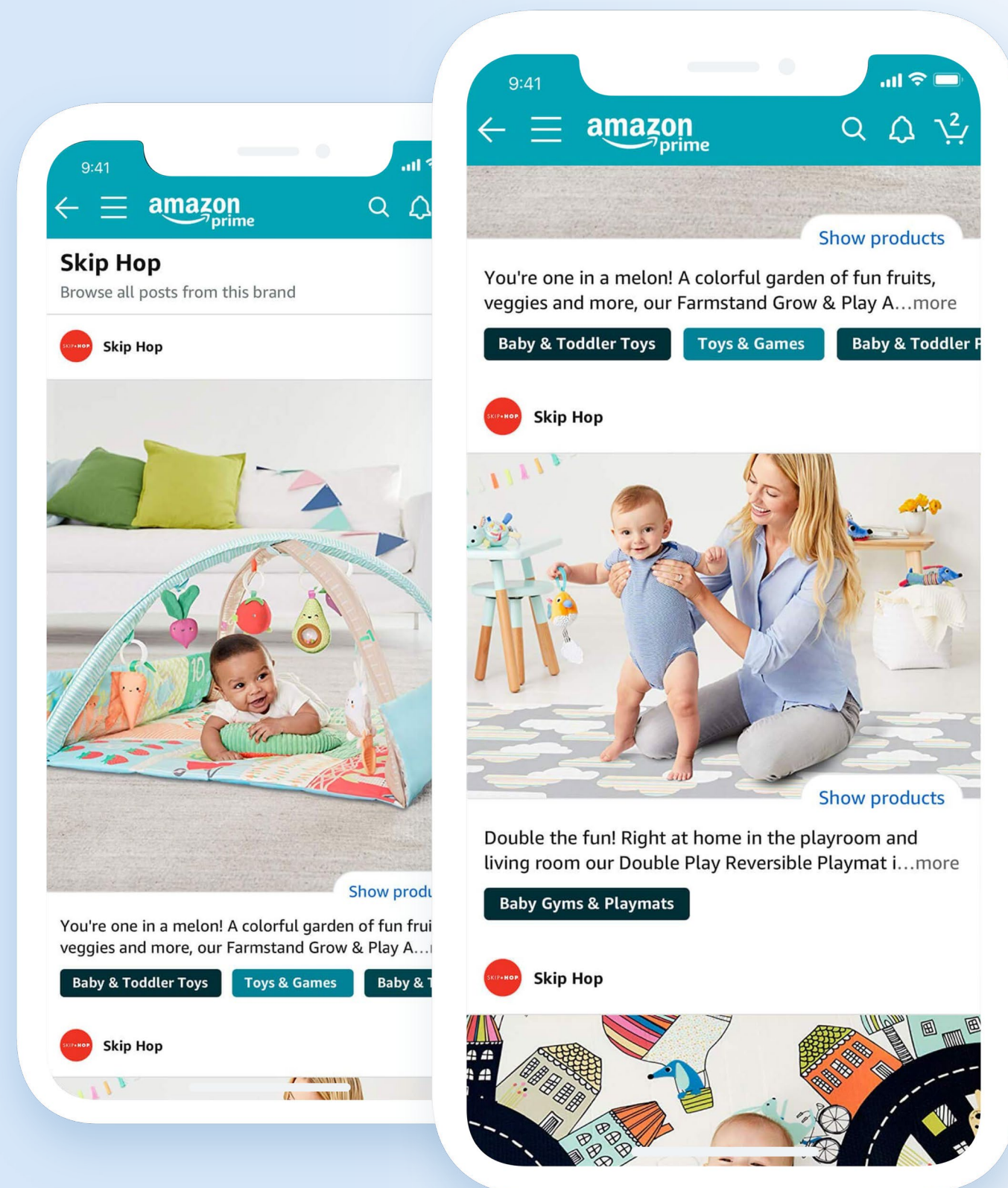
“Over the past year, COVID-19 has accelerated digital adoption with **85% of people globally shopping online, on average.*** And at the same time, people are looking for more ways to get even closer with their favorite brands and creators. We know that 90% of people follow a brand on Instagram, and they are also following their favorite fashion icons, beauty stars, artists, athletes, and more—people are truly creating their own communities of inspiration based on their interests. Because of this, businesses of all sizes have been forced to change their model and adapt to new ways of selling online in order to meet people where they are spending time and seeking inspiration.



Bridget Evans,
Instagram Shopping Business Marketing Manager
Instagram

**Source: “Coronavirus Research April 2020” by GWI, April 2020.
Generational age bands: Gen Z (16-23), Millennials (24-37),
Gen X (38-56), Boomers (57-64)*

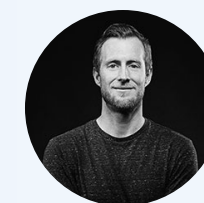




Source: [Amazon Advertising](#)

Conversely, Amazon Posts brings a social-like feed to e-commerce through lifestyle imagery, captions, and a direct link to product pages. Typically, the buying journey for an Amazon user is straight to the point—they often know what they want to purchase and go to Amazon with a mission instead of a desire to browse. To enhance discoverability, marketers are drawing consumers to similar or suggested products, and using photos that the customer can relate to.

“ I’m excited about Posts. I like anything that’s going to make the marketplace more social right now. It’s the same thing that holds true on Amazon Live, but consumer behavior needs to change first. Amazon has the shopping piece perfected but hasn’t been able to integrate that social component into the platform yet. I think over time, there is going to be a blurring of those lines as they continue to put a focus more and more on quality content.



Ryan Mulvany,
Founder

 QUIVERR

Market Spotlight: Beauty

State of the Market

The beauty industry was one of the first to fully embrace social media’s potential for marketing. In the years since, the category has continued to dominate on every channel from Facebook to YouTube. Marketers for the world’s top beauty brands like bareMinerals, Kylie Cosmetics, and NARS, pay close attention to trending platforms, features, and content styles, and consistently pivot as needed to stay ahead of the pack online.

With 2021 revenue already up [5.5%](#) YoY, this is an industry marketing professionals need to keep an eye on—particularly if they want to move at speed and maintain passionate social communities.

2021 Beauty Industry Instagram Benchmarks at a Glance



Cosmetics

Avg. Engagement Rate:	0.61%
Avg. Weekly Owned Reach:	14.8M
Avg. Growth Rate:	0.04%
Avg. Effectiveness:	12.22%

Skincare

Avg. Engagement Rate:	0.99%
Avg. Weekly Owned Reach:	2.1M
Avg. Growth Rate:	0.14%
Avg. Effectiveness:	11.41%

Haircare

Avg. Engagement Rate:	0.53%
Avg. Weekly Owned Reach:	1.1M
Avg. Growth Rate:	0.06%
Avg. Effectiveness:	15.12%

Fragrance

Avg. Engagement Rate:	1.29%
Avg. Weekly Owned Reach:	267K
Avg. Growth Rate:	0.07%
Avg. Weekly Posts	4.5

Rare Beauty

Since its launch in September of 2020, Rare Beauty has been a rising star on both social media and the market at large. The brand is a shining example of how to digitally launch a business, grow and maintain an engaged community, and innovate through its ethos, content, and social initiatives. Dash Hudson sat down with Ashley Murphy, Rare Beauty’s Director of Integrated Digital Marketing, to learn more about why social is a crucial component of her savvy team’s strategy.

“ Our approach to social is focused around educating about product and purpose but, most importantly, it’s about forming a genuine connection with our community. **Our community has always been central to the brand**—even before we launched products. By passing the mic to community members and celebrating their individuality, we’re able to create content that is engaging and relatable.



Ashley Murphy,
Director, Integrated Digital Marketing
Rare Beauty



+375%

Higher engagement than the cosmetics industry average*

*In 2020

With a focus on continued community engagement, increased narrative content, and the launch of a new vertical in 2021, streamlining the social commerce experience is top of mind for the Rare Beauty team.



“ Social plays a significant role in new customer acquisition and will continue to do so as we expand internationally this year. Many of the platforms have made the integrations so seamless now, where you can checkout without ever leaving the platform. We know that social will become even more important to e-commerce as consumers shift their purchasing behaviors.

Ashley Murphy,
Director, Integrated Digital Marketing at Rare Beauty

Dash Hudson is key to this strategy, as it helps Rare Beauty measure content performance across its different verticals on a day-to-day basis.

September Launch

131 Media

Total Reach	66,769,742
Total Likes	8,870,259
Total Comments	93,908
Avg. Engagement Rate	3.77%
Avg. Effectiveness Rate	22.32%



“ One of the most important things we’ve been able to do through Dash Hudson is to identify the key content franchises that resonate best with our audience. Through the Boards feature, we’re able to see which content pillars are performing above industry benchmarks and continue to iterate on those specific pillars.

Ashley Murphy,
Director, Integrated Digital Marketing at Rare Beauty

Conclusion

The experts agree: social media and e-commerce continue to converge and evolve at a rapid pace and brands need to keep up momentum when it comes to marketing initiatives in these domains. Maintaining a casual presence online is no longer enough—business leaders must prioritize community building and innovative content creation, as well as lean into new technologies and channels as they emerge. The faster brands can adapt to change, the better positioned they will be for long-term growth and sustainability.

For Q2:

- Invest in agile marketing professionals
- Increase cross-functional alignment between social and commerce teams
- Allocate time and budget for exploring untapped creative mediums

Check back every quarter for more insight into social media, e-commerce, and visual marketing from Dash Hudson. And, for all the tools you need to succeed year round, [request a demo today](#).