



## Enhancing Customer Engagement Through Social Media



### BRP SPECIAL REPORT

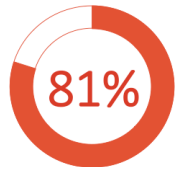
A supplemental report based on the findings from the  
2016 Customer Experience/Unified Commerce Benchmark Survey

Gold sponsor:



*“81% of retailers utilizing social media for customer engagement recognize that their methods need improvement.”*

- Brian Brunk, principal, Boston Retail Partners



## Introduction

Thanks to the advent of online shopping – via computer, tablet, or phone – we now live in a world of constant consumption. With online access, we can buy nearly anything we want, at any time, anywhere. Shopping is so commonplace that it tends to blend into the background, providing no memorable experience – which is why successful retailers are working to harness the power of social and digital media to make the shopping experience more interactive and fun. Social media offers unlimited opportunities to create a memorable and personalized customer shopping experience.

Social media provides retailers with unprecedented visibility into their customer base. It provides a venue in which retailers can directly communicate with their customers and it can be an extremely powerful tool for collecting and using customer insights to improve planning decisions. Retailers can understand who the customer is, what she wants, when and where she wants it, and even why she wants it based on social media postings and feedback.

Another major benefit of social media is the opportunity for retailers to multiply the reach of their marketing and promotions by inspiring their passionate fan base to like and share content with their network. This enables retailers to increase their reach without some of the expense associated with significant promotions.

Social media has given brands the unparalleled ability to interact directly with their customer base. Though utilizing social media to promote brand and product messaging has never been more accessible and consumers regularly utilize social media as part of their customer journey, most retailers have identified a need to improve upon their current social media offerings.

BRP has identified five key areas where retailers should be utilizing social media to improve the customer journey: **Experience**, **Interaction**, **Endorsement**, **Satisfaction** and **Insight**.

## Experience

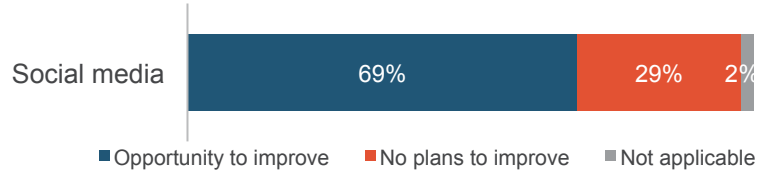
Shopping has become more about the experience than the product, fueled by the view that experiences make people happier than the possession of material objects. This concept has become increasingly popular in the last few years and is reflected in consumer behavior. As consumers look to spend more of their earnings on experiences – such as traveling and entertainment – instead of possessions, retailers can't neglect the customer experience if they hope to survive. This focus on experiences instead of possessions, combined with a younger generation of consumers growing up with the Internet and mobile technology, drives the push towards social media as one of the best ways to connect with today's customer and create a unique shopping experience.

*69% of  
retailers see  
opportunities to  
utilize social  
media to enhance  
the customer  
experience*

Social networks may drive only a fraction of online retail sales, but they provide retailers with unique and effective ways to reach and influence the best customers. Social commerce is not simply transactional – it is more about how social networks can influence shoppers' purchase decisions. Social networks give retailers a myriad of opportunities for personalizing the shopping experience and building customer relationships. Customers are more likely to buy from a retailer that they know and trust. Social media is a great way to build that personal, trusting relationship.

According to Kitewheel’s “The State of the Customer Journey” report, 48% of all customer journey interactions occur in social channels.<sup>1</sup> And in the “UPS Pulse of the Online Shopper” report<sup>2</sup>, 34% of consumers state that social media influences their purchases.

**Exhibit 1**  
**Customer Experience Opportunities**



Based on BRP’s recent surveys, retailers realize the importance of social media, but there is still uncertainty in how to integrate social media into the customer experience. In BRP’s 2016 Customer Experience/Unified Commerce Benchmarking Survey we found that while retailers utilize social media to enhance the customer experience and recognize that it is important to consumers, more than two-thirds of retailers see opportunities to improve the social media customer experience (Exhibit 1).

### Interaction

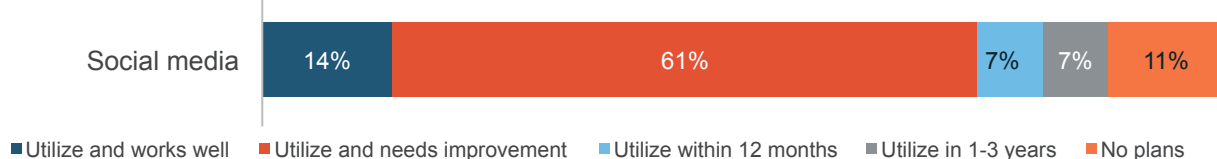
One of the ways consumers utilize social media is to interact with the brand to learn more information about the brand and products; however, most retailers indicate that their current social media offerings need improvement. Retailers are developing plans for social media to be an important part of the future, as 89% of respondents indicate they have, or plan to have, social media options available to customers (Exhibit 2). This is critical as social media is the predominant customer communication forum, outside of the direct in-store experience. Three-quarters of the retailers currently support customer interaction via social media, but 81% of those retailers feel that the current interaction needs improvement.

**75%** of retailers support customer interaction via social media

Social media is critical for retailers, as today’s customers have shown that it is a preferred forum to access information and maintain an interactive dialog with their favorite brands. However, this comes with high expectations as customers want responses to questions, feedback and complaints quickly or they feel slighted. A study by Lithium Technologies<sup>3</sup> found that more than half of customers who ask a question of a brand on Twitter expect a response within the hour. Having a solid social media strategy, staffing and leveraging the right technology tools are essential to meeting customer expectations.

The most important piece of a social media campaign is to acknowledge the customer’s voice and hear and respect what she is saying. If the communication is a complaint, retailers need to let the customer know quickly that the complaint is heard and being addressed – and then follow up with the customer as quickly as possible with a resolution.

**Exhibit 2**  
**Customer Interaction with the Brand**



<sup>1</sup> “The State of the Customer Journey,” May 2016, <https://kitewheel.com/journey-report/>

<sup>2</sup> “UPS Pulse of the Online Shopper,” 2016, <https://solvers.ups.com/ups-pulse-of-the-online-shopper/>

<sup>3</sup> “Consumers Will Punish Brands that Fail to Respond to Twitter Quickly,” October 29, 2013, <http://www.lithium.com/company/news-room/press-releases/2013/consumers-will-punish-brands-that-fail-to-respond-on-twitter-quickly>.

## Endorsement

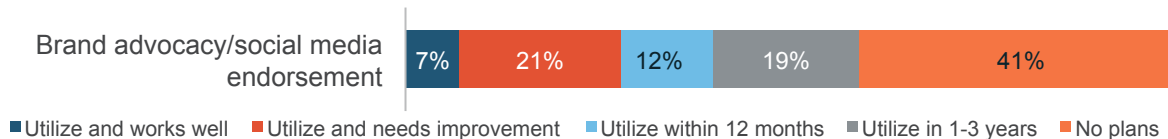
Brand endorsements from influential customers are a great way to generate positive exposure for a brand or product. These advocates can raise brand awareness and, ultimately, boost sales. Brand advocacy is not a new concept but the advent of social media has made it easier for retailers to identify and leverage brand advocates to promote their business.

Tapping brand advocates may not be easy, however, it is likely that your brand already has some unofficial ambassadors who can be encouraged to expand their brand endorsement. According to the “UPS Pulse of the Online Shopper” report<sup>4</sup>, 42% of shoppers are likely to promote a brand on social media when they are satisfied.

The first step is to identify your current brand advocates. Many retailers are uncertain how to measure brand advocacy and then utilize that information to boost revenue. In our Customer Experience/Unified Commerce Survey we asked retailers about utilizing brand advocacy/ social media endorsement as a source for identifying their most valuable customers (Exhibit 3). Currently 28% of retailers utilize this method with an additional 31% planning to utilize this within three years.

**59%** of retailers plan to utilize brand advocacy/ social media endorsement as a source for identifying their most valuable customers within three years

**Exhibit 3**  
**"Most Valuable" Customers Identification Methods**



## Satisfaction

To curate brand advocates, retailers need to ensure that customers, especially the vocal and influential ones, are satisfied. One of the benefits of good customer satisfaction measurement is the ability to refine your message and understand what is, or is not, working to optimize customer satisfaction. It is also critical to quickly address any potential dissatisfaction, as 55% of online shoppers tell friends and family when they are dissatisfied with a brand or purchase, according to the 2016 “UPS Pulse of the Online Shopper” report.<sup>5</sup>

**59%** of retailers utilize social media comments as a means of measuring customer satisfaction

One of the ways retailers are measuring customer satisfaction is through social media comments. According to the Customer Experience/Unified Commerce Survey, 59% of retailers utilize social media comments as a means of measuring customer satisfaction (Exhibit 4). However, many retailers feel that their social media efforts are not optimal, as 81% of those retailers using it think their current methods need improvement.

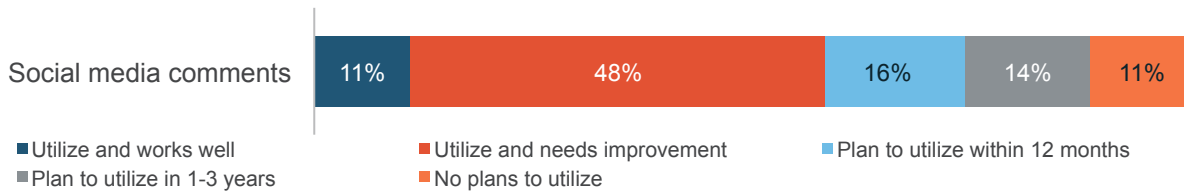
Because retailers’ use of social media is still a relatively new area, it is not surprising that many retailers are dissatisfied with their current methods of customer satisfaction measurement. However, in most cases, customers are far ahead of retailers in their utilization of social media as part of the customer journey; therefore, retailers must jump in and learn quickly. As retailers refine their social media interactions, they can utilize this information to continually improve the customer experience.

<sup>4</sup> “UPS Pulse of the Online Shopper,” 2016, <https://solvers.ups.com/ups-pulse-of-the-online-shopper/>

<sup>5</sup> Ibid.



**Exhibit 4**  
**Customer Satisfaction Measurement**



### Insight

Social media represents a key opportunity for retailers to be more customer-focused in their planning. Driving merchandise decisions based on customer desires and needs should improve the chances that retailers will buy and stock the merchandise that customers want and enhance the shopping experience.

**60% of retailers capture customer feedback from social media and online comments**

The quantity of data available to retailers from social media interactions has never been greater. These interactions produce data that can be instrumental when predicting demand, informing buying and planning decisions and tailoring the customer experience. Knowing the customer better than the competition empowers retailers to create personalized promotions and marketing campaigns to drive sales and enhance customer loyalty.

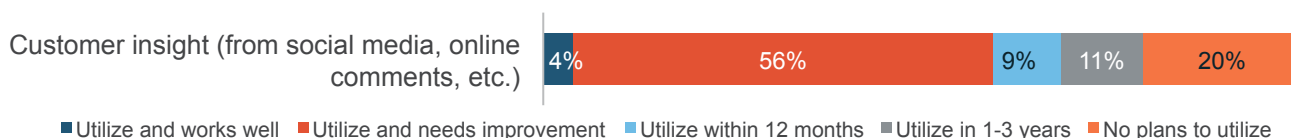
Social media analytics refers to the assessment, examination and interpretation of the interactions and associations of people, topics and ideas among social media sources such as Facebook, Twitter, Google+ and Instagram. Observing and analyzing social media discussions and trends across many communities is often referred to as “crowdsourcing.” Social media crowdsourcing is a powerful tool for discerning customer sentiment about a retailer’s products and services and offering retailers the ability to identify customer shopping trends. Retailers are just beginning to access this plethora of customer insight available for merchandise planning purposes.

The challenge with social media analytics is that it is still relatively new. Therefore, there are very few “tried and true” tools and best practices for retailers to use as a guide. But with the benefits of customer insight to help align demand, sell-through merchandise, localize assortments and target pricing and promotions, the value of social media analytics can be significant.

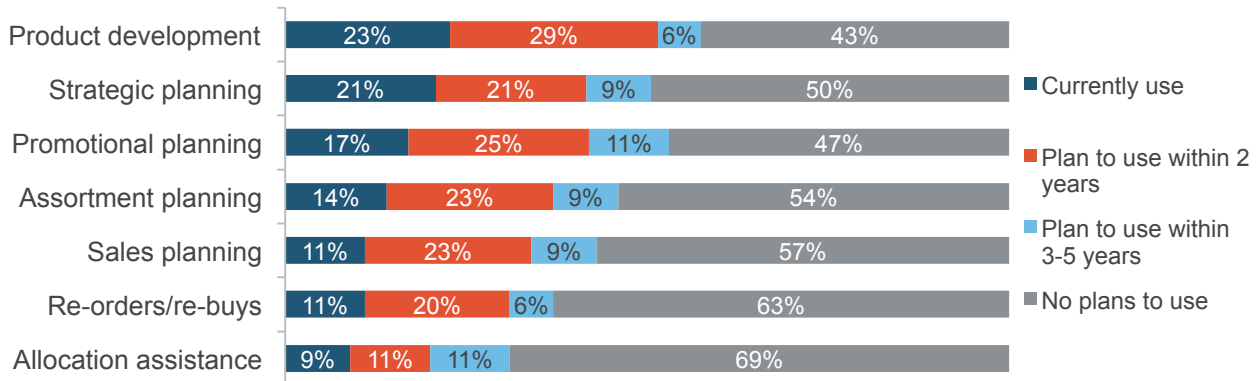
Currently 60% of retailers indicate that they capture customer feedback from social media and online comments (Exhibit 5). However, retailers are still just scratching the surface when it comes to leveraging social media content for planning purposes.

According to BRP’s 2015 Merchandise Planning Benchmark Survey, product development remains the largest area for social media data utilization with 23% currently utilizing it and 29% planning to use within two years (Exhibit 6). It is interesting that many retailers don’t yet see the value in utilizing social media data for allocation assistance (only 31% have any plans for utilizing social media data in assisting with allocation), as understanding customer insight would seem to be important for re-allocating merchandise.

**Exhibit 5**  
**Customer Information Data Sources**



**Exhibit 6**  
**Social Media to Facilitate Planning**



## Conclusion

As social networks continue to grow, retailers will continue to be presented with compelling opportunities to remain relevant with the consumer. These will not come without challenges though, as the consumer's path to evaluate, research and purchase products is neither linear nor consistent. The individual customer journey varies for each customer. In addition, an individual customer's journey can also vary based on shopping for different product categories. Expanding technological capabilities will only further add to this dilemma.

Retailers need to fully maximize every experience with the customer using the plethora of social outlets available to them. The means available to customers for research of brands and products has never been more varied, from simple web searches to consumer reviews to Pinterest to YouTube videos.

Retailer investment and focus on social media will undoubtedly continue to grow, given that social media has become part of consumers' day-to-day lives and it provides retailers with unprecedented visibility into their customers' desires. It provides a venue that allows retailers to directly communicate with their customers and it is an extremely powerful tool for collecting and using customer insights to improve planning decisions. Social media offers retailers the opportunity to listen to their customers, understand who they are, and leverage their feedback based on comments, likes of products with similar affinity, and interactions with the brand. This provides valuable information to retailers as they continue to focus on enhancing the customer experience.

With the current generation of consumers being avid social media users, the future of social networks and the future of retail will remain intimately connected and the key areas where retailers should be utilizing social media as a means to improve upon the customer journey are **Experience, Interaction, Endorsement, Satisfaction and Insight**.



## About BRP

Boston Retail Partners (BRP) is an innovative and independent retail management consulting firm dedicated to providing superior service and enduring value to our clients. BRP combines its consultants' deep retail business knowledge and cross-functional capabilities to deliver superior design and implementation of strategy, technology, and process solutions. The firm's unique combination of industry focus, knowledge-based approach, and rapid, end-to-end solution deployment helps clients to achieve their business potential.

BRP's consulting services include:

### Strategy

Point of Sale (POS)  
CRM  
Order Management  
Supply Chain

### Business Intelligence

Mobile POS  
Unified Commerce  
E-Commerce  
Information Technology

### Business Process Optimization

Payment Security  
Customer Experience & Engagement  
Merchandise Management  
Private Equity

For more information or assistance on any of the topics covered in this white paper, please contact:

#### Brian Brunk, Principal

(405) 590-0542

[bbrunk@bostonretailpartners.com](mailto:bbrunk@bostonretailpartners.com)

#### David Naumann, Director of Marketing

(916) 673-7757

[dnaumann@bostonretailpartners.com](mailto:dnaumann@bostonretailpartners.com)

#### Ken Morris, Principal

(617) 880-9355

[kmorris@bostonretailpartners.com](mailto:kmorris@bostonretailpartners.com)

#### Kathleen Fischer, Marketing Manager

(330) 289-3342

[kfischer@bostonretailpartners.com](mailto:kfischer@bostonretailpartners.com)

#### Walter Deacon, Principal

(781) 337-2060

[wdeacon@bostonretailpartners.com](mailto:wdeacon@bostonretailpartners.com)

### BRP Headquarters

Independence Wharf, 470 Atlantic Ave., 4th Floor, Boston, MA 02210

[www.bostonretailpartners.com](http://www.bostonretailpartners.com)

©2016 BRP. All rights reserved

No part of this publication may be reproduced or transmitted in any form or for any purpose without the expressed permission of BRP. The information contained herein may be changed without prior notice.