

# Chapter 23

## Retail and Social Media Marketing: Innovation in the Relationship between Retailers and Consumers

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### ABSTRACT

*The Internet has revolutionized almost every facet of business and personal life. We are facing a far-reaching revolution, driven by Social Networking Sites (SNSs) where people talk about their life, purchases, and experiences. Mobile devices and tablets are replacing computers as the main access point to the Internet. Customer expectations are rising constantly with the development of new technologies. Social Media comes in many forms: blogs, media sharing sites, forums, review sites, virtual worlds, social networking sites, etc. Social Networking Sites (SNSs), the focus of this chapter, are the most disruptive social media and a key opportunity for business. Most industries recognized in that shift the potential for a more intimate and productive relationship with customers. Nowadays, retailers have no choice in whether they do social media: they only have the choice of how well they do it. Retailers need to convert browsers to buyers, and one-time customers to loyal sharing fans, so that they become advocates in the real and virtual worlds. The shift is deep: from one-way communication to conversation, and from advertising as an interruption to the interactivity in all locations. The originality of the chapter consists on its introduction of the concept of Social Networking Sites (SNSs) as an integration of the retailing marketing mix, defining its role in a marketing strategy, and providing some managerial implications for practitioners. After an introductory overview of the trend adopting a retailer point of view, four are the chapter's cornerstones: opportunities belonging from geolocation; how to plan a social media strategy; a new channel of interaction between customers and retailers: the social customer service; how to face a crisis in a Web 2.0 context. These are four brand new ways to engage consumers. This topic is relatively new and in continuous becoming, and much of interest remains to be said about it. The chapter's approach is to present what the authors believe to be the most relevant for a retailer facing a social networking challenge.*

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## **INTRODUCTION**

The purpose of the Chapter is to highlight the innovation in the relationship between shoppers and retailers: Web 2.0 permits the retailers to engage customers on Social Networking Sites (SNSs). The new context determines new rules, opportunities and threats in engaging customers.

Something has changed. Web 2.0 is a set of economic, social, and technology trends that collectively form the basis for the next generation of the Internet, a more mature, distinctive medium characterized by user participation, openness, and network effects. Qualman (2013) defines Socialnomics as “the value created and shared via Social Media and its efficient influence on outcomes economic, political, relational, etc.). Or, more simply put, it’s word of mouth on digital steroids.”

There is need to investigate the managerial and organizational implications of engaging with consumers in various ways through SNSs. This Chapter therefore makes an exploratory investigation into the new interactions between retailers, shoppers, and consumers.

The interactive capabilities of SNSs can be used to engage the shopper as customer in many ways, and it is imperative for retailers and academics to learn about the role of Social Media in this new context.

Providing detailed description and a general overview of the trend, the chapter identifies the role of social networks in retailer marketing strategy through a review of existing literature, recent data provided by eminent Research Institutes (MGI, Nielsen, eMarketer, et al.) and empirical research findings from the Author’s research process.

## **BACKGROUND**

The trend toward networked applications is accelerating, and Social Media Marketing is at the moment an important topic of conversation amongst academics and researchers.

Kozinets (2010) states that our social worlds are going digital. Everyday 2.23 billion people around the world go online (cmo.com), and many express their feelings and experiences about products and services through Social Media. Internet users spend 23% time online social networking. Many contributions (McKinsey Global Institute, 2012; Nielsen, 2012; Hinchcliffe & Kim, 2012) underline the far-reaching opportunities belonging from social challenge. So businesses and social researchers are finding that to understand society they must follow people’s social activities and encounters on the Internet and Social Networking Sites. Andzulis, Panagopoulos and Rapp (2012) state that “companies today are wrestling with how to adopt Social Media into their business models and strategy” (p. 306).

But in spite of the expansion of Social Media, there is a paucity of research and academic literature on the role Social Media play in the retailing mix. From a business perspective, the lack of a strategic approach represents a significant barrier to effective engagement with Social Media.

“Web 2.0,” the Web constructed by users themselves through blogs, communities and file sharing was first referred to in 2004 by Tim O’Reilly (Doherty et al., 2010). It is a context based on sharing platforms (blogs, YouTube, Flickr,...) and platforms hosting Social Networking Sites (Facebook, Myspace, Ning,...). In the words of Tim O’Reilly (2006 “Web 2.0 is much more than just pasting a new user interface onto an old application. It’s a way of thinking, a new perspective on the entire business of software - from concept through delivery, from marketing through support. Web 2.0 thrives on network effects: databases that get richer the more people interact with them, applications that are smarter the more people use them, marketing that is driven by user stories and experiences, and applications that interact with each other to form a broader computing platform.” Blogs, social networks like Facebook, and microblogging platforms like Twitter are simply technologies that foster communication, sharing,

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