

SNCR 2020 Series

Exploring New Communications Tools and Technologies

Millennials and Social Commerce

Brands and Buy Buttons

By Nora Ganim Barnes and Danielle Correia

As the first generation to be composed largely of digital natives, millennials are some of the most significant users of social commerce and social media. Research conducted by the Center for Marketing Research (CMR) at the University of Massachusetts Dartmouth examines how millennial consumerism is driven through social media, while also questioning how purchasing varies across platforms. This *SNCR 2020 Series* is an in-depth look at current purchasing habits of millennials using three of the most widely used social networking platforms (Facebook, Twitter and Pinterest).

“Social commerce” is a term that describes the intersection of e-commerce and social networking sites. It has changed the face of business as we know it. Social commerce utilizes user ratings, referrals, online communities and social advertising to facilitate online shopping. Millennials, people between the ages of 15 and 35, have been quick to adopt and utilize social commerce. According to Forbes, there are 80 million millennials in the U.S. and they spend more than \$200 billion annually.¹ This makes millennials an attractive segment for marketers.

This *SNCR 2020 Series* article is based on Nora Ganim Barnes and Ava Lescault, *Millennials Transform Social Commerce: Hashtag “Buy” Buttons?*, University of Massachusetts Dartmouth Center for Marketing Research, 2016. (Reprinted with permission.)

1 Dan Schwabel, “10 New Findings About the Millennial Consumer,” *Forbes*, January 20, 2015, (<http://www.forbes.com/sites/danschawbel/2015/01/20/10-new-findings-about-the-millennial-consumer/#18b95eb528a8>).

Highlights

- 63 percent of millennials like companies /brands on Facebook, 19 percent follow on Twitter and 19 percent pin on Pinterest.
- Nike, Apple, Disney, BuzzFeed and Victoria's Secret are the top brands followed on both Facebook and Twitter.
- The top motivator for liking a company/brand on Facebook and Twitter is to support the company/brand they like. Pinterest users are motivated to share interests and lifestyle ideas with others.
- Millennials are more likely to be converted to a sale if a coupon or discount is offered on a social networking site.
- Facebook users are more likely to make a purchase online after liking or sharing something than are the users of Twitter or Pinterest.
- "Hair, Beauty, and Apparel" is the top category of purchases made across social networking platforms.
- Pinterest users are more likely to use a "buy" button (or "buyable pins") than Facebook or Twitter users.

Millennials' influence on commerce is causing companies to focus their approach on the group's online buying habits. According to a study by Deloitte, younger adult consumers are heavier users of digital than older generations.² Forty-seven percent of all millennial consumers use social media during their shopping journey, compared to 19 percent of non-millennials. Similarly, 37 percent of millennial consumers spend more due to their use of digital, versus only 23 percent of non-millennials. Nineteen percent of millennial shoppers purchase their shopping basket items online prior to picking them up in-store, compared to 12 percent of non-millennials.

In September 2014, ShareThis released one of the first studies focusing on millennials and social commerce, gathering data by observing online browsing and social patterns.³ They conclude that for these young consumers, interactivity and discussion are central to purchase decisions. The study did not report on behaviors for any specific platforms and reported findings only in relation to the non-millennial population, for example saying millennials are "3x more likely" to behave in a certain way.

This is the third study conducted by CMR on the topic of millennials and social commerce. The others were conducted in 2013 and 2014 and changes over time will be noted. In an effort to discern what turns a like, follow or pin into a sale, this study explores and analyzes lead conversion tactics as identified by millennials themselves. Also included is a look at mobile technology and its changing role in online purchasing. The potential for "buy" buttons is explored along with specifics on what products millennials are buying through popular platforms.

2 Navigating the New Digital Divide: Capitalizing on Digital Influence in Retail, Deloitte, 2015.

3 Yuyu Chen, "Millennials More Likely to Purchase What They Share on Social," ClickZ, September, 2014 (<https://www.clickz.com/millennials-more-likely-to-purchase-what-they-share-on-social/29512/#>).

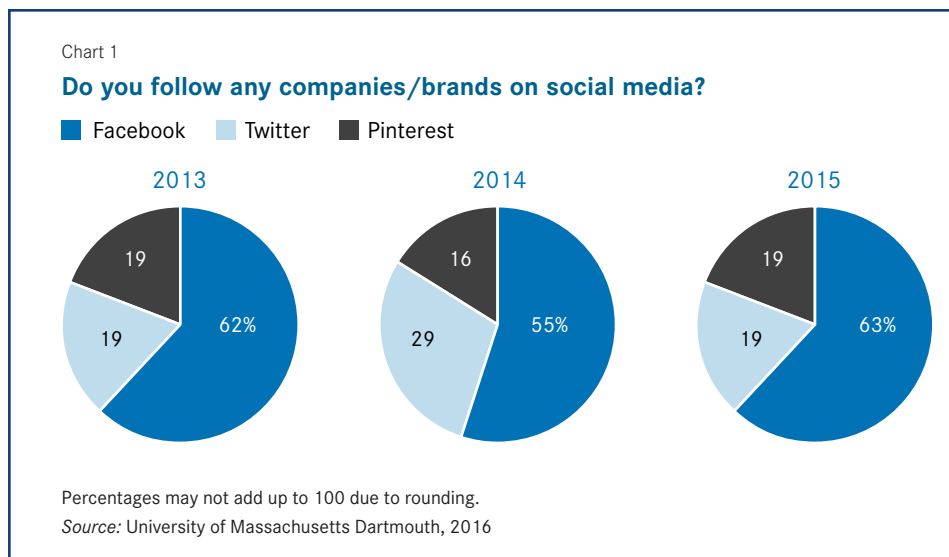
Findings

1a. Online liking, following and pinning

When it comes to purchasing on social networking sites, Facebook and Pinterest resonate more than Twitter among millennials. Facebook has more than 1.5 billion active users, far surpassing its social commerce competitors. Twitter usage has declined over the past several years, but the company still boasts 320 million active users and Pinterest has surged to 100 million users. Study participants were asked if they like, follow or pin any companies or brands on social networking sites.

For purposes of this study, the three platforms in question are Facebook, Twitter and Pinterest. Facebook is the most popular millennial platform, with 63 percent of them liking companies/brands, followed by Twitter and Pinterest, each at 19 percent. Following companies/brands on Facebook has increased eight percent since 2014. Twitter users following companies/brands have declined by 10 percent since 2014 while Pinterest users following companies/brands have increased by three percent. More than 40 million businesses now have pages on Facebook making it a popular place to like a brand or company.

All respondents stating they followed or liked companies/brands were asked to identify their five favorites on Facebook and Twitter.



1b. Companies/brands most “liked” by millennials on Facebook

These results are somewhat similar to those from previous years. Nike remains in the top spot as most followed by millennials on Facebook, but Apple has fallen from the second-most popular spot. Target has gained traction with millennials, moving to a top spot alongside Nike. Sephora, Disney, BuzzFeed and Victoria’s Secret are added to the top-five list for the first time. Starbucks has not appeared in the top five since 2013 and Forever 21 did not make the 2016 list after two consecutive years in the top five.

1c. Top five companies/brands most “followed” on Twitter

Nike holds the top spot for the most-followed brand on Twitter for the third time. Dunkin’ Donuts, Forever 21 and Victoria’s Secret were listed in the top-five most followed brands in 2014 as well as during the 2016 study, though in different positions. Apple, BuzzFeed and Disney were new among the top responses in 2016.

Table 1

Companies and brands most liked by millennials on Facebook

2013	2014	2016
Nike	Nike	Nike/ Target
Apple	Apple	Sephora
Target	Amazon	Disney
Starbucks	Target	Apple
Forever 21	Dunkin’ Donuts/ Forever 21	Buzzfeed/ Victoria’s Secret

Table 2

Companies and brands most liked by millennials on Twitter

2013	2014	2016
Nike	Nike	Nike
ESPN	Victoria’s Secret	Apple
Starbucks	Dunkin’ Donuts	Dunkin’ Donuts
NFL	Forever 21	Buzzfeed
NHL	Starbucks/ Footlocker	Disney/Forever 21/ Victoria’s Secret

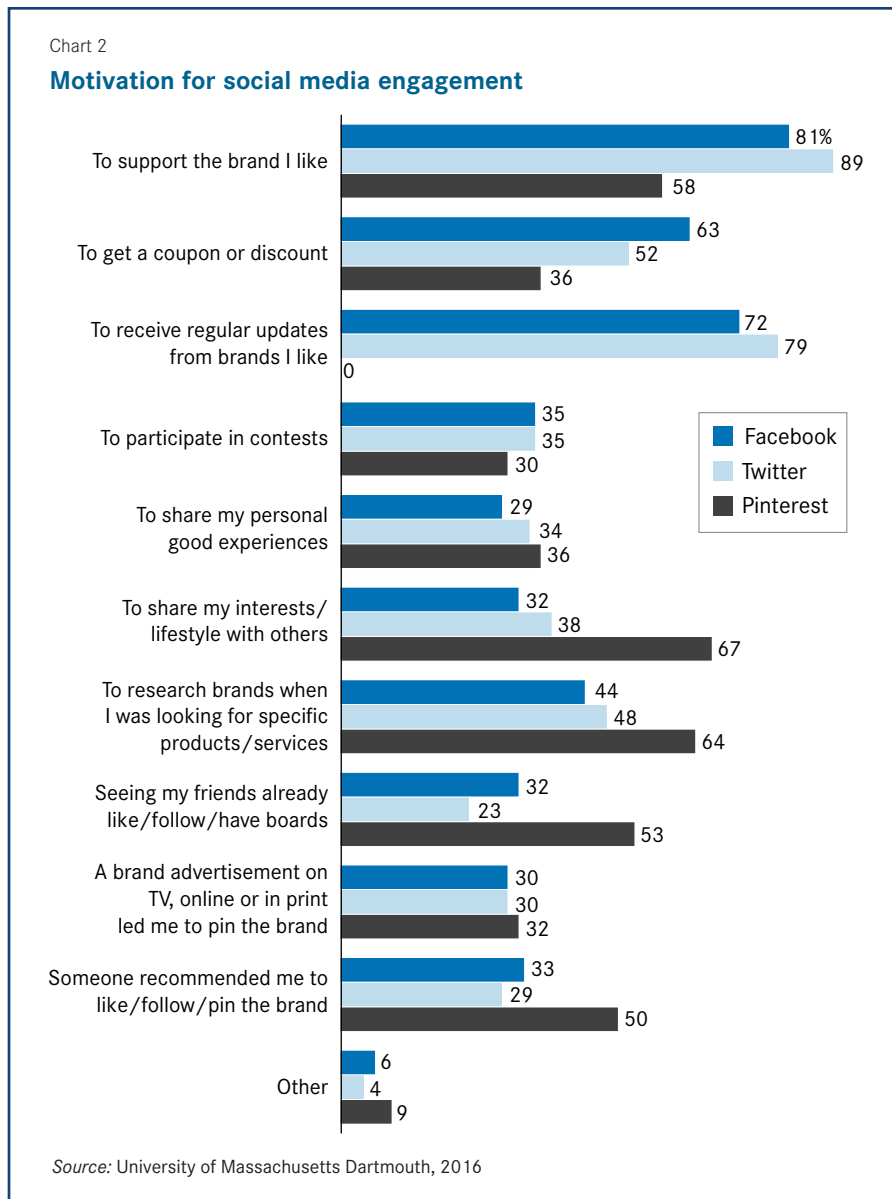
Source: University of Massachusetts Dartmouth, 2016

2. Motivators for likes, follows and pins

When asked why they “like” a company/brand on Facebook, 81 percent of respondents said it is to support the brand they like. Seventy-two percent said receiving regular updates is important. Sixty-three percent of respondents said getting a coupon or discount motivates them. The top reasons why Twitter users follow a company/brand on Twitter are identical to those reported by Facebook users.

When Pinterest users were asked why they pin something from a company/brand, sharing interest/lifestyle was the top reason with 67 percent of respondents. After that, the focus becomes researching the brand when looking for a specific product/service (64 percent).

The biggest difference between the three platforms is that Pinterest users are primarily motivated by their desire to share their interests/lifestyle with others. They are less motivated by brand advertisements and more likely to research ideas than their Facebook and Twitter counterparts. This theme is consistent with the findings of our earlier studies.



Respondents citing other motivations said that they worked for the company, their friends owned the company, they were following job opportunities with the company, they were complaining about unsatisfactory experiences, or, in the case of Pinterest, to add items to boards to remember the information for later. These results are also consistent with the studies conducted in 2013 and 2014.

3. Lead conversion across Facebook, Twitter and Pinterest

Companies have long been trying to understand how to convert traffic to their social networking sites into sales. Cost is the prime motivation for buying among this group. Millennials in this study indicated that companies offering coupons or discounts in exchange for a like/follow/pin would be more likely to see an increase in sales. Other popular responses include exclusive offers, free products, and more directed advertising.

4. Purchasing after liking, following or pinning

When it comes to social media purchasing, Facebook and Pinterest resonate with millennials. Forty-one percent of respondents with Facebook accounts said they had purchased something online after liking or sharing it while 16 percent of Twitter users said they made a purchase after following or sharing the item. For Pinterest users, 26 percent purchased something after pinning or sharing it.

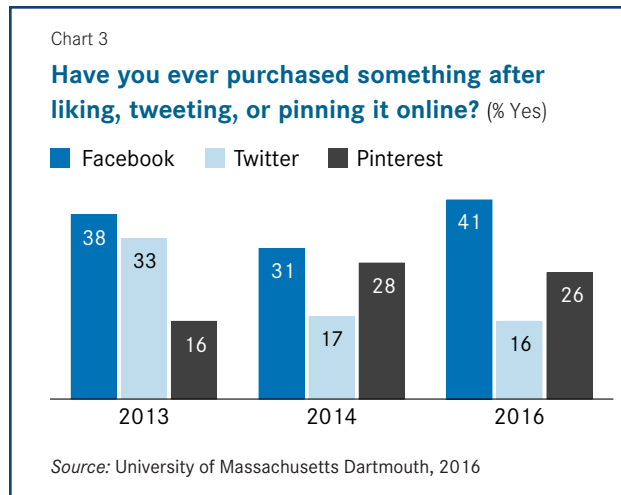
The trade reports from Business Insider and Vision Critical both show lower levels of purchasing after liking, following or pinning a company/brand on social networking sites than indicated in this study.⁴ Both reports used a convenience sample from the general population. It is clear from our findings that millennials are more likely than the general population to make a purchase once they have some link to the company/brand through interaction on a platform.

Table 3
Comparison of recent studies on purchasing after liking/following/pinning*

	Facebook	Twitter	Pinterest
UMass Dartmouth	41%	16%	26%
Business Insider	28%	22%	23%
Vision Critical	33%	22%	40%

* The University of Massachusetts Dartmouth study focused solely on Millennials
 Source: University of Massachusetts Dartmouth, 2016; Business Insider, 2013; Vision Critical, 2013

4 See "The Rise of Social Commerce: how Tweets, Pins And Likes Can Turn Into Sales," Business Insider, August 2013 (<http://www.businessinsider.com/social-commerce-drives-retail-2013-8>); and From Social to Sale: 8 Questions to Ask Your Customers, Vision Critical, 2013.

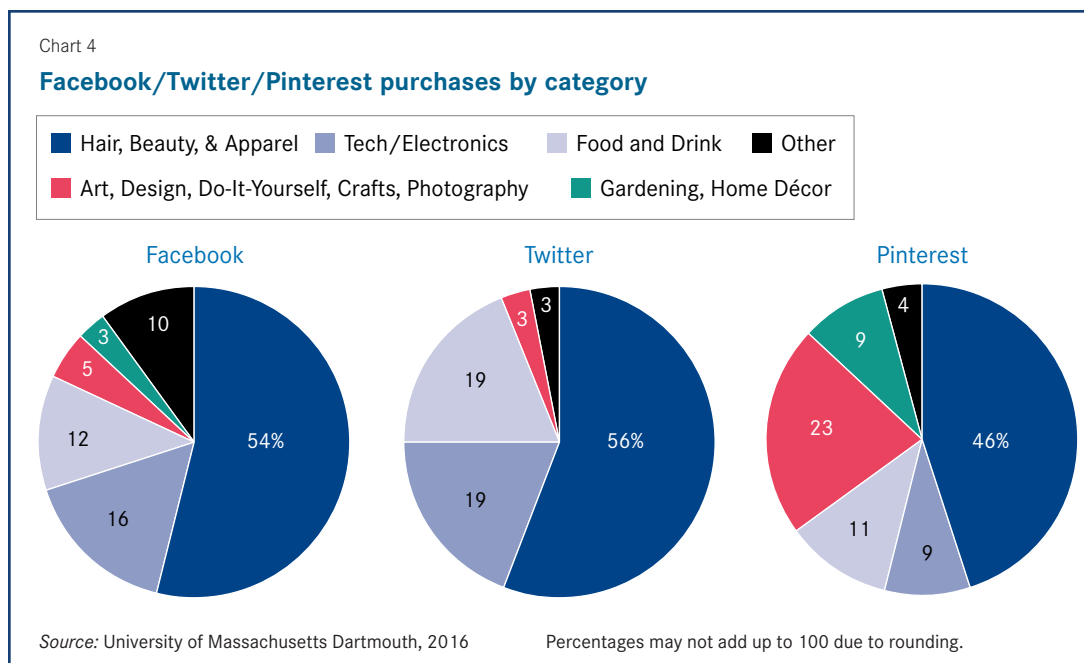


Most millennials purchase things they have viewed on social media either online only or through both online and in-store channels. Very few millennials make purchases solely in-store (2 percent on Facebook, 11 percent on Twitter and 14 percent on Pinterest).

5. Facebook, Twitter and Pinterest purchases by category

Of those purchases made after sharing something online, millennials clearly prefer to buy goods in the category of Hair, Beauty and Apparel. This is the category where the most purchases were made across the three platforms studied, accounting for roughly half of all purchases. This is consistent with studies done in previous years.

On Facebook, Tech and Electronics was the second-most social influenced purchase with 16 percent coming from this category. This is consistent with studies done in previous years.



On Twitter, the second-most chosen category is tied between Tech and Electronics (19 percent) and Food and Drink (19 percent). Tech and Electronics was rated second highest in 2014 (23 percent) and Food and Drink was rated second highest in 2013 (21 percent).

Pinterest users are likely to buy Art, Design, DIY, and Photography and Craft products next (23 percent) as a result of online social influence. These are the same results as studies done in previous years.

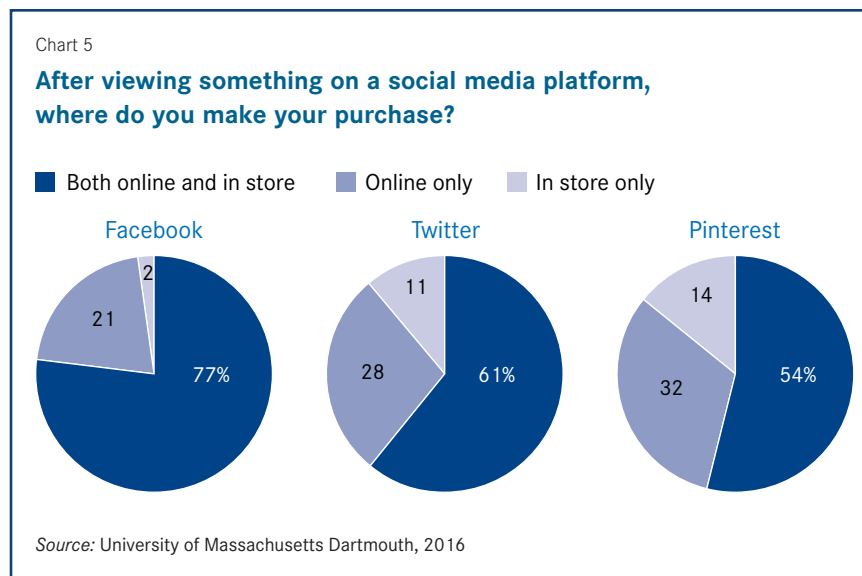
Users across all three platforms are least likely to purchase in the category of Gardening & Décor. More Tech & Electronics are purchased through Twitter and Facebook while more Art & Design, DIY, Photography and Crafts are purchased through Pinterest than through their competitor platforms. Those that selected “Other” stated that they purchased baby items, pet supplies, books and entertainment (movies, music, event tickets, games, etc.). These responses are consistent with the findings of the 2013 and 2014 studies.

6. Millennials as multi-channel shoppers

Additional data was collected on perceptions of millennials with regard to the ease of converting a like, follow or pin into a sale. Respondents were asked if purchases were made solely online, only at a brick and mortar store, or if both channels were utilized.

All three platforms contribute to both online and in-store purchasing. As might be expected, millennials often make their final purchases online, after viewing or sharing on a social network. In this year’s study, however, they demonstrate their tendency to be multi-channel shoppers. Facebook had an increase of 5 percent in online-only buying since the 2014 study. Twitter has seen a decrease of 7 percent and Pinterest decreased 18 percent since last year.

Some social-influenced millennials shop exclusively in stores. Those saying they only use brick and mortar stores for their actual purchases remained the same for Pinterest users (14 percent) as in the 2014 study. The number of millennials shopping in-store only has dropped by 13 percent for Facebook users since then and increased by 1 percent for Twitter users.



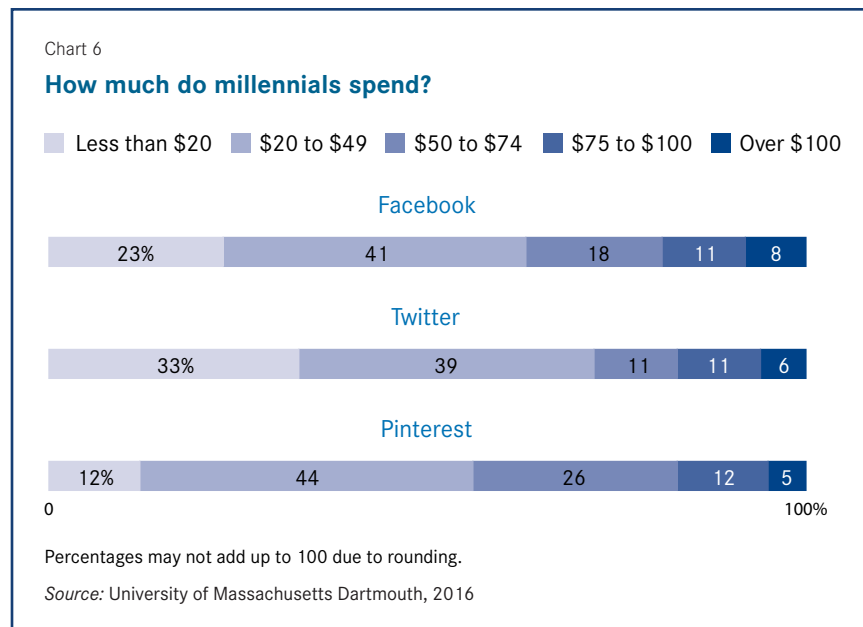
Clearly, some of those buying in stores in 2014 are now buying more either online or a combination of online and in store. There has been an increase since 2014 in the number of millennials who make both online and in-store purchases. That group is up 8 percent for Facebook users, 6 percent for Twitter users and 19 percent for Pinterest users since 2014.

7. How much millennials spend

The amount of money spent through social networking sites by millennials has not been effectively tracked. Monetate, a social media consulting company, reported data on average order by platform.⁵ It found that the average order value for Pinterest was the highest at \$81, followed by Facebook at \$71 and Twitter had a slightly lower average at \$70.

Although this study focused solely on millennials, it parallels the Monetate study in which the average order value on Pinterest led all social referrers. Facebook was second and Twitter ranked third. Given that the University study focuses on millennials, it is obvious that these young consumers are making more social-influenced purchases than their older counterparts.

Approximately 40 percent of millennials spend \$20-\$49 across all platforms. These are the same results as studies done in previous years.



5 David Cohen, "Facebook Delivers More Social Commerce Conversions, But Pinterest Users Spend More," Social Times, May, 2013 (<http://www.adweek.com/socialtimes/monetate-social-commerce-study/421333>).

8. Buy buttons

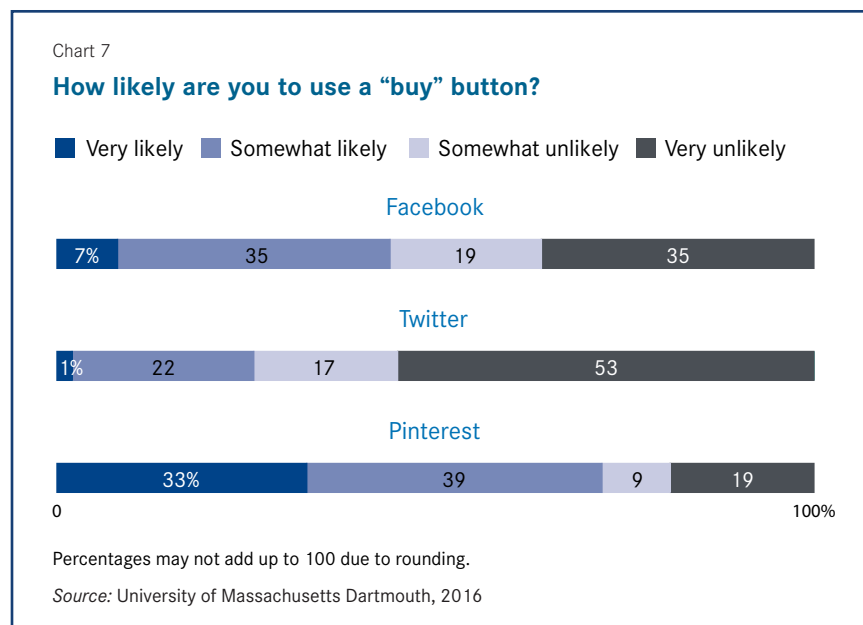
The ultimate goal of a “buy” button is to keep users on the platform even as they make purchases. In July 2014, Facebook announced the addition of a “buy” button to its advertisements. In July 2015, Facebook expanded its “buy” buttons to include a “shop section” where selected merchants can sell their products directly through Facebook.

In 2014, just months after Facebook announced the addition of a “buy” button to its platform, Twitter and Pinterest quickly followed. In 2015, Twitter partnered with three large commerce platforms to increase the power of its “buy” buttons and Pinterest had more than 60 million buyable pins.

Facebook, Twitter and Pinterest have continued to increase focus on “buy” buttons. Given the large number of millennials with accounts on these three platforms, there is potential for enormous success but their popularity and profitability are still unclear. In this study we asked millennial users of Facebook, Twitter and Pinterest how likely they would be to use “buy” buttons.

Pinterest users are the most likely to use “buy” buttons (or buyable pins), with 72 percent of respondents saying they would be very likely or somewhat likely to use them to make purchases. Facebook users were less likely to use “buy” buttons, with 43 percent of millennials stating they would be very likely or somewhat likely (an 8 percent increase over the 2014 study) and Twitter users were the least receptive to the idea of a “buy” button, with 23 percent very or somewhat likely to use them (1 percent decrease since 2014).

This innovation may or may not provide the kind of enthusiastic response some sites are anticipating. One indicator of this is that in May, BuzzFeed News reported that Twitter has disbanded its 25-person commerce team and halted work on a “buy” button.⁶



⁶ Alex Kantrowitz, “Twitter Disbands Commerce Team, Ceases Product Development On ‘Buy’ Button,” BuzzFeedNews, May, 2016 (https://www.buzzfeed.com/alexkantrowitz/twitter-disbands-commerce-team-ceases-product-development-on%20?utm_term=.xfENG06AXZ#_jmg41Yk7DG).

9. Older vs. younger millennials

In this study there are statistically valid differences between millennials when broken down by age. The 29-35 year olds, just as in our previous studies, are the most active on Facebook (38 percent liking brands/companies) and Pinterest (33 percent pinning brands/companies). They are also the most likely to purchase something after seeing it on Facebook, with 42 percent of respondents stating that they have done so in the past. These millennials are also most likely to be receptive to a “buy” button on Facebook, with 46 percent reporting they would be very likely to use it. They are less receptive to “buy” buttons on Twitter (33 percent) and Pinterest (15 percent).

The 19-23 year olds are most responsive to Twitter. Forty-one percent of them follow brands/companies on Twitter and 42 percent of them have purchased something after seeing it on Twitter.

As in our previous studies, the 15-18 year olds are the least likely to interact with brands, make purchases or utilize “buy” buttons. Only six percent of these young millennials follow brands/companies on Facebook, 14 percent on Twitter and 13 percent on Pinterest. The shift away from older platforms and towards newer social media may be the reason for these lukewarm results.

Conclusion

For millennials, social media is simply a normal part of daily life. It impacts where they go, what they do, what they buy and where they shop. There is evidence that the companies/brands that they like, follow and pin change over time, as does their preferred way to make purchases. Mobile devices have become central to their socially influenced purchases since millennials are now able to connect with companies/brands wherever and whenever they want.

Older millennials (29-35) are most likely to engage with businesses on Facebook and Pinterest while 19-23 year olds prefer engagement via Twitter. The youngest millennials are the least likely to engage with businesses or make purchases through social networking sites. If these social media platforms decide to move ahead and expand their plans for “buy” buttons, it is likely that they will find success among certain segments of this cohort.

Millennials have embraced social media and use it to gain and share information about companies/brands through reviews, ratings, videos and other referrals. This idea of using social influence and word of mouth through social media is changing the way commerce functions. It is important that businesses attempt to understand and target this generation of tech-savvy, connected, multi-channel shoppers. These millennials are shaping the future and social-influenced purchases are poised to explode over the next several years.

Methodology

This study was conducted via a comprehensive survey available in both digital and physical form for distribution. Qualification for participation required that respondents be a member of the millennial generation, using the popular demographic for this group of having been born between 1980 and 2000. The survey was hosted online and the URL was shared by channels including, but not limited to, email, Facebook, Twitter and LinkedIn. All data was collected during the spring of 2016. A total of 421 surveys provide the basis for this report.

In an effort to identify the link between online interest and related purchases, respondents were asked detailed questions about their social networking use. The survey was divided into sections on the popular platforms Facebook, Twitter and Pinterest which have been experimenting with making purchases from their sites. Respondents were first asked if they currently follow any companies or brands on that platform. If they did not, or indicated they did not have an account on that site, respondents were instructed to move to the next set of questions on another platform.

For those that did qualify, questions were asked relating to respondents' motivations for following a company online and if they ever made a purchase resulting from their online experience. Respondents were asked to classify their purchases by platform and product category. Millennials were also asked to indicate what a company would have to do in order to convert their like/follow/pin into a sale. The survey included questions about the new "buy" buttons (or buyable pins) currently being tested. These questions were first asked in our 2014 study.

The 421 respondents in this study are diverse. They represent 46 U.S. states and the District of Columbia and 40 people (10 percent) from 14 countries outside the U.S. The respondents were 34 percent male and 66 percent female. The youngest millennials, those 15-18 years old, make up 10 percent of this study, 26 percent are between 19-23 years old, 29 percent are between 24-28 years old and 33 percent are in the upper range of 29-35 years old.

About the Authors

Nora Ganim Barnes is a chancellor professor of marketing and director of the Center for Marketing Research at the University of Massachusetts Dartmouth. Nora has worked as a consultant for many national and international firms. Working closely with businesses in the Northeast U.S., Nora and her students have provided marketing research assistance to hundreds of small businesses. She has published articles in academic and professional journals and proceedings, has contributed chapters to books, and has been awarded numerous research grants. Her work has been covered online and in print by *Business Week*, *Forbes*, *USA Today*, *Financial Times*, *NY Times*, *Washington Post*, *CNN*, *Reuters*, *Wall Street Journal*, *Fox News* and *Computer World* among others. She has been named co-chair of research by the Society for New Communications Research of The Conference Board. Nora is a frequent speaker at corporate meetings and keynote at conferences. Nora can be reached at nbarnes@umassd.edu.

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