

## SOCIAL MEDIA & ITS INFLUENCE ON CUSTOMER RELATIONSHIP IN INDIAN RETAIL SCENARIO

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### ABSTRACT

*Indian retail sector is at an all-time high right now. With foreign investment in retail, competition has been cut throat as the big shops, fight amongst each other. Due to the ever growing fierce competition, retailers are now opting for Social media, as their strategy owing to the fact that it serves as a direct one-to-one connection with the consumer.*

*According to a survey done by the Retailers Association of India (RAI) and Octane, three-quarters of retailers in India, plan to increase investment in social media promotions and advertising in the coming years.*

*Social media is effective in not only understanding, the consumers buying patterns, but it also gives helpful insight with regards to the likes/dislikes of them. It thus helps the retailers, to understand what to sell to their consumers and how to achieve the target sales.*

*Changing trends indicate, increase not only in budget allocation for social media, but also in adapting various innovative ways for business growth.*

*Through an extensive review of literature including reports, from Retailers Association of India and this paper focuses on the growing need, for adaptation to social media marketing in Indian retail sector. It analyzes the impact of social media tools, in Indian market. The findings were depicted through flowcharts, which analyze the role of customer relationship and social media.*

**KEYWORDS:** *Promotion, Advertising, Retailers, Consumers & Sales*

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### INTRODUCTION

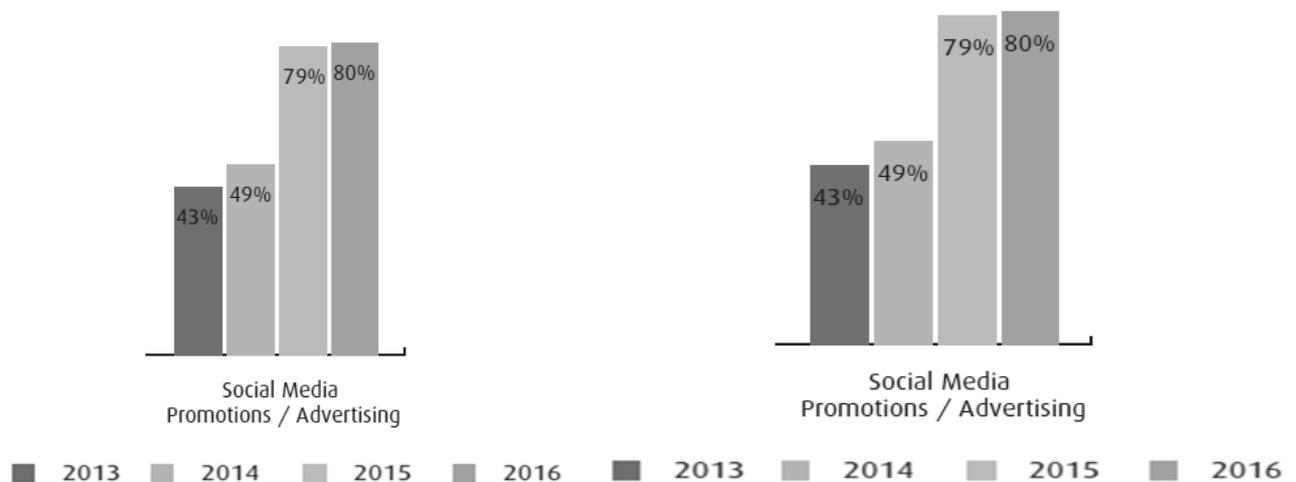
Retail in India has taken a remarkable transformation, over the last two decades.

The digital medium has influenced retail with a powerful strike, reshaping customer behaviour and expectations. To summarize, retail business are in a constant need to retrospect their strengths, reinvent their offerings across the purchase pathway and rewrite their approach of retail economics.

Impact of social media marketing on retail business

- Personalizing the consumer-seller experience with real-time communication strategies.
- Expanding social media use beyond marketing, to nurture client relationships and drive revenue.
- Building a community of passionate brand advocates.

Increase in expenditures over the years show a clear indication with respect to the growth on social media advertising by Indian retail companies.



**Figure 1: Increase in Budget Allocation on Social Media**

*Source: Indian retail E Marketing study 2016- RAI & Octane*

Traditional media sources are unable to provide the required information to the retailers, as compared to the benefits attached with social networking sites. It helps the retailers in understanding which products are favoured, rejected or what essential features, to the consumers prefer over others.

It is a great marketing tool for retailers in boosting sales, growth and engaging with customers.

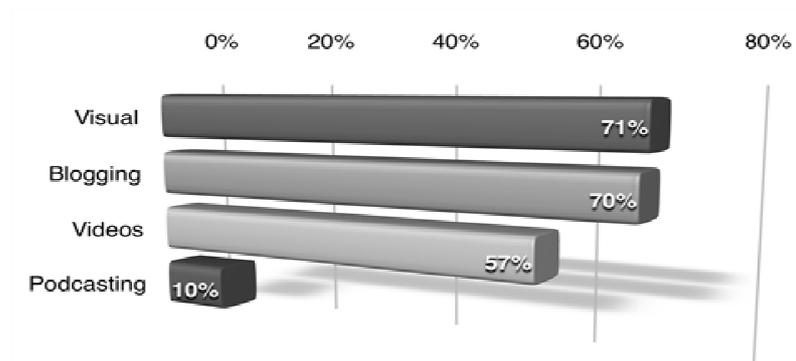
## RESEARCH OBJECTIVES

- Analyze the role of social media in Indian retail scenario
- Determine the incoming trends in usage of social media in marketing.
- Analyze the various social media practices used by some Indian retail giants
- Determine the impact of social media on customer relationship
- Determine the influence of customer relationship on a Brand.

## Consumers Engage with Brands Online for Specific Reasons

- To take advantage of promotions and discounts
- Information on the latest products
- Customer service
- Entertaining content
- To offer feedback

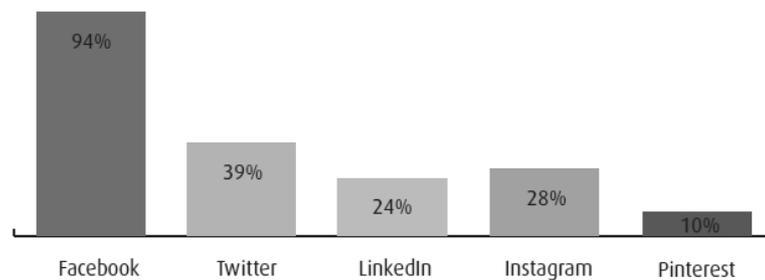
Retailers track customer feedback and adjust their offering to reflect customer needs. Therefore people's comments and likes on a brand's social media platforms can dictate what the brand sells in the long term. Connecting with the consumers is important to increase visibility with potential consumers.



**Figure 2: Social Media Technologies Most Suitable for Retailers**

*Source: Social media marketing industry report 2015*

Despite the availability of visuals, marketers pinpointed blogging also as their frequently used medium.



**Figure 3: Contribution of Social Media Platforms towards Customer Engagement**

*Source: Indian retail E Marketing study 2016- RAI & Octane*

**Pinterest**

Having a unique & visual approach towards social media, Pinterest already has well over 70 million active users and the number is growing. Both individuals and businesses can use Pinterest for sharing visual bookmarks known as 'Pins.' Pinterest is most suitable for businesses which rely heavily on visual media, such as those in the fashion, photography, design and jewellery industries.

Pinterest offers business accounts including useful additional features such as the ability to promote Pins and analyze results.

**Facebook**

It is the most utilized and effective social media platforms which are accepted by not only large but small business. It provides free marketing opportunities to retailers to provide regular updates, build subscribers and also handle complaints.

The audience likes the pages and also indicates their preference. It is a great platform to engage customers and also offer sales and promotions.

**Twitter**

The social networking and micro blogging platform Twitter has around 200 million active accounts, and it is

becoming increasingly popular for businesses, entrepreneurs and celebrities to provide short & regular updates. By creating a Twitter page specifically for the promotion of business followers are attracted with an aim to expand the target audience.

Twitter can be used for gaining customer insights about a brand, certain products and the updation about any specific product or services. Brands can also post images and videos on Twitter to add visual appeal for their customers.

### **Instagram**

Since Instagram, is all about visuals it becomes a suitable option for businesses operating in the field of fashion, food, travel, design and technology industries.

By posting snapshots and other illustrations business owners showcase their products and also host photo contests thus promoting their Brands.

### **YouTube**

It provides platforms to business owners to post videos regarding products, their features and also updation about the upcoming promotional events etc.

It has a paid advertising program which allows businesses to have their advertisements appear in other promotional videos.

#### **Measurement of effectiveness of strategies & campaigns**

**Measurement of social media activity is a very important part of customer development.**

**Keeping a track of how many people are commenting, liking and sharing the content on social networking sites is essential to understand the brands position and image in the market. Any lively discussions and active participation from the customers is a strong indication of a brand's affinity and trust.**

By setting benchmarks the retailers develop their own strategy with respect to innovation and continuous up gradation.

By analyzing the number of clicks content receives; retailers can very well know what is important for their brands image and what is unacceptable by their customers.

## **TRENDING**

### **Video Marketing**

Statistics indicate that 73% of marketers are increasing their use of video, 21% claim it's the most important form of content marketing, and 58% want to improve their knowledge of YouTube.

Researches also indicate that millennial prefer to research products through social media sources. Here video becomes essential for those who wish to connect with their customers and be available to their customers whenever required.

Live streaming has gained momentum with many retailers preferring it over other choices. YouTube live, Facebook Live are some of the available options.

With Google introducing shoppable ads last year and several retailers such as Sephora are finding huge success with this form of video content.

### **Mobile Social Networking**

In order to achieve success in today's fast changing environment it is imperative that retailers collaborate the social media and mobile technology. The mobile friendly pages need to be easily shareable and accessible.

Integrating with the latest technology and the social presence of any brand is essential in order to help the consumers give information regarding the location, hours of service, price range and contact information.

Statistics with respect to consumer's mobile usage indicate that:

- 2x more sharing occurs on mobile vs. desktop
- 71% of consumers use social media from mobile
- 76% of Twitter users access from mobile
- 1.1 billion Facebook users are on mobile

### **Social Media Influencer Marketing is Gaining Momentum**

There is increased involvement of influencer, who is very active on social media and blogs and unconsciously become brand promoters.

Consumers now trust reviews and recommendations from a third party as they trust them more than the brand itself.

When influencers align themselves with a brand they bring their entire network of social followers who are potential customers.

### **Social Experience and Physical Locations**

In some cases, it's the logical of being brick-and-mortar retailers with little to no online presence—by far the largest shares of offline-only retailers and mostly offline retailers said that less than 10% of their sales revenues are derived from digital marketing. But among respondents with a bigger online presence, or ecommerce pure plays, it was more common to report more than 11% of sales revenues—even more than 31% of sales revenues—came from digital marketing.

### **Content Marketing is on the Rise**

Promotional messages and marketing messages playing as content simply won't cut it anymore. Customers want information and entertainment and value from their content, and the fact that the primary purpose of ecommerce is to sell simply isn't an excuse for such outdated content strategies anymore.

Rather, customers today are more likely to return to a retail and ecommerce brand if that brand publishes valuable content for them. This content can be in the form of text, images, videos, or even a delightful combo of all three. However, it will only make an impact if the content in question looks beyond marketing messages and promotional messages, and it actually gives the consumer content that they find valuable.

## RETAIL GIANTS AND THEIR SOCIAL MEDIA INITIATIVES

### Shoppers Stop

Shoppers Stop is among the first retailers in India to acknowledge and use the potential of digital and social media to connect and engage with its customers.

In the last one year, the brand has increasingly focused on Social media and the Digital space to market its products. Shoppers Stop has a well entrenched presence on major social media platforms like Facebook, Twitter and YouTube.

Shoppers Stop celebrated the one million fans on Facebook milestone by giving an Rs 200 discount to all their Facebook fans. Their success lies in the realization that social media is a great medium for joy, engagement, but more importantly it must also convert to business.

### Lifestyle International Pvt. Ltd

Leveraging the popular Instagram platform, Lifestyle launched a new campaign 'Insta weaving' in the year 2015 which highlighted key trends of the season using a hashtag (#) such as InstaGlam, InstaSleek etc. The company maintained a constant communication across all channels — print, digital and in-store — so that customers can connect with these trends both online and offline.

### Croma

One of India's leading consumer durables chains, views the online-offline synergy as key to increase reach and sales and improve customer experience. Launched Smartphone compatible website- Croma Online – that is designed to provide a consistent experience, across offline and online channels. The website offers 'store pickup option for users to view store-wise inventory, order it online, and pick it up later from the store. The company has also launched portable kiosks in public spots for users to check out and order products

### HomeShop18

HomeShop 18 launched India's first virtual shopping wall 'Scan and Shop' at Delhi airport in 2013, primarily focusing on premium merchandise. The wall enabled flyers to shop by scanning the unique QR code from the virtual wall with scanned products delivered to Starbucks Coffee

### Starbucks

Starbucks has a dedicated social media team which handles all the complaints sent to their media channels – the team ensures that over 90% of complaints from phone, email or social media get a human response within 2 hours . Starbucks also operates a social media page 'My Starbucks Idea' that allows users to submit suggestions and share observations. Around 21,000 unique ideas have been shared on the platform till date.

## FINDINGS

- **Impact of Customer Relationship on a Brand:** Customer relationship has a tremendous impact on any brand and its *Brand value*. The research findings are depicted in the figure below, where usage of social media tools influences the Brand and its authority or the popularity quotient. Another essential finding from the research suggests the worth of having *Brand Referrals*. Significant loyal customers unknowingly promote the Brand

through their posts on Social networking sites. This in turn becomes the best promotion of the brand without much involvement of costs. According to Mark Zuckerberg, A trusted referral influences people more than the best broadcast message.

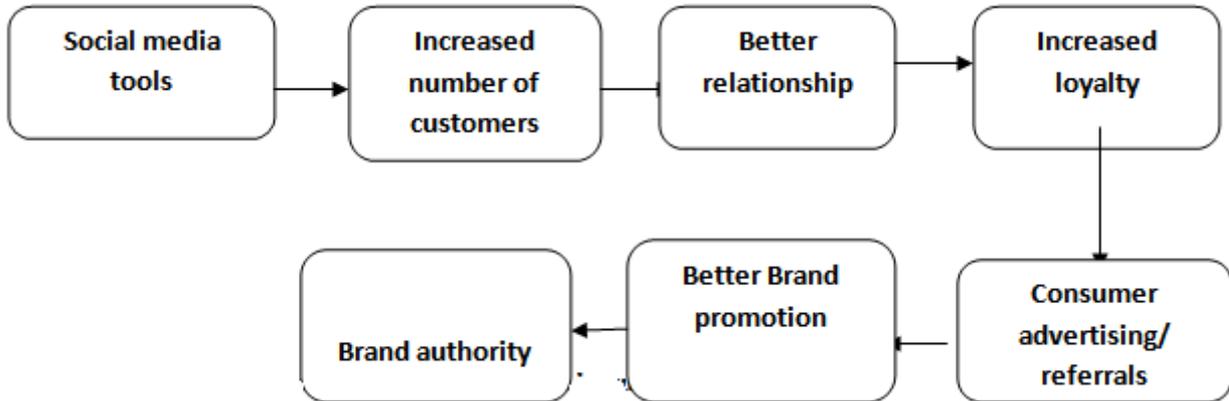


Figure 4: Influence of Social Media Advertising on Brand Authority

**Social Media & Customer Purchase Decision Process**

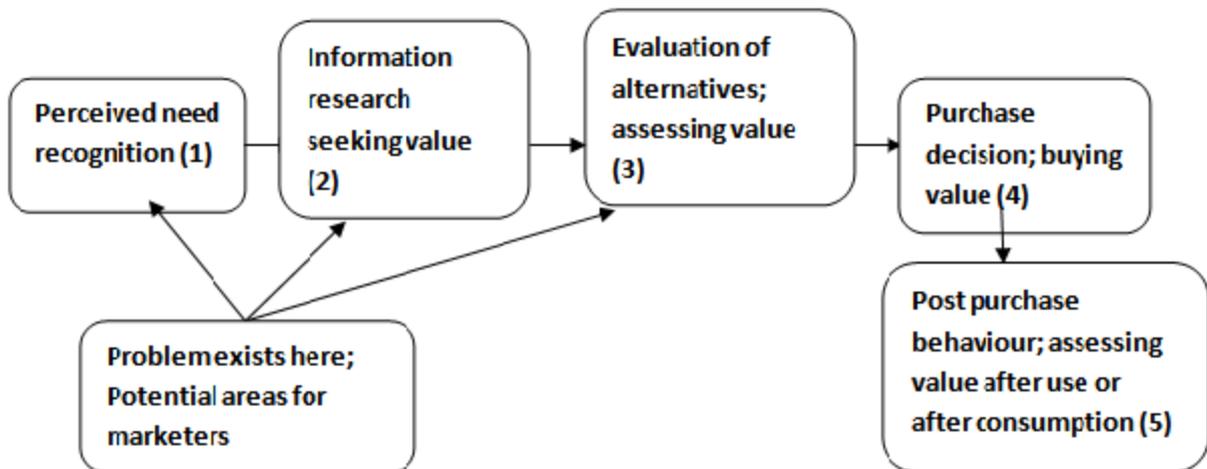


Figure 5: Impact of Social Media Marketing on Customer Purchase Decision Process

The findings conclude that in a purchase decision process the problem areas are 1, 2 & 3. However these are the potential areas which are opportunities to the retailers. Social media marketing tools can be utilized in such a way that whenever customer identifies a Need for a product- then a specific Brand name is remembered by the customer. Also during the stage of searching & evaluating the existing choices – marketers can tap the potential customers. Social networking sites are beneficial to retailers in terms of creating Brand Value in the minds of their customers.

**Impact of Social Media on a Brand**

Social Media plays a pivotal role in not only selecting a particular brand but also in either accepting or completely rejecting it. The social networking sites are both beneficial & detrimental to a particular Brand.

After buying a product of a Brand, a customer through social networking sites promotes it with either their ‘likes’ or positive comments. If they are unsatisfied they criticise it and demote it by their negative comments. Thus through their

opinions they become the brand referrals and advertise for the brand.

Hence it is imperative for the retail marketers to analyse and formulate the social media policy in order to promote the Brand name. Moreover the Relationships they form with these customers are also very crucial in nature. These brand names should form a humane relationship where they not only take appreciation but also accept rejections and understand the criticism given by the customers. Egg. - By replying to a complaint posted by a customer, the marketers project an image of effective customer relationship building.

## CONCLUSIONS

Retail is a social activity hence the retail industry is among the few adopters of social media to help market and promote their brand to attract new customers.

Retailers should not focus on simply utilizing social technology to push advertisements and promotions that could be negative in long- run. However if implemented properly, social media is a great way for retailers to boost sales, gather more customers and develop their business. They need to concentrate on developing and enhancing their relationship with these customers so that they become the *brand referrals* for them.

Retailers participating in social media need to develop a content strategy that puts the customers at the forefront of the campaign. With a carefully thought-out social strategy, retailers can gather a wealth of knowledge about their customers, build a rapport and help shape an online community thus allowing the business to gain a greater insight of their customers' wants, needs and trends.

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