

THE Q4 2016 SPROUT SOCIAL INDEX

Retailers Prepare for an Average of 3,140 Social Messages This Holiday



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3,140

social messages are expected to be sent to the average retailer this holiday season

1 in 3

consumers say their gift buying is impacted by social media

30%

of people will post about a gift on social media

The National Retail Federation predicts that retail sales (excluding auto gas and restaurants) between November and December 2016 will reach \$655.8 billion, a 3.6 percent increase from 2015. Online sales are forecasted to see a 7-10% spike and have the potential to account for \$177 billion. But what role does social media play in this influx in consumer spending?

A recent survey conducted by Sprout Social revealed that social media will influence holiday purchases for **1 in 3 Americans**. Additionally, **30% of respondents said they're likely to post about a gift they receive on social media**.

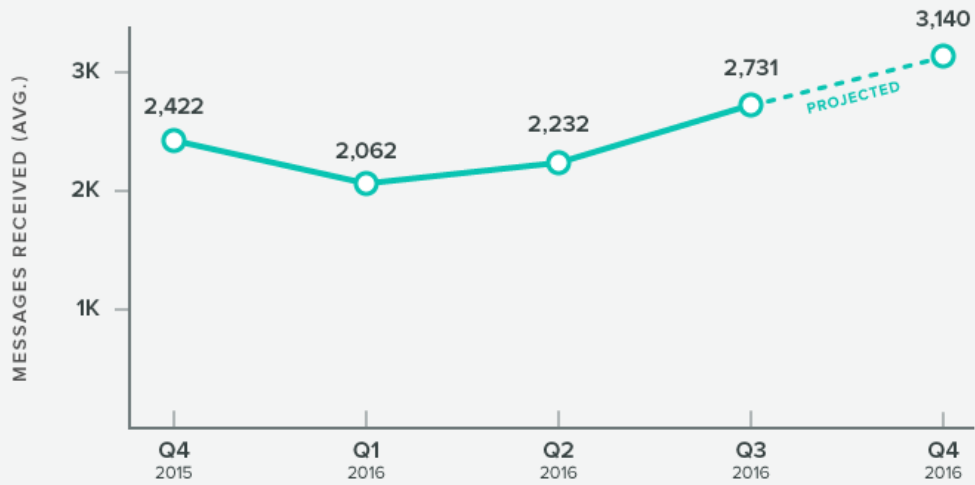
In correlation with our survey, Sprout analyzed over 3.6 billion inbound and outbound social messages from 15 industries across Facebook, Twitter and Instagram. Our data analysis zeroed in on activity within the retail industry and found that the average retailer will receive **3,140 social messages** this holiday season. In addition to uncovering how businesses will be impacted by social this holiday season, we spoke to retail marketers and learned how they're preparing for the busiest time of the year. Here are our findings.



What Retailers Can Expect This Season

During the holidays, people aren't just sending letters to the North Pole. The number of social messages retailers receive has been trending upward since 2015. Our data suggests that this trend will continue in Q4 2016 with the average retailer receiving approximately 30% more messages than last year.

Avg. Number of Messages Received by Retailers

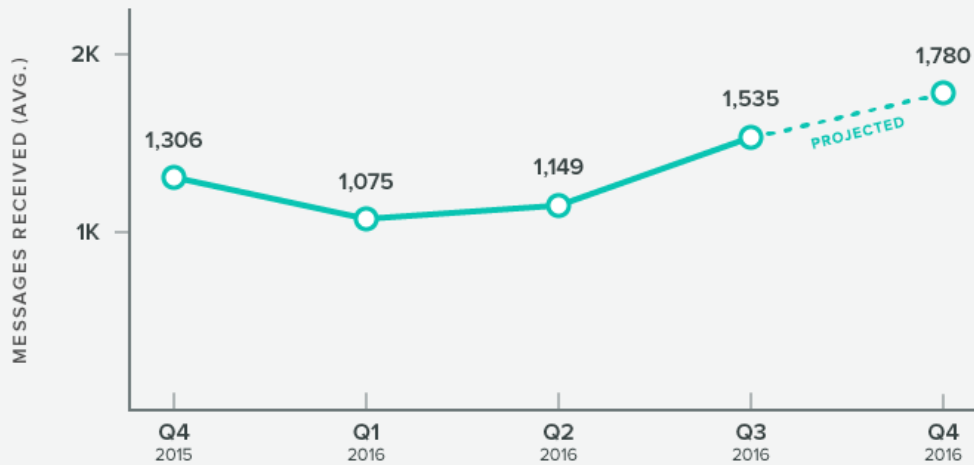


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This is particularly important for big box retailers with large social audience. Since follower count often correlates with message volume, enterprise retailers can expect a record breaking season on social.

Avg. Number of Messages in Need of Response



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Whether that inbound message is a complaint, compliment or inquiry, chances are it will require your business' attention. In fact, an estimated 56% social messages retailers are expected to receive in Q4 2016 will require action. Even more, retailers can expect a 15% increase in social messages that will warrant a response compared to last holiday season. That means your brand will have thousands of opportunities to individually **engage with customers** this holiday season. So what are you waiting for?

Sprout Stance

It's anticipated that retailers will see a flood of incoming messages and comments across every major social network this holiday season. This influx presents retailers with a huge opportunity to capitalize on the conversation and provide memorable experiences their customers will respond to and share. But dividing your social marketing team's resources and attention should still be dependent on a combination of factors including your core consumer base, product and existing **social media analytics**.

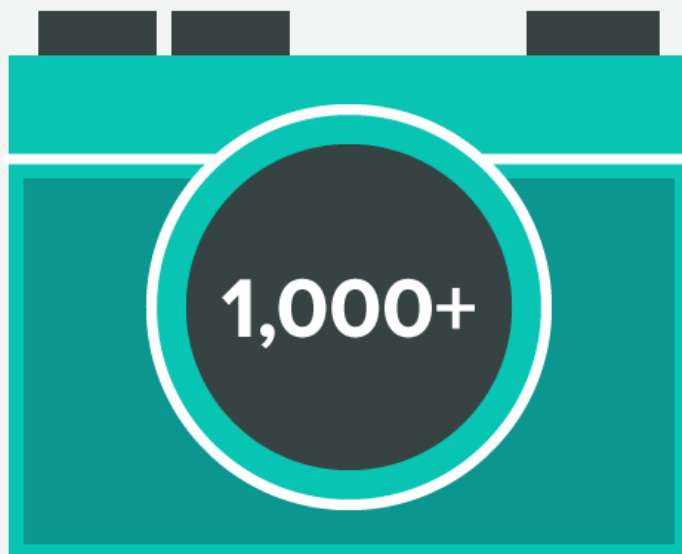
For instance, the influx of social messages expected during Q4 2016 has Urban Outfitters beefing up its Twitter presence. We spoke with Alayna Giovannitti, Social Media Marketing Manager at Urban Outfitters, on how the global retailer was preparing for the holiday season.

The retailer took a look at past consumer behavior on social during the holiday and identified that it is their busiest time of year on Twitter. To accommodate for that, the team adjusted their strategy accordingly.

"This year there is a bigger focus on customer service throughout our Urban Outfitter Help Me Twitter handle," Giovannitti said.

While some brands like Urban Outfitters will shift its primary focus to Twitter, others might find it more necessary to pivot their attention elsewhere. With a **shop now button** coming to Instagram and an upwards of 1,000 comments expected for retailers on the platform, this storytelling medium will likely require some extra attention. However, where your brand decides to amplify its efforts is secondary to how your **social marketing team** manages, delegates and measures your seasonal efforts.

Retailers Should Expect



Instagram Comments This Holiday Season

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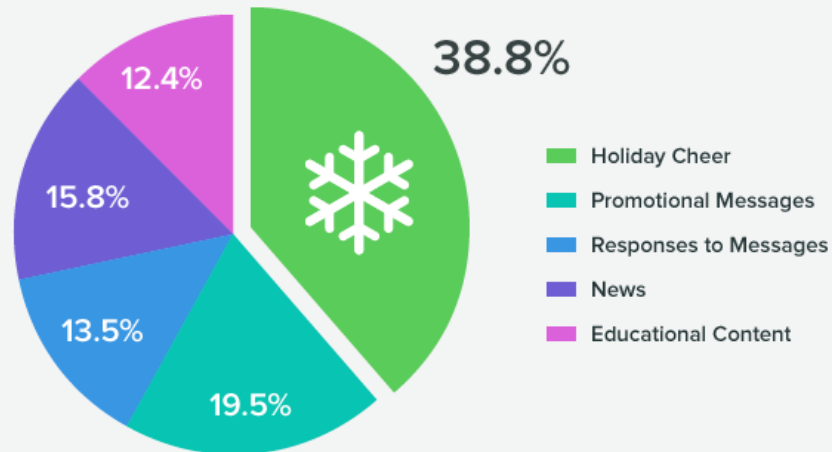


Are Retailers Up for the Challenge?

Managing, delegating and measuring inbound messages starts with engaging your community. While company blog posts and memes like *#ThrowbackThursday* are great, our survey found that consumers want more than a generic Tweet this season—they're looking for culturally relevant content. Nearly 20% are looking for more promotional messages from brands and 38.8% want a healthy dose of holiday cheer.

What Customers Want From Brands During the Holidays

Q4 2016



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While we can't quantify holly jolly sentiments, we can attest that retailers are delivering on their audience's request for more promotional social messages. On average retailers send 18 promotional posts for every 1 reply to a customer question.

Consumers may be asking for more promotional messages but not at the cost of being ignored. About 1 in 7 people are specifically looking for responses to customer service inquiries on social during the holidays. Luckily, across 15 industries, retail has a 1 in 6 response rate compared to the average business' 1 in 10. This means that people are 50% more likely to get a response from a retailer than they are from another type of business.

Likelihood of Response by Retailers Versus Other Industries

Q3 2016



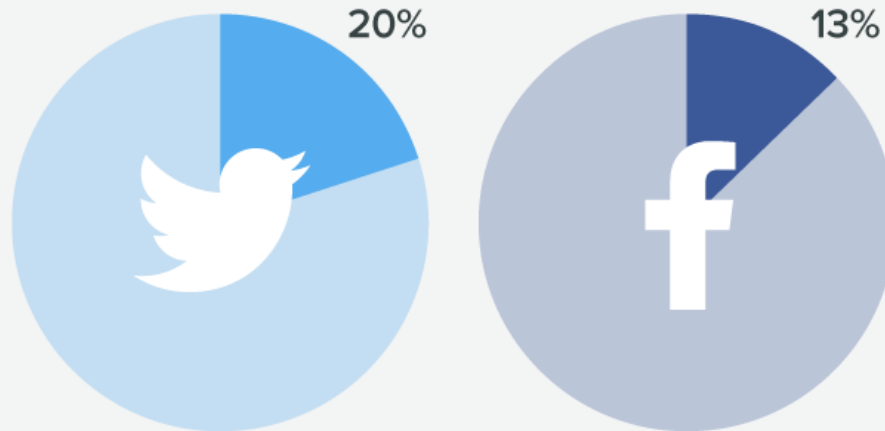
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But there's still a significant difference in retailer response rate between social networks. On Twitter more than 20% of messages receive a response while on Facebook that number drops to 13%.

Retailer Response Rate by Network

Q3 2016



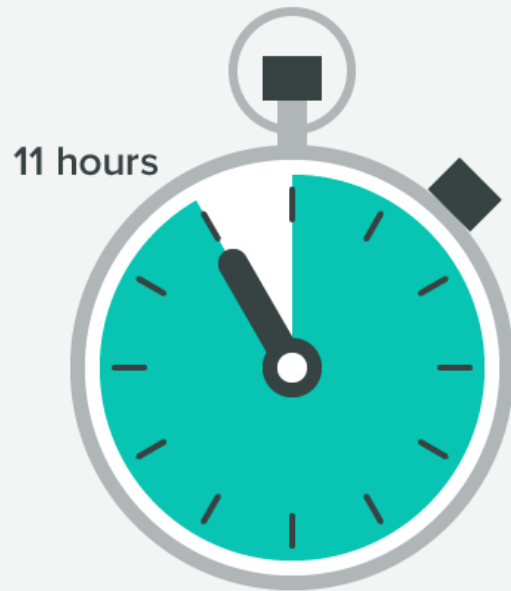
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The type of content shared across each network also varies. You can expect to see more conversations and replies on Twitter where there are 11 promotional Tweets per every reply. On Facebook? Retailers are still using the platform to distribute 22 promotional posts per every one reply. Regardless of which network your retail brand invests in this quarter, your customers will wait an average of 11 hours to receive a response.

Avg. Response Time for Retailers

Q3 2016



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Sprout Stance

Meeting your customer's needs on social during the holiday season doesn't come without making a list and checking it twice. Brands that are serious about seeing success during this time period are preparing their social media and customer service teams accordingly.

Giovannitti told us that Urban Outfitters is planning to hire a temporary social media coordinator to sit on the brand's customer service team and assist with order inquiries and customer concerns. She's also preparing her team to work overtime during the months ahead.

Her advice to other brands within the space is to focus on proactive **social customer care**.

"Make sure nothing goes unseen and do your best to inform people of prices, times and dates well beforehand to avoid too many repeat questions," Giovannitti said.

Unlike Urban Outfitters, ecommerce lingerie retailer, AdoreMe, isn't planning on hiring a temporary social media coordinator for the holidays. Instead the brand is working across functions and onboarding additional internal team members to help.

We spoke to Social Media Coordinator, Elise Sabak, about AdoreMe's seasonal strategy.

"Each year our social channels grow a great deal, so it's important for us to stay on top of all of the new messages, comments and questions we receive," Sabak said.

"This year, we'll be meeting with a few members of our customer relationship team to prepare them for the influx of new customers and questions that will arise with the holidays. We'll also prepare plans in case any order issues occur in this time and keep in close contact with our IT team to manage web traffic and our Supply Chain so we can provide answers should any shipping issues occur."

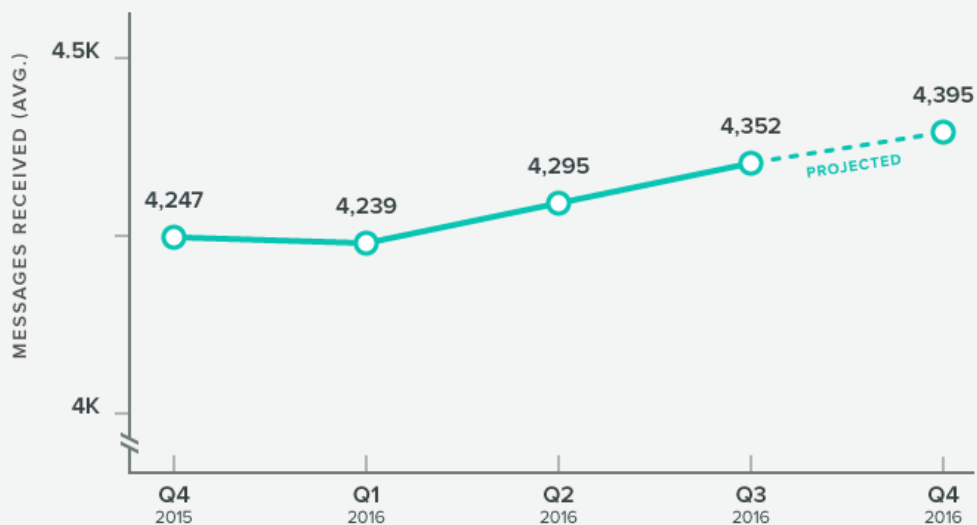
Without an integrated, cross-channel social strategy in place for the holidays, retailers are in danger of falling behind. Having an open line of communication with your IT Team or Supply Chain might not be applicable to your business. But being prepared for the unexpected through proactive social customer care will enable your brand to meet the needs of its customer and drive business.



Beyond Retail: How Will Other Industries Be Impacted This Season

Retail isn't only industry associated with the holiday season. Inbound messages have been slightly but steadily increasing across 15 industries since 2015. According to our data, brands are expected to receive nearly 4,400 social messages in Q4 2016.

Avg. Inbound Social Messages Across Industries



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In addition to outlining the numbers for each specific industry we also identified which areas have the most vocal social following and compared that to who is consistently responding to those inbound messages.

As a refresh, here's what each metric means:

- Response Rate = the percentage of consumer messages needing a response that actually get one
- Response Time = how long brands take (in hours) to respond to the consumer messages that need a response
- % Needs Response = how many messages brands receive on social that require a response (based on Sprout's algorithm, which analyzes identifiers such as question marks, @mentions and keywords)

- Posts per Replies = how many promotional messages brands publish compared to how many responses they give to their audience
- Brand Index Rank = how responsive brands are to consumers
- Consumer Index Rank = how vocal consumers are with brands

Brand & Consumer Index Spotlight by Industry

Q3 2016

| Industry | Avg. Response Rate | Avg. Response Time (Hours) | Avg. % Messages Needing Response | Avg. Posts per Replies | Brand Engagement Ranking | Consumer Engagement Ranking |
|-----------------------|--------------------|----------------------------|----------------------------------|------------------------|--------------------------|-----------------------------|
| Automotive | 10% | 12.6 | 42% | 19.9 | #13 | #13 |
| Banking/Finance | 12% | 10.3 | 42% | 26.9 | #4 | #9 |
| Consumer Services | 13% | 14.3 | 39% | 16.9 | #9 | #6 |
| Education | 8% | 9.0 | 36% | 22.1 | #11 | #11 |
| Government | 9% | 10.4 | 40% | 17.7 | #12 | #5 |
| Healthcare | 8% | 10.5 | 44% | 21.0 | #15 | #4 |
| Internet/Technology | 12% | 11.3 | 36% | 22.3 | #5 | #10 |
| Marketing/Advertising | 11% | 12.4 | 38% | 18.8 | #10 | #16 |
| Media/Entertainment | 7% | 9.2 | 38% | 111.2 | #16 | #15 |
| Nonprofit | 8% | 10.0 | 38% | 19.3 | #14 | #7 |
| Professional Services | 9% | 8.9 | 32% | 27.6 | #7 | #14 |
| Real Estate | 11% | 11.0 | 47% | 21.5 | #6 | #1 |
| Retail | 16% | 11.5 | 46% | 18.1 | #3 | #8 |
| Travel/Hospitality | 15% | 10.1 | 46% | 13.9 | #2 | #3 |
| Utilities | 17% | 8.6 | 38% | 16.4 | #1 | #2 |

About the Data

The Sprout Social Index is a report compiled and released by Sprout Social. All referenced data is based on 236,000 public social profiles (106,000 Facebook; 102,000 Twitter; 28,000 Instagram) of continually active accounts between Q3 2015 and Q3 2016. More than 3.6 billion messages sent and received during that time were analyzed for the purposes of this report.

Some data may have shifted from the last Sprout Social Index report due to a shift in the social profiles analyzed; however, all overarching trends remain consistent. Industry classifications were based on LinkedIn industry categories. In some cases, closely related industries were merged into a single overarching industry. All messages analyzed that were considered casual mentions or not in need of a response were excluded from engagement, response rate and response time calculations with the intention of eliminating noise. Analysis of which messages required attention was done using Sprout's proprietary technologies. Response time and response rate calculations were done using Sprout's Engagement Reporting technology found in the Sprout Social product.

This consumer survey was conducted by Survata, an independent research firm in San Francisco. Survata interviewed 1,008 online respondents on October 31, 2016. For further information, visit www.survata.com.

For questions about the Index data, please contact: pr@sproutsocial.com.