

**IMPULSE CUES ON THE FACEBOOK PAGES  
OF APPAREL RETAILERS**

by

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A thesis submitted to the Faculty of the University of Delaware in partial fulfillment of the requirements for the degree of Master of Science in Fashion and Apparel Studies

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## **ABSTRACT**

This study examined impulse cues on the Facebook pages of apparel retailers by extending previous research by Dawson & Kim (2010), which examined impulse cues on the websites of top apparel retailers. The purpose of this study was to determine whether a relationship exists between impulse cues (Facebook content that entices consumers to buy) and web sales. The percentage of Facebook traffic website referrals for apparel retailers was also examined. The potentially influential role of impulse cues on web sales is highlighted in this study with distinct marketing implications for apparel retailers. When retailers use impulse cues on Facebook as part of their marketing strategy, they increase the potential for user engagement. The purpose of increasing user engagement is to increase conversion to web sales. The Facebook posts of the top apparel retailers were examined to identify the number of times impulse cues were used over a 30-day period in 2012. The top apparel retailers were extracted from InternetRetailer.com's 2012 Top 500 list. The Top 500 list ranks Internet retailers of all categories (electronics, books, apparel, beauty, etc.) using 2011 web sales data. Additional impulse cue categories were added to Dawson & Kim's original impulse cue categories. The relationship between Facebook likes, comments, and shares and web sales of the retailers' was also analyzed.

## **Chapter 1**

### **INTRODUCTION**

On average, a Facebook fan is worth \$174.17 to a retailer (Wasserman, 2013). See Figure B.1. This number is the value of a fan across categories (e.g., clothing, electronics, books). Consequently, a higher average purchase price makes a fan more valuable. For instance, a consumer would spend more while shopping at Zara than they would purchasing Coca Cola products. Facebook recommends that there are four steps for businesses to achieve marketing success (a) create a Facebook page (b) connect with people using Ads (c) engage with Facebook fans by creating quality posts (d) influence friends of fans by creating more ‘stories’. Story is a Facebook term used to reference Facebook page interaction such as liking, commenting, or sharing.

Using 2,000 panelists, the social media marketing firm, Syncapse, determined the \$174.17 Facebook fan value based on six factors. These six factors are: (a) product spending within the past 12 months (b) loyalty and purchase intent in the future (c) the propensity to recommend the brand to other potential customers (d) the media and messaging value that is inherent with fan membership (e) propensity for fans to organically lure more fans, and (f) emotional draw felt from brands or brand affinity (Marks, 2013). The business objectives outlined in the Syncapse report were raising brand awareness, lead generation, and product/service trials.

On September 14<sup>th</sup> 2012 Facebook.com achieved 1 billion registered users (Facebook.com, 2013). College-educated consumers, age 25-55 years old, and earning \$100,000 or more are among the most savvy and sought after consumers – this same group is using social media to research companies when making purchase decisions (Kunz, 2011). Results from research conducted by Fellows of the Society for New Communication Research (Barnes, Cass, Getgood, Gillin, & Goosieaux, 2008) found evidence to support the significance of social networking to retailers' promotional mix.

Of Facebook's active users, approximately 50% log on to Facebook in any given day (Facebook.com, 2013). The average Facebook user is connected to 80 community pages, groups, and events (Facebook.com, 2013). Likewise, 85% of social media networking users want companies to interact with them using social media applications (Nail, 2009). Over 1 billion people 'like' and 'comment' an average of 3.2 billion times every day (Facebook.com, 2013). However, Agency Brandglue, a company that specializes in Facebook Newsfeed Optimization, estimates that 96% of Facebook fans never return to pages they 'like' without being prompted by page posts or Facebook advertisements (Brekke, 2011). The Facebook Newsfeed is where users see posts from people and businesses they are connected to on Facebook. When on Facebook, people spend 40% of their time on the Newsfeed (Facebook.com, 2013).

According to a global market research firm the most common reason people post on social media is "to share interesting things" (61%) (Nanji, 2013). The second most common reason was "to recommend a product, service, movie, book, etc."

(30%). The results of this study are based on an online survey of over 12,000 global "sharers" (people who posted some type of content on social media sites in the month prior to the study).

In 2013, Facebook founder and CEO, Mark Zuckerberg, announced that the like function would play a greater role in users' Facebook experience. On Facebook, clicking "like" is a way to give positive feedback. Facebook users can also like a page that they want to connect with on Facebook (Facebook.com, 2013). Facebook users can also connect to content and pages using the like function on other places on the web (Facebook.com, 2013). According to Zuckerberg, users will soon be able to search for pages their friends like, what comments they like, amongst other things, similar to a Google search. Essentially, users' likes, comments, and interests, were once archived and with this new functionality, Graph Search, Facebook plans to make this user information easily accessible (Techcrunch.com, 2013).

Facebook profiles are for individuals whereas Facebook pages are for businesses and public figures. The Facebook page functionality allows page administrators to track the reach and number of impressions their page content generates. Four forms of content generated by users on Facebook are (a) status updates, (b) likes, (c) comments, and (d) shares. A status update will be referred to as a Facebook post or simply a post going forward for this research paper.

According to Social Annex Inc., retailers earn more web sales when shoppers share products on social networks and via e-mail. The study claims that each time a shopper connects with a product on Facebook, that action is worth \$10.88 – on

Twitter, \$6.09 and \$18.73 via email (Internetretailer.com, 2013). For the apparel and accessories sector, the following sharing values apply – \$23.11 on Facebook, \$15.83 on Twitter, and \$26.40 via email (Internetretailer.com, 2013). Social Annex’s study used data gathered from over 100 retailer websites, 19% of which are in the Internet Retailer Top 500 Guide. The Internet Retailer Top 500 Guide is also used for this study. Social Annex’s report indicates that retailers should incorporate social elements throughout their websites to encourage shoppers to share the retailers’ content on social media networks. One of the marketing researchers of Social Annex suggests that including contests and discount codes encourages Facebook sharing. Discounts and contests will be examined in this study as impulse cues.

As Social Annex’s study illustrates, link-sharing is important to online merchants because Internet users who click on a shared link are four times more likely to make a purchase compared to those who arrive on a retailer’s website by other means (Internetretailer.com, 2013). Internetretailer.com found that, on average, retailers get 4.25% of their total site traffic from Facebook, Twitter, and Pinterest combined (Internetretailer.com, 2013). This study examined Facebook traffic to retailers’ websites. Of 2011’s Top 500 internet retailers, 86% of them had a Facebook presence – 16% more than the 371 that had Facebook Pages in 2010 and a 52% increase from the 284 in 2009 (InternetRetailer.com, 2011). See Figure B.2.

Social media has entered the arena of ecommerce by directly facilitating transactions on social media platforms like Facebook, as opposed to redirecting customers to a retailer’s website. In 2009, Payvment introduced a free application for

Facebook that enabled Facebook page administrators to place a storefront on their Facebook page and participate in what is being called F-commerce, or Facebook commerce. This ecommerce solution has a full-feature administration area comparable to many other storefront offerings on the Internet. The Payvment platform is used by over 200,000 brands and sellers (Payvment.com, 2013). However, many find the F-commerce concept flawed, as there is a growing list of retailers who attempted F-commerce only to abort shortly thereafter. Numerous retailers such as Gap, J.C. Penney's, and Nordstrom closed their Facebook storefront after less than 6 months. Many marketing analysts conclude the demise of so many F-commerce efforts is largely due to the fact people do not want to shop on Facebook; they want to socialize there (Knapp, 2012). Although F-commerce has not been successful for many retailers, there is reason to believe that Facebook facilitates purchasing and may contribute to impulse shopping.

### **1.1 Problem Statement**

Retailers hope their Facebook marketing entices users to go to their ecommerce sites and make a purchase. Moving users to purchase may be achieved with effective marketing messages. Creating Facebook posts that contain enticing words may drive more people to shop on impulse. With Facebook pages, marketers can also create brand evangelists who can spread marketing messages by liking, sharing, and commenting. Through conversation on Facebook pages, marketers can provide customer service, build brand awareness, and promote their products.

Understanding which messages allow businesses to best connect with Facebook users is important for generating the greatest return on time and money invested in implementing a Facebook marketing strategy. For online shopping, various cues of product attributes such as price, sensory aesthetics, and visual elements influence web browsing which affects consumers' decisions to buy online (Park, Kim, Funches, & Fox, 2011). Practitioners and researchers who study online shopping would like to know how web browsing can entice online shoppers to purchase products they might not purchase otherwise. Additionally, researchers have found that user gratifications for using Facebook include social interaction (Quan-Hauss, 2010). If a Facebook page can provide some of the gratifications found by Quan-Hauss, then users may want to revisit the Facebook page.

## **1.2 Research Purpose**

Researchers have studied impulse cues on online apparel sites (Dawson & Kim, 2010). Impulse cues are marketing messages that entice consumers to make purchases. There is no existing research about impulse cues on the Facebook pages of retailers. However, it is reasonable to believe that some of the interactions on Facebook could serve as impulse cues. While shopping online, consumers are limited in their purchase decisions as they are constrained to only what appears on their computer screen. Thus, additional information such as electronic word-of-mouth (eWOM) via consumer reviews in the form of comments or friends' recommendations may be influential sources of information in online purchase decisions.



The purpose of this study is to (a) identify impulse buying cues that are present on the Facebook pages of apparel retailers and (b) examine the relationship between online retailers' financial performance and the amount of impulse cues present on their respective Facebook pages. Apparel retailers will be the focus of this study because apparel is commonly purchased on impulse (DesMarteau, 2004) and is a top selling category online (Moore, 2012). Scot Wingo, CEO of ecommerce services provider ChannelAdvisor (MacMillan, 2009) notes that when website traffic is analyzed, social media sites are among the top 10 referring websites for most online retailers. It is therefore important for online retailers to determine whether cues on Facebook, such as likes and comments, facilitate the movement of customers from socializing to shopping.

### **1.3 Definition of Terms**

This study uses the following terms:

- (a) Comment – Below Facebook posts, users may click the comment link and publish what they write. Everyone who can see the post, may also see the comment
- (b) Engagement – Hoffman and Fodor (2010) categorize the following as engagement: comments, active users, “likes” on friends’ feeds, and user-generated items (photos, threads, replies)
- (c) eWOM – Electronic Word-of-Mouth is any positive or negative statement made by potential, actual, or former customers about a product

or company, which is made available to people and institutions via the Internet (Hennig-Thurau, Qwinner, Walsh & Gremler, 2004)

- (d) Impulse Cue – marketing message that may entice consumers to make purchases
- (e) Impressions – measures the number of times a post from a Facebook page is displayed, whether the post is clicked on or not. People may see multiple impressions of the same post. For example, a fan might see a Page update in their new feed once, and then a second time if their friend shares it
- (f) Like – Clicking like on a Facebook page, in an advertisement, or on content on other destinations on the web, enables users to make a connection. Users can unlike something immediately, and control who can see their likes on their timeline.
- (g) Newsfeed – the center column of users' Facebook homepage. The newsfeed is a constantly updating list of stories from people and Pages a user follows on Facebook.
- (h) Page – On Facebook, Pages are for businesses, organizations and brands to share their stories and connect with people. Like timelines, users can customize Pages by adding apps, posting stories, and hosting events. People who like a Page, their friends will get the update in their newsfeeds.

- (i) Profile – On Facebook, your profile is your timeline. Timelines are for personal, non-commercial use only (Facebook, 2013). They represent individuals and must be held under an individual name.
- (j) Purchase Behavior – The habits and tendencies exhibited by a shopper when buying products
- (k) Reach – measures the number of people who received impressions of a Page post. The reach number might be less than the impressions number since one person can see multiple impressions.
  - (a) Organic reach: The number of unique people, fans or non-fans, who saw a post in their new feed, ticker, or on the Facebook Page.
  - (b) Paid reach: The number of unique people who saw a post from a sponsored product, such as ads for Page post or sponsored stories.
  - (c) Viral reach: The number of unique people who saw this post from a story published by a friend. These stories can include liking, commenting or sharing a post, answering a question, or responding to an event.
- (l) Recommend – the recommend button functions the same as a Like and is counted in the total likes for a Facebook page
- (m) Share – To share on Facebook is to (a) repost another user's post (b) post a link from the internet
- (n) Social Media – a term that refers to the means of interactions among people in which they create, share, exchange and comment contents

among themselves in virtual communities and networks (Ahlqvist, Back, Halonen, & Heinonen, 2008).

- (o) Social plugin – A button placed on websites that Facebook members can click to share their interest in a website’s content with their friends. The Like Button and Like Box are types of social plugins used on websites with the purpose of increasing Facebook Fans.
- (p) Social Network – According to Boyd and Ellison (2007) social networks are web-based services that allow individuals to (a) construct a public or semi-public profile within a bounded system, (b) articulate a list of other users with whom they share a connection, and (c) view and traverse their list of connections and those made by others within the system.
- (q) Story – A story is a Facebook activity that has been recorded by Facebook. A like, a comment, posting a picture, changing jobs, updating relationship status, etc. are types of Facebook stories. On Facebook, stories are items that display in a user’s newsfeed. Sponsored stories are messages coming from friends about them engaging with your Page, app, or event that a business, organization, or individual has paid to highlight so there’s a better chance people see them (Facebook, 2013).

## **Chapter 2**

### **LITERATURE REVIEW**

#### **2.1 Impulse Buying**

Impulse Buying is defined as a consumer's propensity to purchase a product without planning to do so in advance. Buying impulses begin when a consumer is driven by an environmental stimulus. This is followed by a sudden urge to acquire (Rook, 1987). According to the Marketing Science Institute, nearly two thirds of purchases are impulse, or unplanned, purchases (Davis, 2006). Also, many consumers attempt to find tools to make their purchase decisions easier and faster. Many consumers make use of electronic word-of-mouth or online recommendation agents such as the Amazon software that suggests products. These new technologies have become important inputs impacting consumers' impulsive buying decisions.

Many researchers investigating consumer behavior have studied impulse buying. Stern (1962) outlined four distinct types of impulse buying: pure, reminder, suggestion, and planned impulse buying:

- (a) Pure impulse buying: a novelty or escape purchase which breaks a normal buying pattern

- (b) Reminder impulse buying: occurs when a shopper sees an item or recalls an advertisement or other information and remembers that they are running low or the supply they own is exhausted
- (c) Suggestion impulse buying: occurs when a shopper sees a product for the first time and visualizes a need for it
- (d) Planned impulse buying: takes place when the shopper makes specific purchase decisions on the basis of price specials, coupon offers and the like

On Facebook, Millennials are the largest group of users (eMarketer, 2013).

When shopping, millennials – individuals born between 1980 and 1995, are 52% more likely than other generations to make unplanned self-indulgent purchases (Tuttle, 2012). According to the millennial study reported by Time.com, though millennials still use traditional shopping tools such as circulars and store advertisements, there is evidence that these media are less relevant to this generation of consumers, and marketers should consider implementing digital solutions. As cited in the Time.com article, Millennials often receive advice to create a list of items intended to purchase prior to shopping to curb impulse or unplanned purchases. However, this method is susceptible to “planned impulse buying”, which is the most common reason cited for going off-list and making an impulse purchase. Planned impulse purchases often occur when a sale or promotion presents itself in the store (Tuttle, 2012).

InternetRetailer.com (2003) found that several retailers actually experienced an increase in web sales by using more [impulse cues] on their websites - such as

suggested coordinated items, gift ideas, and percentage-off promotions. In a study of how impulse purchases happen online, The Yankee Group found that 75% of survey respondents indicated that a “special sale price” would motivate them to make a spontaneous purchase; 49% said “free shipping” would be a motivation.

In October and November 1999, Ernst & Young surveyed 3,900 consumers in six countries: Australia, Canada, France, Italy, the UK, and the United States. They also conducted telephone interviews with executives at 38 companies in the six countries mentioned above. The study was to examine impulse purchases, which the study defined as unplanned purchases. Ernst & Young found that 88% of respondents believed impulse purchases were made because consumers found products at a good price or on sale (Ernst & Young, 2000).

In the Ernst & Young study, consumers in every country surveyed reported making at least 10% of their purchases on impulse. 50% of UK online shoppers said they would make an impulse buy if the item was not available for purchase elsewhere. A significant portion of those surveyed said that a special occasion or an item being highlighted on the website they were using to make their purchase could cause them to make an unplanned purchase. Similarly, Dawson and Kim (2010) found that free shipping, special discounts, and promotions were reasons consumers made unplanned purchases.

Park, Kim, and Forney (2006) define impulse buying behavior as a sudden, compelling, hedonically complex buying behavior in which the rapidity of an impulse decision process precludes thoughtful and deliberate consideration of alternative

information and choices. In their study, Park et al. (2006) examined the causal relationships among fashion involvement, positive emotion, hedonic consumption tendency, and fashion-oriented impulse buying in the context of shopping.

Park et al. (2006) highlighted that fashion-oriented impulse buying is related strongly to fashion involvement. As an example, Park et al. (2006) cited Han et al. (1991) whose study found that textile and clothing students had significantly higher impulse buying scores than students in other majors. Assuming that textile and clothing students are involved in fashion, this finding supports the idea that fashion involvement may encourage fashion-oriented impulse buying by presenting sensory [or experiential cues] of fashion products.

In their review of the literature on the phenomenon of impulse buying and the factors that work towards motivating impulsive action, Kalla and Arora (2011) analyzed prior research that presented definitions of impulse buying. Kalla and Arora also identified internal and external motivators for impulse buying behavior. Kalla and Arora (2011) cited James (1980) and defined impulses as ephemeral thoughts usually tied to forceful urges. Early definitions of impulse buying described the phenomenon as synonymous with unplanned buying, i.e., any purchase that is made that has not been planned in advance (Kalla & Arora, 2011). However, Rook (1987) stated that not all unplanned purchases are impulsively decided. It is possible for a purchase to involve high degrees of planning and still be highly impulsive; and some unplanned purchases may be quite rational.



As cited by Rook (1987) remembering that one needs a gallon of milk or toilet paper does not commonly involve impulsive behavior. Yet, when an item is on the planned shopping list, the actual brand purchased may be on impulse (Rook, 1987). According to Rook (1987), planning is a relative term and consumers' plans are sometimes contingent and altered by environmental circumstance. Kalla and Arora (2011) cited Iyer (1989), who proposed that all impulse buying is at least unplanned, but all unplanned purchases are not necessarily decided impulsively. Kalla and Arora (2011) summarized external motivators for impulse buying behavior. Of the motivators identified in their study, the following are relevant to the online environment and Facebook in particular – (a) visual stimuli, (b) promotional stimuli, (c) social influence, and (d) credit cards.

Buying impulses can be triggered when a consumer encounters a visual stimulus in a retail environment, either a product (Liang & Meng, 2008) or promotional stimuli (Piron, 1991). Visual merchandising is another driver of impulse purchasing, wherein 'looked good on shelf' was one of the key reasons which made people decide to buy impulsively (Rostocks, 2003). Factors like fast tempo and high volume music (Holbrook & Anand, 1990), and colors (Valdez & Mehrabian, 1994) have been found to have an influence on in-store stimulation levels and impulse buying tendencies. Mattila and Wirtz (2008) found that social factors influence impulse buying. Social factors relevant to online shopping and Facebook commerce include comments and likes from shoppers' friends. Lastly, Kalla and Arora (2011) cited the findings of Bernthal, Crockett, and Rose (2005) - people who possess credit

cards are more likely to purchase impulsively, since credit cards relieve the spender of psychological implications of spending.

Positive emotion has been related to impulse purchasing. Researchers have studied relationships between impulse buying, shopping, emotions, and fashion variables. In their examination of the causal relationships among fashion involvement, positive emotion, hedonic consumption tendency, and fashion-oriented impulse buying, Park et al., (2006) stated that some examples of situational variables in impulse shopping are mood, status consumption tendencies, shopping enjoyment, loyalty, time available, and money available. The researchers stated that impulse purchases are more likely when consumers experience an impulse buying stimulus and then later evaluate that prospective purchase as appropriate. Park et al. found that consumers with positive feelings (e.g., being in an excited or satisfied mood) impulsively purchased more fashion products during their shopping trip. This finding supported prior studies that found positive emotional states reduce decision complexity and increase the chances of impulse buying. From Park et al. (2006) it may be inferred that if Facebook users like a brand page, get exposed to stimuli from the Facebook page, they may be more likely to engage in impulse shopping.

Hausman (2000) explored consumers' emotions towards shopping, how they make buying decisions, and why some decisions result in impulse buying. From 60 semi-structured interviews, Hausman (2000) found ubiquitous feelings among study participants that shopping experiences satisfied social needs. Hausman (2000) reports that the expression of social needs among the study's participants appeared to

unintentionally lead to impulse buying behavior. The participants in the study revealed that the purchases were incidental to the more important need to interact and garner approval from a significant other or a group. The researcher concludes that the reasons why consumers employ impulse purchasing strategies so frequently and do not feel that impulse buying is overwhelmingly wrong is that consumers buy products for a variety of non-economic reasons, such as fun, fantasy, and emotional or social gratification.

Miao (2010) explored consumers' dynamic affective experience in an impulse buying situation (cheesecake purchase). Affective responses to impulse buying are a dynamic process that begins with lower-order primitive affective reactions, followed by deliberative higher-order cognitive processes of conflicting beliefs and normative evaluations (Miao, 2010). Feelings of desire that consumers often experience in shopping situations may "occur with minimum conscious deliberation" and are "characteristic of automatic or mindless behavior" and "with little or no cognition" (Miao, 2010). Higher-order cognitive processes involve social rules regarding the appropriateness of the behavioral tendency (Miao, 2010). The outcome of these lower-order/higher-order appraisals could be either favorable or unfavorable toward the stimulus event.

The results from Miao (2010) indicated that a higher level of buying impulsiveness is linked to a greater sense of pleasure experienced from the purchase. Considering the hedonic value of impulse buying, Miao (2010) concluded that the negative view of impulse buying where "in the long run, such purchases may lead to

higher profits for manufacturers and retailers, but more unsatisfied and unhappy consumers” appears to be overly pessimistic.

## **2.2 The Consumption Impulse**

Dholakia (2000) introduced The Consumption Impulse Formation Enactment (CIFE) Model. The Consumption Impulse (CI) was defined as the irresistible urge to consume (Dholakia, 2000). Dholakia (2000) asserted that there are three antecedents of the consumption impulse – (a) marketing stimuli, (b) situational factors, and (c) impulsivity trait. The first antecedent, marketing stimuli, relates to the elements of product presentation such as attractive displays, enticing graphics or copy, or accompanying sales and promotions. The second antecedent of the CI encompasses what are called situational factors. Situational factors include environmental, personal, and social factors surrounding a particular consumption occasion (Dholakia, 2000). Marketing stimuli is the external factor of impulsive buying and mood is a situational factor that affects the importance of buying some products (Madhavaram & Laverie, 2004). The third antecedent, the impulsivity trait, is defined as the tendency to respond quickly and without reflection, and is characterized by rapid reaction times, absence of foresight, and a tendency to act without a careful plan. Impulsivity and other character traits are personal factors.

The social factors of the Consumption Impulse have to do with human interaction such as talking to sales associates or shopping with friends. Applying the CIFE Model to the Facebook setting, (a) cues on Facebook pages are examples of environmental factors, (b) the social factor is the interaction amongst Facebook users

and Facebook page administrators. According to Dholakia, situational factors may increase or decrease the propensity of the consumer to experience the consumption impulse.

The impulsive trait alone may be just as effective in enabling the consumption impulse as the interaction of a much less impulsive trait with effective marketing stimuli (Dholakia, 2000). See Figure B.4. Dholakia (2000) gives the example that placing the same enticing merchandise in several locations in a retail store makes it more accessible and difficult to get away from, thus igniting a weak or dormant impulsivity trait. The practical implication is that modifying multiple antecedent factors may result in increased levels of impulsive consumption at the aggregate level (Dholakia, 2000). Within the CIFE model, there are consumption impulse resistance strategies; selective attention, for one, refers to a person's tendency to address information supporting his or her conscious course of action, and to ignore competing information (Dholakia, 2000).

Dholakia (2000) conducted two studies to test the CIFE model. The first study used a shopping scenario to measure impulsive purchase behavior using 101 undergraduate students. Participants were assigned to either the consonant CI condition or the dissonant CI condition at random. From the first study, the researcher concluded that the cognitive evaluation of a purchase behavior nearly completely drives the enactment of the product purchase CI. In the second study, 218 Internet users (mean age =34.2) and higher average income than the first study answered questions similar to that of study 1. As in the first study, participants were asked to

select one of a set of purchase alternatives in a hypothetical buying scenario. By random, participants were assigned to either the consonant or the dissonant CI conditions. The results of the second study strongly supported the CIFE model for emotion-laden (addictive) impulsive consumption.

### **2.2.1 Marketing Stimuli**

Marketing stimuli can be pictures, descriptions, advertisements, articles, or symbols that will increase impulsive buying (Madhavaram & Laverie, 2004). Madhavaram and Laverie (2004) suggest that online retailing encourages impulse purchasing, as consumers are able to browse and respond more easily than when in-store shopping to their changing moods. The researchers studied the act of online impulse purchasing by asking survey participants to recall their last online impulse purchase. Consistent with research on brick and mortar purchases, many of the same influences led to impulse purchases (e.g., appeal of the product, advertisements, and compelling presentation). Additionally, participants also confirmed that those people in a good mood were more likely to purchase impulse items.

Rook (1987) implied that the product itself acts as stimulus. The researcher suggested that consumers have a difficult time resisting the urge to buy following the encounter with the item and thus, the consumption impulse originates within the product. Enticing packaging and photography are marketing stimuli available to online shoppers. Having more product pictures on Facebook pages and posting product pictures frequently may entice more Facebook users to make purchases on impulse.

### **2.2.2 Situational Factors**

In their examination of situational, consumer, and retail factors affecting Internet, catalog, and store shopping Gehrt and Yan (2004) outline which situational factors may influence retail attribute importance and retail format preference. Gehrt and Yan (2004) summarized four situational factors and their underlining influences. Factor 1, Transaction Service, refers to (a) ease of order placement, (b) 24-hour accessibility, (c) ability to touch/try merchandise, (d) security and privacy policy, (e) several options for payment, (f) reliable shipping. Influences for Factor 2, Merchandise, are (a) easy to find, (b) quality merchandise, (c) unique merchandise, (d) large selection of merchandise, (e) immediate availability of merchandise. Factor 3, Retailer Personality, (a) shopping atmosphere, (b) well-known national brands, (c) familiarity with the retailer, (d) sales assistance/merchandise information. Factor 4, Price, (a) low prices, (b) ease of price comparison.

The retail attributes Gehrt and Yan examined included (a) availability of product information, (b) ability to compare products, (c) degree of human intermediation, (e) access, (f) speed of delivery, and (g) amount of shopping time required. The researchers' cited that the availability of extensive information such as reviews and recommendations as well as competitive prices are retail attributes that are associated with a proclivity toward heavy online shopping. On Facebook, retailers have the ability to provide extensive information by frequently updating their customers and prospective customers with sale notifications, new products and services, and enticing images. Facebook pages also provide consumers with

information in the form of product reviews and recommendations, or eWOM.

Providing sales notifications and other information may trigger impulse purchasing.

Gehrt and Yan (2004) chose three situational factors for their study. The situational factors were: (a) time availability (plenty of time vs. under time pressure), (b) shopping task (buying a gift vs. buying for oneself), and (c) product category (clothing vs. books). According to Dawson and Kim (2010) gift ideas are impulse cues for online shopping. As outlined by Gehrt, price is situational factor and this is directly applicable to Facebook as well. Retailers can use Facebook to make consumers aware of special price discounts, sales, promotions, and shipping offers.

### **2.3 Impulse Cues**

Dawson and Kim (2010) studied online impulse cues. Their focus group participants visited five to six online apparel web sites at random. The web site's introduction page, specific product category pages, and specific product item pages were viewed. Impulse cues were defined as marketing messages that motivate consumers to make purchases. Dawson and Kim (2010) extrapolated four impulse categories from their focus group responses, see Table A.1.

Dawson and Kim (2010) measured the extent to which impulse cues were available on the top 30 and bottom 30 apparel websites using content analysis. They also examined the relationship between the amount of impulse cues and the online retailers' financial performance. The researchers used web sales as the measure of financial performance. Using correlation analysis, the researchers found a positive



relationship between apparel retailers' web sales and the amount of impulse cues present on their websites.

The findings from Dawson & Kim (2010) suggest that the amount of impulse cues may be a factor that affects a retailer's financial success by encouraging online impulse purchases. Consequently, the researchers suggest that less successful online retailers should consider offering more impulse cues (e.g. sales, promotions, purchase ideas, and suggested items) on their eCommerce sites to increase potential impulse purchases.

For impulse buying, environmental cues act as stimuli that affect an individual's cognitive and affective reactions, which in turn affect consumer behavior (Parboteeah & Wells, 2009). Environmental cues refer to the retail setting e.g., in-store, online, promotional text or signage (Dholakia, 2000). Environmental cues provide a theoretic rationale for examining online impulse buying as a state of mind resulting from exposure to externalities. Eroglu, Machleit, and Davis (2003) described environmental cues as factors such as website colors, non-product related pictures, and fonts. Parboteeah and Wells (2009) suggested that online shoppers might not only be affected by product characteristics but also the characteristics of the shopping environment.

### **2.3.1 Price, Promotions, and Sales**

On Facebook, retailers have the option to pay to have their price cuts, sales, and promotions displayed in users' Newsfeeds. According to a report from Facebook advertising software provider Nanigans, Facebook ads that appear in users' Newsfeeds

greatly outperform ads that appear on the right side-panel of Facebook (Stambor, 2013). The right side-panel on Facebook displays advertisements similar to how ads have traditionally appeared on websites. Ads in the Newsfeed appear along side updates from users' friends.

On Facebook, page administrators can create a post and then pay to have it featured more often in the Newsfeed. Facebook's page post ads enable Facebook page operators to promote videos, photos, links or events. Newsfeed ads have a click-through-rate 45 times greater than display ads (Stambor, 2013). Click-through-rate is a method used to measure advertising success. It is calculated by dividing total number of clicks by total number of impressions. With such substantial improvement in click-through when using Newsfeed ads, it is important to understand the type of messaging Facebook users are most responsive to.

Park, Kim, Funches, and Foxx (2010) cite that many online purchases are the result of browsing and price promotion. The researchers concluded that price is critical to the encouragement of hedonic web browsing, which supports earlier research stating that consumers enjoy hunting for bargains or reasonable offerings. The findings from Park et al. (2010) indicated that consumers are likely to make impulse purchases based on price or special promotional offers during web browsing.

### **2.3.2 Free Shipping**

In 2008, the Top 40 Online Retail Satisfaction Index survey conducted by *ForeSee Results* found that free shipping was a chief selling point for online retailers. 60% of online shoppers reported that their decision as to whether to shop at one store

over another was influenced by whether or not the retailer offered free shipping (Internet Retailer, 2009). According to a survey conducted in 2005, the most successful web site features during holiday shopping periods included free shipping, gift idea centers, suggested items, and featured sale item pages – these web site features also promote impulse purchases (Shop.org, 2005). Additionally, the survey found that online retailers experienced 30% increased sales growth by implementing aggressive promotions.

In a survey, 40% of online shoppers blamed shipping-and-handling charges for their abandoned online shopping carts (Gallanis, 2000). This rate of abandonment illustrates the importance of shipping costs to consumers in the over all cost of shopping online. Bower and Maxham (2012) found that customers who paid for their own return costs decreased their spending at that retailer 75%-100%. In the same study, returns that were free to the consumer resulted in post-return spending that was 158%-457% greater than their initial purchase. Essentially, consumers who have to pay their own shipping costs may not return for future purchase and consumers who receive free shipping may spend above their initial purchase amount.

During the holiday shopping season in 2011, many retailers were reported to have taken the expensive step of offering free shipping deals in order to lure online shoppers to their websites (Zimmermann & Mattioli, 2011). As noted on the Wall Street Journal (2011) website, free shipping can make a great difference in the ultimate price online shoppers pay. The CEO of one of the Top 500 retailers, Kohl's Inc., acknowledged that free shipping was once a way to entice customers to chose

one online store over another; however, free shipping has now become the price of entry to compete online. Likewise, Dawson & Kim (2010) found from their focus group that of the impulse cues listed under the promotions category, 20 of the focus group responses, which was the highest frequency amount, suggested that free shipping or a shipping discount would entice impulse buying behavior online.

## **2.4 Online Shopping**

For 2009 the US Department of Commerce reports that the total online retail sales were \$134.9 billion and online retail sales for the fourth quarter of 2009 increased 14.6% from that of the fourth quarter of 2008 (US Census Bureau News, 2010). Apparel is one of the top three product categories that dominate the online retail market. For online apparel sales, the census reports that in 2009, online apparel retail sales were \$12 billion. This amount accounts for 4.9% of total apparel retail sales in 2009.

For online shopping, Kim, Kim, and Lennon (2009) defined high task-relevant website cues as all website information (verbal or pictorial) that appears on the screen. Descriptions of the merchandise, and pictures of merchandise are examples of high task-relevant cues (Kim et al., 2009). Pictures and enticing copy may also serve as impulse cues. Eroglu et al. (2003) found that increasing the atmospheric qualities of the online store increased the level of overall pleasure felt by the shopper. Results from the study showed that website atmosphere affected the level of pleasure that was felt while shopping online, which then influenced attitude, which had strong effects on satisfaction and approach/avoidance behavior.

Kim (2008) found that impulse buying behavior dominates online purchases of sensory products (e.g., clothing, accessories, jewelry, and cosmetics). As cited by a study from User Interface Engineering (2001), a leading consulting firm in website usability, approximately 40% of the money spent on ecommerce websites is attributed to impulse purchases. According to E-tailing Group Inc., a growing number of online retailers are implementing cross-selling and up-selling product recommendation strategies on their websites in order to encourage impulse buying online (InternetRetailer.com, 2002).

Madhavaram and Laverie (2004) suggested that online retailing encourages impulse buying because consumers are able to browse and respond precipitously to their changing moods. In a study of the online shopping environment, Wells, Parboteeah, and Valacich (2011) examined the relationship between consumers' inherent impulsiveness to buy and website quality. The researchers cite that many characteristics of the online environment lead to impulse purchases. In the study, website quality referred to characteristics of the online shopping environment. The researchers cite Eroglu et al. (2003) for the categorization of these characteristics.

Examples of low task-relevant cues include visual appeal/website pleasantness. These task-relevant cues make up website quality (Wells et al., 2011). Wells et al. (2011) used survey methodology to examine the interplay between website quality and impulsiveness and the effect on an individual's urge to buy. Participants were asked to complete a survey designed to measure their impulsiveness. They then used a controlled laboratory experiment to differentiate website quality and individual

impulsivity in the impulse buying process.

#### **2.4.1 Online Atmospheric Cues**

Eroglu, Machleit, and Davis (2003) examined the atmospheric cues of online stores and how they affect shoppers' emotional and cognitive states. The researchers defined atmospherics as the conscious designing of space to create certain buyer effects, specifically, the designing of buying environments to produce specific emotional effects in the buyer that enhance purchase probability. Eroglu et al. (2003) stated that atmospheric cues could provide consumers with information about the retailer (e.g., the quality or type of retailer, the target audience of the retailer) as well as influence shopper responses during the site visit.

Eroglu et al. (2003) proposed that the online store atmosphere is comprised of high and low task-relevant information, the task being shopping; they provided the following as examples of high task-relevant cues: descriptions of the merchandise, the price, terms of sale, delivery and return policies, pictures of the merchandise, and navigation aids that facilitate movement through the website. Colors, borders, and background patterns, typestyles/fonts, animation, music and sounds, entertainment (e.g., games or contests), pictures other than merchandise, a web counter, site awards, and affiliations were given as examples of low task relevant online environmental cues.

#### **2.4.2 S-O-R Model for the Online Shopping Environment**

The stimulus-organism-response (S-O-R) model was developed by Mehrabian and Russell (1974). The S-O-R model states that stimuli (S) in the environment

induce internal states and these internal states influence behaviors. These induced states (pleasure, arousal, and dominance) signify the second stage in the S-O-R paradigm – Organism (O). Approach or avoidance Responses (R) are the outcome in the S-O-R paradigm. An approach response refers to all positive behaviors toward the environment such as intention to purchase, whereas avoidance consists of negative actions toward the environment (Mehrabian & Russell, 1974).

The S-O-R model (see Figure B.3) as adapted to the online environment by Eroglu, Machleit, and Davis (2001) can be applied to explain the path from socializing on Facebook to shopping on a retailers' website. In the S-O-R model, approach/avoidance behavior (Eroglu et al., 2003) applies to whether Facebook users approach marketing messages (i.e., click on links provided in the Facebook post) and move onto shopping behavior. Approach behavior on Facebook could be (a) clicking on links to external web sites, (b) liking posts, (c) commenting on posts, and (d) becoming a Fan of a Facebook Page.

With online retailers using their ecommerce websites to tap into consumers' impulsivity, extending impulse cues used on websites to their Facebook marketing strategy would be a natural extension of their web marketing. Researchers have found that consumers who shop because they find it pleasurable are more likely to engage in impulse buying (Kim & Eastin, 2011). Arnold and Reynolds (2003) found that of all the categories of hedonic shopping, social was one of the most important. Shopping is traditionally done with family or friends, or by communicating with sales people.

Social shopping is the enjoyment of socializing and bonding with others while shopping (Kim & Eastin, 2011).

Quan-Haase and Young (2010) studied why people use Facebook. In a factor analysis of gratifications obtained from using Facebook, the researchers found that Facebook users fall within six key dimensions for using the social media platform: (a) pastime, (b) affection, (c) fashion, (d) share problems, (e) sociability, and (f) social information. Shoppers may be fulfilled socially by engaging with others on Facebook pages. 'Liking' a retailer is one point of shared interest and a pivot for social interaction. With social interaction, social shopping behavior (e.g., searching for recommendations) may occur and lead to purchase behavior.

Researchers have found peer influence to be a significant influencer of online purchase behavior (Barkhi, Belanger, & Hick, 2008). Peer influence can be conveyed online via feedback (Barkhi et al., 2008). Likes and comments on Facebook may serve as feedback. These social factors on Facebook may also act as impulse cues to drive sales; comments can serve as eWOM and likes may indicate the popularity of a product.

From their focus group, Dawson and Kim (2010) found free shipping to serve as an impulse cue for consumers. Other researchers have examined how shipping costs influence consumers' purchase behavior. Bower and Maxham (2012) conducted two field studies simultaneously over approximately 49 months to assess the psychological and behavioral reactions of customers to return shipping policies. The researchers concluded that in the interest of increased sales, it is beneficial for retailers to institute



a free return shipping policy. The researchers found that the return shipping policy, whether for free or a fee, largely determined customers' post-return spending. Customers paying for their own product returns decreased their repurchases and those who received free returns increased their repurchases according to the study. The study suggested that offering free shipping has a long-term benefit for sales.

## **2.5 Managerial Tactics for Facebook Pages**

As it relates to Facebook Pages, companies create online communities to engage customers with the intention to (a) amplify the message that the brand as already put out, (b) reinforce the credibility of the message, appearing much more "neutral" than the claim coming from the company; and (c) "enrich" and greatly increase the relevance of a brand, thanking the customers' narratives revolving around it (p. 48).

Rossi (2011) outlined the managerial challenges encountered by organizations interested in leveraging knowledge embedded in online customers' communities to support innovation in business-to-consumer industries. The researcher described how the role of the consumer has evolved from passive recipient of information created by companies to a partner in the co-creation process.

Based on a case study analysis of a leading food producer who launched an online open collaborative platform to gather users' idea for new products, the researcher suggests some managerial actions that could be adopted to facilitate consumer engagement in processes of collaborative learning and innovation and also outlined potential barriers that could prevent a successful result. According to Rossi

(2011) benefits of consumer engagement and gathering consumer knowledge includes positive word-of-mouth, increase in brand loyalty, and more rapid and effective market research. Rossi outlined the key differences between customer engagement in physical environments versus customer engagement in virtual environments. Additionally, Rossi describes physical shopping environments as firm-centric and virtual environments as customer centric.

In physical shopping environments, the role of the customer is passive – the customer’s voice is used as an input to create and test products (Rossi, 2011). Contrastingly, in virtual environments the customer has an active role in the innovation process. In physical environments, the direction of interaction is one-way (Rossi, 2011) whereas in virtual environments interaction transforms to into a conversation. Rossi also notes the richness of interaction in virtual shopping environments in that business can gain information from a collective and reach beyond their current customer and tap into potential customers’ insights. For businesses, a Facebook page is an online medium that can capture consumer opinions about companies’ products and services. With a mix of marketing tactics, companies can gain information from their existing and potential customers to enhance their Customer Relationship Management (CRM) initiatives (See Table A.2).

## **2.6 Facebook Advertising**

Facebook’s Statement of Rights and Responsibilities explains that one cannot use a personal profile for commercial gain (Facebook.com, 2013). Facebook Pages serve as commercial tools. Once a marketer creates a Facebook Page they can then

create ads to display on Facebook. Facebook ads are paid messages from page administrators. Facebook reported that users who like a Facebook Page spend twice as much money as compared customers who are not connected to the Facebook Page (Facebook.com, 2013). Facebook ads can be created using Facebook's automated ad placement tool. The automated ad placement tool allows Page owners to create targeted ads based on location, demographics, and interests. Facebook Page posts can also be promoted with ads.

Facebook page posts (status updates) show up in users' Newsfeeds along side the users friends' updates. When viewing posts, Facebook users have the choice to highlight the story. When someone highlights a story, more stories similar to that one will show up in their Newsfeed. Additionally, Facebook's algorithm chooses which stories to highlight based on past interactions. For Facebook page administrators, this means getting more user engagement (post likes, comments and shares) can help indicate to Facebook that their page posts are important to a user.

News outlets have reported Facebook's difficulty in showing retailers and other advertisers that their advertising feature is effective and is worth paying for (Gustin, 2012). According to a collaborative study between Facebook and web analytics company comScore, Facebook ads are effective yet there are not enough data points to make generalizations about their effectiveness (Gustin, 2012). The study examined both online and offline purchase behavior of fans and friends of fans for Amazon, Best Buy, Target and Walmart during the 2011 holiday shopping season. The researchers measured purchase behavior alongside spending by the general

population. The study found that on average Facebook fans of retailers spent significantly more at those stores than did the general population (Gustin, 2012). Furthermore, “Friends of Fans” also typically spent more –8% more at Amazon, 51% more at Target and 104% more at Best Buy (Gustin, 2012).

### **2.6.1 Automated Ad Placement**

Facebook’s ad placement tool allows advertisers to decide their marketing goal and pay for ads in pre-determined increments. Advertisers have the following goal options for their Facebook ads:

- (a) Get More Page Likes: Promote content to people who are not connected to their page yet
- (b) Promote Page Posts: Promote a specific post. This option increases reach and increases chances of placement in users’ Newsfeeds
- (c) Advanced Options: Toggle payment options between CPM (cost per thousand impressions) and CPC (cost per click)

The Facebook ad placement tool automatically delivers ads against page administrators’ in a blind auction format. Facebook displays the ads that perform the best (i.e. generate the highest CPM for Facebook). Facebook page administrators may create new ads or promote Facebook content they previously posted. Facebook plans to launch a new tool that enables marketers to track purchases made by consumers who have viewed ads on Facebook (Stambor, 2012). Knowing which types of content and copy works best to attract customers to click on ads may increase web sales.

### **2.6.2 Facebook Post Types**

In 2012, Facebook announced a new ad feature, “unpublished” posts, which allowed page administrators to create posts that users would not see unless they were being marketed to. This enables page administrators to create a post that no fans will see organically, and then promote the page post to a selected advertising audience — directly in their Newsfeed (Finn, 2013).

Many retailers use Facebook to post updates using the application Facebook labels “events”. Retailers can create events to encourage customers to visit their online stores as well as brick-and-mortar stores in order to take advantage of promotions and sales. In their study of how retailers use social networks, Kunz and Hackworth (2011) noted that Neiman Marcus most often used their Facebook posts to inform customers on upcoming sales. Facebook events enable the social network’s users to receive messages to their Facebook inboxes and to see updates in their Newsfeeds when the Facebook page administrators post event status updates.

In addition to events, there are several other post types a Facebook page administrator may utilize. These types of posts include the following: Photo, Status, and Question. Any of these post types may be promoted. That is, a Facebook page administrator may pay to have their post shown more to users. When a Facebook post is paid to be promoted, the post is labeled as a promoted post, and will appear in the Newsfeed of more Facebook users than just those who ‘like’ the Facebook page of the administrator.

### **2.6.3 Facebook Fans**

A 2005 Yankelovich Partners study revealed that nearly 60% of customers in the United States find marketing to be irrelevant for them personally, 70% are interested in products and services that would help block marketing attempts. Yet, the same study found that customers respond more favorably to marketing when they have control. Additionally, consumers prefer being a part of community as opposed to being the target of a marketing campaign (Cocheo, 2009) and are more likely to purchase something that is recommended to them and even more likely when the recommendation comes from someone that they trust.

If someone 'likes' Company A, then Company A gets a 'fan'. If someone 'likes' Company A on Facebook, then their friends may see this in their Newsfeed which may inspire those friends to 'like' Company A also. The same mechanism applies to content. For instance, if someone 'likes' content (e.g., status update) from Company A, then that person's Facebook friends may see this in their Newsfeed.

The like button also exists outside of Facebook. Websites can install the like button onto any page of their website. Websites that use Facebook's 'like' or 'recommend' buttons may also carry a counter next to the button. These counters reflect the number of times people clicked those buttons as well as the number of times people have shared that page's link on Facebook. Facebook has explained that the figures from these counters represent the number of times an item was shared. Facebook outlined four criteria that cause like numbers to increase:

- (a) The number of likes of the web page

- (b) The number of shares of this page (copy/pasting a link back to Facebook)
- (c) The number of likes and comments on stories on Facebook about this page
- (d) The number of inbox messages containing the web address as an attachment

## **2.7 Involvement and Intention to Revisit**

Product involvement has received substantial attention from consumer researchers because of its influence on consumers' cognitive and behavioral responses to marketing stimuli (Dholakia, 2000). Dholakia (2000) cited the definition of product involvement as an internal state variable that indicates the amount of arousal, interest or drive evoked by a product class. Within the context of televisions shopping, Krugman (1965) defined involvement in the context of communication-persuasion as

“the number of connections, conscious bridging experiences or personal references per minute that the subject makes between the content of the persuasive stimulus and the content of his own life” (p. 584).

When applied to Facebook, the social network presents users with numerous instances of communication-persuasions. The researchers' final supposition was that the ability to obtain more information on products (visually or verbally), from more sources (past users, opinion formers, etc.), could improve consumer confidence in making the right purchase decisions. As for Facebook, shoppers can use information such as the number of likes, the number of fans, to aide in purchase decisions.

## **2.8 How Consumers Evaluate eWOM Messages**

Doh and Hwang (2009) conducted an experiment to explore how consumers evaluate eWOM messages about products. The researchers exposed participants to

positive and negative messages to compare the difference in perceived credibility to the eWOM messages. Doh and Hwang found that positive sets of messages received higher scores. Involvement and prior product-knowledge were found to partially moderate the participants' evaluation of the messages. Based on the results of their study, the researchers concluded that consumers' attitude towards a website could become peeved if all the eWOM messages are positive.

Kim and Lennon (2000) examined the effects of perceived amounts of information on perceived risks and purchase intentions. In a three-part analysis, the researchers first, conducted a content analysis of 60 television segments selling apparel. Secondly, a convenience sample of 128 women was interviewed to document their perceptions of risk, amount of information available in the television shopping segments they viewed, and their purchase intentions. The results of the study revealed that the amount of information perceived from a television-shopping segment was negatively related to perceived risk and positively related to purchase intent.

Analyzing the information available on Facebook (photos/albums, status updates, fans) provides insight into items that may help or hinder consumer purchasing on the Internet. Pires, Stanton, and Eckford (2004) studied the influences on risk of purchasing online. The more involved the decision-making processes for a product, the greater the effect of perceived risk in the choice of purchase medium. Risk-reduction strategies traditionally employed by consumers such as face-to-face interaction with sales staff are not available when purchasing online (Pires et al., 2004). Pires et al., (2004) cite this lack of human interaction as an instigator of



consumers' risk perception. Facebook may be able to counteract this type of risk perception with the integration of personal networks.

## **Chapter 3**

### **METHOD**

#### **3.1 Sample**

Data were collected from the Facebook pages of 39 apparel retailers. The sample of Internet apparel retailers' was drawn from Internet Retailer's Top 500 (The Top 500) 2012. The Top 500 list ranks business-to-consumer retailers in the United States and Canada based on online sales (InternetRetailer.com, 2012). The list includes retail chains, catalogers, web-only merchants, brand manufacturers and digital content sellers. Rankings are based on one full-year of online sales. Of the Top 500 Internet retailers of 2012, based on annual web sales, 139 are apparel retailers. Of the 139, 133 had Facebook pages (InternetRetailer.com, 2012).

#### **3.2 Procedure**

The list of the Top 500 e-retailers was exported into Excel then all apparel retailers were filtered out, 139 apparel retailers total. The top and bottom apparel retailers were then selected. Next, Facebook posts for 39 Internet retailers were exported into a Microsoft Excel spreadsheet using Quintly.com. Quintly is a web-based Social Media Analytics tool and it was used to gather data about Facebook page posts that occurred on October 4<sup>th</sup>, 2012 through November 3<sup>rd</sup>, 2012.

### **3.3 Coding**

Adapted from Dawson and Kim (2010), Table A.3 displays the categories used to code the Facebook posts in this study. Additional codes were added to the original list of codes established by Dawson and Kim to account for the unique characteristics of Facebook that were not accounted for in Dawson and Kim's examination of apparel retailers' websites. For Facebook, the codes (a) active tag, (b) conversation, (c) corporate, and (d) social good were used in addition to the original list of codes used by Dawson and Kim.

## Chapter 4

### RESULTS

#### 4.1 Descriptive Statistics

Descriptive statistics including frequency counts and percentages are presented in Table A.4 and Table A.5. Similar to the results in Dawson and Kim (2010), the *ideas* category in this study had the highest frequency amount – top retailers,  $f=536$  with 52.29% of the impulse cues on the Facebook pages examined, bottom retailers,  $f=340$  with 33.01% of the impulse cues on the Facebook pages examined. For the top retailers, the second largest frequency total came from the *active tag* category,  $f=154$  with 15.02% of the impulse cues. As for the bottom retailers, the second largest frequency total came from *promotions*,  $f=128$  with 12.42% of the impulse cues. To be noted, for the bottom retailers, the *active tag* category came in at a close third,  $f=123$  with 11.94% of the impulse cues for the bottom retailers. Figures 4.1 and 4.2 graphically illustrate the frequency of the types of impulse cues used on the Facebook pages of the retailers in this study.

#### 4.2 Hypotheses Testing

Linear regression was used to examine the relationship between each of the variables in the hypotheses tested (See Table A.6). Facebook fan participation is measured by (a) comments, (b) likes and (c) shares.

H<sub>1</sub>: There will be a positive relationship between retailers' Facebook post frequency and user participation (See Figure B.8).

The results of this study found there is no relationship between web sales and post frequency. NASCAR (bottom 30) posted 150 times over 30 days, Victoria's Secret (No. 1 on the Top 500 list/tied with L.L. Bean) posted 57 times. It is possible the types of impulse cues in the 57 posts made by Victoria's Secret were more enticing than the 150 messages posted to the NASCAR page. Also to be noted is that NASCAR (The National Association for Stock Car Auto Racing) is a family-owned business venture that sanctions and governs multiple auto-racing sporting events. NASCAR differs from Victoria's Secret in that Victoria's Secret's primary business is apparel products.

A simple linear regression was conducted to see whether a relationship exists between the number of times a retailer posted to their Facebook page over the 30 days examined and the amount of fan participation as measured by (a) comments, (b) likes, and (c) shares the retailer received over the 30 day period. The analysis indicated that the number Facebook posting was not a significant predictor of participation. Therefore, H<sub>1</sub> was not supported.

H<sub>2</sub>: Fan participation on the Facebook Pages of retailers has a positive relationship with web sales.

A simple linear regression was conducted to see whether a relationship exists between fan participation as measured by (a) comments, (b) likes, and (c) shares. The analysis indicated that fan participation was not a strong predictor of web sales. To be

noted, for the top retailers in this study, there was a mild correlation between fan participation and web sales ( $R^2 = .20403$ ) (See Figure B.11). Also, the top retailers showed to have a positive relationship between participation and web sales, the bottom retailers showed a negative relationship between participation and web sales.  $H_2$  was not supported.

$H_3$ : Higher fan counts on a retailer's Facebook Page will have a positive relationship with web sales.

A simple linear regression was conducted to see whether a relationship exists between the number of fans the retailers have on their page and respective web sales. The analysis indicated that the number of fans was not a strong predictor of web sales. To be noted, for the top retailers in this study, there was a mild correlation between number of fans and web sales ( $R^2 = .10028$ ) (See Figure B.12).  $H_3$  was not supported.

$H_4$ : More frequent Facebook posting by a retailer will have a positive relationship with web sales.

A simple linear regression was used to see whether a relationship exists between the frequency of Facebook posts made by retailers and web sales (See Figure B.13). The analysis indicated that the frequency of posting was not a strong predictor of web sales. For the top retailers in this study, there was a positive relationship between Facebook post frequency and web sales. However, for the bottom retailers the relationship between Facebook post frequency and web sales was negative.  $H_4$  was not supported.

Results of Chi-Square indicates that the impulse cues on the Facebook pages of the Top and Bottom retailers differ significantly ( $p < 0.01$ ). See Table A.9. The ideas category showed the greatest difference in the availability of this impulse cue between the top and bottom companies.

#### **4.3 Facebook Traffic to Retailers' Websites**

Using Alexa.com, the Facebook referral traffic for each retailer was collected. Correlation analysis between web sales and Facebook referral traffic was conducted. Of the retailers examined, the Fanatics website is shown to have 12.81% of their website traffic to come from Facebook. As mentioned earlier, the average online retailer receives about 4% of their traffic from Facebook. The next closest top retailer is Nike, with 7.46% of their website traffic coming from Facebook. As for the bottom retailers examined, menswear company JackThreads receives about 10.90% of their website traffic from Facebook followed closely by NBAStore.com with 10.40%. The next highest percentage of Facebook referral traffic worth noting belongs to Nasty Gal with 7.9%.

## **Chapter 5**

### **DISCUSSION**

Though the hypotheses were not supported, the results of the study revealed a positive relationship between retailers' web sales and the amount of impulse cues present on their Facebook pages. The top retailers' Facebook pages also provided more 'idea' impulse cues than the bottom websites. Not as successful online retailers therefore should consider offering more impulse cues along the lines of suggested items and gift ideas on their Facebook pages to increase potential impulse purchases, thus increasing web sales.

#### **5.1 Implications**

This study examined factors of impulse buying on Facebook; externally examining the impulse cues the apparel retailers can use on their Facebook pages to encourage impulse purchases. The findings of the study suggest that Facebook users may value and interact with different types of impulse cues on a Facebook page more than others. Promotional offers and purchase ideas were present most often on the Facebook pages of the top apparel retailers. To assess their Facebook marketing strategies, apparel retailers can use the coding guide developed in this study.

Additionally, the Facebook like functionality is flawed in that users who may be sharing pages to highlight negative content are inadvertently making the page



appear more liked. Facebook calculates likes by adding shares and likes to get one number that they also call likes. The number that Facebook displays as the number of total page likes actually is the aggregate of total number of likes, shares, and comments. This also applies to links. Shoppers visiting an online store and see a large number of likes under a product could be misled – they see a lot of likes when the reality may be that there are a lot of complaints being shared.

There were several things for which the bottom retailers were ahead of the top retailers. The bottom retailers had more occurrences of Customer Service and Customer Praise Facebook posts. The top retailers had significantly more Facebook postings that were promotions and ideas. Those impulse cues, for which the bottom retailers had more occurrences, do not appear to be helping the retailers gain sales. The bottom apparel retailers may want to concentrate on the impulse cues that the top retailers were doing better.

## **5.2 Limitations and Suggestions for Further Research**

Although the research identified some useful information regarding Facebook page posts made by apparel retailers, there are some limitations in this research. First, the impulse cues examined in this study were external triggers (marketing stimuli) that entice consumers to make purchases. There are also internal triggers that entice consumers to make purchases. Consumers are affected by both internal and external factors of impulse buying (Wansink, 1994).

Secondly, the sample size of this study was small. This may have contributed to the hypotheses not being supported in this research. In future research, a larger sample of apparel retailers should be used to make the research more generalizable.

Lastly, this study only examines external marketing stimuli present across Facebook pages of apparel retailers; while other factors may also exist that affect an online retailer's web sales. NASCAR, Fanatics, Nike, and NBAStore.com are apparel retailers that cater to a sports fan/athletic-wear audience. They also happen to be the top performers of the retailers in this study to achieve higher than average website referral from Facebook. There may be underlying factors in this consumer base that drive purchase behavior that were not examined in this study.

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## Appendix A

### TABLES

Table A.1 Impulse Cue Categories (Dawson & Kim, 2010)

Sale	Promotions	Idea	Suggestions
Bold Sale Price on Product	Additional purchase percentage off (e.g., buy one, get one Coupon)	Shop outfit	Suggested coordination items
Clearance	Percentage off when spend certain limit	New styles/fashions	Suggested non- coordination items
Markdown	Gift with purchase	Featured items	Customer favorites/reviews/ recommendations
	Free shipping or shipping discount	Top picks/favorites	
	Membership discount	Gift ideas	
	Contests/ Sweepstakes	Price point items (ex. items under \$30)	
	Return purchase in store		

Table A.2 From Customer Relationship Management to Customer Knowledge Co-Creation

	CRM	CKM
Knowledge sought in	Customer database	Customer experience, creativity and (dis)satisfaction with product/services
Rationale	Mining knowledge about customer in company's database	Gaining knowledge directly from the customers as well as sharing and expanding this knowledge
Objectives	Customer base nurturing, customer retention	Collaboration with customer for joint value creation; organizational learning and innovation
Role of customer	Mainly captive, tied to product by loyalty schemes	Active; customer is a partner in value and knowledge co-creation processes
Corporate role	Build lasting relationship with customer	Involve the customer; remove the barriers that impede customer enactment

Table A.3 Facebook Impulse Cue Codes

<b>Code</b>	<b>Description</b>
Active tag	A post that shows a Facebook tag which links to another Facebook page (i.e. Facebook tag). This does not include links to other destinations on the web. Active tag posts supersede other categories because reach and potential impressions are increased.
Conversation	Non-product related post (e.g., talking about the weather, going out on the weekends, small talk, etc.)
Corporate	Examples of these types of posts include new store opening announcements, hiring, policies, and employee recognition. These posts do not include sales or promotions.
Social Good	Cause marketing (e.g., breast cancer awareness)
Idea	Featured items, How-to wear, Trend Alert, Celebrity Wearing, Where to buy
Promotion	Sweepstakes, contests, no purchase necessary, vote, competition, "enter to win"
Sale	Percentage off, BOGO
Free/discounted shipping	Any post that states free or discounted shipping. If there is an active tag, then it is categorized as an active tag.
Customer service	Examples of these types of posts include troubleshooting, order mishaps, addressing complaints, questions, feedback



Table A.4 Top Retailer Facebook Page Impulse Cue Frequency

Top Retailers	Active Tag	Conversation	Corporate	Social Good	Idea	Promotion	Sale	Free Shipping	Customer Service	Total Posts
Abercrombie & Fitch	8	2	5		25	1				41
American Eagle Outfitters	4	2	3	1	23	4	4	8		49
Ann Taylor	4	2	3	4	49	5	5		4	76
Chico's	4	2	3	1	11	2	7	1		31
Fanatics					6	11		2		19
Foot Locker	5	9	6		33	11				64
Gap	22	1	3		22	4	1			53
Gilt Groupe		21	1	1	30	11	4			68
J.Crew	3	2	2		7	2				16
L.L.Bean	18	4	2	3	14	7		10		58
Neiman Marcus	5	6	2	1	68	10				92
Net-a-porter.com	6	7			108	9				130
Nike		1	1	1	19	1				23
Nordstrom	12	1	2	2	19	2	3			41
Ralph Lauren	3	1		7	13					24
Saks Fifth Avenue	41	1	7	1	21	10	5			86
Shoebuy.com	1	6			5	2				14
Urban Outfitters	4	8	2	1	28	6	3	1		53
Victoria's Secret	6	4	4		28	14	1			57
YOOX.COM	8	4	1		7		10			30
<b>Grand Total</b>	<b>154</b>	<b>84</b>	<b>47</b>	<b>23</b>	<b>536</b>	<b>112</b>	<b>43</b>	<b>22</b>	<b>4</b>	<b>1,025</b>
<i>f</i>	15.02%	8.20%	4.59%	2.24%	52.29%	10.93%	4.20%	2.15%	0.39%	

Table A.5 Bottom Retailer Facebook Page Impulse Cue Frequency

Bottom Retailers	Active Tag	Conversation	Public Relations	Corporate	Social Good	Idea	Promotion	Sale	Free Shipping	Customer Service	Customer Praise	Total Posts
ALDO Shoes	1	3		3	1	22	20	2	2	4	1	59
BCBG - BCBGMAXAZRIA	12	9	1	6	3	66	30	8	1			136
bebe	1	1		2	1	44	3	4	1		1	58
Boot Barn	17	18			2	12	13	17		1	3	83
Burberry	19					15	1					35
Carter's	1	3		1	1	8	3		1	5		23
Ecko Unltd.	6	8		5		15	4	1		3		42
JackThreads	19	3		2		15		7		6	1	53
Kenneth Cole	10	4		5	4	16	8			2	1	50
Lids	2	1		2		2	7	6				20
NASCAR		8	105	12	5	5	13	1		1		150
Nasty Gal	9	4		2		60	7	2		4	2	90
NBAStore.com	2	1				8		1	2			14
SKECHERS					5	1				3		9
SPANX by Sara Blakely	7			4		9	2			4		26
Spreadshirt		7				3	2	2		6	1	21
The Limited	5	3		3		17	4	21	4			57
Title Nine	11	14		5	1	4	2	5		4	2	48
Wet Seal	1	7		1		18	9	9	9		2	56
<b>Grand Total</b>	<b>123</b>	<b>94</b>	<b>106</b>	<b>53</b>	<b>23</b>	<b>340</b>	<b>128</b>	<b>86</b>	<b>20</b>	<b>43</b>	<b>14</b>	<b>1,030</b>
<i>f</i>	11.94%	9.13%	10.29%	5.15%	2.23%	33.01%	12.43%	8.35%	1.94%	4.17%	1.36%	

Table A.6 Hypotheses and Statistical Tests

Hypotheses & Variables		Statistical Test	R <sup>2</sup>			
				LIKES	COMMENTS	SHARES
H <sub>1</sub>	IV: Facebook post frequency	Simple Linear regression to test the relationship between frequency Facebook postings made by retailers and fan participation ( <b>likes</b> , <b>comments</b> , and <b>shares</b> )	TOP	<b>0.014</b>	<b>0.016</b>	<b>0.013</b>
	DV: Fan participation		BOTTOM	<b>0.038</b>	<b>0.352</b>	<b>0.113</b>
H <sub>2</sub>	IV: Fan participation	Simple Linear regression to test the relationship between fan participation and web sales	TOP	<b>0.217</b>	<b>0.204</b>	<b>0.209</b>
	DV: Web sales		BOTTOM	<b>0.172</b>	<b>0.000</b>	<b>0.034</b>
H <sub>3</sub>	IV: Fan count	Simple Linear regression to test the relationship between number of fans on retailers' Facebook page and web sales figures	TOP	0.100		
	DV: Web sales		BOTTOM	0.099		
H <sub>4</sub>	IV: Facebook post frequency	Simple Linear regression to test the relationship between Fan participation and web sales	TOP	0.009		
	DV: Web sales		BOTTOM	0.115		

Table A.7 Web Sales and Facebook Post Frequency

<b>Retailers</b>	<b>2011 Web Sales</b>	<b>Total No. of Posts for the 30 days Observed</b>
L.L.Bean	\$1,630,000,000	58
Victoria's Secret	\$1,630,000,000.00	57
Gap	\$1,560,000,000.00	53
Nordstrom	\$916,500,000.00	41
Saks Fifth Avenue	\$748,585,546.00	86
Neiman Marcus	\$653,700,000.00	92
Abercrombie & Fitch	\$552,600,000.00	41
Fanatics	\$525,000,000.00	19
Urban Outfitters	\$504,900,000.00	53
Gilt Groupe	\$500,000,100.00	68
Foot Locker	\$457,000,000.00	64
J.Crew	\$444,970,714.00	16
YOOX.COM	\$396,562,000.00	30
American Eagle Outfitters	\$388,720,000.00	49
Ralph Lauren	\$369,000,000.00	24
Nike	\$343,200,000.00	23
Chico's	\$332,500,000.00	31
Net-a-porter.com	\$260,000,000.00	130
Shoebuy.com	\$251,000,000.00	14
Ann Taylor	\$248,300,000.00	63
Bebe	\$28,065,000.00	58
Nasty Gal	\$28,000,000.00	90
Wet Seal	\$27,850,000.00	56
SPANX by Sara Blakely	\$27,045,000.00	26
Burberry	\$26,080,000.00	35
Lids	\$25,800,000.00	20
ALDO Shoes	\$24,050,000.00	59
The Limited	\$24,000,000.00	57
NBAStore.com	\$23,800,000.00	14
Carter's	\$23,000,000.00	23

JackThreads	\$20,208,995.00	53
SKECHERS	\$20,100,000.00	9
Spreadshirt	\$19,900,000.00	21
Kenneth Cole	\$18,351,840.00	50
NASCAR	\$17,300,000.00	150
Boot Barn	\$15,950,000.00	83
Title Nine	\$15,900,000.00	48
Ecko Unltd.	\$15,821,000.00	42
BCBGMAXAZRIA	\$15,393,015.00	136

Table A.8 Sum of Likes, Comments, and Shares

<b>Retailers</b>	<b>Sum of Comments</b>	<b>Sum of Likes</b>	<b>Sum of Shares</b>	<b>Count of Post</b>
Abercrombie & Fitch	5256	245096	5573	41
American Eagle Outfitters	1358	61430	929	49
Ann Taylor	4027	128296	4130	76
Chico's	1405	25447	452	31
Fanatics	39	539	23	19
Foot Locker	15321	544512	15714	64
Gap	2618	120015	1956	53
Gilt Groupe	945	14866	609	68
J.Crew	379	11561	643	16
L.L.Bean	968	16285	2187	58
Neiman Marcus	2105	65791	3693	92
Net-a-porter.com	3300	164869	7165	130
Nike	4780	176497	12495	23
Nordstrom	5445	230002	7603	41
Ralph Lauren	2626	128519	7517	24
Saks Fifth Avenue	1741	61195	4918	86
Shoebuy.com	38	252	18	14
Urban Outfitters	1894	122863	3650	53
Victoria's Secret	35348	1531966	57371	57
YOOX.COM	166	3078	82	30

Table A.9 Chi-Square

<u>Actual</u>			
<b>Impulse Cue</b>	<b>Top Retailers</b>	<b>Bottom Retailers</b>	<b>Total</b>
Active Tag	154	123	277
Conversation	84	94	178
Corporate	47	159	206
Social Good	23	23	46
Idea	536	340	876
Promotion	112	128	240
Sale	43	86	129
Free Shipping	22	20	42
Customer Service	4	43	47
Customer Praise	0	14	14
Total	1025	1030	2055
<u>Expected</u>			
Active Tag	138.1630	138.8370	
Conversation	88.7835	89.2165	
Corporate	102.7494	103.2506	
Social Good	22.9440	23.0560	
Idea	436.9343	439.0657	
Promotion	119.7080	120.2920	
Sale	64.3431	64.6569	
Free Shipping	20.9489	21.0511	
Customer Service	23.4428	23.5572	
Customer Praise	6.9830	7.0170	

Table A.10 Facebook Traffic for Top Online Apparel Retailers

Top 500 Rank	Retailer	Clickstream From Facebook to Website	2011 Web Sales
18	L.L.Bean	3.52%	\$1,630,000,000
19	Victoria's Secret	6.76%	\$1,630,000,000
22	Gap	4.31%	\$1,560,000,000
31	Nordstrom	5.22%	\$916,500,000
38	Saks Fifth Avenue	3.27%	\$748,585,546
41	Neiman Marcus	2.70%	\$653,700,000
45	Abercrombie & Fitch	4.80%	\$552,600,000
46	Fanatics	12.81%	\$525,000,000
48	Urban Outfitters	5.56%	\$504,900,000
49	Gilt Groupe	6.66%	\$500,000,100
54	Foot Locker	5.47%	\$457,000,000
56	J.Crew	3.80%	\$444,970,714
62	YOOX.COM	3.66%	\$396,562,000
65	American Eagle Outfitters	7.03%	\$388,720,000
69	Ralph Lauren	2.87%	\$369,000,000
72	Nike	7.46%	\$343,200,000
73	Chico's	3.02%	\$332,500,000
87	Net-a-porter.com	3.71%	\$260,000,000
90	Shoebuy.com	2.50%	\$251,000,000
92	Ann Taylor	3.85%	\$248,300,000

Table A.11 Facebook Traffic for Bottom Online Apparel Retailers

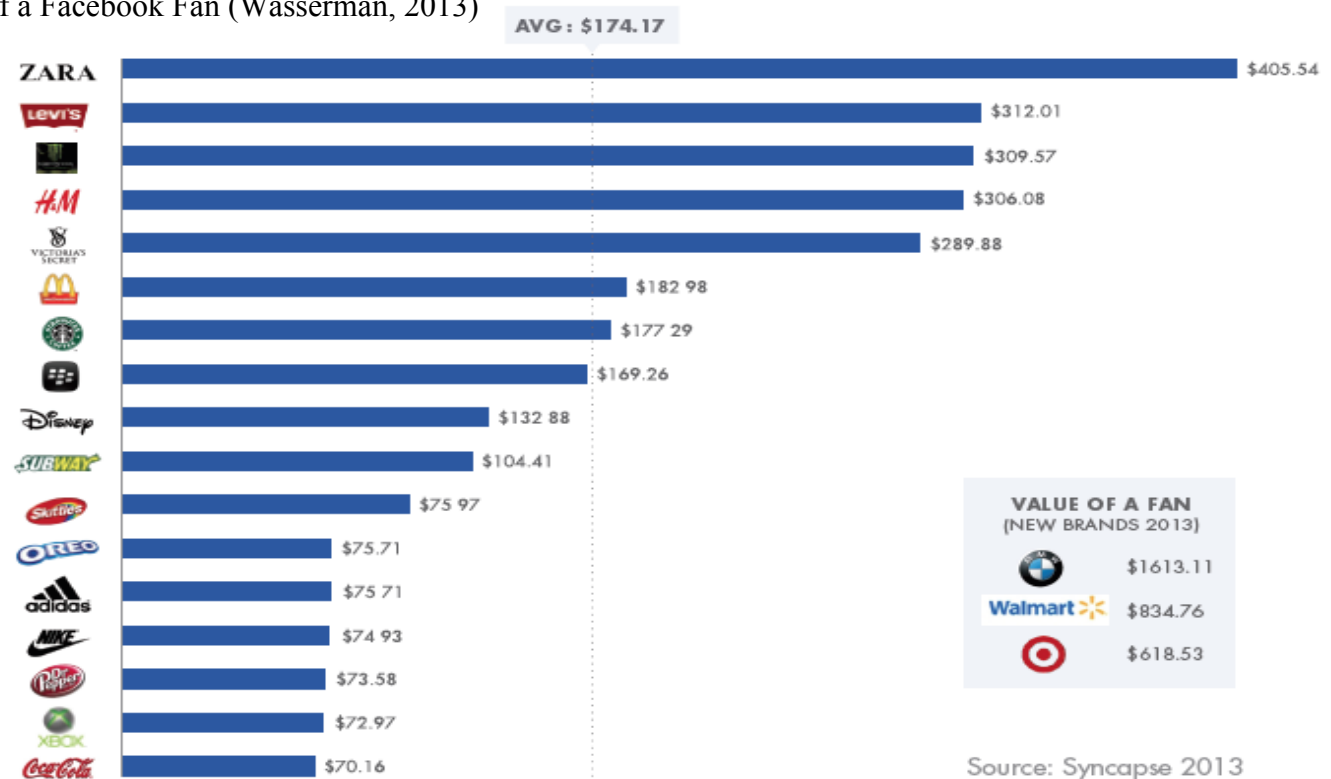
Top 500 Rank	Retailer	Clickstream From Facebook to Website	2011 Web Sales
<b>371</b>	bebe	4.60%	\$28,065,000
<b>372</b>	Nasty Gal	7.90%	\$28,000,000
<b>376</b>	Wet Seal	6.20%	\$27,850,000
<b>382</b>	SPANX by Sara Blakely	3.30%	\$27,045,000
<b>388</b>	Burberry	4.00%	\$26,080,000
<b>391</b>	Lids	3.90%	\$25,800,000
<b>404</b>	ALDO Shoes	4.10%	\$24,050,000
<b>406</b>	The Limited	4.40%	\$24,000,000
<b>407</b>	NBAStore.com	10.40%	\$23,800,000
<b>414</b>	Carter's	5.60%	\$23,000,000
<b>440</b>	JackThreads	10.90%	\$20,208,995
<b>441</b>	SKECHERS	3.60%	\$20,100,000
<b>450</b>	Spreadshirt	6.60%	\$19,900,000
<b>457</b>	Kenneth Cole	3.10%	\$18,351,840
<b>469</b>	NASCAR	8.50%	\$17,300,000
<b>485</b>	Boot Barn	3.00%	\$15,950,000
488	Title Nine	4.80%	\$15,900,000
<b>490</b>	Ecko Unltd.	N/A	\$15,821,000
<b>493</b>	BCBGMAXAZRIA	4.60%	\$15,393,015



## Appendix B

### FIGURES

Figure B.1 Value of a Facebook Fan (Wasserman, 2013)



Source: Syncapse 2013

Figure B.2 Facebook Presence of Internetretailer.com Top 500 2012

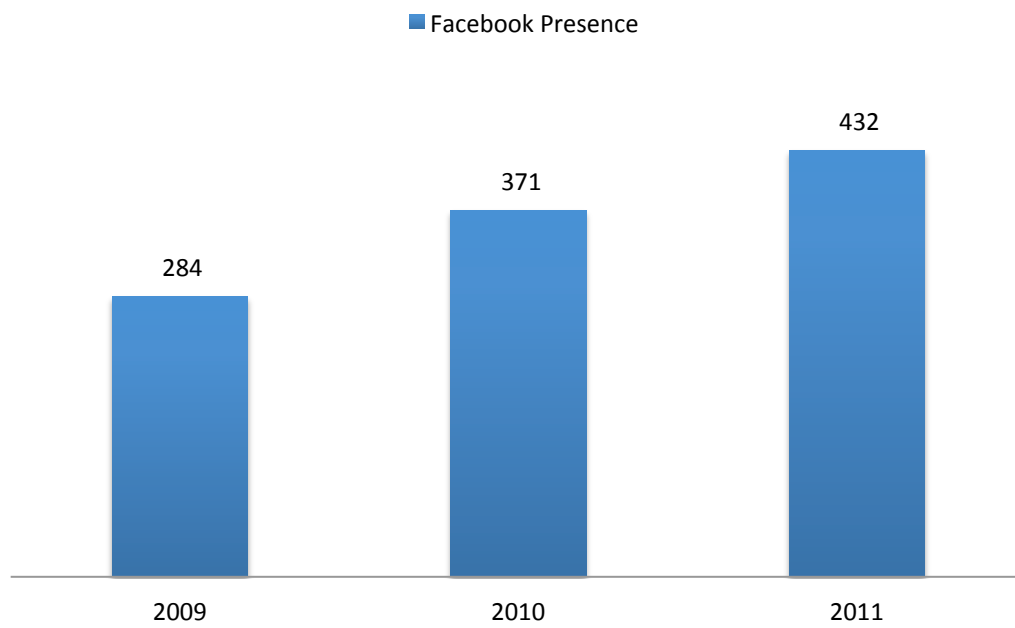


Figure B.3 Eroglu, Machleit, and Davis (2003) S-O-R Model of Consumer Response to Online Shopping

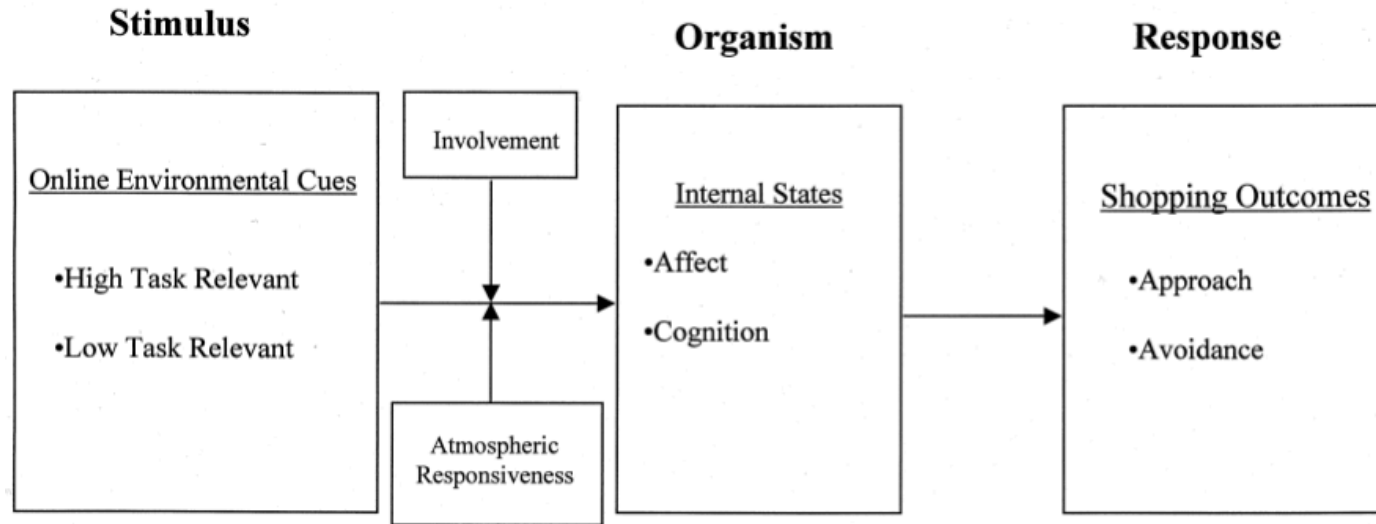


Figure B.4 Facebook Page Impulse Cues Frequencies – Top Retailers

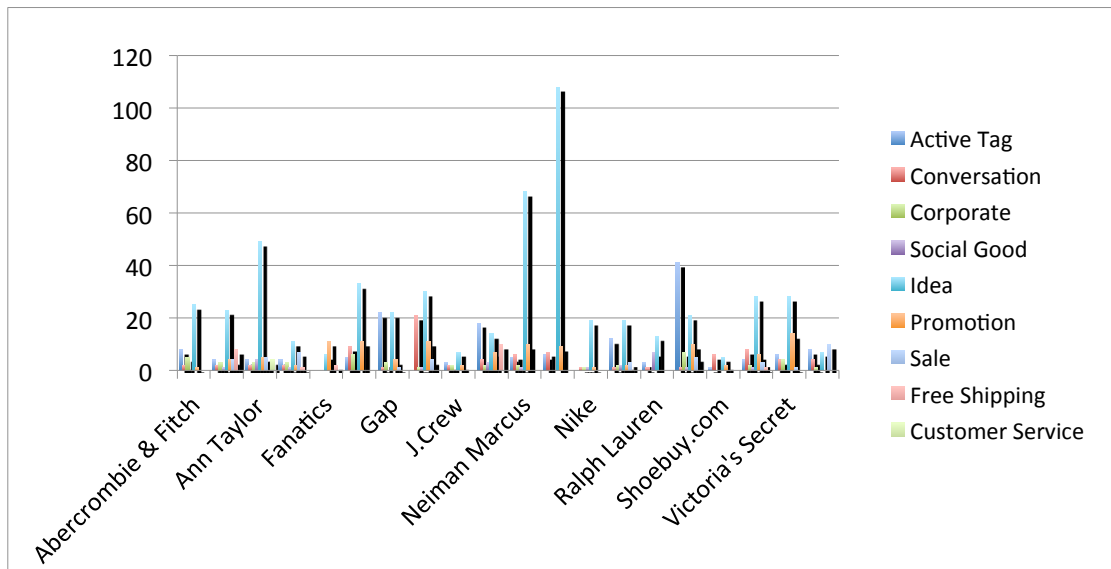


Figure B.5 Facebook Page Impulse Cues Frequencies – Bottom Retailers

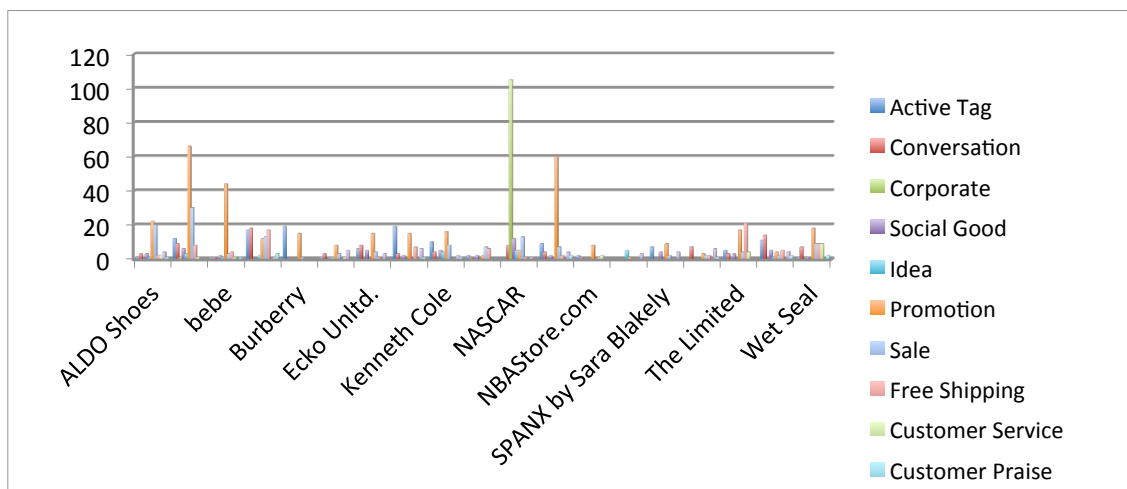


Figure B.6 H<sub>1a</sub> – Top Retailers: Facebook Posting v. User Comments

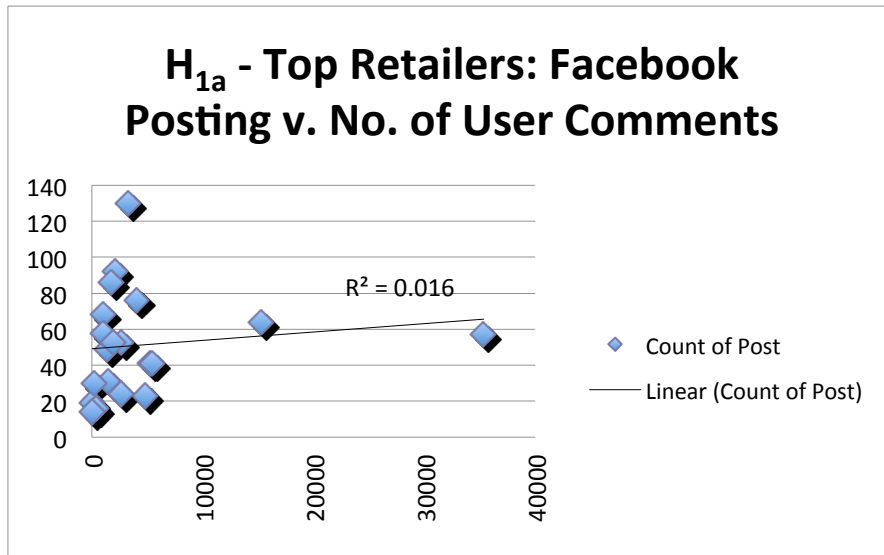


Figure B.7 H<sub>1a</sub> – Bottom Retailers: Facebook Posting v. No. of User Comments

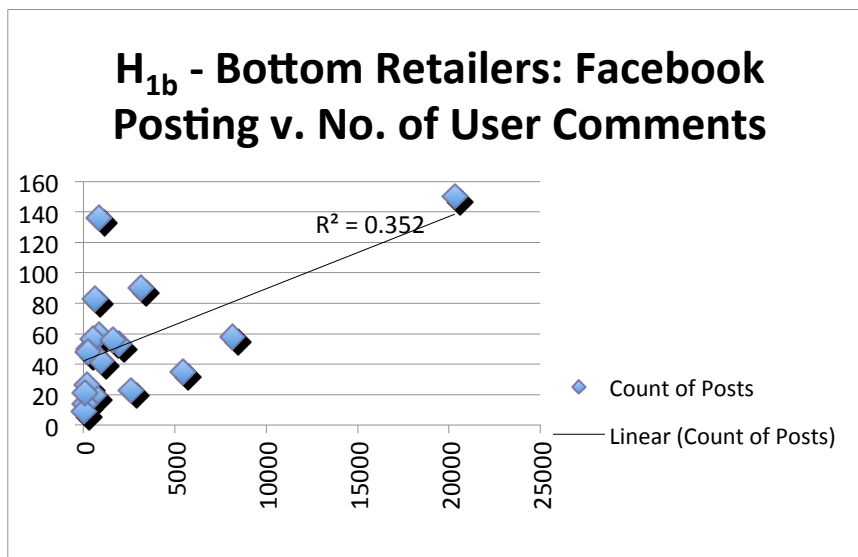


Figure B.8 H<sub>1b</sub> - Top Retailers: Facebook Posting v. No. of Post Likes

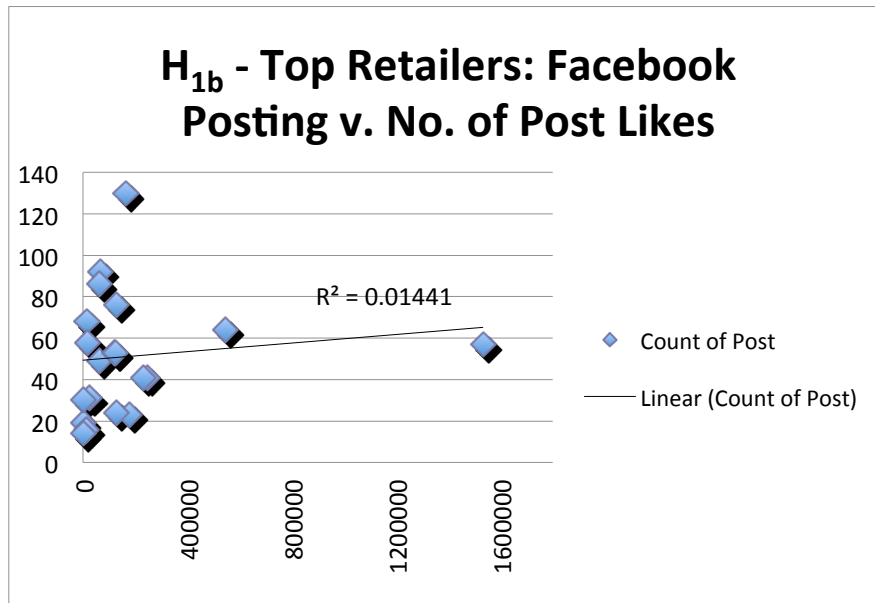


Figure B.9 H<sub>1b</sub> - Bottom Retailers: Facebook Posting v. No. of Post Likes

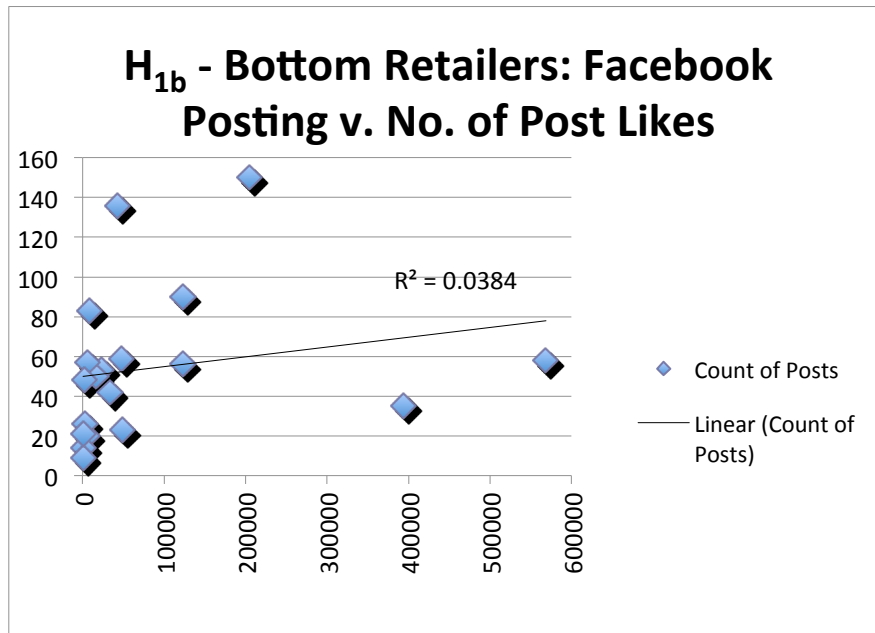


Figure B.10 H<sub>1c</sub> - Top Retailers: Facebook Posting v. No. of Post Shares

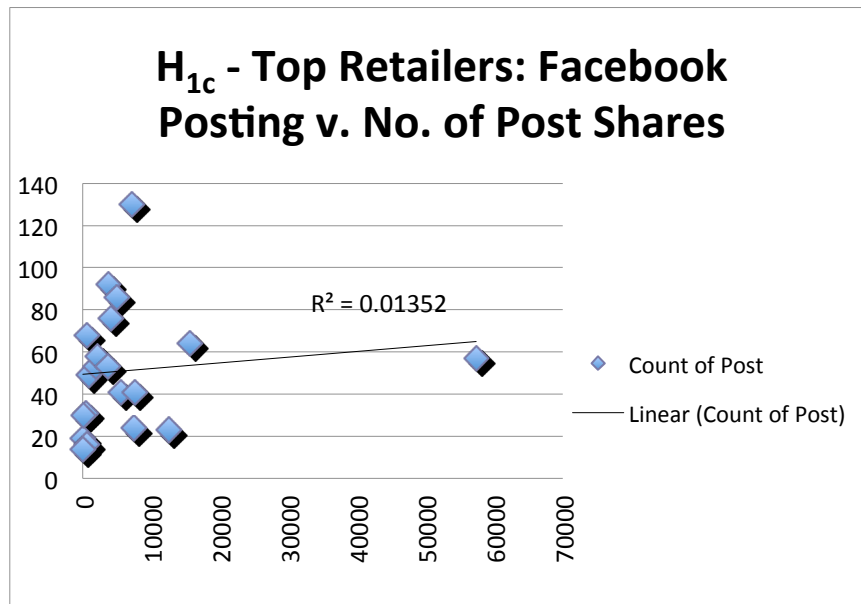


Figure B.11 H<sub>1c</sub> - Bottom Retailers: Facebook Posting v. No. of Post Shares

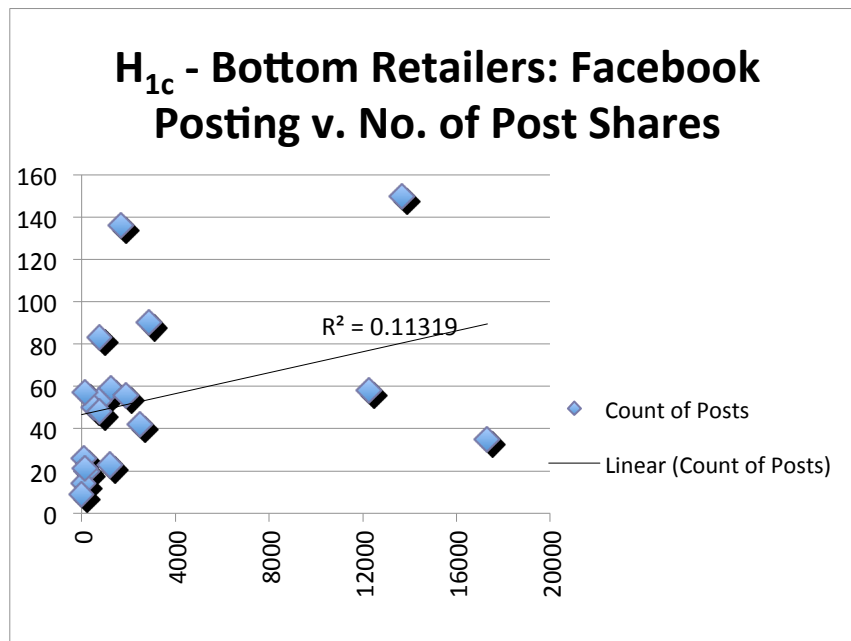


Figure B.12 H<sub>2a</sub> – Top Retailers: Facebook Comments v. Web Sales

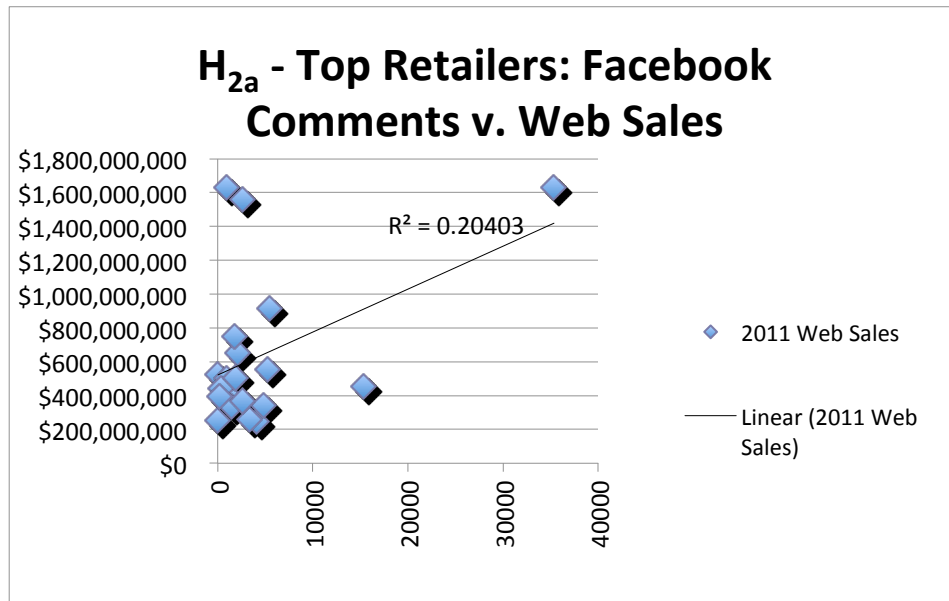


Figure B.13 H<sub>2a</sub> – Bottom Retailers: Comments v. Web Sales

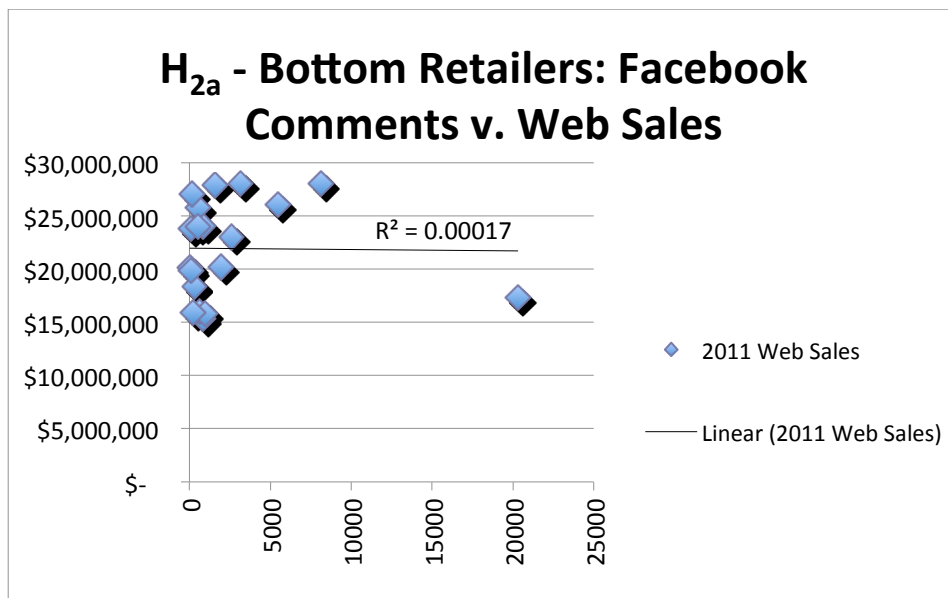




Figure B.14 H<sub>2b</sub> - Top Retailers: Facebook Likes v. Web Sales

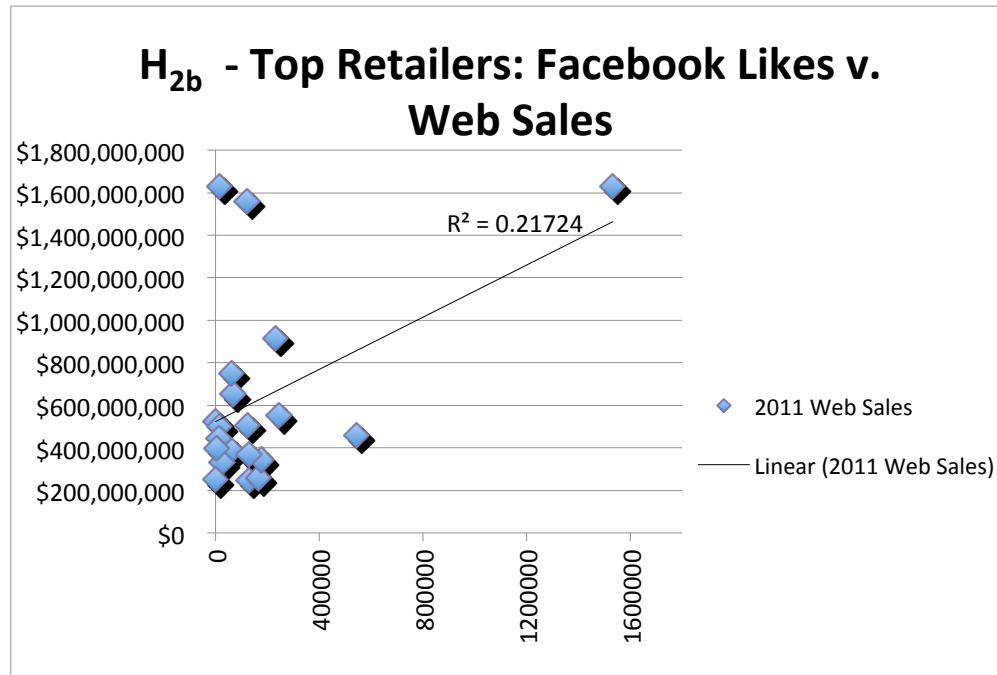


Figure B.15 H<sub>2b</sub> - Bottom Retailers: Facebook Likes v. Web Sales

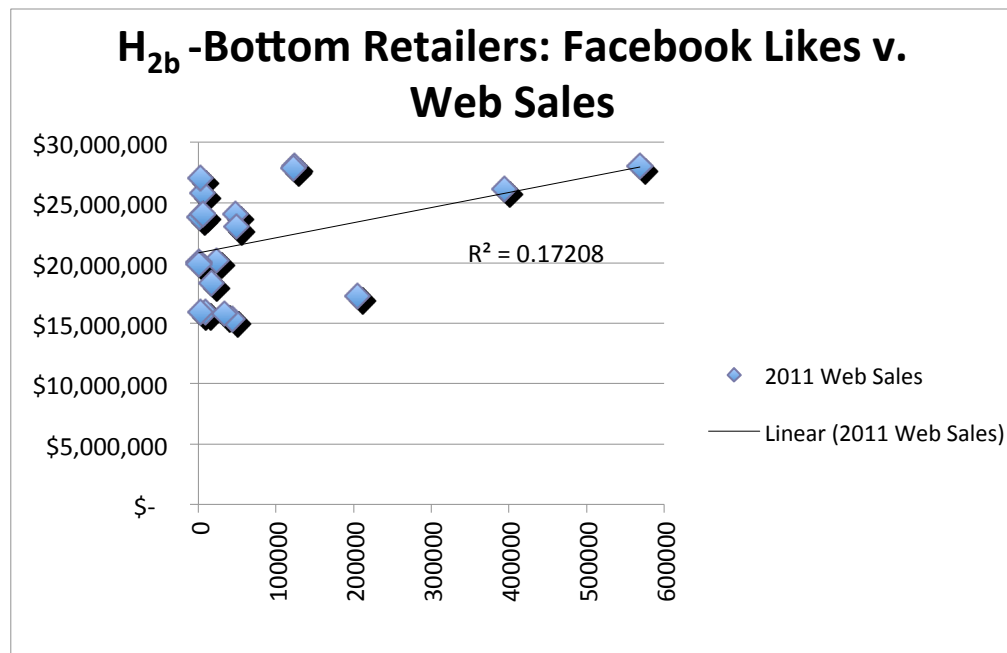


Figure B.16 H<sub>2c</sub> - Top Retailers: Facebook Shares v. Web Sales

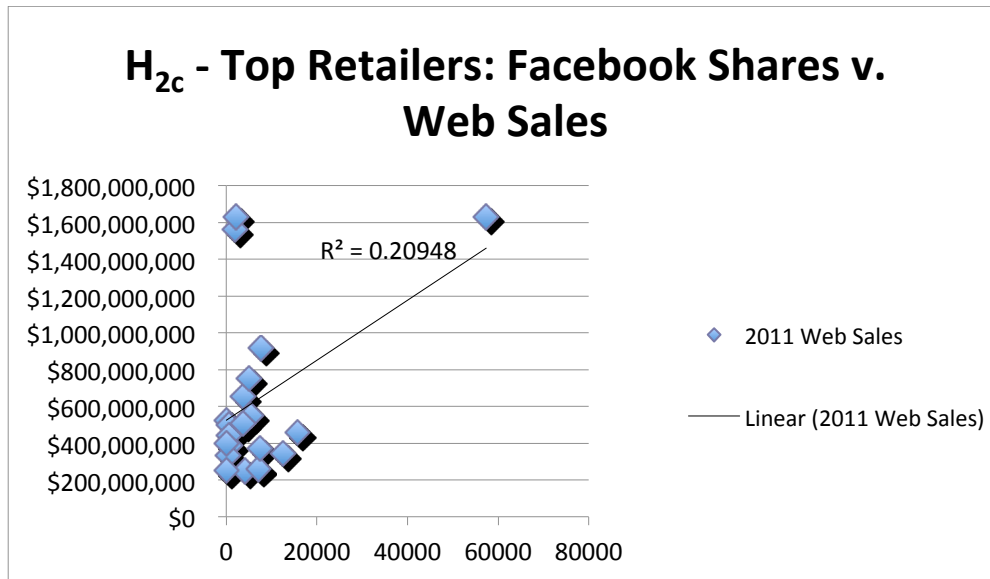


Figure B.17 H<sub>2c</sub> - Bottom Retailers: Facebook Shares v. Web Sales

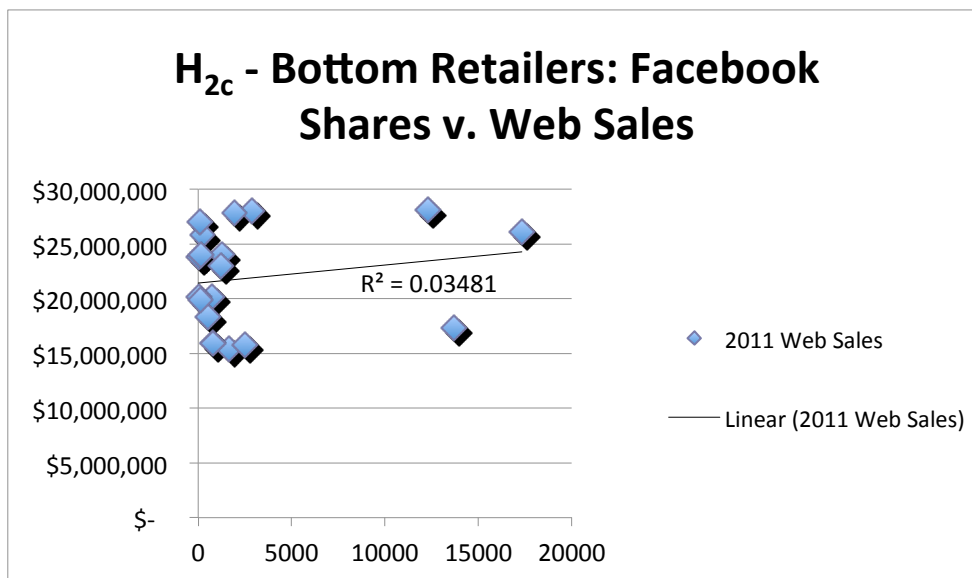


Figure B.18 H<sub>3a</sub> - Top Retailers: Higher Fan Counts on a Retailer's Facebook Page Will Have a Positive Relationship with Web Sales.

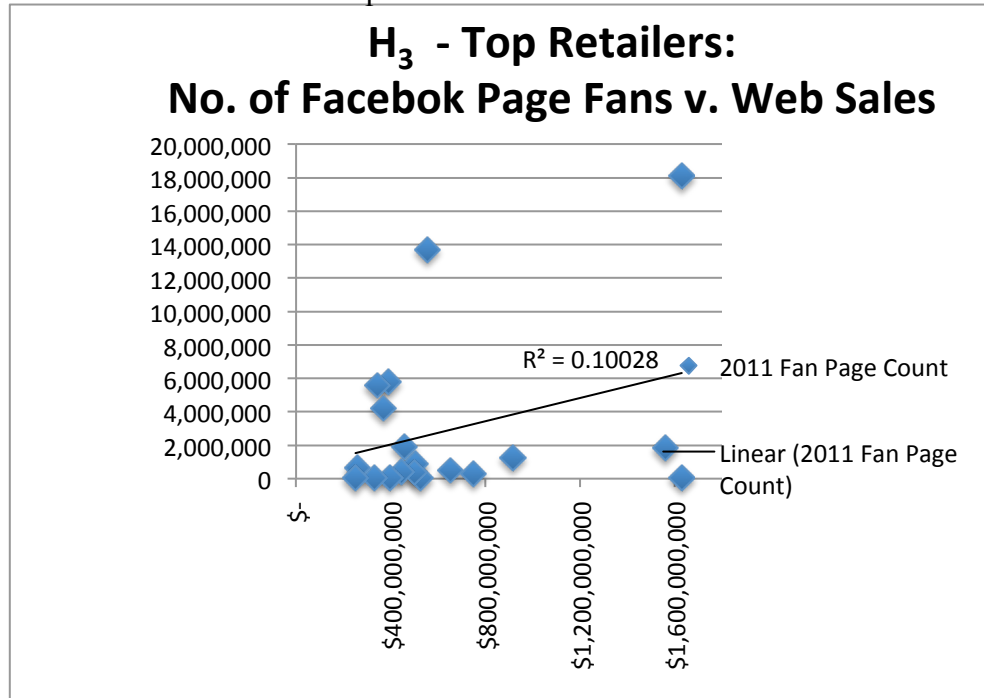


Figure B.19 H<sub>3b</sub> - Bottom Retailers: Higher Fan Counts on a Retailer's Facebook Page Will Have a Positive Relationship with Web Sales.

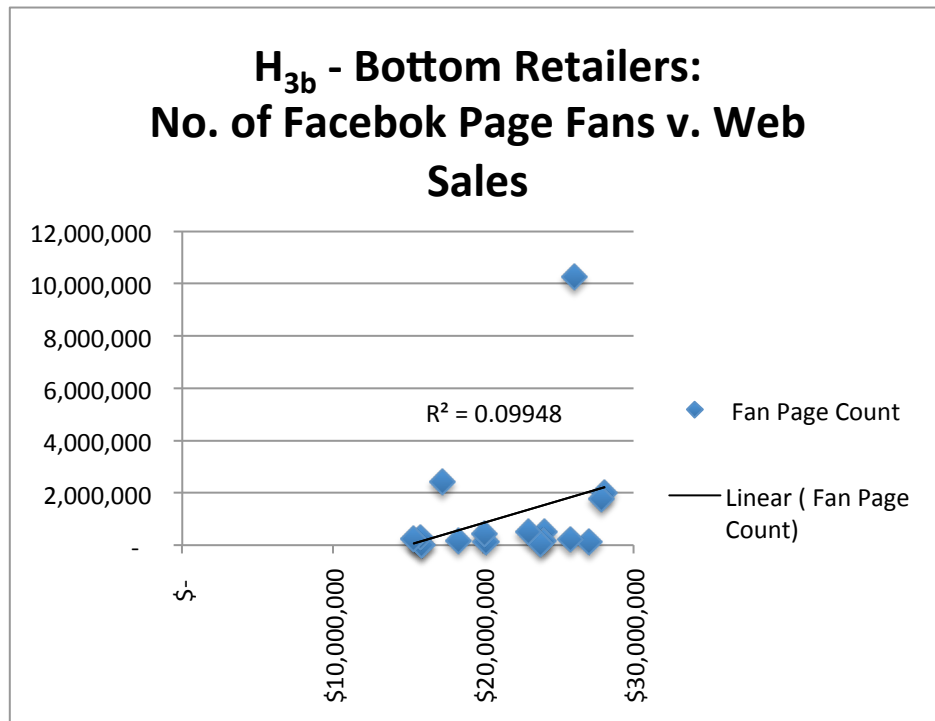


Figure B.20 H<sub>4a</sub> - Top Retailers: More Frequent Facebook Posting by a Retailer Will Have a Positive Relationship with Web Sales.

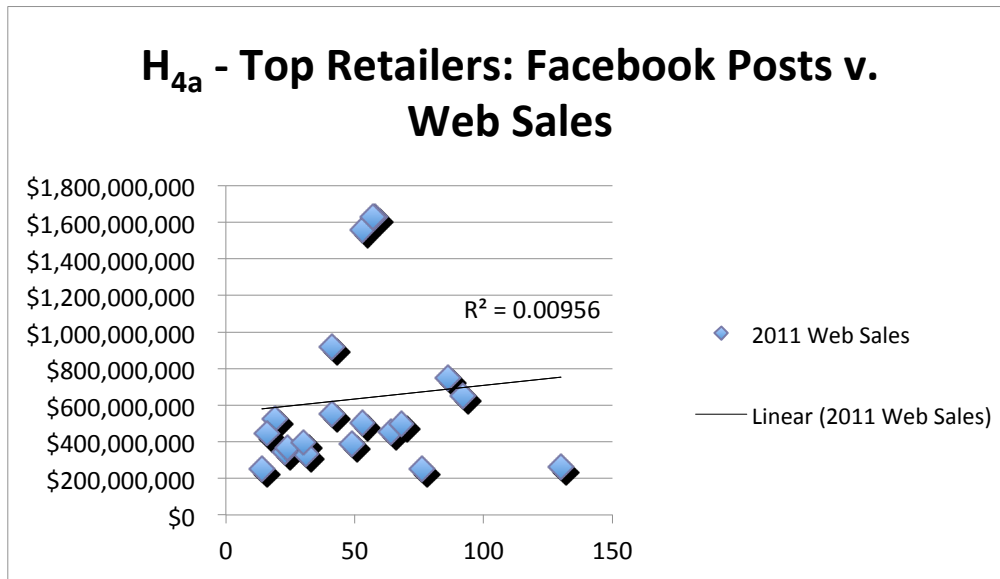


Figure B.21 H<sub>4b</sub> - Bottom Retailers: More Frequent Facebook Posting by a Retailer Will Have a Positive Relationship with Web Sales.

