brandwatch

Social Insights/

The Retail Industry

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A Right to be Confused

Retailers have a right to be confused. The purchasing behaviors of today's consumers are far more complex and disjointed than a business can reasonably be expected to understand.

Any given purchase can start, be affected by, or end at a variety of sources: website, word-of-mouth, social, in-store, or public billboard. Understanding the influence of any one of these is difficult. Yet measuring how they all interact is a far more daunting task – one that none have yet solved convincingly.

Indeed, while only 7.5% of US sales happen online,[1] around 80% of consumers will research products online before purchasing in-store.[2] At the same time, 41% of shoppers have practiced showrooming: examining products in-store only to buy them at lower prices online.[3] On top of that, 32% of consumers are influenced by social media.[4]

Isolated and often competing statistics like these abound. While they often shed light on the efficacy of one touchpoint, they say little about the full network of influences.

In this complex environment, the herd has followed the advice of vocal industry experts. Initially prompted to simply create a strong social presence, retailers are now asked to adopt an "omnichannel" approach, where the experience of digital or social channels feeds seamlessly into the next. That advice is sound.

While brick and mortar will always be central, retailers recognize that social and digital's role in driving sales is ever-increasing. Currently, businesses are working to both create and optimize omnichannel experiences to varying levels of success.

Undoubtedly, retailers that are able to coordinate a unified strategy across their entire brand will be best suited to connect with and activate their consumers. Customers now expect consistency – amidst the confusion, at least that should be clear.

[1] US Census Bureau. Quarterly Retail E-Commerce Sales 4th Quarter 2015. February, 2016.
[2] PricewaterhouseCoopers. Understanding how US online shoppers are reshaping the retail experience. 2012.
[3] Accenture. Insight Outlook: Who are the Millennial shoppers? What do they really want? 2013
[4] Deloitte. Navigating the New Digital Divide. 2015.

Contents

1.0 Aim & Methodology

The following report aims to provide retail brands with an understanding of the current online landscape, actionable competitive benchmarks, and insights on specific retailers. The analysis is divided into four main sections:

1. **The Retail Social Index:** Provides a comprehensive ranking for 43 brands across five key factors: Social Visibility, General Visibility, Net Sentiment, Reach Growth, and Social Engagement & Content.

2. **The Brand-Audience Relationship:** Explores the way brands communicate with their audiences and how audiences receive that content.

3. **Consumer Audience Identity:** Examines the gender, interests and professions of retailers' audiences at both the industry and brand level.

4. **Investigating Retail Pharmacies:** Briefly covers the regional online presence of CVS, Rite Aid and Walgreens, as well as the prevalence of several core product categories.

The data and insights are derived through enterprise social intelligence software Brandwatch Analytics. The analysis examines 43 retail businesses across the globe. Data is collected through three formats:

1. **Queries:** Collects general mentions of a brand online. Brandwatch Queries, based on boolean operators, are completely customizable to filter out spam or irrelevant conversations.

2. **Twitter Channels:** Collects Twitter data based on specific brands' accounts. Twitter Channels track @mentions, replies, retweets, and followers directed at selected Twitter accounts.

3. **Facebook Channels:** Collects Facebook data based on specific brands' accounts. Facebook Channels track likes, posts, comments, shares, and pages likes on selected brands' Facebook pages.

For further questions on the aim, methodology or analysis in this report, please contact Brandwatch directly.

2.0 The Retail Social Index

The Retail Social Index offers a context from which brands can benchmark specific factors of their online presence against competitors.

The index evaluates 43 brands across five specific attributes:

- **Social Visibility:** measures the volume of conversation a brand generates across key social channels.
- **General Visibility:** measures the volume of conversation a brand generates on blogs, news outlets and forums.
- **Net Sentiment:** evaluates the composition of negative and positive mentions of a brand in the context of that brand's entire conversation.
- **Reach Growth:** measures the growth of a brand's following over the course of a month, appropriately weighted according to the brand's current following.
- **Social Engagement & Content:** evaluates how effective brands are at communicating or responding to their audiences and how well their social content is received across social channels.

The Composite Score reflects a brand's performance across the five categories. For all five categories, brands are normalized against a single leader, which receives a score of 100. As such, the maximum potential score is 500.

THE RETAIL SOCIAL INDEX

	BRAND	SOCIAL VISIBILITY	GENERAL VISIBILITY	NET SENTIMENT	REACH GROWTH	SOCIAL ENGAGEMENT & CONTENT	OVERALL SCORE
1	Amazon	76	100	54	75	44	349
2	Etsy	74	50	73	70	69	336
3	eBay	68	79	51	78	54	331
4	Walmart	61	76	55	72	64	328
5	Target	67	55	49	72	75	320
6	Toys R Us	46	35	76	97	66	320
7	Lowes	57	48	67	67	77	315
8	Kohls	67	43	64	73	61	307
9	Sephora	60	37	78	77	48	299
10	Bed Bath & Beyond	53	30	66	62	81	292
11	Staples	47	50	49	61	83	291
12	Sanborns	100	9	52	78	50	289
13	Debenhams	28	30	64	64	100	287
14	CVS	61	50	51	68	55	285
15	Best Buy	42	50	53	68	68	281
16	GameStop	52	37	46	73	72	281
17	Home Depot	37	51	51	69	71	279
18	Sams Club	38	33	100	61	44	276
19	Kmart	36	39	51	100	50	276
20	Walgreens	60	48	56	67	43	274
21	Petco	53	34	63	62	54	264
22	TJ Maxx	53	27	64	65	51	260
23	PetSmart	52	29	63	63	47	254
24	Barnes & Noble	49	42	64	65	32	253
25	Sears	36	52	50	64	51	253
26	Pottery Barn	38	25	77	62	50	252
27	Big Lots	37	24	79	65	47	252
28	IKEA	49	49	58	72	23	252
29	Meijer	44	33	60	60	50	247
30	Dicks Sporting Goods	47	30	54	63	53	246
31	Neiman Marcus	49	30	54	64	49	245
32	Argos	37	37	52	62	53	241
33	Bloomingdales	29	29	65	64	51	238
34	Office Depot	47	32	45	60	51	235
35	Ace Hardware	35	26	58	67	45	232
36	WilliamsSonoma	34	27	75	61	32	229
37	7eleven	36	37	50	63	32	219
38	Halfords	28	28	54	54	54	217
39	Costco	41	50	34	64	24	213
40	BJs	24	27	57	53	51	211
41	RadioShack	37	29	45	60	35	206
42	Rite Aid	35	15	50	59	44	203
43	Ahold	8	22	46	29	2	107

Figure 1: Analyzes 10,822,531 online conversations across Twitter, Facebook, news sites, blogs, and forums from January 13th - May 13th, 2016.

3.0 The Brand-Audience Relationship

Today's consumers are readily equipped to find, compare, and easily purchase goods from a wide variety of competing retailers. That presents an opportunity for those that provide an excellent experience to become the preferred retailer, but poses a threat to those that cannot.

After a poor experience, only 27% of shoppers will give a physical store a second chance, and just 15% will give a brand or product a second chance.[5] Furthermore, 55% of consumers said they are not likely to continue being a customer of a company that ignores their feedback.[6]

Much like a physical store, a retailer's social media accounts will influence their consumers' experiences. For brands that are both engaging and responsive, it's an opportunity to both nurture positive experiences and mitigate negatives ones.

Yet while most brands recognize the value of a strong social presence, many are unclear how to measure their performance online. The right benchmarks can help businesses understand the social landscape and evaluate how effectively social accounts function to build consumer relationships.

3.1 Share of Conversation

Conceptualizing the sheer volume and method of communication provides an introductory overview of the nature of the relationship between brands and their audiences online.

Retailers' brand-owned accounts actually maintain a healthier portion of the online conversation than most industries. [7]

[5] InReality. 2016 Reality of Retail Survey. 2016.

[6] Apptentive. Feedback and Loyalty on the Mobile Frontier. 2016.

[7] Brandwatch. Social Insights Series. 2015-2016.

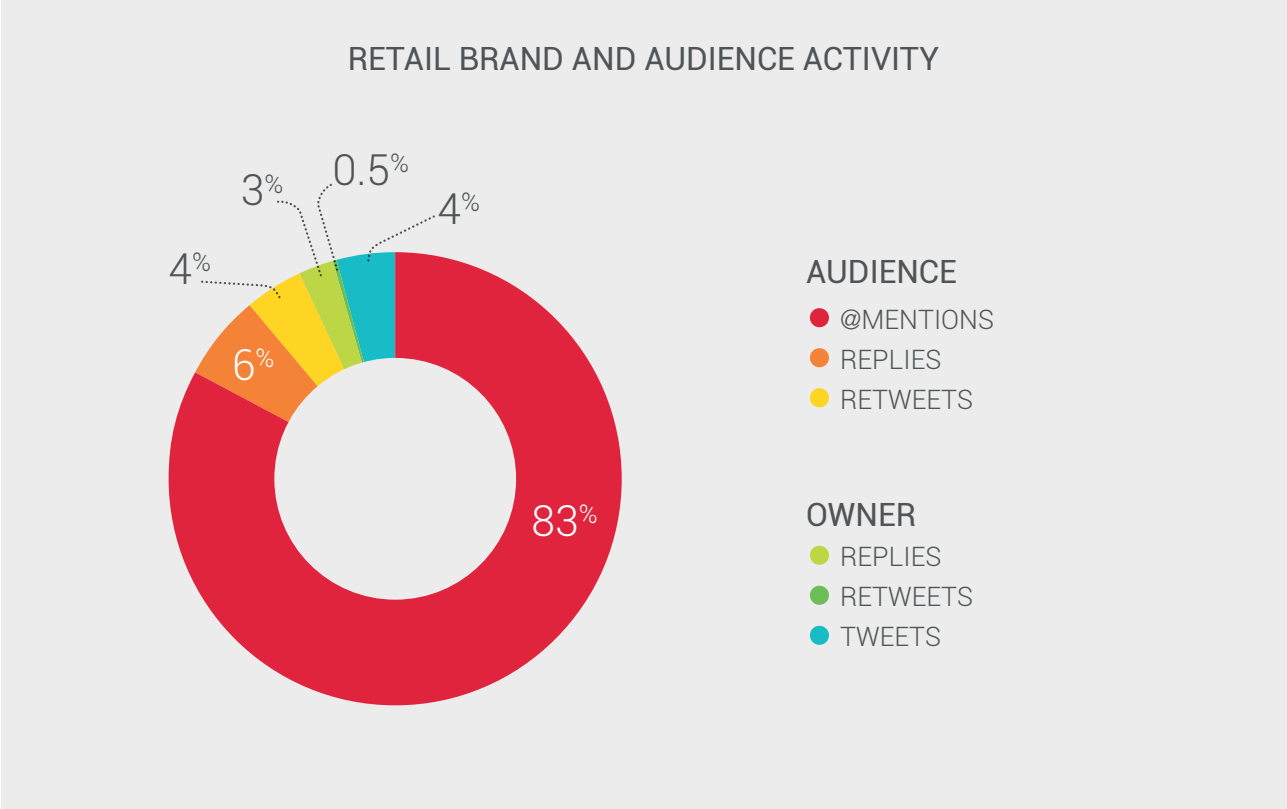

Figure 2: Analyzes 8,210,563 Twitter conversations from January 13th - May 13, 2016.

Yet still, audiences account for 93% of the conversation surrounding major retail brands. Businesses should aim to use the 7% of conversation they do own to direct the course of the larger discussion.

However, it seems as if audiences are relatively unresponsive to retailers' content. Across the industry, audience retweets and replies are exceptionally low. Brands should consider social strategies and content that will help stoke conversation and spread their voice through followers.

A detailed breakdown of the average daily activity of retailers and their audiences on Twitter and Facebook further details this trend.

AN AVERAGE DAY ON TWITTER

RETAIL BRANDS AVERAGE FOLLOWERS: 410,968		RETAIL AUDIENCES	
TWEETS	63	@MENTIONS	1,268
REPLIES	40	REPLIES	93
RETWEETS	0.79	RETWEETS	65

Figure 3: Analyzes 8,210,563 Twitter conversations from January 13th - May 13th, 2016.

AN AVERAGE DAY ON FACEBOOK

RETAIL BRANDS AVERAGE PAGE LIKES: 4,695,206		RETAIL AUDIENCES	
POSTS	1.45	LIKES	3,535
COMMENTS	18.86	COMMENTS	255
		SHARES	213

Figure 4: Analyzes 2,712,103 Facebook conversations and 18,545,847 Likes from January 13th - May 13th, 2016.

Retailers receive an average of 1,268 @mentions on Twitter each day, but only 93 replies and 65 retweets, totalling 10% of the retail conversation. For comparison, television brands receive 441 retweets and 253 replies each day, which comprises 28% of their Twitter conversation.

Conversely, the retail industry seems to be far more responsive to their audiences than most. For automotive brands, an average day consists of 2 Twitter replies and 1.9 Facebook comments; television networks' responses sit at around 3.4 Twitter replies and 3.5 Facebook comments. For both, responses comprise less than 1% of the chatter – for retail, responses are comparable to owned tweets at around 3%.

Overall, the analysis portrays an industry that posts fairly often and fails to generate responses from their audience, but is quite successful at answering to their own audiences.

3.2 Brand Responsiveness

Timeliness is paramount on social media. People do not wait at their screens until brands respond – after praising or complaining, they'll continue with their day, growing more preoccupied with their own lives. Of course, they'll have expected a response by the time they return.

For social media teams, there is only a short window of time when consumers are engaged and willing to converse with a brand. Businesses should aim to respond to their audiences while the matter is still relevant. In reality, not every brand is so swift. The following figure analyzes the average response time across 36 retailers.

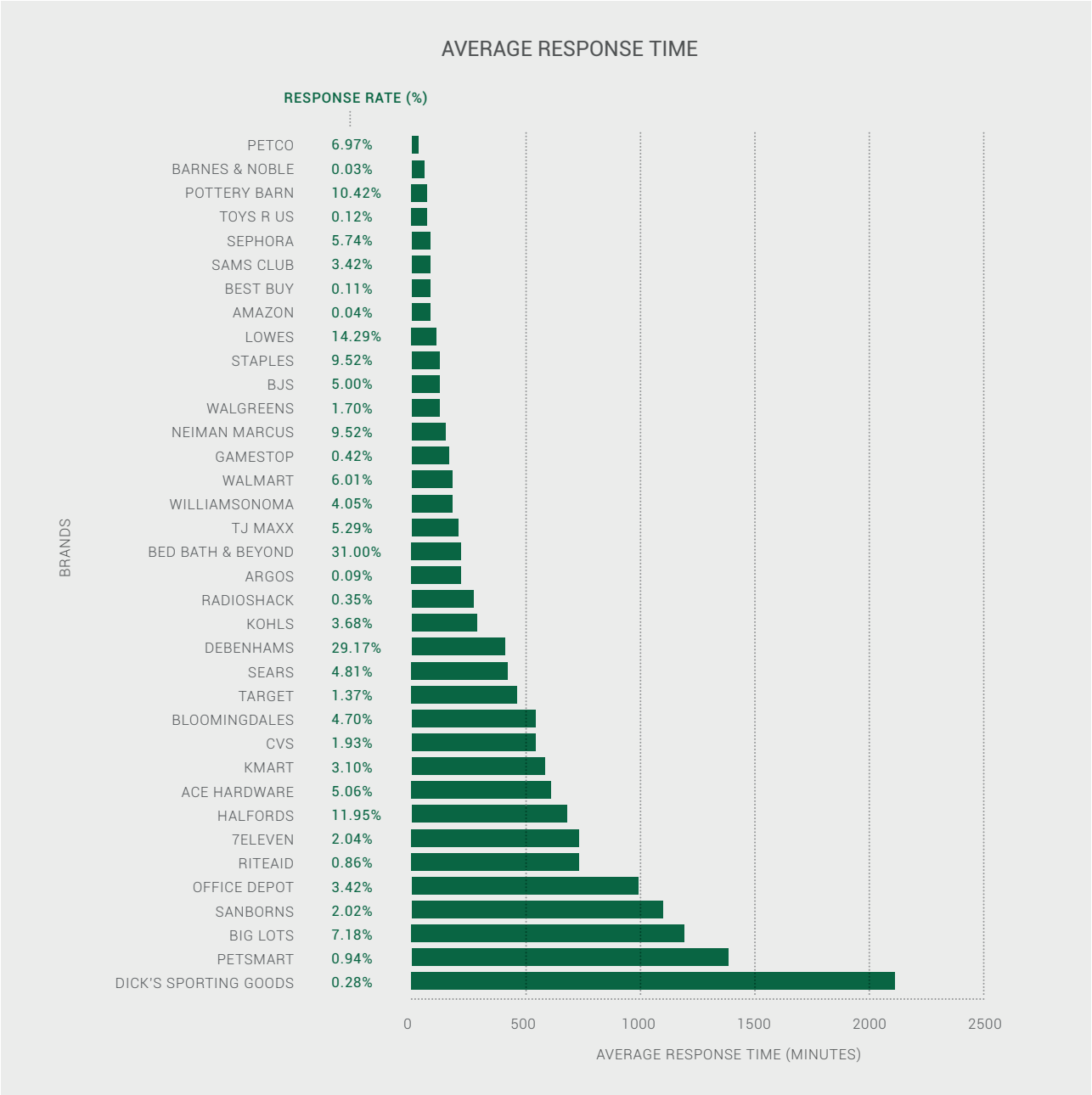

Figure 5: Analyzes how quickly and how often brands responded to 2,068,944 tweets. Amazon data was collected from 3/18/16 - 4/18/16. Walmart data was collected from 1/13/16 - 2/29/16. All other data was collected from 1/13/16 - 3/29/16.

3.3 Facebook Content Analysis

The experience of a brand's online presence is largely based on the content it publishes and the way it delivers their messages. For retailers' Facebook pages, that message is nearly always a visual one.

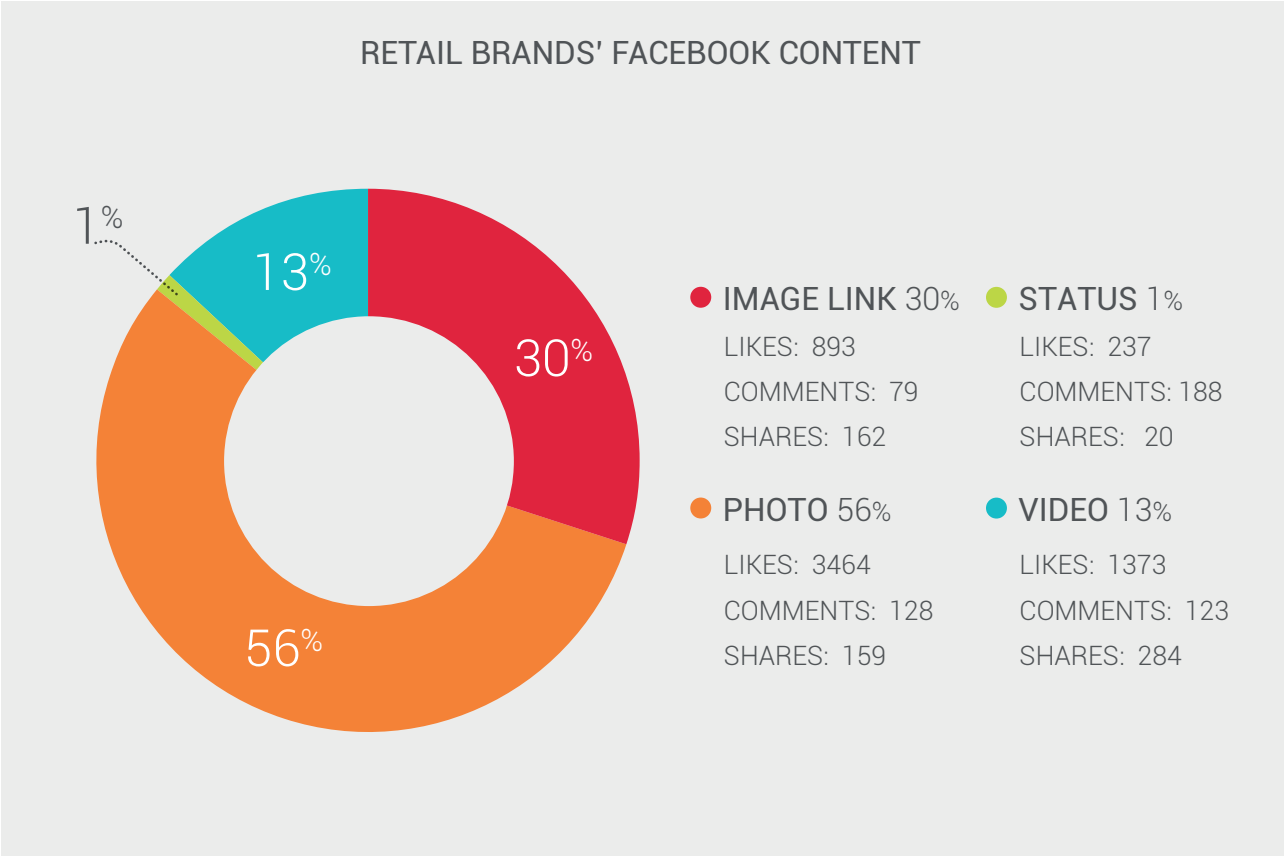

Figure 6: Analyzes 1,432,961 Facebook conversations and 11,839,944 Likes from January 13th - May 13th, 2016.

Photos are the dominant content format for retailers – that makes sense, as they tend to receive the most amount of Likes and perform well on Comments and Shares. Still, videos are the most shared format of content.

Image Links, despite performing low on Likes and Comments, constitute the second most frequent type of Facebook post. While they may serve a purpose in directing traffic to retailers' websites, businesses should be aware of their tepid social performance.

Of course, the content strategy varies dramatically by retailer. While Sanborns, Pottery Barn and GameStop predominantly shared photos, eBay and Walmart relied more on image links. As every retailers' audience is unique, each will have to analyze consumer responses and determine what format is the most effective for their goals.

4.0 Consumer Audience Identity

Consumers no longer purchase products solely for their functions. Oftentimes, they will choose products or services that reinforce their personal beliefs or identity. Increasingly, brands are constructing their own identities, portraying an image that they feel will fit with their target consumer.

Yet in order to do so, brands will need to understand who that target consumer is. Audience analysis can help brands understand who they're speaking to online and how their audiences differ from that of their competitors.

4.1 Gender Analysis

While retailers' online audiences are predominantly female, it's clear that the businesses in this analysis represent a diverse group of brands.

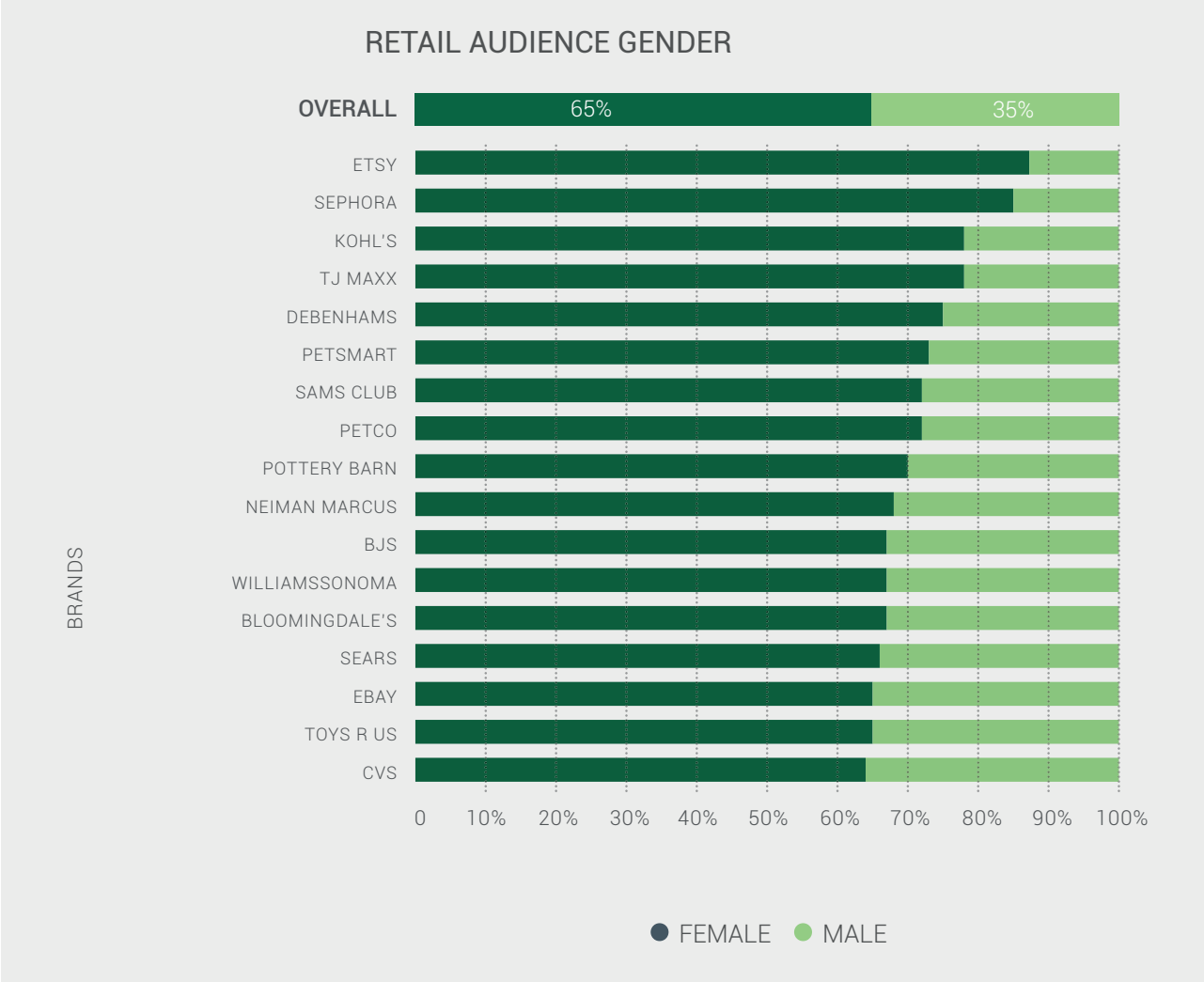

Figure 7: Analyzes the gender of 3,593,799 Twitter conversations from January 13th - May 13th, 2016. Gender is identified through online profiles and advanced machine learning techniques.

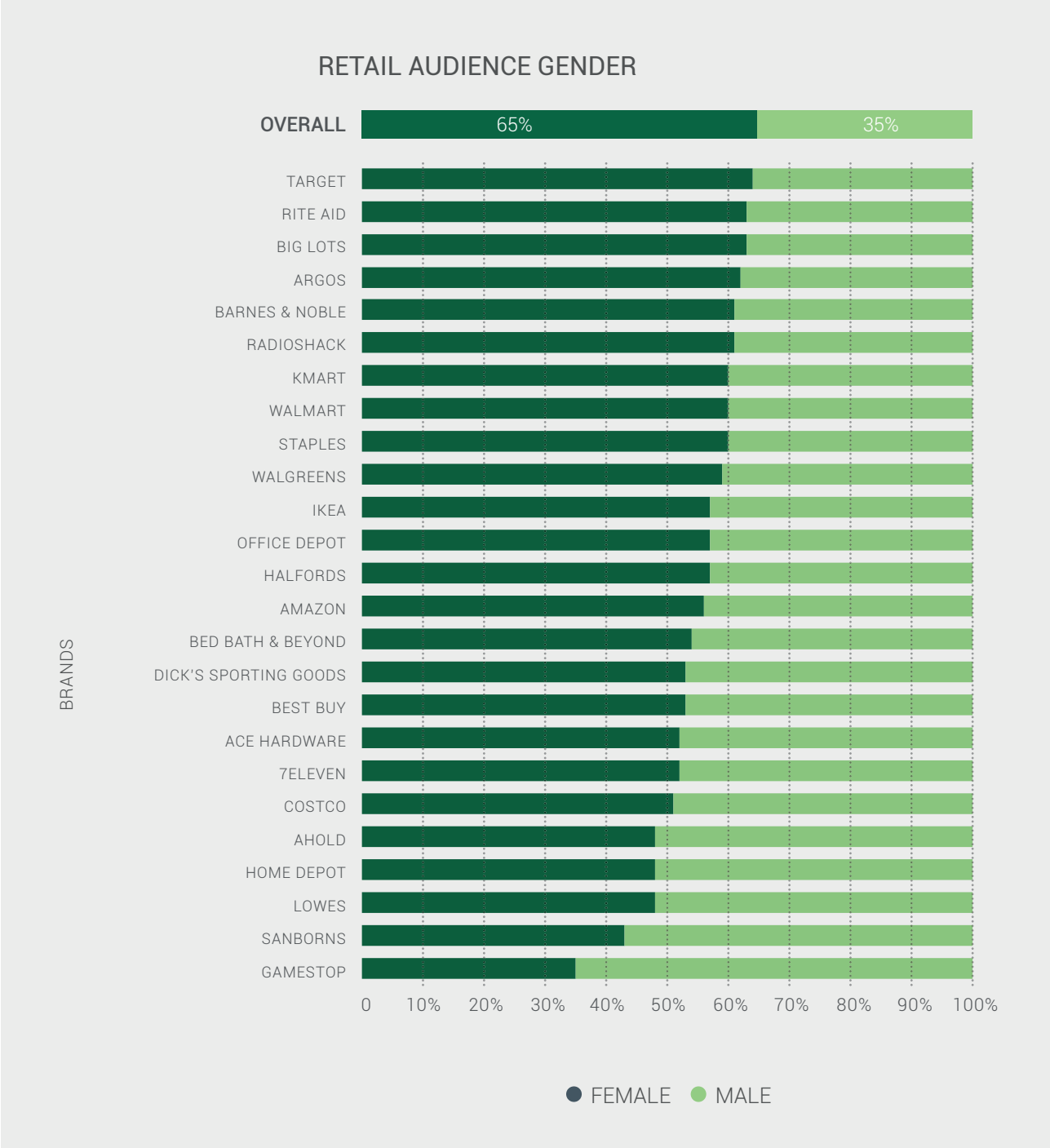

Figure 7: Analyzes the gender of 3,593,799 Twitter conversations from January 13th - May 13th, 2016. Gender is identified through online profiles and advanced machine learning techniques.

Females authored 65% of the tweets surrounding the 42 retail brands selected. Videogame, hardware, and sporting goods stores lean more male while Etsy, Sephora, pet retailers and certain department stores are more often mentioned by women. Interestingly, mass merchandisers appear more divided – conversation around Sanborns and Costco are 57% and 49% male respectively, while mentions of Sam's Club and BJ's are 72% and 67% female.

4.2 Interest Analysis

Of course, gender is only one demographic indicator. A more granular analysis of retailers' audiences will reveal not only who they are but also what they're interested in and what they do. As an example, the following analysis compares the interests of those discussing Amazon, eBay and Etsy.

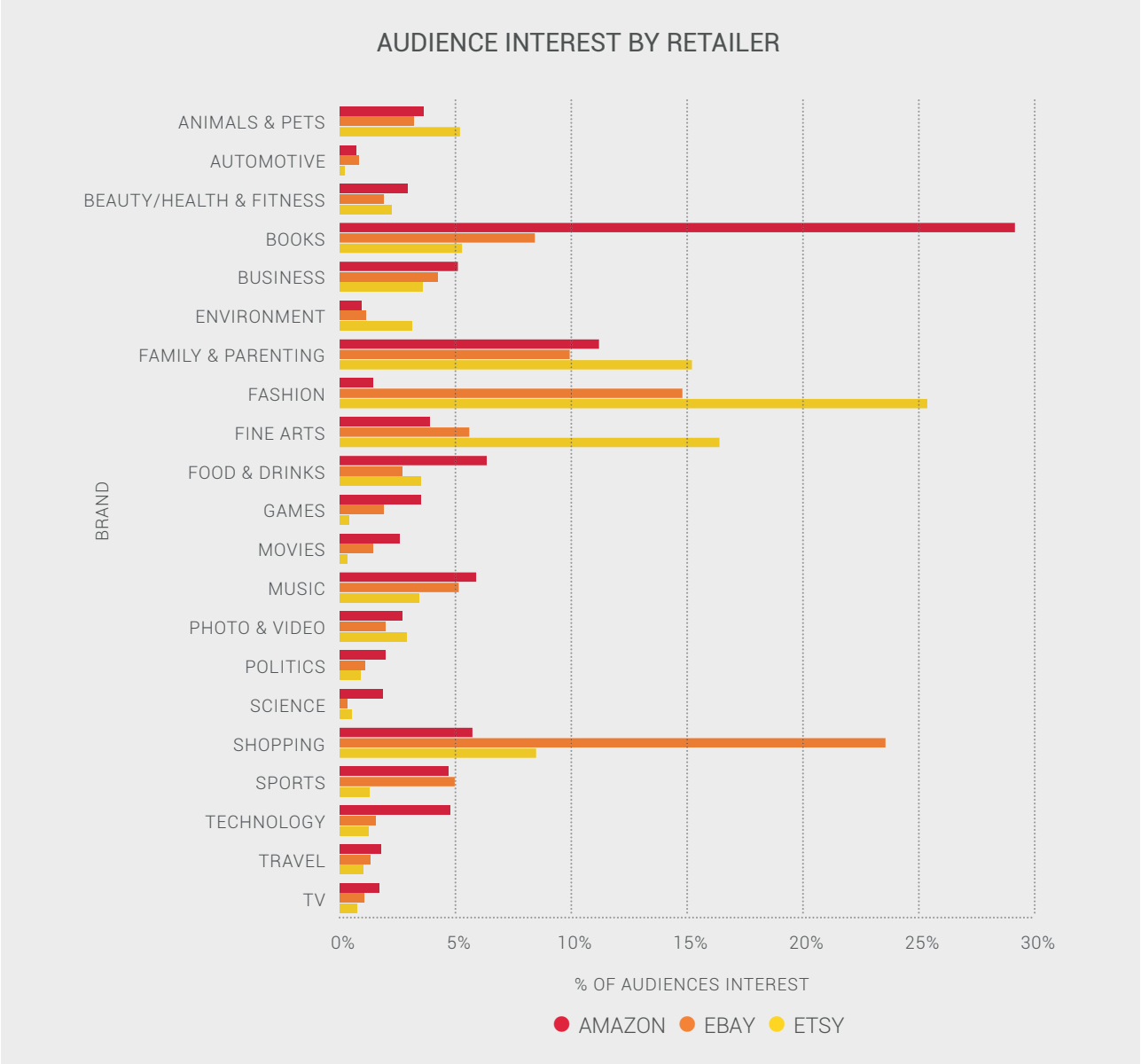

Figure 8: Analyzes 3,009,694 tweets from January 13th - May 13th, 2016. Interests are identified through online profiles and advanced machine learning techniques.

The major peaks are largely unsurprising – Amazon's audience is interested in books, Etsy's leans toward fashion, and eBay's following is focused on shopping. Yet reviewing their audiences' other interests provides a more nuanced understanding of their followership. While eBay attracts those interested in fashion, family & parenting and books, Amazon's following has little interest in fashion, and is otherwise spread quite evenly across interest groups. Meanwhile, Etsy's audience is engaged in fine arts and family & parenting, owing to their focus on handmade and vintage items.

4.3 Profession Analysis

Businesses can gain further insight into their online audiences by analyzing the professions of those discussing their brands. Again, this example compares profession across Amazon, eBay and Etsy.

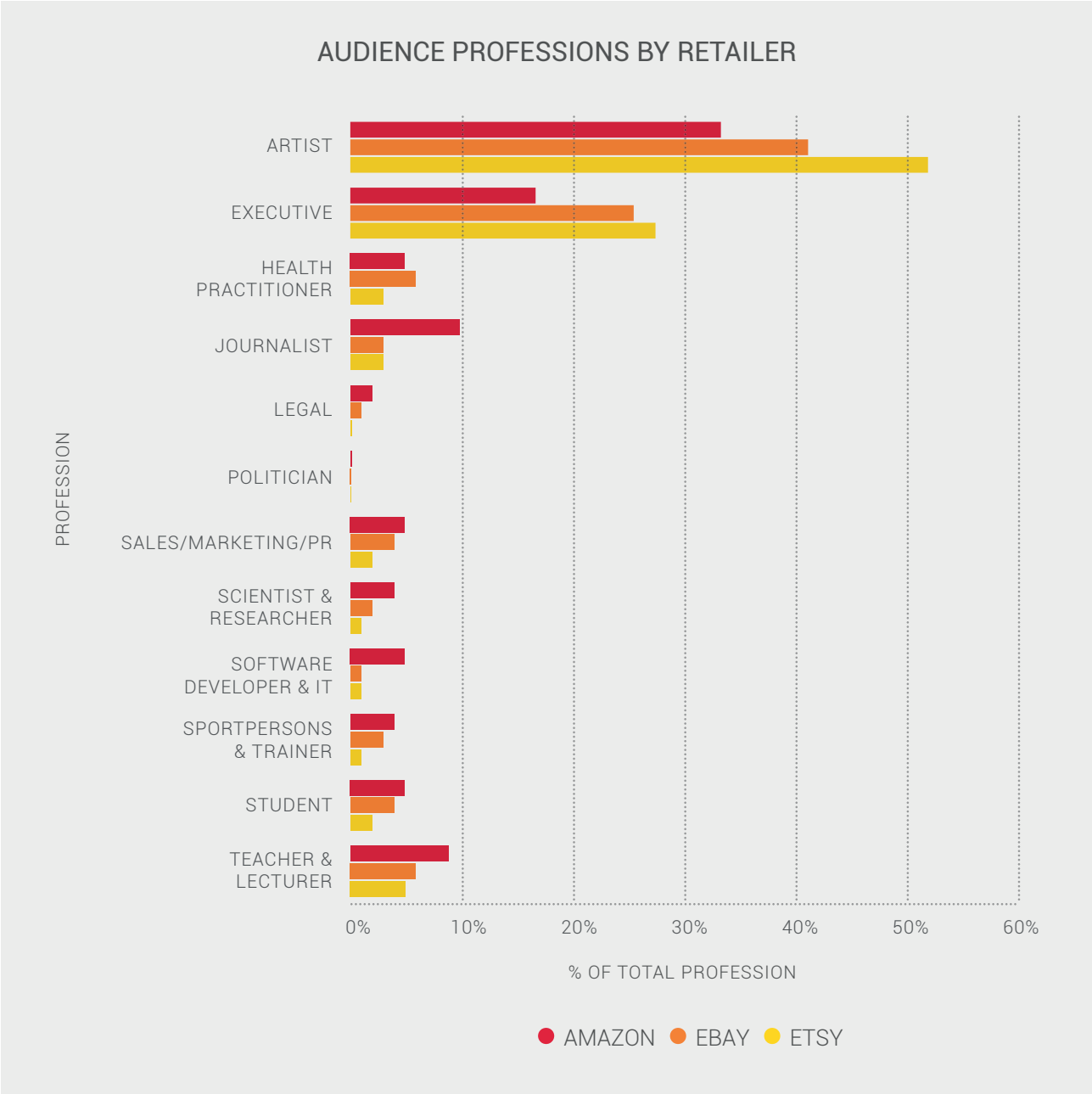

Figure 9: Analyzes 446,804 tweets from January 13th - May 13th, 2016. Professions are identified through online profiles and advanced machine learning techniques.

Discussions for all three brands predominantly came from artists and executives. However, that bias is by far the most pronounced for Etsy at 53% artists and 28% executives. On the other end, Amazon's audience seemed to be the most balanced across professions, with a smaller peak amongst journalists.

5.0 Investigating Retail Pharmacies

In the wake of a series of healthcare changes in the United States, pharmacy retailers are undergoing a transitionary period in their businesses and brands. Many are aiming to go beyond providing prescriptions to offer a service that plays a more important role in their customers' greater healthcare experiences.

As they adapt to a new healthcare environment, so too must they adapt to a new generation of consumers. In order to better understand the experience they offer, both online and in-store, pharmacy retailers should listen to and understand the landscape of the retail pharmacy conversation online.

5.1 Regional Presence

One way of quickly conceptualizing the online competitive landscape of a business is to measure its share of voice, the volume of mentions it receives against its competitors, across regions. While volume does not necessarily equate favor, a business can only be influential where their voice carries.

In this case, it's clear that Walgreens maintains the dominant voice throughout the United States. However, CVS and Rite Aid still retain a competitive advantage in some regions.

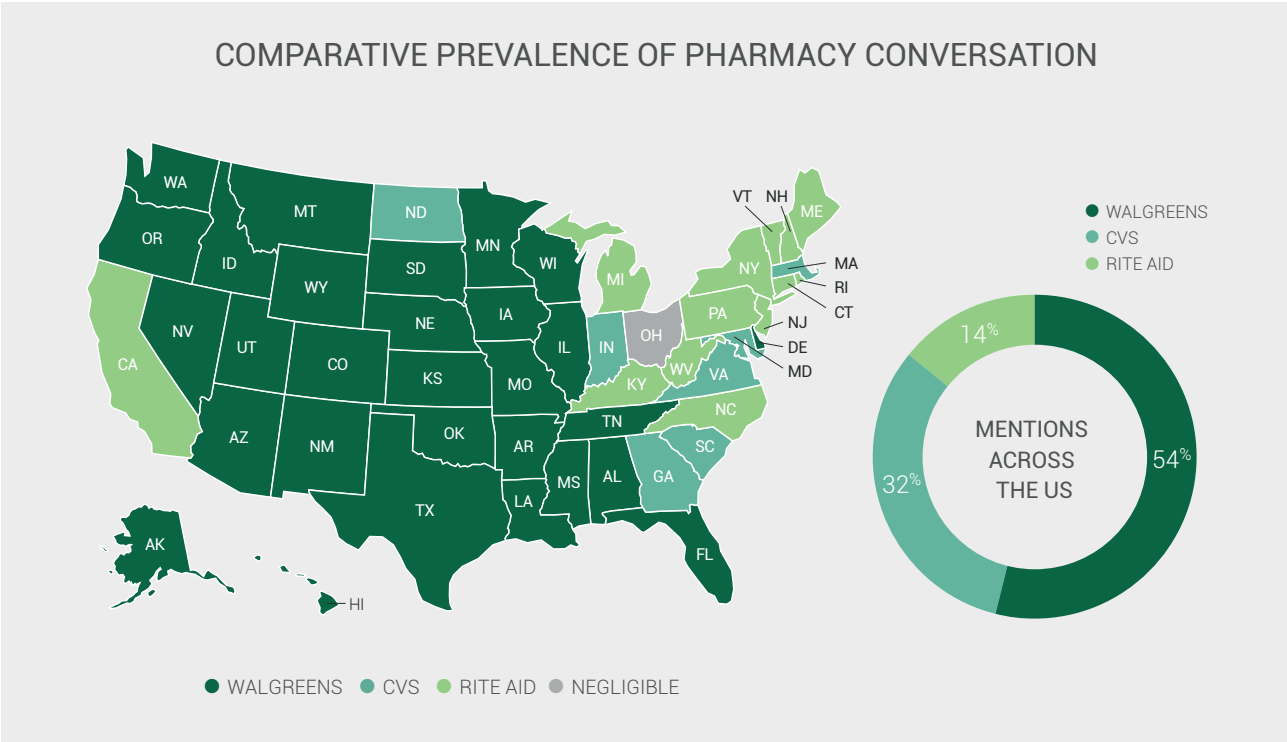

Figure 10: Analyzes the location of 109,603 tweets from January 13th - May 1st, 2016.Figure 10: Analyzes the location of 109,603 tweets from January 13th - May 1st, 2016. Comparative prevalence measures how much a brand's share of voice deviates above the national average.

With the highest number of stores and pharmacists throughout America, Walgreens is expected to drive the highest volume of conversation – still, Walgreen's 54% share of voice is a dramatic lead over CVS's 32% or Rite Aid's 14%.

But relative to the national average, Rite Aid has an advantage in the Northeast and California. Meanwhile CVS earns relatively more conversation in North Dakota and several states throughout the Northeast.

Separating conversations into regions helps both to provide an overview of social landscape and also to separate conversation topics by region. Digging into the actual mentions coming from different states, businesses can begin to understand what issues may be more prevalent in different regions.

5.2 Retail Pharmacy Product Categorization

While retail pharmacy businesses are largely centered around their pharmaceutical offerings, most of the shelf space in any CVS, Rite Aid or Walgreens will be occupied by an assortment of retail goods: appliances, toys, snacks, birthday cards, and beauty products.

With such diverse offerings, businesses should consider the role each category plays in their social dialogue and how their online audiences discuss each product differently. As an example, the following figure examines how often pharmacy retailers are discussing three major product categories.

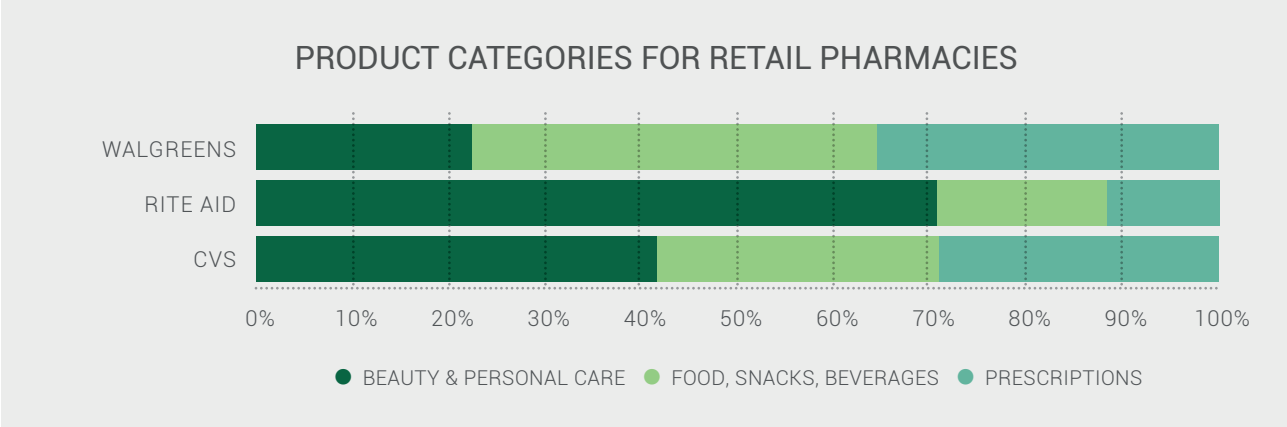

Figure 11: Analyzes 7,346 tweets from January 13th - May 16th, 2016. Product Categories are identified and separated using Brandwatch's Rules and Categories features.

Interestingly, prescriptions are not the most discussed product for any of the brands analyzed. For CVS and Rite Aid, beauty and personal care products earn the most conversation. Meanwhile, food, snacks, and beverages is the most discussed product category for Walgreens.

6.0 Retail in Review

As the number of communication channels has multiplied, providing a quality and seamless experience across each is increasingly difficult. Although retailers struggle to accurately measure the effect digital has on their business, most will recognize its growing importance.

In light of this, it is imperative that businesses develop concrete strategies to constantly maintain an awareness of the online landscape. Consumer insights from social media should support lines throughout the retail business: social customer service, marketing, public relations, product selection, and general business strategy.

This report provides an introduction to social media intelligence, but is no way comprehensive of the many capabilities and insights that social data offers. To learn more about social media analysis, please contact a Brandwatch representative or request a demo.

Key Findings:

- Amazon, eBay and Etsy are Brandwatch's three online leaders
- Audiences account for 93% of around retail brands on Twitter
- Retailers' average response time is around 7 hours and 33 minutes
- Image links, despite performing poorly, are the second most shared format of Facebook post
- Retailers' Twitter audiences average at 65% female, while GameStop's is only 35% female
- Amazon's online audience is 56% female, and interested in books and family
- eBay's online audience is 65% female, and interested in shopping, fashion and family
- Etsy's audience is 86% female, and interested in fashion, fine arts and family
- While Walgreens is the most discussed retail pharmacy in the US, Rite Aid has a comparative advantage in the North East
- For CVS and Rite Aid, beauty and personal care are the most discussed products
- For Walgreens, food, snacks and beverages are the most discussed products

7.0 About Brandwatch

Brandwatch is the world's leading social intelligence company. Brandwatch Analytics and Vizia products fuel smarter decision making around the world.

The Brandwatch Analytics platform gathers millions of online conversations every day and provides users with the tools to analyze them, empowering the world's most admired brands and agencies to make insightful, data-driven business decisions. Vizia distributes visually-engaging insights to the physical places where the action happens.

The Brandwatch platform is used by over 1,200 brands and agencies, including Cisco, Whirlpool, British Airways, Sony Music, and Dell. Brandwatch continues on its impressive business trajectory, recently named a global leader in enterprise social listening platforms by the latest reports from several independent research firms. Increasing its worldwide presence, the company has offices around the world including Brighton, New York, San Francisco, Berlin and Singapore.

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