

RESEARCH

Social influences retail consumers: study

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By KAYLA HUTZLER

Social media has a large influence on retail consumers, according to the 2011 social commerce study, but these findings do not necessarily hold the answer for luxury brands.

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Luxury Daily

The Shop.org study conducted by comScore in April found that 42 percent of online consumers follow retail brands on social media, and 67 percent of Twitter users have clicked through to a retailer's Web site. However, the effects of this on luxury brands are not quite as clear.

"Well, I think No. 1 luxury brands need to be online and they need to be selling online," said Milton Pedraza, CEO of The Luxury Institute, New York.

"But the jury is still out on whether a luxury brand should be on Facebook," he said.

"Some brands think 'no it's too mass' and some think 'yes' because that's where the consumers are," he said.

Shop.org did not respond by press deadline.

Respondents not despondent

Conducted in April, the study found that consumers do follow brands and retailers online, but their reasoning varies.

Information about deals and sales was important to 58 percent of the respondents.

Just below half said that staying up-to-date on products was one reason why they follow brands and retailers.

More than one-third of consumers listed information and contests as something that they look for when following brands and retailers.

Slightly more than half of the respondents have clicked through Facebook to a retailer's homepage, and an even larger number had clicked through via Twitter.

Respondents followed an average of six retailers.

About 30 percent of respondents said that they would enjoy purchasing products directly through social media sites such as Facebook and Twitter.

Anti social

These findings however do not necessarily mean the same thing for luxury retailers as the consumer base is generally older and tends to buy less items at more expensive prices.

"If you have younger consumers, they are going to want to be more in Facebook and social media," Mr. Pedraza said.

"For older consumers, there will be less of them there and those who are there are less interested in being there," he said.

Social media commerce should not be the focus of luxury brands as most of the followers are aspirational customers, not realistic, loyal consumers, according to Mr. Pedraza.

"Real customers that go in and buy luxury goods aren't going to be big on social media because they are older, busier professionals," Mr. Pedraza said.

In terms of purchasing items via social media, Mr. Pedraza suspects the statistics drop considerably when concerning luxury items.

For handbags and apparel items, it may be fun to get opinions and feedback from friends before shoppers buy an item.

"I'm not going to buy a \$250,000 diamond ring or car online," Mr. Pedraza said.

"Because a luxury product is something that is very costly, and the purchase is experiential," he said.