CUSTOMER RELATIONSHIP MANAGEMENT IN SOCIAL MEDIA IN THE GERMAN APPAREL RETAIL INDUSTRY

Master Thesis

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Abstract

In today's interconnected world, representing a company brand on Social Media has become an expected necessity. On the most important Social network, Facebook, companies vie for likes, followers and shares. At the same time, customers have become accustomed to a certain level of service and response time as well as entertaining and engaging content. With regards to Customer Relationship Management in Social Media, companies can monitor measures of Social Media Utilization, Brand Post Popularity and Customer Engagement. For this, data on competitors, vividness, interactivity, level of information or entertainment in posts, as well as advocacy, commitment and customer satisfaction need to be analyzed. The top ten German fashion retail companies are Bonprix, S.Oliver, ASOS, H&M, C&A, P&C, Tom Tailor, Esprit, Ernsting's Family and Zara. In examining the top ten German fashion retail companies with regard to these measures, comparisons and conclusions can be drawn. The ten companies each used a mixture of video, picture and text content with different levels of interactivity and a variety of different topics. They also differed greatly concerning Most companies managed to optimally utilize Facebook. While some of the top ten companies excel in nearly all measures, others have a lot of room for improvement. The best company was S.Oliver, the worst one was H&M. The companies that are already at the top of the list need to take measures to maintain and improve their advantages while the ones lower in the ranking need to identify the appropriate avenues to boost commitment, satisfaction or utilization of Facebook by improving post interactivity, vividness and service level.

1. Introduction

In recent years, the way we use the internet to interact with each other and reach out across the entire globe has revolutionized the way business is done. Companies have gotten new opportunities to interact with consumers or industry experts online, receive feedback and offer support. It has made the world smaller, as it is now easy to communicate across great distances and connect and interact with people that share the same interests but are otherwise strangers. New communities have formed of people who are for all intents and purposes unknown to each other, but who nonetheless connect on the basis of common interests and even collaborate on projects together. This has given companies the opportunity to not only tap into a new kind of marketing but also offer new kinds of support in the online community and receive new kinds of feedback for products, actions or news. In some ways, this has made it easier for consumers to receive help and tell a company in a very public forum what their opinion is of them, but on the other hand, the sheer insurmountable amount of data now available to companies has made it nearly impossible for them to find out whether or not what they are doing and offering online is actually reaping the rewards in form of profits and brand image that they had hoped to gain. While this may be true for any industry, it is especially valid for companies engaging in business to consumer activities and one prime industry for this is the clothing retail industry.

1.1.   Research Question, Structure

The overall purpose of this project is to critically investigate how companies in the German clothing retail sector interact with their customers on Social Media, how high the level of engagement is with their customers. Thus, the overall research question is:

What is the level of customer relationship management by German apparel retail companies on Facebook?

Here, several sub-questions will be addressed:

How do the top 10 companies in the German apparel retail sector interact with and engage their customers on Social Media, specifically Facebook? What is the industry comparison?

What metrics are the most sensible to employ and what kind of posts and reactions do customers react to the most?

First of all, I will build a theoretical framework to base my research on. This will be done in regards to Social Media in general and Facebook in particular, as well as for the customer relationship management aspect. Finally bringing the two together, social marketing and customer engagement will be discussed and put into perspective.

Then, a brief overview over the industry will be given as well as the top 10 companies in the industry discussed. In the analysis, a ranking of the top ten companies regarding their Facebook use will be made.

In the interaction analysis, I would like to explore the effectiveness of the companies on Facebook meaning an analysis of the overall likes/followers compared to the companies' popularity, an analysis of followers versus the average likes per post/shares per post/comments per post, and the type of post regarding vividness type and informational content.

In the engagement analysis, I will contrast the 'temperature' of the interactions (positive, neutral, negative), the WOM share represented by shares on posts.

1.2.   Assumptions

When writing this thesis, I will employ several assumptions to facilitate the research and limit the scope of this thesis. Only the German marketplace will be considered unless otherwise stated. Likewise, the only companies regarded are business to consumer German fashion retailers, an industry that will be further defined in the appropriate section. Of these companies, for the analysis portion of the thesis, only the top 10 brands will be considered under the assumption that further research may be necessary but that these brands take up a considerable portion of the market place with other companies falling behind into negligibility. Furthermore, all data used can be considered to be the most recent available. Some of the data used, especially in the theoretical portion of the thesis, may be considered as old as it is from 2013 or earlier, which for the Social Media age is very much out of date.

However, as the paper approval process is rather slow, this is the newest research and data available. In the same vein, all the data and metrics regarding companies' Facebook profiles was last updated on 11.01.2017 to ensure the most recent data available while also ensuring enough time for the proper evaluation and finishing of this thesis. As no company inside information about revenues, internal success measures, views of posts or click through rates for links are available, only public data available through Facebook and company web pages will be used for this analysis. Further details can be found in the Limitations and Suggestions section at the end of this thesis. As the data is very diverse ranging from international to local, no sensible regression analysis is possible and therefore, only data comparisons will be employed in the analysis. Comments that cannot be accessed due to user's privacy settings are considered as neutral for the purposes of this paper. Furthermore, factors such as tags in comments cannot be considered as they may paint an incomplete picture should users not allow their comments to be seen publically.

2. Theoretical Framework

In order to properly be able to analyze my delineated topic, first a proper theoretical framework needs to be established. In the following, I will first give an overview over popular theories regarding Social Media, then do the same for Customer Relationship Management and, finally, give an overview over the issues that connect the two.

2.1. Social Media

Social Media is a blanket term that is very ambiguous and can mean many things to different people. In the following, I will first give a brief overview over the history of Social Media and some key definitions, then go over the different types of Social Media, and, finally, explain the prevalence of Social Media and specifically Facebook in the German Market place.

2.1.1. History and Key Definitions

The advent of Social Media is linked with the shift from Web 1.0 to Web 2.0 and therefore the shift to a system of digital communication (Coleman & Chandler, 2013). The concept of Social Media can be traced back to 1979 and the development of Usenet at Duke University, however, as we understand it now it is related to one of the first true Social Media application Open Diary founded in 1997 that connected diary writers into an online community and served as the basis for other Social Media platforms as well as the term 'blog' created from the word weblog. As high speed internet access became more prevalent across the population, other socially connecting platforms were founded such as MySpace in 2003 which was quickly replaced as favorite Social Media platform by Facebook (founded in 2004). To understand Social Media, however, two other concepts need to be explained first: Web 2.0 and User Generated Content (UGC). First used in 2004, Web 2.0 describes a new approach of software developers and end-users to using the World Wide Web. Whereas before web pages were created and published by individuals, now participatory and collaborative communities emerged that enabled all users to create and continuously modify content. In Web 2.0, personal web pages and content publishing were replaced by blogs, wikis and collaborative projects. This shift was enabled through the development of new applications such as Adobe Flash, RSS or AJAX. Web 2.0 can be considered as the platform for the evolution of Social

Media to the concept as we know it today. The second concept on the way to defining Social Media as mentioned above is UGC. (Kaplan & Haenlein, 2010) Whereas Web 2.0 is the conceptual and technological foundation of Social Media, UGC describes all the ways in which people use it. According to the Organisation for Economic Cooperation and Development (OECD, 2007), UGC has three requirements to be considered as such. First, the content needs to be published either on a social networking site accessible to a selected group of people or on a publicly accessible website. This excludes e-mails or instant messages that are not shared in a public or semi-public setting. Second, it needs to reveal creative effort meaning that the mere replication existing content by for example copying and pasting an existing newspaper article without modifications or comments on a personal blog is excluded. Third, all content that has been created with a commercial market context in mind is excluded from the definition meaning only content that has been created outside of professional routines and practices is considered UGC. Following from the above two delimitations, this thesis considers Social Media to be "a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content" (Kaplan & Haenlein, 2010). In this way Social Media marks the move from one sided input to multiuser conversation threads and contributes improved communication abilities and levels of expression for all users (Coleman & Chandler, 2013).

2.1.2.   Types of Social Media

The above-mentioned definition of Social Media can be clarified and classified further into different types of Social Media. This thesis follows the classification by Kaplan and Haenlein (2010), who categorize the different types according to two criteria. As the term 'Social Media' suggests, any classification should be done according to a media and a social aspect.

The 'Social' aspect of the classification is adapted from the theory of self-presentation. It posits that people have a desire to control the impression other people have of them in any social interaction (Goffman, 1959). While this may be driven by the desire to create an image that is consistent with the personal identity, it is also done with the goal of influencing others to gain rewards in form of a positive impression. The first impulse may manifest itself in wearing a fashionable pair of shoes in order to be perceived young and trendy and the latter

could mean making a knowledgeable impression on your professor. This presentation of oneself in a favorable way can be done through self-disclosure meaning the revelation of personal information consistent with the chosen image be it consciously or unconsciously. Self-disclosure is an important part of human interaction and while it is critical for the development of close relationships, it can also occur between strangers. In a Social Media context, this theory provides a classification according to the type of self-presentation allowed and the degree of self-disclosure required with the distinction between low and high.

With regards to the 'Media' component, social presence theory suggests that media differ in the degree of acoustic, visual, and physical contact that can be achieved. Therefore, different degrees of 'social presence' in a medium allow different avenues of communication between two partners. Influencing the social presence are intimacy and immediacy of the medium. Mediated interactions are expected to have a lower degree of social presence than interpersonal ones and the same is true for asynchronous versus synchronous ones. This becomes evident when one considers the intimacy of a telephone conversation compared to a face-to-face meeting or the immediacy of a live chat versus an e-mail conversation. Larger social influence between communication partners can be exacted with a higher degree of social presence. (Short, Williams, & Christie, 1976) In the same vein, the concept of Media Richness posits that the goal of any communication is the resolution of ambiguity and the reduction of uncertainty. The degree of richness – defined as the amount of information allowed to be transmitted in a given time interval – differs among different types of media. Therefore, some media are more effective than others in resolving ambiguity and uncertainty. (Daft & Lengel, 1986) Considering these two theories, a first distinction among Social Media platforms can be made based on richness and degree of social presence of a medium with the distinction of low, medium or high. The classification can be found below in Table 1.

	Social Presence / Media Richness		
	Low	**Medium**	**High**
High	Blogs	Social Networking Sites (Facebook)	Virtual Social Worlds (Second Life)
Self-presentation / Self-disclosure			
Low	Collaborative Projects (Wikipedia)	Content Communities (Youtube)	Virtual Game Worlds (World of Warcraft)

Figure 1: Classification of Social Media. Adapted from (Kaplan & Haenlein, 2010).

For the purposes of this paper, I will only consider 'Social Networking Sites' as these give companies some of the broadest interaction opportunities with consumers and allow both for advertising and brand representation. They enable companies to present their brands and products with a certain degree of control while also allowing for interaction and feedback with the consumer.

Social Networking sites are "applications that enable users to connect by creating personal information profiles, inviting friends and colleagues to have access to those profiles, and sending e-mails and instant messages between each other" (Kaplan & Haenlein, 2010). In Social Networking Sites, the degree of Social Presence/Media Richness is Medium as it is within the hands of the user how intimate and immediate the contact between two communication partners is. Interactions may range from sending somebody a private message, having a face to face conversations or posting privately or publicly. Therefore, the Social Presence may range from low to high and scoring it as Medium on the range seems appropriate. As all of these also vary in the level of ambiguity the communication between two or more parties may bring, it is best to judge the level of Media Richness as Medium. However, the level of self-disclosure on any type of Social Media is high as inexorably any kind of personal information may be divulged. From holiday or baby photos to the present location of a user to his or her mood in the moment, Social Networking Sites invite for a very high degree of self-presentation and self-disclosure with others.

According to Tomorrow Focus Media eMarketer (Tomorrow Focus Media, 2013), the largest networking sites in Germany among internet users in October 2013 are Facebook with 82.7%, YouTube with 51.8%, XING (a professional networking site similar to LinkedIn) with 33.6% and Google+ with 27.8%. As Facebook is by far the most prevalent Social Networking site in the German marketplace and it therefore stands to reason that it is also the most important in terms of marketing and CRM, for the purposes of this paper, only Facebook will be considered.
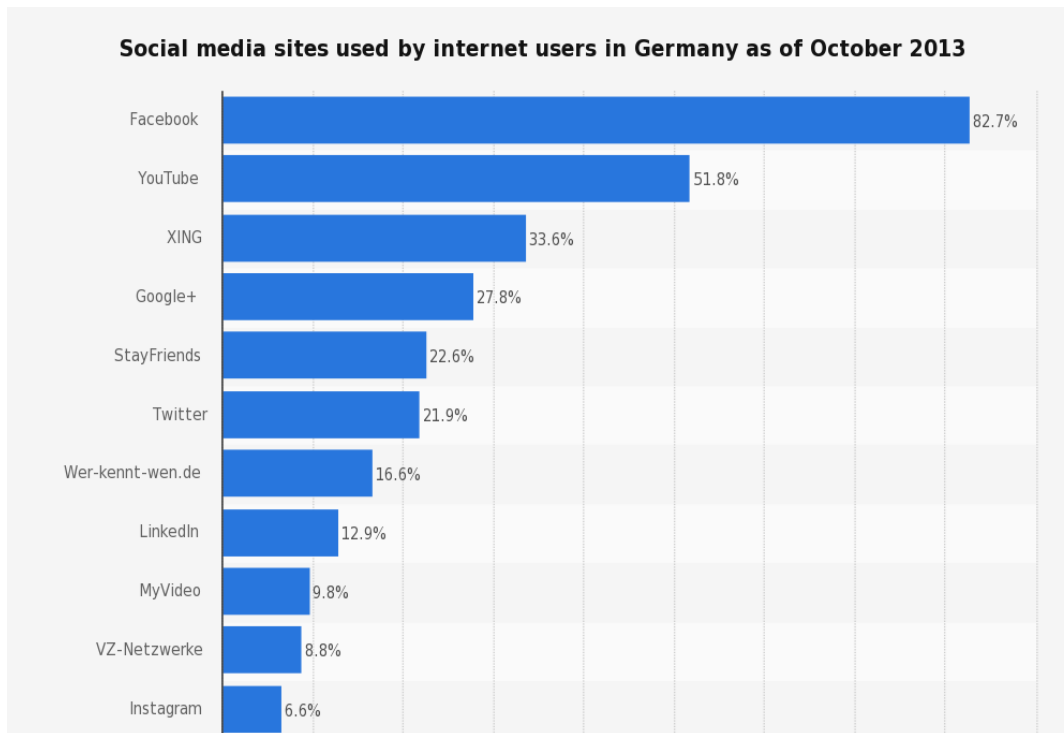
Figure 2: Excerpt from Social Network Penetration among Internet Users in Germany October 2013. (Tomorrow Focus Media, 2013)

2.1.3. Facebook as a Social Network

Facebook has made it its mission to "give people the power to share and make the world more open and connected. People use Facebook to stay connected with friends and family, to discover what's going on in the world, and to share and express what matters to them" (Facebook.com, 2017a). The company has 15,724 employees as of September 30th 2016 and an average of 1.18 billion daily active users for September 2016, 84.9 of which are outside the

US and Canada. The two most prominent leaders of the company are founder and CEO Marc Zuckerberg and COO Sheryl Sandberg. (Facebook.com, 2017b) Facebook's business model is primarily based on collecting advertisement fees from companies to its users. Additionally, Facebook collects data of its users and is therefore able to use this information to help companies target its audience more specifically. In return, users get to connect with the world in general and friends and family more specifically for free and use all the other broad services that Facebook provides. With this highly successful business model, Facebook is not only the market leader among Social Media Sites but was able to make a revenue of about $7.1 billion in Q3 of 2016 alone with its net income being $2.4 billion. (Facebook.com, 2016)

In Germany, Facebook is the foremost Social Network among internet users (refer to Table 2 above). In 2015, Facebook was also the most frequently used platform with 50.7 % of users visiting several times per day and 20.7% visiting at least daily. Only roughly 12.8% of users visited once a month or less. Only the dating application Tinder was able to generate about the same amount of daily usage. (Tomorrow Focus Media, 2015)

On Facebook, users can share content such as text, pictures, videos, locations, moods or live streams either publicly or with a selected group of Facebook friends. They receive a Feed of all their Friends' activities as well as activities from sites they have liked as fans. Brands, Products, Celebrities or similar can have Fan pages that can be liked and followed by fans. Users can also react and comment on posts by Friends or Fan pages and organize or join events that are either virtual or in real life. They can connect in private groups, share information, web pages or posts with each other and chat live either by text message, voice message, live call or live video chat. To a certain extent, users control what they show to others, how they react, what pages they visit and like and are therefore only shown what interests them (Facebook.com, 2017a). By maintaining a brand Fan page on Social Media in addition to any ad spending on Facebook, companies are able to connect to and engage with users more directly and field and react to feedback from satisfied or dissatisfied customers (Choudhury & Harrigan, 2014). Brands on Facebook can share content the same way that private users can and have the ability to use different handles for different countries. In this way, they can adjust content to the local language and in some cases even cultural norms. Also, companies can add individual locations to their Facebook profiles which allows for individual rating and reviews

for those locations as well as individual posts by location in addition to general posts by the brand itself. Company or brand fan pages do not have friends but likes and followers. By Facebook standard settings, when a user likes a Fan page, he automatically also follows it, meaning it is added to his feed. To become a person who only likes the brand but does not follow it, the user has to change the settings for the specific brand account. Therefore, the number of followers is always smaller or equal to the number of likes on a profile. And as unfollowing a brand specifically requires user action the number of followers is very close to the number of likes. When the two numbers diverge greatly, the company should review its posts and messaging. Either the content or the frequency of posts are not ideal. (Facebook.com, 2017a)

Also, Facebook is the number one source for product consultation before purchase decision by internet users in Europe and they most trusted information from somebody in their own contact network (Van Belleghem, Eenhuizen, & Veris, 2011).
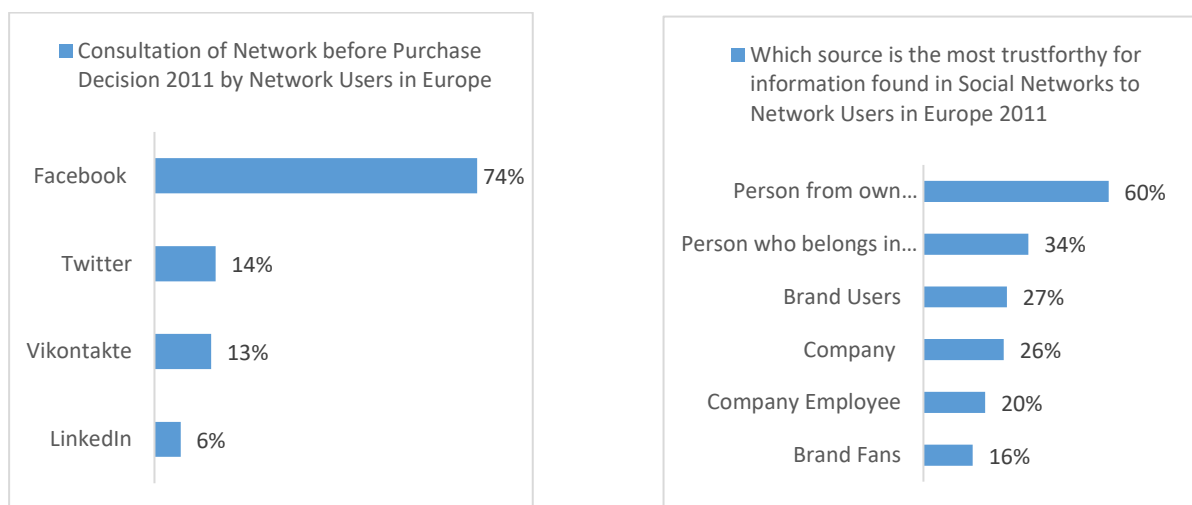
Figure 3 & 4: Network Consultation and Information Source for Purchase Decision. Adapted from Van Belleghem et al. (2011)

2.2. Customer Relationship Management

According to Greenberg (2010), CRM can be defined as a "set of philosophies, strategies, systems and technologies that effectively and efficiently manage the transactions of customers with companies and the subsequent relationships with those customers". CRM technology and processes have been used to acquire, retain, expand and terminate or win back customer relationships (Malthouse, Haenlein, Skiera, Wege, & Zhang, 2013). In such a framework, firms possess large amounts of information about their customers which they leverage to manage their relationships with them (Malthouse et al., 2013; Payne & Frow, 2005; Verhoef, Reinartz, & Krafft, 2010). Reinartz, Krafft, & Hoyer (2004) define CRM as a process that "entails the systematic and proactive management of relationships as they move from beginning (initiation) to end (termination), with execution across the various customer-facing contact channels."

Figure 5: Customer Relationship Cycle

The organization leverages customer information to maximize customer lifetime value (CLV) and the resulting customer equity (Berger & Nasr, 1998; Schulze, Skiera, & Wiesel, 2012). CLV is the discounted sum of all past, present and projected future monetary interactions with the

customer based on past purchase patterns and other data aggregated by the firm. Companies populate databases with information about existing and potential customers which are then segmented according to various characteristics and targeted with differentiated and customized marketing activities according to their segment. Segments that have a higher aggregate CLV typically receive higher investments of resources by the company. According to the potential CLV of a specific group, the firm may decide to up-sell within some groups, cross-sell in others or reduce costs or even terminate relationships within some other groups. This is done according to information about specific customer groups' needs gathered by the firm with the passive customer receiving offers (or even terminations) and responding only with the indirect feedback of purchase or non-purchase. The data the firm is able to gather traditionally is limited to purchase behavior and data the customer willingly and directly makes available to the firm through contracts, payment information or bonus programs (Greenberg, 2010; Rapp, Trainor, & Agnihotri, 2010; Reinartz et al., 2004).

Customers fall into different categories in the CRM view. According to the level of emotional connection and the actual relational exchange a brand or company has with a customer, they are either delighted customers who are instantly bonded with a brand after little exchange, fans, who have a high emotion bond and also a lot of interactions with the brand, transactional customers who are neither bonded with the brand nor frequent customers or loyal customers who have a low emotional attachment but a high frequency of purchase (Sashi, 2012).

		Relational Exchange	
		Low	High
Emotional Bond	High	Delighted Customers	Fans
	Low	Transactional Customers	Loyal Customers

Figure 6: Customer Relationships. Adapted from Sashi, 2012.

In research, CRM has been linked with two widespread economic theories, resourced-based view of the firm (RBV) linked with dynamic capabilities perspective as well as Equity Theory (see f. ex.: Choudhury & Harrigan, 2014; Jayachandran, Sharma, Kaufman, & Raman, 2005; Marolt et al., 2015; Trainor, 2012; Trainor, Andzulis, Rapp, & Agnihotri, 2014). In the following, both theories will be explained and set into the context of CRM. To link CRM with Social Media, Social Marketing and Customer Engagement will be explained.

2.2.1. RBV and Dynamic Capabilities

The former theory of the resource-based view describes the building blocks of the firm as resources and capabilities that need to be developed and sustained constantly to enhance performance. The goal is to bundle and employ those resources effectively to gain and maintain a competitive advantage over its competitors (Barney, 1991; Penrose, 1959).The advantage is gained only with valuable, rare and unique resources that are managed and organized effectively within the firm (Hill & Jones, 1998). Resources can be classified into assets, knowledge and processes that are used to realize specific strategies to improve both efficiency and effectiveness (Trainor et al., 2014). Capabilities, however, are specified as a mix of resources bundled together and employed to enhance performance and reach superiority (Barney, 1991). Previous research has posed that only with the right resources and the right bundling of those resources, superior performance and competitive advantage can be achieved (Penrose, 1959). Capabilities are dynamic when the firm is able to constantly evolve them and bundle their resources together in new ways. It has been shown that only in this way is the firm able to gain a sustained competitive advantage in the market place as the market is ever evolving (Penrose, 1959). Deploying the right mix of capabilities is key to creating the sustained competitive advantage as simply investing in software and hardware to enhance CRM activities is not enough to achieve it. However, by combining these investments in technology with the right organizational resources, improved performance and as a result a competitive advantage will be the result. For the purposes of this paper, IT infrastructure, CRM processes and Social Media activities need to be combined in the right way to result in an effective deployment of resources and the development of the right capabilities (Trainor et al., 2014). Past RBV research has shown that not only does the right

deployment of CRM and marketing activities result in performance-enhancing capabilities (Mithas, Ramasubbu, & Sambamurthy, 2011; Nath, Nachiappan, & Ramanathan, 2010; Rapp et al., 2010) but it has also been shown that customer-linking capabilities – established by linking CRM technology investments and strategic organizational resources – result in improved customer relationships (Jayachandran et al., 2005; Rapp et al., 2010) and as a result in improved organizational performance (Trainor et al., 2014).

In today's social world, consumers are already in constant communication with each other and able to interconnect seamlessly through Social Media portals such as Facebook, Twitter, Instagram or LinkedIn. This has become such a commonplace phenomenon that customers now expect and even demand this same level of interactivity with businesses (Trainor et al., 2014). By deploying new capabilities and technologies, businesses are able to respond to this new 'social customer'. As a logical conclusion, firms also need to rethink their approach to CRM (Greenberg, 2010; Trainor et al., 2014). Realizing the importance of Social Media applications and CRM systems, Social Media capability needs to emerge within the firm to be able to achieve at least competitive parity with their rivals. It is defined as "the integration of traditional customer-facing activities, including processes, systems, and technologies with emergent Social Media applications to engage customers in collaborative conversations and enhance customer relationships" (Trainor, 2012). Social CRM capability refers to a company's ability to generate, integrate and respond to information obtained from customer interactions that are facilitated by Social Media technology. As mentioned above, the development and deployment of CRM capabilities are linked with enhanced company performance and customer relationships. Similarly, Social CRM capability, as a unique combination of emerging technological resources and customer-centric management systems can result in improved customer satisfaction, loyalty, and retention (Jayachandran et al., 2005).

2.2.2. Equity Theory

The second theory that is often employed in this context is equity theory. It refers to the relationships between two or more parties and explores how partners in a relationship (f.ex. customers and organizations) exchange information and contribute to achieving performance

(Adams, 1965; Greenberg, 2010; Harrigan & Miles, 2014; Payne & Frow, 2005). Equity theory interprets social interactions by weighing out perceived inputs with the outputs to harness the capability of judgment for fairness in relationships (Adams, 1965). Not only needs to be explored what value is created and how this is created but also how this value is distributed between the parties involved. In the CRM context, inputs could vary from customers' time, expertise, experience, comments, views and aspirations with firms and its products and services. On the other hand, outputs may be benefits in terms of perks, promotional information, campaigns, lower costs and the associated quality of product and services (Adams, 1965; Payne & Frow, 2005). Considering the traditional ways of communication between customers and organizations, the exchange often remains a one-way street from the company to the consumer. Traditionally, marketing is done in media that do not require or even allow for a direct response of the customer. In response to TV and radio advertisement, billboards or magazine ads the customer's only response is to purchase the product or service advertised or to make the decision not to purchase without allowing any further dialogue between the two parties. Similarly, CRM activities linked with marketing only require the answer to specific questions in the case of surveys or complaint services, or more specialized offers made in the case of non-consumer goods. The value that is created from the interaction also remains firmly on the firm's side in terms of monetary value and the customer enjoyment or lack thereof is rarely able to be shared in a broader sense so that, when looking at B2C interactions, it is difficult to see a pattern mimicking lasting relationships with consumers that go beyond a series of repeated one off interactions where the only response the consumer is able to give the firm is continued cooperation manifested in a purchase or cancellation of the cooperation manifested by purchasing a competitor's product (Adams, 1965).

The introduction of Social Media gives a new dimension to this dilemma and enables customers to give unsolicited feedback and the company to seek feedback. Social CRM in this context can be defined as "a philosophy and a business strategy supported by a technology platform business rules processes and social characteristics designed to engage the customer in a collaborative conversation in order to provide mutually beneficial value in a trusted and transparent business environment."(Greenberg, 2010) The advent of Social Media has allowed for the customer/business communication to become a two-way street in many

different categories. Firstly, customer feedback is direct, public and not along linear lines. Companies have the ability now to both ask for feedback more directly on Social Media and to integrate unsolicited feedback given publicly or privately on Social Media sites into their improvement processes. Secondly, businesses can take the medium of Social Media and integrate more than just their marketing processes in them, they can also become a sales tool to boost sales and discover new markets and support tool to improve customer satisfaction. Thirdly, customers gain some control not just of their conversations and interactions with the company but also in the product itself. Not only can they help design or even conceptualize new products but the trend of customized products has been introduced linearly with the spread of Social Media (Choudhury & Harrigan, 2014). This way, both sides of the interaction profit from the opening of the two-way conversation. The consumer has a more direct way of giving feedback and as a result, the product or service improves and is more customized and responsive to his needs. As the firm is able to gather more data about the customers and identify potential customers through data put out on Social Media voluntarily by consumers, they are able to target new customers and customize the interaction and the product for existing customers. Consequently, the firm is able to explore new sales avenues in the Social Media realm and to customize the product or service to fit the customer's needs and thereby sell more products. All of the above enables companies and consumers to more clearly see and define the value brought by each side to any interaction and by illuminating it more clearly the overall value of the interaction is actually expanded and both sides might be left more satisfied with the exchange. Perceived inputs and outputs on both sides become visible and enable a more satisfactory and therefore more valuable interaction. Additionally, interactions have now moved more clearly from a series of repeating one-off events where the consumer has limited feedback opportunities. Instead the introduction of new technological opportunities has allowed companies to define and follow individual customer relationships more closely and glean more information beyond the simple purchase/non-purchase in this way.

2.3.   Social Media and CRM

In today's interconnected world, Social Media is an important part of marketing and CRM efforts by companies on the one hand and purchase decisions by consumers on the other. Therefore, any form of CRM must also be taken into the online realm. As described above, companies enter the Social Media sqhere in hopes of gaining a competitive advantage over its competitors, however, in reality, as most companies nowadays compete in this realm, they can hope for competitive parity (De Vries, Gensler, & Leeflang, 2012; Greenberg, 2010; Harrigan & Miles, 2014; Trainor et al., 2014). But reaching out to consumers and existing customers on Social Media is also a tool to boost profits as maintaining Social Media interaction with customers not only proved to be a cost driver through increased costs for service requests and monitoring and maintaining of the social media platform but also proved to improve revenues significantly (Maecker, Barrot, & Becker, 2016).

In the following, the realities and metrics of marketing on Social Media platforms will be considered and the concept of Customer Engagement on social media explained.

2.3.1.   Social Marketing

The importance of Social Media and the digital world has become undeniable as it has not only managed to influence an election (The Economist, 2016) but has also become the top concern of marketing executives. When asked about challenges they expected to face in 2015, almost half of German marketers responded that the shift to digital marketing and engagement was at the top of their list. Digital and Social Media issues were singled out by 12 percent of them specifically. Only after these, they named concerns like sufficient budget, return of investment or corporate strategy. (Economist Intelligence Unit, 2015)

The advent of Social Media has given businesses many opportunities to generate revenues through new avenues of advertisements on Social Media platforms – a phenomenon that is beyond the scope of this thesis – or through brand pages on Social Media, more specifically Facebook (Facebook.com, 2017b). These pages enable companies to engage the consumer directly and to interact with them in a new way. According to Nielsen Company (2012), 46%

of online users use Social Media when making purchase decisions online and 41% of companies use Social Media for communicating with customers online (Choudhury & Harrigan, 2014).

Companies may use brand pages to build their own brand communities, as a distribution channel or to receive valuable marketing insights into issues such as new product launches (Kaplan & Haenlein, 2010). In 2011, more than 50% of Social Media users worldwide followed brands and offline brand experiences are the main online conversation starter as it is a topic that not only conveys valuable information but also gives two people a good communication basis of shared experiences (De Vries et al., 2012; Van Belleghem et al., 2011). Concerning the type of experiences users like to share online, the majority report, they prefer to share a positive experience (62%) over a negative one (46%). In the same vein, purchase decisions by Social Media users are driven by positive experiences others had about the brand and it is proven to have the biggest impact on brand opinion online (Van Belleghem et al., 2011) . Therefore, it is in a company's best interest to drive positive experience sharing and consequently a positive brand attitude by the online community. Furthermore, consumers who become fans of brand pages online are more loyal and committed to the company and are following the company to receive information. As a result, they are more open to receiving information about the company and further advertisement, visit physical and online stores more and are more emotionally attached to the brand (Bagozzi & Dholakia, 2006; De Vries et al., 2012).

2.3.1.1.   Success Metrics

When measuring a brand's success on Social Media, companies need to consider more than the simple clicks, likes, shares and comments. Not only is the direction and opinion of a comment crucial for positive word of mouth effect but also for the creation of a positive brand image and culture (Aichner & Jacob, 2015; Coleman & Chandler, 2013; De Vries et al., 2012; Mensah, 2013; Schembri & Latimer, 2017). Data analysis after a post on a brand fan page is key not only to build and monitor the image of the brand (Schembri & Latimer, 2017) but also to track and evaluate potential and existing customers (Choudhury & Harrigan, 2014; Rapp et

al., 2010; Verhoef, Venkatesan, et al., 2010). Additionally, the online response time is key to successful online customer support and an important part of customer satisfaction (Baker, Donthu, & Kumar, 2016; Hajli, 2014).

One easy way to do so is the Social Media Impact Factor (SMIF). It is a function of the number of followers in a network divided by total number of users across networks. It therefore is a factor that enables analysts and companies to weigh the individual Social Media network according to its importance globally. As of January 2014, the SMIF for Facebook was 0.37 with the only other Social Networks considered YouTube, Google+, Twitter and LinkedIn. This factor can be of use for companies wanting to determine the validity of spreading resources across platforms instead of focusing on a single network.

The SMIF is best used combined with the Social Media Use, which is a function of all social media activities and the user reactions to them (Aichner & Jacob, 2015). The result is a value between 0 and 1 where 0 indicates that the social network is not used at all and one is the optimal value of full use. The data that goes into calculating this value may differ with the type of Social Media used. Focusing on Facebook, to calculate it, publicly available information about frequency of posts, likes, shares and the like need to be collected to give an impression of the activities by the brand and the fan reaction to this activity. As likes as a positive reaction is fairly easy, positive comments are weighed more heavily as they require a stronger effort on behalf of the follower. The same is true for negative comments. As shares require the fan to forward the post to their own friends and are an even rarer occurrence as this requires stronger commitment by the fan, they should be weighed even more heavily. As suggested by Aichner & Jacob (2015), the weight of likes to comments (positive vs negative) to shares should be one to five to ten to accurately reflect the customer involvement when reacting to a company post. To calculate the SMU, first an average value across the desired companies or industries needs to be established in order to be able to determine the extent of utilization of Social Media by individual companies. For this, the average number of posts per month needs to be multiplied with a quotient of average number of likes, comments and shares each again weighted as described above and divided by the number of fans. The optimal outcome (1) is then divided by the result of the above calculation giving a constant for the overall SMU across the sample. To get individual company values the first step of taking the number of posts and

multiplying by the quotient of weighted likes, comments and shares and number of fans needs to be repeated for the individual company and the constant that resulted from the second step needs to be multiplied again. The result gives the company their Social Media Use in between values of 0 and 1 with 1 being full use (should the result exceed the optimal value, SMU shall be equal to one). The formula for SMU on Facebook can be found below in Figure 7.

$$SMU_{Facebook} = posts * \frac{\emptyset\ likes + \emptyset\ comments * 5 + \emptyset\ shares * 10}{fans} * constant$$

Figure 7: Formula for SMU on Facebook. Adapted from Aichner & Jacob (2015)

2.3.1.2.   Online Brand Popularity

The ultimate goal behind any activity of a company and more specifically any activity on Social Media is revenue generation. This may be direct through asking consumers to purchase the product or more indirect through contests meant to stimulate brand awareness or collection of information of potential customers to target again more specifically in advertisements. The requirement behind this is that the content that is posted must be attractive to the viewer and more specifically to the target audience meant to buy the product. Posts in general and about products in particular are more likely to generate revenue from brand awareness and likability if they appear attractive (Maecker et al., 2016). De Vries et al (2012) have developed a framework for cataloging the content that companies post on Social Media (see Figure 8 below).

The different factors have different impacts on the popularity of a brand post in form of clicks, likes, comments and shares. As these activities are public, likes, comments and shares can be considered as Word of Mouth with similar positive and negative effects that can be seen below. More vivid posts, meaning a post that stimulates the different senses, may generate more clicks (Lohtia, Donthu, & Hershberger, 2003) and positively influence attitude towards a brand (Fortin & Dholakia, 2005). Furthermore, it improves the   number of likes and

comments under a brand post (De Vries et al., 2012). Similarly, interactivity of a brand post, meaning the degree to which it allows two-way communication or reaction by the other party, can also positively influence the popularity of the post (De Vries et al., 2012). Here, it has to be noted that the more interactive the post (for example a question), the higher the impact on comments but not on likes as these are not meant necessarily for interaction. Interactivity is key for the posting company as this is generally a brand post is meant to generate a reaction (Fortin & Dholakia, 2005). As noted above, most consumers gather information in social networks when making brand purchase decision and therefore the informational element of a post should be high but at the same time the post needs to be entertaining to generate reactions and give the fans or page visitors an accurate impression of the brand image (De Vries et al., 2012). Finally, the number of comments is not an accurate indicator of the popularity of the post. A company needs to consider the opinion of the comment as only positive or neutral comments suggest popularity while negative comments or a 'shitstorm' generated by careless posts may make a post appear popular while it may be impacting a company's brand image negatively.
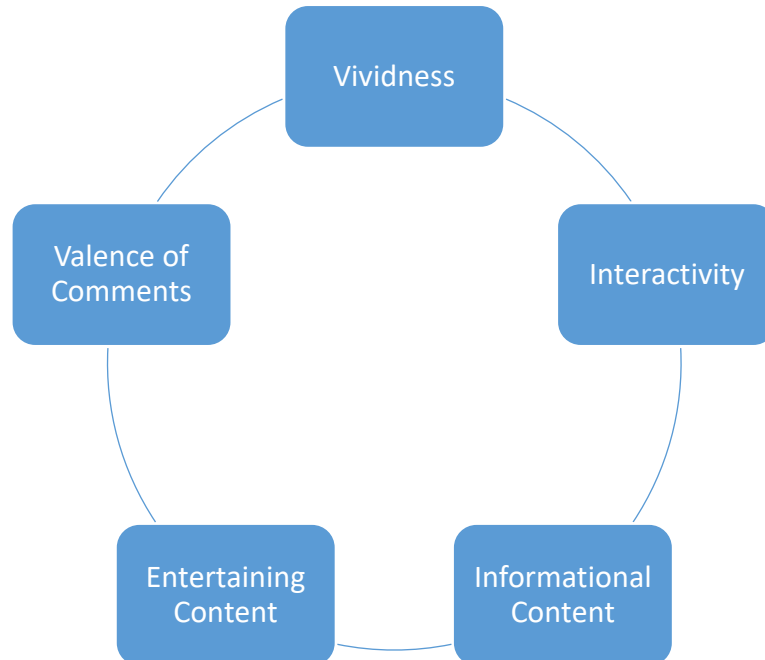

Figure 8: Metrics for Brand Post Popularity. Adapted from De Vries et al. (2012)

2.3.2. Customer Engagement and Social Media

Combining the above theories into one coherent picture and then bringing in a Social Media aspect results in a new concept of Customer Engagement. Traditional CRM as described above has long since given way to social CRM that has interaction and engagement aspects, where communication is a two-way street between consumers and businesses as well as between different consumers on a larger scale.

Malthouse et al. (2013) have developed the Social Media house, a theory that seeks to integrate traditional CRM theory with Social Media aspects as well as the new dimension of Customer Engagement. Social CRM capability needs to be deployed correctly and the relationship to the customer nurtured in the right way to achieve competitive parity or even a competitive advantage. Social Media has also changed the way customers are of value to the company. CLV has received an update with different mostly from Social Media derived analytics playing a role. The most popular new model for this is created by Kumar et al. (2010) that not only includes simple transactional CLV data but also metrics such as the customer referral value (CRV), the customer influencer value (CIV) and the customer knowledge value (CKV). All these new metrics taken together measure the Customer Engagement value (CEV) and give a much more complete picture of the value the customer delivers to the company that not only includes pure direct monetary gain but also indirect monetary gain through word of mouth (WOM) effects or other referrals, or the knowledge the firm gains through feedback or even co-creation efforts for developing new products or improving existing ones. In this way, not only does Social Media help the firm with gaining a more complete picture of the existing or potential customer but it also helps to quantify this behavior and helps the firm focus efforts to exploit any potential.

Customer Engagement can, therefore, be defined as "building customer relationships that increase customer commitment to a company or brand. Engagement motivates customer participation by connection with the customer in a way that drives purchase decisions and loyalty" (Voyles, 2007a). In this way, the new concept expands the traditional CRM rhetoric, now allowing for a broader base of communication and including customer responding to the company or contacting this company unsolicited. Including the RBV view into the definition

adds a strategic component where engagement has as its goal the "creation of experiences that allow companies to build deeper, more meaningful and sustainable interactions between the company and its customers" (Voyles, 2007b).

On the other hand, Customer Engagement Behavior is "customers' behavioral manifestation toward a brand or firm beyond purchase resulting from motivational drivers; WOM activity, recommendations, helping, blogging, writing reviews." (Van Doorn et al., 2010)

Dessart, Veloutsou, & Morgan-Thomas (2017) have defined three dimensions of customer engagement that can again be separated into multiple sub-dimensions.
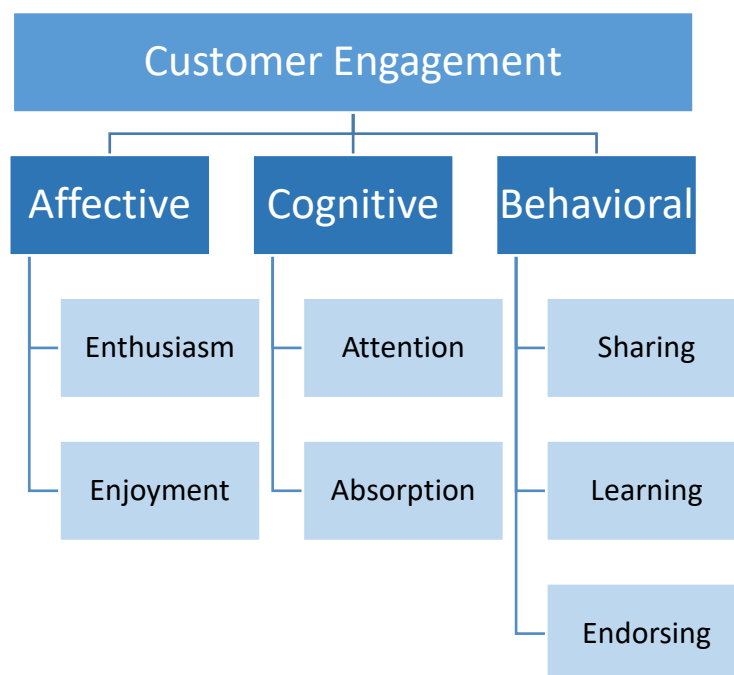
Figure 9: Dimensions of Customer Engagement. Adapted from Dessart et al., 2017.

Customers can be engaged with a brand on three different levels. The first level is affective, which describes the complete and lasting level of emotions that the consumer experiences towards the brand. Here, the level of enthusiasm towards the brand defined by the level of excitement and interest for the brand and the enjoyment for the brand defined by the pleasure and happiness derived from interactions with it are crucial. The second dimension is

the behavioral one. This level goes beyond purchase behavior and includes the sharing of content, information, experiences or ideas with the brand as well as learning about it by seeking the above information about the brand actively and endorsing the brand publicly. The last dimension is the cognitive one. This is the set of mental states the consumer experiences when thinking of the brand actively. Sub-dimensions of this category are the amount of time spent on being attentive to the brand and the level of concentration and immersion within the culture of the brand.

Instead of the simple acquisition, retention, growth and termination scheme of earlier CRM theory, the idea of customer engagement now adds other dimensions to the Customer Relationship Cycle. In the context of Social Media, companies seek to find a connection with a potential or existing customer and to provide a platform for interaction with him or among the individual customers themselves. They want the customer to be satisfied so that they are retained as valuable customers and committed to the company or brand. The next step would be for the customer to advocate actively for the brand and become immersed in the culture of the brand, which would mean that the customer is fully engaged with it. Combining this with Figure 2 above, when a customer is satisfied with the interaction and the purchase, they become a delighted customer instead of just a transactional one. When a customer is delighted, and continues to purchase and interact with a brand they become loyal customers and when they reach a higher level of emotional attachment with the brand they become true brand fans. The goal of any company has to be to reach its key audience on Social Media and turn them from interested to transactional customers and further to delight them and, in the end, turn them loyal. The last step – turning them into fans – can only be achieved through a strong brand culture online and a good brand community. The company has to make every effort possible to strengthen this community and keep it alive (Bagozzi & Dholakia, 2006; Sashi, 2012; Schembri & Latimer, 2017).

Figure 10: Customer Engagement Cycle. Adapted from Sashi, 2012
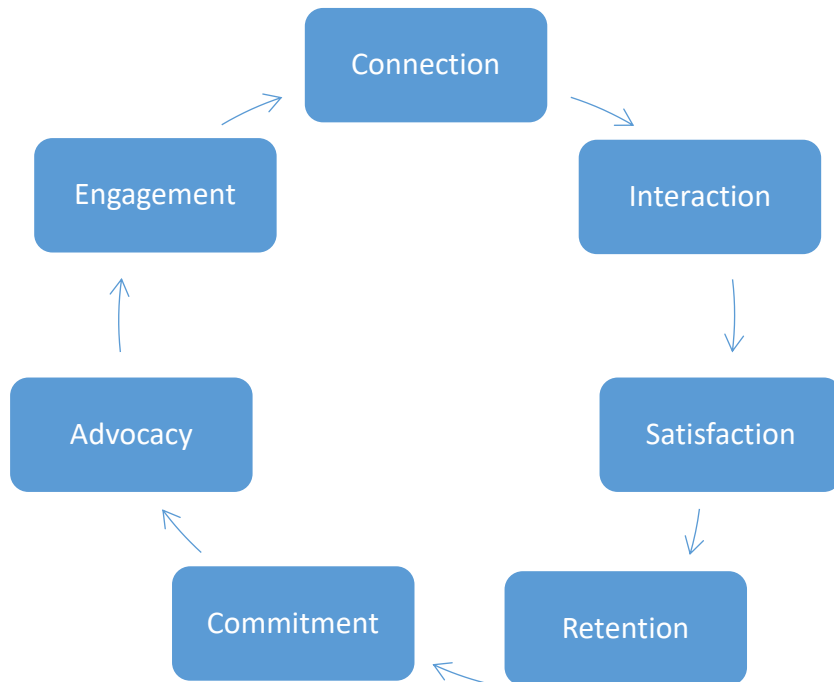
Overall, when determining CRM activities in Social Media, I suggest combining the three methods discussed above to create a complete picture of the efforts. By combining the Social Media marketing factors of SMU and brand popularity with the CRM measure of customer engagement, the actual extent of CRM efforts can be described.
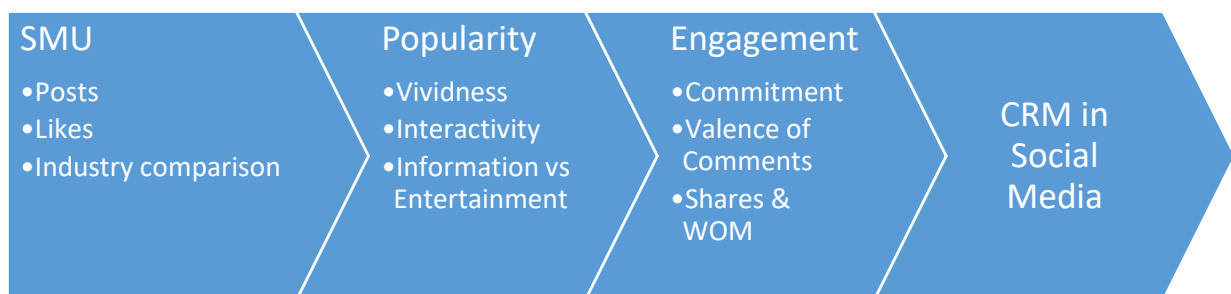

Figure 11: CRM in Social Media.

3. German Retail Apparel Market

For my analysis, I have chosen the German Retail Apparel market and its activities and brand impact on Facebook. This has multiple reasons. First of all, fashion retail is an industry that has a strong online connection through online shops and is therefore bound to have a strong online presence and active Social Media audience. Secondly, fashion retail is a business to consumer industry and because of this has a lot of reach online and uses my analyzed Social Medium of Facebook actively and purposefully. Thirdly, it is one of the most followed industries on Social Media and the category with the most fans on Facebook behind Mass Merchants and Food (8th Bridge, 2013). In the following chapter, I would like to analyze first the retail apparel industry in general and then the top 10 companies according to customer satisfaction. As some of the most popular clothing retailers in Germany are privately owned and do not disclose revenues to the general public, a ranking according to revenues is possible but does not accurately represent the market place. Furthermore, even the public companies tend to operate worldwide and most do not disclose revenues on a country by country basis making an accurate ranking for Germany even more impossible. Another possible ranking – the number of likes or followers on Facebook – is equally unfeasible as some companies show their worldwide likes and others (mostly the German companies) only post in German and have mostly German-speaking followers. This distorts the Social Media picture and does not allow for an accurate ranking for the German marketplace either.

For the purposes of this thesis, I will rank the companies according to the OC&C Proposition Index, which fields its data from 30,000 responses to an online consumer survey asking about service promises by 850 different retail trade businesses worldwide. The index score lies between 0 and 100 points and is based on individual scores concerning price, quality, product range, shopping experience, service and consumer trust. An overall score of more than 75 points is a very good result and scores lower than 70 indicate weaknesses in specific areas in the overall categories (OC&C, 2015a). Out of the index, I chose the top 10 clothing retailers for Germany, who also happen to be the companies who had an index score of 75 or higher (OC&C, 2015b). The index shows not only that service and consumer orientation becomes

more and more significant strategically, but has also become one of the most important differentiation strategies in this market segment. Especially young consumers wish for easy and quick purchase possibilities with friendly service and unbureaucratic solutions to problems. This may mean the difference between them buying online or visiting a physical store. (OC&C, 2015a)

The top 10 most popular brands are Bonprix, S. Oliver, Peek & Cloppenburg, C&A, Esprit, Tom Tailor, H&M, ASOS, Ernsting's Family and Zara (see Figure 10 below).

Most Popular Fashion Brands in Germany 2015

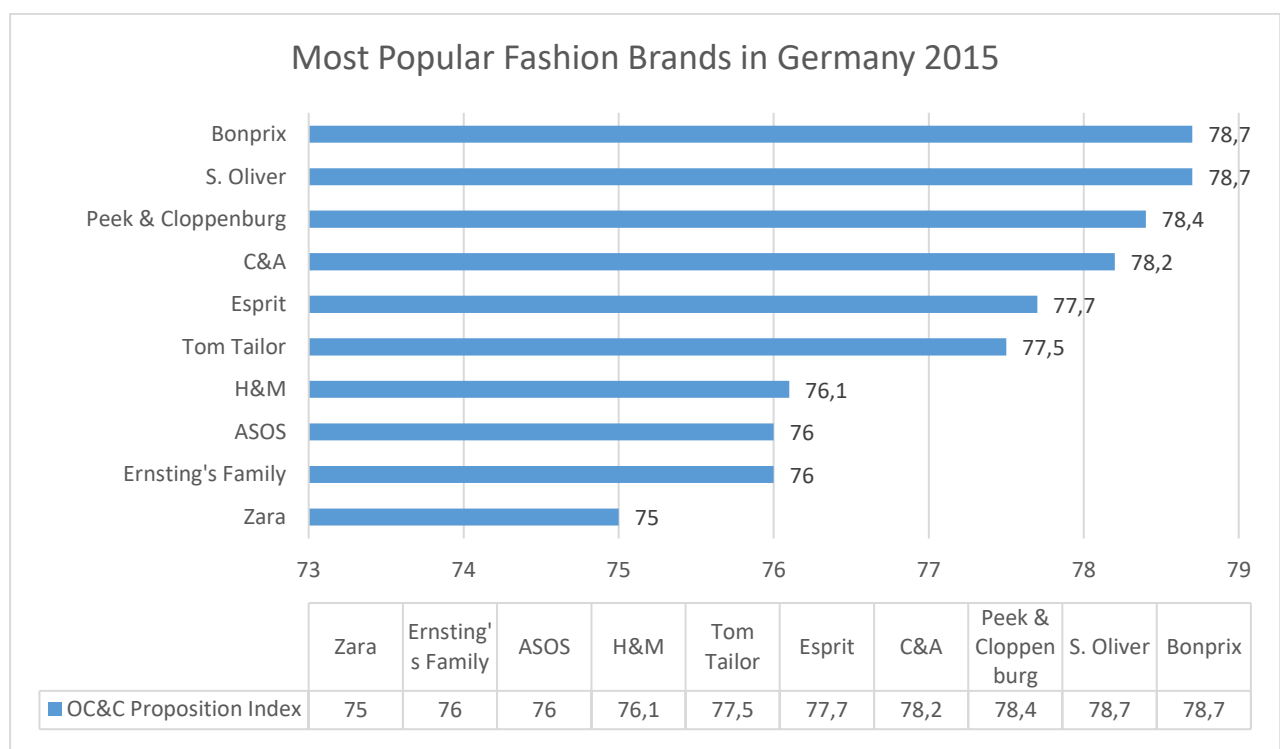|	Zara	Ernsting's Family	ASOS	H&M	Tom Tailor	Esprit	C&A	Peek & Cloppenburg	S. Oliver	Bonprix
■ OC&C Proposition Index	75	76	76	76,1	77,5	77,7	78,2	78,4	78,7	78,7

Figure 12: Most popular fashion brands in Germany 2015 according to the OC&C Proposition Index, Source: (OC&C, 2015b)

In the following analysis, first the industry will be defined and its size discussed, then individual company profiles will be compiled for the top 10 companies mentioned above.

3.1.   Industry Analysis

The market segment "clothing" covers the sale of nearly all types of clothing, including men's, women's, and children's clothing, underwear, costumes and workwear. Excluded from this category are toddler and baby clothes, sport and outdoor gear as well as accessories. The main segment of this market category are multi-brand merchants like ASOS, C&A or Peek&Cloppenburg. These sell different brands that they may buy from designers or manufacture themselves whereas single-brand merchants like H&M, Esprit, S.Oliver or Zara manufacture and sell only their own name brand. This category includes companies with physical store locations as well as ones with an online and offline presence. (Statista, 2017)

Revenues in the German Clothing retail industry are on the rise each year with approximately 61.14 billion euros created in 2014, which indicates a rise of 8.8% since 2007. Only in 2008 did revenues decrease and in 2009 revenues were stagnant both most likely due to the global financial and economic crisis. The next year revenues were on the rise again (see Figure 11 below). (BTE, 2014)

Figure 13: Gross revenues in textile and clothing retail trade in Germany from 2007 to 2014 (in million euros). Adapted from (BTE, 2014)

3.2.   Company Profiles

The clothing retailers with the highest customer satisfaction in Germany are diverse. While some sell through the online medium, others offer both online and offline purchase options. Some companies only sell women's clothing while others provide the whole range of women's, men's and children's apparel. In the following, the companies will be analyzed individually with some general information given, and then according to their target audience, their online CRM profile and Social Media activity and lastly according to their Facebook presence. An overview of some of the discussed characteristics can be found in Figure 14 below.

Figure 14: Company overviews

	Global	Response time	Likes	Followers	Ratio	Individual Store Locations online
ZARA	y	in a few hours	25.056.449	24.632.2	98,31%	n
Ernsting's Family	n	in a few hours	287.237	276.811	96,37%	y
ASOS	y	instantly	4.520.830	4.512.72	99,82%	n
H&M	y	in an hour	29.516.737	29.489.27	99,91%	n
Tom Tailor	n	in an hour	480.833	477.281	99,26%	y
Espirt	n	in an hour	1.544.687	1.521.96	98,53%	y
C&A	n	in a day	8.384.847	8.378.71	99,93%	y
P&C	n	n/a	450.461	437.231	97,06%	y
S. Oliver	y	in a day	1.428.555	1.427.23	99,91%	n
Bonprix	n	n/a	3.443.189	3.438.18	99,85%	y

[34]

3.2.1.   Bonprix

Bonprix is an international fashion retailer founded in 1986 and has its headquarters in Hamburg. The company belongs to the OTTO Group and generated a gross worldwide revenue of 1.4 billion euros in 2016 making it one of OTTO's most successful subsidiaries. Bonprix has five own brands and brings out a new collection each month. Its main focus lies on the ecommerce side with 70% of sales generated online and the rest in their store locations or through their mail order catalogue. It is one of the Top 10 online shops in Germany and can be purchased in 29 countries in Europe, Russia and in North and South America. Worldwide, bonprix has more than 3000 employees and according to the Proposition Index it has the most satisfied customers in Germany in its market category (see Figure 10 above). (Bonprix, 2017a)

Bonprix sells women's, men's and children's apparel but mostly aim for the female customer. Its declared aim is to make women feel beautiful and empowered while also comfortable. Its advertisement is aimed towards mothers and older career women and aims to provide clothes for all situations in life. For this purpose, it also provides a plus sized and a maternity line. Concerning the price point, it is in the low to medium range of the spectrum with low prices meaning discounter clothes and very high prices referring to designer ware. (Bonprix, 2017b)

As most of its revenue is generated online, Bonprix provides a lot of online support and has a sizing tool to find the optimal size to purchase in the online shopping experience. For any questions, 'Robert' the virtual consultant provides answers or contact with the right support staff. It has developed an app for iOS and Android to make shopping even easier and tap into a younger audience and simultaneously keep their older but increasingly more technologically savvy target customers. Customers can accumulate points with each purchase in a bonus program. They are also encouraged to rate the clothes offered online and write reviews for their purchases to help other customers decide whether the item is as expected or not. Bonprix keeps close relationship with important fashion bloggers and is represented on Social

Media on the platforms Facebook, Twitter, YouTube, Pinterest and Instagram. (Bonprix, 2017a)

On Facebook, Bonprix has the handle @BonprixDE with 3,443,189 likes, 3,438,182 of which are followers that receive new posts in their personal feed. Therefore, 99.85% of people who liked the fan page, also chose to follow Bonprix and by doing so are interested in receiving regular updates. It posts solely in German. There is no recorded response time to messages sent to Bonprix on Facebook, as the company has not enabled messaging through its Facebook, however, visitor posts and comments with questions are responded to within a day. Individual Bonprix stores have their own fan pages and can be rated and reviewed individually. Bonprix's posts are mostly focused on lifestyle and less than half are advertisement for their clothes. (Bonprix & Facebook.com, 2017)

3.2.2. S. Oliver

S. Oliver is a German online and offline fashion retailer with headquarters in Rottendorf, Bavaria. It has 7,800 employees worldwide and sells 2.8 million items of clothing every week according to the official website for S.Oliver Group. While the majority of its revenue comes from the European marketplace and specifically Germany, it also sells in North America and Asia. Its brands are S. Oliver, Q/S, Triangle, Comma and Liebeskind Berlin. It is a privately-owned company and does not publish specific revenue or sales figures. Founded in 1969, it started out as a boutique solely aimed at men's fashion, but by 1975, it had added a women's branch. Nowadays, it sells fashion for women, men and children with special lines for maternity and women's and men's plus sizes. The different brands target a different audience with Q/S aimed for the teenage to young adult market whereas Comma aims for an older female audience. Concerning the price range, S.Oliver is in the medium segment with tendencies towards premium prices. However, it does not have designer/premium prices. (S.Oliver, 2017)

Its webpage includes a live chat to help answer customers' questions as well as a section dedicated to feedback. However, there is no opportunity to rate or review specific items of clothing for their fit and quality. The only social network, S. Oliver has a presence in is Facebook.

On Facebook, S. Oliver has the handle @S.OliverGlobal with 1,428,555 likes and 1,427,238 followers, giving it a ratio of followers to likes of 99.91% (this refers to the number of international likes and followers). Its posts are in English reaching a wider audience. It has enabled to private messaging function and responds typically within an hour. Furthermore, it responds to visitor posts with questions and comments. S.Oliver's posts are focused on presenting outfit choices but it also seeks to interact with its customers by presenting different choices and asking for the preferred option. (S.Oliver & Facebook.com, 2017)

3.2.3.   Peek & Cloppenburg

Peek & Cloppenburg (P&C) is a German multi-channel Fashion retailer founded in 1901 with headquarters in Dusseldorf. As it is a privately-owned company it does not disclose revenue and sales figures. It has stores in 67 locations in Germany and it primarily focuses on selling designer brands and only has a small segment for its own brand. P&C is higher than the previous two companies concerning its price range – selling mostly designer brands – and can be considered to be part of the premium segment. As the prices are comparatively high, the targeted customer segment is an older and therefore richer one. P&C sells women's, men's and children's fashion with some of the most prominent brands being Adidas, Tommy Hilfiger, Michael Kors, Pierre Cardin or Bench. (P&C, 2017a)

On the P&C webpage, customers cannot only shop but also rate and review items. It aims to combine the online and offline shopping experience seamlessly, as clothes ordered online can be tried on in offline locations and returned there. There is a section for frequently asked

questions, however, no life chat is available. Its Social Media presence is limited to Facebook and Instagram. (P&C, 2017b)

On Facebook, P&C is present under the handle @peekcloppenburg with 450,461 likes and 437,231 followers making its rate of followers to likes 97.1 % (this refers to the global number of likes and followers). It posts in German and therefore has mostly German followers. It does not allow for messaging directly on Facebook and because of that no response time is published. However, it has provided a service number to call and it does respond to visitor posts and inquiries in comments. It offers the possibility to follow, rate and review individual store locations on Facebook. Posts are mostly focused on presenting finished outfit for followers to buy and advertising sales and other purchase opportunities. (P&C & Facebook.com, 2017)

3.2.4.   C&A

C&A is a Dutch company founded in 1841 but it has its roots in the 1700s in Germany close to the Dutch border. It is privately-owned by the 6th generation of descendants from the founders. It does not provide information about revenues and sales. C&A does not resell other brands and manufactures and sells only its own brands. The price range of its product is on the low end and they have clothing for women, men and children. The most popular labels are Clockhouse, Yessica and Westbury. The target audience is determined by the price range and rather on the low end with families and mothers being targeted specifically. However, different brands serve different target audiences. For example, the brand Clockhouse is aimed towards teenagers and young adults while the brand Yessica targets older women and the Westbury brand is aimed towards businessmen. Besides clothes, C&A also sells accessories, shoes and home decoration. C&A is available in 17 countries in Europe as well as Russia, Brazil, China and Mexico. (C&A, 2017)

On its webpage, C&A has a blog to help with customer exchange and suggestions. Service requests are solely fielded through a service hotline meaning that no online support is provided. C&A has profiles on the Social Media platforms Facebook, Twitter, Pinterest, Instagram, Snapchat and YouTube.

On Facebook, C&A serves its German audience explicitly under the handle @ca.deutschland posting in German. With 8,384,847 likes and 8,378,713 followers the rate of followers to likes is 99.9% (this refers to the worldwide likes and followers). It allows instant messaging and typically responds within a day. Furthermore, it allows the following and rating of individual stores. Posts are mostly focused on providing insight into products and to induce purchase with outfit proposals and sales offers. (C&A & Facebook.com, 2017)

3.2.5. Esprit

Esprit is an international fashion retailer that was founded in 1968 in San Francisco. Its most engrained values are responsible production, natural materials and causal but trendy fashion. Esprit has over 900 store locations worldwide in over 40 countries with 7800 wholesale points of sale including franchise stores and sales spaces. Esprit is listed on the Hong Kong Stock Exchange since 1993 and has headquarters in Germany and Hong Kong. According to its Annual Report, Esprit had a net profit of roughly 2.6 million euros in 2015/16 after a net loss of 45 million euros in 2014/15. (Esprit Holdings Lmt., 2016)

It has collections for women, men and children and solely sells its own brands. It is divided into two brands, the Esprit brand with fashion for Men, Children and older Women and mothers and edc a brand for teenagers and young adult. The clothes are in the medium price range. (Esprit, 2017)

Esprit offers on its webpage an option to contact them through email, phone or on the page chat. Customers have the option to rate and review individual styles on the Esprit website. It

has Social Media Accounts on Facebook, Instagram, YouTube, Google+, Snapchat, Pinterest and Twitter. (Esprit, 2017)

On Facebook, Esprit is active for the German marketplace under the handle @esprit.de with posts in German. Overall, Esprit has 1,544,687 likes and 1,521,961 followers giving them a ration of followers to likes of 98.5% (this refers to the worldwide number of likes and followers). Users have the option to follow, rate and review individual stores as well as instant message with Esprit. Here, Esprit has an average response time of an hour. Posts are focused on presenting and selling clothes with outfit choices presented and advertised. (Esprit Holdings Lmt. & Facebook.com, 2017)

3.2.6.   Tom Tailor

Tom Tailor is a German clothing retailer that was founded in 1962 and sells in 35 countries. The company owns 450 retail stores but also sells through wholesale with 200 franchise stores and 3,000 shop-in-shop concepts additionally to 8,500 multi-label stores. Online, the clothes can be purchased in 21 countries and Tom Tailor employs about 6,980 people worldwide. In 2015, Tom Tailor Group had a revenue of 955.9 million euros up from 932.1 million euros in 2014. The net profit was 76.3 million euros, slightly down from 87.2 million euros in 2014. (Tom Tailor, 2017a)

It sells its own brands Tom Tailor, Tom Tailor Denim and Tom Tailor Contemporary in stores and online. The core brand Tom Tailor offers clothes for Women, Men and Children, while Tom Tailor Denim offers only women's and men's clothes and the Contemporary line only sells clothes for women. The brands put out 12 collections per year. The clothes sell in the medium price segment and, therefore, the target audience are more affluent men and women, more specifically middle aged women and business men and women. (Tom Tailor, 2017b)

Tom Tailor does not provide online rating of individual clothes on his website and customer service is only available via phone or email. It has Social Media profiles on the platforms Facebook, Twitter, YouTube, Instagram, Xing, Kununu, LinkedIn Pinterest and Google+, with a special focus on Facebook, YouTube and Twitter. (Tom Tailor, 2017a) On its Facebook page, Tom Tailor operates under the handle @TOMTAILORDE and posts in German. The fan page has 480,833 likes and 477,281 followers giving it a rate of followers to likes of 99.2%. It allows for individual store ratings and reviews, and has a typical response time of an hour to private messages but also fields questions in comments or visitor posts. Tom Tailor's posts are focused on purchase motivation with finished outfits presented. It is the only one of all the shops that does not provide links for the outfits but gives the SKU numbers in the text and asks its customers to go to the website to find them for themselves. (Tom Tailor & Facebook.com, 2017)

3.2.7.   H&M

H&M is a Swedish clothing retailer founded in 1947. It owns 3,784 stores and operates in 63 countries with its physical stores while the online store is available in only 33 countries. In 2015, H&M earned revenues of 22.1 billion euros. While H&M group is an umbrella company for many different brands, for the purposes of this thesis, I will only concentrate on the clothing brand H&M and not the home decoration or other business segments H&M group engages in. The H&M brand is aimed towards a younger and very trendy target audience and reflects this also in the lower prices making it part of the cheap price segment. It sells women's, men's and children's fashion. (H&M, 2016)

On its online web shop, customers can chat with a representative but not to rate and review individual designs. On Facebook, H&M operates under the handle @hmdeutschland offering content in German. It's fan page has 29,516,737 likes and 29,489,271 followers globally giving it a ratio of followers to likes of 99.9%. It has a response time of 1 hour to instant private

messages and fields comments and public visitor posts as well. H&M does not offer rating and reviews of individual stores on its Facebook page. H&M's Facebook posts are a mixture of lifestyle and fashion with blog posts presented but also finished outfits or individual articles advertised. (H&M & Facebook.com, 2017)

3.2.8.   ASOS

ASOS is a UK fashion web shop that resells a variety of different brands as well as some of ASOS house brands like ASOS Jeans or ASOS White. It has localized web shops for the United Kingdom, USA, France, Italy, Spain, Australia, Russia and Germany but additionally ships to 231 countries. ASOS is purely and online retailer, meaning it does not run or own any physical store locations. ASOS had revenues of 16.2 billion euros in 2016, two thirds of which it earned in UK. This means a 26% increase in revenue from 2015. Its declared target audience are 20-something year old people and it prides itself on being trendy and current, selling to both men and women. It retails more than 850 global and local brands in addition to its own house brands. It's price segment is medium to high depending on the brand considered. (ASOS Plc., 2017a)

In addition to its own shopping app, ASOS has Social Media profiles on Facebook, Twitter, YouTube, Tumblr, Instagram, Pinterest and Google+. It provides customer support in form of a chat or the possibility of email on its website, but also encourages consumers to seek ASOS out on Social Media for support and questions. (ASOS Plc., 2017b)

On Facebook, ASOS operates for the German marketplace under the handle @ASOS.Deutschland posting in German and has 4,521,132 likes and 4,513,031 followers globally giving it a ratio of followers to likes of 99.8%. It allows for private instant messaging and typically replies instantly while also fielding comments and visitor posts. ASOS's Facebook posts are focused on lifestyle and fashion. It posts blog posts, suggestions for outfit or other purchases as well as music suggestions. (ASOS Plc. & Facebook.com, 2017)

3.2.9.   Ernsting's Family

Ernsting's Family is a German clothing retailer founded in 1968. In 2015/16, it had 12,000 employees, 1800 stores in Germany and Austria and had a revenue of 1,08 billion euros. It operates both offline and online shipping within Austria and Germany. As the name suggests, its main target group is women with children and families in general. In this vein, it has brands for Children – YIGGA –, Men – VANVAAN – and Women – GINA and BENOTTI. The aim is to sell to young families and the prices are in the low to medium price segment. In the web shop, customers cannot rate and review clothing items, and there is only the ability to email or call a support hotline in case of questions that cannot be answered by the frequently asked questions section. (Ernstings Family, 2017)

Ernsting's Family has profiles on Facebook, Twitter, YouTube, Pinterest and Instagram. On Facebook, it operates under the handle @Ernstingsfamily and only posts in German, as this is the only marketplace it operates in. It has 287,308 likes and 276,884 followers globally, giving it a rate of followers to likes of 96.3%. It allows its customers to rate and review individual shops and also allows instant messaging to which it typically replies in a few hours. The description specifically advises followers that the four administrators of the sight are available on weekdays between 9 am and 6 pm and will only reply to messages in at that time. The overwhelming majority of Ernsting's Family posts on Facebook are related to lifestyle and specifically parenting with advertisements for children's clothes second and in a distant third place advertisement for its women collections. (Ernstings Family & Facebook.com, 2017)

3.2.10. Zara

Zara is one of the largest fashion brands worldwide and belongs to Inditex, a Spanish company. Overall, Inditex had net revenues of 20.9 billion euros in 2015 and generated a net income of 2.9 billion euros. Zara alone generated 13,628 million eruo in net sales. The first Zara store opened in northwest Spain in 1975 and it now has over 2,100 stores located in the leading cities of 88 different countries. Zara prides itself on its fast design to store process and is known to incorporate customer feedback instantly. Zara targets young women, professional women, men and children and its prices range from low for some products to medium in others, especially for luxury fabrics. The women segment is separated into two distinct groups with the Zara brand serving for the general population and professionals especially and the TRF segment targeting a teenage or young adult female customer with more trendy and current designs. (Inditex, 2017)

Individual clothes cannot be reviewed or rated by the customer, not allowing for direct costumer to customer feedback. On its website, Zara offers the ability to chat with a representative, email or call a support number. Furthermore, it encourages contact for support questions via Social Media. Here it has a presence on Facebook, Instagram, Twitter, Pinterest and YouTube. (Zara, 2017)

On Facebook, Zara operates under the handle @Zara and posts in different languages, with English, Spanish and German being prominent. It has 25,066,554 likes and 24,642,643 followers internationally giving it a ratio of followers to likes of 98%. It does not allow for individual rating and reviews of its stores but offers instant messaging with a response time of a few hours. Additionally, it responds to visitor posts and comments. Posts are mostly related to advertising outfits for women with only a few lifestyle and blog related posts shown. (Zara & Facebook.com, 2017)

4. Methodology

Data on each Facebook post by the 10 brands made within the month of December was collected. The month of December was chosen as it would provide a good variety of posts, given that it would be Christmas and the sales period after Christmas. This way posts about sales, blog posts, lifestyle posts, outfit suggestions, charitable posts and the like could accumulate and give a good cross section of typical posts by fashion retailers.

The last data update was done on January 11th to allow the number of comments and likes to accumulate and ensure that even to later posts, fans would have had ample response time. When accessing the Facebook Brand pages, some companies adjust their posts on a country by country basis and some do not. S.Oliver, H&M, ASOS and Zara each posted in English or various other languages and only provided global content while the other six retailers had adjusted the content able for viewing according to the visitors location – in this case Germany. However, the number of likes and followers refer to the global scale no matter the content shown. Besides general information like the global availability, response times, total likes and followers and individual store locations, more specific data on the posts themselves was collected.

First of all, the obvious data such as date, likes (or reactions), comments, valence of comments (positive, neutral, negative) and shares was taken. It has to be noted that for posts exceeding one thousand likes the number of likes is not presented precisely but as a rounded number to the nearest hundred. Furthermore, as Facebook now no longer simply offers likes but also other types of reactions, some of which can be negative, the reactions were captured, as the number of negative reactions to a post never exceeded three in total and only 17 posts overall received negative reactions, this represents an insignificant amount of total reactions, these were neglected and only the total number of reactions considered. The overwhelming majority of fans chose to show negative responses in the comment section and not through the reaction function.

Furthermore, posts were categorized according to their content with the categories women's fashion, men's fashion, children's fashion, sales offers, contests and other content. Other

content could be content such as lifestyle posts or posts about social responsibility. For example, Ernsting's family might post a link to a blog post on parenting or H&M might describe a charity campaign that they are part of. For category posts, see Figure 15 below. The most successful posts on average were about Women's clothing. Following this was Men's posts and the category other. Considering brand following, the least successful posts are contests and children.

Average Likes per Category							
Company Name	Women	Men	Children	Sale	Contest	Other	Most Successful
Bonprix	84,5	36	128	43	410	128,5	Contest
S.Oliver	1749,3	1500	1700		293	4089,5	Other
P&C	260,58	498,75	275,75	293		88,5	Men
C&A	172,8	300	175	684		198,7	Sale
Esprit	204,25	111,9	84	193		317,7	Other
Tom Tailor	100,5	54	0	124	431,8	223	Contest
H&M	174,94	139,86	312,7	334,4		221,25	Sale
ASOS	61,71	37	37	1446,17	89	379,61	Sale
Ernstings	212,8		150,28	194,2	304,5	93,04	Contest
Zara	4800	1700		186		1218	Women
Average	1737,29	693,58	186,80	366,08	33,65	630,78	Women

Figure 15: Average Likes per Category. Average overall adjusted by size of Facebook following of each company

Measures of likes and comments will be adjusted for the size of the company's following on Facebook as without this measure, none of the values will be comparable. If, for example, a company with a large following receives a small response to posts, whereas a company with a small following may receive a larger response considering the percentage of followers to total followers.

Information about the content of the post was collected concerning the metrics of vividness, interactivity, and informational or entertainment content was determined. Concerning vividness, three categories were used: video content, picture content or text content with video content scoring the highest in vividness and text the lowest. Regarding interactivity,

again three categories were defined: high interactivity in form of questions or contests asking for reaction in comments and the like; medium interaction in form of asking the user to follow a link; and low interaction with only text in the message and no follow up request. Regarding informational versus entertaining content, informational was scored when the company provided some information about itself or its products while entertaining was scored when the content asked for interactivity in some form while not remaining purely informational. An example for entertaining content with regards to this thesis would be a recipe posted by Ernsting's Family without any further company content attached. An example for mixture of informational and entertaining content would be H&M posting a video by Justin Bieber (entertainment) while at the same time asking the viewer to buy a Justin Bieber sweater from H&M (informational).

For the analysis, first the SMU will be determined for each company and comparisons drawn, then brand post popularity will be determined in the measures of vividness, interactivity and informational vs entertaining posts. As valence of comments is also included in the last category, it shall be omitted in this section. Finally, customer engagement overall will be measured in the categories advocacy, commitment and satisfaction. Advocacy measures will be in form of shares, which will be taken as a proxy for word of mouth, percentage response compared to overall fans as sign of brand commitment, and the % of positive comments to negative comments as a sign of satisfaction. A score of one to ten will be assigned for each of these three categories, and an overall ranking with regards to engagement will be made of all ten companies. As mentioned above, the data collected is very diverse ranging from purely international data to local data. As many factors are unknown, a regression analysis is not possible as the unknown error would be too large to give a sensible result. A regression of the brand post popularity criteria for example resulted in an R^2 of 1.6% making it entirely unsuitable to explain the number of likes per posts as too many other company and seasonal factors are not able to be discussed.

5. Results

After analyzing the data as stated above in three different categories, the results on the one hand show a picture of brands that are not operating online to their full potential.

5.1.   SMU

As described above, SMU describes the degree of utilization a company derives from a certain Social Media network. Scores lie between zero and one with one being optimal. Should the result of the calculation exceed the optimal value, it shall be adjusted to one. SMU is calculated in order to rank the individual companies regarding their Facebook utilization compared with each other. For the SMU calculation, first the overall constant needs to be found. Using Figure 16 below, the constant can be calculated according to the method mentioned above and with that the individual scores assigned.

	Total			Average per Post	
Company Name	Fans	Posts Dec `16	Likes	Positive Comments	Shares
Bonprix	3.443.189	40	129,65	41,13	23,75
S.Oliver	1.428.555	14	1958,29	14,21	32,21
P&C	450.461	33	224,21	1,45	1,39
C&A	8.384.847	21	264,43	6,67	15,48
Esprit	1.544.687	48	202,06	7,65	6,19
Tom Tailor	480.833	23	192,83	71,74	7,91
H&M	29.516.737	105	208,98	47,48	2,81
ASOS	4.520.830	41	363,37	39,54	2,41
Ernstings	287.237	46	134,96	8,15	12,09
Zara	25.056.449	24	3540,08	18,04	80,79
Average	**7511382,50**	**39,50**	**721,89**	**25,61**	**18,50**
Constant	**183,740061**				

Figure 16: SMU calculation overview.

The resulting constant is 183,74 and is then used to achieve a Facebook utilization score for each of the 10 companies. An overview of the scores and the adjusted scores (as the result should be a value between 0 and 1) can be found below in Figure 17. The result is quite

surprising as the companies one would expect to have a great utilization, namely H&M and Zara, as two of the major fashion brands in the world, do not score a perfect score and are in fact together with C&A the worst.

For H&M and Zara the reasons for their lack of success are clear. While the two have the most likes with 29.5 million and 25.1 million respectively, the amount of feedback they receive in form of likes, comments and shares is only about average. Zara has a better score as its average number of likes are high enough to push the score upwards towards one. However, H&M, while having the most posts out of all the companies in the time frame, received well below average feedback with average shares being the second to last lowest and average likes ranging in a very low category as well.

Company Name	SMU	SMU adjusted
Bonprix	1,22260745	1,00
S.Oliver	4,23428328	1,00
P&C	3,30352851	1,00
C&A	0,20824254	0,21
Esprit	1,7252465	1,00
Tom Tailor	5,54277594	1,00
H&M	0,3101143	0,31
ASOS	0,97514733	0,98
Ernstings	8,72716834	1,00
Zara	0,78109392	0,78

Figure 17: Individual Company SMU and adjusted SMU.

The worst result is C&A with 0,21 SMU. This is due to the fact that while it has the 3rd highest number of fans, all its other metrics are well below average with only the average number of shares (nearly average) saving it slightly. The fourth brand below the optimal score of 1 (if only slightly) is ASOS. This is likely due to the fact that they did not receive a lot of shares and the level of likes is well below the level of their fans. The other brands are all above one with Ernsting's family, Tom Tailor and S.Oliver being especially high. According to this metric, they all have perfect scores.

While ASOS and Zara also score below 1, they are quite high on the scale and probably only small adjustments to increase efficiency are needed. C&A and H&M especially should invest in directing their efforts more effectively. Instead of many posts or posts that people are not interested in, they should analyze those posts and topics, people are drawn to especially and try to post those more frequently. Additionally, they should figure out the optimal time for posts to be seen in the feeds as people are most often online in the morning on the way to work and in the evening after work. Posts should be scheduled accordingly. Concerning the category of posts, H&M is most successful in the Sale in children category, while C&A is most successful with sale and men's clothing, however, they both most frequently posted about women's clothing. To be more successful, this could be changed towards a children's or men's slant. As Sales posts are not so easily replicated in large numbers because companies do not offer sales every week, this category may be successful but does not provide a long-term opportunity to shift to. Furthermore, the first post about a sale happening in the online store or offline always proved to be the most successful, with subsequent reminders about the sale receiving much fewer likes than the first one.

5.2. Brand Post Popularity

Simply changing the category of a post, however, does not necessarily make it more successful, therefore, in the following chapter, factors for brand post popularity shall be discussed. For brand post popularity, there are three categories to be discussed as mentioned above: Vividness, Interactivity and Informational and Entertainment Content.

Vividness

Concerning vividness, on average the companies tended to post quite vivid content. Only one post (by P&C) was in the lowest vividness category and all the other companies provided at least pictures or videos with their content. The average likes in each category for the posts can be found in Figure 18 below.

The companies who posted the most videos were Esprit, H&M and ASOS whereas P&C did not post any videos at all. Medium and highly vivid posts were equally as successful, with some companies receiving more likes for videos and others more likes for photos. The companies that had more successful video posts than picture posts were Bonprix, C&A, H&M and Zara. For each of these companies, videos were posted across categories, meaning they provided a variety of video content for viewers. They were, however, most successful in the lifestyle and the women's fashion categories.

Company Name	Vividness			Company Name	Adjusted for Size	
	Low	Medium	High		Medium	High
Bonprix		79,33	205,54	**Bonprix**	1730,60	4483,89
S.Oliver		2212	436	**S.Oliver**	116307,58	22925,00
P&C	37	230,07		**P&C**	38363,89	
C&A		217	275,59	**C&A**	1943,95	2468,81
Esprit		216,79	146,1	**Esprit**	10541,89	7104,44
Tom Tailor		198,35	156	**Tom Tailor**	30985,45	24369,70
H&M		203,25	246,21	**H&M**	517,23	626,55
ASOS		468,08	199,75	**ASOS**	7777,17	3318,86
Ernstings		95,04	68	**Ernstings**	24853,41	17782,32
Zara		3010,8	4422,2	**Zara**	9025,73	13256,86

Figure 18 & 19: Popularity of Vividness categories measured by average number of likes and adjusted for size of the brand following on Facebook for Medium and High category.

After adjusting for the different size of following, the success of each company can be measured concerning the vividness of their posts and compared with each other. The most successful overall is S.Oliver as both their high and medium vividness posts were the most liked. Closely following this is Tom Tailor, P&C, Ernstings and Esprit. Considering their size, Zara, Bonprix, C&A and ASOS were less successful. The least successful company in this regard was H&M, as they were unable to replicate their strong following in their response to posts. While this analysis of the vividness of posts provided mixed results, a company should aim to stimulate the senses of their fans. Clearly, most companies are already doing this, as nearly no posts without at least a picture were chosen.

When measuring the success of posts with different levels of interactivity, the success metric should not be the number of likes, but the amount of net positive comments meaning the amount of positive comments subtracted by the amount of negative comments. This is necessary as with increasing levels of interactivity simply liking a post is not enough. The fan needs to reach out to the company. The most common way to respond to a highly interactive post is commenting. Figure 20 below explores the success of highly interactive content regarding positive comments versus that of only medium interaction.

	Interactivity		
Company Name	low	medium	high
Bonprix	9,07	13,66	137,33
S.Oliver	10,5	1,66	26,33
P&C	0,67	3,83	
C&A	3,33	5,78	6,24
Esprit	4	0,78	51,5
Tom Tailor	2	0,71	542
H&M	1,67	42,3	25,33
ASOS		13,36	321
Ernstings	1	1,34	28,11
Zara		2,92	

	Adjusted for Size of Fan Pool		
Company Name	low	medium	high
Bonprix	197,86	298,00	2995,88
S.Oliver	552,09	87,28	1384,44
P&C	111,22	638,65	
C&A	29,83	51,78	55,90
Esprit	194,51	37,93	2504,30
Tom Tailor	312,43	110,91	84669,09
H&M	4,25	107,64	64,46
ASOS		221,98	5333,43
Ernstings	261,50	350,42	7350,90
Zara		8,75	

Figure 20 & 21: Level of Interactivity and Popularity of Post. Net positive comments considered. Level of Interactivity adjusted for size of following.

Posts with no interaction value can be taken out of the consideration as they did not play any significant role. An exception for this was P&C as nearly none of their posts had an interactive feature. Instead, the company simply posted the product numbers of clothes seen in the picture making it infinitely more difficult for customers to follow and find the products. This was often pointed out in the comments to the outfit posts, making them quite negative. However, for the few posts they did provide at least a link for, the net amount of positive

comments immediately tripled. Zara only posted links and never asked its customers for a higher interaction level than that. H&M was the only company, where a higher level of interactivity did not result in a higher number of positive comments. For all other companies, the level of interactivity asked in the post and the user response were directly proportional meaning that the higher the level of interactivity asked for the higher the number of net positive comments. Figure 21 shows the interaction level when adjusted for the size of brand following. Considering this criterion, Tom Tailor was the most successful among highly interactive posts, while P&C led with medium interactive posts and S.Oliver among the least interactive ones. Succeeding in this category, however, does not mean that a company should only focus on one kind of interactivity. It clearly shows that a higher level of interactivity stimulates a higher response rate and, as a result, should stimulate greater identification with the brand in general. All companies should strive to post as interactively as possible not only to engage their viewership but also to achieve a higher level of identification.

Information vs Entertainment

Categorizing the companies according to the informational or entertaining content of their posts, the values can be found in Figure 22 below. All companies, except Bonprix posted more informational than entertaining content. For S.Oliver, Bonprix, Esprit and Tom Tailor, more entertaining content was also more favorably received. For the others, informational content seemed to have been preferred, although there is a question of how significant this preference can be, given the small sample size.

Overall, companies should post both kinds of content and mix it up. Finding issues that are both entertaining as well as informational about the company should be seen as ideal content though. The most successful company for informational posts was P&C and regarding entertaining content it was S.Oliver. As P&C nearly only posted informational content and does not have that large a following, it seems natural that these posts would be well received by the active users. S. Oliver succeeded in Entertaining posts (that were also informational) by asking their followers questions regarding outfit choices, Christmas preparations and decorations.

	Informational			Entertainment		
Company Name	Amount	Avg Likes	Adj Likes	Amount	Avg Likes	Adj Likes
Bonprix	22	110,32	2406,65	24	138,08	3012,24
S.Oliver	12	1603,08	84290,40	8	2246,50	118121,60
P&C	30	7213,00	1202759,00	4	421,50	70284,61
C&A	15	270,60	2424,11	13	192,38	1723,39
Esprit	42	166,71	8106,64	8	366,88	17840,35
Tom Tailor	21	177,05	27658,05	3	639,00	99822,05
H&M	103	206,82	526,31	20	198,85	506,03
ASOS	38	390,61	6490,01	11	50,45	838,23
Ernstings	28	172,07	44997,11	22	97,86	25590,85
Zara	24	3540,80	10614,55	5	1955,80	5863,07

Figure 22: Informational vs Entertainment content, Amount of posts, avg likes and adjusted likes for size of following.

5.3.   Engagement

To measure fan engagement on Facebook, fan advocacy, fan commitment to the brand and satisfaction with the brand need to be considered as described above.

Advocacy

To find a good proxy for advocacy of fans for the brand, the % of average shares per post to the total number of likes can be measured and compared for the ten companies. Shares of posts are the rarest occurrence for companies and when a fan shares the post with all his friends it can truly be seen as an endorsement. When looking at the ten companies, the average number of shares needs to be compared with the overall likes for the brand page in order to receive a value that is comparable across all companies. This calculation can be seen in Figure 23 below.

Company Name	Total Likes	Total Posts	Avg Shares	% Shares of Total Likes
Bonprix	3.443.189	40	23,75	0,00068977%
S.Oliver	1.428.555	14	32,21	0,22550259%
P&C	450.461	33	1,39	0,03094473%
C&A	8.384.847	21	15,48	0,01845733%
Esprit	1.544.687	48	6,19	0,04005666%
Tom Tailor	480.833	23	7,91	0,16456948%
H&M	29.516.737	105	2,81	0,00095184%
ASOS	4.520.830	41	2,41	0,00534113%
Ernstings	287.237	46	12,09	0,42080082%
Zara	25.056.449	24	80,79	0,03224386%

Figure 23: Advocacy Measures

Plotting the percentage of shares to total likes in a graph (Figure 24) visualizes the comparative advocacy. While S. Oliver, Tom Tailor and especially Ernsting's family seem to have a higher degree of advocacy, brands like Bonprix, H&M and ASOS barely get any advocacy at all. This suggests that S.Oliver, Tom Tailor and Ernstings have a stronger online brand culture and are able to engage their fans in a more meaningful and long-lasting way. People speaking up for the brand or declining to do so can only lead to a strong or weak online community.
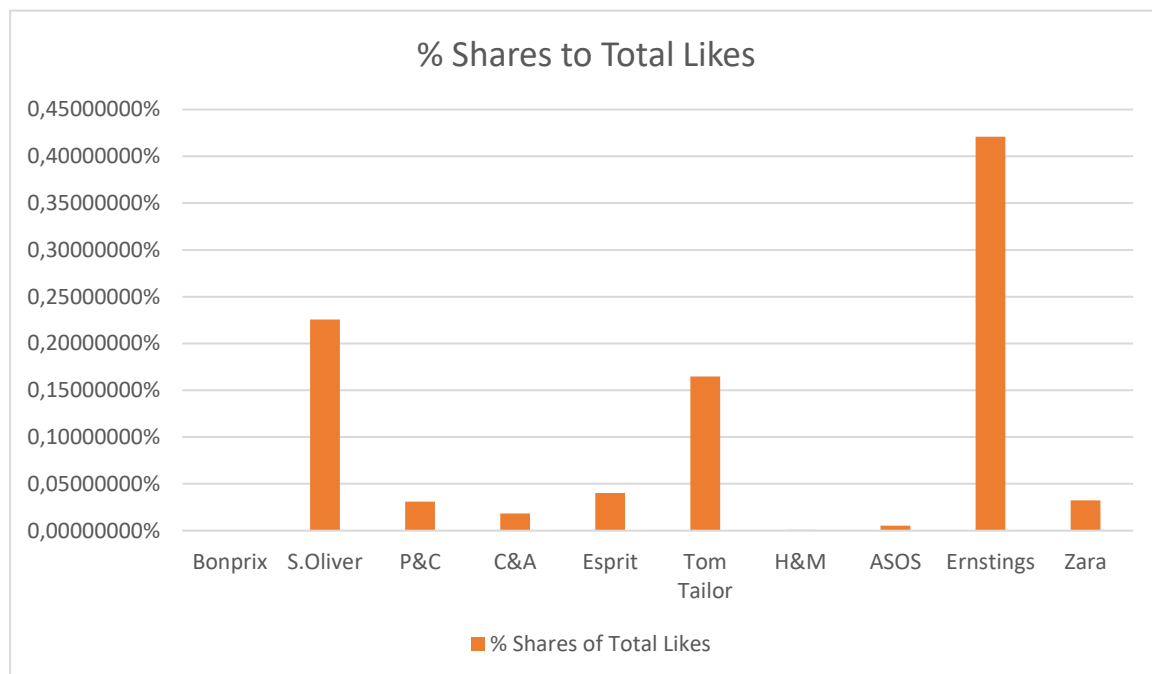

Figure 24: % Shares to Total Likes

Clearly, in this case, H&M or Bonprix do not reach their fans on a visceral level and they do not feel as much part of the brand community as they could be. For S.Oliver or Ernstings the flip side is true as they appear to have a strong advocacy in their community. However, this is no reason to be complacent as Social Media is a fast-paced environment and to maintain a good level of engagement, constant striving for improvement is necessary.

Commitment

When looking at the commitment that followers have for the respective brand, the ratio of average likes per post to total number of likes and overall number of followers for a brand need to be considered. This calculation can be found below in Figure 25 and the graph with the measure plotted for all ten companies can be found in Figure 26. In this category, the clear winner is S.Oliver followed by Ernstings, P&C and Tom Tailor. In last place is H&M again but Bonprix, C&A and ASOS are also on the lower side.

This suggests again a low level of fan engagement on the side of the lower ranking companies, while the higher-ranking ones are able to get a higher amount of commitment from their fans, who respond more readily to posts.

Company Name	Total Likes	Total Followers	Avg Likes per Post	% response of Likes	% response of followers
Bonprix	3.443.189	3.438.182	129,65	0,0038%	0,0038%
S.Oliver	1.428.555	1.427.238	1958,29	0,1371%	0,1372%
P&C	450.461	437.231	224,21	0,0498%	0,0513%
C&A	8.384.847	8.378.713	264,43	0,0032%	0,0032%
Esprit	1.544.687	1.521.961	202,06	0,0131%	0,0133%
Tom Tailor	480.833	477.281	192,83	0,0401%	0,0404%
H&M	29.516.737	29.489.271	208,98	0,0007%	0,0007%
ASOS	4.520.830	4.512.728	363,37	0,0080%	0,0081%
Ernstings	287.237	276.811	134,96	0,0470%	0,0488%
Zara	25.056.449	24.632.269	3540,08	0,0141%	0,0144%

Figure 25: Measures for Brand Commitment

However, it needs to be stated that even for the better group of companies, these measures are not exactly amazing as less than 1% of fans respond on average. Ideally this number should be much higher to truly signal an engaged community.
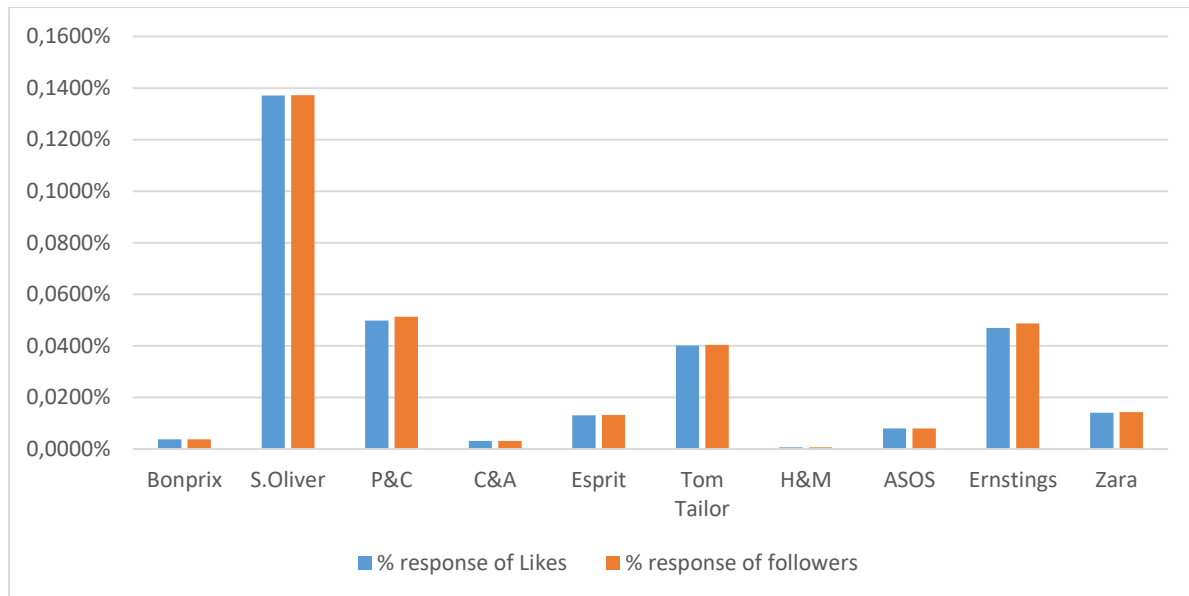

Figure 26: Average likes per post to total likes and total followers

Satisfaction

For the third metric of customer engagement on social media – customer satisfaction – the number of negative comments as compared to positive ones needs to be considered. This calculation can be found in Figure 27 below.

Company Name	Comments	Positive	Negative	% Negative to positive
Bonprix	48,50	41,13	1,13	2,7356%
S.Oliver	22,29	14,21	0,71	5,0251%
P&C	2,73	1,45	0,21	14,5833%
C&A	12,43	6,67	1,14	17,1429%
Esprit	8,94	7,65	0,46	5,9946%
Tom Tailor	72,61	71,74	0,26	0,3636%
H&M	71,06	47,48	6,82	14,3631%
ASOS	85,88	39,54	18,66	47,1931%
Ernstings	15,59	8,15	1,59	19,4667%
Zara	87,54	18,04	15,13	83,8337%

Figure 27: Satisfaction Measures.

The % of negative comments shows how a brand post is perceived by the online audience but it also shows how satisfied or dissatisfied customers are. More and more users employ Facebook as a tool for punishing a company, should there be a service failure or should a customer have received mistreatment. This puts their complaints into the public eye and the company needs to respond swiftly to prevent overall opinions from declining about the status of their brand.
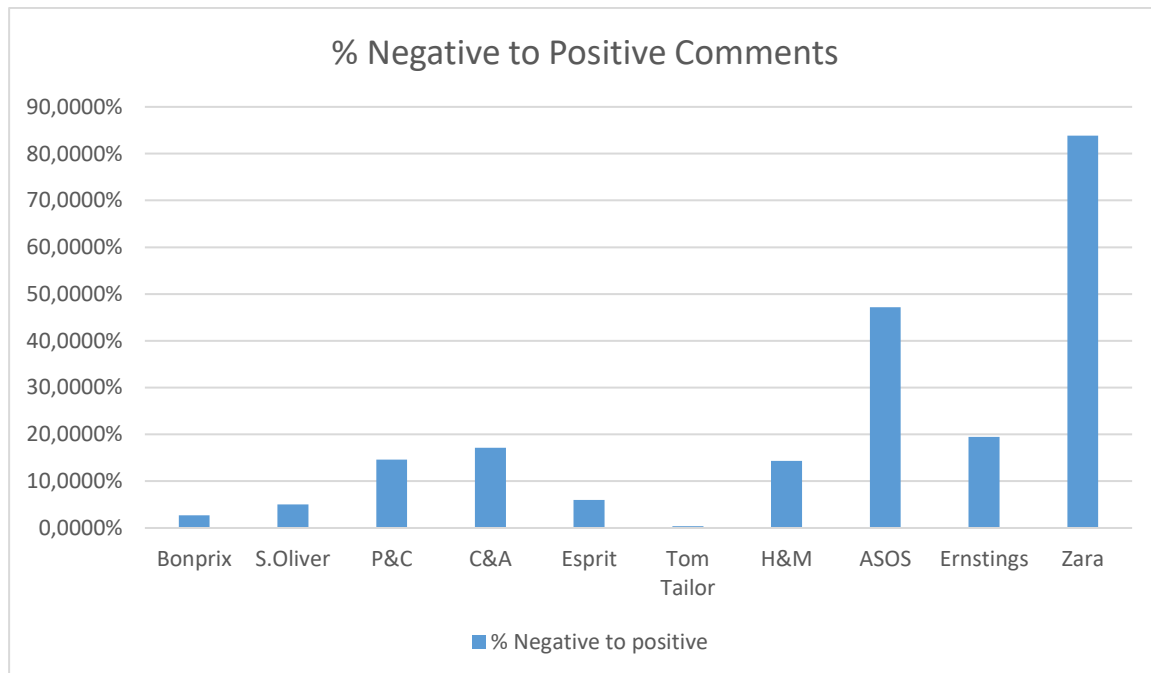

Figure 28: Ratio negative to positive comments.

Looking at Figure 28, the companies with the most negative comments compared to positive ones are Zara and ASOS with Tom Tailor, Bonprix, Esprit and S.Oliver receiving the least. This shows that the first two companies need to invest in more customer support and better customer service and that the others need to work to maintain or improve their level of service as well.

A healthy brand community and online brand culture can only thrive when the user is absolutely satisfied with the level of service a company provides, when they are committed to continued interactions with the company and, therefore, plan to continue purchasing its products but also when they actively advocate for the company in general and for its products.

Overall, a ranking regarding the level of customer engagement on Facebook of the ten companies can be found in Figure 29 below.

Company Name	Advocacy	Commitment	Satisfaction	Average	Overall Rank
S.Oliver	2	1	3	2,00	1
Tom Tailor	3	4	1	2,67	2
Ernstings	1	3	8	4,00	3
P&C	6	2	6	4,67	5
Esprit	4	6	4	4,67	5
Bonprix	10	8	2	6,67	7
Zara	5	5	10	6,67	7
C&A	7	9	7	7,67	8
H&M	9	10	5	8,00	10
ASOS	8	7	9	8,00	10

Figure 29: Overall Engagement Ranking.

Looking at the overall ranking of the ten companies, S.Oliver, Tom Tailor and Ernstings appear to have the largest amount of engagement with their followers. They have managed to build the strongest cultures out of the ten and do comparatively well with regards to advocacy, commitment and satisfaction.

The five worst ranking companies lie close together and each have problems either regarding their level of service or with connecting with their audience or both. C&A, H&M, ASOS, Zara and Bonprix each need to work on building an engaged audience in order to be able to build a community online.

6. Discussion

When examining the top ten fashion retailers and their customer relationship management on Facebook, strength and weaknesses can be identified for each one.

While S.Oliver scores the highest in the customer engagement measures, it is only average with regards to the measures for brand post popularity. Compared to the other companies its SMU was perfect, however, this is a measure that needs to be monitored closely over time. Looking at those posts, fans responded to most enthusiastically, S. Oliver should consider posting more entertaining content and more videos. It already has built a fairly strong brand community. Regarding interactivity, it is already on a good way but could consider involving the fans even more and going as far as asking them to help co-create a collection.

Tom Tailor also has a perfect SMU and scores highly on engagement measures, however, regarding fan commitment the ratio of likes to overall fans needs to be greatly improved. This could be done by posting more popular content such as more interactive posts and more entertaining content.

Ernsting's Family needs to work on their customer satisfaction, probably by providing better service and replying more promptly to service requests online. Regarding SMU, it scored perfectly, however, this needs to be monitored and reviewed periodically. To make posts even more popular it should consider posting more interactive posts with questions and open invitations for communication. Additionally, it should consider posting more content about women as well as contests as those have proven to be the most popular.

Regarding SMU, P&C scores perfectly but it needs to work on the advocacy and satisfaction levels of its followers. This can be accomplished by starting to post highly interactive content, a category that has been neglected so far. The higher the level of interactivity, the higher the number of likes and comments seem to get. This in turn would help to build a stronger brand community and boost advocacy. Also, the vividness of its content could be improved by posting some videos. This would again boost the level of commitment expressed through likes. Satisfaction could be improved through activating private messaging for its brand page and thereby improving the level of service.

Esprit scores well with SMU but needs to boost its commitment levels regarding fan engagement. This could be done by improving the level of interactivity within the posts and raising the level of entertainment. It's most popular posts are lifestyle posts; therefore, it should consider building its online community in this way.

Bonprix also received a perfect SMU score but has especially regarding advocacy and commitment. To improve commitment, it should consider posting more content that is entertaining as opposed to purely informational. Also, as contests seem to be the most popular post category, it could try to improve on interactivity as well as likes and advocacy by giving away more freebies or discounts in contests.

Zara's Facebook presence has several areas that can be improved upon. It has the worst score regarding satisfaction suggesting an acute service failure. Without an improvement on this front neither its engagement ranking nor its SMU score will improve to perfect. Besides improve response times and general customer service, Zara can also make its posts more entertaining and incorporating more highly interactive content. By doing so both the level of satisfaction and the level of commitment to Zara should improve drastically.

C&A has acute issues on all fronts of the analysis. Not only does it need to improve on all levels of engagement, but it also has the second to last SMU score, giving it a very bad utilization rate for Facebook compared to its competitors. Customer service and response time to service requests needs to be improved and content posted needs to be more entertaining and the level of interactivity could be boosted by having contests – a tool C&A has not used at all so far.

H&M and ASOS are jointly in last place of the engagement ranking, however, H&M is also in last place considering SMU and, therefore, receives last place overall. ASOS has acute problems regarding its service level and should consider improving its response time as well as general customer service. To boost commitment, it should consider being more interactive.

H&M needs to improve in all areas analyzed. Instead of posting multiple times per day, it should consider focusing its readership and being more interactive as well as having contests, which would serve to ingratiate it with fans and give an easy boost to commitment and advocacy measures.

6.1.   Recommendations

Having analyzed the top ten companies of this industry, I have several managerial recommendations to give. The first is to know your audience. By analyzing to what kind of posts with which specific characteristics and with what frequency the fans respond the most, companies can be more focused and precise in their Social Media game. This will mostly mean posting more interactive content and stimulating a conversation by asking questions or posting contests. Also, if your fans respond best to posts about a certain subject, try to bring this up as often as possible while also trying out other avenues. This in turn will help build a stronger community. Secondly, service is key. Without a good customer service structure in place, complaints and a bad brand image will result inevitably. Thirdly, benchmark with the industry. Only by looking at what other companies are doing (better) can a brand judge whether or not their own activities on Social Media are working. Fourth, have the audacity to be different. This can be in regards to content measures but also with frequency or the way you approach your customers. If your competition is only posting videos, maybe ask your followers a style question. If everybody else is communicating one way, dare to step out of the box and communicate directly by for example letting your followers decide on what content you should post. Lastly, even when you are good, you can still be better. Having a strong community helps to build and protect your brand image and to improve revenues and customer retention. By always reviewing contents and online strategy, companies can stay ahead of the curve and become truly excellent.

6.2.   Limitations and Further Research

In my research, I was limited by the amount of data available to me about a company's sales, revenues, click-through rates and geographical distribution of followers or likes. Further, I was limited in scope as doing full scale significant consumer surveys with 1,000 or more participants was outside the means for this thesis. Future research into the issue of CRM in Social Media should focus on more cross-seasonal and longitudinal analysis to identify changes and indicators over time. Furthermore, evidence of engagement and CRM should be considered on a cross industry basis as well as across different Social Networks. Especially regarding customer support, Twitter has become a very important tool for customers with

regards to service requests. In the same vein, Instagram has rapidly gained users over the last years and is an important marketing tool for companies. Regarding the analysis of Facebook data and especially brand post popularity metrics, a consumer study measuring the responses for different types of posts would be ideal as a baseline for future measurement. As the sample size of 10 companies is rather small, a more rigorous approach with a larger sample size would be advisable for additional research.

7. Conclusion

The world has changed in many ways since the advent of Social Media. People are more connected and expect a higher level of service and commitment on behalf of companies. On the other hand, companies have more and more data to analyze, more opportunities to seize globally but also more uncertainty with regards to online reception of their brand. By monitoring and improving their brand image online, companies can vastly improve their customer management. In building a brand community of like-minded individuals, companies can improve overall customer engagement. In order to do this, it needs to continuously monitor its posts and interactions online as well as the level of competition within the industry. Only by being a trailblazer and capturing a committed audience can a company hope to stay competitive within the marketplace.

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