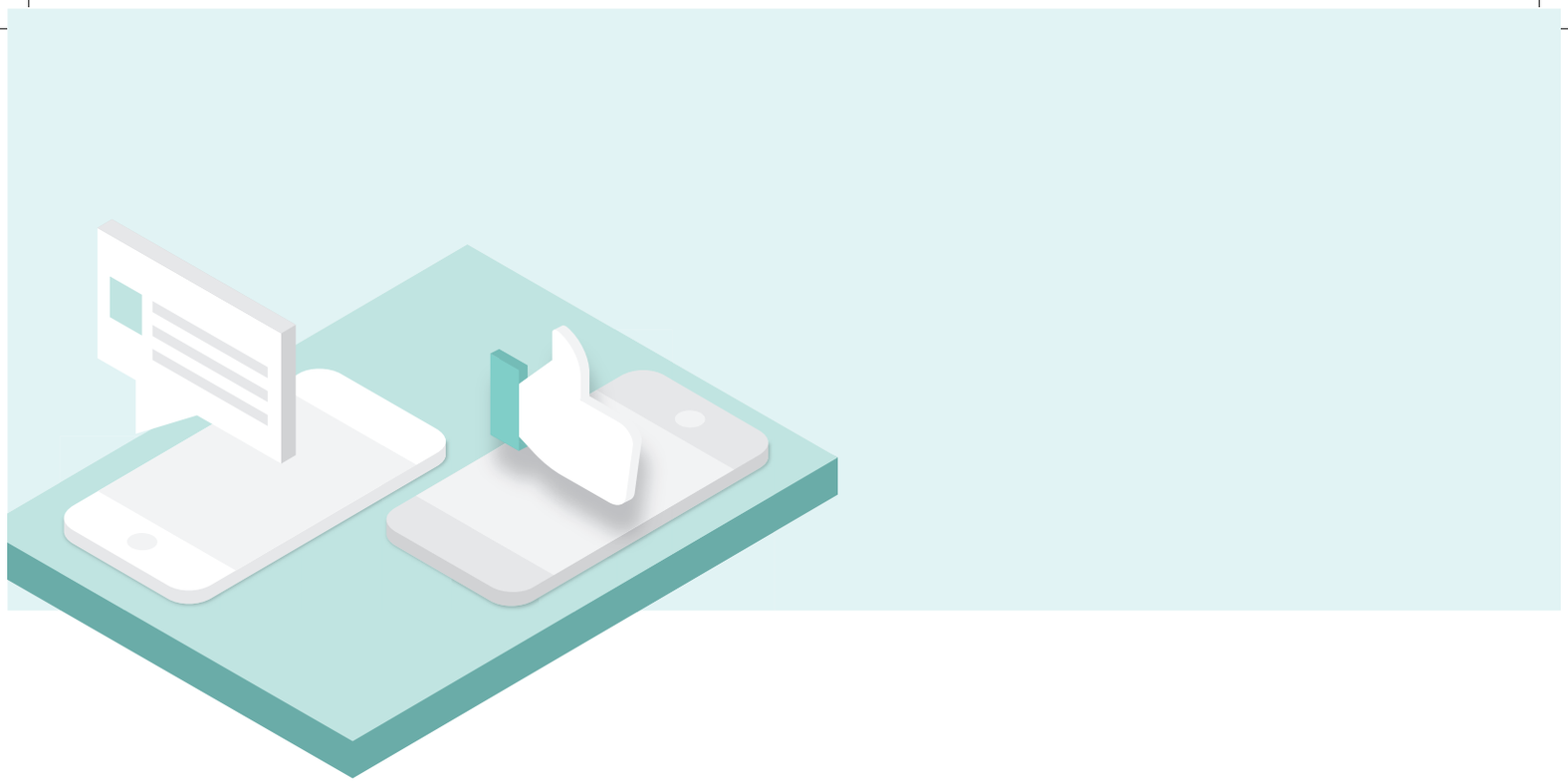
Retail, Social Media, and the Customer Experience

How retailers are using social media to manage and improve the customer experience



Hootsuite®



Executive Summary

Based on a global survey of over 300 executives at companies with more than 1,000 employees, our research looks at how companies are engaging with prospects and customers at different stages of the customer journey. This report discusses how enterprise organizations within the retail industry are using social media in their customer experience (CX) strategies and shows how leaders can use social media to build exceptional and differentiated customer experiences.

During a time when stores are closing, margins are tight, and the battle to retain shoppers is more difficult than ever, a successful social strategy is an opportunity for retailers to speak directly to consumers and drive widespread interest in their brands and products.

Retail organizations understand the importance of differentiating through customer experience. They also know that social has become the connecting thread in how consumers find, discover, and interact with brands. But all organizations need to expand social media initiatives beyond the marketing department and proactively engage with customers in lower funnel activities such as advocacy and evaluation.

Five key recommendations for retailers



1. Map the entire social customer journey

Retailers should start by mapping the different types of social engagements across the customer journey. On social media, for example, do they typically receive customer complaints or product questions? Do customers (or if they are particularly fortunate, celebrities) endorse their products and services?

Mapping engagements will identify where an organization's strengths in social are and where they can improve. According to our research, all organizations should focus on improving lower funnel touchpoints—specifically converting prospects to customers and building loyalty and retention.

2. Make a social core part of a wider data and CX strategy

The majority of retailers are treating data—and successful management of it—as the holy grail in terms of ensuring their businesses remain relevant to their customers today. Marks & Spencer CEO Steve Rowe and ASOS CEO Nick Beighton are just two examples of retail leaders looking to embed a data-led approach to their respective—and very different—retail operations.

Social data is a valuable source of customer intelligence that can help organizations in the sector improve the customer experience because it offers insights into sentiment, builds a more detailed profile of customers' likes and dislikes, and allows organizations to engage in a one-to-one conversation with shoppers.

Once you've secured a few wins, focus on integrating social data with other marketing platforms. Retailers have been talking about securing a single view of customers since the beginning of the digital age, and social data needs to collected as part of this unified customer dataset.

3. Use social for more than just brand awareness

In the early days of social media, retailers tended to say they used social media for "brand engagement", meaning they used it to raise awareness of their offering.

That element of social still exists today, notably through retailers of all types showcasing new products and trends across several platforms, but in an environment of one-click purchasing online, social selling fits neatly. From Facebook's Buy button to Instagram's Shoppable Posts, social media is now part of a retailer's commercial toolkitand can drive sales, providing a buying opportunity for people where they spend so much of their time.

Social channels can also be used to manage customer pain points quickly and improve customer satisfaction, while delivering cost savings relative to other support channels such as telephone. It is clear a more cross-functional approach is required as part of an overarching strategy that builds social into CX programs.

4. Connect social to organizational goals

Social metrics should be closely aligned to overarching business goals such as increasing revenues, reducing costs, and improving customer experience. Most organizations rely on social engagement metrics to prove the value of social, but these can be superficial and misleading and may not tie back to commercial objectives.

As an example, if the goal is to drive revenue, KPIs which help attribute social activity to sales are needed; if the goal is to manage customer complaints and inquiries on social, companies should be measuring the reduction in customer support calls or improvement in customer satisfaction.

With technology-led companies such as Amazon, Alibaba, and JD.com taking market share from traditional retailers every quarter, it's up to retailers to think more like media or tech companies. The best retailers will link their bricks and clicks operations intrinsically through such features as offering click-and-collect, implementing digital touchpoints in stores, and including references and social media engagement opportunities in shops and online.

5. Focus on training, culture, and collaboration

Almost three-quarters (73 percent) of respondents at companies where social has been embedded into corporate cultural values report that staff across the organization are empowered to use social to improve CX, compared to only 24 percent at companies where a social-friendly culture hasn't been nurtured. More than half (53 percent) of companies have internal training programs in place, but most organizations lack documented internal guidelines or other resources such as online learning and staff mentoring.

All employees who interact with customers can tap into the power of social to deliver better experiences, gather valuable data, and become brand ambassadors. Employees are much more likely to feel empowered if social is embedded into corporate cultural values.

Contents

Executive Summary	3
Five key recommendations for retailers	4
Retail and the push for better customer experience	7
Using social media throughout the customer journey	10
Who owns social media within the retail organization?	13
Finding insights and measuring the impact of social on CX	17
Retailers and social media: culture and training	20
Research Methodology	22

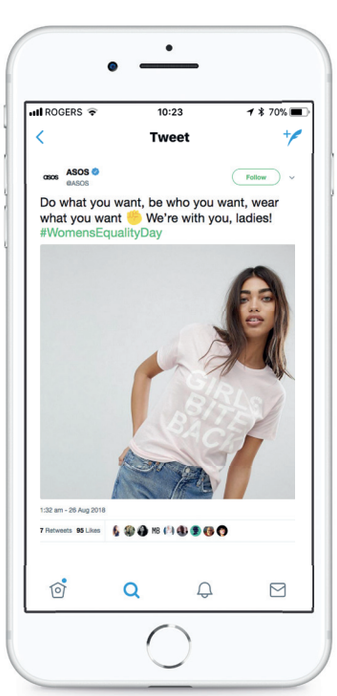
Retail and the push for better customer experience



CUSTOMER EXPERIENCE HAS EMERGED AS A KEY BATTLEGROUND for retailers seeking to compete in an age when consumers' expectations for response time and interaction quality are higher than ever.

Social media provides retailers with a range of opportunities to improve their interactions with customers and other stakeholders, not least because it happens to be where so many of their customers spend so much time. Digital retailers such as fashion players ASOS and Missguided, and beauty specialist Feelunique, view social media as a key component of their brand portfolio, and are gaining followers, building a loyal customer base, and using social media channels to truly drive commercial activity as a result.







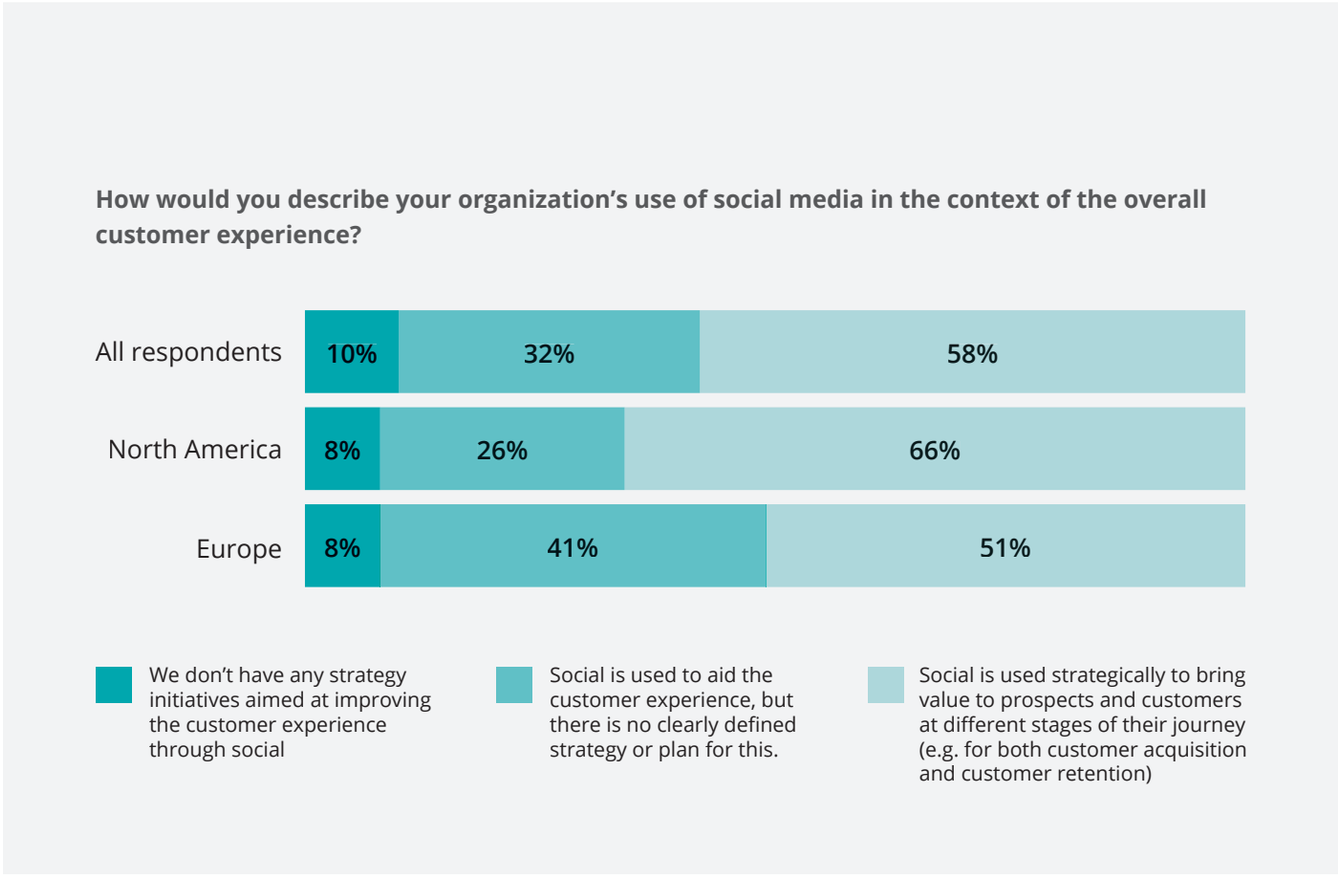


Figure 1: How would you describe your organization's use of social media in the context of the overall customer experience? (n=321)

The overwhelming majority of enterprise companies (98 percent) surveyed for this research see CX as important for their organizations, while 89 percent agree they "are trying to differentiate our organization through CX".

Research published by analyst group Forrester found that CX leaders grow revenue faster than CX laggards, with a 17 percent compound average revenue growth rate, compared to 3 percent, respectively.

It's clear social media is being underused by organizations as a means of driving better CX. While 82 percent of respondents agree "social media is a vital channel for delivering exceptional customer experiences," only 70 percent "understand how to use social channels effectively to deliver exceptional customer experiences". This suggests there is a knowledge gap when it comes to the implementation and execution of CX initiatives through retailers' social channels.

Organizations report multiple challenges implementing social CX

Forty-two percent of companies lack a defined strategy for social CX. When asked where their organizations sit in terms of social CX maturity, 32 percent say "there is no clearly defined strategy or plan"—and a total of 10 percent say there is no strategy for this at all.

As well as a lack of strategy, a siloed organizational structure is also a significant barrier to using social more effectively, with a third of organizations referencing this as

a major challenge. B2C-focused organizations are particularly inclined to be held back by in-company departmental silos, with 39 percent citing this is a barrier to progress.

For 22 percent of all types of organization, social media was deemed not to be a priority. A lack of training or in-house skills was cited by 26 percent of respondents as a factor preventing them from using social media more effectively to improve the customer experience.

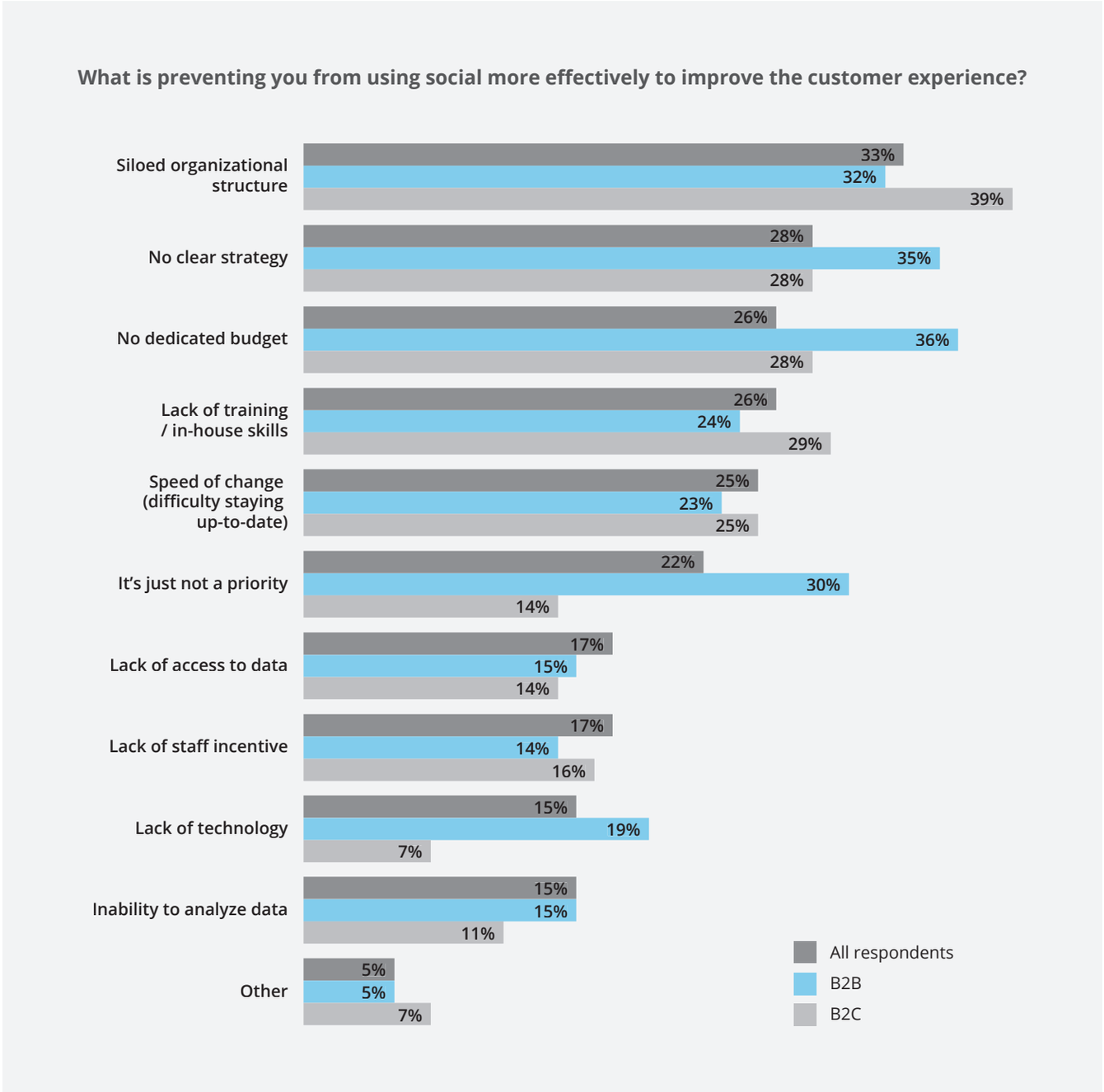


Figure 2: What is preventing you from using social more effectively to improve the customer experience? (Check up to three options, all respondents n=266, B2B vs B2C n=165)

1 Using social media throughout the customer journey



ACCORDING TO THE DIGITAL IN 2018 REPORT PUBLISHED by Hootsuite and We Are Social, two-thirds of the world's 7.6 billion inhabitants now have a mobile phone.[1] More than three billion people globally are now using social media each month, with almost all of those users accessing their chosen networks and platforms via mobile devices.

Meanwhile, separate studies suggest that 69 percent of US adults[2] and 65 percent of UK adults[3] have at least one social media account. For retailers, wide and growing adoption of social media provides an opportunity to engage customers and prospects at almost any time or place, with the chance to influence buying decisions.

Retailers struggle to extend social media strategy beyond brand awareness

As Figure 5 (page 10) shows, 30 percent of companies "have mapped out how different types of social engagement can help at different points of the customer journey". Given that this type of mapping process is a fundamental step in establishing a social media strategy, it's evident that many companies are not being as strategic around social as they claim to be.

While the customer journey is becoming less linear and more fragmented, it is still useful to think in terms of a sales and marketing funnel. Figure 6 (page 10) shows how companies rate their use of social channels at different stages of the journey, starting with top-of-funnel brand awareness, through to nurturing and then conversion, and then post-sale activity such as building customer loyalty and encouraging advocacy.

Companies are focusing too much at the top of the funnel (the awareness stage), while neglecting the middle and lower funnel. Some 77 percent of survey respondents describe their organizations as "excellent" (36 percent) or "good" (41 percent) at building initial awareness, but these percentages drop in subsequent stages of the customer journey.

We have mapped out how different types of social engagement can help at different points of the customer journey

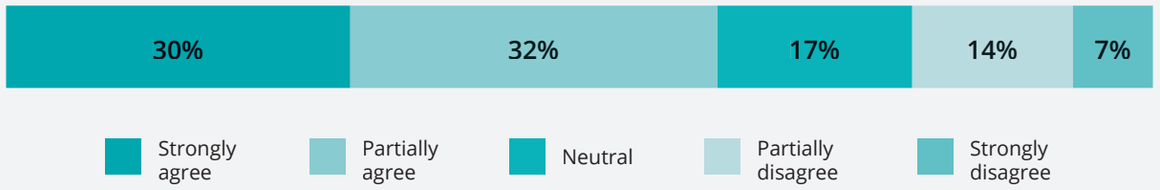


Figure 3: We have mapped out how different types of social engagement can help at different points of the customer journey (n=300)

How would you rate your use of social channels at different stages of the customer journey?



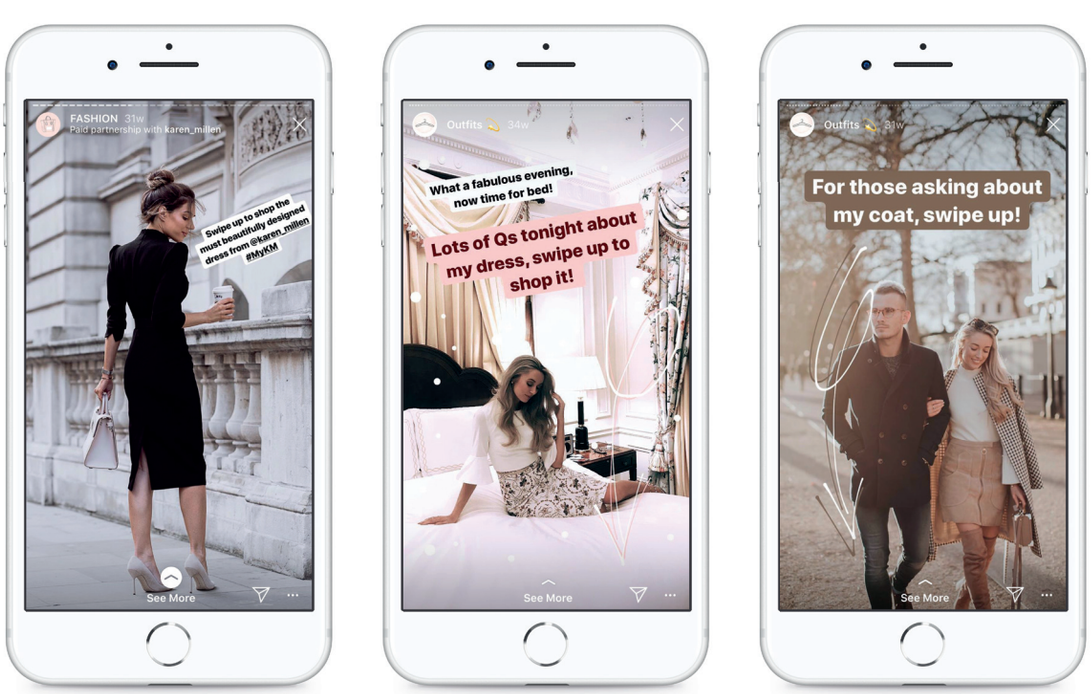
Figure 4: How would you rate your use of social channels at different stages of the customer journey? (n=300)

Only 55 percent of respondents score themselves as good or excellent at nurturing prospects, and the percentage falls to 46 percent for converting prospects into customers. Although there is a slight improvement for improving customer retention and loyalty (51 percent) and for encouraging advocacy (54 percent), many companies still have much work to do to become more proficient at addressing needs at different stages of the customer journey.

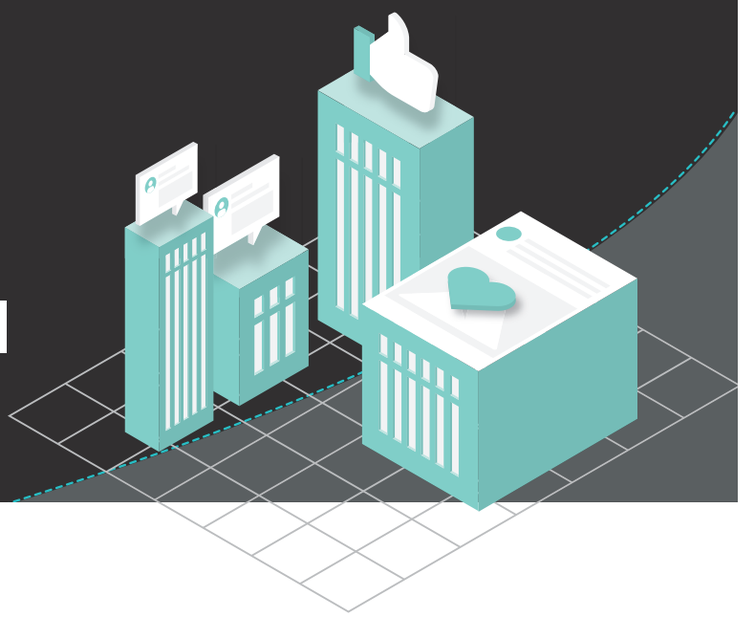
A quarter of companies have rated their use of social channels for converting prospects into customers as "poor", but separate research shows 46 percent of consumers have made a purchase after watching a product video on social media, indicating the potential for social to drive conversions.[4]

For companies seeking to move beyond using social solely for brand awareness, social ads can be an effective tool for driving revenue. Ads enable effective targeting and give brands the ability to test messaging and creative assets to maximise impact, resulting in better bottom-of-funnel conversion when managed strategically.

Social influencer and advocacy programs can also drive consideration and loyalty. As fashion retailer Quiz's digital marketing assistant, Natalie Hunter, said in a recent Retail Gazette article[5]: "No longer do fashionistas rely on the latest issue of Vogue to tell them what's hot this season. It's all about social media—what products are online retailers pushing this season? What going out dresses are all your friends wearing in their latest tagged photos? And, what're the bloggers and influencers on your news feed into this month?"



2 Who owns social media within the retail organization?



THERE IS NO DEFINITIVE STRUCTURE FOR RUNNING SOCIAL MEDIA within a retail organization. Some place it within brand marketing, while others make performance marketing teams accountable for paid social, and others think overall responsibility sits with the chief customer officer.



These were key findings from a roundtable co-hosted by Hootsuite and Retail Gazette in 2018, where, among other topics, delegates discussed how fashion retailer Joules decentralises ownership of its Twitter accounts to local stores so they can best tailor their communications to the town or city in which they are based and empower staff to serve local customers in relevant ways.[6]

Some retailers' social and marketing teams manage social accounts for their CEOs and other senior executives, while others allow chief executives and directors to be vocal on Twitter and other channels under their own terms. Both methods bring challenges, as retailers look to balance authenticity and spontaneity with the risk of brand-threatening public relations mistakes.

The roundtable also concluded that although social media has been elevated in importance for retailers in recent years, it is unlikely to become a boardroom role (for example 'director of social')—but it's certainly a discussion point and strategic consideration for those sitting at the top table.

Marketing departments lead in use of social media

While marketing typically benefits from social media programs, a more cross-functional approach is required as part of an overarching strategy that incorporates more organization-wide planning.

Marketing is a good starting point for social media initiatives aimed at improving CX, but companies focusing solely in this area are significantly restricting their chances

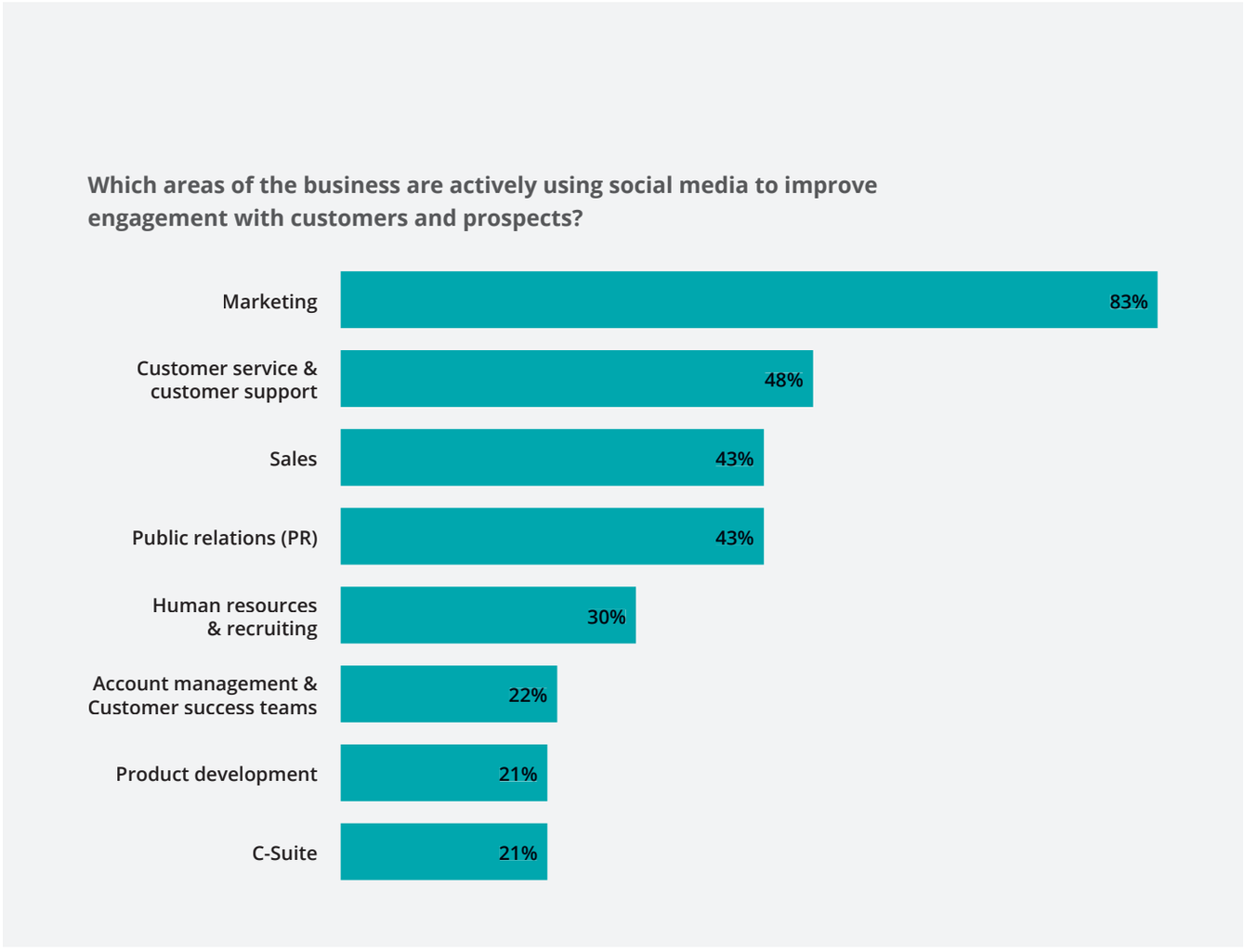


Figure 5: Which areas of the business are actively using social media to improve engagement with customers and prospects? (n=280)

of success. For retailers that can take a more unified approach incorporating cross-functional social programs, there is a chance to gain first-mover advantage and differentiate from the majority of companies failing to do this.

Beyond building awareness about products and services, many companies are missing opportunities to use social for an array of different business functions and objectives. As Figure 8 demonstrates, marketing (83 percent) is the business function most likely to be using social. For all other functions, only a minority of companies are using social to improve engagement with customers and prospects.

A glance at many retailers and brands' Twitter feeds shows that the microblogging platform has become the complaint channel of choice for unhappy customers online. There are numerous examples of businesses that have broadened—and sometimes switched—their social media focus from marketing to customer service.[7] Companies such as electricals online retailer ao.com have built their reputation on high levels of customer service, supported by its social channels as much as its contact centres.

This strategy has been led from the top, with co-founder and former CEO John Roberts a regular on the retail industry speaking circuit, highlighting the benefits of building a business on high-level customer service.

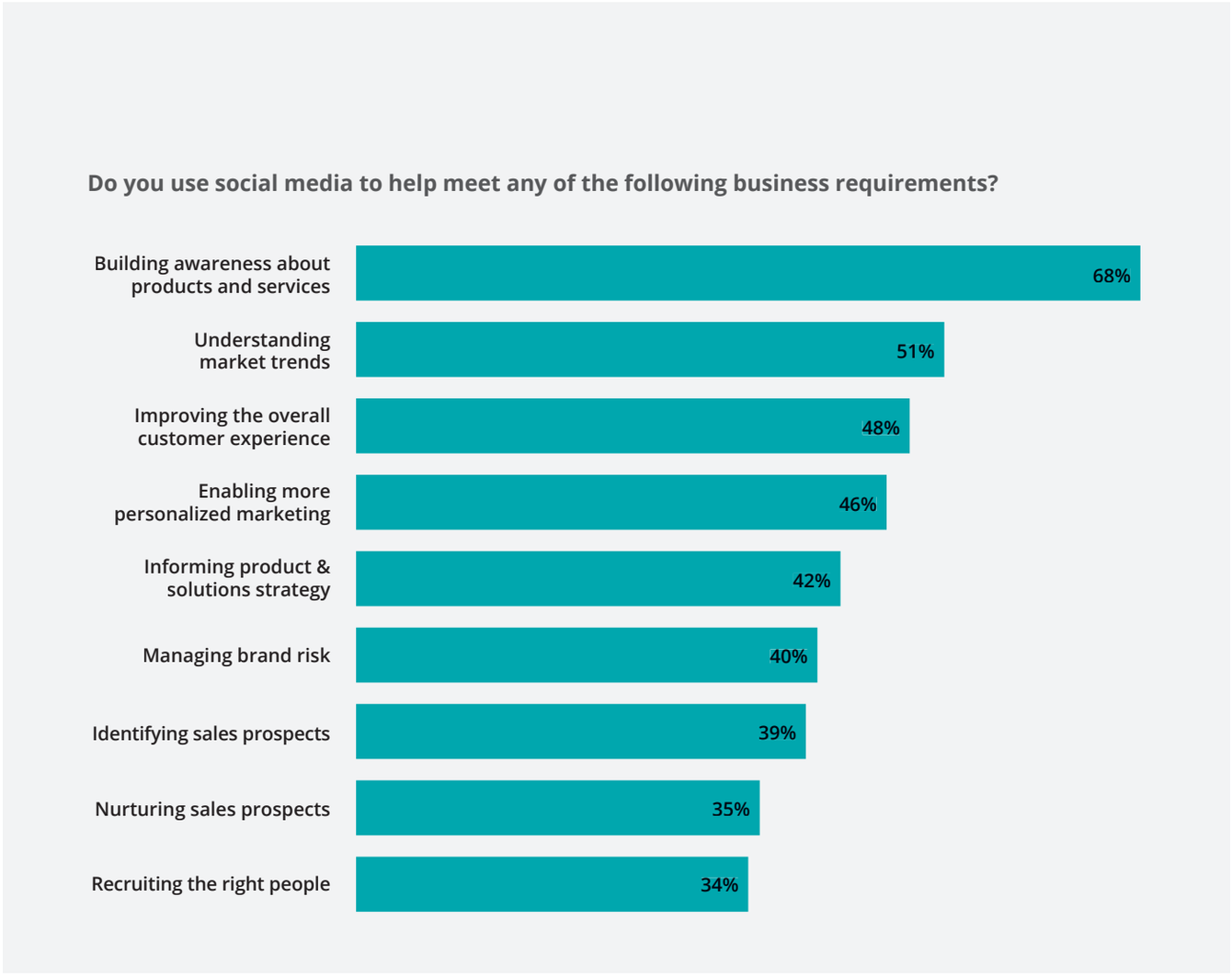


Figure 6: Do you use social media to help meet any of the following business requirements? (n=272)

Sales departments can do much more on social

Sales and account management are two departments that can benefit from social media engagement, though only 43 percent and 22 percent of respondents respectively say these departments are using this approach. Meanwhile, 43 percent of respondents say that public relations teams are using social to improve engagement. The numbers are much smaller in human resources (30 percent) and product development (21 percent).

Social channels are currently underused across a range of sales-related business requirements, including identifying sales prospects (39 percent) and nurturing sales prospects (35 percent).

Opportunities in social customer service

A significant number of enterprise businesses are not responding to social comments or monitoring how quickly complaints are being addressed.

As Figure 7 illustrates, 69 percent of companies agree that "customer service is set up to respond to comments on social channels." Similarly, only 67 percent of

companies agree that they "monitor how quickly customer questions/complaints are addressed on social media". This highlights again the tendency for companies to focus too much on the top of the funnel, while forgetting the rest of the customer journey—in particular, the post-purchase experience.

Nick Canning, former joint managing director of frozen food retailer Iceland, described no-response as the number one irritant among consumers in today's world.

"We need to invest in people and technology to make sure we get back to those customers as quickly as possible, even if it's just a 'thanks for contacting us, we'll get back to shortly'," he remarked.

While only 42 percent of people expect a reply to complaints on social media, those who do expect a reply believe the reply should be prompt.[8] Around four out of five customers (78 percent) who complain on Twitter expect a response within one hour.[9]

Companies that already have customer service teams mobilised on social channels are ahead of the game because unanswered complaints are often seen as avoidance or indifference.[10] With comments and complaints usually being public and seen by other customers and prospects, a positive and personalised response can go a long way to winning and retaining customers.

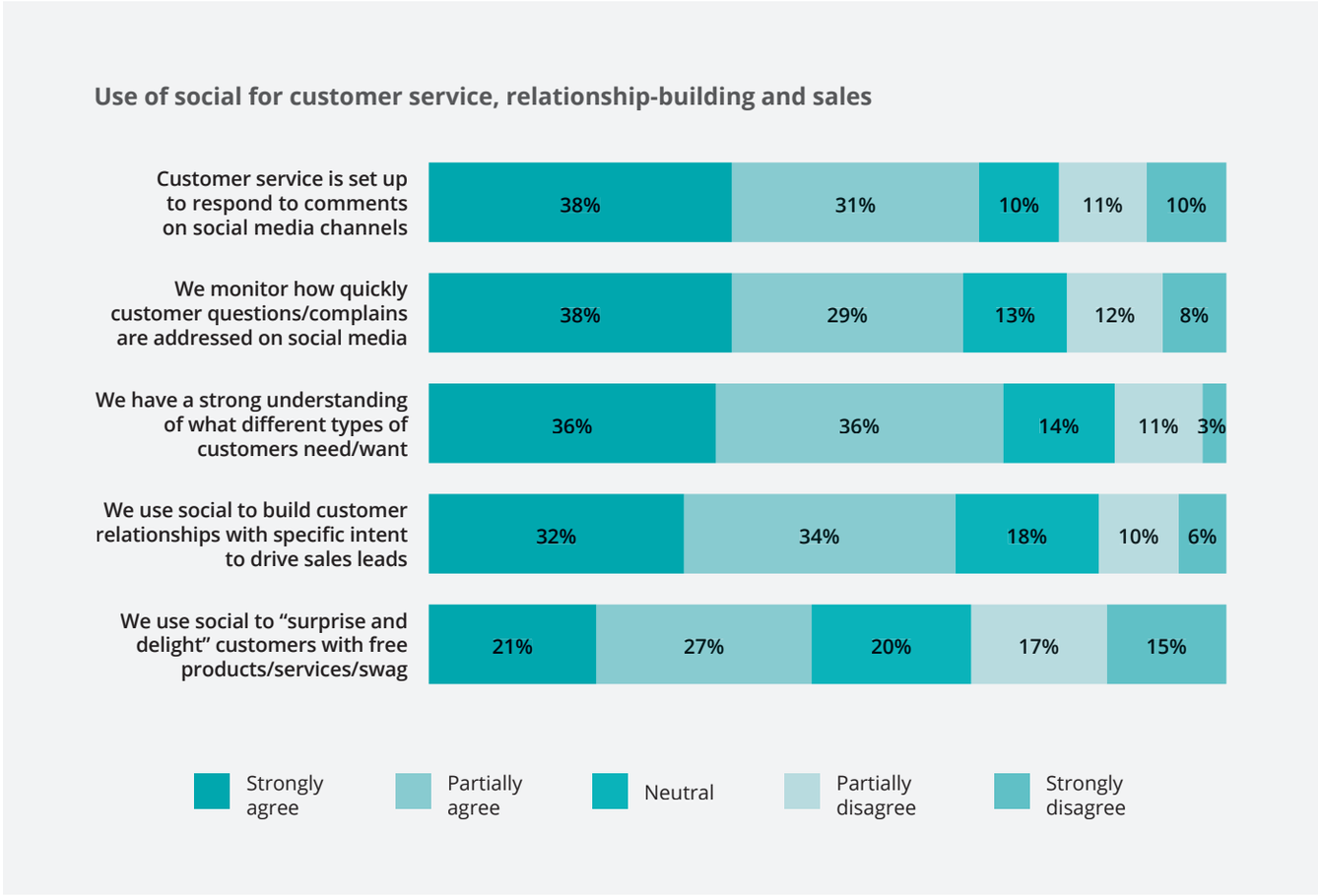
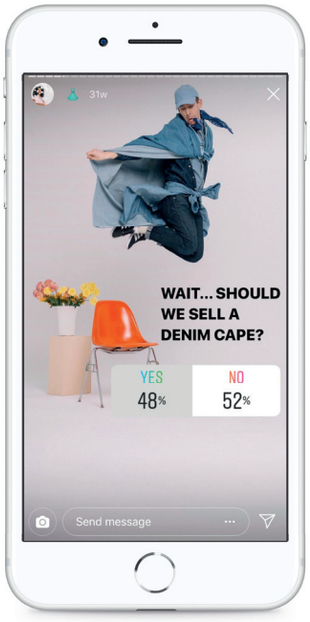


Figure 7: Use of social for customer service, relationship-building and sales (n=285)

3 Finding insights and measuring the impact of social on CX





THE BENEFITS OF HARNESSING SOCIAL DATA AT AN AGGREGATED level should not be underestimated.

Some 61 percent of respondents agree they are harnessing "social data for insights that will improve the customer experience". Companies aspiring to a mature CX strategy should be leveraging social channels for insights that can help to inform product or service development and their competitive positioning.

Companies like UK grocer Sainsbury's and US fashion retailer J Crew have developed products based on information garnered through social media conversations and polling.

Automation, CRM, and social media management technology

Figure 9 shows the extent to which enterprise companies are using different types of marketing technology to manage CX.

Social media management technology is now being used by 62 percent of responding enterprise companies, with a further 26 percent saying they are planning to use this. The rapid growth of this type of marketing technology within the enterprise space over the last decade reflects the need for organizations to engage with—and respond to—consumers across an array of complementary social properties.

For companies seeking unified customer data sets, it is becoming a basic requirement to integrate social technology with other platforms in order to enable better attribution and an understanding of the return on investment driven by social media. Adding chatbots on to platforms such as Facebook Messenger—as the likes of Jack Wills, Lidl and Very.co.uk have done—can help retailers deliver authentic experiences through automation.

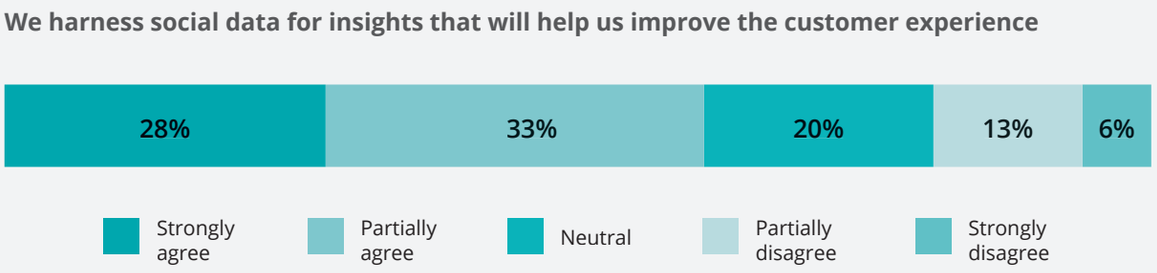


Figure 8: We harness social data for insights that will help us improve the customer experience (agree or disagree) (n=285)

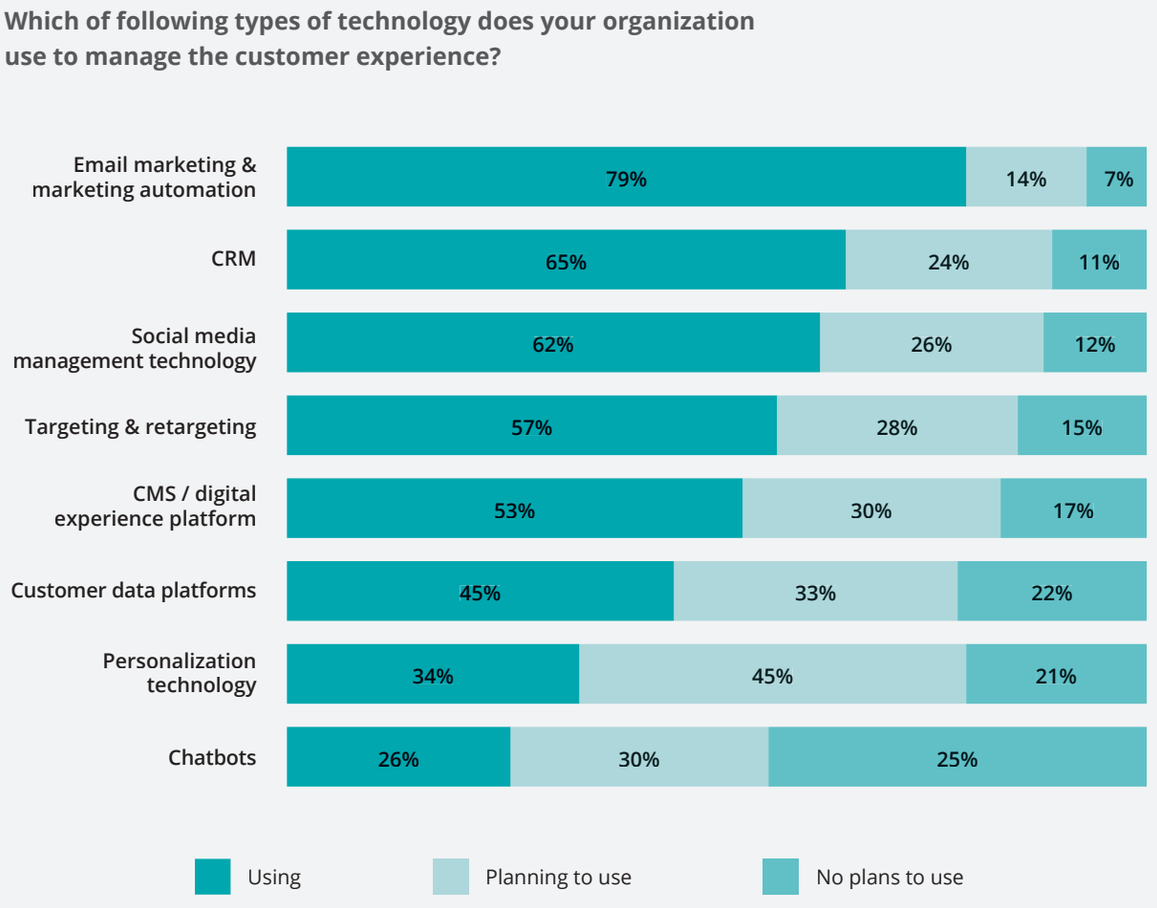


Figure 9: Which of following types of technology does your organization use to manage the customer experience? (n=269)

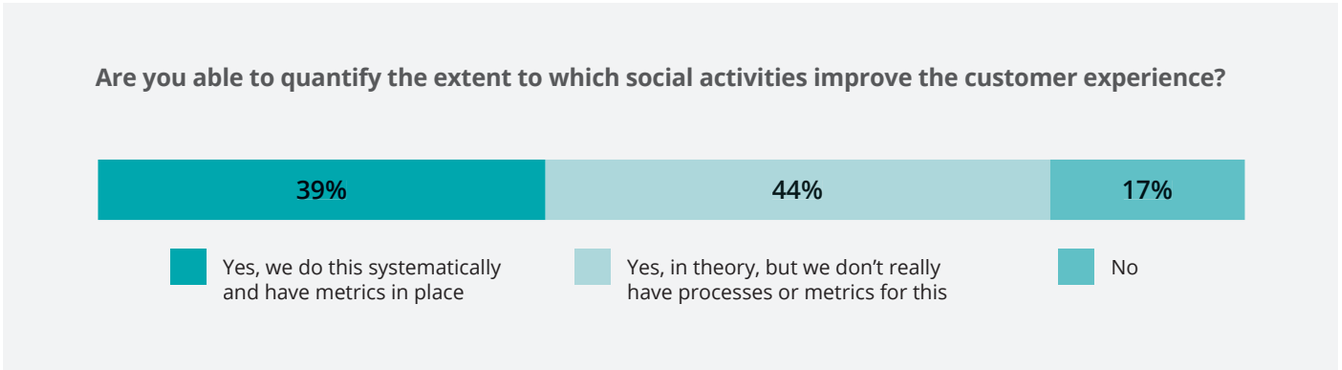
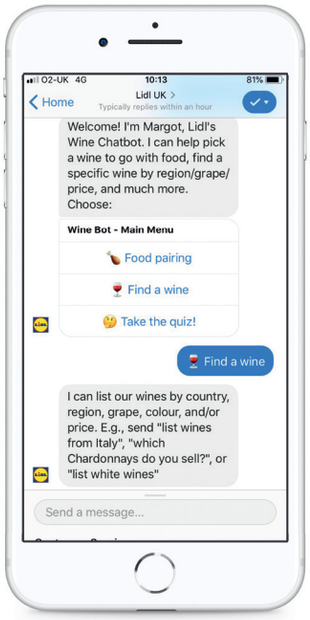


Figure 10: Are you able to quantify the extent to which social activities improve the customer experience? (n=267)



A quarter of companies are not integrating social media management platforms with any other marketing technology, which is a missed opportunity for these companies to adopt a more holistic approach to their marketing strategy.

Measuring return on investment in social remains a challenge

Successful measurement of social programs by retailers depends on aligning metrics with their business goals.

A successful social media strategy should be anchored in clear metrics to ensure that campaigns are achieving key business outcomes, whether they relate to sales, marketing, or customer service. Measurement is a prerequisite for being able to benchmark, optimise performance, and build the business case for further investment, but simply reporting likes, and followers can be seen as just vanity metrics.

As part of this research, we asked whether businesses are able to quantify the extent to which social activities improve the customer experience. While 83 percent of respondents said they were able to do this, less than half of these (39 percent of all respondents) said they do this systematically and have metrics in place.

Some 52 percent of respondents said they are using sales as a metric, while 45 percent are using number of customer support calls. In the case of the latter, companies should be able to quantify in financial terms the savings that can be made as a result of decreased telephone support, although the reduced opportunities for cross-selling and upselling may also need to be factored into the equation for some businesses.

4 Retailers and social media: culture and training



ALMOST THREE-QUARTERS (73 PERCENT) OF RESPONDENTS at companies where social has been embedded into corporate cultural values say that staff across the organization are empowered to use social to improve CX, compared to only 24 percent of companies where social hasn't been instilled into the cultural ethos.

To deliver a compelling experience, retailers need to be people-centric. In this increasingly digital world, that is achieved by enabling employees to engage on social in a way that helps them connect individually with customers and strengthen relationships.

Everyone working for a retailer should be empowered to focus on what the customer needs, whether via social media or any other channel, digital or offline.

Social and the customer experience: extent to which respondents agree with statements

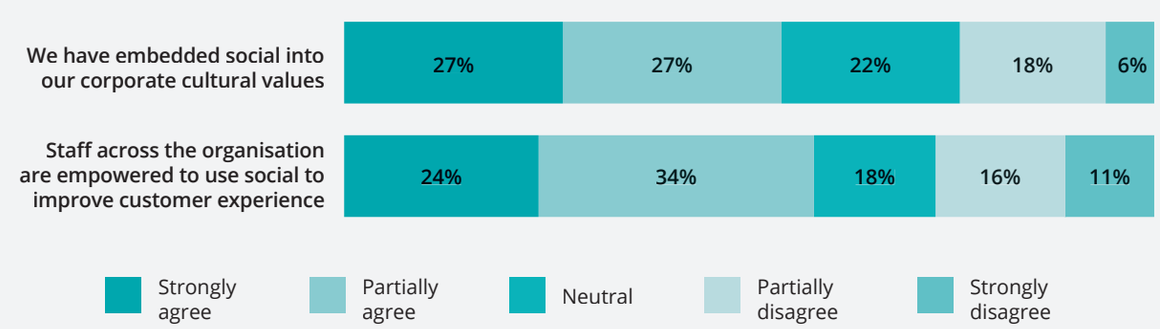


Figure 11: Social and the customer experience: extent to which respondents agree with statements (n=300/285)

Organizations struggle to implement social media training and programs

Getting set up for social can be a difficult organizational and cultural challenge.

Encouragingly, a majority of organizations report they have now embedded social into their corporate cultural values (54 percent) and empowered staff to use social to improve the customer experience (58 percent).

As Figure 4 illustrates, a quarter of organizations cite speed of change as a key barrier to using social for CX, and for this to change there needs to be a level of executive training to illustrate social's potential. Be it leveraging capabilities such as video and real-time content, or empowering everyone to be a brand ambassador when on social media, boardrooms need enlightening about the potential of social.

More than half (53 percent) of respondents report that their companies have internal training programs in place, but a majority of organizations lack documented internal guidelines or other resources such as online learning or video tutorials, staff mentoring, and external training programs. Notably, 21 percent of enterprise organizations don't have any social media training at all.

Whether your company is already well-established on social, or just beginning to build its presence online, all organizations should have a social media policy. As well as addressing legal and security risks, guidelines can empower employees to share company messaging and amplify brand messaging. Documented guidelines also help create consistency of brand voice and tone across channels—**helping ensure the consistency that retailers crave as they build out their strategies in today's multichannel and fast-changing market**.

During a time when thousands of stores are closing, margins are tight, and the battle to retain shoppers is more difficult than ever, a successful social strategy is an opportunity for retailers to speak directly to consumers and drive widespread, long-lasting interest in their brands and their products.

Endnotes

1 Hootsuite and We Are Social. Digital in 2018. 2018.

2 Pew Research Center. Social Media Fact Sheet. 2018.

3 Ofcom. Adults' media use and attitudes. 2017.

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10 Marketing Land. 4 steps to enhancing the customer experience with social media. 2017.

Research Methodology

This Retail, Social Media, and the Customer Experience report is based on a global survey of marketeers conducted by London Research in partnership with Hootsuite. Questions were answered via online questionnaire in January 2018.

The survey was promoted widely through social channels and email by Digital Doughnut, an online community of more than 1.5 million marketers and sister company to London Research. The report is based on data from 327 client-side respondents working for enterprise organizations with at least 1,000 employees, including retailers.

Respondents without responsibility for social media activities were disqualified. Survey respondents come from a mixture of business-to-business (27 percent) and business-to-consumer (35 percent) companies. The remaining 38 percent of respondents are from companies focused equally on B2B and B2C.

LONDON RESEARCH

London Research, set up by former Econsultancy research director Linus Gregoriadis, is focused on producing research-based content for B2B audiences.

We are based in London, but our approach and outlook are very much international. We work predominantly, but not exclusively, with marketing technology (martech) vendors and agencies seeking to tell a compelling story based on robust research and insightful data points.

As part of Communitize Ltd, we work closely with our sister companies Digital Doughnut (a global community of more than 1.5 million marketers) and Demand Exchange (a lead generation platform), both to syndicate our research and generate high-quality leads.

Please get in touch if you think we can help.

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Along with our channel and agency partners, we help organizations build deeper relationships with customers, stay connected to the needs of the market, grow revenue, and draw meaningful insights from social media data. Innovating since day one, we continue to help organizations pioneer the social media landscape and accelerate their success through product training, group training and tailored organizational training, as well as security and compliance services.

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