

**CH.1** 

### **QVC-You-Later:** Live Shopping in The New Digital Age

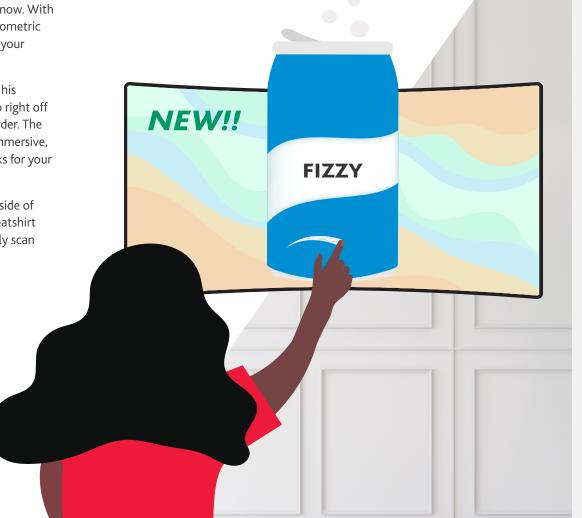
It's the biggest football game of the year in 2046. You and your friends are watching the game on your new TV, which is actually a holographic projector built into your wall. You suddenly realize you've run out of drinks. But there are less than two minutes left in the fourth quarter, and your team is down by a single field goal. You're watching intently as the game takes place on your living room walls and floor, powered by 360° video content that makes it look like the players are in the room with you.

One team calls a timeout and the broadcast cuts to commercials. An ad for a new flavor of your favorite fizzy soda comes on, and you want to try it now. With a single hand gesture that your holographic TV recognizes and quick biometric scan of your eyes, you place an order directly from the ad. It will be on your doorstep within thirty minutes.

While you're waiting, one of your friends reflects on how decades ago, his grandma used to use a nationally televised multimedia retailer to shop right off the screen. And she would actually have to use a phone to place the order. The rest of the group laughs, as that fad was overshadowed years ago by immersive, livestream shopping. Remember when you had to wait four to six weeks for your order and, by the time it arrived, you forgot you purchased it?

During the post-game interviews, a new ad appears on the right-hand side of the "screen," announcing: "Be the first to order the winning team's sweatshirt even before the trophy presentation, straight from your TV." You quickly scan your eyes again and make a purchase — it should be here in two days.

While 2046 is still over 20 years away and football field goals are not yet being kicked by holograms in our living rooms, livestream shopping — a form of e-commerce where products are showcased and sold in real-time through a live video stream — is solidifying its place as a viable retail strategy today. Retailers are already exploring ways to market their products and capture customer demand in real time, driving greater web traffic and revenue totals.





# From Scroll to Sold: "Shoppertainment" Is Helping Retailers Get Closer to Their Customers

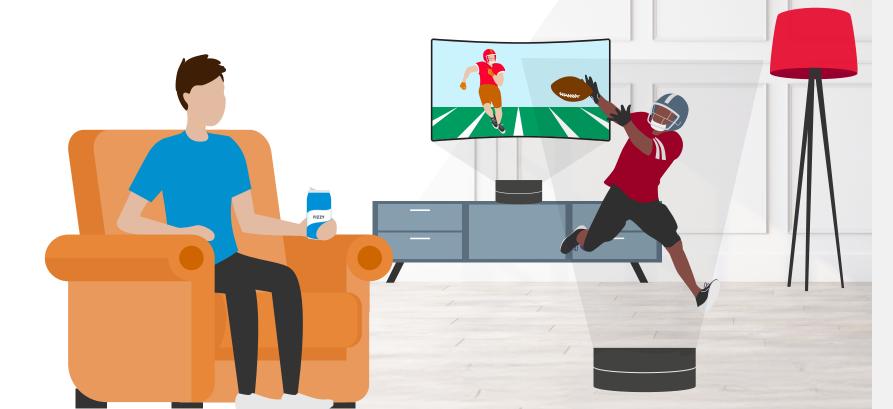
In 2023, U.S. livestream commerce sales reached an <u>estimated \$50 billion</u>, according to eMarketer. By 2026, these sales are <u>projected</u> to grow by 36%, making up more than 5% of all e-commerce sales in North America, according to Coresight. Mid-market retailers face a critical decision point regarding livestream commerce adoption, primarily dependent on a comprehensive technology infrastructure assessment.

Through raw, conversational, interactive experiences, livestream shopping, sometimes called "shoppertainment," is better connecting retailers to their customers by integrating storytelling, education, and commerce to drive sales and revenue. For example, one of the nation's largest department stores has already run hundreds of <u>virtual live shopping events</u>, including style tutorials, interactive product demos, and Q&A panel events — giving consumers access to notable brand executives and influencers. By tuning in, consumers gain opportunities to "meet" the faces behind their favorite products, have their questions answered in real time, and make a purchase at the point of decision.

Livestream shopping has the potential to drive new, high engagement, and competitive differentiation. Statistics show livestreaming is a valuable form of e-commerce for retail executives to take advantage of now, if they're not already. According to Forbes, livestream shopping has shown conversion rates of up to 30% — 10% higher than traditional e-commerce. Because of this, retail executives should explore this new touchpoint and assess its feasibility and alignment with their strategic goals.

Influencer partnerships are another way retailers can tap into shoppertainment. Influencers are becoming an increasingly important component for driving livestream shopping success across social media platforms. These collaborations work well because influencers offer authentic product demonstrations and create relatable shopping experiences that resonate with target audiences, making content more likely to go viral. Macro influencers drive reach, while micro influencers drive engagement and conversions. Of course, the combination of outcomes is ideal, but retailers should determine what measurement is most important to them and prioritize influencer partnerships that align with their strategic goals.

As retailers begin to explore emerging live shopping opportunities, it will be critical to ensure their back-end e-commerce operations are up to the task. With live shopping, seamless collaboration between marketing, operations, and technology functions enables retailers to prepare for an influx of activity when certain products go viral or mass orders are placed at once.



### **Product Virality:** The Inventory Dilemma Retailers Hate to Love

CH.3

Live shopping can beget demand spikes that are hard to predict. Keeping up with rapidly changing demand trends will require nimble inventory management systems and an ecommerce platform built for volume.

Retailers need to stress-test their current e-commerce system's capacity for surges in demand before a live shopping event, an effort that hinges on coordination between IT and warehouse teams to assess order fulfillment capacity. Cross-functional coordination between marketing, merchandising, and logistics teams is essential to maintain alignment between ongoing promotions, incoming orders, and available inventory.

Agile retailers have systems that can not only handle demand surges without crashing, but also flex with sudden traffic spikes. Consider using inventory buffers for high-velocity SKUs, implementing real-time analytics to monitor orders and product performance, and tracking customer intent signals on social media to better understand demand, then pivot accordingly. Scalable fulfillment processes will also help retailers adjust with the ebbs and flows of orders, while proactive customer service support can help mitigate inventory issues, communicate backlogs, and protect the overall brand experience.

Operational readiness is key for successful livestream shopping. At its highest efficacy, livestream shopping capitalizes on cultural trends and product virality to create urgency around a retailer's products. To truly prepare for these scenarios, retailers may consider simulating high-volume order events to test their e-commerce infrastructure.

Ensuring their infrastructure is updated with the latest technology — such as AI, predictive analytics, and tools for supplier visibility and inventory management — is an important piece of the puzzle, but so is stress-testing operations. Stress-testing allows retailers to see how all of these functions intersect before hosting a live shopping event, especially if that event is tied to major sporting or entertainment marketing initiatives that have the potential to flood e-commerce systems.

To future proof their e-commerce strategy, retailers may consider working with a third-party advisor to help set the vision and assist with technology implementation to effectively capture sales generated from live shopping initiatives. Working with tools such as auto-scaling cloud services, real-time analytics platforms, and content delivery networks (CDNs) can all support operational readiness. Leveraging this technology can help benchmark critical KPIs including conversion rate uplift, order fulfillment speed, and customer satisfaction scores to quantify impact.



## **How BDO Can Help:** Developing Strategies for a Live Shopping Influx

Livestream shopping is a strategy used by a handful of today's top retailers and is expected to become table stakes. The success of these events — particularly with younger generations — has already signaled a shift toward mainstream adoption. These consumers increasingly expect interactive, real-time shopping experiences and livestream shopping meets them where they are. Retail leaders need to prepare now and begin to build capabilities that allow them to take advantage of this emerging channel and contribute to memorable client experiences.

Whether you are a retailer looking to perform a portfolio assessment to identify how and where to modernize your technology, or you are already aware of your e-commerce and digital marketing needs but are not sure how live shopping fits into the overall vision, BDO Digital's <u>Digital Strategy and Consulting Practice</u> professionals can help.

If you are looking to implement livestream events as a new means of engagement, we can work with you to identify and mitigate operational risks ahead of time to ensure a smooth customer experience.

In addition, our professionals can work with your team to define buyer personas, quantify market opportunities, and identify competitive advantages to build strategic frameworks that can drive sales and customer demand in real time. From customer relationship management (CRM) and content management systems (CMS) to product information management (PIM) tactics and choosing hosting platforms, BDO can help integrate new e-commerce solutions and applications into existing IT infrastructure.

Livestream shopping is in its infancy now but is likely to become a marketing mainstay in the years to come, fundamentally rewiring the customer journey. Retailers who act now can position themselves to stream smart, sell live, and future-proof their business in this increasingly digital age.



### Ready to tackle your way into live shopping channels?

BDO can help take your e-commerce business into the end zone.

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BDO has been a valued business advisor to retail and consumer products companies for more than 100 years. The firm works with a wide variety of clients across the traditional retail, consumer product and ecommerce sectors, ranging from multinational Fortune 500 corporations to emerging businesses, on myriad accounting, tax and advisory issues.

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