




# Improving Revenue and Customer Engagement With Social Media Analytics

By harnessing the power of social media analytics, smart retailers are realizing they can fuel future business success in a channel that is growing and strengthening every day. Advances in analytics are allowing retailers to capture conversations, improve the ability to map content and capitalize on engagement insights.

Industry experts agree that social media possess tremendous potential to drive incremental revenue. But defining a business-effective social media strategy can be challenging for retailers who may be new to the channel and a bit skeptical of its potential to deliver on key business objectives. Fortunately, advances in social media analytics offer retail companies the ability to act on intelligence gleaned from online conversations occurring across professional and consumer-generated media sites.

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listening initiatives in 2011.

—Forrester Research, November 2010

As the popularity of social media has grown, savvy shoppers have more choices when it comes to deciding where and what to buy. “Therefore retailers this year state that capturing, synthesizing and analyzing customer information across functions must become a significant focus,” according to the 2010 National Retail Federation (NRF) Retail Horizons Report. Retailers have come to the realization that transparency into the multi-channel environment helps them understand what products and promotions will resonate best with consumers. Therefore, it becomes imperative for retailers to focus on deep customer insights and superior data mining techniques across multiple, diverse data sources.

According to November 2010 data from Forrester Research, in 2009, 78 percent of customer intelligence (CI) professionals employed customer feedback or listening initiatives. Industry insiders say this trend shows no signs of slowing down and, on the contrary, expect that more than 90 percent of CI

professionals will embrace listening initiatives in 2011. But customer listening is just one of the ways retailers are using social media analytics to harvest feedback from the social sphere.

According to a Retail TouchPoints survey focused on customer experience tactics, a majority of retailers (59 percent) say that social media is the most important priority when working to deliver an improved shopping experience. The same research found that 34 percent of retailers already have a social media strategy in place, while 36 percent plan to implement one in the near future.

### **Social Media: From ‘Status’ to ‘Storefront’**

As Facebook and Twitter have become mainstream channels with over 500 million and 175 million users respectively, social media has shifted from a channel to share promotions and discounts to an additional shopping channel — where commerce has the potential to thrive.

“While social media may be a subset of the online space, it is also its own channel,” said Tim Wilson, Sales Director, Online Media and Search at Compete, Inc. “Just as retailers determine different ways to monitor and measure the success of TV, radio, etc., they need to determine the appropriate ways to monitor and measure social media.”



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In July 2009, 1-800-Flowers.com became the first retailer to launch a Facebook storefront, enabling shoppers to purchase items directly from the retailer's fan page without having to click through its e-commerce site. In February 2010, 1-800-Flowers.com announced the capability for Facebook fans to purchase items directly from its news feed (the community aspect of the page) without leaving the page. What was once relegated to a community of shopper enthusiasts is now an outlet for commerce.

Since the first Facebook storefront launched, the retail industry has seen nearly a dozen software startups come on the scene with commerce-driven Facebook platforms. Retailers are beginning to experiment with social commerce by utilizing technologies like **Payment**, an e-commerce solution specifically designed to capitalize on the thriving community of Facebook users and shoppers.


## ***How Can Social Media Analytics Help a Retail Brand?***

While many retailers may initially choose a hands-off approach by outsourcing social media programs to marketing agencies for maintenance and monitoring, others are seeking more control and are bringing these efforts in-house. For larger retailers with several thousand or more mentions per month, an enterprise-ready, highly scalable solution offers the opportunity to scale from smaller, entry-level analysis to a richer, more comprehensive solution. This technology can empower retailers to collect, archive and analyze vast amounts of data to quantify influence, forecast future volume of social media conversations and predict their impact on the overall business. Social media analytics can help retailers:

- Track the quantity and quality of the brand's mentions across all social media;
- Track conversations on blogs, chat forums and other social channels that are less mainstream than Facebook and Twitter;
- Quantify the brand's reach, influence and sentiment; and
- Anticipate and predict potential problems around brand perception so that an organization can be proactive instead of reactive.

“The whole process of planning and merchandising is taken a step further with the data that's coming through social media,” Schafer said. “It's an ideal opportunity to better understand and serve your customers and social media analytics helps to quantify that opportunity.”





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are already doing so.”

—Chris Brogan, Human Business Works

### ***The Revenue Impact of Social Media Analytics***

Enhancing their current market research efforts, leading retailers are monitoring online and social conversation data to identify important topics and content categories that are relevant to customers in the context of their own online community.

Retailers are using social media analytics to continuously collect and archive information-rich conversations. By understanding trends and predicting the volume of social media conversations and their impact on business results, retailers will be ahead of the curve and prepared to compete successfully in a marketplace that is increasing its reliance on social media feedback. Further, by understanding the underlying sentiment of these conversations, marketers can take action on insights categorized by associated rules that assign sentiment to various topics.

“Social media is impacting retail buying patterns year-over-year,”


said Chris Brogan, President, Human Business Works, an online education and community company for small businesses and solo entrepreneurs. “As each year progresses, the percentage of people who say they made buying decisions based on conversations via social networks keeps growing. Whether you’re ready to participate, your customers are already doing so.”

### ***The Three Key Capabilities of Social Media Analytics***

By tapping into the power of social media analytics, retail marketers are empowered to perform continuous market research that uncovers consumer insight and implicit market opportunities. This new intelligence drives improvement across all customer touch points including customer service, brand marketing, public relations and media relations. Following are three capabilities that drive home key insights from social media analytics.

#### **1. Capture Conversations Quickly**

The social sphere is filled with customers buzzing about retail brands. Brand enthusiasts are sharing their positive experiences and praise, while bashers are using outlets like blogs to informally complain. By analyzing professionally and consumer-generated media, social media analytics empower retailers with



an early-warning system to identify influencers (good or bad) on the brand, its corporate reputation and organization. Social media analytics can help retailers quantify interaction among traditional media campaigns and social media activity. By analyzing online social media sources, marketers can understand how to reach consumers through improved behavioral targeting, media buying and planning.

“The social media wave is just now gaining momentum,” said John Lovett, Senior Partner & Principal Consultant, Web Analytics Demystified, Inc., an analytics consultancy. “In 2011 the crest of this wave will be way overhead for most marketers and the critical trend will be figuring out how to measure your social efforts. This requires knowing why you’re trying to surf the wave in the first place and what it means to have a good ride... Do this using social media metrics.”

## **2. Map Content Effectively**

The relationship of the retailer and consumer mirrors a cause and effect mantra: To provide an optimal experience (and all the nuances under that umbrella), retailers must facilitate the appropriate channels for customers to share their feedback — listen to that feedback and implement accordingly. Customers will share positive feedback when they are satisfied. Social media analytics can

help retailers establish a platform for social CRM strategy. By merging market data (from blogs and other social media sources) and customer data (surveys or web forms), market research professionals can validate then act upon a consumer need or sentiment shared across a customer base or market.

“[Social media analytics] can be useful in pointing out trouble spots and generating suggestions on how to improve the business,” said Josh Bernoff, SVP, Idea Development, Forrester Research and co-author of the books *Groundswell* and *Empowered*. “It’s also useful to track the results of any social media outreach through web tracking. Any activity in which the company regularly interacts with interested customers will generate insights, and social media is a good example of this, but you have to be careful not to treat the highly active social customers as typical — they’re not. This is why social media insights have to be tempered with other forms of market research and data from things like point of sale and web tracking, which are more representative.”

## **3. Capitalize on Engagements**

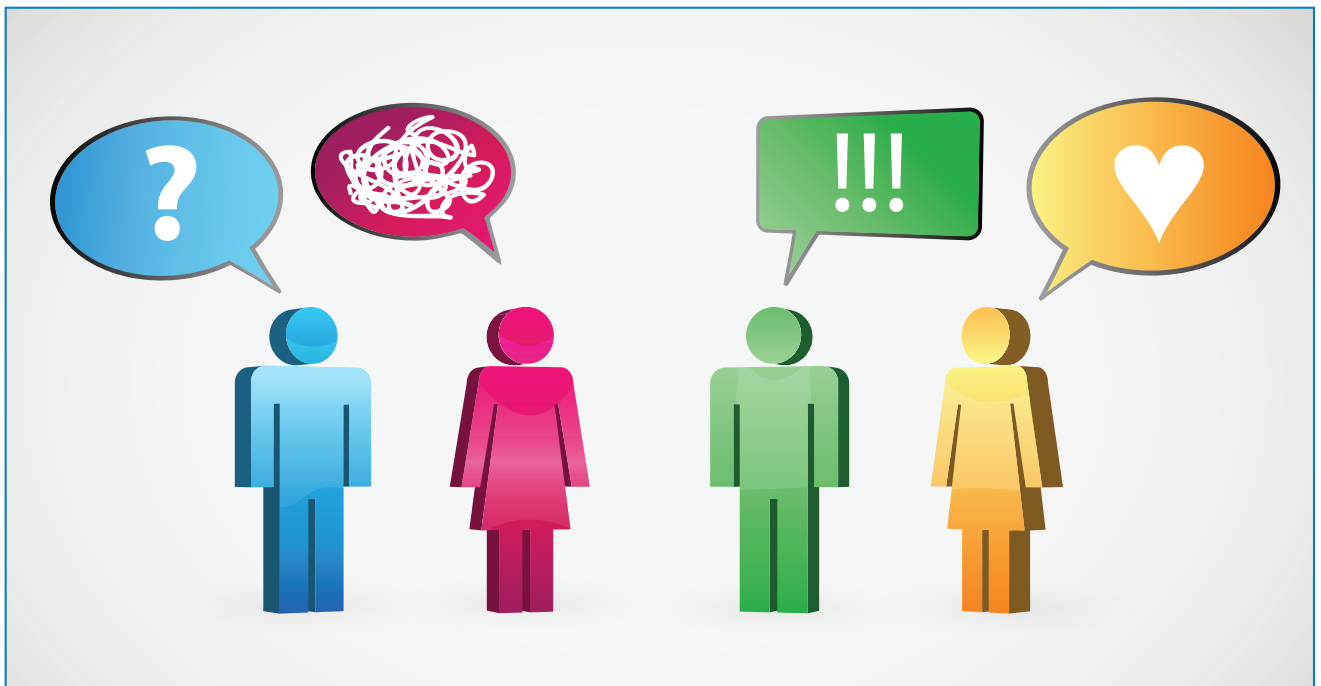
The conversations happening in the social sphere are like untainted focus groups occurring in a natural, uncontrolled environment. Being able to capitalize on these insights is a direct win for retail marketing.

The data gleaned from social media analytics runs deeper than capturing online conversations on networks like Facebook and Twitter. Analytics technology also has the ability to collect customer reviews, identify and integrate with influential blog postings, Internet chat forums and source conversations via internal CRM systems, like salesforce.com.

“Retailers should pay attention to complaints because they are a chance to turn someone around,” said Brogan, who authored the book *Trust Agents*. “They also should pay attention to questions because these questions are an opportunity to educate and guide. Additionally, they should pay close attention to small groups of conversations, because those are the undercurrents of the real influence.”

By honing in on customer interests related to specific products, retailers can engage with current and potential customers in a timely fashion via social channels, Brogan noted. “For instance, if your customer is the typical weekend home fix-up project person, you might be @homedepot doing your Twitter tips on various projects, and give awareness to related sales,” he said. “If you’re a store in a tourist town, you might search blogs and Facebook for people talking about visiting your area and talk to them about things they might need to know.”

Retailers can use social media analytics to highlight and nurture the communication efforts on behalf of the brand, while providing relevant, timely information and calls to action that can be measured efficiently.



## ***The Four Future Frontiers for Social Media***

Research shows consumers want to connect with retail brands via social media: 69 percent of online shoppers use social media sites. Of that group, 56 percent choose to proactively interact with companies on social sites by “liking” or “following” at least one retailer, according to ForeSee Results. One-fifth of social media users interact with 11 or more retailers on social sites.

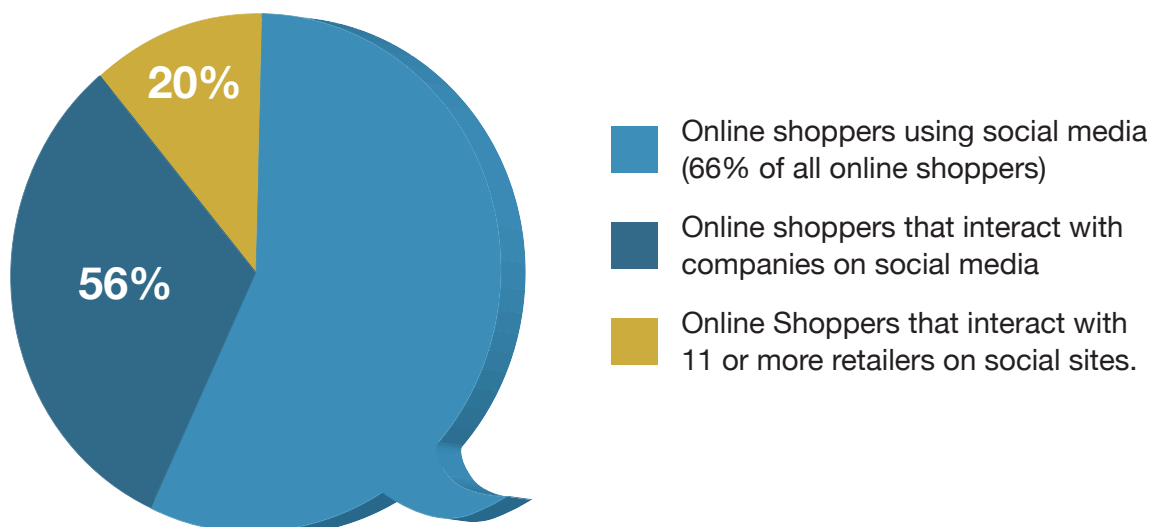
The popularity of social network usage is a true testament to its potential as an effective marketing channel. Social networks have become an integral part of retailers’ marketing strategies because retailers can use them to engage with customers, and learn how to serve their customers better. Social media analytics is helping retailers

better align market strategies with CRM and data-driven action.

Forrester Research found that Data-as-a-Service is emerging as a viable option for customer intelligence professionals in 2011. The research firm expects to see an increasing emphasis on outsourced analytics in 2011, with firms leveraging their agencies, database marketing service providers, knowledge process outsourcers, consulting firms, and boutique and independent analytics service providers.

As the lines blur between social media communication and shopping, social media emerge as a more significant piece of the shopping pie. Shoppers will increasingly fuse the two activities to create a more targeted, enhanced shopping experience. According to Lori Schafer, Executive

### ***Online Consumers That Connect With Retail Brands Via Social Media***





“By gaining access to social media analytics, retailers are able to better assess social media ROI and then tie expenses directly to social media.”

—Lori Schafer, SAS Retail

Advisor to SAS Retail and co-author of *Branded! How Retailers Engage Consumers with Social Media and Mobility*, the following are four key social media trends to watch for in 2011 and beyond:

### 1. Social Monetization.

Companies will start to monetize their investments in social media. By gaining access to social media analytics, retailers are able to better assess social media ROI and then tie expenses directly to social media.

**BIG SALE!**



Social commerce also is on the horizon as more retailers embrace a Facebook storefront strategy. As consumers continue to keep a keen eye out for values, more retailers will engage in “flash sales” or the “daily deals” concepts. Built on the model of creating urgency among consumers, several new concepts such as Gilt and Rue La La have shown substantial growth by offering discounted deals or special selections that last for a limited amount of time. Groupon, an early leader in the deal-a-day scene, generated 4.6 million unique visitors in one month earlier this year, according to Compete.

### 2. Social Ubiquity.

As the mobile phone became ubiquitous, so will social media. The lines between social media and mobile are already blurring as one of the top uses of mobile devices by consumers is for social media. Likewise, we will start to see social media integrated with televisions and other home electronics. It also will be integrated with in-store digital signage.

### 3. Location-Based Applications.

While some are still skeptical about the potential of location-based apps, it is getting harder to ignore the growth and buzz on companies like Foursquare, Gowalla, Shopkick and Loopt. Retailers are increasingly realizing the potential to attract new customers, maintain loyal clientele and establish a solid social



Macy's Target, Best Buy and American Eagle Outfitters are shopkick partners, through which they reward customers simply for walking into the store.

network by leveraging geo-location technology in smart phones to target specific offers tailored to local consumers.

Several retail marketers are using Shopkick to reward customers for simply walking in the store by earning points, including Best Buy, American Eagle, Macy's, Sports Authority, Crate & Barrel and Simon Malls. Shopkick uses gaming techniques by challenging users to take pictures of store merchandise in exchange for Shopkick points. Points can be redeemed for prizes and participating store gift cards.

#### 4. Social Gaming.

As gaming applications like Farmville have become wildly popular, retailers are getting comfortable integrating advertising into games. The ability to capitalize on the social games within venues such as Facebook is yet another potential way of helping retailers promote their brands and deliver more relevant offers. The "gaming environment" is making way for technologies that bring the traditional brick-and-mortar shopping experience online. Apparel and accessory specialty retailer Wet Seal recently launched the Shop With Me application from Sesh, Inc., a technology platform that is designed to enable shoppers to easily and quickly get opinions from friends and family on potential purchases while shopping online. Old Navy and Wet Seal also are experimenting with either creating their own social games or putting their brands within popular games such as "It Girl," already played on social sites such as Facebook.





## Q&A with Lori Schafer & Bernie Brennan, Co-authors of *Branded! How Retailers Engage Consumers with Social Media and Mobility*

The book *Branded! How Retailers Engage Consumers with Social Media and Mobility*, explores how leading retailers are leveraging social media and analytics to effectively communicate their strategy and improve market share. Co-author Bernie Brennan, a 30-year retail veteran, has served as Chairman and CEO of Montgomery Ward, Sav-A-Stop, Inc. and Household Merchandising. He also served as the Chairman of the Board for the National Retail Federation. Co-author Lori Schafer, Executive Advisor for Retail at SAS Institute, has more than 25 years of retail and consumer-packaged goods experience and serves on the NRF board of directors as well as the boards of several retail and technology companies. The two authors explore how analytics can help retailers listen, quantify and react to the impact of conversational data, as well as the strategies that leading retailers are employing to successfully leverage these insights.

**1. In *Branded!* one of the concerns you introduce is how consumers have grown to be more savvy and skeptical of mass marketing. What are some of the ways, broadly speaking, retailers can utilize social media to combat this growing issue?**

**Bernie Brennan:** With social media, there are so many more ways to engage a customer. Customers can gain access to a breadth of information — from product to price. It's all available in a way that you just can't do in traditional media. Starbucks engages their customers to recommend specific suggestions for how to improve their local Starbucks coffee shop. Whole Foods offers added value with recipes and nutrition information. Best Buy helps customers in real-time with its Twitter-based help desk called Twelpforce. Without the added value, it's just another hunt for which retailer can run the biggest discounts. Through social media, there are numerous ways in which you can add value and engage with customers that you simply can't do with traditional media.

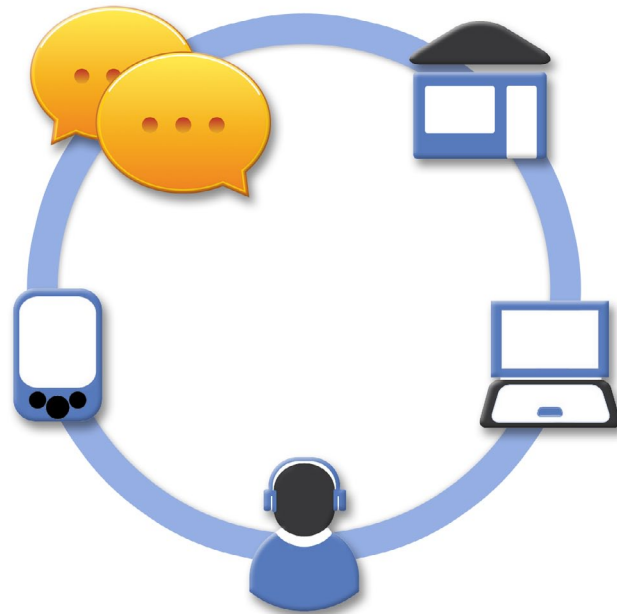
## ***2. As it becomes increasingly difficult for retailers to compete on price, how is social media playing a greater role in the overall customer experience?***

**Lori Schafer:** Consumers are much more responsive to reviews from their friends, people they know, or even people they don't know (other consumers), versus being talked to by the brand. It's about being able to engage in a conversation. Macy's and JCPenney use consumers' ratings and reviews to foster a community where shoppers are actually getting information about what their peers think of products, and that's very different from traditional marketing. It is all about added value. Here are three ways retailers can provide something extra using social media:

- ✓ **Enhanced Customer Service** — Offer customers something price comparisons won't do. People gravitate toward great customer service. Best Buy's Twelpforce is an excellent example of how customers are getting real-time answers on Twitter, much faster than they would over the phone.
- ✓ **Solution Selling** — It's not just about price. It's about tips on lifestyle decisions, like what to wear. This is the ultimate added value. Wet Seal's Outfitter social network allows teens to design, post and rank other teens' outfits appropriate for school, work or just "hangin' out." Teens want to hear what is popular among their peers. Rather than just selling a pair of jeans, Outfitter lets the consumer visualize and purchase the complete outfit including the top, bottom, shoes and accessories.
- ✓ **Create the Community** — Zappos does a great job of making customers feel like they're part of the company's culture. That's their "secret sauce." They don't talk much about their products, but it's about getting the customer to feel like part of the Zappos community.

Retail is no longer about just getting a customer to walk into a physical location. It's about being wherever that customer is. You've got to bring your store to where that customer likes to spend time. In addition to physical stores, catalogs, call centers and e-Commerce, social media and mobile are additional channels for reaching consumers. But the biggest benefits come from cross-channel engagement — reaching consumers wherever they are spending their time so that they can find the products and services they specifically want.

***The Multi-Channel Circle of Life:***  
*Store - Internet - Call Center - Mobile Smartphone - Social Media*



***3. "Engagement" is often cited as one of the primary benefits retailers are able to offer customers through social media sites like Facebook and Twitter. How do you define engagement?***

**Brennan:** Engagement is about getting the customer involved in a two-way communication. But it doesn't have to just mean the customer is happy with you. It's about achieving two-way dialogue and finding out specifically if you learned something from your audience that makes your business better.

Ask yourself how the information you're getting can help overall business objectives. It doesn't necessarily have to be incremental sales. It might be constructive feedback on a new product line. It might be positive sentiment or negative sentiment to help you learn what promotional campaigns are effective. The metrics depend on the audience and the strategic goals you set. But it's not necessarily just how many people hit the "like" button on Facebook or follow you on Twitter. It's more about answering questions like how many people regularly read your posts? How many people are referred to you from those posts? How many people provide you with personal information? There isn't one silver bullet. It's not as simple as putting a blanket metric on engagement.







## About SAS

SAS is the leader in business analytics software and services, and the largest independent vendor in the business intelligence market. Through innovative solutions delivered within an integrated framework, SAS helps customers at more than 45,000 sites improve performance and deliver value by making better decisions faster. Since 1976, SAS has been giving customers around the world THE POWER TO KNOW®. SAS' unparalleled retail business knowledge coupled with powerful, advanced analytics support flexible lifecycle merchandise planning through a variety of investment, deployment and growth options. SAS Retail customers include Aeropostale, AutoZone, Bakers Footwear, Brooks Brothers, Burger King, Cabela's, Carrefour, Casino, Casual Male, Charming Shoppes, Chico's, The Children's Place, Eddie Bauer, Family Dollar, Gander Mountain, Hallmark, Hudson's Bay Company, Kohl's, Luxottica Retail, Macy's, Mark's Work Wearhouse, Marks & Spencer, Northern Tool & Equipment, Office Depot, Sainsbury's, ShopKo, Sport Chalet, Spiegel Brands, Staples, Tesco, Tween Brands, Waitrose, Wakefern, Williams-Sonoma, Winn-Dixie and 1-800-FLOWERS.COM.

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