

The Socialized Shopper

BY MARK RENSHAW

ARC WORLDWIDE

It's no secret that social media is one of the hottest topics on marketers' radars. What isn't widely known is how to use social-media contacts to drive sales directly.

People of all ages are using social-networking sites and other user-generated content platforms at astonishing rates, and brands are scrambling to create social-media strategies both as part of their overall marketing and in isolation.

In fact, Forrester Research estimates that social-media marketing budgets will grow 34 percent per year from 2009 to 2014—faster than any other form of online advertising. Moreover, within five years,

New research shows how social media is changing shopping behavior.

social media budgets will be larger than those for both mobile and email marketing activities.

Despite all of this increased attention and spending, we actually know very little about what is perhaps the most critical factor in achieving positive ROI through social-media marketing: How people's behavior in shopping for and buying products is impacted by social media.

Leo Burnett and Arc Worldwide recently fielded a research study that uncovers this connection. More than 3,500 online U.S. respondents completed interviews about media contacts that they may have in their

shopping experiences across 10 product categories.

Then, 500 respondents who had experienced social media brand contact during a shopping experience (called "Social-Media Shoppers") and 500 respondents who had not ("Non-Social Media Shoppers") completed a follow-up interview that delved more deeply into shopping behaviors and attitudes. This provided the opportunity to identify the differences and similarities between these two groups of people.

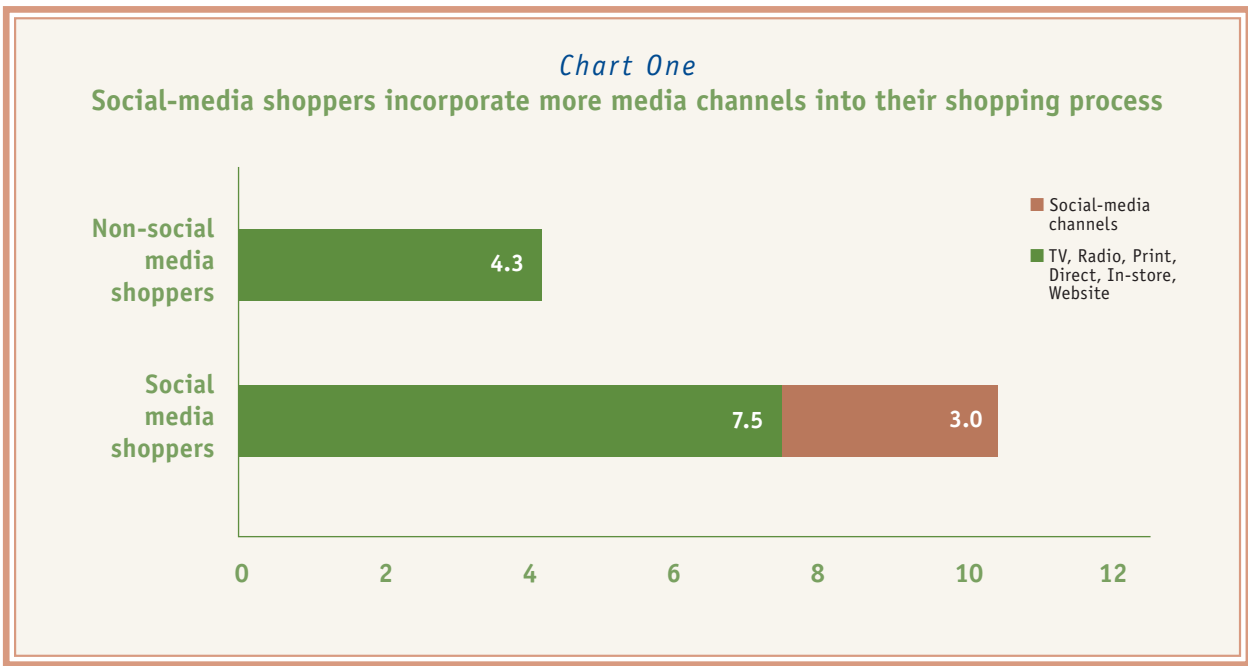
It's big and growing: There are 95 million social-media shoppers in the United States. More than 40 percent of U.S. adults are using social media in their shopping experiences, and this trend appears likely to continue. When asked how often social media is used in shopping versus a year ago, almost 30 percent said they are using it more, while three percent said they are using it less.

Currently, social-media contacts are made in a variety of forums. For 35 percent of shoppers, the process includes—or starts with—online search. What's surprising is that 30 percent read user reviews on retailer websites as a part of the shopping process.

So, who are these social-media shoppers? They come from all walks of life, but the study uncovered a heightened relationship between age, education level and the use of social media in shopping. As expected, because they've grown up using technology, people under 35 and those holding college degrees are most likely to be social-media shoppers.

Interestingly, the study also revealed that social-media shoppers are not necessarily very "actively social." Only about one in four social-media shoppers contributes anything to a conversation about a brand or product; the rest view content posted by others. So, a very small group influences a very large group.

Social-media shoppers are more engaged with media and spend more time shopping. Importantly, shoppers who access social media in their shopping



SOURCE: Arc Worldwide Social-Media Study

process still use historically prevalent contact channels such as television, radio, magazine, newspaper ads and direct mail, as well. In fact, they tend to engage even more with these channels (see chart one).

Social-media shoppers see more value in the opinions of other everyday people as useful input in their shopping decisions. For example, 39 percent of social-media shoppers strongly agree that they can learn a lot more about a brand by seeing what everyday people are saying about it online versus only 22 percent of non-social media shoppers.

Social-media shoppers have broadened the set of sources they use for validation and are seeking additional information beyond what marketers, manufacturers, and retailers provide.

Incorporating all of these additional social-media sources into shopping takes time. In fact, social-media shoppers are spending a significantly greater amount of time shopping. Their greater time investment does not, however, automatically lead to a similarly significant difference in what they spend.

While other research shows that shoppers gaining

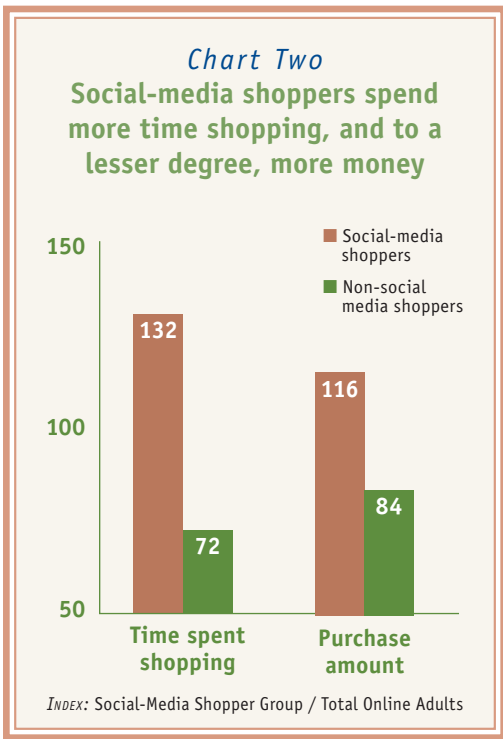
information from retailer and manufacturer websites are likely to buy more expensive featured products, we find that social-media shoppers are only a bit more likely to spend more (see chart two).

Social media impacts behavior throughout the shopping process. Television, print, magazine, direct mail and online research brand contacts are most likely to take place at the beginning, and in-store contacts

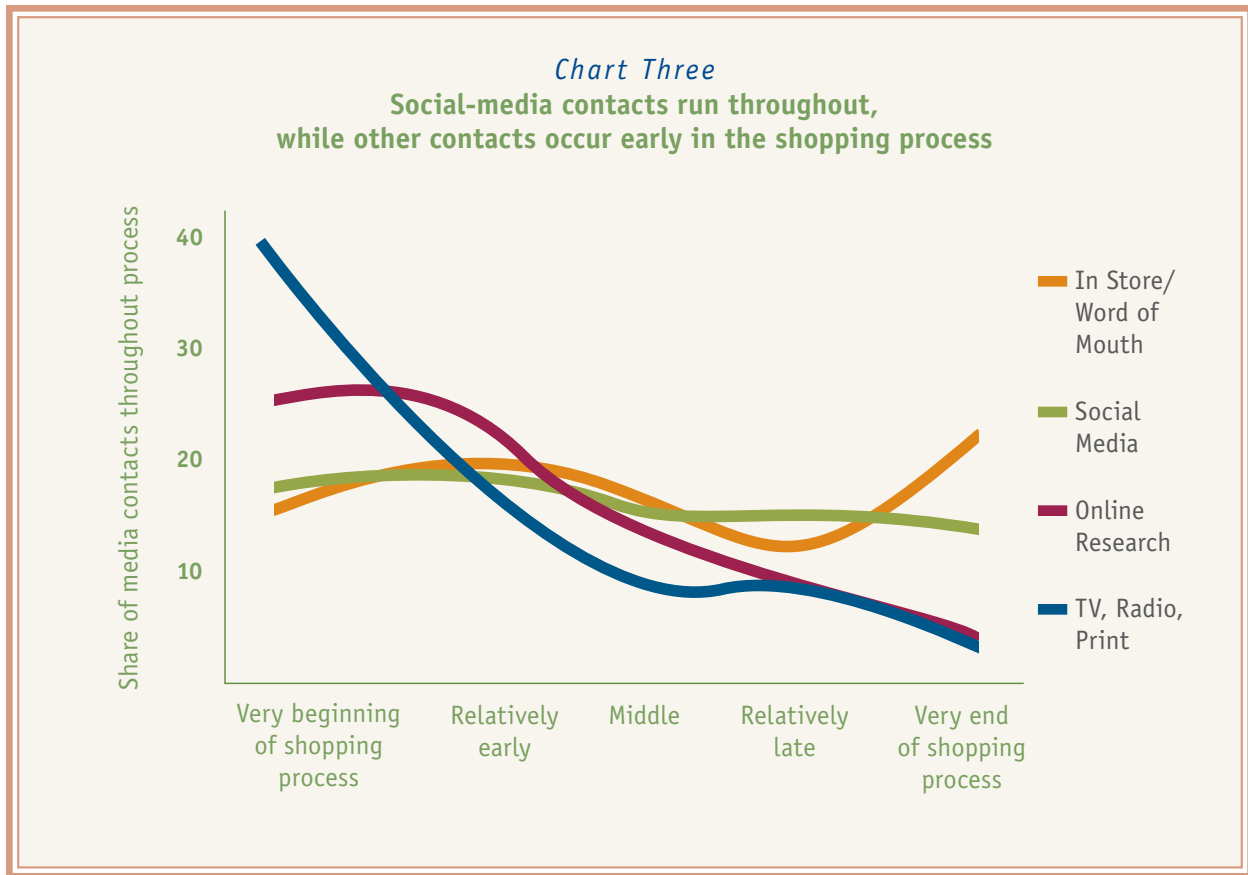
tend to spike at the end of the shopping process, but social media holds steady throughout (see chart three). This suggests social media needs to play multiple roles in shopping as they are tapped at many stages during the path-to-purchase.

Social brand-contacts are a communal activity. To reveal why different types of media are accessed by shoppers, respondents were asked to rate a series of motivations for using media in their shopping. Creating a perceptual map of findings validated two obvious, but unproven, benefits of using social media in shopping.

Specifically, social media enables shoppers to gather the impressions and analysis of others while channels such as



SOURCE: Arc Worldwide Social-Media Study



Source: Arc Worldwide Social-Media Study

television, print and radio allow them to form their own impressions and analysis (see chart four). This introduces a significant point regarding the “wisdom of the crowd.”

With so few people actually contributing to the conversation, the early adopters and posters have a heavily weighted influence on the message. Their impact is the greatest and can become self-perpetuating.

Social media’s impact on shopping varies widely by category. Nearly 50 percent of people shopping for computer hardware/software and books are likely to incorporate social media into the shopping process. With greater purchase risk and reward, greater value is given to the opinions and advice of others.

In contrast, only nine percent of people shopping for laundry detergent and soft drinks are likely to use social media. Conventional wisdom might suggest this is because people don’t seek peer reinforcement when buying lower-involvement, commodity-type products.

However, an argument could be made that engagement with social media contacts in such categories is low simply because those contacts aren’t as readily accessible or heavily promoted. If true, this presents a ripe opportunity for both brands and retailers.

WHAT THIS MEANS

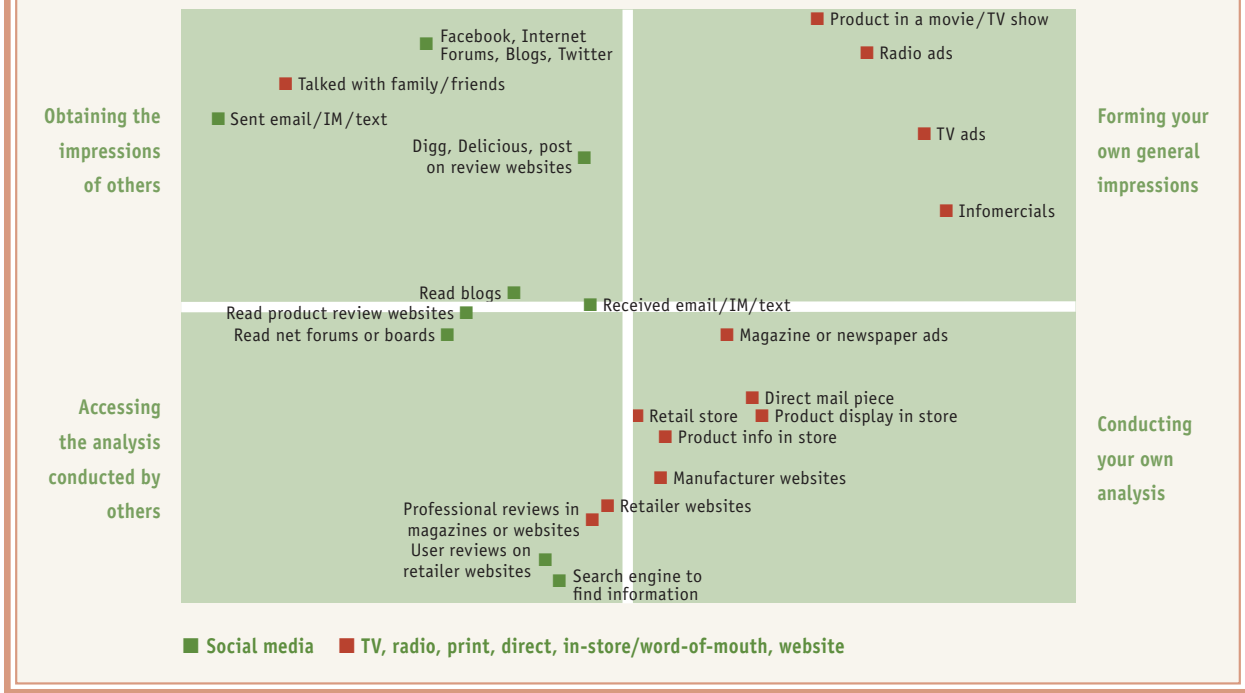
It’s clear that it’s not enough for brands simply to have a social-media presence—a Facebook fan page, Twitter account or corporate blog, for example. If brands truly want to connect with shoppers and impact their ultimate purchase decisions using social contacts, they must develop strategies that continually engage with shoppers throughout the process.

Although the “right” approach will undoubtedly vary from brand to brand, here are a few guiding principles that marketers can refer to when devising their social-media plans:

- **Monitor constantly, listen early and respond regularly.** People are constantly talking about brands (on social-networking sites, blogs or ratings/reviews sites, etc.), to the tune of hundreds of thousands of conversations per day.

As a result, much like Best Buy with its @Twelforce Twitter account, brands should: Monitor social media chatter with regularity; listen in real time to consumer comments (both positive and negative); incorporate that feedback into their marketing activities; provide answers and advice; and, when appropriate, engage people in further conversation.

Chart Four
Social media and other brand contacts play a variety of roles in the shopping process



SOURCE: Arc Worldwide Social-Media Study

- Facilitate conversation, don't force it.** Contrary to the practices of many marketers, blasting brand announcements and promotions to people via Facebook and Twitter does not constitute a viable social-media plan. As the research suggests, shoppers rely on social-media contacts to seek out the opinions of others.

To that end, brands need to provide tools — both on and off their sites — that facilitate conversations amongst shoppers and allow them to share information with each other in as turnkey a way as possible. Jansport's integration of Facebook Connect into its onsite shopping experience is just one best-in-class example.

- Assess your competition.** Brands can monitor social channels to determine how their competitors are using social media and the size/impact of their presence. Consider how their brand is being perceived versus yours, and why.

- Integrate social media into the broader communication strategy.** The fact that social-media shoppers are supplementing, not replacing, other media contacts during the shopping process reinforces the importance of developing fully-

integrated communication strategies.

Brands must ensure that their social-media messages are consistent with what people are exposed to on television, in print, in stores and elsewhere online, and that they're encouraging cross-channel behavior.

Walgreens, for example, created a Facebook application that allows users to print and pick up their Facebook photos at local stores, and promotes that application through various print and online media.

Don't think of social media as a campaign. Social media lives and breathes.

Engaging advocates to drive word-of-mouth to increase brand loyalty requires constant fuel, participation and management. ■



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