



## *Smartphones and Social Media*

Australians are steadily embracing online retail. While it is generally agreed online sales account for around 5% of the Australian retail market place it is interesting to dig a little deeper and look at the main usage trends. The CCI published a report in 2010 outlining how Australians interact with the internet, showing that fewer and fewer Australians are resisting the convenience afforded by the internet when it comes to retail. And with the ABS showing that at the end of December 2010 there were 10.4 million active internet subscribers in Australia, this is an area retail cannot afford to ignore.

However this convenience of internet access is not a guarantee of using the internet for purchasing, as in 2009 27% of Australians use the internet to research a product, but then actually make the purchase at a local store. However this figure has shrunk from 34% in 2007, and the percentage of Australians researching goods in local stores and then purchasing online has increased from 25% to 41% in the same timeframe.

This penetration of the internet into the retail sphere will only increase with the increased penetration of Smartphones into the marketplace. The CCI records that in 2009 35% of Australians accessed the internet through a mobile device, and with Telstra stating more than half of Smartphone users accessing the internet from their mobiles daily, the internet is ceasing to be something that requires the consumer be static to access. Nielsen supports this, stating that of Australians with Mobile Phones, 35% own a Smartphone, and 30% own a Mobile capable of accessing the internet. And to add further proof, Apple stores were the fastest retailer in the world ever to hit \$1 billion in sales, accomplished in just 3 years.

However that is not a definitive statement of retail, as while Females aged between 40 and 59 are the most common type of shopper in most shopping centres, use of Smartphones for daily internet access is more common in Males at 56% to 49% from Females. Similarly 67% of Smartphone owners aged 16-29 and 51% aged 30-39 use their Smartphone for internet access daily, compared to only 32% aged 50 and over. In addition, only 13% of Smartphone Internet users access online stores weekly or more often, and only 29% have ever used their Smartphone to access online stores.



But this is not the whole story. One of the biggest strengths Smartphones offers to retailing is in the form of Apps, short for applications, small programs installed on the Smartphone and offering different functions. 41% of Smartphone users have downloaded and installed an App on their Smartphone, and among this number are some powerful retailing applications. There can be divided into three broad groups of retailing apps.

**Coupon apps** provide customers with coupons for stores, changing regularly. This regular change provides incentive for the customer to use the coupon as soon as possible, giving them a solid reason to visit the shop in question in the immediate future. **Price Alert apps** inform customers of when products are on special in stores local to their home, or near their current position. This informs the customer of what offers are available near them, giving them reason to drop in on their way past. Finally **scanner apps** are price comparison and informative tools, by using the 'scanner' that comes with the application the customer can find out details on the products, and provides price comparisons on that product with other local stores.

Of note is that while active purchasing from online stores via a Smartphone is not particularly high, 51% of internet users of Smartphones use them to access a social networking site, and this can have a great impact upon the retail market. According to Nielsen, Social Media has been a revolution for online Australians, with the most common activity being tapping into other consumers' opinions found on Social Media, done by 73% of all Australians online (either through computers or smartphones) in the last twelve months, and 26% doing so regularly. Through this online community a frank exchange of ideas and opinions occurs between potential customers.

When talking about social media, the first term to understand is the larger blanket term, 'Web 2.0'. While it may sound like meaningless jargon, it refers to a step forward in the use of the internet, an active attempt to engage everyone on the internet. It is a fulfilment of some of the potential of the internet, by changing it from a simple conveyor of information into a more active two-way exchange between website and visitor. So what IS Web 2.0? Simply put, it is using the potential interactivity provided by the internet to engage with visitors, giving them a chance to involve themselves with the site. Many websites are moving from being a static provider of information into something more interactive, providing a space for visitors to comment and leave their mark. This is inherent with social media, the ability to interact and involve yourself with the site, the everyday person providing the content rather than being limited to professional contributors like other forms of media are.



This interactivity is an important part of the way retailers can use Social Media. According to Nielsen, in 2009 70% of customers the world over believe customer recommendations from complete stranger online, while 90% believed recommendations from people they know. If a retailer can use Social Media to tap into that trust and turn one loyal customer into several loyal customers, then it has more than proven its worth.

There are different ways online social media can be used by companies in the retail industry. Facebook, being the most widespread social media site, is an obvious choice to advertise upon and utilise. Approximately 75% of Australian Internet Users have visited Facebook and 59% have a Facebook Profile . There are a number of ways stores and shopping centres can do this. By setting up a Facebook Group and giving incentives for customers to join the group, they can be made aware of upcoming sales and specials, or events in the store or shopping centre that could give them reason to come in. In addition Facebook Places can be used to turn a store or centre into a social place to visit, allowing friends to inform each other of when they are at a particular store or centre. By turning the location into a Facebook Place people can 'check in' at, it can promote discussion or plans to meet up within social circles.

Twitter is another big form of social media. It acts as a direct, micro-informative feed to followers of a twitter stream. Put simply if people sign up as followers of a twitter stream, they can be kept informed of any of the micro-blog posts made by the people they are following. 'Tweets' are required to be small and as such can only provide limited information, but for the right market can inform customers of events and sales in a particular store. To sign up for a twitter feed requires either some form of incentive, or a strong degree of brand loyalty, in the same way as joining a facebook group. Finding out how many Australians use Twitter is extremely problematic, as Twitter themselves are very secretive with the exact numbers, even going as far as no longer generating the unique Twitter ID numbers sequentially. As of 2009, the one guess was 679,000 Australians while another from January 2010 indicated 1.2 million users .

Youtube is an enormous online phenomenon, and the holy grail of marketing is for a video to go viral. However trying to predict what videos will go viral is extremely difficult, and trying to manufacture a video to go viral is even harder. Youtube should only be used when a retailer or centre has something specific it wishes to say or share, such as a video of a recent event, or an entertaining and informative advertisement for an upcoming event or sale. Even then, there is no guarantee it will reach a reasonable number of potential customers. Youtube is a global site, and targeting videos at a specific location is next to impossible as the customers have to search out the video themselves.



But these are just the tip of the Social Media iceberg. LinkedIn had a unique audience of approximately 970,000 in January 2010. While Myspace is no longer the dynamic king of the heap, some statistics still say it has 2.1 million unique users in Australia in January 2010, although this number has flattened as the number of new members signing up drops. Myspace now focuses mostly on the music market, acting as an easy way for bands to have a website for their fans.

Clearly within the retail market online needs to be an important factor retailers and shopping centre owners need to consider and embrace. While online stores may be a growing retail outlet, more importantly social media is the new word of mouth that can have a profound impact on a retailers brand. Therefore increasingly retailers and shopping centre owners need to have a strategy in place to deal with the changing marketplace. To this end our advice is:

- **Not to try and control it.** Companies who have tried to control social media word of mouth marketing have been 'found out' by customers and suffered as a result.
- Have a **clear strategy** as to why you are participating in social media and what you want to achieve from it.
- In the future I think you will see **Multi Media Marketing Managers** in place which is a role that will extend beyond the current centre marketing management role. Already we are seeing companies merge their online marketing manager role into these types of roles so they are part of the business rather than sitting alongside it. This shows that newspaper advertising, radio and TV, for example, go hand in hand with the social media strategy.
- There is **no option to "do nothing"**, Doing nothing will leave companies behind in the market place. It is important to understand the space, and make a move. Small experiments seem to be the way to go to formulate strategy as everyone learns this new marketing medium.

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