



Facebook has contributed to a fundamental change in the way people interact, and the network has been an important part of retail's online revolution.

A few years ago, the network looked poised to become everything from a social shopping platform to a payment method. While these things haven't materialised – and ideas such as Facebook Deals didn't take off – the network has been instrumental in changing the way retailers reach their customers.

Engagement

Facebook has 1.23 billion monthly active users and the average user spends six hours a month on the site. With such a captive audience, retailers have done their utmost to engage with customers and potential customers.

Facebook allows retailers to speak to consumers in an informal manner and give a human voice to their brands.

Electricals specialist Ao.com, which has 1.4 million fans on the site, uses Facebook as one of its biggest sales tools. It runs competitions to win goods to encourage people to review its product. It has also linked Facebook with its own website so shoppers can see what their friends think of products.

Other retailers have been equally inventive. Tesco developed interactive game Delivery Dash on Facebook to build brand engagement and has integrated virtual fitting room technology into its F&F clothing brand's page.

As eBay senior director for m-commerce Olivier Ropars says, social media innovation looks certain to continue: "This year we'll see an even bigger drive towards integration of social media and peer-to-peer recommendation. There's a huge opportunity for brands to capitalise on the sweet spot between utility and engagement, and social media is uniquely positioned to take advantage as retailers become less reliant on search and find new ways to inspire and engage customers across social channels."

Using and integrating data

Facebook's Open Graph – the footprint of connections users produce as they interact with friends and online content – has allowed retailers such as eBay to integrate marketing tailored for a specific audience. Although some users are uncomfortable about such use of their data, Facebook is a free service that they are paying for with their information.

Retailers can also now integrate their Facebook page users' data with their existing databases, giving them a wider and more in-depth picture of how shoppers operate online. Facebook also



How Facebook changed retail

The social network celebrates its 10th anniversary this month. Gemma Goldfingle charts its impact on the retail industry

claims that advertisers on its site can measure offline sales driven by campaigns on the network. Marketers can upload hashed data – anonymous information they can analyse – and Facebook matches it to its own database to compare the purchase behaviour of customers who saw an ad to those who did not.

Driving traffic

Many retailers use Facebook simply to drive traffic to their own websites. In the US, Facebook accounted for 5% of traffic to the top 500 retailer websites over Christmas. Social media as a whole is the third biggest source of traffic to retail websites, behind search engines and shopping sites, and Facebook leads the pack.

However, retailers have struggled to make Facebook itself appealing for transactions. Several retailers including Asos, Oasis and Gap have closed their transactional Facebook stores because of lack of demand.

Targeting new customers

One of Facebook's most valuable attributes is the ability to target new

"WE'LL SEE A BIGGER DRIVE TOWARDS INTEGRATION OF SOCIAL MEDIA"
Olivier Ropars, eBay

customers – if a campaign is interesting enough, Facebook provides a mechanism for wide-scale sharing.

It can be simple – department store group House of Fraser, for instance, teamed up with the National Union of Students to offer a 10% discount to Facebook users who like the retailer.

Brand building

Burberry effectively uses Facebook as a marketing tool. The luxury goods retailer devotes 60% of its ad budget to digital, producing slick campaigns and original content that is perfect for sharing on social media.

The brand doesn't interact with its fans much, instead using the site as a broadcasting channel. This was once thought to be a cardinal sin of social networking but it hasn't stopped Burberry amassing 17 million fans.

Instagram

Facebook bought photo sharing app Instagram in 2012 and it has turned out to be an inspired purchase.

While Facebook is sometimes accused of losing its edge among younger users, Instagram continues to grow in popularity. It also provides a purely visual string to Facebook's bow, allowing retailers to showcase collections and highlight new stores.



Burberry has used Facebook to live-stream its fashion shows and has 17 million fans