

THE SCIENCE OF INFLUENCE:

HOW SOCIAL MEDIA AFFECTS DECISION-MAKING IN THE HEALTHCARE, TRAVEL, RETAIL, AND FINANCIAL INDUSTRIES
A REPORT BY THE INSTITUTE FOR PUBLIC RELATIONS DIGITAL MEDIA RESEARCH CENTER

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EXECUTIVE SUMMARY

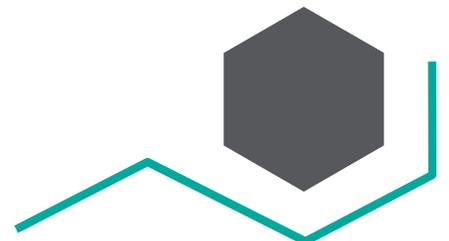
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In a survey of 1,783 internet users, this study explored the level of influence social media has in four industries: healthcare, financial, travel (personal not business), and retail. The results were segmented by four generations: Millennials, Generation X, Baby Boomers, and the Silent Generation. Consistent with previous studies, the influence of social media continues to play a role in the actions and recommendations of consumers, and that influence differs by age. This report dives into the results of the survey and gives recommendations for companies.



KEY FINDINGS

Social Media is Influential in Decision-Making

While differences in the level of influence were found across industries, social media were deemed influential in making decisions and seeking advice. *Social media were identified as being influential by 40% of respondents across generational categories in their decision-making related to travel.* For other industries, social media were still influential, but to a lesser degree, with 25% of respondents indicating it was influential in financial services, 22% in retail, and 21% in healthcare.

People Seek Advice on Social Media

More than one-third of respondents (38%) said they were likely to seek travel advice on social media. Nearly one-quarter of respondents (21%) said they were likely to seek advice in decision-making related to financial services, healthcare (25%) and retail purchases (18%).

Age Makes a Difference

Across all categories, age played a role in how influential social media were for survey respondents—the younger the respondents, the more likely they were to say that social media, including the sources and channels, were influential.

Third-Person Effect Plays a Role

The third-person effect occurs when individuals believe others are more influenced by social media than they themselves are. This effect was just studied in the retail industry, but 33% of “others” were believed to be influenced by social media compared to the 22% of survey respondents who indicated that social media were influential in their own retail decisions.

Close Friends and Family are the Most Influential Source

Across all generations, social media posts from close friends and family were the most influential source, but the degree of influence depended on the industry. Close friends and family were a critical source in the travel industry for all generations: Millennials (62%), Generation X (61%), Baby Boomers (48%), and the Silent Generation (48%). Close/friends and family were also an influential source for Millennials (51%) in the financial services industry and the retail industry (49%). Close friends and family were also an important source for the Silent Generation (42%) in the healthcare industry.

Word-of-Mouth Reigns as the Most Influential Channel

Consistently across most industries and across generations, word-of-mouth was the most influential channel. Promotions, forums, websites of companies, and online reviews were also deemed to be influential. In the retail industry, promotions and online reviews were more important than word-of-mouth. Advertisements and commercials, both traditional and social, were typically the least influential channels.



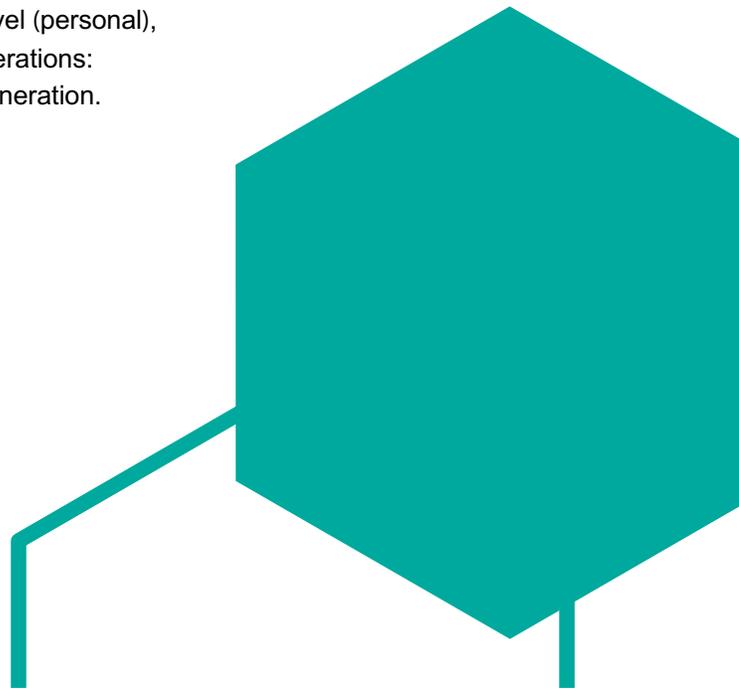


INTRODUCTION

Social media use has continued to increase, especially with older adults who are joining social networks in increasing numbers. In early 2017, Pew Research Center published their latest social media fact sheet reporting seven-in-ten Americans use social media to “connect with one another, engage with news content, share information and entertain themselves” (¶ 1). Usage of social media tracks closely with age as 18- to 29-year-olds are the most likely users (86%), followed by 30-to 49-year-olds (80%), 50- to 64-year olds (64%), and those who are 65 years and older (34%). Additionally, 68% of Americans now use Facebook with 76% of those using the site daily.

The influence of social media on attitudes and behaviors has continued to rise with adoption. In a study for Pew Research Center, Smith and Anderson (2016) determined eight-in-ten Americans are now online shoppers, with 15% of those making purchases following a link from a social media site. Around three-quarters of respondents said getting advice from people they know (77%) or being able to read reviews posted by others (74%) are important to them. Eighty-eight percent say they consult online ratings and reviews when buying something for the first time.

As social media has become a critical channel for information, investigating the level of influence of various components, including source and channel, of social media is important. This report investigates the level of influence social media has in four industries: healthcare, financial, travel (personal), and retail. Additionally, results were segmented by four generations: Millennials, Generation X, Baby Boomers, and the Silent Generation.



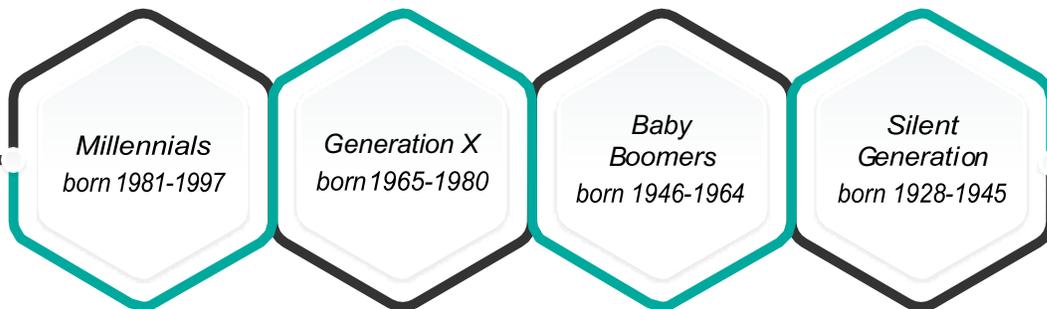
METHODOLOGY

Through the use of four separate survey questionnaires, adult internet users in the United States were asked questions about the influence of social media. Surveys were delivered via Research Now using a quota sample.

Each of the surveys was designed with similar questions, but adjusted to be industry appropriate. The four industries that were explored included: travel (personal), financial services, retail and healthcare. One item on each questionnaire asked about the frequency of social media use. Across all surveys, 14% of the internet users who participated indicated that they did not use social media. Any respondents who indicated they did not use social media were removed from the sample for analysis, therefore the original responses of 2,064 were decreased to the final sample of 1,783.

GENERATION DESCRIPTIONS

Social media influence was segmented by age and industries for this study, based on the Pew Research Center (2015) the generations are defined as:

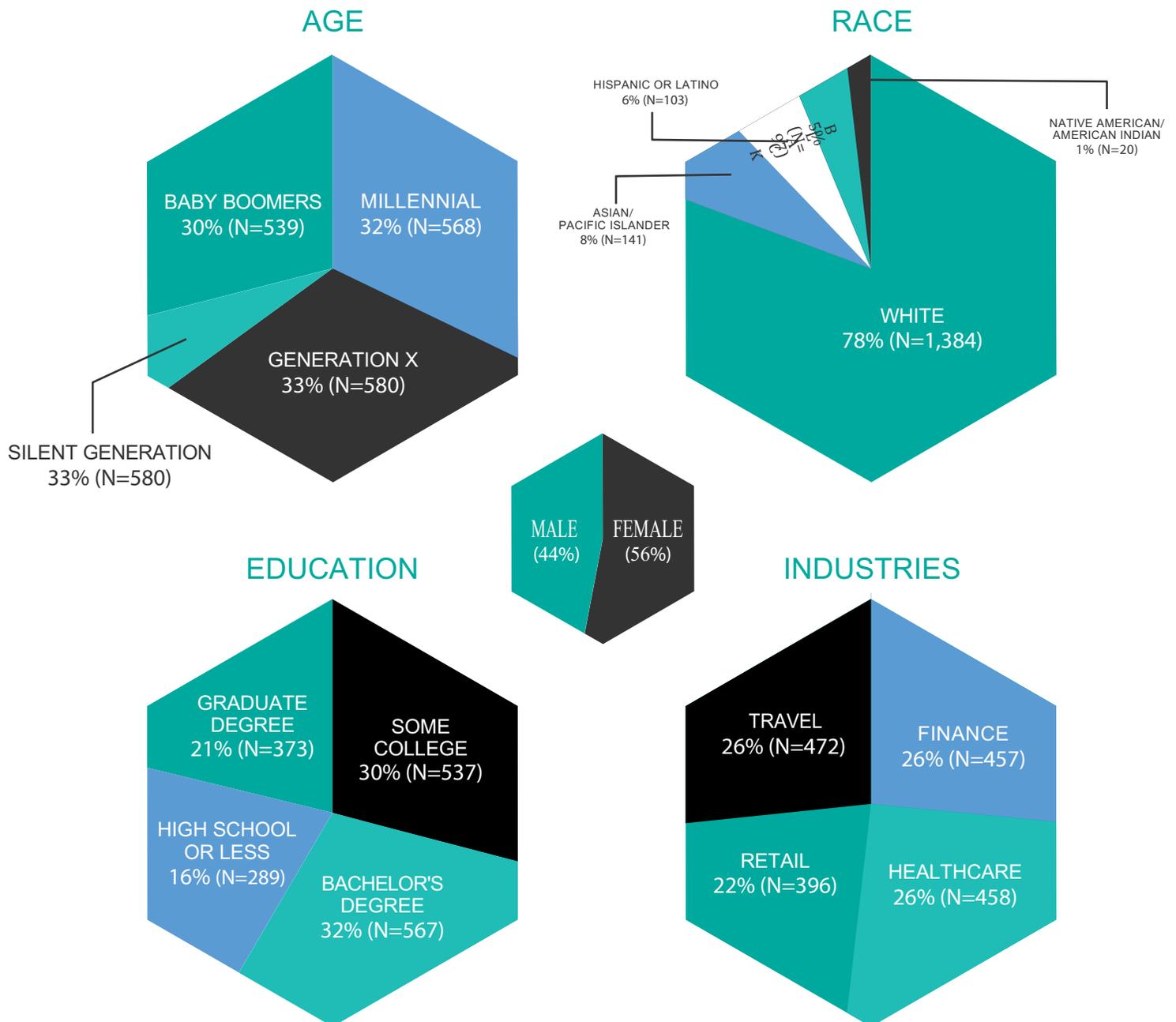


The industries analyzed include travel, financial services, retail, and healthcare. For travel, respondents were asked to answer questions as if they were “considering taking a leisure trip or vacation.” In financial services, respondents were asked to answer as if they were “considering changing a financial services provider such as your bank, credit card, credit union, or investment firm.” In healthcare, they were asked to answer as if they were “considering decisions about illnesses, doctors, dentists, pharmacists, or clinics.” In retail, they were asked to answer as if they were “considering making a retail purchase.”

DEMOGRAPHIC RESULTS

From the 1,783 respondents, the final breakdown of the sample of social media respondents can be found in Table 1.

TABLE 1

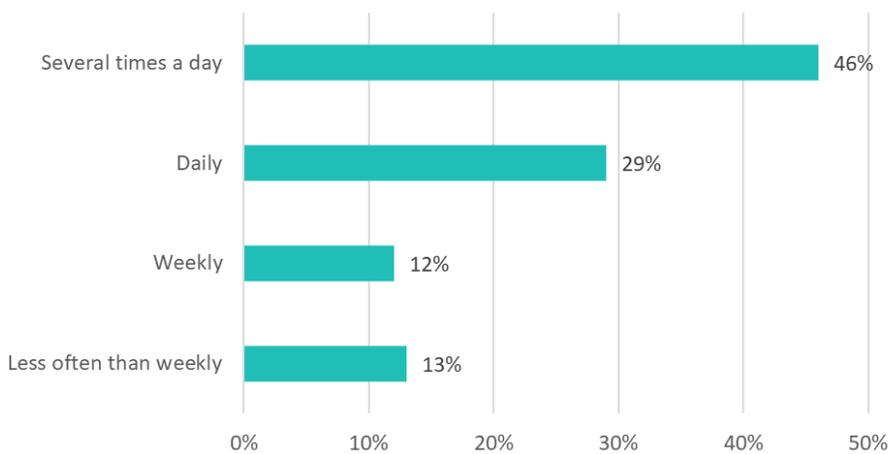


RESULTS

Social Media Use

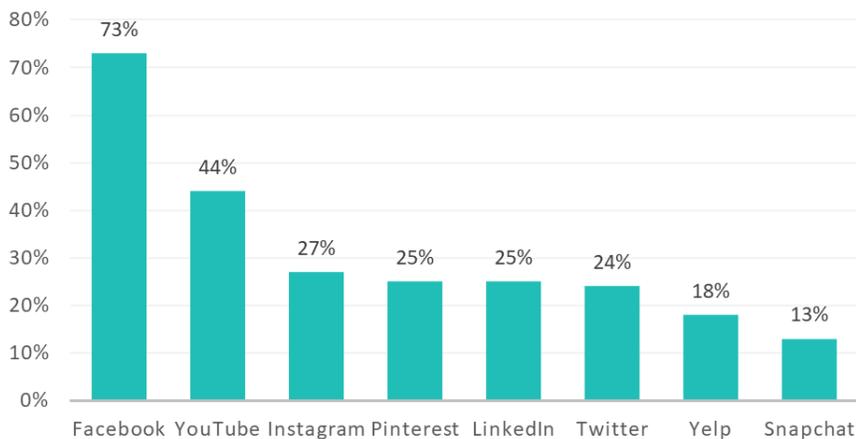
Of the survey respondents who indicated they used social media, 46% indicated they used social media several times a day (n=817), 29% daily (n=525), 12% weekly (n=215), and 13% less often than weekly (n=226) (see Chart 1).

Chart 1: Frequency of Social Media Use



Facebook was the most frequently used platform by nearly three-quarters of respondents (73%, n=1,502), followed by YouTube (44%, n=910), Instagram (27%, n=550), Pinterest (25%, n=522), LinkedIn (25%, n=515), Twitter (24%, n=497), Yelp (18%, n=361) and Snapchat (13%, n=266). These numbers align with the Pew Internet Research reports on social media usage (Greenwood, Perrin, & Duggan, 2016) (see Chart 2).

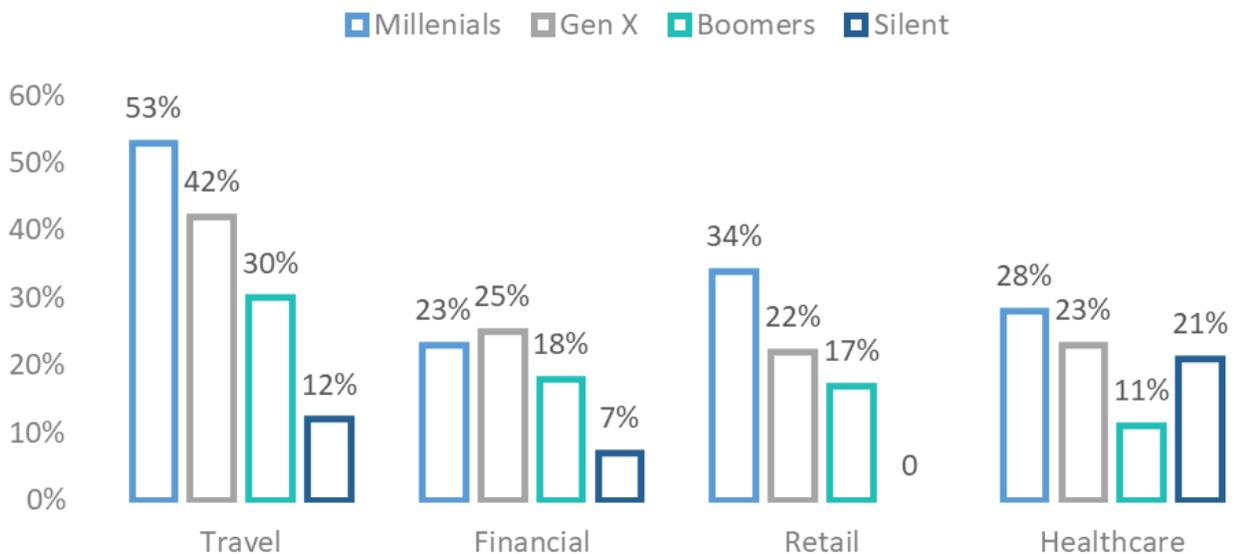
Chart 2: Social Media Platform Use



INFLUENCE OF SOCIAL MEDIA

Across the four generations, social media were found to be most influential in travel (40%, n=188), followed by financial services (25%, n=114), retail (22%, n=88) and healthcare (21%, n=96) (see Chart 3).

Chart 4: Generation Influence for each Industry



When segmented by age, differences among the generations was noted (see Chart 4). More than half (53%, n=80) of Millennials said they were influenced by social media for their personal travel decisions. In fact, Millennials indicated higher levels of influence in the travel, retail and healthcare industries compared to the other generations. On the other side, the Silent Generation was found to have the lowest amount of influence by social media in all the industries except for healthcare. Generation X indicated higher levels of influence by social media in the financial service industry compared to the other generations.

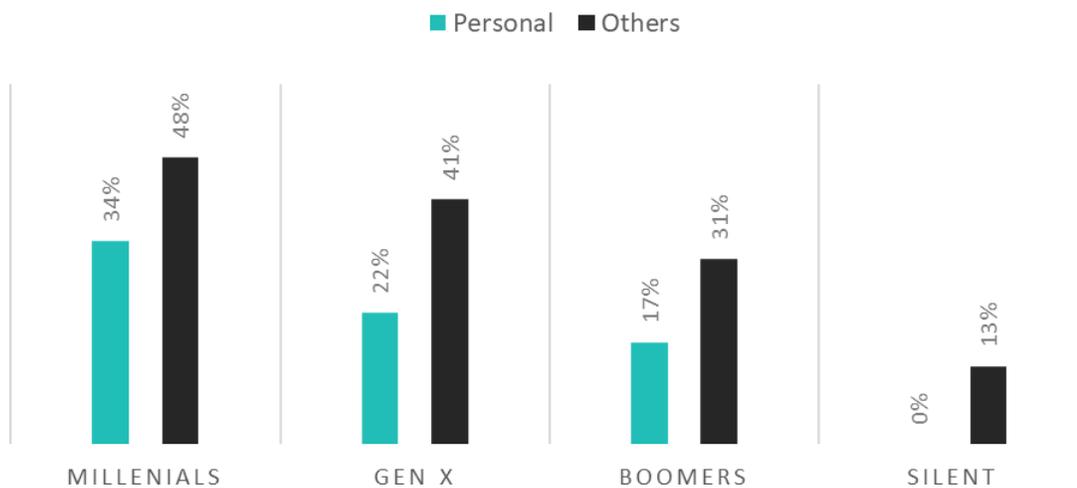
Third-Person Effect

Defined by Davison (1983), the third-person effect is when a “person exposed to a persuasive communication in the mass media see this as having a greater effect on others than on himself or herself” (p. 1). Limited studies of third-person effect have been conducted in social media. One study of blogs and traditional media in public relations by Banning and Sweetser (2007) found third-person effects were distributed equally across mediums. In the context of social media and this study, third-person effect results when individuals believe others are influenced more by social media than they are.

Third-person effect was only measured in the retail industry survey. It was indeed present as respondents indicated that they believed others were more influenced by social media than they themselves were (see Chart 5) ($F(3, 388) = 12.07, p < .001$). In fact, across the board, respondents indicated they felt that others would be more influenced than they were by social media for retail purchase decisions.

Millennials indicated that “others” were about 41% more likely to be influenced than they themselves by social media (personal = 34% and others = 48%). Generation X saw the biggest differences with respondents indicating that “others” were 86% more likely to be influenced (personal = 22% and others = 41%). Baby boomers also felt that “others” were 82% more likely to be influenced than they themselves by social media (personal = 17% and others = 31%). The Silent Generation was especially interesting because they indicated that they themselves would not be influenced by social media when making retail purchase decisions. However, they did indicate that they felt “others” were much more likely to be influenced (personal = 0% and others = 13%).

CHART 5: THIRD-PERSON EFFECT IN RETAIL



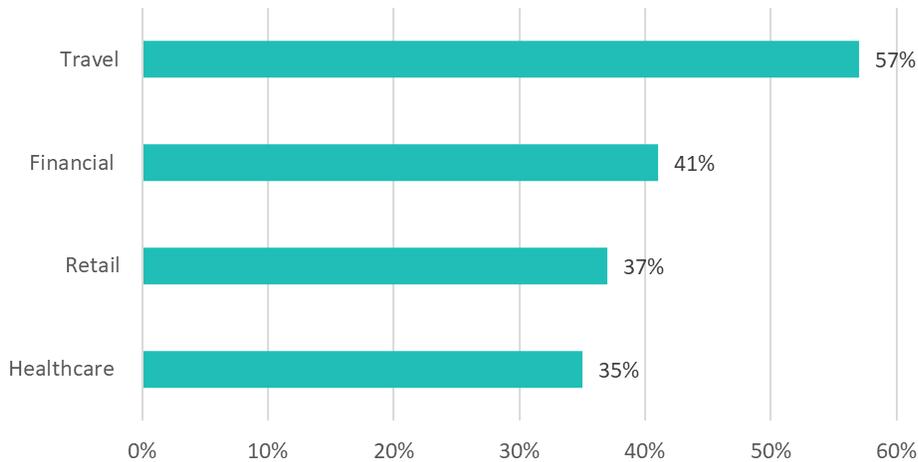
Sources of Influence

To explore the common sources of influence, respondents were asked how influential specific sources were. Across all generations, close friends and family were reported to be the most influential.

Close Friends/Family

Close friends and family were identified as an influential source on social media for each of the industries. This was especially true in the travel industry where close friends and family were found to be influential in making travel decisions for 57% of respondents (n=267) (see Chart 6).

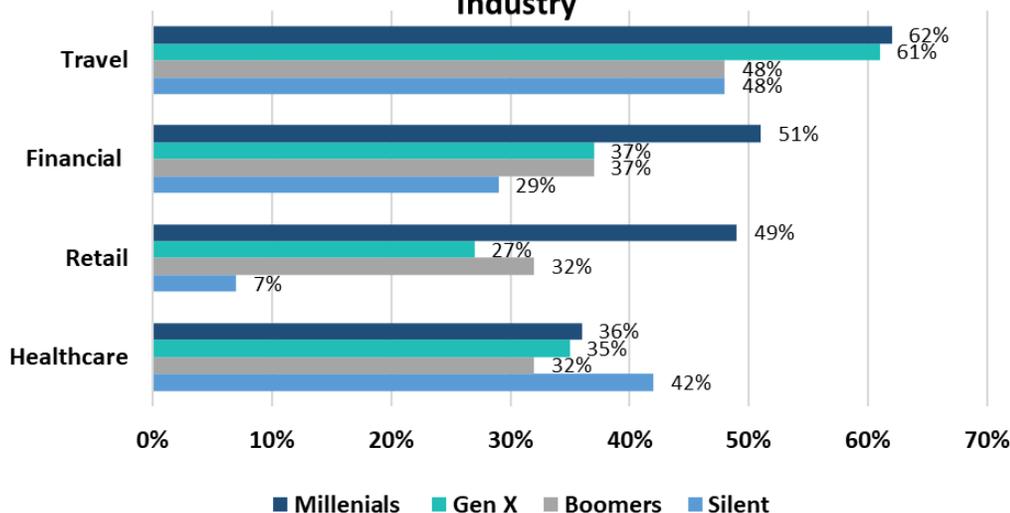
Chart 6: Influence of Close Friends/Family



While friends and family were found to be an influential source on social media across the industries, their impact was greatest in the travel industry (see Chart 7). Specifically, close friends and family were a critical source for Millennials (62%, n=93), Generation X (61%, n=89), Baby Boomers (48%, n=72), and the Silent Generation (48%, n=12).

Close/friends and family were also an influential source for Millennials (51%, n=75) in the financial services industry and the retail industry (49%, n=53). Close friends and family were also an important source for the Silent Generation (42%, n=8) in the Healthcare industry.

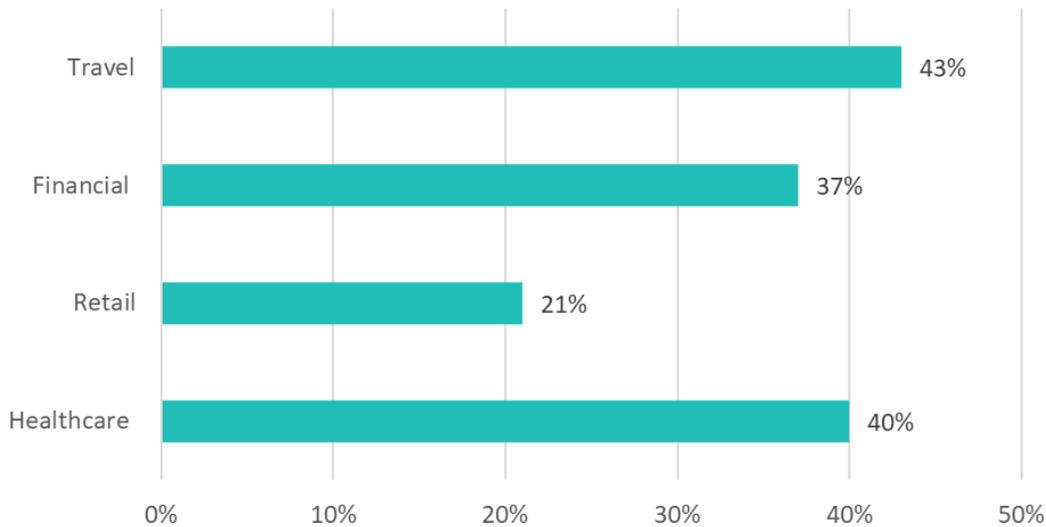
Chart 7: Generation Influence of Close Friends/Family by Industry



Industry Experts

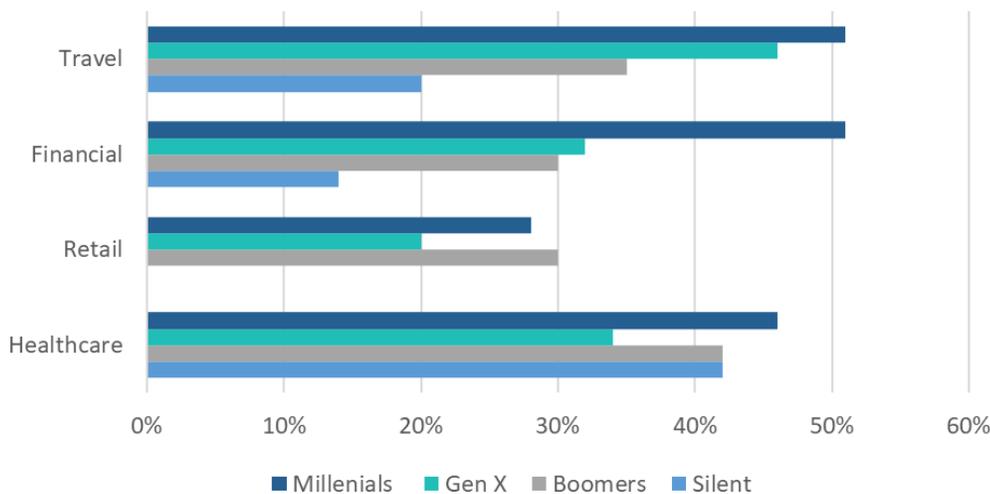
Industry experts on social media were found to be 16% more influential in healthcare decisions compared to close family and friends but less influential in travel, financial and retail decisions. It's important to note that the questionnaire did not define who industry experts were, allowing the respondents to define it as they perceived it. However, it is likely that most probably considered industry experts in healthcare to be doctors. Across the four industries, the influence of industry experts was relatively similar except for in retail where they were viewed as much less influential (see Chart 8).

Chart 8: Influence of Industry Experts



Millennials felt industry experts were more influential on social media in each of the industries except for in the retail industry where Baby Boomers indicated a higher level of influence for industry experts (see Chart 9). Both Baby Boomers (42%, n=52) and the Silent Generation (42%, n=8) indicated high levels of influence of industry experts on social media for when they are making healthcare decisions. Across the industries, the retail industry was the one where industry experts were found to have the lowest levels of influence.

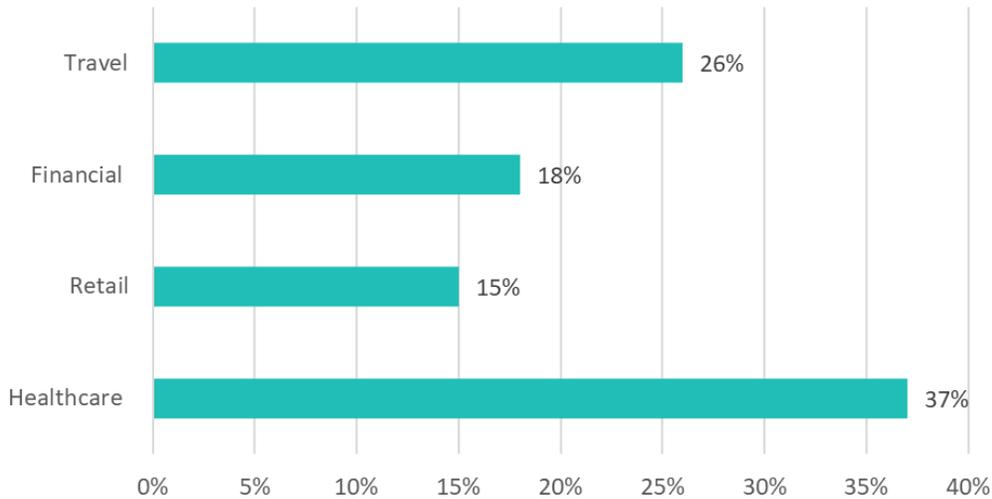
Chart 9: Generation Influence of Industry Experts



Employees

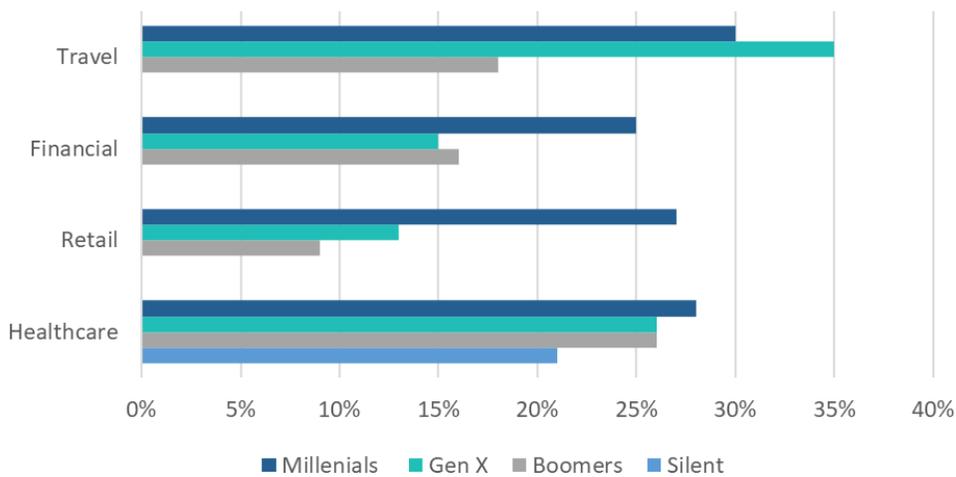
On social media, employees were not considered as influential as the close friends/family or industry expert sources except in healthcare (37%, n=122). Employees in the financial (18%, n=84) and retail (15%, n=59) industries were considered to be only slightly influential (see Chart 10).

Chart 10: Influence of Employees



The Silent Generation only found employees influential in the healthcare industry (21%, n=4) (see Chart 11). Millennials across all four industries, at least one-quarter said employees were an influential source. The highest percentage of respondents who said employees were influential were Generation X (35%, n=52) in the travel industry.

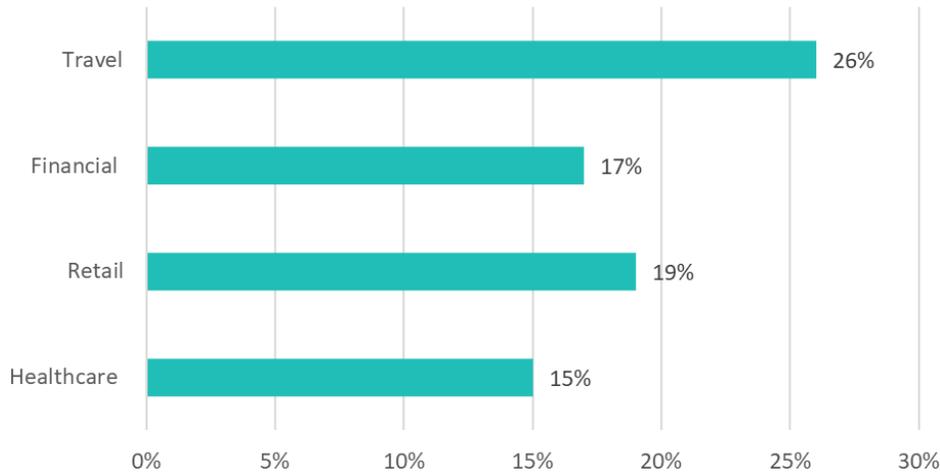
Chart 11: Genation Influence of Employees



High Number of Followers

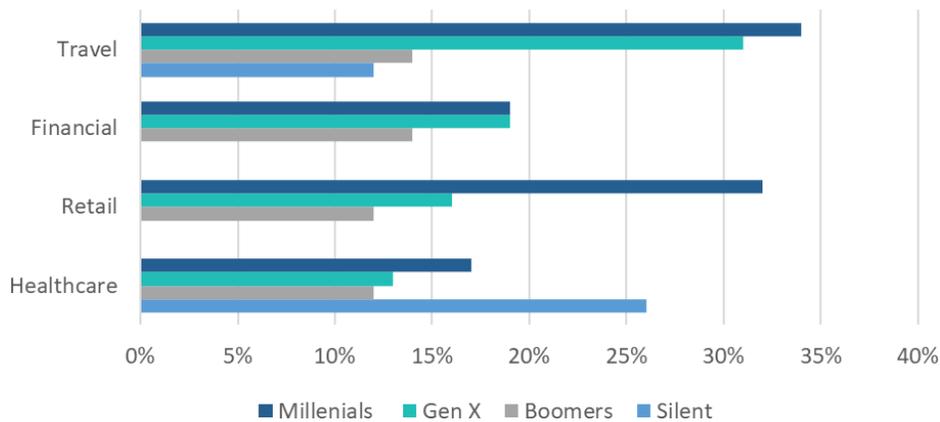
Having a higher number of followers on social media were not a big source of influence for any of the industries except for travel where about one-quarter of respondents found them influential in decision-making (n=120) (see Chart 12).

Chart 12: Influence of High Number of Followers



Nearly one in three Millennials (34%, n=51) and Generation X (31%, n=45) said a high number of followers was influential in the travel industry (see Chart 13). Millennials also indicated that having a high number of followers was influential for retail purchases (32%, n=35). Baby Boomers did not indicate much influence of high number followers in any of the industries, but the Silent Generation felt that having a high number of followers was influential in making healthcare decisions (26%, n=28).

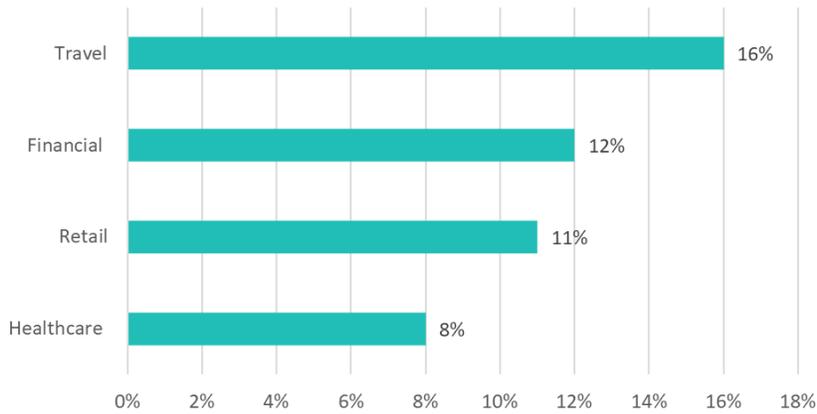
Chart 13: Generation Influence of a High Number of Followers



Celebrities

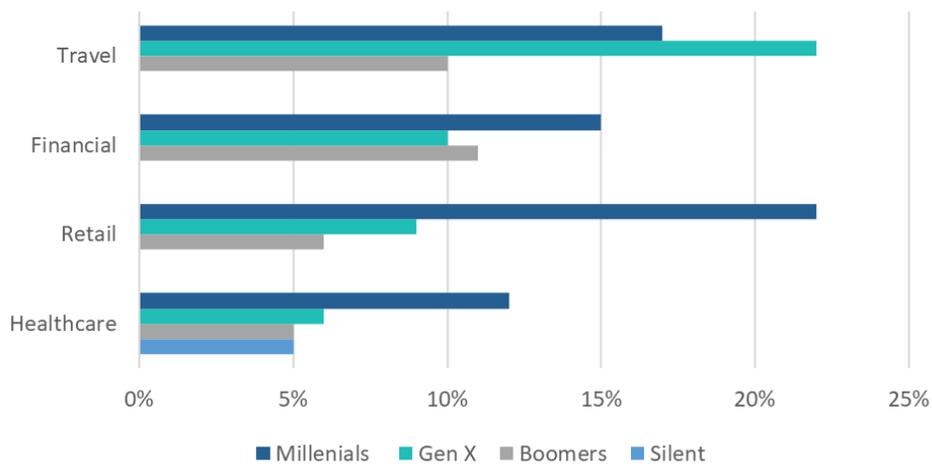
Celebrities on social media were found to have low levels of influence across all four industries (see Chart 14). The industry where celebrities had the lowest level of influence was healthcare (8%, n=36).

Chart 14: Influence of Celebrities



Even after considering the generations, celebrities on social media were found to have low levels of influence. Retail decisions for Millennials (22%, n=24) were slightly influenced as were travel decisions by Generation X (22%, n=32) (see Chart 15). Overall, Millennials were found to be the most influenced generation when it comes to celebrities on social media.

Chart 15: Generation Influence of Celebrities





CHANNELS OF INFLUENCE

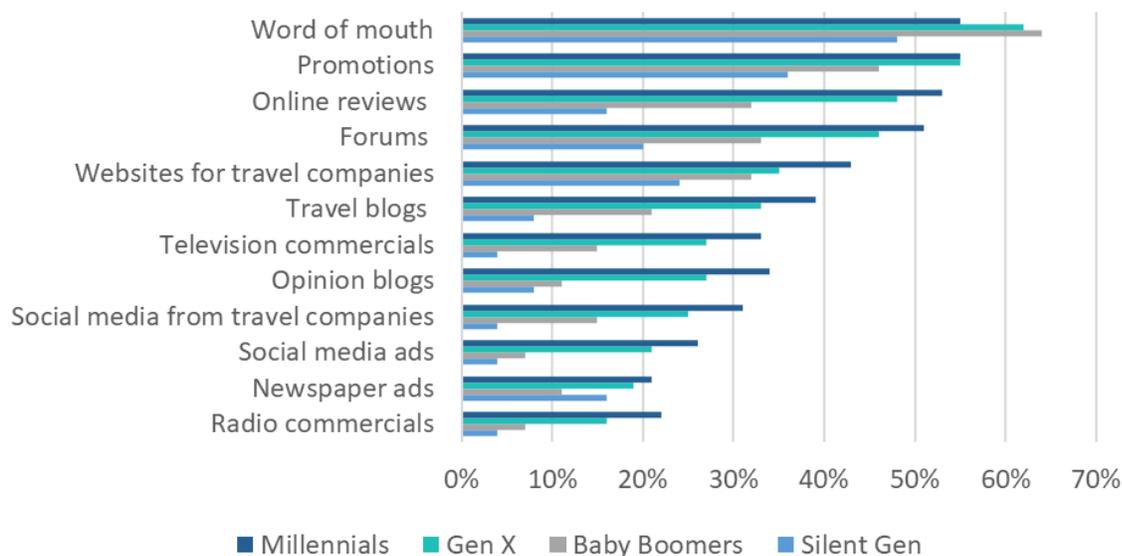
Across all industries, word of mouth was the most influential information channel. Respondents typically noted advertising, both traditional and social media, was the least influential channel of information.

Travel Industry

For the travel industry, word-of-mouth was the most influential channel of information across generations (57%, n=267), followed by promotions (51%, n=241), online reviews (43%, n=201), forums (42%, n=198), and travel company websites (36%, n=168). Social media ads (17%, n=82) and radio commercials (14%, n=67) were least influential.

In reviewing the generation differences for the travel industry (see Chart 16), word-of-mouth was consistently the top channel followed by promotions for all four generations. Travel company websites ranked fifth out of all the channels for all but the Silent Generation that rated the company websites higher than online reviews and forums (24%, n=6). It should also be noted that while Millennials (21%, n=31) rated newspaper ads to be least influential, the Silent Generation reported they were more influential than the other advertising channels (16%, n=4). For the Silent Generation, newspaper ads were the fifth most influential channel of information.

Chart 16: Influence of Channels for Travel

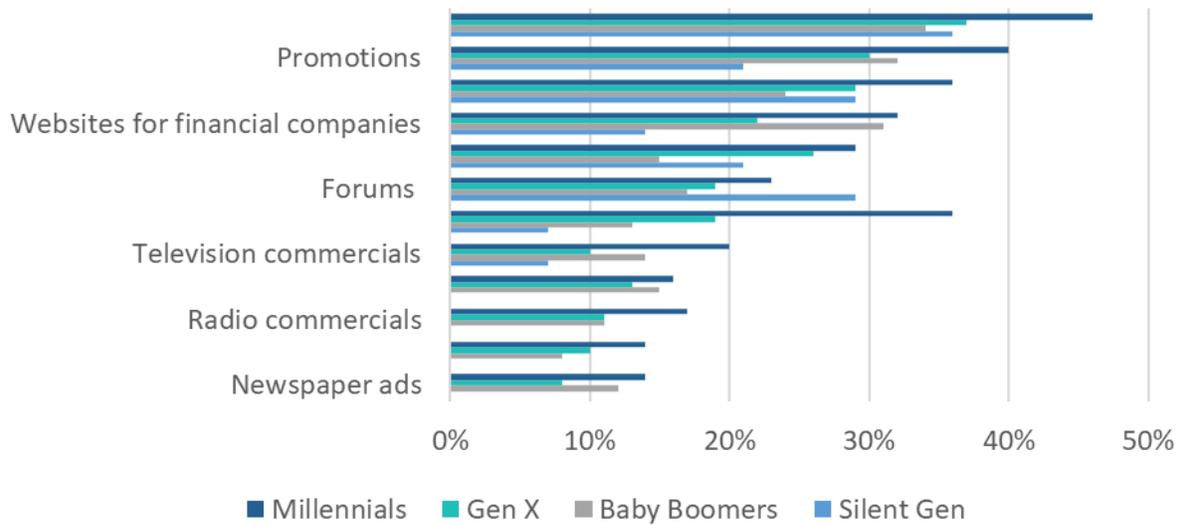


Financial Services

For financial services, word-of-mouth was most influential across all generations (39%, n=176). This was followed by promotions (33%, n=152), online reviews (29%, n=134), company websites (28%, n=126) and financial blogs (24%, n=108).

Word-of-mouth (46%, n=67; 37%, n=57), promotions (40%, n=58; 30%, n=46), and online reviews (36%, n=33; 29%, n=29) were important to Millennials and Generation X respectively, while word-of-mouth (34%, n=47), promotions (32%, n=45), and financial company websites (15%, n=21) were the best channels for Baby Boomers (see Chart 17). The Silent Generation indicated that word-of-mouth (36%, n=5), online reviews (29%, n=4), and forums (29%, n=4) were the most influential channels. Websites for financial companies were found to be least influential for the Silent Generation (14%, n=2). In just looking at advertising, the Silent Generation were least likely to be compelled by advertising, except television commercials (7%, n=1). While the other generations noted that television and radio commercials were slightly more influential than the other advertising channels.

Chart 17: Influence of Channels for Financial Services

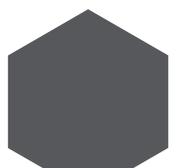
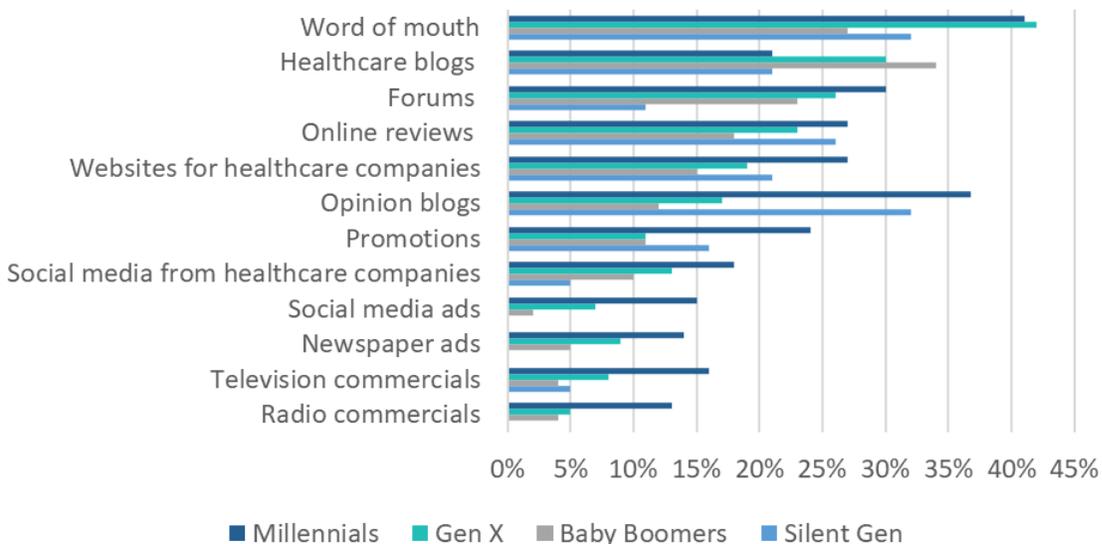


Healthcare

In the healthcare industry, word of mouth was again the most influential channel overall (37%, n=170). This was followed by healthcare blogs (33%, n=155), forums (26%, n=118), online reviews (23%, n=107), and websites for healthcare companies (21%, n=94).

In looking at the generations, Baby Boomers identified their most influential channel at healthcare blogs (34%, n=42), in comparison to the other generations who indicated word-of-mouth was the most influential. Millennials ranked healthcare websites higher than the other generations, and as was found with the other industries, the four types of advertising (social media, television, newspaper, and radio) were considered the least influential channels across all generations, and out of these, the Silent Generation only found television commercials to be influential (5%, n=1).

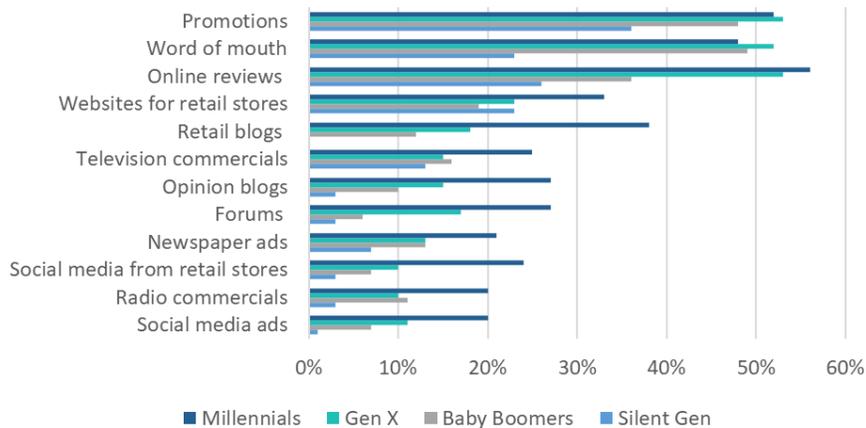
Chart 18: Influence of Channels for Healthcare



Retail

Retail was the one industry where survey respondents did not broadly state that word-of-mouth was the top channel of influence. In retail, promotions were the most influential in making purchase decisions (50%, n=197). This was followed by word-of-mouth (48%, n=189), online reviews (46, n=184), websites for retail stores (25%, n=98), and retail blogs (20%, n=82). It was interesting to see that television commercials were actually the sixth most influential channel for retail (18%, n=72), this was the highest ranking of any advertising across all the industries.

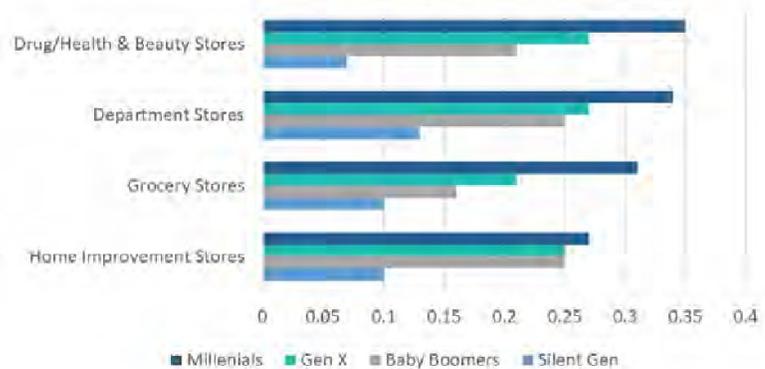
Chart 19: Influence of Channels for Retail



Online reviews were found to be the most influential for both Millennials (56%, n=61) and Generation X (53%, n=67). Baby Boomers felt word-of-mouth was most influential (49%, n=62) and the Silent Generation said it was promotions (36%, n=11). Websites for retail companies were found to be a moderately influential source for all, but lowest for Baby Boomers (19%, n=24). Television commercials were the highest rated out of all the advertising channels for all the generations.

Diving deeper into retail, respondents were asked how much influence they believed social media had in each of the following four retail segments: home improvement stores, grocery stores, department stores, and drug/health and beauty stores. In looking at all the generations, they ranked the level of influence fairly consistently across the four with department stores being slightly higher (28%, n=109) and grocery stores being the lowest (22%, n=85).

Chart 20: Influence Across Retail Segments

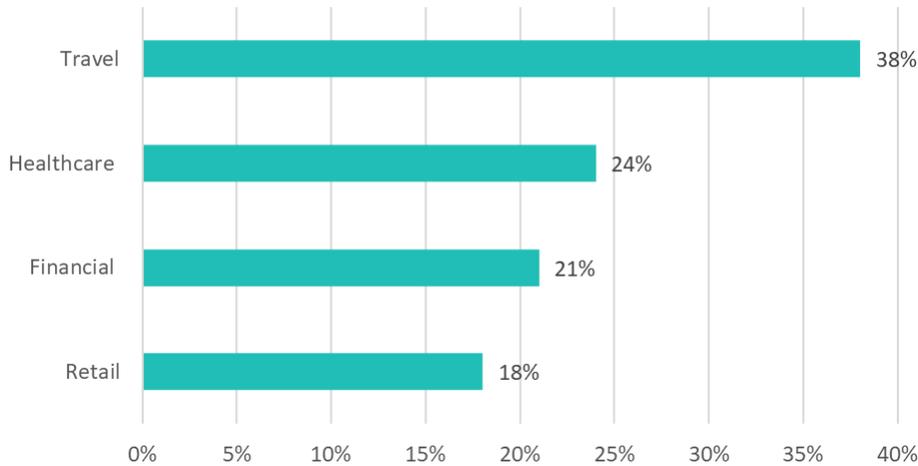


Overall, Millennials and Generation X reported social media were most influential in their decision-making in drug/health & beauty stores (35%, n=38; 27%, n=34). As was seen with most of the analysis by generation in this report, the influence of social media in retail declined as the generations increased in age. Out of the four segments, Baby Boomers indicated that social media were more influential for their purchases at department stores (25%, n=31) and home improvement stores (25%, n=31). The Silent Generation were least likely to say that the various sectors were influential, but 13% (n=4) did indicate that drug/health & beauty stores were influential.

Seeking Advice

More than one-third of respondents (38%, n=179) said they were likely to seek travel advice on social media. Nearly one-quarter of respondents (24%, n=108) said they were likely to seek healthcare services advice with the financial (21%, n=98) and retail industry (18%, n=73) seeing fewer percentages.

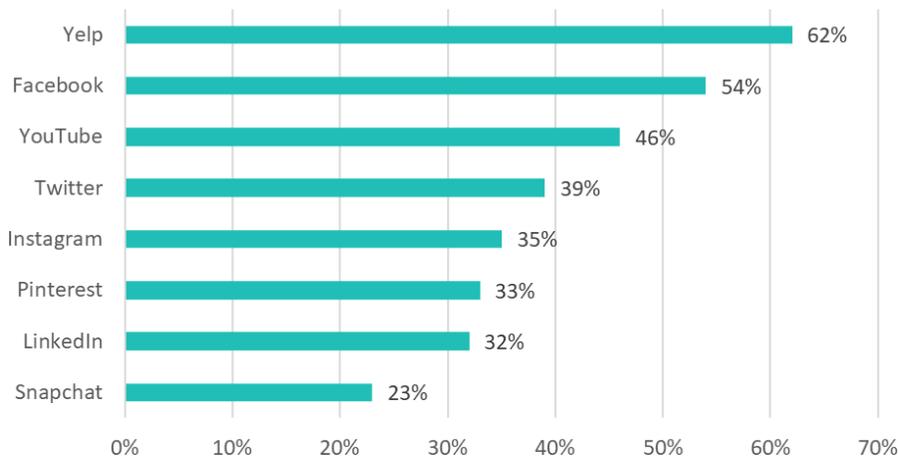
Chart 21: Likelihood to Seek Advice on Social Media



Influential Platforms

An analysis of each of the social media tools by users found that Yelp rose to the top of the list for influential tools. Specifically, 62% of Yelp users felt that Yelp was influential (n=222). The second most influential tool was Facebook, where 54% of users indicated it was influential (n=803). Just under half of YouTube users felt that it was influential (46%, n=415). Over one-third of Twitter and Instagram users indicated that the tools were influential (39%, n=194; 35%, n=192). On the lower side, 33% of Pinterest users (n=171), 32% of LinkedIn users (n=165), and 23% of Snapchat users (n=60) indicated the tools were influential.

Chart 22: Influence of Social Media Tools by Users



CONCLUSION

As social media increasingly becomes a staple to organizations and with the tremendous growth of digital, companies are investing more resources and time into social media. Therefore, investigating how influential social media is in making decisions is critically important. Understanding the sources and channels of influence also helps organizations determine the most trusted sources of information and the best outlets for targeting.

Overall, respondents deemed social media as influential; the younger the respondents, the more influential social media were likely to be. Across all ages, 40% of respondents said social media were influential in their decision-making process. Other industries still saw influence, but to a lesser degree in financial services (25%), retail (22%), and healthcare (21%). Respondents also said that they had sought advice on social media in that same order of industries.

Third-person effect plays a role in social as well—this is the extent to which an individual believes others are more influenced by social media than they are themselves. While only studied in the retail industry, respondents said others were 50% more likely to be influenced than they were.

Finally, sources of influence are important—where do people turn to for trusted sources of information? Across all generations, close friends and family were the most influential source along with industry experts. Celebrities and those with a high number of followers were least influential. For channels of information, word-of-mouth was the most influential channel, followed closely by promotions, forums, websites and online reviews. Advertisements and commercials were the least influential. This means that we still rely on those we know, and the closer the channel is to being independent, the better.

One of the study limitations is it is based on self-report data. For example, respondents may report that they are not influenced by social media, when in fact they are, and vice-versa. Additionally, individuals may not be able to consciously recall whether something influenced them, or they may be a demand effect, meaning that people may not want to admit they are influenced by such sources as celebrities.

Future research should continue studying influence and its impact. One suggestion would be to run experiments and isolate conditions. Pinpointing the specific trigger in the decision-making process can offer deep insights and help companies better target their stakeholders. Network analysis is another method for tracking influence and the specific relationships among stakeholders.

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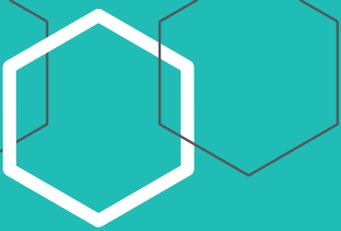
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