TRACKING
THE DIGITAL PAYMENTS TAKEOVER

MONETIZING SOCIAL MEDIA

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July 2023

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.
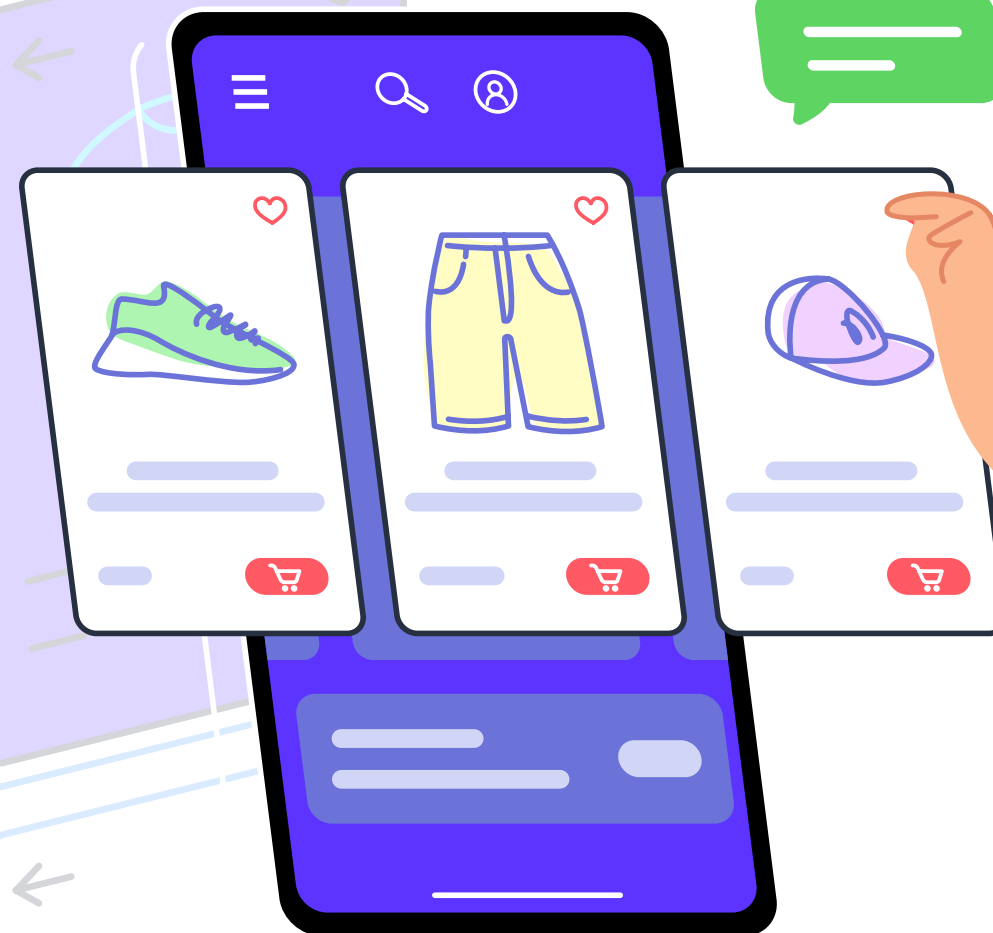
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■ May 2023

Tracking the Digital Payments Takeover:
Catching the Coming eCommerce Wave

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

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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.
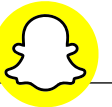
This is what we learned.

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

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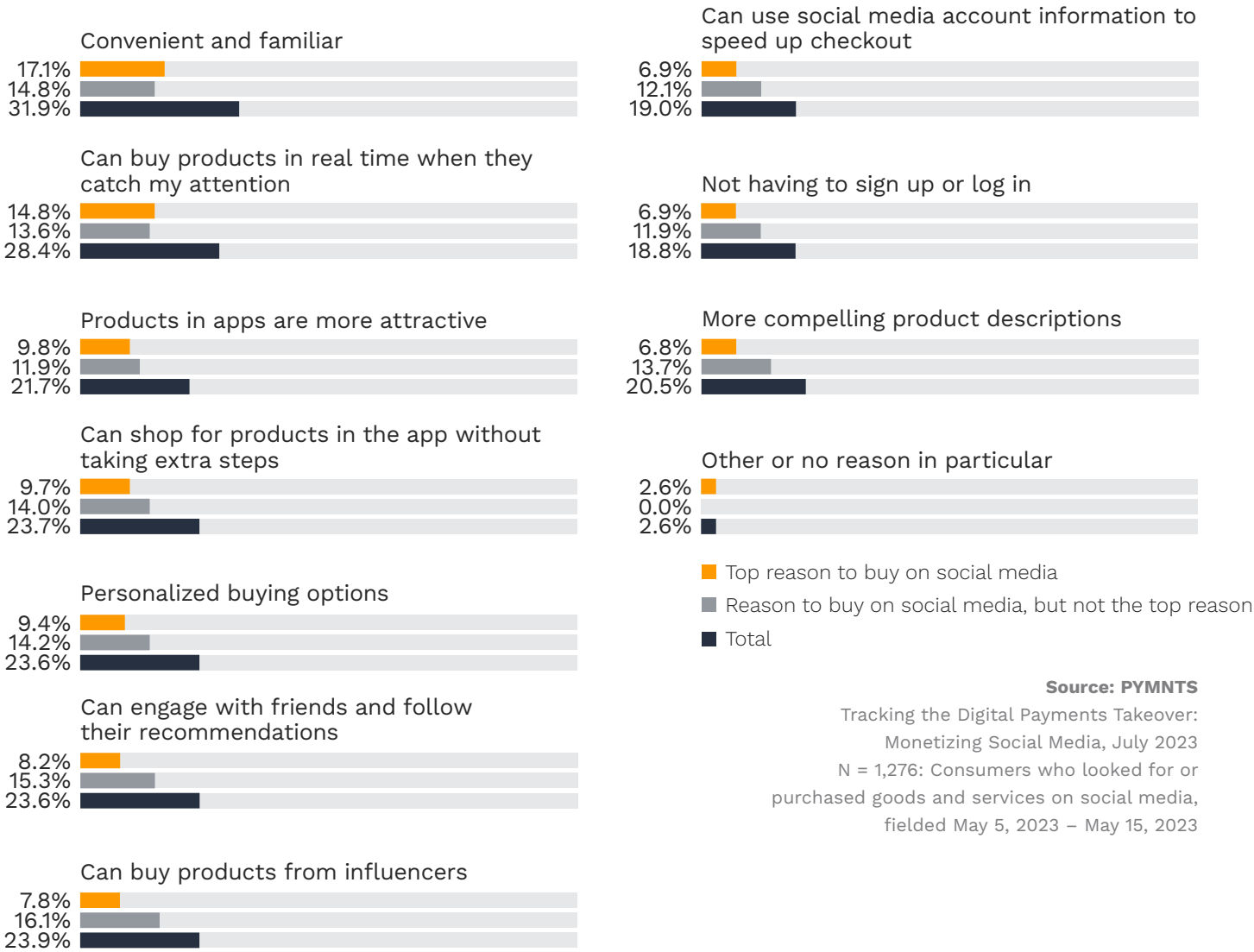
Social media shopping is about impulse purchases: Merchants must give shoppers quick, easy ways to go from browsing to paying to win customers.

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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.

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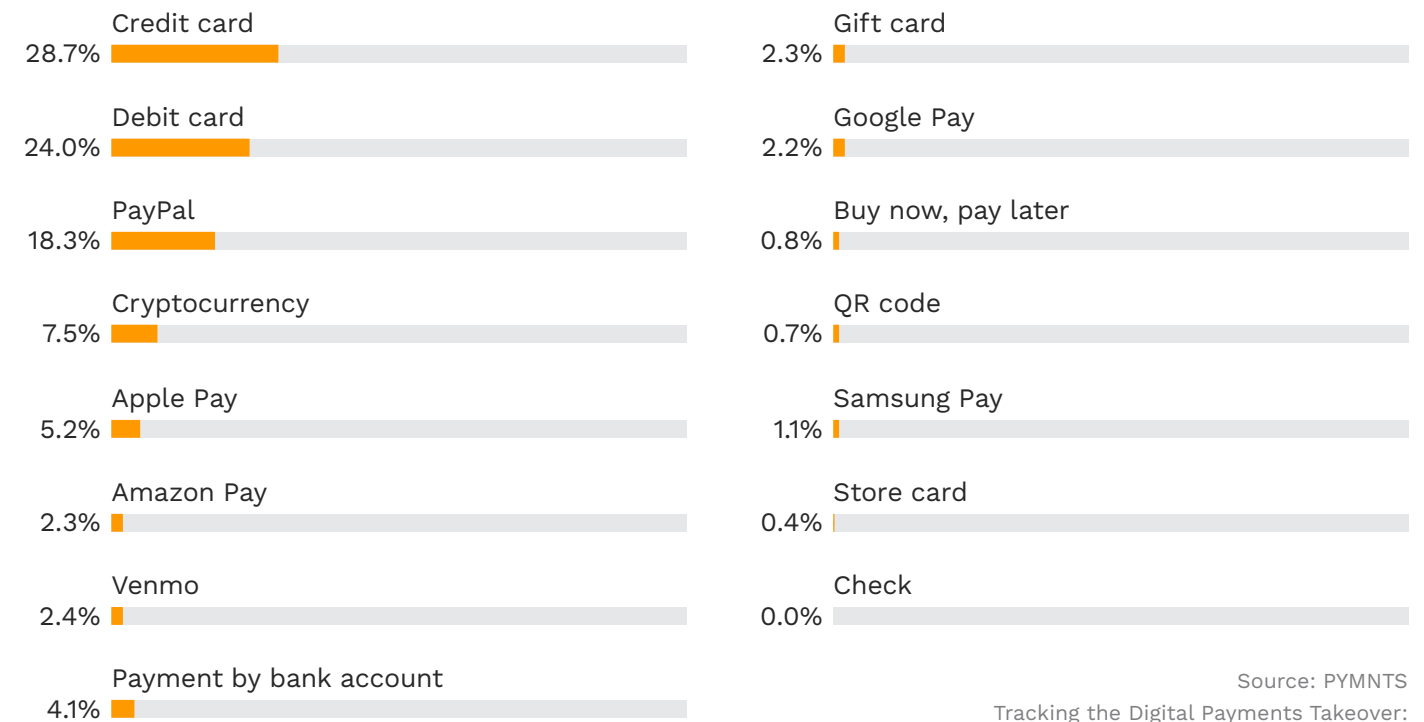Share of consumers citing select reasons to make purchases on social media, by level of importance

Convenient and familiar
17.1%
14.8%
31.9%

Can buy products in real time when they catch my attention
14.8%
13.6%
28.4%

Products in apps are more attractive
9.8%
11.9%
21.7%

Can shop for products in the app without taking extra steps
9.7%
14.0%
23.7%

Personalized buying options
9.4%
14.2%
23.6%

Can engage with friends and follow their recommendations
8.2%
15.3%
23.6%

Can buy products from influencers
7.8%
16.1%
23.9%

Can use social media account information to speed up checkout
6.9%
12.1%
19.0%

Not having to sign up or log in
6.9%
11.9%
18.8%

More compelling product descriptions
6.8%
13.7%
20.5%

Other or no reason in particular
2.6%
0.0%
2.6%

■ Top reason to buy on social media
■ Reason to buy on social media, but not the top reason
■ Total

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.

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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

Credit card	28.7%
Debit card	24.0%
PayPal	18.3%
Cryptocurrency	7.5%
Apple Pay	5.2%
Amazon Pay	2.3%
Venmo	2.4%
Payment by bank account	4.1%
Gift card	2.3%
Google Pay	2.2%
Buy now, pay later	0.8%
QR code	0.7%
Samsung Pay	1.1%
Store card	0.4%
Check	0.0%

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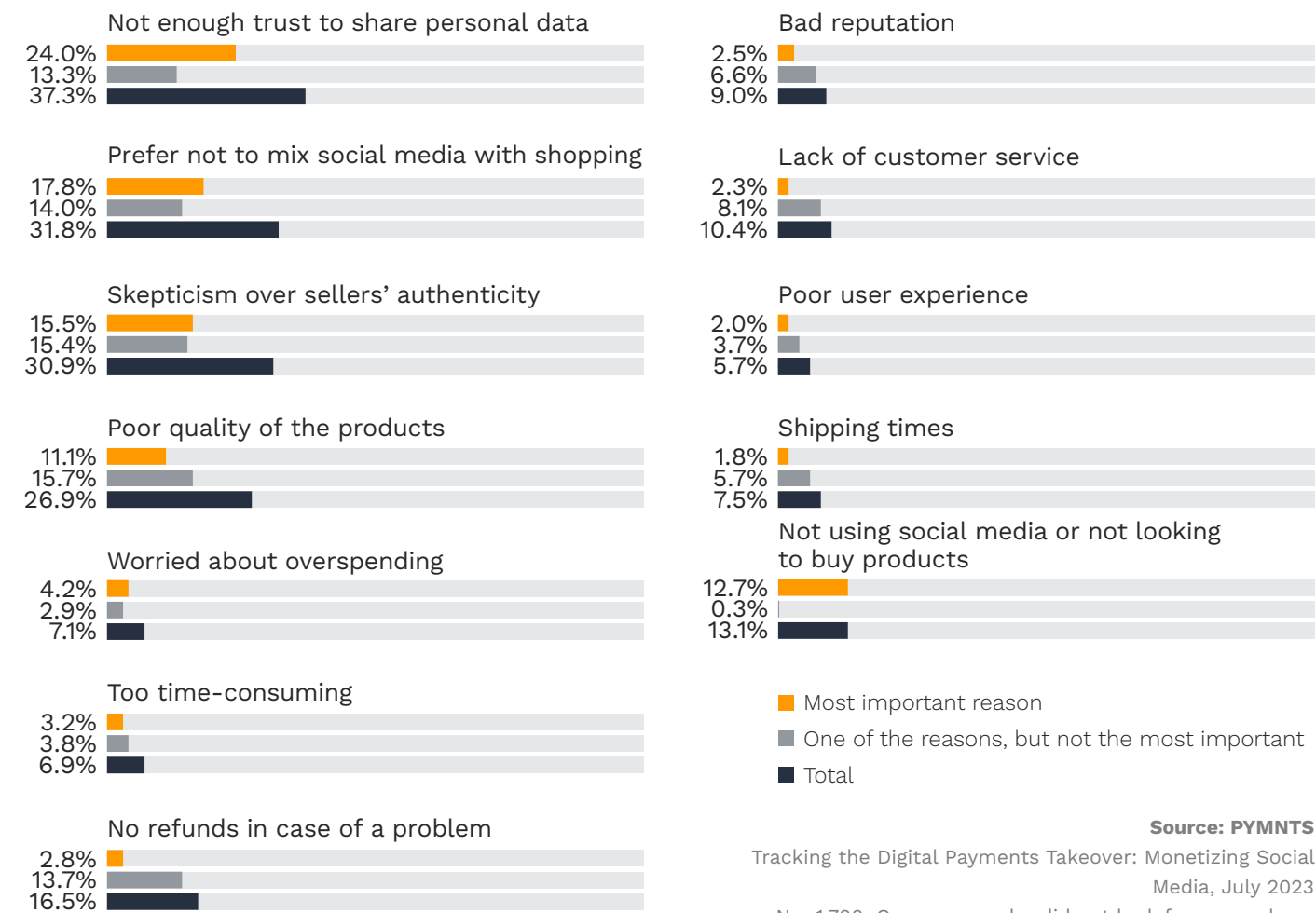
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Despite the promise of ease and convenience, social media sellers must overcome impediments to boost conversion. At the forefront is a lack of trust: 37% of consumers who do not transact on social media say they do not trust that they can share their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

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

Not enough trust to share personal data
24.0%
13.3%
37.3%

Prefer not to mix social media with shopping
17.8%
14.0%
31.8%

Skepticism over sellers' authenticity
15.5%
15.4%
30.9%

Poor quality of the products
11.1%
15.7%
26.9%

Worried about overspending
4.2%
2.9%
7.1%

Too time-consuming
3.2%
3.8%
6.9%

No refunds in case of a problem
2.8%
13.7%
16.5%

Bad reputation
2.5%
6.6%
9.0%

Lack of customer service
2.3%
8.1%
10.4%

Poor user experience
2.0%
3.7%
5.7%

Shipping times
1.8%
5.7%
7.5%

Not using social media or not looking to buy products
12.7%
0.3%
13.1%

■ Most important reason
■ One of the reasons, but not the most important
■ Total

Conclusion

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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

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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.

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About

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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.

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