

F R O S T & S U L L I V A N

2024

COMPETITIVE
STRATEGY LEADER

*IN THE GLOBAL VIDEO
COMMERCE INDUSTRY*

F R O S T & S U L L I V A N

2024 BEST
PRACTICES
AWARD

∞ Firework

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. Firework excels in many of the criteria in the video commerce space.

AWARD CRITERIA	
<i>Strategy Innovation</i>	<i>Customer Impact</i>
Strategy Effectiveness	Price/Performance Value
Strategy Execution	Customer Purchase Experience
Competitive Differentiation	Customer Ownership Experience
Executive Team Alignment	Customer Service Experience
Stakeholder Integration	Brand Equity

Firework: Future-focused, Innovative, Trusted Partner

Firework is a video commerce solution that creates interactive customer experiences. With a global presence in 37 countries, Firework stands out in the emerging, fast-growing video commerce market with an integrated approach to fostering interaction and community engagement within a brand’s digital storefront.

Firework’s primary mission is to revolutionize online interaction and commerce for consumers and brands through human connection, identifying and fulfilling clients’ needs from inception to actual execution. Continuous iteration in technology investments and consolidating industry expertise improve upon existing solutions and pave its AI-led video commerce roadmap. Firework understands that the connection between content and commerce is crucial for business success, recognizing that the future will be one defined by bi-directional dialogue and conversation. Thus, it consolidates a comprehensive product portfolio to offer enhanced data and personalized experiences directly to consumers. The company’s strategy goes beyond placing a video or virtual assistant on a website to truly understanding the customer journey from a data, analytics, marketing, and operational perspective. Firework further strengthened its value proposition and commitment to supporting clients in achieving significant business outcomes, including expanding brand recognition, cultivating personal connections, boosting sales and conversions, and enhancing engagement and loyalty. The company aims to comprehend the client’s challenge of creating meaningful interactions with consumers in today’s digitally connected world while maintaining a

human touch through tools such as shoppable videos, AI generated digital human video assistants, one-to-one virtual shopping, digital showrooms, and livestream solutions.

Firework taps into available growth opportunities by leveraging artificial intelligence (AI) capabilities to

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- Lara Forlino
Industry Analyst

deliver scalable, low-latency, and valuable solutions catering to specific brand needs. The company combines product innovation, marketing strategies for brand positioning, and operational expertise in a remarkable product portfolio. Its offerings align with a variety of different buyer personas and shoppers, as well as with both enterprise and small business clients alike. For instance, the company designed its shoppable interactive video product to engage and captivate online shoppers through videos, focusing on entertainment. Users can review content at their preferred pace and seamlessly shop directly from the

video or redirect to the website, according to the client’s preference. This capability enables a tailored, immersive experience aligned with the client’s specifications. As a result, clients who incorporated its shoppable interactive video achieved a remarkable 60% increase in conversion rates compared to visitors who did not engage with videos. Moreover, clients experienced a 22% boost in Customer Lifetime Value due to increased repeat purchase behavior, distinctly lower return rates by 33% in contrast to conventional e-commerce without video engagement, and a noteworthy three times higher Net Promoter Score (NPS) among visitors who engaged with Firework’s livestream or short videos.¹

A recent noteworthy addition to Firework’s portfolio is its AI-generated video sales assistant, AVA, a lifelike digital human avatar that brings the expertise and human connection of in-store shopping to the digital realm. The video assistant, leveraging a strategic approach to AI content development and retrieval-augmented generation, learns and adapts over time, delivering accurate and personalized responses to digital consumers in real time.

Another highlight from Firework’s portfolio is its digital showroom, which was created to mimic the in-store experience in an online setting and build a community with users through a blend of interactive features. For example, clients can use the host table to engage with shoppers from any location, create polls, pin comments, and ask questions. In addition, Firework incorporated an AI-driven showroom chat, enabling real-time, text-based conversations. This AI assistant lets users inquire about products, services, and featured brands within the digital showroom. Notably, clients that adopted Firework’s digital showroom reported a 19% rise in product click rate compared to the 1.9% industry standard and a five-

¹ <https://firework.com/solutions/shoppable-video/>. Accessed November 2023.

time increase in session time over pages not using the Firework experience.² For a more personal experience, the company offers a one-to-one virtual shopping solution with a customized approach. This solution aligns well with high-end or luxury items, addressing user desire for comprehensive product information and guidance from a live, dedicated sales associate before purchasing. According to the company, clients have the potential to achieve an impressive 11 times increase in conversions through one-to-one virtual shopping.³

Firework claims its solutions can boost engagement duration by up to 130% and increase repeat purchases by up to 38%.⁴ Frost & Sullivan believes the company is uniquely prepared for today's demands and exceptionally positioned for tomorrow's needs. Firework's clear strategic vision and execution underpin its partner-of-choice status and sustainable growth for years to come.

A Valuable Combination of Agile Technology and Human Touch

Firework distinguishes itself from traditional video players by offering a holistic video commerce platform

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- Valentina Barcia
Best Practices Research Analyst

with specific features designed for commerce (e.g., directly purchasing from the video). Its technology seamlessly integrates with the client's content management system platform, allowing users to add items to the cart and proceed to checkout directly from the video. Compared to other competitive offerings, Firework stands out with its ability to enhance real-time engagement and interactions. Creating a human connection from a brand's perspective is critical in this digital-focused world. For example, its one-to-one video chat prioritizes genuine

connections between users and sales associates, improving the buying experience.

The company regularly upgrades its solutions to ensure optimal performance. In 2023, Firework announced its AI Creation Studio, a tool that simplifies and streamlines the content creation process. Featuring automated editing capabilities and templates, clients can efficiently create high-quality videos and captivating content. Moreover, Firework incorporates analytics and reporting as a key pillar of its strategy, enabling the generation of comprehensive insights. These reports illustrate product utilization across all offerings, helping it better understand customer behavior and optimize engagement approaches. Leveraging analysis utilizing first-party data, customer feedback, and operational insights,

² <https://firework.com/solutions/digital-showroom/>. Accessed November 2023.

³ <https://firework.com/>. Accessed November 2023.

⁴ Ibid.

Firework implements scalable solutions to address recurring customer inquiries, reinforcing its value and performance.

Building Trust through a Customer-centric Approach

Firework serves over 1,000 clients across various industry verticals, including consumer packaged goods, beauty, fashion, consumer electronics, travel, retail, and entertainment. Over the years, the company has successfully added highly prominent names (e.g., Walmart, Mattel, L'Oréal, Olapex, GAP, Unilever, Levi's, Vogue, and American Express) to its client base.⁵ Firework provides exceptional customer service through its dedicated team of client success experts focused on delivering a consulting approach and the necessary guidance to fully leverage the benefits of video commerce. Before implementation, the company's success team meets with clients to comprehend their specific needs, such as increasing conversions, enhancing website engagement, and strengthening brand recognition. Based on this understanding, it develops a tailored and customized strategy, providing tools and resources to support clients in achieving efficient business outcomes.

Firework's solid customer testimonials prove its capabilities' superiority and best practices implementation. In 2021, The Fresh Market, a food retailer, partnered with Firework to include shoppable and livestream video capabilities on its owned media channels (e.g., website, email). Since then, the client has increased its engagement rates for videos by 113% and average session time by 115% by embedding Firework short videos on its website.⁶

The Fresh Market has also incorporated special, holiday livestream shopping events into its digital engagement strategy, achieving noteworthy results. For example, the client conducted a Thanksgiving-themed livestream event, where consumers could engage and shop directly within the video modules, both live and on-demand. This event attracted 7,000 live viewers and more than 700,000 on-demand replays. By leveraging Firework's technology, The Fresh Market achieved engagement rates of 18.7 times the industry average and click-through rates 6.7 times higher than their site-wide average.⁷

“Overall, the combined viewership of the first four live streams exceeded 2 million views, and we saw conversion rates of the featured special occasion meals at 300% greater than our traditional digital advertising results.”

- Kevin Miller, Chief Marketing Officer, The Fresh Market⁸

⁵ <https://firework.com/>. Accessed November 2023.

⁶ <https://firework.com/customer-stories/the-fresh-market-success-story/>. Accessed November 2023.

⁷ Ibid.

⁸ Ibid.

Similarly, Firework helped Natori, an international fashion brand, reach 141% higher conversion rates than its other sales avenues. The client has increased brand awareness and loyalty by implementing a strategy featuring short, shoppable videos, user-generated content, and livestreams. As a result, from one Natori livestream, the brand saw a 15% boost in average order value compared to normal, site-wide sales without livestreams.⁹

“We have been on a mission to expand Natori.com beyond being a website that just executes transactions. Firework’s livestreaming capabilities have helped turn our site into a content destination, and we are thrilled to see the increase in customer engagement and loyalty.”

- Ken Natori, President, Natori¹⁰

Firework uses client feedback to guide its product roadmap and continuously evolve its solutions to maintain its innovative edge. Furthermore, the company conducts surveys to ensure high customer satisfaction, earning it a 90 NPS on its one-to-one virtual shopping product.¹¹

Growth Potential

Firework’s value proposition closes existing industry gaps. Its integrated and robust portfolio promotes remarkable business outcomes and improves user experience. Focused on three pillars (product innovation, marketing, and operational expertise), the company delivers products that impact various stakeholders, including the client, sales associates, marketing teams, and the end consumer. Firework strives to forge true partnerships with clients that go beyond simply providing software solutions. Hence, it continuously interacts with customers through events and online forums, testifying to the company’s consultative approach.

In May 2022, Firework announced it raised \$150 million in a Series B funding round led by SoftBank Vision Fund 2.¹² As of November 2023, the company has raised over \$235 million in capital. Frost & Sullivan believes Firework is well-positioned in the video commerce market, sustaining an impressive speed to market with its capacity to launch technology-integrated products that meet and exceed customers’ needs.

⁹ <https://firework.com/customer-stories/natori-success-story/>. Accessed November 2023

¹⁰ Ibid.

¹¹ Frost & Sullivan Interview with Firework.

¹² <https://www.prnewswire.com/in/news-releases/firework-closes-150m-softbank-vision-fund-2-led-series-b-to-continue-to-build-the-future-of-commerce-860090568.html>. Accessed November 2023.

Conclusion

Frost & Sullivan believes that innovation and growth opportunities drive future success; many factors contribute, yet having a competitive strategy is critical. Firework understands this core concept and is leading the video commerce market due to its differentiated approach, which helps it outpace its competitors. By leveraging innovative technology, the company's solutions combine cutting-edge capabilities with live human interaction to enhance user engagement and increase clients' revenues. Serving multiple industries, Firework stands out by delivering impressive outcomes backed up by well-known clients. Firework develops and implements its strategies with its customers and consumers in mind, securing its position as a trusted partner and market leader.

For its strong overall performance, Firework is recognized with Frost & Sullivan's 2024 Global Competitive Strategy Leadership Award in the video commerce industry.

What You Need to Know about the Competitive Strategy Leadership Recognition

Frost & Sullivan's Competitive Strategy Leadership Award recognizes the company with a stand-out approach to achieving top-line growth and a superior customer experience.

Best Practices Award Analysis

For the Competitive Strategy Leadership Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Strategy Innovation

Strategy Effectiveness: Effective strategy balances short-term performance needs with long-term aspirations and overall company vision

Strategy Execution: Company strategy utilizes Best Practices to support consistent and efficient processes

Competitive Differentiation: Solutions or products articulate and display unique competitive advantages

Executive Team Alignment: Executive team focuses on staying ahead of key competitors via a unified execution of its organization's mission, vision, and strategy

Stakeholder Integration: Company strategy reflects the needs or circumstances of all industry stakeholders, including competitors, customers, investors, and employees

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

About Frost & Sullivan

Frost & Sullivan is the Growth Pipeline Company™. We power our clients to a future shaped by growth. Our Growth Pipeline as a Service™ provides the CEO and the CEO's growth team with a continuous and rigorous platform of growth opportunities, ensuring long-term success. To achieve positive outcomes, our team leverages over 60 years of experience, coaching organizations of all types and sizes across 6 continents with our proven best practices. To power your Growth Pipeline future, visit Frost & Sullivan at <http://www.frost.com>.

The Growth Pipeline Engine™

Frost & Sullivan's proprietary model to systematically create ongoing growth opportunities and strategies for our clients is fuelled by the Innovation Generator™.

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Key Impacts:

- **Growth Pipeline:** Continuous Flow of Growth Opportunities
- **Growth Strategies:** Proven Best Practices
- **Innovation Culture:** Optimized Customer Experience
- **ROI & Margin:** Implementation Excellence
- **Transformational Growth:** Industry Leadership



The Innovation Generator™

Our 6 analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.

Analytical Perspectives:

- **Mega Trend (MT)**
- **Business Model (BM)**
- **Technology (TE)**
- **Industries (IN)**
- **Customer (CU)**
- **Geographies (GE)**

