EXECUTIVE SUMMARY

More and more customers use social media every year, for more and more time each day. Facebook claims that half of its 400 million active users log on each day, and users spend over 500 billion minutes per month on Facebook. So to stay competitive retailers must be where their customers spend time – using social media. Since social media is becoming more prominent in the retail industry, Oracle Retail embarked on research in the area. This paper provides a comprehensive look at what the social media conversation looks like across the industry by region and vertical.

To learn more about how retailers are using social media, Oracle’s Retail Applied Research team gathered data for a select group of retailers meant to represent the broader industry. This data focused on statistics around the number of customer fans retailers had on the major social media sites, with deeper qualitative reviews of a subset of retailers to identify the sources of success and failure in this medium.

Generally, the numbers show that “lifestyle” brands fare much better than their counterparts in the social media channel. Those that use social media as an extension of existing corporate strategies to enhance known strengths are effective, as are those who use social media as a core way to place customers first. But above all else, brand is everything.

Recommendations for retailers investigating social media:

1. Have a presence in all three major sites: Facebook, Twitter, YouTube.
2. Dedicate creative marketing and customer relationship personnel to keeping the content fresh on those sites.
3. Identify regions and departments that have unique interests and then create a separate social media presence on the major sites per unique interest (e.g., per store, per country, or casual versus business clothing). Understand local interests.
4. Place new content on Facebook daily.
5. Place new content on Twitter multiple times per day.
6. Place new content on YouTube weekly; do not underestimate the impact of YouTube listings.
7. Answer customer concerns raised in their posts immediately.
8. Make promotions interactive and reserved for site followers.
9. All marketing on social media should be done in the context of broader corporate strategies.
10. Be creative with content. While customers want promotions and product information, if they feel too much like the content is all advertising the site’s repeat visits will drop even if the follower number stays high.
11. Share the customer’s passion. Show your dedication and interest in the things that make them want to come to your store. Provide expertise and excitement around those topics. Then the communication becomes more social and fully leverages the medium.
12. Do not try to have a different image on the social media sites than otherwise portrayed by your brand. The customers are there because of what the brand is, not because of what the brand wants to become. That said, social media can be an excellent tool in changing brand image if part of an extensive strategy.
13. Look to social shopping for more concrete tracking of social media ROI.
SOCIAL MEDIA

WHAT IS IT?

Simply put, social media is a tool to communicate with a larger community through an online medium. The primary sites associated with this are Facebook, Twitter, and YouTube, as well as various blogging sites. This paper will focus on Facebook, Twitter, and YouTube (see Appendix II for clarification). These sites allow a variety of public or private communications between an individual and a community that they opt into or approve. According to one source social networking now accounts for 11 percent of all Twitter processes almost 40 million tweets per day.

With this pervasive use, and satisfaction stories spread quickly. Whereas brands and retailers were conversations are occurring, amplified with discussions time. Instead of discussions around the occurring online. The ability to communicate with one’s entire social circle through a simple, single online post, and for that communication to be forwarded to other social circles, makes involvement in the social conversation essential to retailers. This is in addition to simply needing to be where the customers are spending their time and making their purchasing decisions.

HOW IS IT USED?

With social media being essentially a new location for customers, and one that crosses regional boundaries, the reasons and ways social media is used vary widely. Customers do have distinct community types they associate with as well as goals when doing so, outlined below.

Communities

- Group of people with a shared interest (e.g., audiophiles)
- An expert community (e.g., professional home entertainment installers)

Social goals for consumers

- Get advice
- Brag/exhibit
- Sharing as part of existing relationship
- Sharing to extend relationships
- Get trusted information to make decisions
- Entertainment
The TechRadar™ chart below from the Forrester Research, Inc. report “TechRadar™ For eBusiness And Channel Strategy Professionals: Social Commerce, Q1 2010” published on February 25th, 2010 depicts some of the different uses of Social Media in retail in support of these communities.

Retailers can enter the conversation either as a participant in or a provider of a community of shared interest or expertise. Remembering that this is a community and a location of leisure and research is important, as that distinguishes it from other marketing channels. Anything that increases the interaction with the customer,
especially if it has an element of fun or creativity, brings customers in and keeps them as loyal visitors. For instance, using contests and giveaways often dramatically increases the uptake of social media for a retailer or brand, as well as games or creative online events. The value of a broader social network for a retailer is hard to track, as it is difficult to tie it directly to sales. For now the focus seems to be on being part of the conversation, and experimenting until the ROI can be gauged more clearly.

**WHY IS IT IMPORTANT?**

Customers overwhelmingly trust the advice of their social circle more than advertisements when researching a purchase. For the retailer to insert themselves into that discussion can help establish their credibility with the customer. Also, given that customers of all age groups are spending increasing amounts of time in online communities this has become one of the primary gathering spots for the retailers’ market, and while a social media presence is distinct from standard marketing or storefront, it is a new customer touch point whether for sales, promotions, or simply communicating with them in their preferred medium. Being an active part of this social conversation with their customers provides retailers a direct connection with which to defend and enhance their brand, responding to concerns, providing customer service through preferred channels, and test-marketing or crowd-sourcing new products. Direct resolution of concerns that would not have normally be known can turn around a customer’s negative experience, and when done in full view of other customers this impact is compounded. Supporting the interest and positive attitude of loyal fans through social interaction also enables them to spread positive influence more rapidly, and the opinion of friends has more impact than all marketing channels. All retailer communications and marketing in online social media, especially if entertaining, have the potential of going viral. And when marketing becomes viral, with a far-reaching sequence of customers forwarding on the communication, a simple message can reach millions within days. Bottom line, turn naysayers into fans and fans into influencers.

**RESEARCH GOALS**

The research for this paper was focused on collecting observations of current social media use by major retailers across verticals and regions. The objective was to describe the current state of the channel in order to clarify where success seems to have been achieved, and to find some common elements for why that success occurred.

**STATE OF THE MARKET**

Due to resource limitation, research was gathered on simple metrics like fans, followers, and pageviews. More sophisticated tools are capable of rating engagement by measuring things like retweets, comments, and discussions.

**BY REGION**

The statistics shown below were gathered over the summer of 2010 from a variety of public information sources. They were collected into a single spreadsheet, on which the tables below are based. The statistics have not been verified with the individual retailers and are only as accurate as the public sources used and the cross section of retailers chosen for research. Because of these limitations the statistics are most often reviewed at the aggregate level to reduce the impact of individual numbers.
NOTE: Statistics for the ASIAPAC region are incomplete, as the research team could not translate any of the Asia Pacific social media sites, and usage of the western sites was not prevalent. The only retailers for whom statistics could be retrieved were for companies from English speaking countries, or companies with a significant western customer base. Because of this the ASIAPAC statistics are not discussed.

The Home Region and Home and External Region tables below chart whether a retailer is using the major social media venues in their home region and abroad. Retailers in the Americas have both a consistently higher usage of all social media channels as well as more consistency in using them in markets outside of their home territory.

### Home Region Social Media Use

<table>
<thead>
<tr>
<th></th>
<th>EMEA</th>
<th>AMERICAS</th>
<th>ASIAPAC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facebook</td>
<td>66.67%</td>
<td>95.74%</td>
<td>50.00%</td>
</tr>
<tr>
<td>Twitter</td>
<td>62.50%</td>
<td>91.49%</td>
<td>50.00%</td>
</tr>
<tr>
<td>YouTube</td>
<td>45.83%</td>
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</table>

### External Region Social Media Use

<table>
<thead>
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<th>ASIAPAC</th>
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</thead>
<tbody>
<tr>
<td>Facebook</td>
<td>16.67%</td>
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</tr>
<tr>
<td>Twitter</td>
<td>12.50%</td>
<td>29.17%</td>
<td>4.17%</td>
</tr>
<tr>
<td>YouTube</td>
<td>4.17%</td>
<td>16.67%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

The tables below chart for the Americas and EMEA the top ten in both social site followers and the retailer social media effectiveness in terms of how many followers they have gathered as related to their revenue. The effectiveness rating is used to account for the relative size of retailers, and in lieu of numbers from the retailers on dollars invested in social media campaigns their revenue is used. According to the numbers, by far the most effective retailer for Facebook is Zara, the medium sized European fashion retailer, who appears to leverage their existing brand loyalty as opposed to creative uses of social media to gain their numbers. They actually post rarely on their Facebook site, have poor usage of other social channels, and a poor mobile presence. Their website is impressive, but the numbers in this case may indicate more about the overall brand loyalty of their customers than any effective social media approach. Overall the numbers do indicate that fashion retailers and retailers that are “lifestyle” brands, where customers actively associate themselves with the retailer brand in their social circle, fare much better than their counterparts in the channel. This indicates that at this time the channel is mainly a marketing tool, as opposed to an active sales channel. Those retailers who were already effectively marketing their brand image so that customers identify with it, and through that gaining social differentiation, are seeing that connection translate onto this new medium.

Retailers of note are BCBG and Urban Outfitters, who appear on a majority of the charts, both in terms of channels and regions. They have managed to provide a compelling social experience both in the Americas and EMEA, as well as across social sites. Urban Outfitters in particular knows their customer base and how to reach them. Their whole approach is to go where their customers go, and to present their brand as if they were an 'insider' in the world of
Retailer Social Media Review

They have the perfect customer base for experimenting with social media, and they are aware of this and use it to their advantage. Their mobile site and application are industry leading. Their use of Facebook is targeted to regions and focused on providing not only product updates and promotions, but also a wide selection of in-store events they host, from concerts to book signings to cupcake tastings. They do not advertise on Facebook presumably because they believe it is too invasive.

<table>
<thead>
<tr>
<th>EMEA Facebook Likes Top 10</th>
<th>EMEA Facebook Effectiveness Top 10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>By Like Count</strong></td>
<td><strong>By Revenue Dollar per Like</strong></td>
</tr>
<tr>
<td>1 Zara</td>
<td>4423067</td>
</tr>
<tr>
<td>2 H&amp;M</td>
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<td>3 Burberry</td>
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<td>4 Guccio Gucci</td>
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<td>5 New Look</td>
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<td>6 Christian Dior</td>
<td>290818</td>
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<tr>
<td>7 Urban Outfitters</td>
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<td>8 IKEA AB</td>
<td>101542</td>
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<tr>
<td>9 Benetton Group</td>
<td>97567</td>
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<tr>
<td>10 BCBG Max Azria</td>
<td>70366</td>
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<table>
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<tr>
<th>EMEA Twitter Follower Top 10</th>
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<td><strong>By Follower Count</strong></td>
<td><strong>By Revenue Dollar per Follower</strong></td>
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</tr>
<tr>
<td>2 BCBG Max Azria</td>
<td>80436</td>
</tr>
<tr>
<td>3 H&amp;M</td>
<td>47710</td>
</tr>
<tr>
<td>4 Burberry</td>
<td>35871</td>
</tr>
<tr>
<td>5 Guccio Gucci Spa</td>
<td>18187</td>
</tr>
<tr>
<td>6 New Look</td>
<td>10553</td>
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<tr>
<td>7 Sainsbury</td>
<td>8589</td>
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<td>8 Argos Ltd.</td>
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<td>10 Uniqlo</td>
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<table>
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<th>EMEA YouTube Subscribers Top 10</th>
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<td><strong>By Channel Subscriber Count</strong></td>
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<td>2 Borders</td>
<td>2344</td>
</tr>
<tr>
<td>3 Burberry</td>
<td>2316</td>
</tr>
<tr>
<td>4 New Look</td>
<td>1656</td>
</tr>
<tr>
<td>5 IKEA AB</td>
<td>698</td>
</tr>
<tr>
<td>6 Guccio Gucci Spa</td>
<td>596</td>
</tr>
<tr>
<td>7 Zara</td>
<td>263</td>
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<td>8 Tesco PLC</td>
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<td>1 Burberry</td>
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<td>3 H&amp;M</td>
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<td>6 Guccio Gucci Spa</td>
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<tr>
<td>7 Zara</td>
<td>8034220.53</td>
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<tr>
<td>8 IKEA AB</td>
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<td>EMEA YouTube Subscribers Top 10 By Channel Subscriber Count</td>
<td>EMEA YouTube Effectiveness Top 10 By Revenue Dollar per Channel Subscriber</td>
</tr>
<tr>
<td>------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------</td>
</tr>
<tr>
<td>9 Best Buy 102</td>
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<tr>
<td>10 BCBG Max Azria 90</td>
<td>10 Best Buy 392382352.94</td>
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<table>
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<tr>
<th>AMERICAS Facebook Likes Top 10 By Like Count</th>
<th>AMERICAS Facebook Effectiveness Top 10 By Revenue Dollar per Like</th>
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<tbody>
<tr>
<td>1 Limited Brands 11666010</td>
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<tr>
<td>2 Abercrombie &amp; Fitch 2940441</td>
<td>2 BCBG Max Azria 4351.29</td>
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<td>3 Forever 21 1901095</td>
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<tr>
<td>4 Target 1653126</td>
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<tr>
<td>5 Walmart 1623995</td>
<td>5 Coach Inc. 9752.79</td>
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<td>6 American Eagle Outfitters, Inc. 1545012</td>
<td>6 North Face 19086.40</td>
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<tr>
<td>8 J.C. Penney 944073</td>
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</tr>
<tr>
<td>9 Coach Inc. 942228</td>
<td>9 REI 43699.75</td>
</tr>
<tr>
<td>10 Wet Seal 675962</td>
<td>10 American Eagle Outfitters, Inc. 108660.86</td>
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<table>
<thead>
<tr>
<th>AMERICAS Twitter Followers Top 10 By Follower Count</th>
<th>AMERICAS Twitter Effectiveness Top 10 By Revenue Dollar per Follower</th>
</tr>
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<tr>
<td>1 Whole Foods 1798237</td>
<td>1 Whole Foods 3665.26</td>
</tr>
<tr>
<td>2 Coach Inc. 267872</td>
<td>2 BCBG Max Azria 4351.29</td>
</tr>
<tr>
<td>3 Urban Outfitters 189380</td>
<td>3 Forever 21 6388.55</td>
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<td>4 Borders 119024</td>
<td>4 Urban Outfitters 7957.55</td>
</tr>
<tr>
<td>5 Forever 21 93918</td>
<td>5 Coach Inc. 9752.79</td>
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<td>6 BCBG Max Azria 80436</td>
<td>6 North Face 19086.40</td>
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<td>7 Target 71836</td>
<td>7 Borders 32094.37</td>
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<td>8 Best Buy 50161</td>
<td>8 bebe 32935.69</td>
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<td>9 Barnes and Noble 42275</td>
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<td>10 Nordstrom 34224</td>
<td>10 American Eagle Outfitters, Inc. 108660.86</td>
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<th>AMERICAS YouTube Effectiveness Top 10 By Revenue Dollar per Subscriber</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 J.C. Penney 23433</td>
<td>1 Forever 21 321199.14</td>
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<tr>
<td>2 Lowe’s 6071</td>
<td>2 REI 403597.79</td>
</tr>
<tr>
<td>3 Home Depot USA Inc. 5826</td>
<td>3 AC Moore 479006.00</td>
</tr>
<tr>
<td>4 Best Buy 2605</td>
<td>4 North Face 715990.45</td>
</tr>
</tbody>
</table>
BY VERTICAL

The statistics of retailers by vertical below uphold the conclusion above that Fashion retailers are leading the social media conversation. They not only have the bulk of followers, they are also the most efficient in gaining those followers. Much of that may be attributed to a built-in association with their brand, as the retailers reviewed mainly sell self-branded items and are by definition a “lifestyle” brand with close customer association that translates to the customer’s social circle. With the notable exception of Whole Foods, who are something of a “lifestyle” brand in their vertical, the vertical leveraging social media most poorly is grocery, both in pure follower numbers and effectiveness. Whole Foods has put significant effort into social, and to good effect, but other grocers seem to be ignoring the potential of recipe sharing, expert meal planning tips, health awareness, and other social grocery discussion points. Another surprise is the lack of effectiveness of Mass Merchants like Walmart. While they have good follower numbers, in comparison to their size they are not generally effective users of social media. This has not been due to lack of effort. Walmart has tried many approaches, but generally customers lack commitment to Walmart’s social channels, and the reviews tend to indicate that it is because they are differentiated on price and little else in the customer’s mind, so a social connection is only desired when focused on saving money. For instance, their Check Out blog provides expert reviews on products carried at Walmart and Sam’s Club. However, the reviews are generally ignored, as people have preferred to buy the cheapest product rather than taking the risk of spending more. The reviews are valuable, but not to the audience Walmart draws in with their differentiation. Target is the standout in this vertical, with a stronger brand presence and effective use of getting their Facebook fans actively involved in the site, and compelling use of mobile applications.

By region the numbers indicate that retailers in the Americas are the most effective in all major social media channels. Some of this may be accounted for by which sites were researched. Considering the customer base of these retailers, however, many of the follower numbers are still low at this time. In particular, most retailers have not been able to gain subscribers to their YouTube channel, as opposed to individual video viewers, which is less a conversation with their customers and more like an online television contact. So called “haul videos” are an example of customer engagement through YouTube from third-parties.

CPG brands like Adidas, Puma, Nike, Pepsi, and Dove are often as effective, or more so, than even the lifestyle retailers. Their numbers were removed from the charts above since they were not primarily retailers, but they follow most of the guidelines suggested here and see excellent social numbers because of it. Nike in particular seems to be a CPG to analyze for how to approach social media effectively. Nike has at least 27+ official company Facebook pages for different countries alone. It also boasts numerous department level pages, including Soccer, Running, Nike+, Golf, extreme sports (Nike 6.0), and others. Much like Facebook, Nike’s Twitter pages are unique to country, sport and even gender. One example is Nike+, which is a social networking site targeted at connecting serious runners. Using Nike+ iPod apps, runners’ workout information is collected and when synced with a computer the data automatically connects with the Nike+ website. Runners can join groups with others, and the
Nike+ iPod sport kits and armbands have totaled more than 56 million in profit. There is also joga.com, which is an invitation-only social network of Portuguese-speaking football (soccer) enthusiasts. Joga is based on Orkut, a social networking site popular in Brazil. There are many more examples from Nike (e.g., the Nike Training Club mobile application, which allows users to create a training program and share results with friends in a friendly competition to keep everyone motivated), including social mobile apps and online access to exclusive events, and overall their focus on the Nike supplied interests of their customers gives them the following social media numbers: total Facebook following, 6,702,592; total Twitter following, 124,779; and, total YouTube subscribers, 10,530,060.

Bottom line: the use of social media needs to extend the existing corporate and marketing strategies of the retailer to be effective. The retailer should not try to be something online that they are not in other channels. A retailer cannot appeal to the hip and young simply by using social media. Leverage social media to underscore existing strengths. If differentiated on price, use social media for promotions and special on-line deals, if differentiated on knowledge use YouTube (Home Depot) or Twitter (Best Buy) to share expertise with the customer. Social media simply reflects the existing brand image in a new channel, as opposed to presenting an opportunity to change brand image, unless that change is part of a larger strategy in which social is only one part. For example, Walmart launched two sites targeting younger audiences, one for young teens on MySpace that was shut down in under three months due to lack of audience, and one for decorating college dorm rooms, which also launched to poor reviews. Retailers who are also careful about how intrusive they are generally fare well over the long term, as seen with Urban Outfitters above. In addition, retailers who provide multiple Facebook or other sites to account for regional or group differences also see better impact.

NOTE: For any column headed with “Revenue per...” the smaller the number the better the effectiveness, since this shows the revenue per follower.

### Average Facebook Like Revenue by Vertical

<table>
<thead>
<tr>
<th>Vertical</th>
<th>Average Revenue (US$)</th>
<th>Average Facebook Likes</th>
<th>Revenue per Facebook Like</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chain Drug</td>
<td>$39,604,250,000</td>
<td>143,598</td>
<td>$275,799</td>
</tr>
<tr>
<td>Dept Store</td>
<td>$23,098,833,333</td>
<td>301,075</td>
<td>$76,721</td>
</tr>
<tr>
<td>Fashion</td>
<td>$6,296,104,731</td>
<td>1,520,747</td>
<td>$3,987</td>
</tr>
<tr>
<td>Grocery</td>
<td>$35,872,466,667</td>
<td>44,532</td>
<td>$402,768</td>
</tr>
<tr>
<td>Hardline</td>
<td>$27,014,325,286</td>
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<td>$74,147</td>
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<td>Mass Merch</td>
<td>$89,862,921,167</td>
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<td>$151,200</td>
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<tr>
<td>Telecom</td>
<td>$74,780,000,000</td>
<td>96,840</td>
<td>$772,202</td>
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<tr>
<td>TOTAL</td>
<td>$26,477,803,238</td>
<td>837,125</td>
<td>$31,629</td>
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</table>

### Average Facebook Like Revenue by Primary Region

Includes only retailers with Facebook friends in primary region

<table>
<thead>
<tr>
<th>Primary Region</th>
<th>Average Revenue (US$)</th>
<th>Average Facebook Likes in Primary Region</th>
<th>Revenue per Facebook Like</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEA</td>
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<td>$22,614</td>
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<td>ASIAPAC</td>
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<td>AMERICAS</td>
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<td>823,294</td>
<td>$35,276</td>
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<td>TOTAL</td>
<td>$26,477,803,238</td>
<td>789,007</td>
<td>$33,558</td>
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</tbody>
</table>
### Average Facebook Like Revenue by Primary Region
Includes retailers with Facebook friends in any region

<table>
<thead>
<tr>
<th>Primary Region</th>
<th>Average Revenue (US$)</th>
<th>Average Facebook Likes</th>
<th>Revenue per Facebook Like</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEA</td>
<td>$18,380,687,500</td>
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</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$26,477,803,238</strong></td>
<td><strong>837,125</strong></td>
<td><strong>$31,629</strong></td>
</tr>
</tbody>
</table>

### Average Facebook Like Revenue by Vertical/Region

<table>
<thead>
<tr>
<th>Vertical</th>
<th>EMEA Revenue per Facebook Like</th>
<th>ASIAPAC Revenue per Facebook Like</th>
<th>AMERICAS Revenue per Facebook Like</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chain Drug</td>
<td>$</td>
<td>$</td>
<td>$275,799</td>
</tr>
<tr>
<td>Dept Store</td>
<td>1,132,268</td>
<td>$</td>
<td>$59,471</td>
</tr>
<tr>
<td>Fashion</td>
<td>$5,181</td>
<td>55,671</td>
<td>$3,808</td>
</tr>
<tr>
<td>Grocery</td>
<td>$1,094,760</td>
<td>$</td>
<td>$326,164</td>
</tr>
<tr>
<td>Hardline</td>
<td>$786,511</td>
<td>221,793</td>
<td>$71,637</td>
</tr>
<tr>
<td>Mass Merch</td>
<td>$</td>
<td>$</td>
<td>$151,200</td>
</tr>
<tr>
<td>Telecom</td>
<td>772,202</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$29,983</td>
<td>$101,850</td>
<td>$37,360</td>
</tr>
</tbody>
</table>

### Average Twitter Follower Revenue by Vertical (Grocery numbers impacted by Whole Foods’ significant following)

<table>
<thead>
<tr>
<th>Vertical</th>
<th>Average Revenue (US$)</th>
<th>Average Twitter Followers</th>
<th>Revenue per Twitter Follower</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chain Drug</td>
<td>$39,604,250,000</td>
<td>6,753</td>
<td>$5,864,473</td>
</tr>
<tr>
<td>Dept Store</td>
<td>$23,098,833,333</td>
<td>13,200</td>
<td>$1,749,934</td>
</tr>
<tr>
<td>Fashion</td>
<td>$6,145,238,458</td>
<td>45,880</td>
<td>$119,058</td>
</tr>
<tr>
<td>Grocery</td>
<td>$30,642,428,571</td>
<td>152,158</td>
<td>$117,475</td>
</tr>
<tr>
<td>Hardline</td>
<td>$23,126,123,091</td>
<td>26,239</td>
<td>$646,342</td>
</tr>
<tr>
<td>Mass Merch</td>
<td>$25,488,532,429</td>
<td>14,456</td>
<td>$1,234,218</td>
</tr>
<tr>
<td>Telecom</td>
<td>$74,780,000,000</td>
<td>3,319</td>
<td>$22,530,883</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$19,442,996,733</strong></td>
<td><strong>61,872</strong></td>
<td><strong>$314,244</strong></td>
</tr>
</tbody>
</table>
### Average Twitter Follower Revenue by Primary Region
Includes only retailers with Twitter followers in primary region

<table>
<thead>
<tr>
<th>Primary Region</th>
<th>Average Revenue (US$)</th>
<th>Average Twitter Followers in Primary Region</th>
<th>Revenue per Twitter Follower</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEA</td>
<td>$18,535,320,000</td>
<td>6,440</td>
<td>$1,876,956</td>
</tr>
<tr>
<td>ASIAPAC</td>
<td>$13,916,633,333</td>
<td>16,204</td>
<td>$429,420</td>
</tr>
<tr>
<td>AMERICAS</td>
<td>$20,161,907,238</td>
<td>70,214</td>
<td>$262,180</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$19,442,996,733</strong></td>
<td><strong>46,336</strong></td>
<td><strong>$335,688</strong></td>
</tr>
</tbody>
</table>

### Average Twitter Follower Revenue by Primary Region
Includes retailers with Twitter followers in any region

<table>
<thead>
<tr>
<th>Primary Region</th>
<th>Average Revenue (US$)</th>
<th>Average Twitter Followers</th>
<th>Revenue per Twitter Follower</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEA</td>
<td>$18,535,320,000</td>
<td>7,475</td>
<td>$1,617,242</td>
</tr>
<tr>
<td>ASIAPAC</td>
<td>$13,916,633,333</td>
<td>16,983</td>
<td>$409,735</td>
</tr>
<tr>
<td>AMERICAS</td>
<td>$20,161,907,238</td>
<td>74,751</td>
<td>$246,268</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$19,442,996,733</strong></td>
<td><strong>61,872</strong></td>
<td><strong>$314,244</strong></td>
</tr>
</tbody>
</table>

### Average Twitter Followers Revenue by Vertical/Region (Americas’ Grocery numbers impacted by Whole Foods’ significant following)

<table>
<thead>
<tr>
<th>Vertical</th>
<th>EMEA Revenue per Twitter Follower</th>
<th>ASIAPAC Revenue per Twitter Follower</th>
<th>AMERICAS Revenue per Twitter Follower</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chain Drug</td>
<td>$ -</td>
<td>$ -</td>
<td>$5,864,473</td>
</tr>
<tr>
<td>Dept Store</td>
<td>$39,530,048</td>
<td>$ -</td>
<td>$1,348,833</td>
</tr>
<tr>
<td>Fashion</td>
<td>$253,861</td>
<td>$213,347</td>
<td>$132,624</td>
</tr>
<tr>
<td>Grocery</td>
<td>$6,586,242</td>
<td>$14,777,361</td>
<td>$70,871</td>
</tr>
<tr>
<td>Hardline</td>
<td>$805,026</td>
<td>$ -</td>
<td>$942,339</td>
</tr>
<tr>
<td>Mass</td>
<td>$1,302,274</td>
<td>$4,518,081</td>
<td>$1,178,725</td>
</tr>
<tr>
<td>Telecom</td>
<td>$22,530,883</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$918,572</strong></td>
<td><strong>$573,117</strong></td>
<td><strong>$285,979</strong></td>
</tr>
</tbody>
</table>
### Average YouTube Friend Revenue by Vertical

<table>
<thead>
<tr>
<th>Vertical</th>
<th>Average Revenue (US$)</th>
<th>Average YouTube Friends</th>
<th>Revenue per YouTube Friend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chain Drug</td>
<td>$76,329,000,000</td>
<td>84</td>
<td>$227,847,761</td>
</tr>
<tr>
<td>Dept Store</td>
<td>$24,940,800,000</td>
<td>4,297</td>
<td>$4,837,238</td>
</tr>
<tr>
<td>Fashion</td>
<td>$4,986,306,889</td>
<td>196,008</td>
<td>$16,960</td>
</tr>
<tr>
<td>Grocery</td>
<td>$47,150,666,667</td>
<td>138</td>
<td>$85,417,874</td>
</tr>
<tr>
<td>Hardline</td>
<td>$27,897,965,692</td>
<td>6,570</td>
<td>$3,679,948</td>
</tr>
<tr>
<td>Merch</td>
<td>$29,133,100,000</td>
<td>290</td>
<td>$30,148,086</td>
</tr>
<tr>
<td>Telecom</td>
<td>$74,780,000,000</td>
<td>1,739</td>
<td>$43,001,725</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$21,752,076,773</strong></td>
<td><strong>123,254</strong></td>
<td><strong>$176,481</strong></td>
</tr>
</tbody>
</table>

### Average YouTube Friend Revenue by Primary Region

Includes only retailers with YouTube friends in primary region

<table>
<thead>
<tr>
<th>Primary Region</th>
<th>Average Revenue (US$)</th>
<th>Average YouTube Friends in Primary Region</th>
<th>Revenue per YouTube Friend</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEA</td>
<td>$26,143,481,818</td>
<td>813</td>
<td>$15,376,874</td>
</tr>
<tr>
<td>ASIAPAC</td>
<td>$-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>AMERICAS</td>
<td>$18,951,302,516</td>
<td>116,524</td>
<td>$109,605</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$20,834,968,524</strong></td>
<td><strong>71,717</strong></td>
<td><strong>$162,689</strong></td>
</tr>
</tbody>
</table>

### Average YouTube Friend Revenue by Primary Region

Includes retailers with YouTube friends in any region

<table>
<thead>
<tr>
<th>Primary Region</th>
<th>Average Revenue (US$)</th>
<th>Average YouTube Friends</th>
<th>Revenue per YouTube Friend</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEA</td>
<td>$26,143,481,818</td>
<td>884</td>
<td>$14,148,298</td>
</tr>
<tr>
<td>ASIAPAC</td>
<td>$41,011,350,000</td>
<td>1,285</td>
<td>$10,639,862</td>
</tr>
<tr>
<td>AMERICAS</td>
<td>$18,951,302,516</td>
<td>117,286</td>
<td>$108,892</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$21,752,076,773</strong></td>
<td><strong>123,254</strong></td>
<td><strong>$176,481</strong></td>
</tr>
</tbody>
</table>
### Average YouTube Friends Revenue by Vertical/Region

<table>
<thead>
<tr>
<th>Vertical</th>
<th>EMEA Revenue per YouTube Friend</th>
<th>ASIAPAC Revenue per YouTube Friend</th>
<th>AMERICAS Revenue per YouTube Friend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chain Drug</td>
<td>$</td>
<td>$</td>
<td>$227,847,761</td>
</tr>
<tr>
<td>Dept Store</td>
<td>$240,506,329</td>
<td>$</td>
<td>$4,112,836</td>
</tr>
<tr>
<td>Fashion</td>
<td>$798,585</td>
<td>$</td>
<td>$13,062</td>
</tr>
<tr>
<td>Grocery</td>
<td>$782,446,281</td>
<td>$</td>
<td>$30,472,964</td>
</tr>
<tr>
<td>Hardline</td>
<td>$19,603,678</td>
<td>$</td>
<td>$2,595,214</td>
</tr>
<tr>
<td>Mass Merch</td>
<td>$</td>
<td>$</td>
<td>$30,148,086</td>
</tr>
<tr>
<td>Telecom</td>
<td>$43,001,725</td>
<td>$</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$7,143,268</td>
<td>$</td>
<td>$114,493</td>
</tr>
</tbody>
</table>

### Twitter Influence

The website [www.wefollow.com](http://www.wefollow.com) attempts to rank Twitter users based on the simple metric of followers, but also on influence, a measure taking retweets into account. The tables below represent the results for the “retail” category on 4 October 2010. Only retailers that have registered with wefollow.com are tracked.

<table>
<thead>
<tr>
<th>Most Followers</th>
<th>Most Influence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retailer</td>
<td>Retailer</td>
</tr>
<tr>
<td>Think Geek</td>
<td>153,882</td>
</tr>
<tr>
<td>Best Buy</td>
<td>74,276</td>
</tr>
<tr>
<td>Precision Time</td>
<td>63,506</td>
</tr>
<tr>
<td>Net-A-Porter.com</td>
<td>50,713</td>
</tr>
<tr>
<td>Tory Burch</td>
<td>38,360</td>
</tr>
<tr>
<td>Buy.com</td>
<td>37,279</td>
</tr>
<tr>
<td>Gap</td>
<td>34,166</td>
</tr>
<tr>
<td>Bloomingdales</td>
<td>14,320</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Retailer</td>
<td>Follower</td>
</tr>
<tr>
<td>Best Buy</td>
<td>74,276</td>
</tr>
<tr>
<td>Gap</td>
<td>34,166</td>
</tr>
<tr>
<td>Net-A-Porter.com</td>
<td>50,713</td>
</tr>
<tr>
<td>Meijer</td>
<td>7,370</td>
</tr>
<tr>
<td>Tory Burch</td>
<td>38,360</td>
</tr>
<tr>
<td>Think Geek</td>
<td>153,882</td>
</tr>
<tr>
<td>Bloomingdales</td>
<td>14,320</td>
</tr>
<tr>
<td>Beauty.com</td>
<td>4,825</td>
</tr>
</tbody>
</table>

These tables illustrate that followers alone are not sufficient. In fact, the majority of influential tweets of a retail nature are actually from vendors, consultants, and analysts. To truly wield influence, retailers must engage with consumers in discussions and provide interesting, retweet-worthy content.

### Compelling Approaches

Some of the most compelling approaches to social media focus not on marketing products but on product uses. For instance, [North Face](http://www.northface.com) extends their existing [Never Stop Exploring](http://www.northface.com/p/never-stop-exploring) and [Planet Explore](http://www.northface.com/p/planet-explore) concepts with their more social [Snow Report](http://www.northface.com/p/snow-report) mobile application, giving snow fall numbers and avalanche reports for most resorts. While there are a store locator and product news feed, they are not primary aspects of the application. Users can tweet about the various resorts and their skiing and boarding plans with each other after checking on the conditions. [Gucci](http://www.gucci.com) expands their [World of Gucci](http://www.gucci.com/p/world-of-gucci) concept with their [self-titled mobile application](http://www.gucci.com/p/gucci-mobile-app) which not only walks one through their new line, but provides expert recommendations on fashion, music, and local hot spots in select cities. Both the North Face and Gucci applications focus less on their products or their marketed differentiators but
on how you use their products (to keep current in fashion at the latest hot spot for Gucci or use your North Face gear to ski or board). This establishes the retailer as a partner in the shared interest that made someone their customer in the first place, and deepens their bona fides as passionate experts in the field. Additionally, The Home Depot social media approach on Facebook, Twitter, and YouTube focuses mainly on how people use their products, rather than on the products themselves. Their YouTube channel provides clear examples on how to complete home projects yourself, and is very popular.

Additionally, CPG companies often follow this trend. Adidas has their branded Urban Art mobile app, where one can upload and vote on urban art pictures for select German cities. The application does not have any focus at all on their products, just on their brand image as that of urban and relevant. As seen above, Nike focuses a great deal on sharing their customers’ passion for their sports and exercise, and benefits from it with a large social media following.

With many retailers looking for ways to become “customer centric”, social media provides one of the most high impact ways to do so. Traditionally the best approach to underscore a focus on the consumer has been to provide superior customer service in the store or on the phone. With social media having immediate, useful responsiveness is still important, but while the service used to be a private connection between retailer and customer, on social media it is in full view of thousands of social circles, compounding the impact of swift, insightful, helpful service. The Home Depot’s Facebook site is a good example of how responsive a retailer can be, and the positive impact it has.

Another way that retailers and CPG brands have used social media to respond directly to the customer expands on the individual customization that concepts like NikeID have provided, where consumers could modify virtually all aspects of their product to their individual style, and they can share those styles with others. In these instances, though, companies used social media to have customers help them create all aspects of a new product launch. For example, Vitamin Water placed a Flavor Creator application on their Facebook page. Customers voted on the flavor, nutrients, name and label design. It became one of their most successful product launches, as well as more than doubling their Facebook following in only one month.

There is also another broad trend of social shopping provided by both retailers and third parties. While this has not yet made it into the mobile market, it is slowly establishing itself online, and is especially compelling for younger shoppers. Both Fashism and m.lookbook.nu allow users to take pictures of outfits or fashion items with their mobile device and upload photos to their site, after which users ask the opinion of the community. Blippy and Swipely are applications that allow users to publish their purchases to their social circle, with Justboughtit also enabling a user to take a picture, add a comment, and share it from their phone. Polyvore provides a service where customers can group items with images and phrases to show not only a look, but a mini lifestyle advertisement, with links to the retailers’ sites for purchase.

Retailers are also providing ways that customers can socialize their shopping experience. Most mobile sites have ways to share information on Twitter and Facebook about their shopping, for instance the Steve Madden site and the various Gap branded iPhone apps. WetSeal’s Runway allows you to view outfits created online by the community, and you can rate them, buy them, or post them to Facebook. Additionally, Gap’s StyleMixer allows a customer to create outfits and share them by email, in the community or on Facebook, like a more interactive version of WetSeal’s Runway or a mobile version of Polyvore.
Going even further are applications that support people shopping together online, even while physically separate. Novica Sesh and Charlotte Russe’s ShopTogether (from DecisionStep) both provide ways customers can shop simultaneously on the same online page, showing each other items and sharing notes on screen with their friends. These applications still target the desktop online experience, although once video conferencing on the phone becomes practical that may bring social shopping to mobile.

Social shopping is currently the most direct way to track the financial impact of social media. 1800Flowers went one step further and built a storefront directly into Facebook itself, and has tripled its Facebook following in nine months. It also now has a storefront where over 200 million potential customers discuss social events often remembered with their products.

Lastly there are services like Buzzient that provide the ability to mine customer perspectives on a brand or product based on the tone of posts in online social media sites. Brands can be scored and compared to competitors as depicted in the figure on the right (provided by Buzzient, Inc.) showing Abercrombie & Fitch, J. Crew, and Wet Seal.

**CONCLUSION**

In conclusion, at the early stages of social media use in retail, the lifestyle brands that were already an integral part of a customers’ social image have a significant edge in uptake by their market. These companies have invested the most creative thought and effort into utilizing social media, and generally sell self-branded items. Additionally, those companies which use social media as an extension of their existing brand image and differentiation are most likely to succeed, as are those who realize that social media is a community more than another advertising channel.

Those companies that do not create their own Facebook and Twitter communities, and even those who do, often see loyal customers do so. It is also very common for Facebook sites to exist for current and ex-employees of store chains, and sometimes even social media sites with their own URL are created about retailers if they do not reach out themselves (IKEA). This indicates that there is an appetite among dedicated customers to have a social media connection to their favorite retailers, and if the conversation is not started and actively participated in by the merchant, the nature of that communication will be defined by someone else.

The social media community is a unique, consumer-centric location that provides the retailer with an opportunity for promotion, selling, and connection with their customers, particularly their most loyal followers. For now the majority of communication is around promotion, but retailers and third parties are providing completely new shopping experiences as well as ways to share in the passion of their consumers.
ABOUT ORACLE RETAIL APPLIED RESEARCH

The Oracle Retail Applied Research team is a technology strategy group within Oracle Retail that incubates new technical and functional initiatives through research and prototypes. The research discoveries enable innovative decisions and de-risk high value concepts prior to further investment. As an innovation team, the focus is on identifying areas of concern for retailers and then prototyping practical new approaches and solutions to those issues.