

## Strategic Social Media Solutions for Multi-Channel Retailers



Just because you have a social media account, doesn't mean you have an enterprise social media strategy.



Business dislikes this comment



**People matter, results count.**



Wouldn't you think, BY NOW, my favorite store would have enough information about me to at least know which styles I'm buying?

I know, RIGHT!

I'm going to tweet about this email promotion, and if I don't get a response soon, i'm not shopping there anymore!



Business dislikes this comment

You fickle consumers expect everyone to respond immediately to everything in whatever medium you decide to use today. Do you know how much infrastructure that takes?

## Consumer Shopping Journey

In response to the growing use of smart phone technology, many retailers have begun developing multi-channel integration strategies. Increasingly, these strategies incorporate some level of social media capability. For most retailers, the early stages largely focused on one-way monologues, as a way to replicate promotions and offers, or to communicate with consumers about service issues. Few companies have yet to draw on social media's capacity to provide rich, real-time insight into what drives consumer purchasing decisions.

The consumer shopping journey is leveraging these multiple channels, and rapidly blurring the traditional and emerging web and mobile channels. Leading retailers are actively enhancing their ability to enable the consumer's shopping journey (figure 1) by

incorporating social media as a means of gathering information (product reviews and blogs) personal opinions (Facebook Like), location-based services (Four Square) and a multitude of other capabilities. In short, retailers are attempting to make sense of the information consumers are creating via interactions throughout the purchasing process. The consumer shopping journey has and will continue to evolve.

A typical technology-savvy consumer is shopping in a manner consistent with the illustration below in Figure 1.

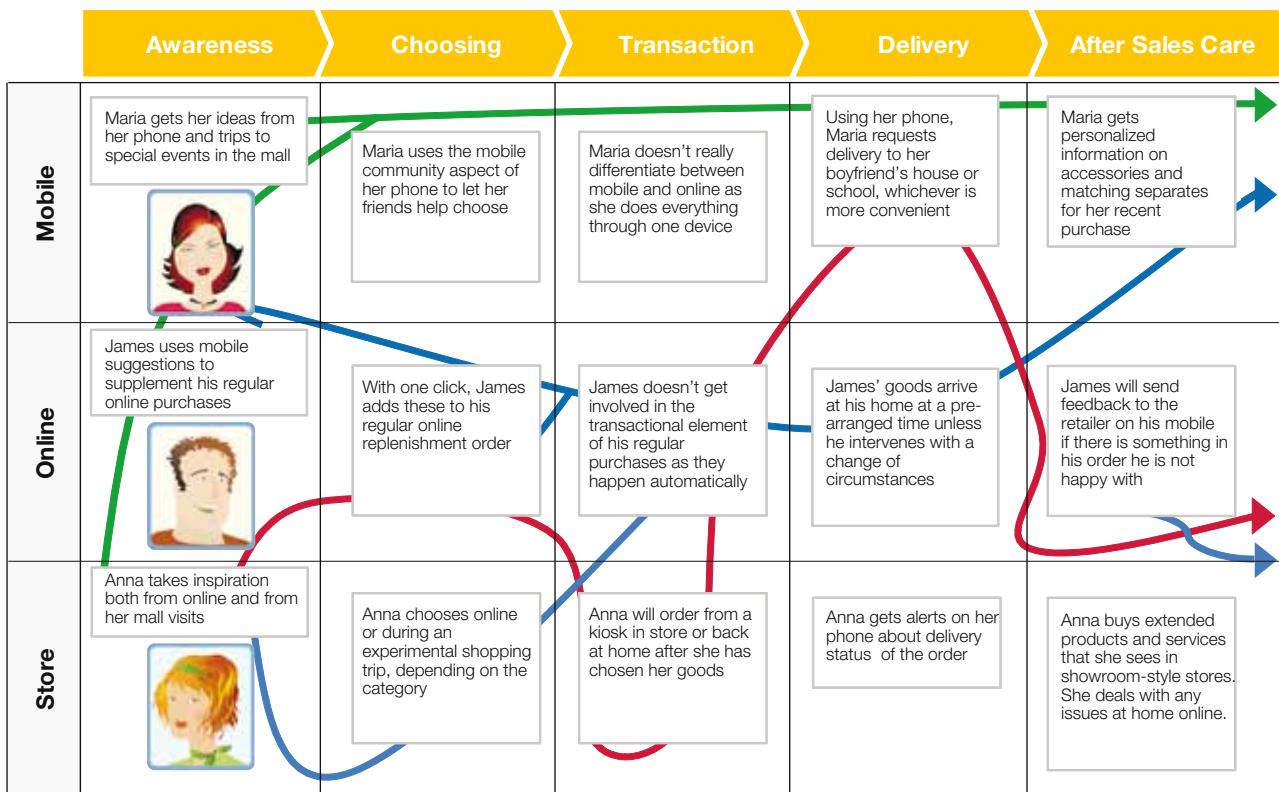
The social network trails left behind offer retailers the potential to combine the consumer knowledge of the best small, local business with the economies of scale and round-the-clock availability of integrated multi-channel retailers. The benefits of social media for retailers will

spring from a closer understanding of consumers and a profound knowledge of what shapes their purchase preferences. Consumers want to feel local; smart phones give them the power to do that anywhere and at any time.

## Retail and the Social Media Dilemma

A recent survey conducted by Mobile Commerce Daily magazine revealed that 56 percent of consumers with smart phones who purchased merchandise based on mobile messaging say that reading a marketing e-mail on their mobile device led to at least one purchase. The survey also revealed that purchases were influenced by text messages (41%), Facebook via smart phone (35%), Twitter via smart phone(20%), and location-based services like Foursquare (15%). Mobile technology and the access to social networks are influencing the consumer

**Figure 1: Consumer Shopping Journey**



Re-purposing good content or reviews generated by the company or independent third parties, as well as initiating proactive and positive communication through social media, can boost both consumer satisfaction and employee productivity.



Your consumer service is outstanding! I would have purchased the wrong product and possibly ruined my deck! Thank you!



Business likes this comment

shopping journey and offering savvy retailers a growing source of information about consumers and product demand.

Consumers already have real-time, mobile access to a retailer's prices, product features, and service offerings. They can read and compare independent reviews and consumer opinions or complaints. Because social media allows consumers to connect with each other and with various communities of interest, they can rapidly share information and alert friends, (and, therefore, their friends' friends) to news and opinions, both good and bad.

- Did a shopper find a special deal?
- Did the consumer get ripped off?
- Is someone really angry with a retailer?
- Was a product defective or misrepresented?
- Did a store associate go above-and-beyond a consumer's expectations?

The conversation about a retailer's offerings, brand, and image is now public. Part of any retailer's strategy should be a plan for engaging in that conversation in ways beneficial to the consumer, the retailer, and the public at large. Central to that communication strategy should be the establishment of channels for listening and responding to consumers. Retailers who leverage their brands to enable and support a public dialogue are more likely to gain respect from their consumers, as well as more positive exposure for their products and services.

### How Retail Can Use Social Media

The implications of the openness of social media are fundamental: A retailer's behavior needs to be above reproach; its prices need to reflect value; and its products and services need to be as good as claimed. The focus needs to be on:

- Giving consumers opportunities to converse with the retailer about the pros and cons of various offerings.

- Better communication with consumers and improved monitoring of their experience to understand their needs and how best to respond to them.
- Analyzing consumer demand patterns to identify preferences and demand signals.

The demand patterns and market/product knowledge harvested from crowd-sourcing techniques are valuable inputs into new product selection, localized assortments, and pricing processes, as well as the design of integrated retail experiences. At the same time, by measuring consumer responses via social media, retailers can judge various promotional and marketing campaigns. They can also detect and defuse any negative brand incidents in a timely manner.

Social media will only grow more powerful in the next five years. Retailers will need to change, but doing so requires making potentially risky and costly choices.

### Retailer's Dilemma

Within many retail enterprises there's no one person or group with a complete view of the consumer, marketing, merchandising, planning, allocation, e-commerce and store operations. The groups often do not interact closely with each other. Instead they operate within software-defined silos, failing to share information about consumer purchasing patterns and the resulting insights and demand signals.

These retailers miss the opportunity to tap collectively into social media conversations, listen for opportunities to develop trusted relationships, and earn the opportunity to engage in a two-way dialog. These consumer-initiated dialogs are happening with or without the participation of retailers. Retailers who leverage their brands as a vehicle for two-way conversations can benefit from the

associated demand signals within their product development, product selection, allocation, supply chain and consumer service processes. Ultimately, the most important attribute of social media for retailers is engaging consumers in a meaningful exchange and building goodwill for their brand.

Retailers are traditionally technology laggards and risk missing out on new sales opportunities facilitated by the advances in mobile technology and social media. Meanwhile, social media giants, such as Facebook, are developing services to facilitate the sale of products, which — if they catch on — have the potential to change how consumers experience the web and to alter the consumer/retailer relationship.

Today, however, large retailers are only beginning to use social networking as a powerful channel for reaching out to existing and new consumers. The reach of social networks and consumers' increasing reliance on them as an alternative communications platform to traditional email and SMS spell rapid change. Facebook closed 2010 with over half a billion users. Yet retailers face sizeable challenges when it comes to developing and introducing social media initiatives.

Social media represents a sea of change in how information is shared externally and internally. Individual consumers can painlessly choose to join and use whatever network suits their needs. However, if retailers want to make effective use of the information and communication benefits of social media, they need to redesign IT systems to allow their employees to access and connect disparate information across horizontally connected sources. Gone are the vertical IT applications dedicated to a specific function running in relative isolation. However, it's extremely difficult to make the economic case for building new vertical IT applications, systems, databases, and networks.

Instead, retailers should consider the lower cost alternative of horizontal integration.

That way, they can combine the power of unstructured data with the intelligence of structured analytics and cloud computing as a delivery mechanism.

Given the options, procrastination may seem the wisest tactic. However, leading retailers and their partners are experimenting with and deploying innovative IT tools to communicate with and serve their consumers in new ways, separating themselves from the pack, and driving sales and profit growth as a result. Examples include:

- REI has shifted its social media strategy from a centralized to a decentralized approach. To exploit the nuances of local markets, store employees have been Twitter-enabled and are responding to local consumer complaints, offering product information, and providing local travel advice. As they're perceived as the go-to experts in the community, the employees are creating goodwill for the brand.
- American Express has launched a social media promotion program with H&M, Sports Authority, Whole Foods and others. Card members link their cards to American Express' homepage and via the 'Like' function are able to load promotions directly onto their cards. When making purchases at participating retailers, consumers receive a dollar off credit directly on their monthly statements.
- Best Buy's CEO, Brian Dunn is an active Twitter user. He has led Best Buy's Twelpforce efforts, a program in which employees offer advice on products, becoming trusted advisors for consumers and potential consumers alike.





■ Pepsi launched a social media campaign through Facebook, Twitter and YouTube to shift its brand focus from soda to social and community causes. Grant seekers use their social media sites as a forum to promote their causes and encourage participation in Pepsi's Refresh Project. The voting process is used to decide on funding. In the first six months, more than 39 million votes were cast through Pepsi's Facebook site and Pepsi and its partners have distributed over \$20 million.

### The Path Forward

The sea of change is driving nearly every retailer to use mobility to engage with consumers, suppliers, and influential on-line communities. However, most existing IT systems are ill-adapted to harness the power of "machine to machine" computing including smart phones. Such an evolution creates an investment dilemma.

Enterprises can completely overhaul IT systems to accommodate social and mobile applications. Or they can leverage alternative deployment strategies that minimize investment and risk, while facilitating and enabling the experimentation process which includes melding traditional consumer interfaces with new ones such as Facebook, Twitter and developing the capabilities of next-generation "search" referred to as, semantic web.

### Deployment Alternatives

Replacing legacy IT systems with a modern infrastructure is a complex undertaking that implicates the entire business. Even if the up-front capital investment in new infrastructure is available, such a project draws heavily on valuable resources. Success depends on a strong political will and dedicated leaders to pilot the strategy. It also requires considerable technical specialization, which is neither cheap or easy to find.

One alternative is outsourcing. But there is no guarantee of a match between the company's interests and those of a third party. Forming a partnership with the wrong vendor, puts the company at risk of being held hostage by a monolithic IT application. When it comes to deploying new software applications with the promise of Net Present Value (NPV), many retail enterprises can point to large sums of money already invested in consumer management systems, loyalty programs, and retail ERP systems that failed to meet expectations.

### Semantic Technology

The significance of semantic technology is that it turns traditional thinking about data on its head. A data model is a description of the data attributes of an object such as a "product" or "consumer." In traditional systems, this data is atomized and stored in multiple applications. This means that when users want to adjust the data model, they have to make manual changes to the application. Often the data model reflects where data resides in the system, which can be at odds with how business thinks data should be collected.

In contrast, semantic technology ignores the physical location of a piece of data and relies on users to define a tag. Semantic technology uses the tag to identify where and how applications should store the data in question, as well as how the newly entered data relates to information stored elsewhere. As a result a user can easily call up a real-time unified report of all information relating to a given product.

With semantic technology a retailer can unify its views of the consumer and make the "big picture" readily available to all channels. Users can also unify the definition of various pieces of master data so that all such definitions reside in a single "virtual" instance. That means they can quickly implement a form of MDM without any need for integration work.

Did you know the use of social media among people of all ages has become the fastest growing and most popular activity on the Internet?



Consumer likes this comment

My new camping gear isn't working, and I can't get online to ask a support question! Oh, hey, I'll tweet from my phone! LOL



Consumers like this comment

## Capgemini's Social Media Solution Portfolio

Capgemini has designed solutions to help retailers address the benefits of social media without the pain, cost, and stress of building a new IT infrastructure. Our approach is based on a deep understanding of social media, multi-channel consumer management, and the latest and still-evolving technologies, including cloud computing and semantic data modeling. Finally, we draw on our profound knowledge of the strategic and operational challenges faced by retailers working in a fiercely competitive industry. Capgemini's social media solution is compressed in two offerings.

### ■ Consumer Service and Support

**Management:** Retailers can use social media to provide the rapid, personal response that consumers increasingly expect. This offering allows a retailer to capture comments from consumers, no matter what the source, including Facebook or Twitter. The system identifies the consumer and the nature of the comment or request using semantic technology. The comment's content is evaluated and sent to the appropriate employee,

who responds to the consumer via the same media. Once the problem is resolved, the consumer's record is automatically updated.

■ **Demand Pattern Detection:** This offering helps a retailer listen to the voice of the consumer. The system searches social media for comments, analyzes unstructured data, and reports on its discoveries concerning purchase patterns, issues, and trends. Of primary importance is a mechanism to identify emerging demand for new or existing products. Conversations are categorized by product type, attributes, and key sites. In response, the company can respond and actively identify demand signals and incorporate them within the forecasting, replenishment, planning, and execution systems.

Lastly, Capgemini leverages OAuth, SAML and OpenID to support the privacy rights of followers and the current privacy settings on Twitter and Facebook, while adding additional levels of privacy and security.

## In Summary

Retailers cannot afford to delay putting in place a cloud-based social media solution. Along their shopping journeys, consumers already demand fast, personal, consistent service across multiple channels. Social media means that any frustrations — because of inaccurate data or unresolved complaints — can reach thousands of people in minutes. This makes it essential to track social media channels and deploy them as a means to manage the brand.

Capgemini's solutions enable a retailer to take full advantage of social media. They enable intimacy with the consumer, while automating transactions and interactions, thereby hitting that sweet spot of delivering better service at a lower cost. The rich and timely connections made possible by social media can increase brand awareness, create a buzz around new products and services, improve consumer satisfaction, and build consumer loyalty.

Figure 2: Social Media Solution Business Scenarios





## About Capgemini

With 115,000 people in 40 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2010 global revenues of EUR 8.7 billion (approximately USD \$11.5 billion).

Together with its clients, Capgemini creates and delivers business and technology solutions that fit their needs and drive the results they want.

A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business Experience™, and draws on Rightshore®, its worldwide delivery model.

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[www.us.capgemini.com](http://www.us.capgemini.com)

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