

SOCIAL

COMMERCE IMPERATIVES

2013

SURVEY REPORT

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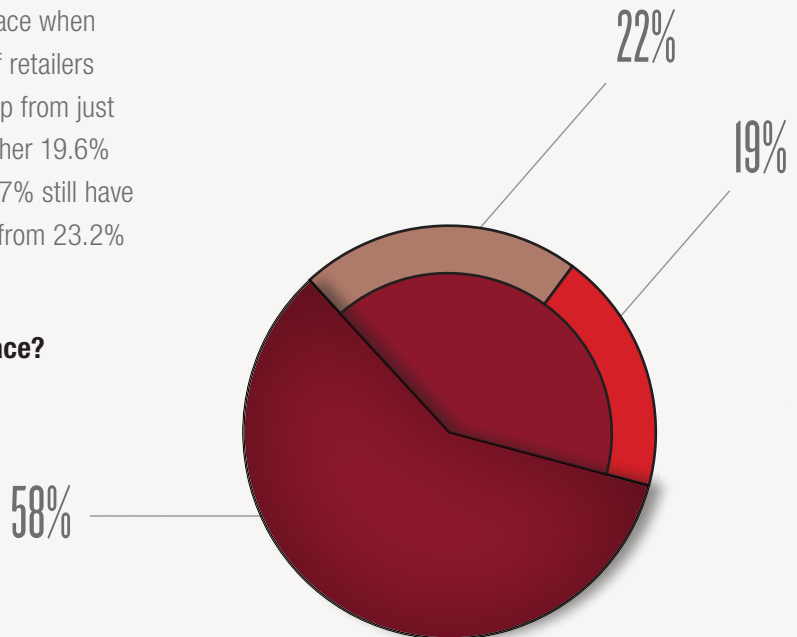
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EXECUTIVE SUMMARY

In the past year, retailers have really picked up the pace when it comes to social media strategies. Almost 60.0% of retailers now report having a social media strategy in place, up from just less than half (48.5%) surveyed in 2012. While another 19.6% say they plan to add a social commerce strategy, 21.7% still have no plans to invest in social commerce (down slightly from 23.2% last year).

Do you have a Social Commerce strategy in place?

- Yes
- No
- No, but plan to add

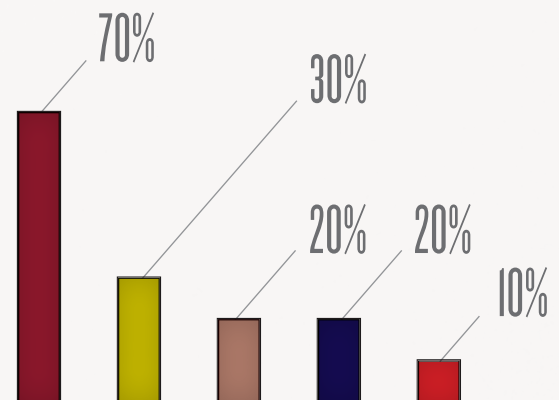


The primary reason for waiting to invest in social commerce is that “other priorities take precedence,” noted 70.0% of retailers stating that they do not have a strategy in place and do not “plan to add.” Of the respondents stating they do “plan to add,” 77.8% said that the strategy will be in place within one year.

This report, titled: *Social Commerce Imperatives*, is a follow-up to last year’s *The Push Toward Social Commerce* study, and is designed to set the stage for retailers who are seeking to kick off a new social commerce strategy or improve upon a strategy already in place. Some key topics addressed in the survey include:

- Percentage of sales attributed to social commerce today and by 2015;
- The value of the Facebook storefront;
- An analysis of third-party social channels;
- Vehicles used to market social commerce to customers; and
- Most significant social commerce challenges.

If “No,” what is preventing your organization from investing in Social Commerce (check all that apply)?



- Other priorities take precedence
- Still working to develop a presence on social networking sites
- Budget constraints
- Lack of internal expertise to develop a social commerce strategy
- Still working to perfect our mobile commerce strategy

EMBRACING THE OMNICHANNEL APPROACH

Like any new technology or program, social commerce faces challenges such as budget constraints (47.5%) and C-level buy-in (20.0%). Merchants, from the top down, must realize the overall value of the social channel before committing to a company-wide strategy.

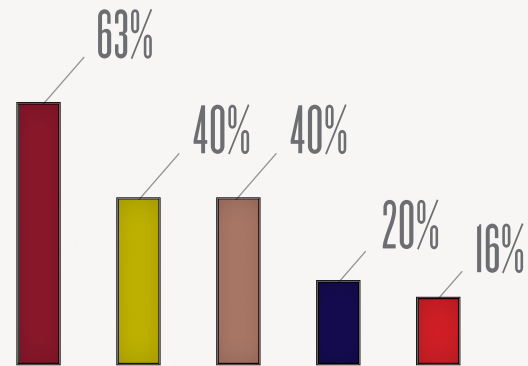
Additionally, social commerce must be part of an organizational omnichannel strategy that delivers a consistent message to consumers across the Internet, mobile devices and in-store. As many of 15.0% of survey respondents cited “creating a consistent cross-channel brand experience” as the number-one challenge to committing to a social commerce plan.

“Retailers shouldn’t just think about their customers going to web, to mobile, to social, to store,” said Larry Freed, President and CEO of ForeSee Results, in an [interview with Retail TouchPoints](#). “In order to succeed, they should think about how their consumers are using different technological devices at specific times, and for what reasons.”

Merchants are investing in a number of different technologies to facilitate the integration across channels. They are offering special promotions to multichannel shoppers (29.6%) and providing QR codes in-store to direct mobile shoppers to the social commerce site (22.2%).

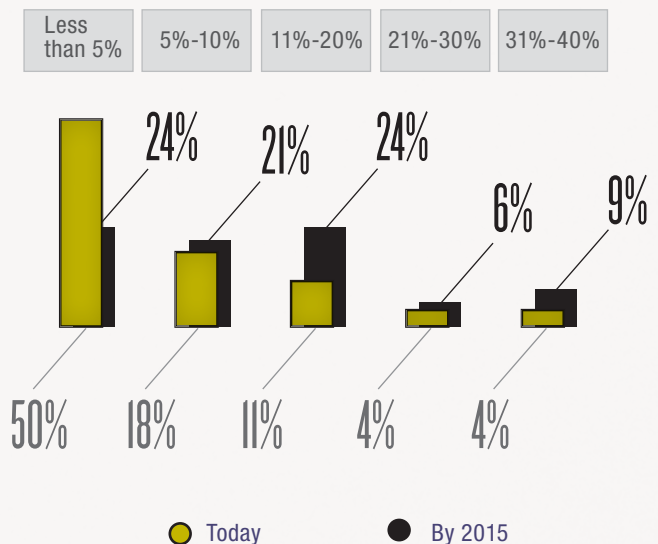
One of the reasons C-level executives might be hesitant to commit to a full-fledged social commerce strategy is that the channel doesn’t directly deliver a high percentage of sales. In fact, none of the retailers surveyed believe that the percentage of sales attributed to social commerce will rise above 50% by 2015. When the bottom line is at stake, especially in a public company, the largest profit centers rise to the top.

What are the most significant challenges when planning to engage in Social Commerce?



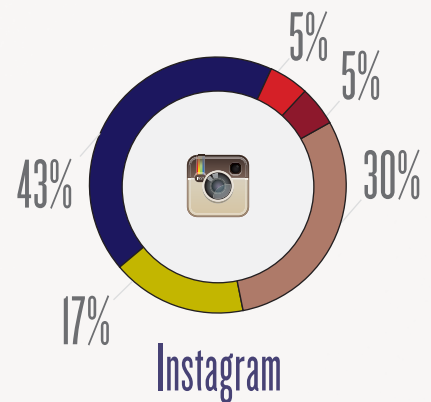
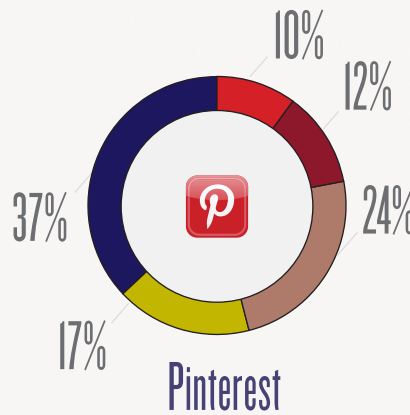
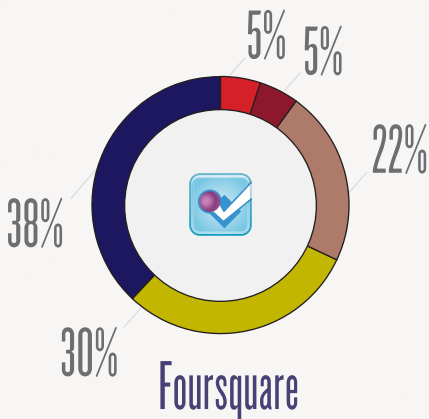
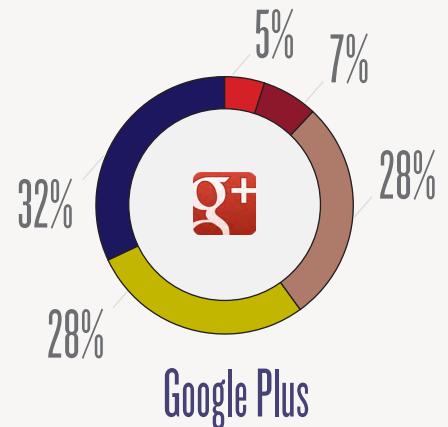
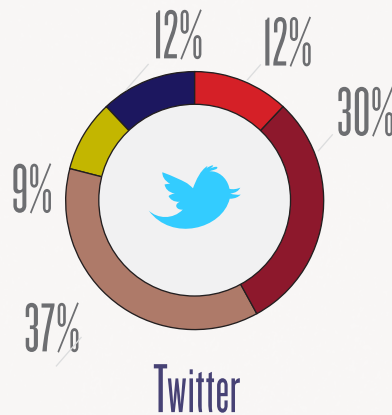
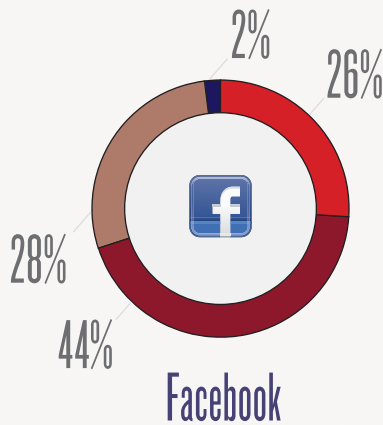
- Budget constraints
- C-level buy-in
- Creating a consistent cross-channel brand experience
- Technology constraints
- Coordinating product distribution across all channels

What percentage of sales do you attribute to Social Commerce today and by 2015?



THE MOVEMENT OF FACEBOOK COMMERCE

How would you rank the effectiveness of the following social media platforms?



- Very Effective
- Somewhat Effective
- Moderately Effective
- Not Effective
- Not A Favor yet, But Has Potential

Although other platforms are making inroads, Facebook certainly has had the greatest impact on the growing number of socially aware consumers. Almost all (97.7%) retailers consider Facebook an effective social media platform (either very effective, somewhat effective or moderately effective), up from 91.0% in 2012.

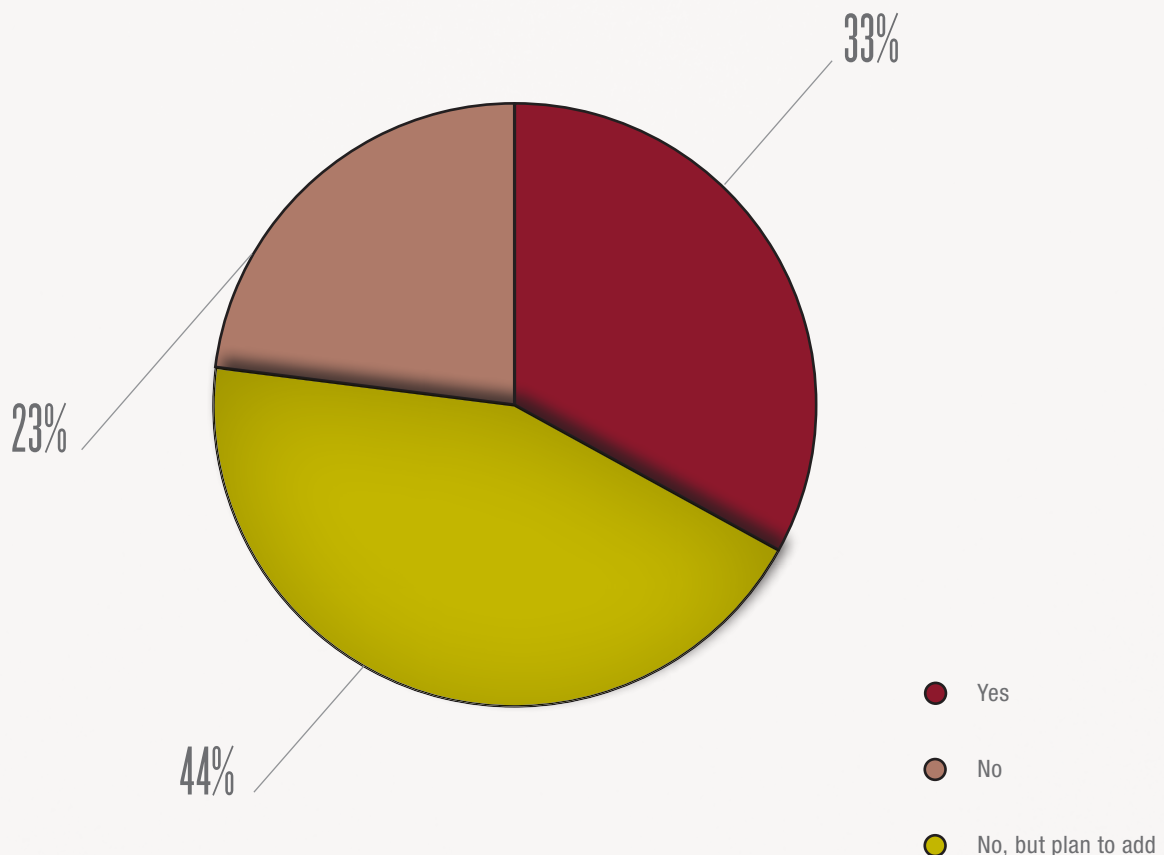
While industry experts have questioned the long-term effectiveness of Facebook related to commerce, the platform has instituted upgrades and changes that are delivering value for retailers. In one study, Ecwid reported that total average revenues for all Facebook stores during Q2 2012 increased 38.0% from Q1 2012. Within the same timeframe, the average number of stores on Facebook increased by 26.0%.

THE MOVEMENT OF FACEBOOK COMMERCE

Ecwid CEO Jim O'Hara attributes much of the growth to small and medium-sized businesses (SMBs). "We believe SMBs are leading the charge, largely because social conversations with smaller merchants tend to strike a far more personal tone, ideal for social channels, versus the 'salesy' communication strategies often used by larger retailers," he said in an [interview with Retail TouchPoints](#). "As a result, we see SMBs defining the rules of F-commerce."

Chaparrel Motorsports, for one, [doubled the number of orders generated by Facebook searches](#), following the implementation of a solution designed to provide a more engaging customer experience, reported Crystal Ashby, the company's VP of Marketing. The motorcycle gear, apparel, parts and accessories e-Tailer "discovered that nearly 40.0% of Facebook users who become fans do so to receive discounts and promotions, while 33.0% become fans to get updates about future products," Ashby said. "Consumers looking for all three elements eventually intend to purchase."

Do you have a Facebook storefront?



Twitter also is gaining ground, with 79.0% considering it effective in 2013, up from 74.0% in 2012; and Pinterest is holding its own, with 46.4% considering it effective in 2013, approximately the same percentage as 2012.

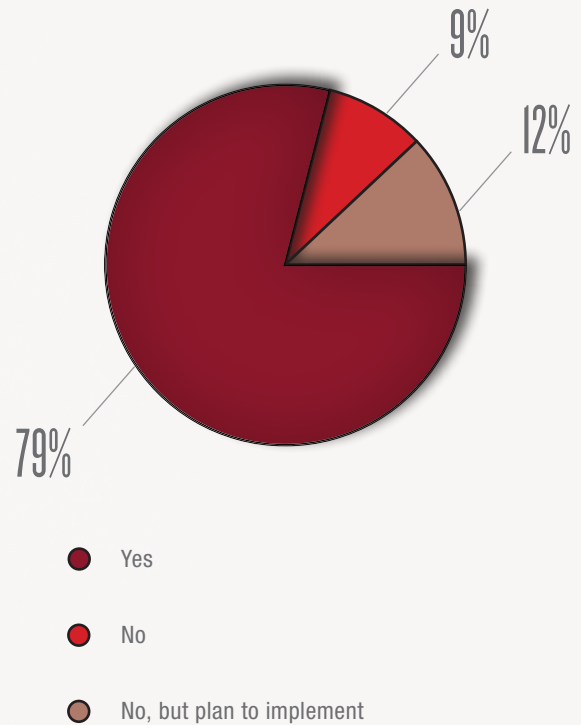
COLLECTING FANS AND LIKES

One of the key element of establishing a successful social commerce strategy is improving customer loyalty. In social media, this often translates to “fans” and “likes.” Almost 80.0% of retailers surveyed currently track the number of social media fans, and another 11.6% plan to implement fan tracking.

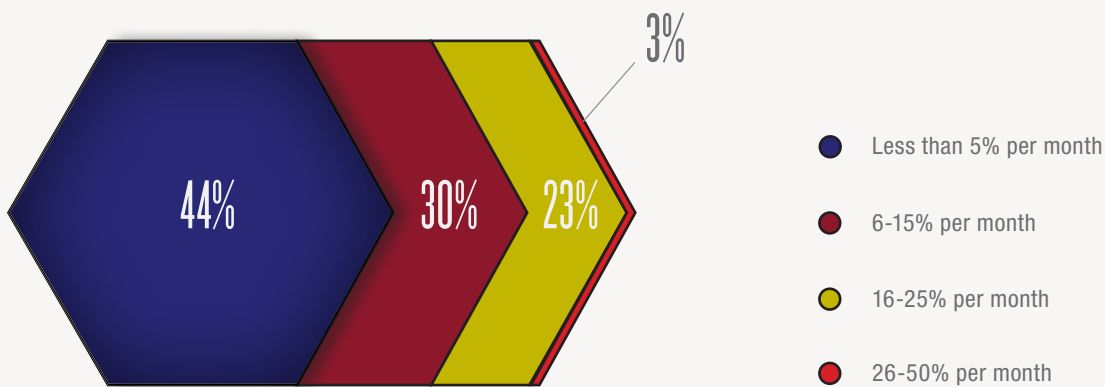
Taking steps to increase the number of social media fans is paying off for retailers. Fan bases are on the rise for more than 97.0% of retailers that currently are tracking their fans, with 43.6% stating that the number of fans is increasing by less than 5% per month, followed by 30.8% reported a 6.0% to 15.0% increase per month.

Facebook fans, compared to non-fans, are much more likely to purchase, consider and recommend the brands with which they engage on Facebook, as reported by [Gina Sverdlov, a Forrester analyst](#), in a Retail TouchPoints article. For example, “Facebook fans of Best Buy are about twice as likely to purchase from and recommend Best Buy as non-fans.”

Do you track the number of social media fans?



How quick is your social media fan base growing?



USING FEEDBACK TO BOOST SALES

Once you have your fans, you must know what to do with them. The first step is listening to them. A large percentage (80.0%) of retailers are doing a good job of listening to feedback and comments from customers via social media, and other 10.0% plan to start tracking social feedback.

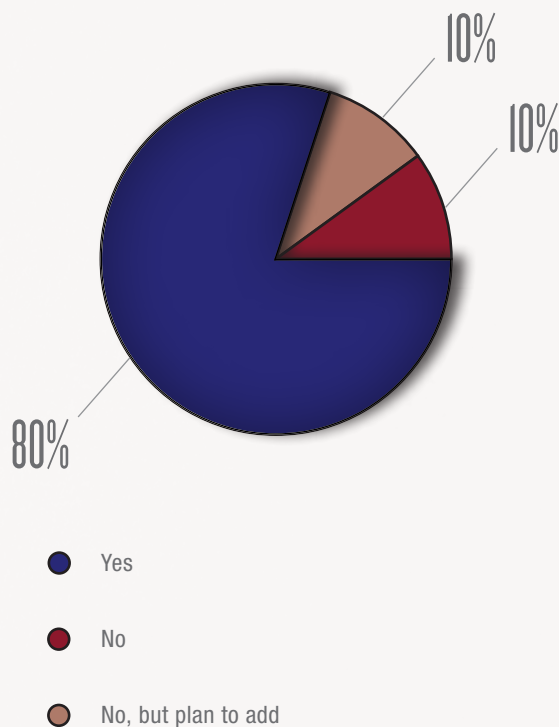
By listening intelligently to the collective social media conversation, “retailers can identify unexpected consumer trends, such as new products that are gaining traction; renewed demand in existing products, sparked by recent events; and even geographical interest developments,” said [Tracy Chu, Head of Social Media Analytics at Walmart](#).

The next step is understanding the information coming in from customers. That’s where analytics contributes value. But, although 80.0% of retailers are listening, only 45.0% are using analytics to monitor those messages, up just 1.0% from 2012.

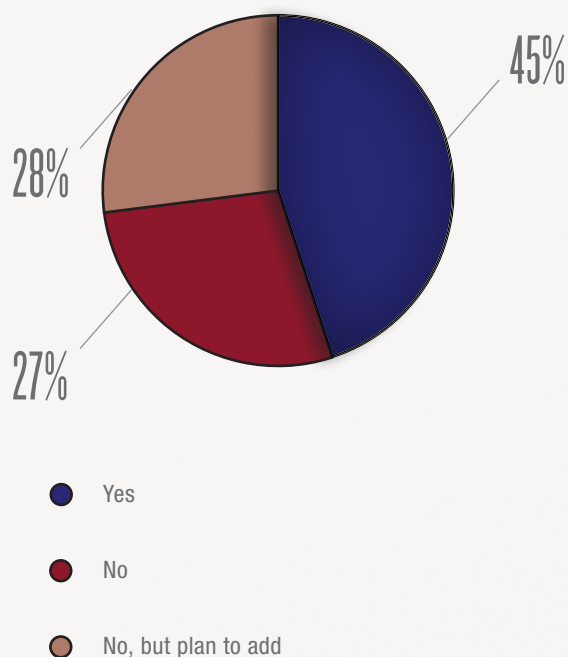
“Clearly analytics allow retailers to get a better understanding of customers and their expectations,” noted [Deena Amato-McCoy](#), Research Analyst with Aberdeen. “Insight into how customers interact with their brand and respond to campaign efforts primes retailers to deliver targeted messages and create stronger relationships among shoppers as well as brand advocates.”

When choosing an analytics partner, the majority of retailers have turned to Google in 2013 (42.9%), while some companies are investing in SAP (14.3%), Salesforce/Radian6 (14.3%), SAS (10.7%) and Cisco (10.7%).

Do you monitor social media feedback and comments from customers?

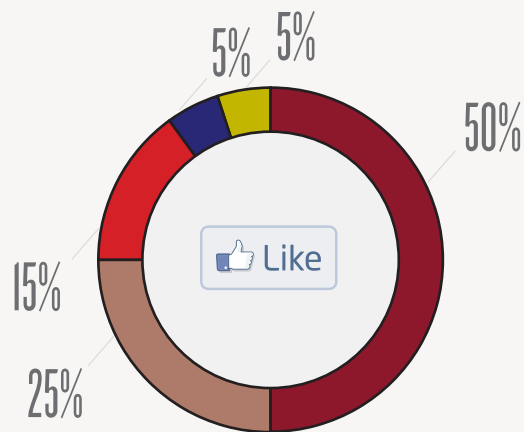


Do you use social media analytics?

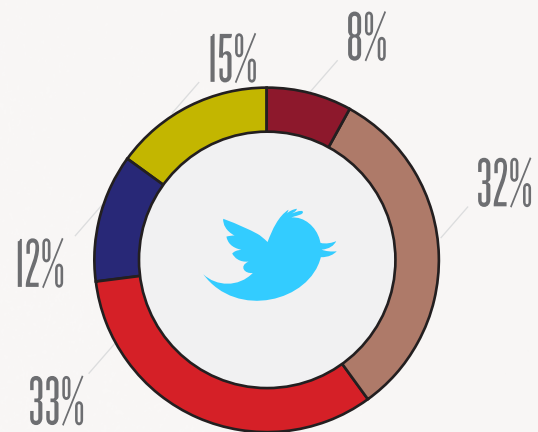


USING FEEDBACK TO BOOST SALES

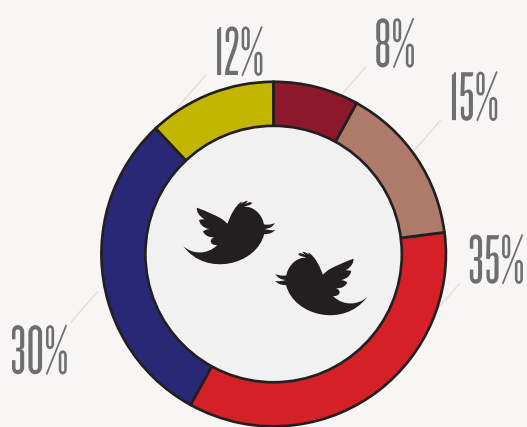
What “social engagement metric” do you find most valuable? (Please rank from 1 to 4, 1 being the most significant)



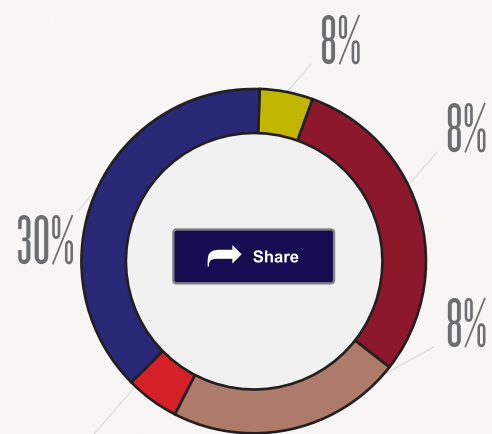
Number of Facebook “Likes”



Number of Twitter followers



Number of “Re-Tweets”



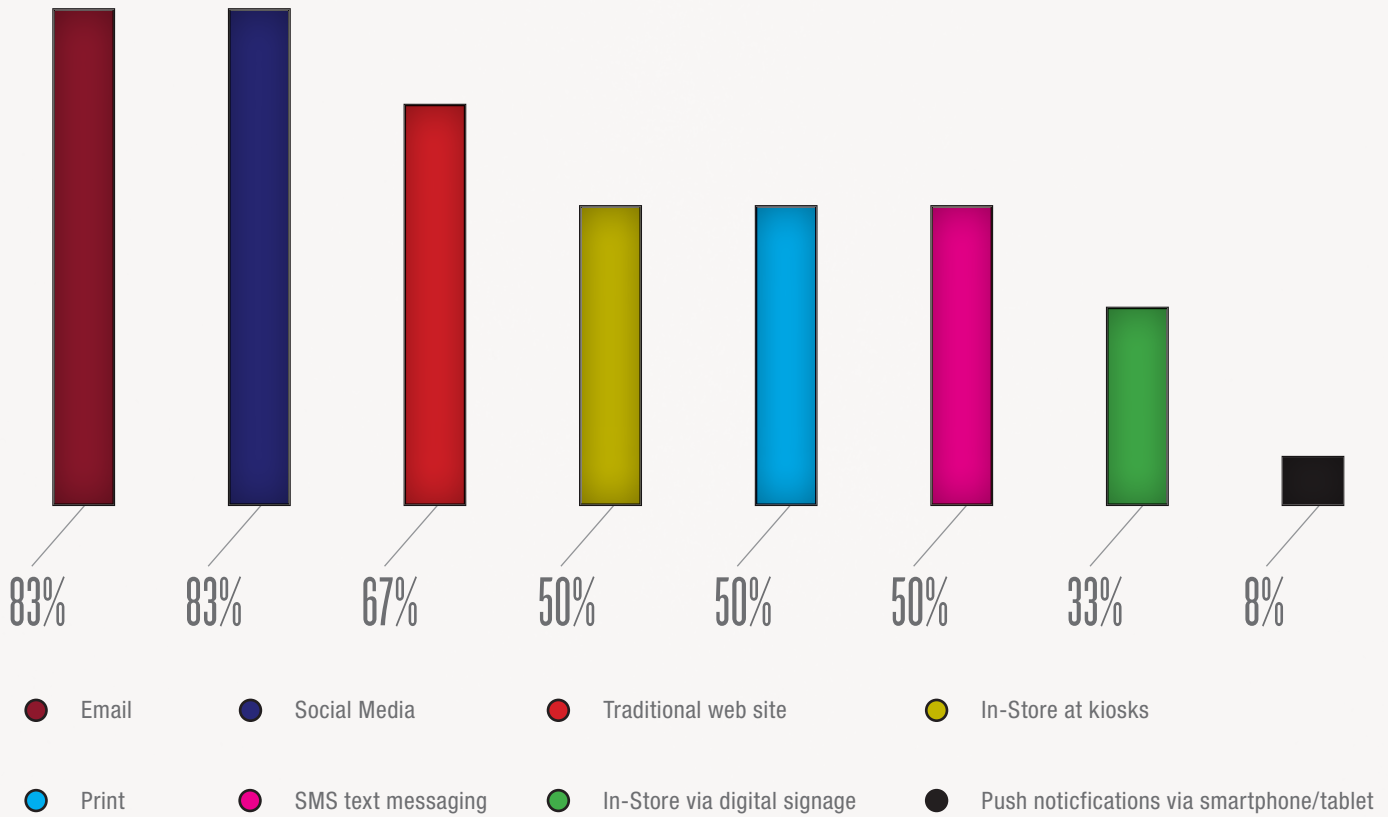
Amount of content shared via Facebook

● 1 ● 2 ● 3 ● 4 ● N/A

Retailers differ on the social engagement metrics they find most valuable, although Facebook “likes” is the clear winner, with 50.0% of retailers giving it top priority. Many also consider the amount of content shared via Facebook valuable (30.0%).

MARKETING SOCIALLY ACROSS CHANNELS

What vehicle do you use to market your Social Commerce service to customers (check all that apply)?

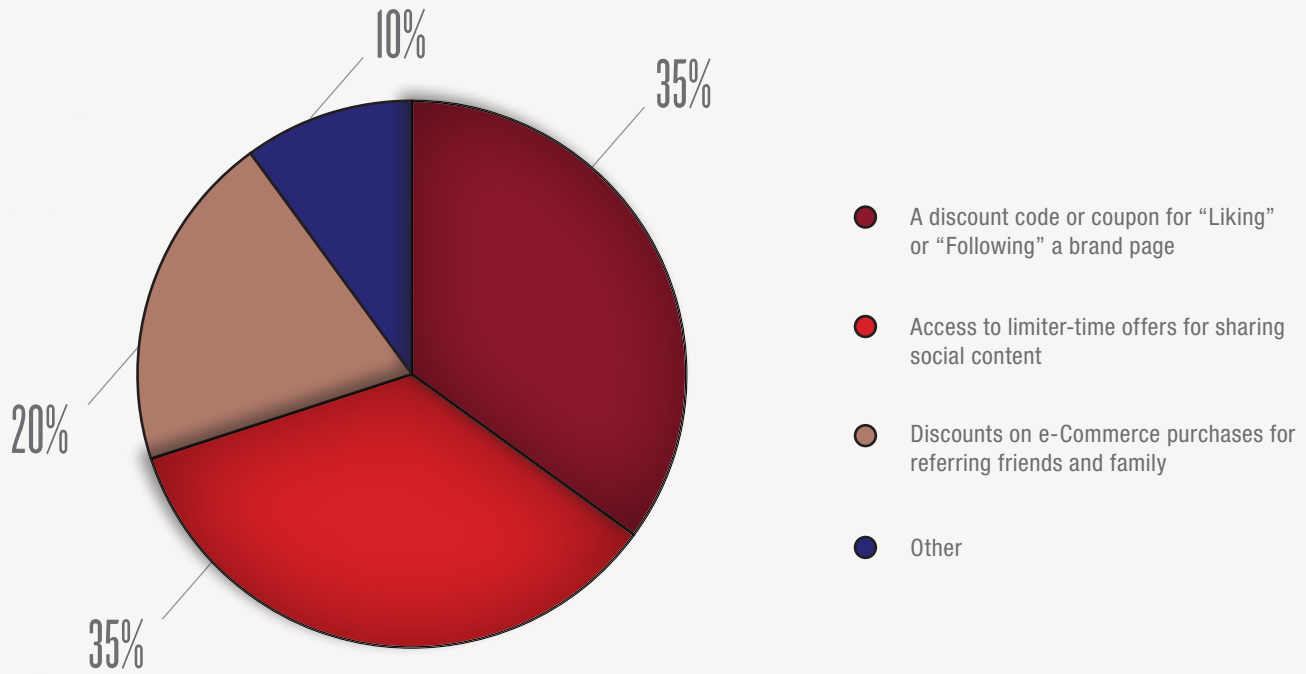


Once committed to omnichannel, companies must use that strategy across all business processes. To improve the ROI of the social channel, retailers should embrace marketing social services across all channels.

Most retailers already are using a number of different channels to market their social commerce services, including email (83.3%), social media (83.3%) and the traditional web site (66.7%).

MARKETING SOCIALLY ACROSS CHANNELS

What do you believe to be the most effective for social media interaction?



Converging all types of marketing vehicles will be key to social, and omnichannel, success. Recently, Rebecca Lieb, Analyst at the [Altimeter Group](#), hosted a panel featuring executives from companies including [Facebook](#), [Seamless](#), and [Williams-Sonoma, Inc.](#) Lieb explained that different forms of media content are merging together to help organizations create one central brand message fueled by the [voice of the customer](#).

Lieb added that organizations must be able to deliver content across channels in three types of media formats:

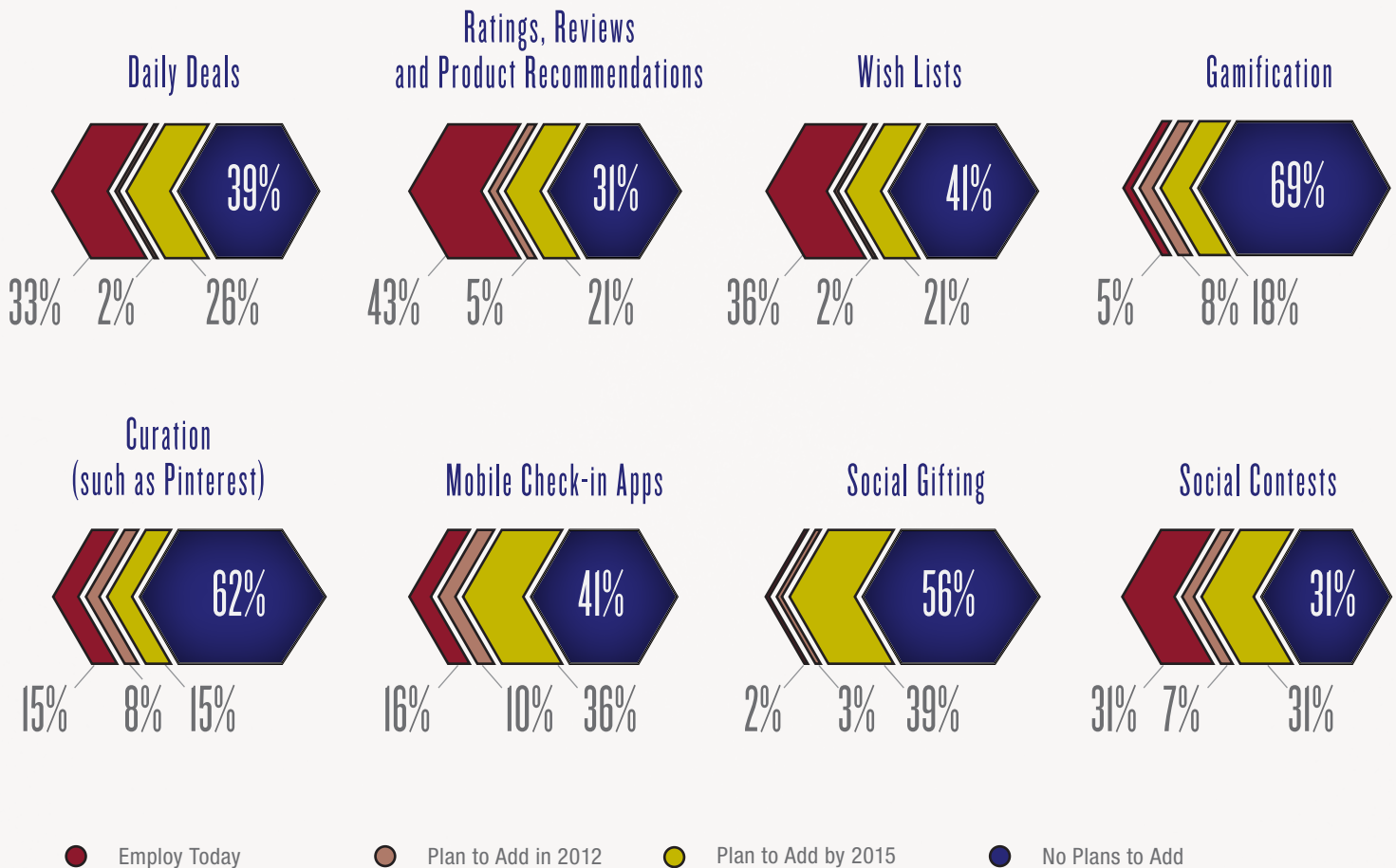
- **Owned media:** Marketing content developed by an organization;
- **Earned media:** Comments from users on social networks such as Facebook, as well as other behaviors, including "likes" and shares; and
- **Paid media:** Traditional ads necessitating a media buy.

Once invested in the different vehicles, retailers can determine which types of incentives will draw in more shoppers through social channels. Survey respondents have found two primary incentives equally successful:

- A discount code or coupon for "liking" or following" a brand page (35.0%); and
- Access to limited-time offers for sharing social content (35.0%).

THE MOST SUCCESSFUL SOCIAL STRATEGIES

Which of the following social commerce strategies do you employ today or plan to implement?



Word-of-mouth is proving to be the most significant way shoppers are spreading the word about a brand. To that end, retailers are implementing programs that promote ratings, reviews and product recommendations (43.6%) over other strategies.

Recent consumer research from Forrester confirms the importance of this sharing vehicle. As many as 70.0% of U.S. consumers say they trust brand and product recommendations from friends and family versus 15.0% indicating that they trust posts shared by brands and companies.

Curation, including sites such as Pinterest, also is proving to be a successful social commerce strategy, with 15.4% of retailers employing it today, up from 12.0% in 2012. "We want our products and brand to be a part of that conversation," said David Fudge, Director of Consumer Engagement and Innovation, Bonobos, *in an interview with Retail TouchPoints*, "and image sharing perfectly aligns with our business model."

THE MOST SUCCESSFUL SOCIAL STRATEGIES

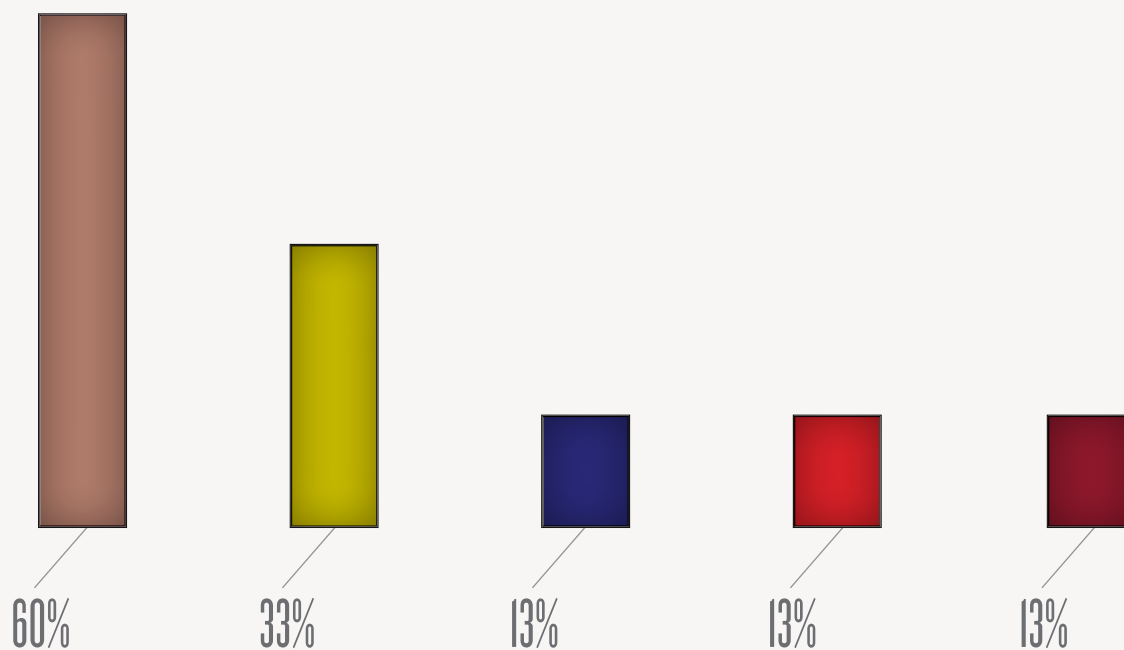
“Our social outlets are the second-largest traffic drivers to our web site, so clearly we know there is significant success being generated by the social communities we are building, and our consumer-to-brand relationships are being strengthened by this traffic,” added Craig Elbert, VP of Analytics for Bonobos.

Other social commerce strategies also are on the rise:

- Daily deals reached 33.3% penetration in 2013, up from 15.0% in 2012;
- Wish lists increased to 35.9% from 10.0%; and
- Gamification rose to 5.1% from 2.0%.

Paid opportunities are making inroads as one of the newer social commerce strategies. Retail innovators are experimenting with Facebook ads (32.5%) and sponsored tweets (12.5%).

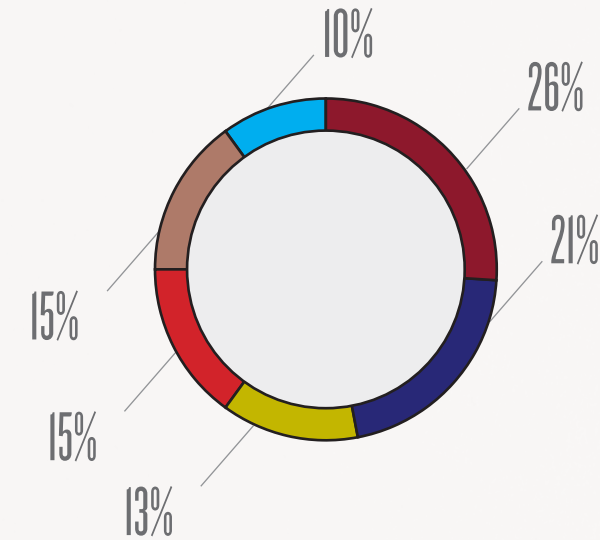
Are you using the following paid opportunities via social sites (select all that apply)?



- Facebook-Sponsored Stories
- Promoted Hash Tags
- Facebook Ads
- N/A, we are not using paid opportunities
- Sponsored Tweets

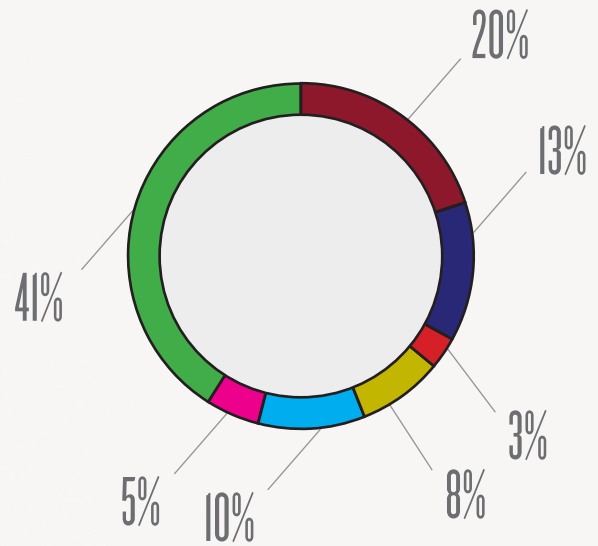
RESPONDENT DEMOGRAPHICS

Please describe your retail vertical:



- Specialty Hardgoods
- Specialty Softgoods
- Big Box
- Pharmacy/Convenience Store
- Grocery
- Electronics

Please describe your company's annual revenue:



- Less than \$1 million
- \$1 million - \$5 million
- \$5 million - \$10 million
- \$10 million - \$50 million
- \$50 million - \$100 million
- \$100 million - \$500 million
- More than \$500 million

For the Social Commerce Imperatives survey, Retail TouchPoints received responses from retailers across all revenue streams and in a variety of industry segments. Industry segments included specialty softgoods, specialty hardgoods, grocery, electronics, pharmacy/convenience and Big Box.

Respondent company revenues varied from more than \$500 million (41.0%) to less than \$1 million (20.5%). Smaller percentages made up the revenues between \$1 million and \$100 million.

ABOUT RETAIL TOUCHPOINTS



Retail TouchPoints is an online publishing network for retail executives, with content focused on optimizing the customer experience across all channels. The Retail TouchPoints network is comprised of a weekly newsletter, category-specific blogs, special reports, web seminars, exclusive benchmark research, and a content-rich web site featuring daily news updates and multi-media interviews at www.retailtouchpoints.com. The Retail TouchPoints team also interacts with social media communities via Facebook, Twitter and LinkedIn.

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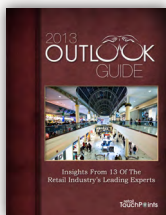
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Store Operations
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2013 Outlook Guide



Advances In Store
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