

SOCIAL MEDIA AND THE SHIFTING LANDSCAPE

Enhancing consumer touch points and marketing impact

By **Craig Armstrong** and **Gareth Stokes (Birmingham)**

UNDERSTANDING AND TARGETING THE CONSUMER

Now more than ever, retailers need to focus on delivering relevant content, products and services to meet the individual needs of consumers. Retailers need to better understand and target their consumers to ensure their messages are not lost in the sea of marketing messages delivered to consumers through mobile apps, social media and Internet advertising.

Within the online sector, Facebook has been one of the pioneers of better understanding its users in order to deliver more targeted advertising. It is no coincidence that selecting “skiing” as an interest will quickly trigger a wealth of ski lodge and package holiday promotions.

Like Facebook, Groupon is another recent Internet phenomenon that, seemingly overnight, has surged from anonymity to ubiquity. Groupon was launched in November 2008, and within two years it served more than 150 markets in North America and 100 markets in Europe, Asia and South America and has amassed 35 million registered users. In June 2011 Groupon filed documents with the SEC reporting US\$713.4 million in revenue in 2010, making it the first company to surpass the US\$500 million revenue mark in its third year, according to *Forbes* magazine. But the online deal space has become filled by competitors, like Living Social, Amazon.com and Google. One often-echoed refrain about Groupon’s deals is that they have tended to be female-centric offers, such as spa days, or high expense/frivolous items, such as sky diving and travel.

For this reason, Groupon is working to rekindle its users’ enthusiasm for its offerings. The criticism Groupon has experienced highlights not only the need for retailers to understand their target consumers’ needs but to understand that consumers are becoming more and more discerning, with constantly changing demands. This in turn means retailers need to fully understand and exploit the data they collect from consumers, but also to evaluate their data collection methods to ensure they collect the right data to enable them to capture consumer interest with more targeted and appropriate offers.

SOCIAL MEDIA – HOW TO GRASP THE DOUBLE-EDGED SWORD

Consumers can declare their interest in a brand (for example by becoming a fan of the brand on Facebook, following the brand on Twitter etc.) and be seen to publically identify with that brand and its values. Communication via these new media is a two way street however. Brands can face the wrath of their previously loyal followers for any misstep. Potentially worse, the ability of users to create trending topics to vent their ire means that negative comments on social media can themselves quickly become a headline grabbing story in more traditional media channels.

The more enterprising retailers will be alive to these issues, and will seek to use social media to their brand’s advantage, amplifying good publicity and responding to, or hopefully quashing, bad. Retailers can also use these channels to announce special event sales or forthcoming bargains, helping to generate revenue. One excellent example recently was the way that DSGi (which operates a number of large retail brands) used Twitter to announce its special clearance prices on HP’s ill-fated WebOS tablets to clear stock, and then used the same Twitter sources to manage expectations when demand proved extremely high. By providing responsive updates to consumers’ tweeted questions, interest was maintained, information disseminated and consumers were given an opportunity to publicly engage with the brand.

However, use of customer data must be considered carefully and the following questions must be asked by retailers:

- Has the customer given their consent to using the customer’s personal data for such purposes?
- Does that consent permit use of personal data by other store chains within the same group?
- To what extent can exemptions set out in data protection legislation be relied upon?
- Combining information with spending information provided by third parties (such as co-brand partners) or tracing user Internet browsing using tracking cookies can further complicate the legal issues around the use of personal data and compliance with Internet cookie laws.

Additional issues arise where a smartphone or other device which can provide accurate geolocation data is the method of interaction with the brand's services. The collection and exploitation of geolocation data together with stock data can provide a highly personalised user experience – imagine being able to send targeted personal advertising to a loyal customer: “You seem to be only 200 metres from one of our stores which has this stylish dress in your size in our summer sale at 40 percent off”. However, recent scandals relating to the collection of geolocation data by smartphone manufacturers and app coders, which have led to investigations by the US Congress, indicate that any use of such data needs to be carefully managed and done on the basis of well informed consent only.

MOBILE CONSUMERS

Mobile phone data usage continues to grow exponentially and places great stress on the current approach within Europe and further afield to offer content-agnostic capped data plans. According to an Office for National Statistics survey, nearly half (45 percent) of Internet users accessed the Internet via a mobile phone in 2011. Perhaps of most interest, 71 percent of 16-24 year old Internet users accessed the Internet via a mobile, the highest of any age group, up from 44 percent in 2010. Clearly retailers who are able to harness the mobile Internet touch point will reap the greatest dividends within this age group, whether by websites optimised for mobile browsing, retailer-specific shopping apps developed for the popular mobile software platforms, or through exploitation of social networking sites.

Innovative methods of meeting consumer need for readily accessible wifi hotspots on the move, reducing reliance upon 3G networks, can also be harnessed to market products and services to consumers. Last December, a Japanese soft drinks manufacturer launched a vending machine that not only offers its drinks to passers-by, but also offers 30 minutes of free WiFi Internet access within a 50m range of the vending machine. By meeting the consumer's technological need, the manufacturer has increased awareness of its own brand and should drive incremental sales as a result through what is an established, yet evolving, consumer touch point. In the UK, the widespread implementation of free wifi hotspots has stuttered. In part this may result from concerns around the potential legal implications of the Digital Economy Act 2010 (enacted to aid copyright owners to prevent infringement but widely criticised for placing too much burden on ISPs to police the content accessed and shared by their users) and the attempts by copyright owners to seek recompense from

ISPs as a result of user copyright infringements have done little to assist the development of free public wifi networks. However, the forward-looking retailer should take advantage of these uncertainties to gain the competitive technological edge. For example, John Lewis recently announced it was to unroll a free in-store WiFi service to customers to browse products on their smartphones before choosing to buy.

WHAT NEXT?

Ultimately what is driving the use of modern technology within the retail sector is consumer demand. A desire to interact with the retailer when and by whichever means the consumer wants, means that the consumer is becoming increasingly empowered and the retail sector needs to continue to meet consumers' demands – whether that is by broadening the variety of its consumer touch points or by ensuring that the benefits of existing sales channels (such as customer purchasing immediacy through the traditional in-store sales experience) are fully realized.

The retail sector has suffered in the current global economic climate, but the most innovative retailers – who can take advantage of these new platforms to enhance their supply chains and consumer touch points – will emerge stronger from this experience.

