

The use of Social Network Analysis in Retail

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1. SNA- what is it all about?

From the many researches held on this issue, it seems that most purchasing decisions (70%) are a result of recommendations made by the customer's close social environment, and less of advertising or marketing campaigns.

Using innovative and advanced technologies we can now detect social relationships between our customers, identify the type of these relationships (family relations, close friends, colleagues, etc.), and locate the opinion leaders of each of these "social networks".

This innovative method is known as **Social Network Analysis** (SNA).

Opinion leaders in social networks are not necessarily those customers with the most relationships to other customers, but are the people who will have the strongest cumulative influence within their social network. The opinion leader's influence on his social network can refer to the purchase of a certain product line, or a specific product, or can refer to the customer's influence on loyalty and churn.

2. Who is considered an opinion leader

Some facts about the population called "Opinion Leaders".

- Approx. 7-15% of the population are opinion leaders.
- An opinion leader influences an average of 3-5 subject matters.
- There is no one demographic factor or preference distinguishing opinion leaders from the rest of the population.
- Opinion leaders value personal contact more than discounts.

3. SNA for loyalty, Churn, Acquisition and Retention

New customer acquisition, increasing average wallet share, loyalty, shopping frequency, retention and churn reduction are the main business goals for retail organizations. We have found using Datanetis technology (leading SNA provider) that:

- when an influencer churns he is directly responsible for 2-3 additional churners on average
- When strong influencer up take a product he is directly responsible for 5-6 additional up takers of the same product on average.
- When an opinion leader join he brings 4 other new customers.

4. Case Studies in retail companies

Win Back in a retail company

Campaign description: Targeting opinion leaders who have a high dormancy rate and than addressing their network to fuel the social influence

Offers / Communication: Sending opinion leaders 3 “cash coupons” for using in purchases in the following 3 weeks

- 34% of the opinion leaders started buying again.
- Out of them 20% used all 3 coupons, 9% used 2 coupons, and 7% used 1 coupon.
- 19% of the followers started purchasing again (measured after 5 weeks) without any contact being made.
- **Each opinion leader made another 1.8 customers start purchasing again.**

Long term loyalty

A fashion retail company decided to replace the regular hard sell coupons that were usually sent to the opinion leaders with an invitation to a private event that took place in one of the stores. The event included a personal styling event, special discount for the purchased items, food and beverages,

A survey that was taken among the participants after the event indicated that their satisfaction level and brand perception significantly increases.

That means that It's not enough to identify the influencers and followers. The key is to turn them into positive opinion leader. Research also shows that after a memorable experience with the organization, the intensity of emotions is notably high.

About Synergy

Synergy is Israel's largest international consulting company, specializing in customer management and assisting organizations to fulfill their end-customers' business potential.

Synergy's uniqueness is in its team of highly experienced professional consultants who have an extensive marketing background from the service and retail industries.

Synergy offers its customers the most advanced professional know-how, both locally and globally, on a variety of customer management issues, thus maximizing revenues generated from end-customers.

Synergy is widely experienced in organizational consultancy, both locally and abroad, on all marketing, service and retention areas, dramatically improving your business results. Among our customers are local and international leading organizations in the communications, finance and retail fields.

Synergy's implementation approach is based on characterizing and establishing the business need, by defining a combined business, technological, analytical and organizational solution.

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