The Effects of Social Media Marketing between Retail Businesses

Submitted by

Lauren Lucia

Business

To

The Honors College

Oakland University

In partial fulfillment of the

requirement to graduate from

The Honors College

Mentor: Dr. Janell Townsend, Professor of Marketing, Chair,

Department of Management & Marketing

Oakland University

December 4, 2020

Introduction:

The rationale for undertaking this project is to discover the most successful ways that social media can impact the retail industry. The benefit of this thesis is to understand how retail businesses are affected by both their own, and their competitors' social media pages. Furthermore, it seeks to improve understanding of how actors in the retail industry can utilize social media to their advantage.

Social media marketing has become one of the most widely used ways to advertise online to consumers and build retailers' brands. With a variety of methods and efficiencies of social media marketing platforms used for the promotion of retail businesses, when executed properly and completely, the strategies discussed within this thesis have the potential to increase sales and to expand the customer base. This thesis explores which key aspects of social media marketing make the biggest impact in creating successful campaigns for retailers.

This research paper explores the effects of social media marketing on business outcomes in the retail industry. New knowledge that this project will provide is the potential impact this area of marketing can make, and what measures businesses can use to take their current media marketing campaigns to the next level. Also, this thesis will delve into which methods of social media marketing provide beneficial results for retailers. The significance of this project is the insights that will be derived regarding the ways in which businesses can positively enhance a retailer's brand image and increase return on advertising expense. Those who will benefit from this thesis are retailers, consumers, market researchers, students studying the industry, and others who actively produce social media marketing campaigns.

With this, the effects of different types of business social media accounts used in a social media campaign will be analyzed while the results of the campaigns are interpreted. This will

provide detailed explanations of the benefits derived from alternative methods of social media marketing and use the information to make successful decisions regarding online media marketing. One specific objective of this study is to gain a better understanding of which key aspects of social media marketing make the greatest difference in creating a successful campaign, i.e. types of posts, content, etc. Furthermore, the thesis will provide insight as to how the retail industry can use various methods of online marketing to promote their businesses, and to increase sales and customer base to ultimately improve the value of the company. Lastly, this paper will delve into the exposure of the benefits related to social media marketing and explanation of how to utilize them to enhance a company's platform when developing new strategies and modifying current strategies.

Approach

A wide array of studies can be found describing the role of marketing with regards to social media strategies used in the retail industry. The current research delves into the most effective and ineffective ways to conduct these communications and important developments within the exploration. According to Becić et al., "Quality and timely information are of greatest importance, and the marketing's role is to comprehend them in its strategy and implement in everyday business" (78). The authors go into depth explaining the fast pace of customers along with their profiles of being well-informed and technology oriented. Each of these aspects must be addressed by businesses when developing successful strategies and implementing marketing decisions. Additionally, Sivarajah et al., recognized that "innovative use of technology for communications has been acknowledged as a key feature that leads to improved efficiency and reduced cost of operations based on emerging technologies" (5). Big data analytics can be used

by companies to better target selected audiences and improve company financials. Furthermore, Hollebeek et al., agrees in stating that "by using social listening tools to assess customers' social media discussions, with the attained insight being used to nurture customer satisfaction and trust" (95). This depicts the significant results that social media can provide for businesses.

Authors of the article, *Creative Strategies in Social Media Marketing: An Exploratory Study of Branded Social Content and Consumer Engagement,* Ashley and Tuten, noted in the year 2015 that "marketers are expected to increase social media advertising spending to $5 billion in 2014, up from $4.1 billion in 2013" (Ashley & Tuten 15). From approximately five years ago, the two authors saw the potential for social media campaigns utilized by retailers. The authors declared that "social media may serve as a channel for many marketing activities including customer relationship management, customer service, buyer research, lead generation, sales promotion delivery channel, paid advertising channel, and branding" (Ashley & Tuten 16). With this, Ashley and Tuten stated that retailer branded social media campaigns are an especially effective way to connect their brand with a potential customer. The authors also pointed out that "branded social campaigns provide additional touch-points to encourage ongoing interaction between the consumer and the brand throughout the day, which can deepen consumer–brand relationships, help marketers uncover common themes in consumer feed-back, and persuade consumers to engage with online content" (Ashley & Tuten 15). Although the manner in which social media is currently being used today differs from the ways in which it was utilized just five years ago, in 2015, it is crucial to realize that the influences that social media has on the consumer is not only in an advertisement capacity. social media has the ability to engage consumers on an interpersonal aspect, as Ashley and Tuten discussed (Ashley & Tuten 16). This

means that consumer engagement is key to how retailers are portrayed and will consequently

affect the retailer's overall business.

Research

  Social media is an outlet in which users are able to interact with one another other on a

regular basis. Recently, retailers have seen the positive results and opportunities in media

platforms to grow their brands. One particular article discussed how "social media has the

potential to positively influence consumer engagement with brands and has redefined the

dynamics of traditional consumer/brand relationships" (Lu & Miller 87). Brent Barnhart of

Sprout Social states that, "despite popular belief, social media isn't killing retail: it's simply

encouraging the space to evolve" (SproutSocial.com). Barnhart believes that it is important for

retailers to create a sort of platform for the social customer journey for their followers to join that

does not only appeal to their attention but also the customers' actions listed in Appendix 1.

Barnhart also stresses the importance that, "the majority of consumers' purchasing decisions are

influenced by the brands they follow" (SproutSocial.com).

  The diagram in Appendix 1 from Sprout Social illustrates the actions that consumers take

when they follow specific retail brands on social media platforms. Sprout Social notes that the

most common action includes visiting the retailer's website or app which is done by 91% of new

followers. 89% of new followers of the retail brand end up buying from that retailer while 85%

recommend the retailer to others. Approximately 84% of new followers end up choosing the

retailer over a formerly known competitor and visit the brand's physical retail store when this is

an option (SproutSocial.com). Around 74-75% increase their spending with that company, reach

out for customer service or support, and read that follow the brand's blog or site content

(SproutSocial.com). Finally, 71% of consumers engage with that brand on social media when they follow the company (SproutSocial.com). These actions are crucial to keep in mind when deciphering how to create a proper social media marketing campaign.

With the recent pandemic and physical store, otherwise known as "brick and mortar" shutdowns, many retailers have turned to using social media as a way to conduct business and gain support. A recent Mar Tech Series article stated, "in 2020, consumers rapidly shifted to digital channels as brick-and-mortar retail locations closed their doors and furloughed many of their employees. In response, brands looked to boost their broad online presence, including spending on advertising" (MarTechSeries.com). With this, it is understood that retailers, who did and did not previously have social media pages, have moved business partially online in response to so many consumers turning to online options for shopping. Mar Tech Series believes that this change will remain and that technology will become the primary format of business communication for transactions between companies and consumers. They go on to say, "it's time to bridge the gap between performance and creative teams, and invest in technology to scale creative and improve ad performance that will empower teams to work more seamlessly — even in a remote environment" (MarTechSeries.com). The Mar Tech Series article touched on retail marketer awareness and understanding of the importance of a strong social media campaign. The marketers recognize that engagement with consumers has become more crucial now more than ever with the global pandemic. This is especially important in that the Mar Tech Series' research illustrates that creative teams have not been collaborating effectively with each other throughout the marketing process in their efforts to conduct well-developed social media advertising.

In Lu & Miller's article, *How Social Media Communications Combine with Customer Loyalty Management to Boost Green Retail Sales*, the two discuss the benefits of retailer

presence on social media. They state that "consumers are now able to respond to and engage with brands in two-way streams of dialogue that have previously been unattainable" (Lu & Miller 88). This new engagement has enabled the formation of relationships between consumers and retailers which results in honest feedback, word-of-mouth advertising, and more. In addition, "brand marketers are no longer in the unique position of telling consumers what to think and purchase; consumers now play roles in the creation and dissemination of a range of brand-relevant information" (Lu & Miller 89). This new manner of communication has the power to positively influence sales based on excellent reviews from consumers, along with them sharing their great experience of the product, and increased knowledge of the retail brand itself.

Moreover, Lu & Miller declare that "Facebook brand pages provide retailers with an easy and popular means to extend traditional customer relationship management programs into the Facebook media popular with many shoppers" (Lu & Miller 88). The Social Customer Relationship Management (SCRM) facilitates relationships between retail brands and their customers outside of traditional ways using Customer Relationship Management (CRM). Along with this, the SCRM is designed "to engage the customer in a collaborative conversation in order to provide mutually beneficial value in a trusted and transparent business environment" (Lu & Miller 89). As a result, "research suggests that there is a positive and significant relationship between social media and sales" (Lu & Miller 91). Given this information, proper social media marketing campaigns and sales are positively correlated and are likely to produce successful results for retailers. With this, it is important to take into consideration the customer journey that a retailer sets out for their company. There are many successful methods that retailers may utilize to attract new followers and potential consumers that help retailers to gain consumer interest in their products and brand.

Steps for Mapping Out Customer Journey:

To create a successful social media journey for customers, retailers must utilize an efficient plan including insight similar to that published on Sprout Social's article by Brent Barnhard and also using CoFounder's article written by Jamie Fry. Barnhard suggests that the company develop an omnichannel social presence. This means incorporating a hybrid social media strategy with "paid ads in addition to organic content" (SproutSocial.com). The strategy should promote content between all platforms; These platforms should include, but are not limited to, Instagram, Facebook, Twitter, TikTok, Snapchat, Pinterest, LinkedIn and others. For example, retailers can use paid Facebook advertising to post advertisements online. Also, Twitter is often used by customers to address concerns and shout-out companies which ultimately promotes the retail brand. Additionally, Pinterest for business can be utilized to promote pins and inspiration boards that have potential to feature products (SproutSocial.com). Creativity with text and video content can make a drastic difference in the engagement of followers and has potential to go viral if using key words and relevant topics (CoFMag.com).

Another important aspect to consider is to "use social media to supplement existing marketing campaigns" (SproutSocial.com). By doing so, retailers would be combining their social presence within their paid campaigns. This can be done by posting purchase codes and discounts that "encourage impulse buys" (SproutSocial.com). It shows urgency and exclusivity when a product is available for a limited time because consumers fear missing out and are likely to make a purchase based on impulse rather than necessity or desire (CoFMag.com). It is also beneficial to maintain an email list and active followers on social platforms to keep customers aware of promotions. Furthermore, rather than solely posting photos of their products, pictures,

retailers should post fun, creative, and friendly posts that encourage their followers to engage with the posts.

Additionally, getting feedback from social media consumers and providing them with timely customer service is crucial. Because the long-term goal of retailers should be to "sell your brand beyond the products," making connections with customers and asking them questions is of the utmost importance (SproutSocial.com). This feedback can also be promotional and help the company's brand. Barnhard notes that "customer service concerns are among the top reasons that consumers engage with retailers on social media" (SproutSocial.com). Appendix 2 lists the reasons why consumers message a retailer brand on social media. Listening and being responsive to your online customer's concerns by personalizing responses with care and in a timely manner reflects positively on the retailer. Appendix 2 illustrates that 59% of consumers reach out to a brand on social media because of a great experience with the retailer while 37% have customer service issues and 23% for social contest or because posts align with their beliefs (SproutSocial.com).

Furthermore, trends and user generated content should influence strategies and products. The Management Information Systems department of the retailer should create a query builder to "easily monitor mentions, hashtags and industry-related keywords to better track what customers are buzzing about" in order to adjust products to trends if suggested (SproutSocial.com). Customers should also be encouraged by retailers to share posts with the company products online to be featured on the company's main social media platforms. Retailers can do this with special hashtags or simply tags. Jamie Fry of CoFounder Magazine states that "digital marketing is fundamental for the proper performance of your retail store… if you want to have stable sales, you need an online marketing campaign" (CoFMag.com). Implementing these tactics within

retailer social media pages will promote brand awareness and will allow for consumers to remember and recognize the retailer in the future.

Next, retailers should remarket to current and past customers with personalized and targeted ads. "Running ads allows retailers to appeal to customers without running the risk of spamming them" (SproutSocial.com). Retargeting and remarketing helps with customer retention. To increase customer lifetime value over time, promotional offers, a content calendar, and a keen eye on analytics are necessary. It is also essential to focus on special days such as birthdays, holidays and more to show customers that you care about them and are appreciative (CoFMag.com). Using this tactic will make customers feel good and will maintain a great relationship between the company and consumer. "From uncovering new customers to increasing the value of the ones you already have, the amount of creative business opportunities available to retail brands on social media is seemingly endless" (SproutSocial.com).

Consumer Buying Process:

As the focus of this thesis lies within the effects of social media within retail businesses, one must consider the consumer buying process as it pertains to a retailer's marketing strategy. The consumer must first recognize what exactly they are looking for and need (ProfessionalAcademy.com). Next, the consumer will begin to search for the product that they are looking for and conduct some research on which product best suits their needs and wants. It is important to note that this "information is not only gathered about stuff and on things but from people via recommendations and through previous experiences we may have had with various products" (ProfessionalAcademy.com). After conducting research, a consumer evaluates the alternatives. The consumer will question which product is right for them and which company

provides the best deal. This deal revolves around price, quality and especially reviews (ProfessionalAcademy.com). Once the consumer decides upon a product, they have "either assessed all the facts and come to a logical conclusion, made a decision based on emotional connections/experiences or succumbed to advertising/marketing campaigns, or most likely a combination of all of these has occurred" (ProfessionalAcademy.com). In other words, the consumer makes their decision and purchases the product. After the consumer receives their newly purchased product, they enter the post-purchase review stage. The consumer will then determine whether the product has satisfied their needs and wants. If the consumer is satisfied, it is likely that they will share their experience and satisfaction of the product with family and friends resulting in word-of-mouth advertising for the retailer. Contrastingly, the consumer may also share their experience if they are dissatisfied with the product. With this, the model of the consumer buying process can be utilized in almost any purchase decision. This process should be recognized and researched thoughtfully when marketers are creating or revitalizing a marketing plan for retail businesses.

Consumer Buying Process & Mapping Out Customer Journey Approach:

Appendix 3 demonstrates a representation of how the consumer buying process and steps for mapping out a customer's journey relate to one another and should be examined together when planning out a successful online marketing campaign. As a consumer recognizes the need for a certain product and begins their research to learn which retail brand and product best suits themselves, a retailer with a prominent and omnichannel social media presence is more likely to appeal to the customer. With this, as a consumer heads online to begin their search, a retailer with a large social presence is likely to catch the potential consumer's eye. Next, between the

information search and evaluation of alternatives, retailers should be on the lookout for new

trends to implement throughout their products and online pages. The businesses should also take

advantage of user-generated content to promote their products from their current customer's

perspective of the brand. In doing so, a consumer would take this information into consideration

and evaluate it against alternative retailers. Before making a purchase decision, potential

consumers may have questions that they ask the retailer on social media platforms. A timely and

complete response is crucial in order to ensure that the potential consumer becomes an actual

consumer. The response to a consumer's question makes a lasting impression of the company and

its brand. Regarding the actual online purchase, a retailer should make the social shopping as

seamless as possible and ask for feedback from their customers as well to make improvements.

Lastly, a post-purchase evaluation should consist of remarketing and retargeting current and

former customers which will ultimately increase customer retention and lifetime value.

Discussion & Conclusion:

In conclusion, a strong presence on social media is highly beneficial for retailers hoping

to make a successful impression on current and future customers. Incorporating social media

tactics within current marketing campaigns can create a significant and positive impact on a

retail businesses brand. By utilizing social media, retailers will be able to assess which of the

various methods of online marketing to promote their businesses. By properly planning and

conducting the online marketing plan, an increase in sales and customer base is likely to result

which will improve the overall value of the company.

Additionally, this thesis demonstrated the key aspects of social media marketing that

make the greatest difference in creating a successful campaign with regards to types of posts,

content, captions, etc. Lastly, this new research exposes the benefits related to social media

marketing by explaining how to utilize them to enhance a retailer's platform and brand when

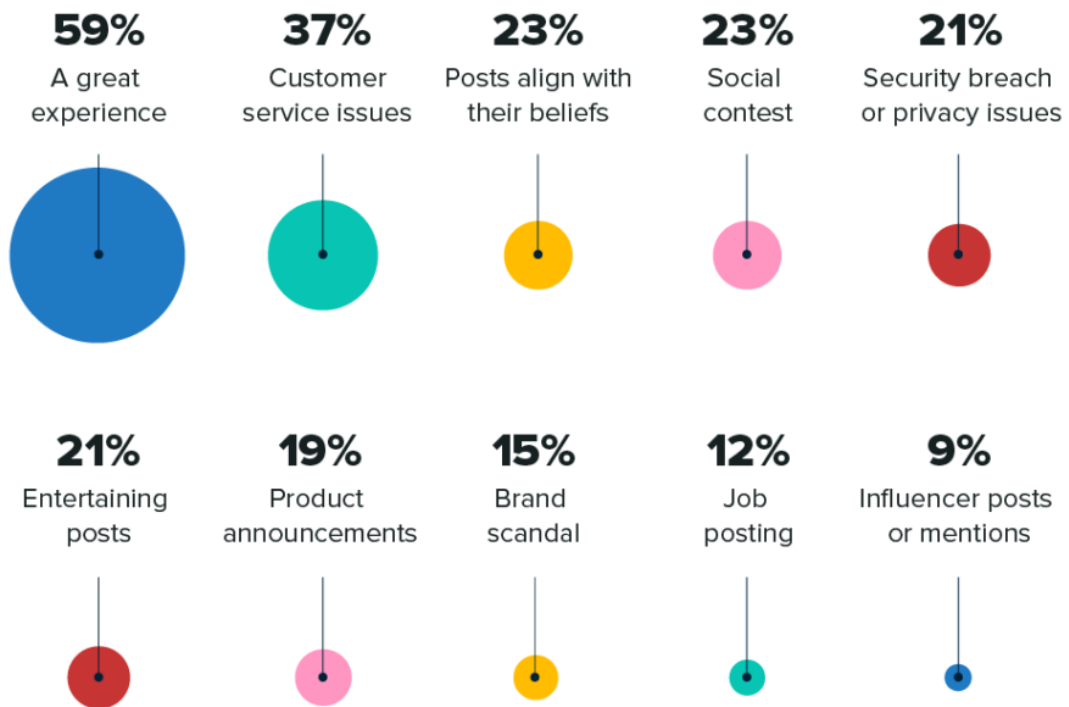developing and modifying current marketing strategies.

Appendices

Appendix 1:


Actions consumers take when they follow brands on social

Visit the brand's website or application — 91%

Buy from that brand — 89%

Recommend that brand to a family or friend — 85%

Choose that brand over a competitor — 84%

Visit the brand's physical retail store — 84%

Increase their spending with that brand — 75%

Reach out for customer service or support — 74%

Read that brand's blog or site content — 74%

Engage with that brand on social media — 71%

sproutsocial · Sprout Social Index™   sproutsocial.com/index

Appendix 2:

Why consumers message a brand on social media

59%
A great experience

37%
Customer service issues

23%
Posts align with their beliefs

23%
Social contest

21%
Security breach or privacy issues

21%
Entertaining posts

19%
Product announcements

15%
Brand scandal

12%
Job posting

9%
Influencer posts or mentions

sproutsocial · Sprout Social Index™

sproutsocial.com/index

Appendix 3:

Consumer Buying Process with Steps to Map out Customer Journey

(ProfessionalAcademy.com).
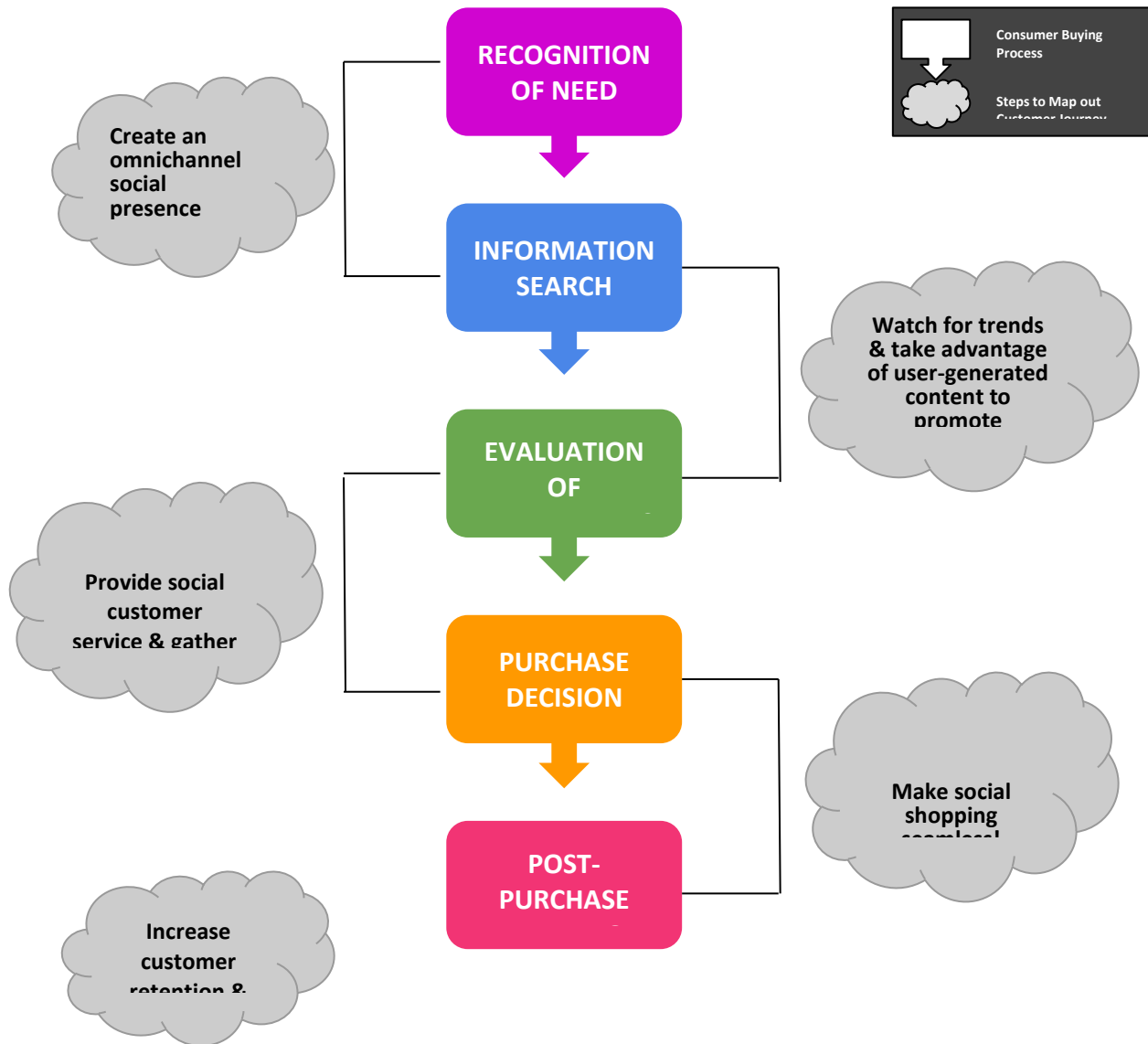
Bibliography

Academy, Professional. "Marketing Theories – Explaining the Consumer Decision Making

    Process." *Professional Academy*, www.professionalacademy.com/blogs-and-

    advice/marketing-theories---explaining-the-consumer-decision-making-process.

Arora, Sanni. "Ten Years of 'Social Media Marketing' Research in the Journal of Promotion

    Management: Research Synthesis, Emerging Themes, and New Directions." Journal of

    Promotion Management, vol. 25, no. 4, Informa UK Limited, Mar. 2018, pp. 476–99,

    doi:10.1080/10496491.2018.1448322.

Ashley, Tuten. "Creative Strategies in Social Media Marketing: An Exploratory Study of

    Branded Social Content and Consumer Engagement." Psychology & Marketing, vol. 32,

    no. 1, Wiley, Jan. 2015, pp. 15–27, doi:10.1002/mar.20761.

Barnhart, Brent. "How to Master Social Media for Retail and Win More Customers." *Sprout

    Social*, 28 Sept. 2020, sproutsocial.com/insights/social-media-for-retail/.

Becić, Sonja, et al. "Role of Marketing and Social Networks in Improving Business

    Effectiveness." Ekonomika, vol. 64, no. 3, 2018, pp. 77–88.,

    doi:10.5937/ekonomika1803077b.

Billie Nordmeyer MBA, MA. "The High-Level Business Impact of Social Media." *Small

    Business - Chron.com*, Chron.com, 21 Nov. 2017, smallbusiness.chron.com/highlevel-

    business-impact-social-media-38816.html.

Chung, Alexander Q. .. "Where the Shoe Pinches: Realizing Dominant Problems as an

    Organizational Social Media Business Profile Evolves." International Journal of

    Information Management, vol. 41, Elsevier Ltd, Aug. 2018, pp. 33–49,

    doi:10.1016/j.ijinfomgt.2018.03.003.

Dean, Curtis. Social Media Marketing Strategies Used by Owners of Small Retail Businesses.

    ProQuest Dissertations Publishing, 1 Jan. 2019.

Dekimpe, Marnik. "Business Cycle Research in Marketing: a Review and Research Agenda."

    Journal of the Academy of Marketing Science, vol. 46, no. 1, Springer US, Jan. 2018, pp.

    31–58, doi:10.1007/s11747-017-0542-9.

Felix, Rauschnabel. "Elements of Strategic Social Media Marketing: A Holistic Framework."

    Journal of Business Research, vol. 70, Elsevier BV, Jan. 2017, pp. 118–26,

    doi:10.1016/j.jbusres.2016.05.001.

Fisher, Eran. "'You Media': Audiencing as Marketing in Social Media." Media, Culture &

    Society, vol. 37, no. 1, SAGE Publications, Jan. 2015, pp. 50–67,

    doi:10.1177/0163443714549088.

Fry, Jamie. *Successful Digital Marketing Strategies For Retail Store*, 20 Nov. 2020,

    www.cofmag.com/2020/11/successful-digital-marketing-strategies-for-retail-store/.

Hollebeek, Linda D. "Developing Business Customer Engagement through Social Media

    Engagement-Platforms: An Integrative S-D logic/RBV-Informed Model." Industrial

    Marketing Management, vol. 81, Elsevier Inc, Aug. 2019, pp. 89–98,

    doi:10.1016/j.indmarman.2017.11.016.

Ismail, Ahmed. "The Influence of Perceived Social Media Marketing Activities on Brand

    Loyalty: The Mediation Effect of Brand and Value Consciousness." Asia Pacific Journal

    of Marketing and Logistics, vol. 29, no. 1, Jan. 2017, pp. 129–44, doi:10.1108/APJML-

    10-2015-0154.

Kanuri, Vamsi K. "Scheduling Content on Social Media: Theory, Evidence, and Application."

    Journal of Marketing, vol. 82, no. 6, SAGE Publications, Nov. 2018, pp. 89–108,

    doi:10.1177/0022242918805411.

Kerin, Roger A., and Steven W. Hartley. Marketing. 14th ed., McGraw-Hill Education, 2019.

Kim, Kihyun Hannah. "The Relative Influence of Economic and Relational Direct Marketing

    Communications on Buying Behavior in Business-to-Business Markets." Journal of

    Marketing Research, vol. 55, no. 1, SAGE Publications, Feb. 2018, pp. 48–68,

    doi:10.1509/jmr.16.0283.

Kumar, Bhaskaran. "Practice Prize Winner —Creating a Measurable Social Media Marketing

    Strategy: Increasing the Value and ROI of Intangibles and Tangibles for Hokey Pokey."

    Marketing Science (Providence, R.I.), vol. 32, no. 2, Institute for Operations Research

    and the Management Sciences (INFORMS), Mar. 2013, pp. 194–212,

    doi:10.1287/mksc.1120.0768.

    Lovering, Catherine. "Negative Effects of Social Media on Business." *Small Business -*

    Chron.com, Chron.com, 1 Mar. 2019, smallbusiness.chron.com/negative-effects-social-

    media-business-25682.html.

MTS Staff Writer. "Smartly.io Research Reveals Majority of Retailers Will Increase Social

    Advertising Spend on Facebook in 2021." *MarTech Series*, 20 Nov. 2020,

    martechseries.com/social/social-media-advertising/smartly-io-research-reveals-majority-

    retailers-will-increase-social-advertising-spend-facebook-2021/.

Shaw, Atanu. "Council Post: How Social Media Can Move Your Business Forward." *Forbes*,

    Forbes Magazine, 11 May 2018,

www.forbes.com/sites/forbescommunicationscouncil/2018/05/11/how-social-media-can-move-your-business-forward/#3363541d4cf2.

Sivarajah, U. et al. "Role of Big Data and Social Media Analytics for Business to Business Sustainability: A Participatory Web Context." Industrial Marketing Management (2019): n. pag. Web.

Weiss, Elaine. "Presidential Hush Money, Circa 1920; Warren G. Harding Got Elected Partly by Women Exercising Voting Rights for the First Time. They Didn't Know About the Affair That His Party Paid to Cover up--or About His Second Mistress." The Wall Street Journal. Eastern Edition, Dow Jones & Company Inc, 31 May 2018.

Williams, Geoff. "Weighing the Impact of Social Media on Business." *Business Trends and Insights*, 5 Jan. 2018, www.americanexpress.com/en-us/business/trends-and-insights/articles/weighing-the-impact-of-social-media-on-business/.

Yang, Che. "Do Social Ties Matter for Purchase Frequency? The Role of Buyers' Attitude Towards Social Media Marketing." Computers in Human Behavior, vol. 110, Elsevier Ltd, Sept. 2020, p. 106376–, doi:10.1016/j.chb.2020.106376.