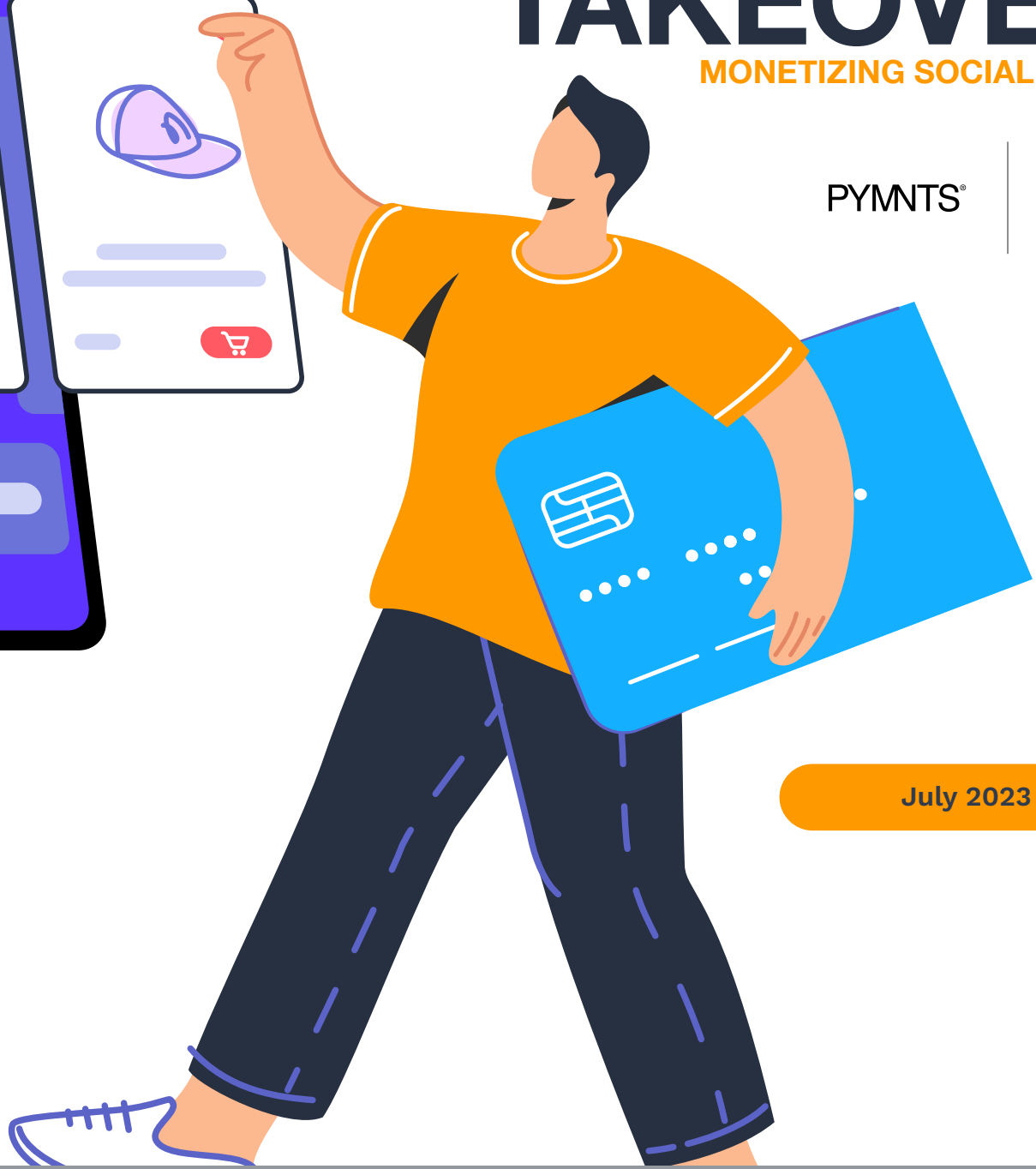


TRACKING THE DIGITAL PAYMENTS TAKEOVER

MONETIZING SOCIAL MEDIA

PYMNTS®



Tracking the Digital Payments Takeover: Monetizing Social Media, a PYMNTS and Amazon Web Services collaboration, details how consumers expect their use of digital shopping and payments options to increase in the future. We surveyed a census-balanced panel of 2,976 consumers between May 5 and May 15 to learn which factors go the farthest in encouraging them to shop on social media, how they pay for their transactions and what merchants must do to boost conversion.

July 2023

TRACKING THE DIGITAL PAYMENTS TAKEOVER

MONETIZING SOCIAL MEDIA

READ MORE _____



■ May 2023

Tracking the Digital Payments Takeover:
Catching the Coming eCommerce Wave

PYMNTS®



Tracking the Digital Payments Takeover: Monetizing Social Media was produced in collaboration with Amazon Web Services, and PYMNTS is grateful for the company's support and insight. PYMNTS retains full editorial control over the following findings, methodology and data analysis.

TABLE OF CONTENTS

Introduction	04
Key Findings	06
Conclusion	16
Methodology	17

Introduction

Clicking or tapping #TikTokMadeMeBuyIt on the TikTok app will bring users to pages upon pages of videos in which TikTokers show off viral purchases they first discovered on the platform: iced coffee slushy cups, hair gem stampers, live pet axolotls, levitating bulb lamps and beyond. The hashtag has generated 58.5 billion views as of June 2023.

These numbers speak to the power of social media. Platforms such as TikTok, Facebook and Instagram have made it quicker and easier for consumers around the globe to share their shopping stories and start retail trends with friends, family and strangers. It is little wonder that retailers and influencers are eager to harness this power for themselves.

Tracking the Digital Payments Takeover: Monetizing Social Media, a PYMNTS and Amazon Web Services collaboration, details why retailers want to leverage social media to drive sales and remove key barriers standing in their way. We surveyed a census-balanced panel of 2,976 consumers between May 5 and May 15 to learn which factors go the farthest in encouraging them to shop on social media, how they pay for their transactions and what merchants must do to boost conversion.

This is what we learned.

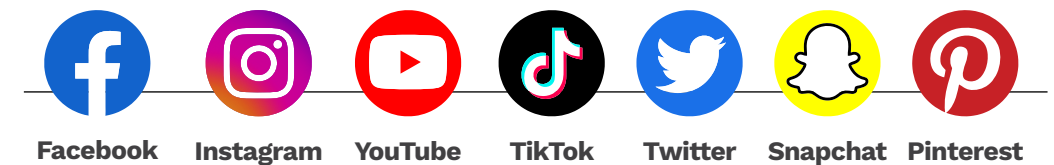


Social media has a virtual window-shopping problem: It attracts twice as many browsers as buyers.

PYMNTS finds that 43% of consumers — an estimated 110 million individuals — browse social media to find goods and services, but just 14%, or approximately 36 million individuals, ultimately purchase those goods and services via social media. Facebook, Instagram and TikTok have the highest conversion rates of all social media platforms in our study. Among the 77 million consumers who use Facebook to browse products and reviews, 24% wind up purchasing the products they find. We find that 57 million consumers browse products and reviews on Instagram, and 21% purchase the products they find. TikTok is a not-too-distant third, with 39 million consumers browsing products and reviews and 17% purchasing what they find.

TABLE 1:

The most commonly used social media platforms in the U.S.
Share of consumers using select social networks to browse and purchase products in the last 30 days



	Facebook	Instagram	YouTube	TikTok	Twitter	Snapchat	Pinterest
• Browsed for products	16.7%	11.7%	8.5%	7.3%	4.7%	4.0%	4.5%
• Searched for reviews	5.8%	5.6%	6.5%	5.2%	2.9%	3.0%	2.3%
• Purchased products	7.3%	4.6%	3.4%	2.6%	2.0%	1.1%	1.1%
• TOTAL	29.8%	21.9%	18.4%	15.0%	9.7%	8.1%	7.9%

Source: PYMNTS
Tracking the Digital Payments Takeover: Monetizing Social Media, July 2023
N = 2,976: Whole sample, fielded May 5, 2023 – May 15, 2023

Although **110M** consumers browse social media to find goods and services, just **36M** ultimately purchase them via social media.

What people buy is directly related to the strengths of the social media channels they use: clothing on Instagram, beauty products on TikTok and food and beverages on YouTube.

Specific social media platforms — such as Instagram — lend themselves to clothing advertisements. Instagram’s platform allows users to post and browse pictures in curated feeds and is well suited to displaying highly visual products such as clothing. Consumers tended to buy clothes on Instagram, with 47% doing so in the 30 days prior to being surveyed. TikTok comes in a close second: 42% of TikTok users report buying clothing on the platform.

TikTok is also well suited for selling toys and beauty products, by contrast, as it allows users to watch how to use products in videos that can be as long as 10 minutes. Consumers are the most likely to buy beauty products on TikTok out of all the platforms we studied, with 33% doing so in the last 30 days.





Our data shows, somewhat surprisingly, that consumers are most likely to buy food and beverages on YouTube, with 40% doing so in the 30 days prior to being surveyed.

YouTube lends itself to advertising products that require consumers to see how a product performs before purchasing. YouTube videos can serve as full-length advertisements, allowing users to see how products function in real time. This feature may explain why consumers were more likely to buy appliances, home furnishings, pet products and office products on YouTube than other social media sites.

TABLE 2:

Products consumers buy on social media

Share of consumers using select social media platforms to purchase select types of products

	 Facebook	 Instagram	 YouTube	 TikTok	All social media
• Apparel and clothing	38.3%	46.5%	27.0%	41.5%	45.5%
• Beauty products	21.6%	28.4%	27.4%	32.9%	32.8%
• Food and beverage	22.8%	28.6%	39.7%	33.3%	32.2%
• Electronics	24.2%	28.2%	28.7%	28.5%	28.8%
• Fitness products	21.2%	24.0%	20.6%	26.2%	26.9%
• Appliances	17.9%	19.1%	20.6%	16.4%	21.4%
• Home furnishings	16.0%	18.0%	18.9%	14.5%	20.0%
• Pet products	14.5%	18.5%	21.8%	20.6%	19.3%
• Office products	12.1%	17.5%	21.9%	11.7%	17.5%
• Toys	12.6%	12.8%	19.8%	20.4%	17.1%

Source: PYMNTS

Tracking the Digital Payments Takeover: Monetizing Social Media, July 2023
 N varies based on which social media platform consumers used; N = 415: Consumers who purchased a product through any social media platform, fielded May 5, 2023 – May 15, 2023

Social media shopping is about impulse purchases: Merchants must give shoppers quick, easy ways to go from browsing to paying to win customers.

One of the appeals of social media shopping is the ease and convenience with which consumers can switch from browsing to buying: Users can quickly and easily make purchases as soon as they discover attractive products and new merchants. Thirty-two percent of consumers who transact on social media say they do so because it is easy and familiar, and 28% say they do so because it allows them to buy with less effort and as soon as the product catches their attention. This reasoning underscores how crucial it is for social media platforms to have the right tools to facilitate users switching from browsing to buying mode.

FIGURE 1:

Why consumers shop on social media

Share of consumers citing select reasons to make purchases on social media, by level of importance



Source: PYMNTS
 Tracking the Digital Payments Takeover:
 Monetizing Social Media, July 2023
 N = 1,276: Consumers who looked for or purchased goods and services on social media, fielded May 5, 2023 – May 15, 2023

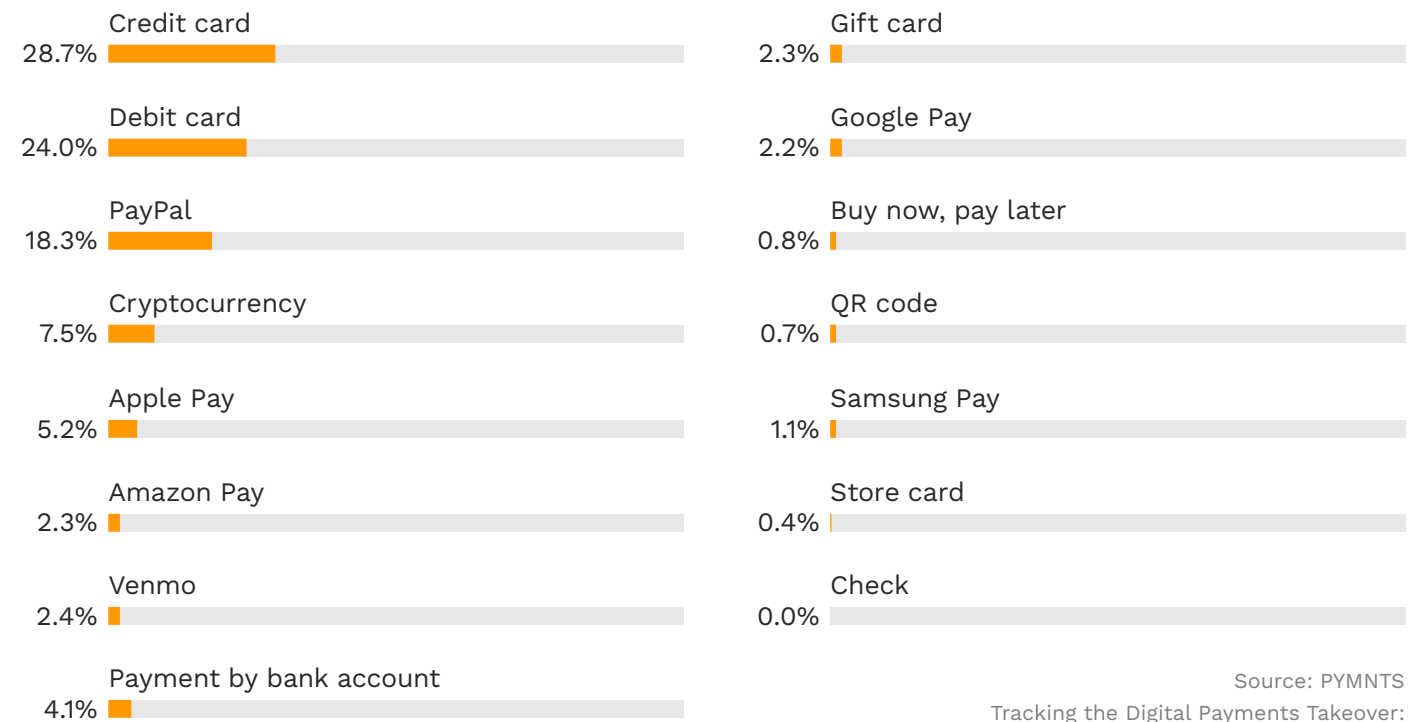
Other factors that encourage consumers to transact on social media include that consumers find products advertised there more attractive than those advertised on eCommerce sites, and that consumers can access personalized buying options and use stored identification and payment information to speed the checkout process.

Enabling the type of on-platform impulse buying that social media users crave will require merchants to provide payment options that will capture their spend. In practice, this means accepting the types of payment methods consumers are most likely to use when transacting on social media — not just credit and debit card payments but also digital payments such as PayPal, mobile wallets and even cryptocurrency. Twenty-nine percent of social media shoppers used credit cards for their most recent purchase without leaving the app, and 24% used debit cards. Eighteen percent used PayPal, 7.5% used cryptocurrency, 5.2% used Apple Pay, 2.3% used Amazon Pay and 2.2% used Google Pay.

FIGURE 2:

Payment methods used on social media

Share of consumers who used select payment methods to complete their most recent transaction on social media without leaving the platform



Source: PYMNTS
 Tracking the Digital Payments Takeover:
 Monetizing Social Media, July 2023
 N = 182: Consumers who purchased on social media and
 paid for the transaction without leaving the platform,
 fielded May 5, 2023 – May 15, 2023

29%

of social media shoppers used credit cards for their most recent purchase without leaving the app.

Most users question the authenticity of the merchants they discover on social media and the products they sell. Building user trust will be vital to driving more sales.

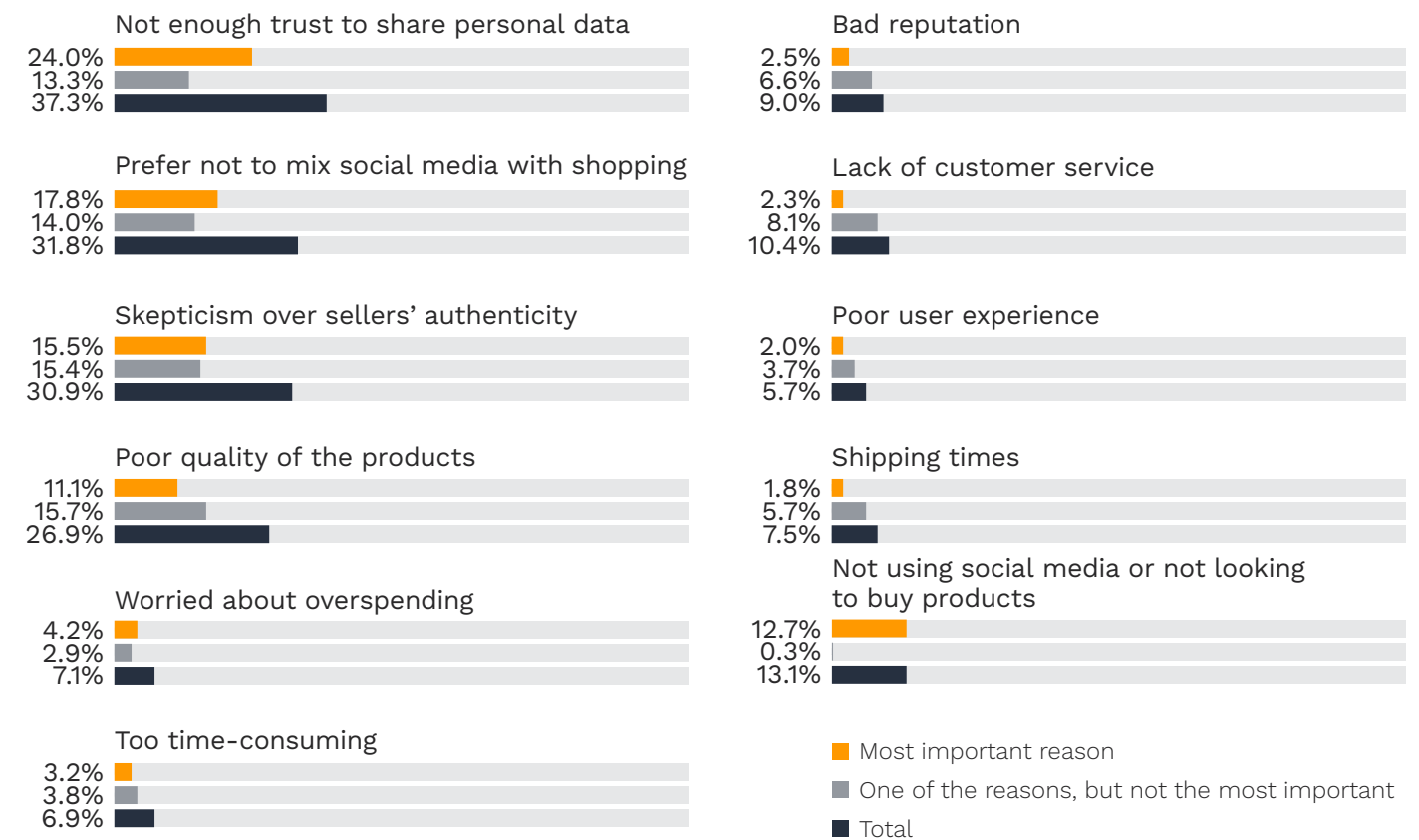
Despite the promise of ease and convenience, social media sellers must overcome impediments to boost conversion. At the forefront is a lack of trust: 37% of consumers who do not transact on social media say they do not trust that they can share their personal data safely, and 31% are skeptical that sellers on social media platforms are legitimate businesses.

Other common factors that consumers say discourage them from transacting on social media include worries about product quality, cited by 27% of respondents, and concerns that they will not be able to obtain refunds if there is a problem with their purchases, cited by 17%.

FIGURE 3:

Why consumers do not shop on social media

Share of consumers citing select reasons for not using social media to make purchases, by level of importance



Source: PYMNTS
 Tracking the Digital Payments Takeover: Monetizing Social Media, July 2023
 N = 1,700: Consumers who did not look for or purchase goods and services on social media in the 30 days prior to being surveyed, fielded May 5, 2023 – May 15, 2023

Conclusion

Social media represents a powerful new way for retailers and merchants to reach new customers and boost their sales — but only if they provide the seamless transaction experiences those customers expect. Many social media users are still wary of buying from merchants they discover on social media, chiefly because they doubt how many are legitimate businesses. Retailers will need to address this and other key issues to fully unlock social media’s retail potential.



Methodology

Tracking the Digital Payments Takeover: Monetizing Social Media, a PYMNTS and Amazon Web Services collaboration, is based on a census-balanced survey of 2,976 consumers conducted from May 5 to May 15 that gathered data on which factors go the farthest in encouraging them to shop on social media, how they pay for their transactions and what merchants must do to boost conversion. Fifty-two percent of respondents identified as women, 32% had a college degree and the respondents’ average age was 48.

TRACKING
**THE DIGITAL
 PAYMENTS
 TAKEOVER**
 MONETIZING SOCIAL MEDIA

About

PYMNTS **PYMNTS** is where the best minds and the best content meet on the web to learn about “What’s Next” in payments and commerce. Our interactive platform is reinventing the way in which companies in payments share relevant information about the initiatives that shape the future of this dynamic sector and make news. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovation that is at the cutting edge of this new world.



Amazon Web Services (AWS) is the world’s most comprehensive and broadly adopted cloud platform, offering more than 200 fully featured services from data centers globally. Millions of customers — including the fastest-growing startups, largest enterprises and leading government agencies — are using AWS to lower costs, become more agile and innovate faster.

To learn more, visit <https://aws.amazon.com/>.

Tracking the Digital Payments Takeover: Monetizing Social Media may be updated periodically. While reasonable efforts are made to keep the content accurate and up to date, PYMNTS MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, REGARDING THE CORRECTNESS, ACCURACY, COMPLETENESS, ADEQUACY, OR RELIABILITY OF OR THE USE OF OR RESULTS THAT MAY BE GENERATED FROM THE USE OF THE INFORMATION OR THAT THE CONTENT WILL SATISFY YOUR REQUIREMENTS OR EXPECTATIONS. THE CONTENT IS PROVIDED “AS IS” AND ON AN “AS AVAILABLE” BASIS. YOU EXPRESSLY AGREE THAT YOUR USE OF THE CONTENT IS AT YOUR SOLE RISK. PYMNTS SHALL HAVE NO LIABILITY FOR ANY INTERRUPTIONS IN THE CONTENT THAT IS PROVIDED AND DISCLAIMS ALL WARRANTIES WITH REGARD TO THE CONTENT, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND NON-INFRINGEMENT AND TITLE. SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OF CERTAIN WARRANTIES, AND, IN SUCH CASES, THE STATED EXCLUSIONS DO NOT APPLY. PYMNTS RESERVES THE RIGHT AND SHOULD NOT BE LIABLE SHOULD IT EXERCISE ITS RIGHT TO MODIFY, INTERRUPT, OR DISCONTINUE THE AVAILABILITY OF THE CONTENT OR ANY COMPONENT OF IT WITH OR WITHOUT NOTICE.

PYMNTS SHALL NOT BE LIABLE FOR ANY DAMAGES WHATSOEVER, AND, IN PARTICULAR, SHALL NOT BE LIABLE FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, OR INCIDENTAL DAMAGES, OR DAMAGES FOR LOST PROFITS, LOSS OF REVENUE, OR LOSS OF USE, ARISING OUT OF OR RELATED TO THE CONTENT, WHETHER SUCH DAMAGES ARISE IN CONTRACT, NEGLIGENCE, TORT, UNDER STATUTE, IN EQUITY, AT LAW, OR OTHERWISE, EVEN IF PYMNTS HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

SOME JURISDICTIONS DO NOT ALLOW FOR THE LIMITATION OR EXCLUSION OF LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES, AND IN SUCH CASES SOME OF THE ABOVE LIMITATIONS DO NOT APPLY. THE ABOVE DISCLAIMERS AND LIMITATIONS ARE PROVIDED BY PYMNTS AND ITS PARENTS, AFFILIATED AND RELATED COMPANIES, CONTRACTORS, AND SPONSORS, AND EACH OF ITS RESPECTIVE DIRECTORS, OFFICERS, MEMBERS, EMPLOYEES, AGENTS, CONTENT COMPONENT PROVIDERS, LICENSORS, AND ADVISERS.

Components of the content original to and the compilation produced by PYMNTS is the property of PYMNTS and cannot be reproduced without its prior written permission.

We are interested in your feedback on this report. If you have questions, comments or would like to subscribe, please email us at feedback@pymnts.com.