

# VIEWPOINT

November 2010

8 Clock Tower Place, Suite 420 | Maynard, MA 01754  
www.mercatoradvisorygroup.com | phone: 1(781) 419-1700 e-mail: info@mercatoradvisorygroup.com

## FACEBOOK DEALS AND TWEETS MOTIVATE YOUNG SHOPPERS

### Social Media Drive New Marketing Efforts; Bankers Left Behind

*Abstract: The social network Facebook has made significant strides in extending its platform in ways that enable retailers to deliver value to members. At the same time, retailers have begun to use social media tools such as Twitter in more pro-active ways, and all are focusing on smartphones as the medium through which to reach the younger generation. Too bad that bankers don't exhibit the same degree of creativity!*

by Patricia McGinnis,  
Director, Customer Centric Delivery Channels



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## The “Deal” With Facebook

American Eagle Outfitters, the clothing store that caters to 15-25 years olds of both sexes, has become an early adopter of Facebook’s newest offerings. The ability to link Facebook Places (introduced in mid-August) with Facebook Deals (available as of November 3) enables participating retailers to offer on-the spot discounts to Facebook users. American Eagle Outfitters (AEO) has elected to open with a 20% discount on a customer’s entire purchase; the offer is triggered when an iPhone user registers their location in the store.

Facebook advises that they have the ability to structure a variety of deal types: “You’ll see a few different types of Deals: individual deals for a discount, free merchandise or other reward; friend deals where you and your friends claim an offer together; loyalty deals for being a frequent visitor to a place; and charity deals where businesses pledge to donate to a cause when you check in.”

Many of the offers will be short-lived, with an expiration embedded when they are downloaded to the phone, in order to encourage immediate buying behavior. Consider the variety of some of the offers already announced on Facebook’s own blog:

**Gap:** Giving free blue jeans to the first 10,000 customers to claim their deal.

**JCPenney:** Giving \$10 off any \$50 purchase.

**Macy’s:** Offering 20 percent off select merchandise.

**North Face:** Donating \$1 to the National Park Foundation for every person who checks in at a North Face store or National Park.

**The Palms:** Upgrading your room or extending your weekend at the hotel another night--on the house.

**REI:** Donating \$1 to a local conservation non-profit when you visit its stores.

"American Eagle Outfitters customers are avid users of Facebook, and they virtually always have a smartphone in their hands," said Mike Dupuis, vice president of digital marketing, American Eagle Outfitters, Inc., in the company’s press release. Initially, the Places/Deals connection seems to be available only to Facebook members with iPhones. Presumably that functionality will be extended soon; Facebook Places has just become available for Android phones.

## Add Twitter

AEO is successfully distributing and reinforcing the new marketing message via its Twitter account @American\_Eagle. The company's Twitter reps have been busily responding to customers who might have had difficulty finding the offer at a particular store, or those wondering why Facebook users are receiving 20% off when the corresponding deal on Foursquare has been only 15%. Facebook, for its part, is upping the ante on the presumed value of its user base, as long as a retailer is willing to extend its reach to those users whether at home, at school, or at the mall!

The Twitter traffic surrounding American Eagle is, as expected, driven by young users, many exchanging messages with friends about something cool they saw in the store or the favorite item they will wear that day, often accompanied by Twitter pics. The chatter among these users is literally free advertising for AEO. The company is actively building a following on Twitter (just shy of 32,000 at last check) by occasionally rewarding a fan/follower with a gift certificate or special coupon to enable them to purchase a product with which they have fallen in love. One example: "OK, @LittleMolls. Take boots off your wishlist. Send a DM w/ your email, & we'll send a gift card! Happy Thursday!" Twitter is also the primary delivery channel for announcing instant surprise specials such as one-day discounts for holders of college IDs.

## FIs MIA

What are the challenges? Retailers will have to develop a new set of analytics to understand the way different types of deals motivate their customers and impact their bottom lines. Which consumers, in which stores, will be motivated by charitable donations, and how large a donation is required to accomplish a noticeable shift in buying behavior? Will a discount on "selected items" move the customer, or is the discount on an entire purchase a better motivator? What should be the duration of these deals? Can a hefty discount move shoppers on its own, or is an active Twitter following also critical to get the news out?

American Eagle Outfitters offers valuable lessons for those seeking to attract the younger generation. They have adapted to the omnipresent phone as the vehicle for delivering offers to customers, and know that they can rely on those customers to "spread the word" among their friends if the message merits their attention.

Sadly, none of the initial adopters noted on the Facebook blog page represent the financial services industry. Compare the immediacy of the customer gratification here with the offers I'm getting from my credit card company: those ubiquitous blank (PAPER!) checks which come in the regular U.S. mail, inviting me to write myself a cash advance with no interest for a year. Yes, some of these target consumers are too young to have credit cards, but I refuse to believe there isn't a play for someone to add value, and attract new customers, via the payments portion of these transactions!



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