



# Book Branded!

## How Retailers Engage Consumers with Social Media and Mobility

Bernie Brennan and Lori Schafer  
Wiley, 2010

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### Recommendation

Bernie Brennan, former chairman and CEO of Montgomery Ward, knows practically everything about retail. Lori Schafer has 25 years' experience as a retail technology expert and understands the Internet inside and out. Their retailer's guide to social media and mobile technology will teach you how to use these marketing channels to move the most merchandise to the broadest online customer base. Though Brennan and Schafer's ideas seem a little late to market, *BooksInShort* recommends their book for its valuable case histories showcasing prominent retail firms' mobile-marketing campaigns and their activities in the social media world. This is a solid lesson plan for retail executives who want to harness the Internet's retail sales and marketing channels.

### Take-Aways

- To become a successful "cross-channel retailer," combining brick-and-mortar stores and model online outlets, emulate Best Buy, JCPenney and Macy's.
- In 2009, retailers sold almost \$135 billion in goods online.
- Social media and mobile devices have a notable impact on retailing because they fully engage customers.
- Proactively pursue your customers where they spend their time: in the social media world or on their mobile devices.
- With almost 500 million users in 2010, Facebook is a primary option for any social media marketing campaign.
- Coupons, discounts and sales promotions are effective online marketing techniques.
- Consumers in their 30s, 40s and 50s also depend on and heavily utilize social media.
- Mobile devices have revamped the retail industry, with a 91% US market penetration.
- Pizza Hut's clients can order a pizza online without contacting any Pizza Hut employees.
- Macy's customers can view and purchase its entire product line on their mobile devices.

### Summary

#### Meet Your Customers Online and on Their Mobile Devices

Don't wait for consumers to walk into your retail establishment. Be proactive. Engage with them online through their activities on social media and their mobile devices. Almost two billion people visit the Internet annually (239 million in the United States). You need to be in touch with these millions of consumers. Your competitors already are.

"Retailers of any size can tailor a social media program to fit within their budget."

Consider Amazon, which launched in 1994 as an online bookseller and sold nearly \$25 billion worth of all sorts of merchandise – from books to DVDs to clothing to appliances to musical instruments – in 2009. Zappos, which Amazon recently purchased, is a hugely successful web-only shoe-oriented site built on dedicated online consumer service. Best Buy, JCPenney and Macy's are now all strong "cross-channel retailers," with brick-and-mortar stores and model online outlets. While the majority of retailers did not join the first wave of online selling, retail firms now must participate in social media. Failure to do so will deplete your "brand- and market-share growth." Proper online brand management and customer outreach will strengthen your sales and build reliable repeat business.

“Build a relationship first, do business second.” (Jim McCann, CEO, 1-800-Flowers.com)

Everyone who uses social media or mobile devices is a potential customer. Facebook’s users – 487 million in 2010 – far outnumber the total population of the US, and 56% of online shoppers use Facebook. Almost 50% of Americans have profile pages on social networking websites such as Facebook, MySpace and LinkedIn. Twitter has more than 105 million users. The web currently hosts 200 million blogs. Mobile phones users worldwide number 4.6 billion. “Total retail industry Internet sales in the United States were just under \$135 billion” in 2009. These numbers continue to rise. For example, Twitter has grown 1,000% since the summer of 2009.

“Fresh items build shopper frequency and frequency builds loyalty.”

Effective online retailers promote sales on the web, provide online discounts or coupons, or offer online social networks to develop and maintain relationships with consumers. Building relationships must always be a greater priority than selling products because those relationships create customer loyalty even before their first purchase. Some retail executives still believe that online social networks matter only to young people. Yet more than half of Americans between 35 and 44 years of age and more than one-third of Americans between 45 and 54 have online profile pages. Some of the top social media options for retailers include:

- **Facebook** – Google reports that Facebook is “the world’s most popular site.”
- **Twitter** – This microblogging (140 characters or less per message or “tweet”) platform is popular with “well-educated, higher income households.” Users pay close attention to brands and often communicate about products. Zappos CEO Tony Hsieh has 1.72 million subscribers following his tweets.
- **MySpace** – Young people interested in music and entertainment customize their own pages on MySpace. However, the site is losing visitors and members.
- **“Social gaming”** – Retailers advertise on popular gaming sites such as Mafia Wars, Café World, Birthday Cards, FarmVille, Texas HoldEm Poker and Treasure Isle.
- **YouTube** – As the Internet’s most popular video-sharing site, YouTube allows retailers to establish their own channels, similar to Internet home pages.
- **Flickr** – Members share photos. The site hosted four billion images as of 2009.
- **Google Buzz** – Google launched this social media platform in response to Facebook and Twitter.
- **“Private social media”** – Starbucks has its own online network, as does Wet Seal.
- **Blogs** – Retailers Zappos, Best Buy and 1-800-Flowers.com produce online commentary on their company blogs.
- **“Location-based social media”** – Users let their friends know where they are “through GPS, mobile, email or text.”

**Mobile Retail**

Along with social media, mobile devices have remade the retail industry. Nearly 300 million such devices are now in use in the United States, with a 91% market penetration. Mobile phones offer mobile browsers that deliver web content and two different messaging services: short message service (SMS), which delivers short text notes, and multimedia message service (MMS), which offers text messaging plus transmission of video, graphics, audio clips, photos, and so on. Additionally, mobile devices also have access to “apps,” or applications of every description and utility. By 2013, 56.2 million Americans will use mobile social networks. Retailers and other companies harness these interactive platforms to reach out to and connect with customers. New mobile phone location technology allows companies to send site- and item-specific promotions to customers when they draw near to retail outlets.

**Retail Superstars**

Retail merchandisers who lead the way in using social media and mobile marketing include Starbucks, Zappos, Wet Seal, Macy’s, 1-800-Flowers.com, JCPenney, Pizza Hut and Best Buy.

**Starbucks**

Starbucks expanded from four stores in 1982 to thousands worldwide today. Internet users mention the word “Starbucks” online more frequently than the word “coffee.” To revitalize the company when sales slowed in 2008, Starbucks’s managers began to focus more on “touching the customer.” They proved to be pioneers in this strategic arena. Part of their effort includes engaging online through the “My Starbucks Idea” online social community, where Starbucks customers offer ideas on how the company can improve their personal coffee-related experiences. Starbucks assigns “Idea Partners” to review customers’ online ideas and to pass the best ones along to management for possible implementation. Starbucks also communicates with customers through its “Ideas in Action” blog.

**Zappos**

This online retailer grew from less than \$2 million in sales in 2000 to more than \$1 billion 10 years later. Three-quarters of its sales come from customers who return and make new purchases. As an Internet retailer of shoes, clothing, handbags and other products, Zappos engages with customers through its savvy online activities, including CEO Tony Hsieh’s numerous blogs. Zappos’s website offers “Zap.me” links where customers instantly share potential or recent purchases with their friends online. The company employs the Open Graph capability from Facebook that lets consumers see what their friends think of specific Zappos products. Zappos believes strongly in “social media.” It has nearly two million Twitter followers, which puts it in a close race with Whole Foods for the No. 1 retailer position on Twitter. A Zappos employee said: “Internally, we don’t use the phrase ‘social media.’ We have a friendly, family environment at work, so it’s just a good way to communicate.”

**Wet Seal**

A junior-apparel brand, Wet Seal sells clothing to teenage girls. In addition to its online retail outlet, the company has 425 stores in the US and Puerto Rico. Wet Seal’s online application, Outfitter, enables its customers to participate in the company’s online “fashion community.” Girls can store their fashion selections in a “virtual closet” or display them on a “virtual runway” where other teenagers can vote on them, using an approach familiar to viewers of *American Idol*. In 2009, Wet Seal set up its own m-commerce (mobile commerce) site, enabling users to buy merchandise through mobile devices and receive “location-based store look-ups.” In 2010, *Retail Information Systems* (RIS) magazine gave Wet Seal its “Mobility Customer Engagement Award.” Wet Seal mines information from customers who join its online fashion community, including their names, mobile phone numbers, email addresses, style preferences, and more.

## Macy's

Macy's, one of the world's best-known retailers, is an effective Internet merchandiser with an avid online customer base. Macys.com earns more than \$1 billion annually in retail sales. The company also launched a Material Girl fashion line with "blogger and social outreach." Macy's "Webisodes" featuring famous fashion designers are popular on YouTube. The firm's "Fashion Director" application lets customers create clothing ensembles. In 2009, Macy's introduced an application for the iPhone and the iPod Touch with the sales slogan, "Your favorite store now fits in your pocket!" From their mobile devices, customers can view and shop Macy's entire product line. In 2010, Macy's introduced a new mobile app to deliver "personalized, relevant offers."

## 1-800-Flowers.com

This web retailer achieved global dominance through its relationships with 35 million customers. Consumer loyalty is strong, with 52% of sales from repeat purchasers. The company has a significant presence on Facebook, Twitter and YouTube. In 2010, *RIS* magazine recognized 1-800-Flowers.com's mobile site as "Mobile App of the Year."

## JCPenney

This company believes so strongly in social media that its February 2010 board meeting took place at Facebook's headquarters in Palo Alto, California. JCPenney retired its iconic paper catalog and now uses online apps, mobile phone programs and social media to engage customers. Its "'Little Red Book' runway" experience is highly popular online. In 2009, JCPenney introduced a "2D bar-code coupon program" that consumers access via their mobile phones, a retailing first.

## Pizza Hut

Customers can create and order their "perfect pizza[s]" without any personal contact with Pizza Hut employees by using Pizza Hut's web page, or through Facebook or iPhones. The company offers online coupons for "virtual fridge" doors. Pizza Hut has more than one million Facebook fans. In 2009, *Forbes* magazine named Pizza Hut's famous "Killer App" as "the #1 Branded Mobile Application" for the year.

## Best Buy

With 21% of the market, this company is America's biggest consumer electronics specialty retailer. Best Buy offers Twelpforce, a "Twitter-based customer service organization." Its famous "Blue Shirt Nation," an "employee-built social network," connects Best Buy's 180,000 blue-shirted employees. "The Company as Wiki," one of Best Buy's YouTube videos, presents how the company uses social media to improve its operations. "Why Best Buy Loves Mobile," another video, discusses Best Buy's mobile applications and activities.

## Time to Get on the Social-Media and Mobile-Device Bandwagon

Social media and mobility enable retailers to engage with consumers, transform them into customers, secure their loyalty and develop brand equity. Retailers can create effective social-media and mobile campaigns at relatively minor expense. Indeed, your primary expenditure will be hiring professionals to create and monitor your online activity and maintain your Internet presence. Organizations that can help you get started include the Food Marketing Association, the National Retail Federation's Shop.org digital division, Internet Retailer, the Retail Advertising and Marketing Association, Retail Connections and the National Restaurant Association.

"To me, all product reviews are good. When they're bad, you have to get it off the site, get rid of the product. We do that." (Terry Lundgren, CEO, Macy's)

Social media marketing multiplies your ability to learn about your customers' wants, needs and brand preferences. Even so, nearly nine out of 10 marketing professionals do not "measure the ROI of their social-media programs." Wet Seal is an exception. Thanks to its private social network, the company can easily obtain valuable data about its customers' motivations and use the information for its upcoming fashions. Use specific social-media analytics to interpret the data available from social-media users. Such analytics "measure conversation, engagement, sentiment, influence" and other factors that are specific to the social media. They observe social networks, count video viewers, monitor blogs and track favorites on video-sharing networks.

## About the Authors

**Bernie Brennan** is the former chairman and CEO of Montgomery Ward. **Lori Schafer** is a retail adviser at SAS Institute.

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