

Munster Technological University



“How social media is influencing the retail landscape.”

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Abstract:

Within this essay the matters being discussed revolve around how social media has expanded a from the constraints of what it was once known to be. It is no longer solely viewed as a networking platform but also encourages other uses such as retailing. This essay delves into how social media has acted as a buoyancy aid to so many businesses over the course of the last year during the Covid-19 crisis. Many of these businesses which would have otherwise have gone under by now. This essay also topics on how small businesses are flourishing online without the costly need for door fronts and workspaces. It also explores how the retail industry has morphed itself over the course of the last year to further input itself, trends and styles into consumers lives by placing themselves online. In addition to these topics we shall also delve into how retail was affected during the last pandemic in 1918 in order to see how much has evolved since then and if any changes were enacted from the last experience of retail shutdown. Whilst also looking into whether or not people will still venture into shops after adapting to ways of online retail.

Introduction:

“Any change, even a change for the better, is always accompanied by drawbacks and discomforts.”- Arnold Bennet, (1908).¹

When we apply this thought to the current retail situation, one cannot help but to notice how true this statement is, and hope that the changes we are seeing are indeed, for the better. With e-commerce and online retailing seeing huge surges, whilst high street shops board up their windows and indefinitely close their doors, the reality we are experiencing is that spending as we know it has changed considerably. Throughout this essay the changes we are noticing in retail will not only be explored but analysed. These nuances in how we shop may not be as detrimental to our traditional methods of shopping as some may believe. This essay will delve into how retail has morphed itself throughout history and acclimatised to each modern day when problems, such as the ones we have seen in the last year arise. Also how e-commerce, social influencing and online retail platforms were always to be the next step in the ever changing world of markets.

Progress and innovation are practices that revolve around constant change and movement. The retail industry has been doing so since ancient Grecian times. So it is mind blowing to think that, not only here in Ireland, but everywhere, these processes were both somehow, halted and accelerated in one instant. A decision made on the 24th of March 2020, by then Taoiseach Leo Varadkar, enacted nationwide lockdown in the attempts of combating the coronavirus. In doing so, calling for all non-essential shops and public retail businesses to close for the duration. One could consider this day to have been the changing point in how the retail sector operates. E-commerce has been a platform growing steadily for a number of years. According to an article published on retailprophet.com, 20% year after year to be exact. That was of course pre-pandemic. From 2019 to 2020 alone e-commerce saw an extraordinary growth of 36%, the highest growth rate seen in thirteen years. This growth can of course be attributed to global lockdown and ‘stay-at-home’ orders, without footfall businesses had only one place to turn to, that was of course social media.

Social media for the most part is as just as much a part of modern life now as talking and walking . Those who resist the change do eventually tend to cave in to it. it is where we interact, where we find entertainment, it is how we receive news, so naturally, why shouldn't it be a marketplace. With billboards standing idle, street posts left unseen and bus stops rarely used, marketing and advertisement is hugely reliant on telecommunications and online social platforms. Pop-up advertisements carry brands with personalised content, while social media sponsorships are the equivalent to an online shop window. Statistically the brands who quickly adapted themselves to this new reality with easy to use and captivating online websites, twenty four hour helplines and online sales assistants have reaped the rewards. In fact, many businesses have flourished in this new climate, while a number of others have been left in ruin. 2020 saw Amazon.com grow by 32%, while brands without online markets saw significant losses. For example, Primark/Penney's lost over one billion British pounds in the United Kingdom and Ireland respectively. Other businesses such as Debenhams, Monsoon, Oak Furnitureland, Edinburgh Woollen Mills and countless others have all fallen into administration and face closure. This along with 52 other American owned retailers who were forced to declare bankruptcy in 2020. Paperchase, a stationary retailer who chose to forego online sponsorships was the first to close its doors in 2021.

¹ Bennet, A. (1908) How to live on 24 Hours in a Day, London: Plainview

Another aspect of retail has transformed the retail landscape over the course of the last year as a direct result of online platforms is cost deductions. Thanks to paid sponsorships with Youtubers, Social Influencers and Vloggers dozens of affiliate discount codes are crossing our screens every day giving us, the customers an incentive to buy. This clever sales enticement, along with personalised email discount codes encourages the customer to spontaneously buy purely to make use of this chance to save money on a fully priced item, in doing so feeling less 'buyers guilt' and self-gratification. Personal touches, like noticing one's name across the email banner, or receiving a birthday discount code, seeing and being able to buy and use the exact same items as a favourite social influencer, celebrity or style icon. For example up until 2020, 'The North Face' had seen a steady decline in sales until popular social media influencers such as Olivia Neill and LookingforLewys, took a liking to their vintage 700 jackets and posting Instagram photos in them. In doing so building the brands awareness and exposing them to their followers. This resulted in a 9% revenue growth rate by the end of 2020.

Although the number of people in the world who are unfamiliar with the ways and workings of social media are few and far between, platforms such as Instagram, Snapchat, Facebook, Twitter, and VSCO allow one to connect with family, friends and other people from far and wide. When used in a safe manner social media can be marvellous. Getting to know more about the worlds most favourite celebrities and their on goings. By following brands to see their newest launches, trends and sales. Hearing stories, voicing opinions on current affairs or spreading awareness to a deserving cause. Exploring creative outlets and finding people with similar interests and hobbies, or being able to reach out to a favourite author or director. All of these reasons to use the platforms are phenomenal, but they also allow people to be entrepreneurial. Many small businesses which arose from Instagram and Facebook and the likes have grown to be huge, important business, built from someone's living room, someone who otherwise, may not have been able to afford to rent a workspace. Being online also allows them to build their name much quicker and cheaper than the traditional methods of advertising and word of mouth. By getting a popular blogger or influencers attention and support, a retailer can build the brands awareness and make sales can boom overnight.

Similarly to the traditional instore experience these Instagram shops are able to create and image and style for themselves through the photographs and stories they post. This image is built around colours, textures, fonts, styles and filters. For example the Netherlandish company, 'By+Nouck', is a self-made jewellery brand with over five hundred thousand Instagram followers. The image this brand has created has a minimalist feel. It uses lots of golds, whites and tans to create a simple yet, romantic image. This simple, soft background works in unison with the details of the handmade jewellery to pop off the screen. Similarly 'Coconut Lane London', uses Instagram to display their variety of products, which range from desk organisers to luggage, Fitbit straps to gym wear. The aesthetic they've created is quite girly and cute, with an assortment of patterns that change by season. However the range of things available from these Instagram shops is not limited to clothes and accessories. One can even have their car customed or house furnished by these online retailers.

What's interesting about social media businesses though is that it need not always be about getting so-called, 'new' items. Apps such as Depop, Vinted, Asos Marketplace and E-bay are outlets which allow people to sell their old items rather than throwing them away, where they would ultimately be dumped in a landfill or incinerated. This in environmentally friendly and cost effective way to discard used items by giving them a second chance with someone. This

allowing them to be given more wear before they are eventually discarded with permanently. This is an attractive way to buy products which otherwise could have been sold out by other stockists or too expensive on brand websites. This also avoids 'fast-fashion', human exploitation and pollution in the global south. Similarly Facebook Marketplace even allows people to buy used cars from their locality at a fraction of the cost it would normal equate to at a dealership. Whilst Swappie allows people to purchase like-new, refurbished phones at a discounted cost which equally benefits the greener cause.

A phrase which has been so popular this year when it comes to retail in particular, is to 'shop local'. Online retailing is surprisingly another way to do so. 'Shop local' and 'Shop Irish', has been drummed into the nation. All of us who use these networks have seen the towns favourite coffee shops, restaurants and cafes pop up on our suggested feeds with their new social media pages in the recent past. Scrambling to advertise themselves with their takeaway options has become a desperate way to remain in business. By doing as little as passing on the corporate chain coffee on the way home from the weekly shop and by tagging them in a picture of their coffee cup on your story makes just as much of a difference, if not more, than recommending them to a single friend. By adding/friending and following these sometimes historic local businesses and retailers we are ensuring they stay in business. Without saying a word we can silently support by reposting, reviewing and liking the images we see on screen.

The businesses we choose to publicly promote needn't be solely local either. By swapping are usual items for an Irish owned brand we are equally supporting the 'Shop Irish' cause. By simply switching from a MAC lipstick to one by Dublin born make-up artist, Suzanne Jackson's brand, 'SOSU' we are encouraging Irish buying. Similar brands include the cruelty free justjordan.ie, owned by Cork's Lisa Jordan, a beauty guru and radio presenter on RedFM. Or, by buying influencer and cook, Roz Purcell's recipe book, 'Natural Born Feeder.' Not only do they get something out of us promoting them, but we receive something in return as they support charities we all know and care for, whether it be SOSU's Breast Cancer Ireland Eyelashes, where all profits are given to promote breast cancer awareness or Roz's work collaborating with Operation Transformation in promoting healthy eating.

Although e-commerce reached \$795 billion globally in 2020, (almost double that of 2016's \$397 billion) overall retail fell by 0.13%, the lowest figure in 25 years. One has to wonder what other ways brands utilize social media and the online platforms to increase sales. Some high end retailers such as Louis Vuitton and Versace are offering online one-to-one video appointments with their clientele. This personal, one to one encounter with a sales assistant, and a virtual tour around the shop along with prebooked appointments for in store visits give customers the luxurious high end feel a customer wants when spending exorbitant amounts of money. Such practices may even be kept post pandemic life.

One does wonder though, after experiencing all that online retail has to give, will brick and mortar shop experience ever be the same? There are positives, equally there are negatives. Online retail does encourage people to be unsocial and lazy. Some may not feel the need to dress up and leave the comforts of their home when the same items can be bought from the comforts of their bed while wearing their pyjamas. So how can retailers coax customers through their doors? Advertising items on an online website which can only be collected in store, by offering free in store click and collect in adverse to having to pay an extra five to ten euros in delivery costs for one. This in combination with placing collection counters to the rear of the shops can all but guarantee impromptu purchases.

Similarly, grocers who traditionally use this method with household essentials like bread and milk, have seen a huge surge in sales over the course of the last year. Partially accrediting to cafes and restaurants being closed, and boredom to be acknowledged as well. Extra staff, delivery drivers, workers, delivery drivers, vans and fulfilment centres have been recruited by grocers all around the world. Over the two week Christmas period alone, British grocer Tesco saw over £1 billion boom in sales in Britain and Ireland respectively. While Irish owned grocer, Dunnes Stores saw a 22.1% increase in the last quarter of 2020.

Of course when delving into retails transformation of the course of the pandemic, one cannot help but wonder how this same subject would have transformed during the last pandemic, prior to the internet. From February 1918 up to April 1920 the Spanish Influenza spread throughout the world, infecting over 500 million people and causing about 50,00,000 deaths. Much has changed over the course of the last one hundred years, in terms of medicine, business, technology, travel and the likes. There were not as many multi-national companies and retailers, that is for sure. However, the basis remains the same? Did the industry react in some similar way?

Although much earlier than the time of the Spanish Influenza a quote from Daniel Defoe in his writings about his experiences in London during the bubonic plague of 1665 inspired Howard Bodenhorn to investigate how practices had changed from then to 1918 during the spread of the Spanish flu. 'A Journal of the Plague Year', (1722), "Business led me out sometimes to the other end of town...[and] it was a surprising to see those streets, which were usually thronged now grown desolate...I might sometimes have gone the length of the whole street, I mean of the by-streets and seen nobody."²

Howard Bodenhorn wrote an article on the subject of retail during the Spanish Flu. In it he likens his findings to this exact quote and mentions that many of the principles remain the same then and now. John M. Barry, (2004) described it hauntingly in saying, "the fear, not the disease, threatened to break society apart."³ Masks and sanitisation were not enough of a cause to close shops and businesses, economic activity declined much the same. Some shops closed voluntarily, whilst the rest were forced to shut down by governing bodies. Similarly to the present day, three waves came and went, millions died even with precautionary measures, economic activity came to grinding halt and all the same, people still needed the essentials.

To put it plainly, measures taken then weren't treated all dissimilarly to the way they are being enacted now. The number of customers allowed in essential shops were limited, masks were to be worn, sanitisation was critical. In an era prior to mass-manufacturing and quick international travel, shortages did occur. It was rare, that grocers would allow customers across the doorstep and so, lists and money were left in envelopes taped to the outside the door or stuck to the window. Customers were left to wait outside until their items were gathered and ready to collect. For the most part though, shops did close for the duration of those three waves and although an exact figure for Ireland is not known many did never recovered and the boards on the windows remained there for many years to come.

² Defoe, D. (1722) A Journal of the Plague Year, London: E. Nutt

³ Barry, J.M. (2004) The Great Influenza: The Story of the Deadliest Plague in History, New York: Viking Press

With a history of social engagement attached to the shopping practice, some find the newest version of shopping quite hard to fathom. Many worry that e-commerce will replace that of physical, standing stores altogether. Many worry that gone will be the days of chatting to acquaintances in the local Penney's and gossiping in a food aisle or grabbing a cup of coffee along with a spontaneous catch-up after bumping into a friend on the street will all soon become redundant to the online markets. Truthfully, these worries are quite understandable. Especially with the ever increasing presence of online social platforms, even before lockdown was enforced. However, according to a study by Marianne Wilson, consumers still like shopping in stores so long as the experience is right. 69% of people still like to browse the shops and 33% said they view shopping as a social activity. The only main deterrent 79% of the sample said that stop them from entering a shop is in fact the prolonged queue times we are now experiencing.

There are still aspects of in person shopping that retail cannot compare to, that is for certain. A website can show you photographs of a material, but it doesn't quite compare to touch. A size guide can tell one what shoe size they should be, but it doesn't match trying a pair on for real. Similarly, a description might tell you a chair's dimensions, yet the mind cannot quite grasp the actual size from a screen. All in all, shopping is just as much about the socialisation aspect and being there in person as it is about getting the trendiest of items online. It's a natural part of our being to want to use our senses and instincts when purchasing an item, to know what we want and to go and get it. In some ways maybe the low effort involved with buying things online and having a box land on our front doorsteps is slightly numbing to the human mind and insulting to our natural intelligence.

Conclusion:

In closure, online platforms have become an integral part of the market experience as we now know it. Social media is not only deciding the trends and styles of the modern day but also moulding the retail landscape in terms of who, where and why we buy from the brands we buy from. Not only is online retail providing a sense of normality and optimism to people across the globe but it is also acting as a life ring to medium scale companies, smaller businesses and retailers who otherwise would have potentially had to declare bankruptcy by now. One of the realities of today's isolated society is that social media platforms are that of a modern day promenade, and the only form of instant communication we have in this time of desolating disease, loneliness and prolonged social isolation. In principle, the fundamentals of retail do remain the same and social media is not tarnishing the history of social engagement associated to the industry. Instead, it is much more positive to think of it as, by adopting these social skills to the internet we are ensuring that the social aspect of shopping is not left in the past, instead we are morphing them to fit into our future.

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