

# RETAIL SOCIAL NETWORK MARKETING

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## RETAIL MARKETING AND THE INTERNET

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The movement of brand building from mass marketing to social marketing requires new approaches and different goals. Instead of *acquiring* the customer, the aim becomes *starting a conversation with* (and *maximizing the value of*) that customer over time. Instead of the goal being mass impressions, it's to go deeper with fewer people and create customer evangelists. Market share becomes share of customer lifetime; share of customer voice and communication of improved service offerings takes on the added dimension of enhanced customer relationship.

Clearly a new marketing approach is critical. To support their sophisticated graphical and text presentation of messages and images, retailers need to set up a context for dialogue with the customer – extending brand essence and personality, but also bridging the distance between seller and customer. Moreover, retailers need to understand that such a dialogue is not the company's vehicle for communication, but merely an open channel in which company voice is but one of many. Progressive companies that *participate* respectfully in the conversation will find that their brand personalities become more personal, matching the capability of and fulfilling the expectation of the new medium.

### Marketing with Online Community

The reality of Web culture both demands and supports a revised approach to online marketing. At LiveWorld, our clients tell us they see results like these from their online community efforts:

#### **Deeper relationships with customers/constituencies:**

- Events and dialogue applications both support and create brand experience; people feel part of the brand, addressed as valued customers.
- Conversation and learning (from both customers and experts) increases category interest, making newcomers comfortable and creating a path to involvement.
- Customer satisfaction levels rise, based on the perception that the company is present and responsive.
- Improved understanding of customers and their product preferences clears a path toward more successful products/services.

#### **Increased revenue/productivity per community participant:**

- People who engage in a site's structures for dialog tend to stay around much longer.
- Loyal to a conversational site and what it offers, community members take greater advantage of calls to action, including product purchase.
- Pageviews from community participants are far greater, as their interest and connections leads them to explore opportunities the site offers.
- Conversation draws them back again and again, as relationships grow.

### Reduced costs, based on network efficiencies:

- One-to-many and peer-to-peer support lessens the needs for employee support staff.
- Product reviews/testimony support lower-cost customer acquisition and conversion.
- An engaged customer audience creates (and returns to view) content that they themselves add to the site, limiting the need for editorial staff.

While the functionality used to assemble online communities is standard, the particular implementation can be uniquely advantageous and appealing, depending on how it supports the purpose and character of the particular community and its membership. Communities are about people, and will largely reflect the role model personalities who put the required energy into starting them, providing the daily framework for conversation.

## CREATING A SOCIAL MARKETING STRATEGY

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The decision to build online social marketing venues requires a set of clear strategic objectives. In most cases, goals will involve particular user volumes, demographics, and actions that either contribute to and support the brand or provide a specific type of customer support. In both general cases, a strong implementation is expected to result in a foundation of loyalty that maximizes customer value and return over customer lifetime.

### Defining the Attributes of the Community

Companies should consider a number of factors before deciding on the nature of the community they hope to develop. These questions and others are critical to your plans:

What business challenge are you hoping to solve with online community? Are you looking for extension of the brand investment you already make in merchandising, stores, and advertising? Do you hope to see an increase in commercial transactions via the site? Are you looking for customer addresses, preferences? Reduced acquisition or support costs? Feedback about how people use your products, their satisfaction levels, and what new products or services they might need?

What's your timeline, and do you have the resources on staff to manage the community? What are the realistic expectations for volume in the community, and how will draw people to it? Who are the customers you expect to come to your site? Are they now congregating on other sites? Which ones? How is your site different from other sites? Or if you choose to create a presence on an existing social network, why would people associate themselves with it?

What will be the company's communication to the customers, the culture of the social environment, the programming you'll offer to spur interaction? What level of moderation will be required, and who will provide social leadership? You also need to put serious planning and consideration toward legal issues, employee participation, security, and overall site positioning.

### Identifying Type of Social Venue that will Deliver Maximum Return

Once you've defined the attributes that you hope to effect in your online community, it will likely involve one, some, or all of the following:

**Brand.** Communities that develop around brands can be quite effective at strengthening relationships with customers, extending both brand image and experience. Be aware, however, the living community becomes the brand, and that what people actually think or say about the product or service is well beyond the company's control.

Broad destination social networks such as MySpace *Pages and/or* facebook *Networks*. If the natural behavior of current or hoped-for constituents is to spend considerable time on *My Space* and/or facebook, it may make sense to launch a campaign involving one of these platforms. Widgets providing connection between a brand-centric site and the *MySpace* or facebook profiles (both company and individual profiles) may well support the most flexible, productive, and long-lived customer relationship.

**Commerce.** Online commerce has a lot of revenue to gain from community activity and connection. Communication among satisfied customers encourages credible product testimony, increases purchase opportunity by encouraging site retention/stickiness (more views, more product news), provides the sellers with an opportunity to gather purchasing history and promote accordingly, and ensures a present and effective population for ongoing product research and feedback.

**Customer Opinion and Experience.** Increasingly, Web users look to each other for information about every product and services—from books to vacations, from restaurants to vacations, from contractors to lawyers. While the relationship and discussion in such communities is limited, high trust levels result from the assumption of authenticity within the articulated range of opinion.

## Building and Managing Community

Because products/brands have a cultural (rather than strictly commercial) aura surrounding them, people identify with them, or don't, based on images and cues. A strong brand motivates people to seek each other out based on this shared tendency toward a lifestyle. Imaginative community building extends the phenomenon by providing leadership for and shepherding of customer activity. The people who do the cultural building and management of a community must be involved in it. Regardless of the level of planning that has gone into it, a community's ultimate success depends on the extent to which its management continues to respond to the community, program in the target direction, encourage its growth, and learn from its developing character.

It's important to realize, however, that once people are connecting with one another, the development of community is primarily about participants and their interactions. The brand presence is essentially in the hands of the community, under the attention of community managers who must understand how it supports company goals.

More than anything else, management of an active community involves a focus on dialog. It's an interactive environment where who you are depends solely on what you have to say – whether “you” are a company or an individual. Community management must, on a daily basis, make good a commitment to making it easy, comfortable and appealing for people to speak up.

*eBay neighborhoods allow eBay users to connect with others who share a similar passion for products and topics*



## The Advantages of Outsourcing Community

Many types of enterprises can certainly expect to reap extensive benefits from a well-planned and guided online community addressing their businesses challenges and goals. Trial and error can be expensive, online “stores” do not close, and the “people” requirements for ensuring brand personality in an interactive environment can be daunting. Hosting online communities is best accomplished by people who know how to do it, who like to do it, and who are capable of dedicating focus and experienced resources to accomplish particular business aims.

The usage patterns, infrastructure, system management, and even problem recovery requirements for a user-driven community site are quite different from those of a typical content site. The content, load, and pattern of an online community site constantly change in unpredictable ways. Being able to handle surges and shifts in volume involves more than absolute scale.

The same holds true for managing and moderating the community. User voice follows its own will, often responding to public events, marketing (such as a SuperBowl commercial) and community dynamics in unpredictable ways. Deeply experienced community management and moderation teams with a history of diverse community models—capable of scaling, changing and responding in real time—can manage a vibrant community whether events are positive or negative.

In-house expenses for duplicating the capabilities of a full-service community provider are not always apparent at the outset. Such costs include IT and operational personnel, servers, software, producers, and hosts. Moreover, few businesses are prepared to staff online venues on a 24-hour basis, checking for new input, harmful or inappropriate postings, or any activity of note – good or not good – on the interactive portions of the site.

LiveWorld has a global staff of trained moderation hosts, full-service application support, scalable systems infrastructure, operational processes and the industry’s largest and most experienced staff of community managers—all specialized and optimized for online community. Given the extensive complexity of planning and supporting a community online, the cultural shift toward online participation and involvement, and the extensive benefits enterprise can gain from supporting online communities, it makes sense to outsource community building – from consultation and planning phases through ongoing management – to the people who know how to do it.

**About LiveWorld:** *LiveWorld is a leading social marketing agency providing our Fortune 1000 clients overall social network marketing strategy, brand consulting and site implementation in the social networking - online community world. For more information please contact Jenna Woodul at [jenna@liveworld.com](mailto:jenna@liveworld.com)*