

Stay Connected “NEW DIMENSION” to Retail Business

Introduction

SNP (Social networking potential) has gained utmost importance in today's scenario. Marketers are focused in identifying individuals with high SNP, who can help companies enhance their product sales and market visibility through 'Viral Marketing'.

As the increase in popularity of social networking is on a constant rise, new uses of technology are constantly being observed. The phenomenal growth and affordability of mobile telephony in recent years has significantly enhanced the potential of mobile marketing. If retailers are able to exploit this opportunity, it can largely impact their top line. Personal references about a company's product received from friends and family immensely help in creating a 'Desire for Purchase' in consumer's mind. Companies trying to maximize their brand awareness must take advantage of social networking in all stages of the purchase process, from awareness to discovering to purchasing to loyalty. If this facility is provided to customers on mobile phones, a service accessible anytime anywhere, will surely improve the customer footfall.

1.0 Viral Marketing

- It is the concept of promoting the business through word of mouth. Marketing departments are always under the pressure to do more with less. Product referrals from employees, customers and others are the lowest-cost and highest quality source for giving boost to the sales of a company. But they have always struggled with, how to encourage the word-of-mouth referrals
- Social networks are a simple and splendid way of doing that, but companies have lacked a way to manage that activity. They do have a presence on social networks, but no good tools to exploit its power
- If this concept of 'viral marketing through social networks' is linked to mobile technology, it can help marketers tremendously increase customer traffic create profound visibility of their brand

2.0 Social Networking via Mobile

- Mobile penetration in India has far surpassed the penetration of PCs in the country. Therefore by keeping the customers updated via mobile phones about their shopping needs, retailers can increase sales, expand their market reach, enhance brand awareness and improve conversion rate
- Global projections indicate a bright future for mobile social networking, with the percentage of mobile social network users as a percentage of mobile phone users rising from 4.3% in 2008 to 18.8% by 2012

- Business via mobile social networking in India was attempted way back in 2006 by a leading social networking site that was not quite successful. But lately the availability of multiple social networking portals and craze of Orkut and Facebook among the youths indicated the right time for social networking to attain new heights in business

3.0 Operating Model: New Dimension to Retail Business

Looking at the current market situation, we suggest an operating model in figure 1.1 below, that explains telecom service provider's significant role in improving the sales of the retailers by bridging their gap with the customers.

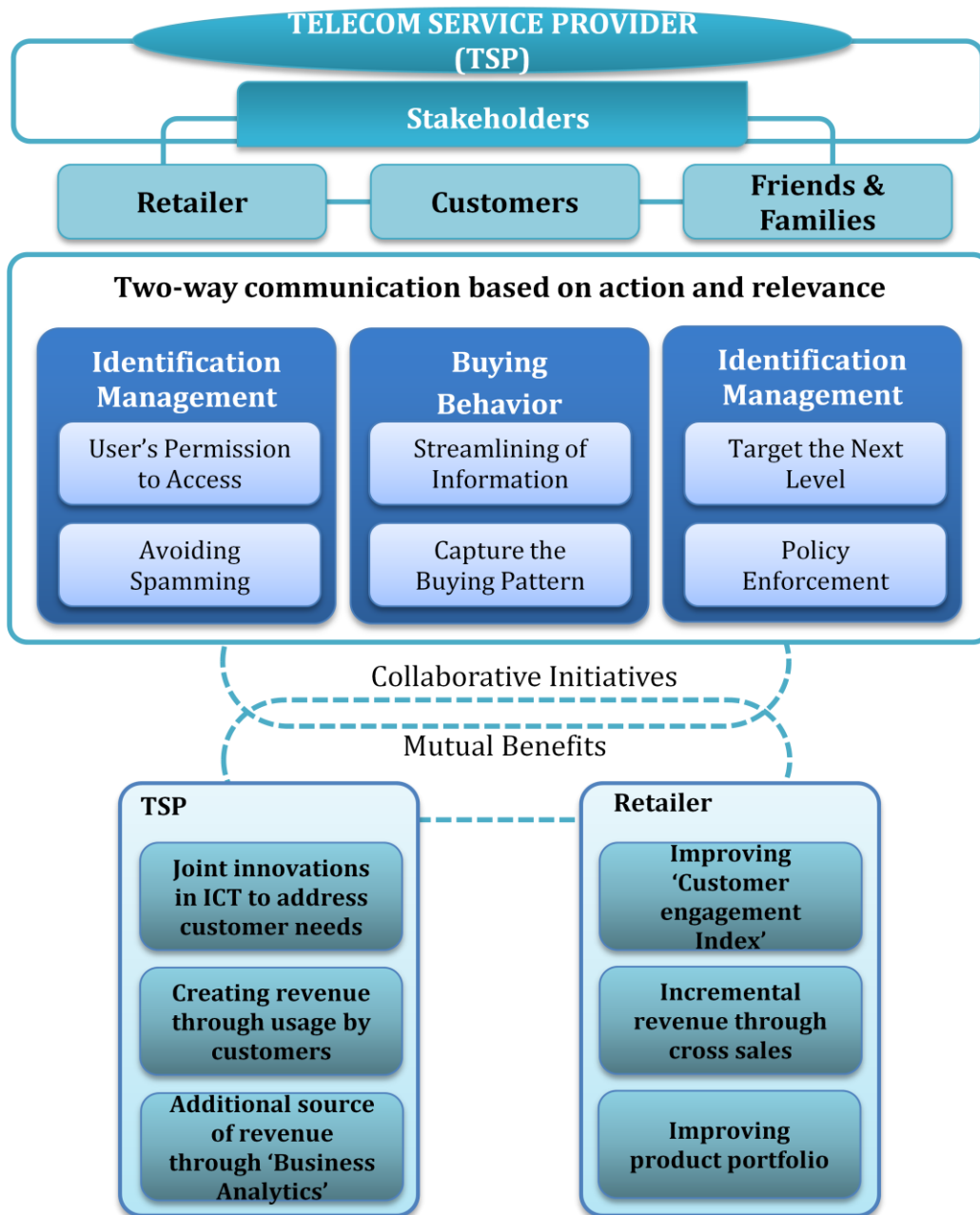


Figure 1.1- Operating Model

4.0 How will the model work?

4.1 Telecom Operator

- When a customer enters a shopping mall, his presence is detected by a remote sensor connected to the backhaul of the TSP application installed within the mall. An automated flash message is generated and sent to the customer 'Inbox'
- The flash message demands the customer to choose the product category he's interested to buy
- Suppose the customer selects 'Accessories' then the follow-on messages will keep him informed about various deals and discounts on accessories offered by different retailers in that mall
- The customer can choose few particular stores from that list that suits his 'style, price and class'
- Analyzing the 'customer data/the buying pattern' such as price range/quality/brand he prefers can be used by TSP for predictive analysis and help him obtain an additional source of revenue

4.2 Retailers

- Once the consumer has chosen the retail store of his choice, the retailers would keep him informed regarding the lucrative offers running at their stores by continuously sending them the automated messages from their system

4.3 Customer

- Finally when the sale occurs the customer will receive a message with a 'code' generated from the retailer's system for that particular sale
- Now the customer can forward this message with the particular code to his/her selected friends and family members through the mobile

4.4 Friends and Family

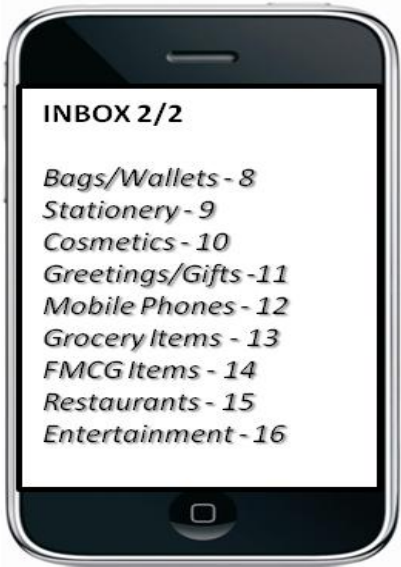
- Once they receive the message with the code generated from the 'retailers system', they can avail an additional discount over and above the prevailing offers on that same accessory bought by their friend
- Based on the number of cross sales generated by the original customer/ lead generator, he will be offered some exclusive benefits
- In this manner the chain will continue from one friend to another

Process-flow of the model

When a person enters a mall his presence is detected by the IT application device installed within the mall



He gets a 'flash message' from the telecom operator to choose a product category for shopping. Whichever number is selected by the consumer, gets reflected on telecom operator's system. TSP gets in touch with the respective retailers to send the consumer additional information on his requirements. TSP acts as a facilitator between the consumer and the retailer



An example of one such engagement (Please refer the figure below):- Consumer wants to buy a watch, perfume, footwear and mobile. And he plans to have dinner before getting back home. Therefore he clicks on 'Accessories', 'Mobile Phones', 'Footwear' and 'Restaurants'. All the retailers with such offerings will get in touch with the consumer and keep him updated with the required details



After receiving the code, customer will select the list of friends in his mobile and forward them the message

5.0 Benefits of the Model

- The customer satisfaction level would tremendously increase when he will discover that he has to no longer scan through multiple stores to know about various offers. Rather he just needs to be at the mall's doorstep and the telecom operator would supply him the information on product of his choice in terms of '*Price*', '*Quality*' and '*Class*'
- Consumers can share and publicize their car brand, wrist watch that suits their class, food they relish, doctors whom they prefer, airline which serves them better etc
- Also, if the project is implemented successfully, it will benefit the TSP in creating a parallel source of revenue on their existing platform without any major investments

6.0 Challenges and Solution

6.1 Data Privacy and Data Warehouse Management

- When there is transfer of sensitive and confidential information, security concerns about data leakage or misuse do arise
- Selective sharing of information is one of the major challenges in this project and if the personal data of a customer is shared publicly then the rationale behind this idea will be jeopardized
- Investment in security tools, signing non-disclosure/confidentiality agreements, audit trails for all system activities, access to registered and authorized employees are few of the measures that will help companies overcome data theft problems

6.2 Spamming

- The idea is to inform the consumer about various discounts or schemes that are available and benefit him with the best deal. But many a times customers wouldn't prefer to receive such messages and can get irritated by the invasion of privacy. Hence, differentiating our alert becomes crucial to positively influence the customer about the offers available otherwise the message/alert would be discarded as a spam by the receiver

6.3 Revenue Generation

- Offering better schemes to consumers than others will surely compel retailers to compromise on their margins to a certain extent. The feasibility of this needs to be evaluated. But, if the volumes are getting substantially improved by these offers then the loss can be compensated soon and converted into profits

6.4 IT Application device

- Though developing such a device for a telecom operator is technically feasible, the challenge lies in its implementation (The technology which is currently implemented in sharing of mobile towers can be put to use to a certain extent for developing such a device)

7.0 The Way Forward

- Immense opportunities and high returns from businesses have resulted in cut-throat competition. The customers have never been so diverse on their preferences as they are now. Their rapidly changing needs pose a new set of challenges for all and demands businesses to be more innovative. To large extent success of 'retailers business model' depends on the positive word of mouth which can effectively be leveraged through Social Networking. These social networks are quite powerful in spreading awareness of a brand as consumers are continuously sharing their experiences- good or bad on a real time basis. This paper suggests a collaborative model where the gap between the retailer and the customer will be bridged by a TSP. The TSP will act as a facilitator of social network between the retailer and the customer.
- Success of this model is highly dependent on the extent of automation of various processes that are needed to strengthen the business analytics and data management. Retail industry has witnessed a considerable intervention by IT but the investment has mostly been viewed as an investment to run day to day operations rather than a driver for growth. This model aims at bringing such change for the Retail sector and build stronger relationship between IT 'value' and business which can be developed by working in collaboration with credible organizations having experience in Business Transformation
- The only word of caution would come in the form of information security keeping in mind the criticality of information that would be shared within the system. However the model of framing strategies by retailers to attract more traffic on social networks is the much awaited solution amidst the competitive scenario of the retail industry

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