

Facebook's 'Like' button becomes force in e-commerce

May 5 2011, By Mike Swift

Whether you just bought an airline ticket or a pair of jeans online, chances are an Internet search preceded the transaction. Now Facebook hopes to make its vast web of online social connections another central ingredient in the complicated dance between retailer and consumer.

One year after Facebook began distributing its "Like" button to millions of websites - an average of 10,000 websites a day connect with Facebook - the Palo Alto social network says it is becoming a force in online commerce. Facebook points to partnerships with companies like Levi's, which has a Facebook Like button positioned next to every article of clothing on Levi.com, and Ticketmaster, whose website includes a Facebook app that lets people see whether their friends have already bought a ticket to concerts they are interested in attending.

Just as people have always talked to their friends before making a significant purchase, "your mode of discovery online is starting to look more like your mode of discovery offline," said Dan Rose, a former Amazon.com executive who is vice president of partnerships and platform marketing at Facebook.

Facebook and [Ticketmaster](#) say that when the ticket retailers' customers post a specific event they are attending or might attend to their friends' Facebook News Feed, it generates \$5.30 of direct ticket sales.

Meanwhile, a report this week from Harris Interactive and CityGrid Media said that the Like button is already trumping reviews on websites

such as [Yelp](#) as the primary way that people show support for businesses online.

Facebook took another major e-commerce step last week when it rolled out a trial "Deals" service in the San Francisco Bay Area and four other U.S. cities to compete with Groupon and other online discount deal websites. The Like button is a prominent feature.

Still, some skeptics say the Like button won't ever become the mainstay of e-commerce that search is. A recent survey of online retailers by the market research firm Forrester found that 59 percent said the returns from [social marketing](#) remain unclear, while just 28 percent said social marketing strategies had helped their business grow.

"The problem is the fundamental flaw of this whole expectation. People think that shopping is social, because teenagers go to the mall in groups," said Sucharita Mulpuru, the Forrester analyst who wrote the recent skeptical report about Facebook's future in e-commerce. "But most shopping is not social. People don't go to Walmart in groups. They don't go to the grocery store in groups."

While Mulpuru says there are niches where Facebook can become a major force in e-commerce - ticketing for example, because concerts, baseball games and other events are inherently social - those successes will be the exception rather than the rule.

Facebook, she said, has already had enough time to prove its assertion that it will someday produce a Zynga of retail, referring to the San Francisco social game-maker that grew into a multibillion-dollar company through its association with the social network.

"At some point, you've got to show people the money," Mulpuru said.

Facebook and its partners counter that consumers who arrive on the websites of retailers, media sites and other Facebook partners are more deeply engaged. For example, people clicking on clothing retailer American Eagle from Facebook spent an average 57 percent more money than people who arrived on the website through other means, such as a Google search, while Rose said people who arrive on newspaper and other media websites via a link shared on Facebook are more likely to read to the end of an article.

Facebook celebrated the first anniversary of its distribution of the Like button to other websites on April 21. Facebook declined to update an earlier count of 2.5 million websites using the Like button and other social applications, such as the ability to login to a website using Facebook credentials. But an average of 10,000 websites a day in the past year connecting to Facebook would mean the Like button and other Facebook tools are now on more than 3.5 million websites.

Mulpuru says that for most retailers, Facebook will be most important in making consumers more aware of a brand, rather than driving actual sales, and some retailers, including Levi's, say that is how they are using Facebook at this point.

"We really feel like it is attracting a new consumer to Levi.com," particularly younger and more "fashion-forward" consumers, said Megan O'Connor, director of digital and social marketing for Levi's. For example, the company's new "Ex-Girlfriend Jeans" - super skinny jeans for men - got 4,000 Facebook likes on the first day the jeans went on sale.

"We believe it will drive sales," O'Connor said of the Like button. "We are really looking at it as a way for consumers to interact with the brand, to tell their friends about the brand, and really get the word out about what Levi's is passionate about."

LIKE THIS?

About 10,000 websites connect with Facebook each day, through "social plug-ins" such as the Like button, commenting or the ability to login to a website with Facebook credentials.

"Likers" are more active, clicking on 5.3 times more links to external sites than the typical Facebook user.

More than 250 million people engage with Facebook on external websites through the Like button or other social tools.

18 of the top 25 U.S. retail sites, as ranked by comScore, use [Facebook](#).

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