Case 1

JCPenny

# Case Objectives

1. To introduce students to various types of e-commerce that make use of social media marketing techniques inclucing S-commerce and F-commerce.
2. To evaluate how effective marketing via social media sites is for channel members, especially retailers and manufacturers.

# Problem Situation

Several well-known retailers have begun to adopt the use of social media sites (e.g., Facebook, Twitter, MySpace, and LinkedIn) for the purpose of engaging in e-commerce. However, this case makes it clear that JCPenny has undertaken one of the most ambitious and comprehensive efforts to date using social media with more than 1.3 million Facebook fans to date.

Unlike many cases that present students with a business problem to resolve, this case examines new methods of conducting e-commerce, using social media networks to market products. The implications of social networks on marketing channel strategy are discussed, and the case also describes new types of e-commerce including S-commerce (Social shopping) and F-commerce (Facebook shopping).

# Teaching Suggestions

As the case suggests, younger consumers who are already heavily involved in social media such as Facebook, Twitter, etc., are most likely to be prime targets for F-commerce. Since students fit this demographic, it would be helpful to begin the class by presenting the types of e-commerce and then asking the students to discuss their experiences using Facebook or Twitter for shopping. It might also be interesting to compare the results of Exhibit 2 (Ranking of Social Media Activities for 18-24 Year Olds) with the class. In addition, since the results of Exhibit 2 were from 2010, it will be possible to note changes and discuss trends that may be emerging. Are more people including shopping as a social media activity? What benefits do students attributie to shopping using Facebook or Twitter? What do they dislike about shopping this way?

# Case Discussion

Some argue that people do not shop simply to make purchases, rather shopping is a social experience related to a range of personal and social motives. As Exhibit 2 suggests, the social motives for shopping (e.g., gaining social experience outside the home, entertainment, communicating with friends, etc.) are particularly relevant to the practice of utilizing electronic marketing channels to social networks. If, as some believe, social networking sites have become proxies for personal interactions, then marketing as a form of social interaction can be incorporated into sites like Facebook and Twitter.

Since Facebook and Twitter are social networking sites, a great deal of interaction occurs which includes discussions about favorite and hated products. In this setting, frequent and regular interactions occur. It may be more difficult for some businesses to adapt to this mode of interaction unless they accept the need to interact frequently and in some cases personally.

What is exciting about all modes of e-commerce is that they continue to adapt to changing cultural expectations and emerging technologies. With the new techniques pioneered by JCPenny and others, retailers are able to engage in relationship marketing with their customers by monitoring their most personal comments on social media sites. Thus it is now possible for retailers not only to communicate with generalized market segments but to look more closely at specific consumer groups in localalized areas. In addition, it is possible to use the social sites to easily obtain suggestions from consumers and use their feedback to quickly adapt product promotions.

Like any marketing technique, F-commerce can be overused and consumers may begin to block these messages if these promotions are deemed to be a nuisance. However, it is probable that retailers and manufacturers will learn how to use social media more judiciously, as a vehicle to deliver their promotional messages to select groups of consumers in an effective and entertaining manner.

Clearly the acceptance of social networking sites for shopping is only likely to grow from the current 18%. As retailers and manufacturers become more adept and sophisticated at merging their existing web sites with social networking sites, there may be a greater reliance on these sites for shopping as well as purely social endeavors. In the same way that companies having web sites for consumers became commonplace, companies like JCPenny who use social media for markeing purposes, will probably become the norm.