

The evolution of social media in retail

By © Verdict 2011

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LONDON, UK: Many retailers are overlooking the huge potential of transforming their online stores into entertainment destinations by integrating social media, finds Verdict.



A new report* by the independent retail analyst has revealed that although e-commerce and social media are separate entities for retailers, those that recognise the potential of combining the two will reap the rewards.

Charlotte Woods, analyst at Verdict, said: "Most retailers have recognised the value of social media, but very few have realised its potential to benefit their online stores. By viewing and running the two operations separately, retailers simply aren't realising the full power of social media. Retailers have the ability to attract increased levels of traffic to their online stores by using social media to create entertainment destinations which consumers can get excited about. As a result, retailers have the ability to create retail theatre online."

The research highlights how effective social media could be for online stores in helping to shape brand identity. For example, simply embedding YouTube videos of catwalk shows, and interviews with designers and celebrities could emphasise brand identity and boost customer engagement as they would help consumers to identify with the retailer on a personal level.

Using online to bet effect

One retailer that exemplifies the extent to which retailers can use social media to turn their online stores into entertainment destinations is RVCA. The clothing company, which is based in the US and owned by the Australian brand Billabong, uses social media on its website to enforce a lifestyle with which consumers can identify. The website's front page is dominated by blogs, YouTube clips, music tour dates and Facebook and Twitter pages. The link to the online shop is given lower priority than tabs for information pages. However, the retailer has benefited from the addition of social media as customers spend longer on the site, and brand engagement has increased, as has consumers' likelihood of purchasing.

Woods continued: "Retailers across all sectors should not underestimate the potential of creating online retail channels dedicated primarily to entertainment. The concept would work particularly well for entertainment retailers, which could use interviews with authors and actors in the content of their homepage.

"This sort of strategy will become increasingly important as competition continues to grow. Retailers will therefore have to work harder to engage customers, and integrating social media with their online stores could prove lucrative to those that get on the front foot."

*Social Media Strategies in Global Retailing

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