

What every retailer needs to know about social media

Author: Michael Gold – Guest Writer at SmartBlogs.com

Date: February 18th, 2013

In 2012, some analysts and pundits rang the alarm bells to the impending “End of Retail” (or at least, the “End of Retail As We Know It”). Fewer bricks-and-mortar locations are opening, smaller numbers of associates are working in stores, and an increasing number of transactions are taking place over the traditional Web or via mobile devices. By these accounts, retailers must adapt quickly to changing consumer behaviors brought on in great measure by mobile technologies and social networking, lest they die a slow (or not so slow) death.

This presents retailers with a bit of an existential question. If consumers don’t need to enter stores to research a product or purchase merchandise — what’s the purpose of a store? To make the question more urgent, stores can make retailers less nimble and incur significant overhead for companies already competing against Internet retailers such as Amazon in a fierce battle for consumers.

How can retailers use their bricks-and-mortar locations as a competitive advantage in the fast-changing retail environment? Embrace the features that consumers have come to expect from an Internet retailer — mobile access, discovery and social networking — and deliver them in a way that makes bricks-and-mortar locations unique.

The best way to do this is by developing an evolving set of strategies informed by data and predictive analytics. Many marketing chiefs are experimenting with powerful tools such as Facebook, Twitter, Foursquare and Shopkick. The challenge is how to build a coherent strategy across online, mobile and in-store shopping — one that delivers a consistent and on-brand experience to consumers to drive engagement, loyalty and increase transactions.

My company, Farsite, recently completed a study for a national retailer that looked at in-store and online sales and how each correlated with activity on key social-networking platforms, specifically Facebook and Foursquare. Farsite found that Facebook “likes” are more strongly correlated with online sales, while Foursquare check-ins are correlated with in-store sales. Additionally, the data suggest that fans of corporate Facebook pages are more likely to make online purchases while fans of local store pages are more likely to shop in the store.

With this information, social media managers can adapt their local and national Facebook pages with more relevant promotions. In this case, the national Facebook page could feature online promotions and the local pages could highlight local in-store promotions. And with data science, these interventions can be tested and tweaked for continuous improvement.

More broadly, by collaboratively using data scientists to bridge the in-store and online experience, retailers can accurately pinpoint customer preferences and offer a more rewarding shopping experience. As an example, retailers can personalize a shopping trip by incorporating an individual’s online activities into an in-store visit. Imagine a customer walking into a store and an associate salesperson greets them with a tablet device and a Pinterest-like page populated by the customer’s previous purchases and online research. This application is powered by a recommendation engine and a map of the store’s merchandise. The customer can enjoy a shopping experience where they’re guided to

recommended products or those items that individuals in their social network enjoy. An individual can try on or test out the items and do further online research while in the store or ask the salesperson for assistance.

In a Deloitte Mobile Influence Survey last year, researchers found that shoppers using smartphones are 14% more likely to purchase something in-store than those without a smartphone. There is great potential for bricks-and-mortar retailers to partner with a data-science firm. Opportunity exists to create a new customer journey powered by online and mobile commerce and use it to develop a unique competitive advantage. It will require creative thinking and a close eye on what the data is saying. Michael Gold is CEO and co-founder of data science firm Farsite, overseeing business development and partner relations. Learn more about Farsite's ability to empower smart business on its website and check out its blog, where Farsite is using data science to predict this year's Oscar winners.

Link:

<http://smartblogs.com/social-media/2013/02/18/what-every-retailer-needs-to-know-about-social-media/>