

SNCR 2020 Series

Exploring New Communications Tools and Technologies



Millennials and Social Commerce

Engagement Leads to Sales but Paid Social May Not

By Nora Ganim Barnes and Shannen Pavao

“Social commerce” typically refers to electronic commerce that uses social networks—including user ratings, referrals, online communities, and social advertising—to assist in the buying and selling of products. Millennials, people between the ages of 17 and 34, have been quick to adopt and use social commerce. This SNCR 2020 article is the second edition of a study that investigates how millennials’ activity on social media translates into sales for companies and brands.

Online Liking, Following and Pinning

Facebook is the most popular millennial platform for businesses, with 56 percent of millennials liking companies/brands on that site. It is followed by Instagram at 40 percent, Twitter at 17 percent and Pinterest at 14 percent.

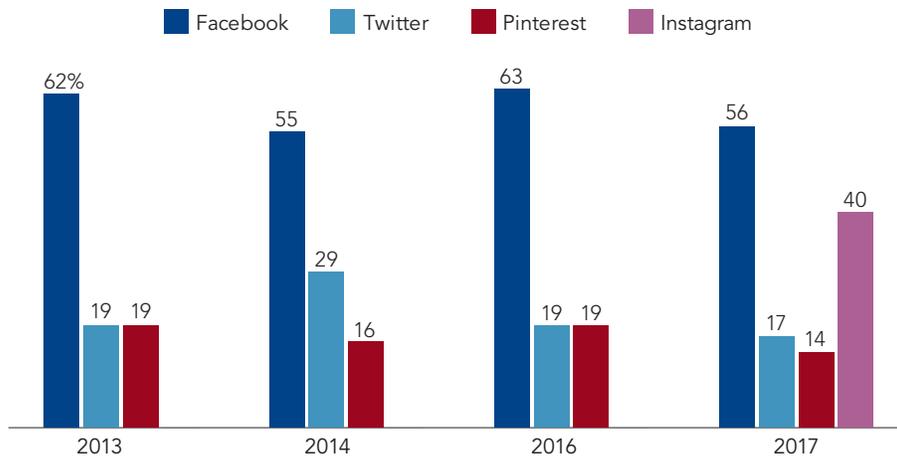
Among millennial users, following companies/brands on Facebook has decreased 7 percent since 2016, 2 percent on Twitter and 5 percent on Pinterest. These changes are marginal for this study, but the decline in following companies/brands on Twitter is now in its third year. It is important to note that the number of active Pinterest users has increased 50 percent, surging from 100 million active users in 2016 to 150 million active users currently.

This SNCR 2020 article is based on Nora Ganim Barnes and Shannen Pavao, *Millennials and Social Commerce: Engagement Leads to Sales but Paid Social May Not*, University of Massachusetts Dartmouth Center for Marketing Research, 2017. (Reprinted with permission.)

More than 65 million businesses now have pages on Facebook, making it a popular place to like a brand or company.

Figure 1

Do you follow any companies/brands on social media?



Source: University of Massachusetts Dartmouth, 2017

Companies/brands most “liked” by millennials on Facebook

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

These results are somewhat similar to the results of previous years. Nike remains in the top spot as the most “liked” company by millennials on Facebook, while Adidas makes its first appearance in the study’s top five, claiming the second spot. Target has lost traction, dropping out of the top five this year and has been replaced by Amazon and Starbucks, both of which made the top five in previous years of this study.

Sephora, Disney, BuzzFeed and Victoria’s Secret made the top five list for the first time in 2016, but they did not make the top five in 2017. Starbucks has not appeared in the top five since 2013, but has made a comeback jumping to fourth, while Forever 21 did not make the 2017 list after two consecutive years in the top five in 2013 and 2014.

Table 1

Top Five Companies/Brands Liked on Facebook by Millennials 2013-2017

	2013	2014	2016	2017
1	Nike	Nike	Nike/Target	Nike
2	Apple	Apple	Sephora	Adidas
3	Target	Amazon	Disney	Apple
4	Starbucks	Target	Apple	Starbucks

Source: University of Massachusetts Dartmouth, 2017

Top five companies/brands most followed on Twitter by millennials 2013-2017

Nike continues to hold the top spot for the most-followed brand on Twitter for the fourth consecutive time. As with the companies/brands most liked on Facebook, Adidas makes its first appearance in the top five most-followed brands on Twitter in 2017, making a leap to second. Starbucks made its way back to the top five (fourth in 2013), while GQ, Southwest Airlines, T-Mobile, and Under Armor make their first appearances in the top five since the study was originally conducted.

Table 2

Top Five Companies/Brands Followed on Twitter by Millennials 2013-2017

	2013	2014	2016	2017
1	Nike	Nike	Nike	Nike
2	ESPN	Victoria's Secret	Apple	Adidas
3	Starbucks	Dunkin' Donuts	Dunkin' Donuts	Starbucks
4	National Football League	Forever 21	BuzzFeed	GQ/Southwest

Source: University of Massachusetts Dartmouth, 2017

Motivators for Likes, Follows and Pins on Facebook, Twitter and Pinterest

When asked why they like a company/brand, Facebook users said it is to support the brand they like, receive regular updates or get a coupon or discount. The top reasons why Twitter users follow a company/brand on Twitter mirror those reported by Facebook users.

When asked why they pin something from a company/brand, the top response from Pinterest users was "to research the brand when looking for a specific product/service." This was followed by "sharing interests/lifestyle with others." 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 on Facebook and Twitter.

Table 3

Motivation for Liking, Following or Pinning

	Facebook	Twitter	Pinterest
To support the brand I like	85%	80%	57%
To get a coupon or discount	63%	59%	33%
To receive regular updates from brands I like	77%	80%	NA
To participate in contests	32%	53%	21%
To share my personal good experiences	24%	41%	41%
To share my interests/lifestyle with others	38%	49%	76%
To research brands when I was looking for specific products/services	56%	55%	81%
Seeing my friends already like/follow/have boards	41%	39%	52%
A brand advertisement on TV, online or in print led me to pin the brand	45%	41%	26%
Someone recommended that I like/follow/pin the brand	35%	43%	33%
Other	3%	8%	5%

Source: University of Massachusetts Dartmouth, 2017

Lead Conversion across Facebook, Twitter and Pinterest

Cost continues to be the prime motivation for buying among online millennial consumers. As with last year, respondents 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 included providing exclusive offers, free products, and motivating friends to recommend the product.

Companies have been shifting ad dollars to online, targeted, paid advertisements on social networking sites; however, it appears that direct sales conversions from these ads are rare—71 percent of millennials reported that they are unlikely to buy from these advertisements. This finding suggests that although paid advertising might be a successful branding initiative for companies, it doesn't necessarily result in direct sales.

Purchasing After Liking, Following or Pinning

When it comes to social media purchasing, Facebook and Pinterest resonate with millennials more than Twitter. Forty percent of respondents with Facebook accounts said they had purchased something online after liking or sharing it, while 18 percent of Twitter users said they made a purchase after following or sharing the item. For Pinterest users, 22 percent purchased something after pinning or sharing it.

Trade reports from Business Insider and Vision Critical both report lower levels of purchasing after liking on Facebook and higher levels of purchasing after following or pinning a company/brand on Twitter and Pinterest than indicated in this study.¹ Both reports used a convenience sample from the general population.

It is clear from this study that millennials are more likely than the general population to actually make a purchase once they have some link to the company/brand through interaction on Facebook and less likely to make purchases after interacting with a company on Twitter and Pinterest than the general population.

Table 4

Comparison of Recent Studies on Purchasing after Liking/Following/Pinning

Source of Study	Facebook	Twitter	Pinterest
University of MA*	40%	18%	22%
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, 2017

The findings in this study also show a statistically valid correlation between liking (Facebook), following (Twitter) and pinning (Pinterest) and purchasing from those platforms as a result of that engagement behavior. Correlations are positive and in the moderate range for all three platforms studied. There is value for companies/brands in building online communities, encouraging engagement, and enticing likes, follows and pins. When asked how those online purchases are made, millennials reported using laptop/desktop computers (63 percent) most, followed by 32 percent of respondents who use smart phones and 5 percent who use tablets.

Table 5

Correlations between Liking/Following/Pinning and Purchasing

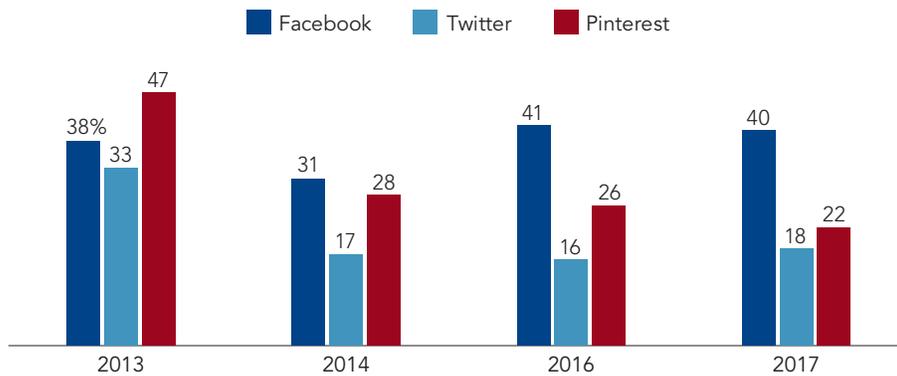
	Pearson's Correlation (2 tail)	Significance
Facebook	0.372	.000
Twitter	0.581	.000
Pinterest	0.49	.000

Source: University of Massachusetts Dartmouth, 2017

¹ *The Rise of Social Commerce: How Tweets, Pins and Likes Can Turn Into Sales*, Business Insider, 2013; and Alexandra Samuel, Lena Lam, David Sevitt, and Cheryl Loh, *From Social to Sale: 8 Questions to Ask Your Customers*, Vision Critical, 2013.

Figure 2

Have you ever purchased something after liking, tweeting or pinning online?



Source: University of Massachusetts Dartmouth, 2017

Facebook, Twitter and Pinterest Purchases by Product Category

The majority of likes on Facebook and pins on Pinterest were converted into sales in the category of Hair, Beauty and Apparel. However, the number of Tech/Electronic purchases after tweeting more than doubled since last year among Twitter users, accounting for 41 percent of purchases in 2017. This is not surprising, given the number of tech companies that have begun offering deeply discounted prices through marketing campaigns on Twitter. Last year's number-one category, Hair, Beauty, and Apparel, ranked second in 2017, with 37 percent of purchases after tweets.

On Facebook, Tech/Electronics was the second-most social-influenced purchase, with 20 percent coming from this category. This is consistent with previous years. Pinterest users are most likely to buy Art, Design, DIY, Photography and Craft products—the same result as previous years.

Those that selected “other” categories across platforms stated that they purchased baby items, pet supplies, books and entertainment (movies, music, event tickets, games, etc.).

Table 6

Category of Purchases after Liking, Following, and Pinning

	Facebook	Twitter	Pinterest
Food and Drink	6%	7%	7%
Art, Design, DIY, Crafts, Photography	13%	7%	33%
Tech/Electronics	20%	41%	3%
Hair, Beauty, Apparel	50%	37%	43%
Gardening, Home Décor	0%	4%	7%
Other	1%	4%	3%

* The University of Massachusetts Dartmouth study focused solely on millennials

Source: University of Massachusetts Dartmouth, 2017

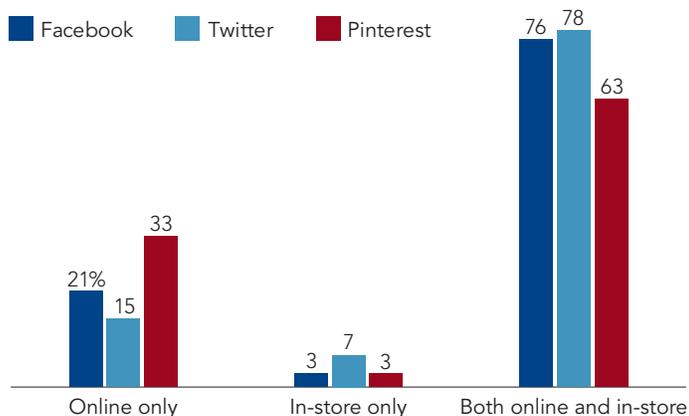
Millennials as Multi-Channel Shoppers

Respondents were asked if purchases were made only online, only at a brick and mortar stores, or both. Seventy-six percent of people who buy after viewing an item on Facebook report making the final purchase in some combination of online or in-store channels. This is also true for 78 percent of Twitter users and 63 percent of Pinterest users.

Facebook-influenced purchasing continues to occur both online and in-store, with 76 percent (77 percent in 2016) reporting being multi-channel shoppers. Twitter purchasing across channels is up 17 percent, while online-only purchasing has dropped 13 percent since last year. Some of these shoppers may be following and researching companies and products online then moving in-store to make the purchase. Pinterest buyers are 9 percent more likely to make purchases using both online and in-store this year than they were last year.

Figure 3

After viewing something on a social media platform, where do you make your purchase?



Source: University of Massachusetts Dartmouth, 2017

Average Order Value by Platform

The value of the average purchase made online by millennials having been influenced by social media varies across platforms. On Facebook, the highest percentage of users (40 percent) spent between \$20 and \$49. On Twitter, 33 percent of users spent \$20-\$49 and \$50-\$74, while the highest percentage of Pinterest users (37 percent) spent less than \$20. It's comparatively rare for people to spend above \$75 after seeing advertising on any of the platforms, perhaps reflecting the fact that millennials prefer to put more thought into buying bigger ticket items before purchasing them.

Table 7

Spending by Price Category

Spending Category	Facebook	Twitter	Pinterest
Less than \$20	21%	15%	37%
\$20-\$49	40%	33%	27%
\$50-\$74	17%	33%	23%
\$75-\$100	8%	4%	3%
Over \$100	12%	15%	10%

Source: University of Massachusetts Dartmouth, 2017

Buy Buttons

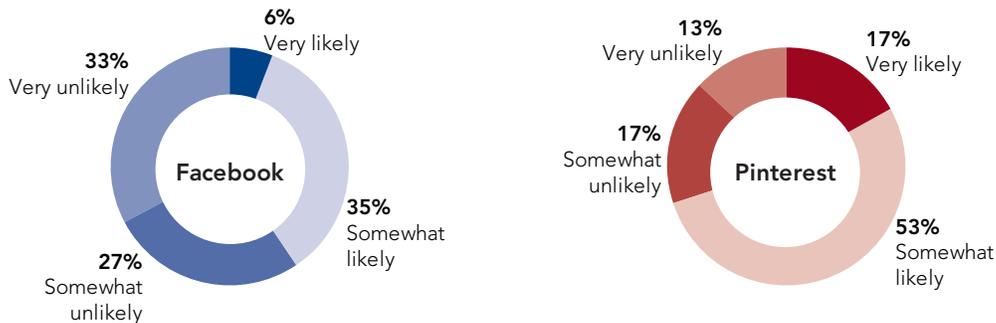
The ultimate goal of a “buy” button is to keep users on the platform as they make purchases. Facebook and Pinterest have continued to increase their focus on “buy” buttons; however, having launched an e-commerce initiative in 2015, Twitter as since disbanded its initiative.

Millennial Pinterest users are the most likely to use “buy” buttons (or buyable pins), with 70 percent of respondents saying they would be very likely or somewhat likely to use them to make purchases. There were nearly 30 percent fewer Facebook users (41 percent) who stated that they would be very likely or somewhat likely to use “buy” buttons. Twitter does not currently offer the option to purchase through the site.

The fact that Pinterest users are more likely to purchase items on the site could reflect the nature of the platform itself. People often use Pinterest specifically to find suggestions of certain items, services, or other things that they want or are in need of, whereas Facebook and Twitter (which eliminated its “buy” button) could be considered sites more tailored towards communications than product suggestions.

Figure 4

If a social media site had a “buy” button for a product promotion or ad where you could make the purchase with one click, how likely would you be to purchase it from that site?



Source: University of Massachusetts Dartmouth, 2017

Conclusion

Brand involvement by millennials on social media is central to the sales effort these sites. Marketers should focus on creating online communities, enticing likes, follows and pins, or encouraging other forms of engagement with this cohort and their favorite brands.

Marketers should also look closely at the potential of Instagram for developing social commerce with millennials. Past experience with Facebook, Twitter and Pinterest might help to develop new strategies for this very popular and growing site (Instagram launched in 2010).

It might also be prudent to study metrics related to paid social initiatives. Data in this study indicates that 71 percent of millennials are not likely to buy from targeted, paid advertisements that appear in their social feed. If these results are supported, marketers will need to consider alternative methods to capture the attention of this group.

While the introduction of “buy” buttons has been halted by Twitter and awaits full roll out by Facebook, Pinterest appears to have created a successful model. “Buyable pins” on the site have proven to be very successful among Pinterest users. They may serve as an example for marketers interested in pursuing onsite purchasing through a social networking platform.

To benefit from millennials’ engagement on social media, marketers will need to track, measure and study the relationship between a range of engagement initiatives and sales.

About this Study

This study, conducted by the Center for Marketing Research (CMR) at the University of Massachusetts Dartmouth, is an in-depth look at current purchasing habits of millennials using three of the most mature social networking platforms involved in social commerce (Facebook, Twitter and Pinterest). In this iteration of the study, Instagram was also included due to its rapid rise in popularity among millennials, allowing us to explore its viability as a social commerce site. This is the fourth study conducted by CMR on the topic of millennials and social commerce. The others were conducted in 2013, 2014, and 2016. The changes over time will be noted. It is the second time *SNCR 2020* has published the results.

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. The study also looks 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 from popular platforms. Millennials also report their likelihood to purchase from targeted, paid advertisements and their preferred channels for final purchases.

Methodology This study was conducted via a comprehensive survey available in both digital and physical form for distribution. Qualification for participation required the respondent to 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 2017. A total of 300 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 media use. The survey was divided into sections on the popular platforms Facebook, Twitter, and Pinterest, which have been experimenting with allowing direct 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.

In 2014, both Facebook and Twitter announced they would add “buy” buttons to facilitate purchasing directly on their platforms. Several studies conducted since then by the [University of MA Dartmouth](#) showed a cool response from millennials to the new idea. In January, 2017, TechCrunch confirmed an eight month-long rumor that Twitter would phase out plans for a “buy” button.² Facebook has continued with its introduction of “buy” buttons using Spotify’s e-commerce website building for merchants wanting to sell online through Facebook. Spotify’s Facebook “buy” button is still in beta testing available only to US-based Spotify users.

While this study focuses on millennial online behavior from liking, following and pinning companies/brands to making purchases (online or offline), we continue to inquire about the interest in “buy” buttons on Facebook, Twitter and Pinterest (which has experienced success with their buyable pins). Findings on this issue will be compared with interest levels in previous years.

The 300 respondents in this study are diverse. They represent 37 US states, the District of Columbia and 50 people (17 percent) from 22 countries outside the US. The respondents are 41 percent male and 59 percent female. The youngest millennials, those 17-20 years old, make up 27 percent of this study. Thirty-five percent are between 21 and 23 years old, 15 percent are between 24 and 26 years old, 13 percent are 27-29 and 10 percent are 30-34.

² Jessica Guynn, “Buh Bye Twitter ‘Buy’ Button,” *USA Today*, 2017

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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