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On Being Social: How Social Identity Impacts Social Commerce for the Millennial Shopper

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Abstract: Millennials are a technologically sophisticated generation, who have the purchasing power to change the face of retailing. A significant proportion of their shopping is done online and they utilize their social networks while engaging in the shopping process- a current area of interest termed “social commerce.” No single group is better positioned to take advantage of social commerce, and yet, it’s possible that Millennials are participating in social networks and online shopping in order to better define their social identities. This study summarizes data from three years of longitudinal research into the use of social media by Millennials on three platforms: Facebook, Twitter and Pinterest. The results show that Millennials prefer to utilize the identity shaping aspects of social media and commerce. We recommend that platforms allow more identity formation in order to increase the likelihood that Millennials not only use the platform, but also make purchases through them.

Keywords: Social Identity, S-Commerce, Millennials, Social Media

1. Introduction

Social Commerce has been a popular term in online marketing in recent years (Lee et al., 2016; Barnes, 2015; Yadav&Pavlou, 2014; Yadav et al., 2013; Dietz, 2013). Of particular interest is the ability for online shopping to be “social.” Traditional retailing has consistently acknowledged the social aspect of shopping (ie. Going to the mall with friends or asking others opinions while considering a purchase). With the growth in use of social media, consumers now have access to friends, family and acquaintances from around the world before, during and after purchasing. A plethora of articles highlight the effectiveness of online reviews for successful purchases (Vadakkepatt& Joshi, 2015; Pentina, Bailey and Zhang, 2015; Trenz and Berger, 2013; Cheung and Lee, 2012; Park and Lee, 2009; Sen and Lerman, 2007). With the ability to talk and share with others like never before, comes the opportunity to leverage a consumer’s personal network in order to increase their purchase likelihood.

While researchers have begun to explore the opportunities for social commerce, little work has been done to explore how consumers view and engage in social commerce. Only a few studies have specifically looked at using social media in order to create a purchasing situation. Even fewer have explored the most frequent users of social media- Millennials. To our knowledge no studies have measured Millennials use of social media and online shopping, and most importantly, the motivations for these behaviors.

This study contributes to the social commerce literature by concentrating on a group of consumers that are instrumental in the success or failure of social commerce. We also contribute to the Millennials literature, by demonstrating purposefulness to their online usage. We argue that identity formation is being driven by social networking, rather than through purchasing products, contributing to the social identity literature. Managerially, Millennials are not using social commerce in the ways and on the platforms that were originally predicted. This has significant implications for industry.

This study 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). This is the third study providing a longitudinal view 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, like the previous studies, explores and analyzes lead conversion tactics as identified by Millennials themselves.

2. Literature Review

2.1 Social Commerce

Social Commerce describes the intersection of e-commerce and social networking sites. The existence of social commerce has effectively changed the face of retailing as we know it (Tedeschi, 2006). Despite having a variety of definitions, social commerce commonly refers to electronic commerce that uses social networks to assist in the buying or selling of products (Marsden, 2011; Dennison, 2009; Stephen and Toubia, 2010). Social Commerce utilizes user ratings, referrals, online communities and social advertising to facilitate online shopping. Millennials, those that are between 15-35 years old, have been quick to adopt and utilize social commerce. According to Forbes (2015), there are 80 million Millennials in the United States and they spend more than $200 billion annually. This makes Millennials an attractive segment for marketers.

The influence that this cohothas on commerce is causing companies to focus their approach on the online buying habits of 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 of Millennials. They concluded 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. Similarly, a study by Deloitte (2015), found that younger adult consumers are heavier users of digital than older generations. Forty-seven percent of all Millennial consumers use social media during their shopping journey, compared to 19% of non-Millennials. Similarly, 37% of Millennial consumers spend more due to their use of digital, versus only 23% of non-Millennials.

2.2 Social Identity

Researchers are beginning to look at Millennials in an online context, however it is important to consider their reasoning for making online purchases and for using social media. People engage in consumption behavior, in part, to construct their self-concepts and to create their personal identity (e.g., Belk, 1988; Richins, 1994; Escalas&Bettman, 2005). This process begins at an early age with the help of parents, family members, friends, schooling and the media (Chaplin &Lowrey, 2010; Littlefield &Ozanne, 2011; Kratzer&Lettl, 2009; Richins& Chaplin, 2015). Belk’s (1988) seminal article noted consumers use items or objects to expand on their core selves. These items become part of the extended self, and can be used to satisfy psychological needs, such as reinforcing and expressing self-identity, and allowing one to differentiate oneself and assert one’s individuality (e.g., Ball &Tasaki, 1992; Belk, 1988; Kleine, Kleine, & Allen, 1995). Possessions can also serve a social purpose by reflecting social ties to one’s family, community, and/or cultural groups, including brand communities (Muniz &O’Guinn, 2001; Escalas&Bettman, 2005; Algesheimer, Dholakia& Herrmann, 2005). Products can signal our status (Wang & Griskevicius, 2014), our individuality (Quester&Steyer, 2010; White, Simpson, & Argo, 2014), or our relationships (Fuchs, Schreier, & van Osselaer, 2015).

While consumption can influence our identity, social media allows Millennials to not only highlight but also further develop their identity in an online context. Social media sites allow users to interact with others in their social circle (or desired social circle) (Correa, Hinsley, & De Zuniga, 2010). A well designed narrative of who you are and who you prefer to interact with is easily created using pictures, posts, likes and follows (Ellison, 2007; Livingstone, 2008; Lata& Singh; 2016). We know Millennials are online, however, we know very little about whether they are using the internet with the goal of identity formation through their social networks, through their purchases, or both.

3. 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 1980-2000. 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 US states and the District of Columbia and 40 people (10%) from fourteen countries outside the US. The respondents were 34% male and 66% female. The youngest Millennials, those 15-18 years old, make up 10% of this study, 26% are between 19-23 years old, 29% are between 24-28 years old and 33% are in the upper range of 29-35 years old.

3.1 Hypotheses

What we like, follow, post, and share represent important aspects of ourselves. Rand (2016) found that key aspects of self can be shared online in order to influence the offline self. Due to the use of social media for socialization and to experience a sense of community (Valkenburget al., 2006), one of the benefits Millennials see is the development and maintenance of social capital (Berthonet al., 2011; Ellison et al., 2007; Valenzuela et al., 2009). According to Bolton et al (2013), “social networks can boost a Millennial’s social capital because their identities are shaped by what they share about themselves and, in turn, what others share and say about them” (Christofideset al., 2009). Based on this research, it seems that Millennials use social media for the “social” aspect it provides. Therefore we predict:

H1: Millennials use social media predominantly for identity creation and presentation.

H2: Millennials are more likely to follow or like a brand when on a platform that allows them to easily shape their identity (ie. More identity formation: Facebook and Pinterest. Less identity formation: Twitter).

H3: Millennials are more likely to buy from a brand when on a platform that allows them to easily shape their identity (ie. More identity formation: Facebook and Pinterest. Less identity formation: Twitter).

4. Result and discussion

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. Figure 1 shows the brands Millennials follow on social media. Facebook is the most popular Millennial platform with 63% of them liking companies/brands, followed by Twitter and Pinterest, each at 19%. Following companies/brands on Facebook has increased 8% since 2014. Twitter users following companies/brands have declined by 10% since 2014 while Pinterest users following companies/brands have increased by 3% partially supporting H2. More than 40 million businesses now have pages on Facebook making it a popular place to like a brand or company. All respondents that stated they followed or liked companies/brands were asked to identify their top 5 favorites on Facebook and Twitter.
These results are somewhat similar to the results in previous years. Nike remains in the most popular spot. Target has gained traction with Millennials to move to the 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.

<table>
<thead>
<tr>
<th>2013</th>
<th>2014</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nike</td>
<td>Nike</td>
<td>Nike/Target</td>
</tr>
<tr>
<td>Apple</td>
<td>Apple</td>
<td>Sephora</td>
</tr>
<tr>
<td>Target</td>
<td>Amazon</td>
<td>Disney</td>
</tr>
<tr>
<td>Starbucks</td>
<td>Target</td>
<td>Apple</td>
</tr>
<tr>
<td>Forever 21</td>
<td>Dunkin’ Donuts/Forever 21</td>
<td>BuzzFeed/Victoria’s Secret</td>
</tr>
</tbody>
</table>

**Figure 2: Most liked companies/brands on Facebook**

<table>
<thead>
<tr>
<th>2013</th>
<th>2014</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nike</td>
<td>Nike</td>
<td>Nike</td>
</tr>
<tr>
<td>ESPN</td>
<td>Victoria’s Secret</td>
<td>Apple</td>
</tr>
<tr>
<td>Starbucks</td>
<td>Dunkin’ Donuts</td>
<td>Dunkin’ Donuts</td>
</tr>
<tr>
<td>National Football League</td>
<td>Forever 21</td>
<td>BuzzFeed</td>
</tr>
<tr>
<td>National Hockey League</td>
<td>Starbucks/Footlocker</td>
<td>Disney/Forever21/ Victoria’s Secret</td>
</tr>
</tbody>
</table>

**Figure 3: Most followed companies/brands on Twitter**

Nike holds the top spot for 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.

4.1 Purchasing After Liking, Following or Pinning

When it comes to social media purchasing, Facebook and Pinterest resonate with Millennials supporting H3 (See Figure 4). Forty-one percent of respondents with Facebook accounts said they had purchased something online after liking or sharing it while 16% of Twitter users said they made a purchase after following or sharing the item. For Pinterest users, 26% purchased something after pinning or sharing it.
4.2 Facebook, Twitter and Pinterest Purchases by Category

Of those purchases made after sharing something online, Millennials clearly prefer to buy goods in the categories most closely related to self-presentation: Hair, Beauty and Apparel (see figure 5). This is the category where the most purchases were made across the three platforms studied, accounting for roughly half of all purchases and confirming H1. This is consistent with studies done in previous years.

On Facebook, Tech and Electronics was the second most social influenced purchase with 16% 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%) and Food and Drink (19%). Tech and electronics was rated second highest in 2014 (23%) and Food and Drink was rated second highest in 2013 (21%).

Pinterest users are likely to buy Art, Design, DIY, Photography and Craft products next (23%) 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.

<table>
<thead>
<tr>
<th>Category</th>
<th>Facebook</th>
<th>Twitter</th>
<th>Pinterest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food and Drink</td>
<td>12%</td>
<td>19%</td>
<td>11%</td>
</tr>
<tr>
<td>Art, Design, DIY, Crafts, Photography</td>
<td>5%</td>
<td>3%</td>
<td>23%</td>
</tr>
<tr>
<td>Tech/Electronics</td>
<td>16%</td>
<td>19%</td>
<td>9%</td>
</tr>
<tr>
<td>Hair, Beauty, Apparel</td>
<td>54%</td>
<td>56%</td>
<td>46%</td>
</tr>
<tr>
<td>Gardening, Home Décor</td>
<td>3%</td>
<td>0%</td>
<td>9%</td>
</tr>
<tr>
<td>Other</td>
<td>10%</td>
<td>3%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Figure 5: Purchases by platform

5. Conclusion

While Millennials are spending increasingly large amounts of time and money online, they do have clear goals for their usage of particular platforms. Overall, Millennials were able to follow, like and pin more easily on Facebook and Pinterest as those sites allow for more outward presentation. Both have “pages” where you can see a multitude of interests all in one place. Twitter only allows for a small description of yourself, and any other information would have to be gathered from any and all 140 character posts. Due to the difficulty in demonstrating an online identity through Twitter, it is the hardest platform to utilize for self-presentation purposes. Millennials are using platforms that enhance their self-
presentation (H1 and H2), as well as buying products to enhance their self-presentation (H3). These results highlight the benefits that Millennials are getting from specific platforms that make them better positioned to capitalize on social commerce.

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 do their preferred way of make purchases. Mobile devices have become central to their social influenced purchases since Millennials are now able to connect with companies/brands wherever and whenever they want. 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.

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