

GOVERNMENT POLICIES ON SOCIAL MEDIA RETAIL BUSINESS

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ABSTRACT: *The chain of influence between government, retail, and consumers is immense and takes different forms. The growth of the internet, specifically social media, has amplified the chain of influence. Governments influence on social media retail businesses, which influences the manner in which retailers influence their consumers. The chain of influence may come from either way and may begin with consumers or retailers to influence the government. However, the government's engagement in social media has been in different forms, including governments as participants, governments as a regulator and government as an investor. Either of these approaches influence the manner in which the retail sector engages its consumers. This paper explores government policies that impact social media in the retail business. First, it will explore the influence of social media on retailers. It is then that government policies can be built on these influences to determine the chain of influence. The paper will consider issues of taxation, consumer rights, laws of quality, and government's infrastructure policies.*

KEY WORDS: Regulator, participant, Investor, social media, government policy

INTRODUCTION

The disruption of advanced digital innovation technology has forced many retailers to re-adapt their business strategies in order to fit with the modern business environment. Together with the emergence of digital innovation, the emergence and acceptance of social media as part of most retail consumers' daily lives has dramatically changed the orientation of most retail businesses. According to Brandt, the fast-growing nature of social media, especially with regard to digital trends amongst the society has made it easier to communicate without boundaries. Social media and mobile internet have created a new channel upon which communications have been enhanced between a company and its consumers. The influence of social media has had a great impact on purchasing behavior and general approaches to extending visibility. In 2016, the global number of internet users surpassed four billion, with 2.4 billion active social media users. According to business trends 2016, an average consumer or a social media user between the ages of 16-64 is estimated to have an average of seven different social media platforms (Ortiz-Ospina, 2019). Facebook alone remains the largest social media platform, with over 1.6 billion users across the globe. Taking into consideration the magnitude of these trends, both the government and retailers are seeking to reestablish their influence by attempting to understand the degrees of influence of social media on retail businesses.

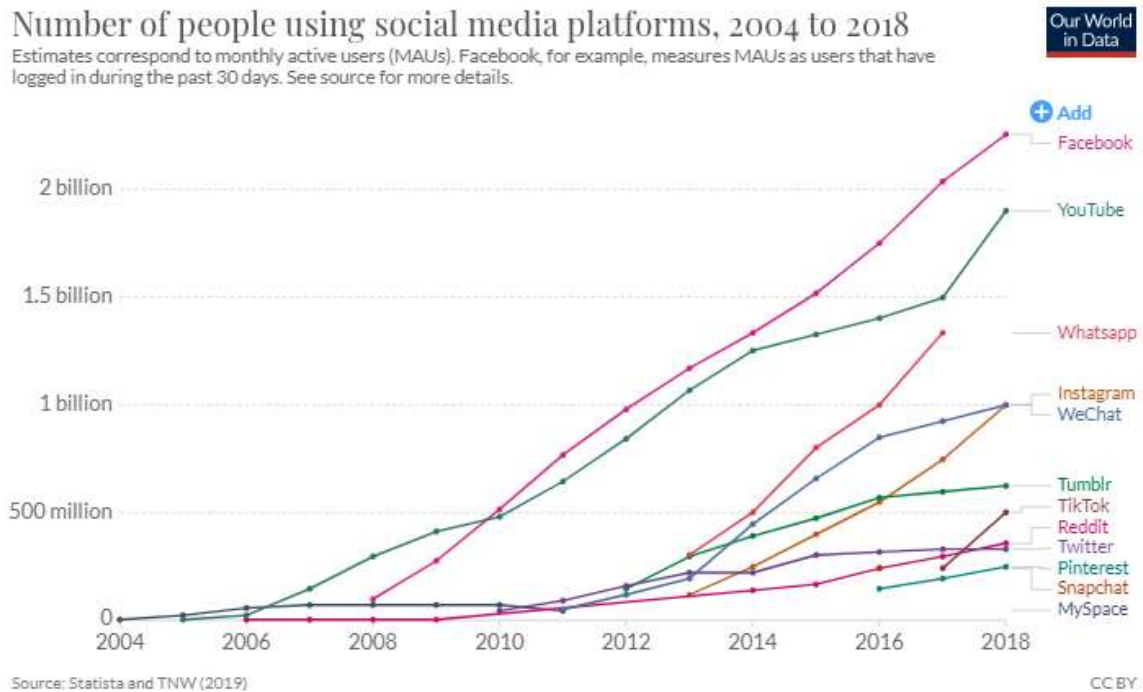


Figure 1. Uptake of social Media. Number of people using social media platforms

With the many distinct advantages, online retail is continuously growing in popularity with hassle-free shopping, round-the-clock convenience, decreasing store visit dependence, and the need to save up on the travel costs remaining the factors promoting social media-retail influence. In 2016, online retail accounted for 1.8trillion sales worldwide and is expected to grow at a rate of 10% over the next decade (Lafontaine, 2020). The rapid growth rate of e-commerce outpaces traditional channels. The internet and social media are no longer presumed as task-oriented technology as individuals are seeking social media for entertainment and leisure that is oriented based on hedonic use rather than utilitarian use. Consumers consider shopping to be a social activity and an opportunity to socialize with others. By understanding this motive, the connection between social media and retail is fully supported. Consumers have learned of many benefits accruing from online shopping and how they can further satisfy social interaction needs through the same social media while still making purchases. According to Straker 2016, understanding consumer emotions is essential in innovating through digital channels (Straker, 2016). It is essential for retailers to gather information regarding the behavior of their consumers and how they can make adjustments to appeal to these behaviors. By learning the best ways to appeal to these behaviors, retailers can deliver accurate emotional digital engagements (Da Silva, 2017). Understanding consumer needs and desires have been essential in the determination of purchasing decisions, which is mostly based on subjective terms. It is fundamental that retailers acquire knowledge and implement processes that allow them to understand their consumers with the intention of developing deeper connections and hence deeper emotional relationships.

Marketing strategies adopted by retailers are accelerating growth and increasing demand within the retail industry. Considering that this particular frame of purchasing phenomenon is more recent, less research has been conducted on ways in which governments can intervene as promoters, players, or regulators (Lockett, 2018). Critical diagnosis and review of the currently available data of social media in retail with a narrower focus on its impact on consumer behavior and online retail are required to understand the government's influence within the sector. The traditional socioeconomic status of the government's role largely remains within that traditional context. Most governments have not made adjustments to the new ways in which consumers are adopting social media into online retail. Instead, governments have opted to regulating social media based on the grounds of security rather than the underlying influence that may be immense compared to other influencers in retail (Lockett, 2018). These influences may be positive or negative, and the role of government should remain within the context of regulation, facilitation, and being a part of the social media influence. There is a need to identify the traditional socioeconomic studies that can relate to the field of study on present social media literature to deduce recommendations on the government's degree of influence.

The government's contribution in influencing the relationship between social media and retail should be focused on contributing to literary theory by exploiting the existing knowledge and understanding the impacts of social media on consumer behavior (Song, 2016). The role of government is to ensure that a proper influence or positive relation between the two exists. This relationship has to be positive and should not have incidences of exploitation, unjust ways, and should not be skewed in favor of one. A retailer, for example, should not engage in mass data collection of consumers' information to justify their analysis of consumer behavior (Song, 2016). Retailers are also expected to portray the true status of their orientation to avoid misleading consumers. This relation is necessary for providing insights to recapitulated knowledge than consequently support the formulation of strategic decisions to encourage maximization of innovation through digital channels.

Influence of social media on retailers

According to Sprout social index, retailers on social media reap well from consumers, especially when they follow brands. Whether it is a digital or in-person purchase, social followers signal potential business for brands in all shapes and sizes. The common actions of consumers when they follow a brand on social media include visiting the retailer's app or website, visit the physical store, talk to others about the brand and make recommendations to other people (Barnhart, 2020).



Figure 2. Uptake of social Media. Number of people using social media platforms

This means that if a retailer maximizes its potential to push for more followers on social media, it is highly likely to push its agenda, including pushing for more sales. Retailers have the opportunity of engaging consumers at any point of their consumer lifecycle (Barnhart, 2020). However, there lies the challenge of social media marketing, which is in itself influenced by government legislations and economic directories. Depending on the strategy, retailers can either win or lose from social media, depending on their approach.

Government's role in providing infrastructure

The orientation of the internet is dependent on government-laid infrastructure, and in most jurisdictions, governments have been active players in building internet technologies. In the US, for example, the National Broadband Plan is a federal communications commission. Its existence is based on the need to improve internet access in the United States (World Bank Group, 2020). Every nation across the globe has similar commissions, and their purpose of existence is not only to manage the communication infrastructure but also to invest in making efficient internet within their jurisdictions. The goals of these institutions are to ensure fast and reliable internet, internet access to a majority of their population, and ensuring the safety of citizens engaging in internet-related activities (Baroness, 2016). The major reason for governments' involvement in internet infrastructure is to provide a national focal point for broadband and develop broadband capacity.

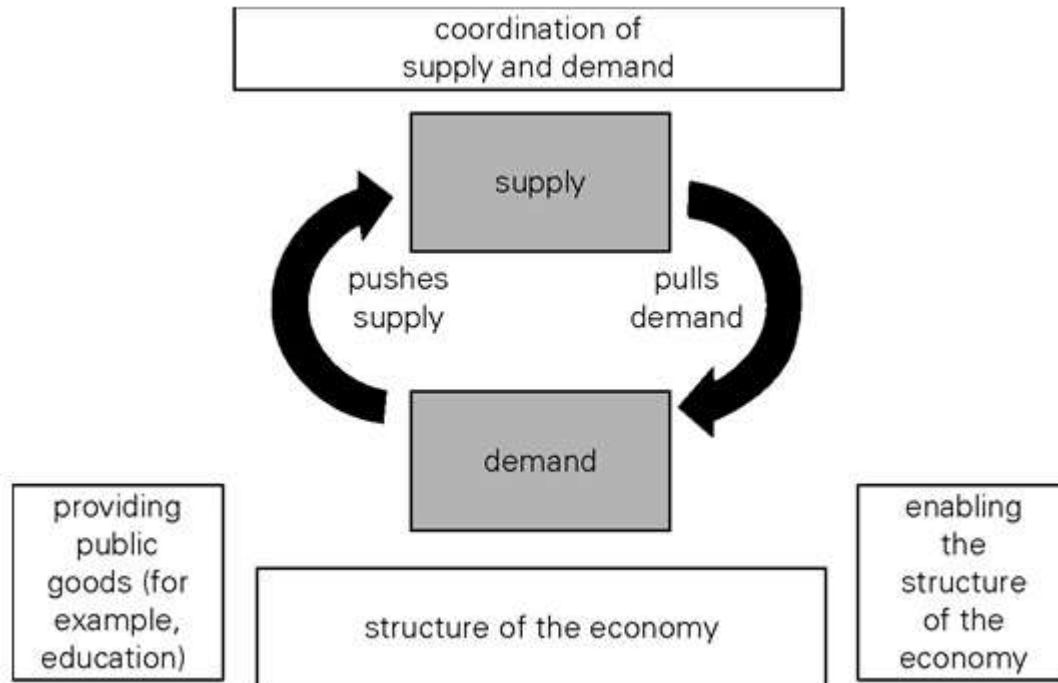


Figure 3. Uptake of social Media. Number of people using social media platforms

Retailers and customers have become beneficiaries of these infrastructures and only pay for their service through taxes. By governments ensuring access to the internet through investment in infrastructure, consumers have been connected to a wider market while retailers have gained access to a large pool of consumers (World Bank Group, 2020). The flexibility of the internet is reliant on the government's coordination of demand and supply of the internet as a structure of the economy.

Designing of social media campaigns

One of the major reasons that customers interact with retailers on social media sites is to learn about products and promotions. Designing online campaigns encompasses timing and using the right social media platform. Timing incorporates planning the social media campaigns after making consultations and making references to the events within the calendar. Holiday shopping season, for example, can see retailers and brand manufacturers gain higher conversation rates due to social media. In such instances, retailers resort to offering discounts and coupons. Nothing lures consumers more than a promise of freebies, and every social worker expects a contest giveaways. Regulating competition in these instances is complex, and retailers are bound to engage in unethical practices in an aim to capture consumers against their competitors (Tode, 2017). In addition to the growing popularity of retailers, there is less room for smaller retailers to compete due to the occupancy of the mainstream social media by dominant retailers. Although stepping up competition is often encouraged, the domination of social media space by dominant

retailers amounts to a breach of rules of competition, which requires evenness in competition among firms (Tode, 2017).

The use of the right social media platform has been a common strategy in which retailers use to capture a significant market share. Fashion retailer`s target demographic, for example, tends to be heavy social media users, meaning that it would make sense to target them via Facebook campaigns instead of Twitter (Bisogno, 2019). Blogs function as platforms to publish all sorts of interesting content as a way of establishing authority in their fields. However, retailers focus more on featuring the best parts of their business and the special offers. They are less inclined to offer customers an in-depth understanding of their products in terms of potential harm or the precautions for the use of products. Instead, most retailers choose to pass this responsibility to producers and only act as a medium. This erodes the ethical responsibility of the retailer in promoting consumer knowledge and understanding of their products.

Customer acquisition and retention laws

Governments are known to regulate the manner in which businesses approach their customer acquisition and retention programs. These influences are majorly placed by competition rules within the retail industry. In most nations, governments do not permit collusion between companies, especially when it will result in market dominance. However, actual collusion for dominance is happening on social media as retailers are not gaged from engaging or soliciting for consumers online. This freedom has allowed retailers to orchestrate different forms of discrimination, not only against competitors but also against consumers.

Since social medial retailing does not encompass rules such as the equality of consumers. A business targets its intended market demographic without placing concern on those consumers that may be deemed costly. Traditional retail setting mandates retailers to design their premises to accommodate disabled people by building ramps into stores and offices (Lorenzo-Romero 2014). Since social media erodes these requirements, it is presumed that all forms of discrimination are eliminated. However, this is not the case as retailers exploit potentially profitable demographics abandoning those deemed as non-profitable, all of which amounts to discriminatory practice (Lorenzo-Romero, 2014). The approach breaches the protection against discrimination of customers by unscrupulous retailers whose intention is to draw benefit rather than consider consumer ethics.

Governments have a little influence on the manner retailers choose to retain their customers. This is because customer retention strategies are based on the satisfaction of existing consumers as a strategy to capture significant market equity. However, retailers orient themselves in a positive way to influence their corporate image. These attempts are based on the need to capture the government`s recognition to build consumer confidence and, subsequently, retain consumers. In such instances, the government acts as a campaign tool used by retailers to develop customer satisfaction. Affiliation with governments paints

the retailer as trustworthy in the eyes of consumers. However, this is discriminatory against those retailers that have the inability to associate itself with the government.

Laws of prioritizing quality

Since it is essential for retailers to develop strong online brand awareness and nature relationships with potential clients, they are expected to adhere to laws of quality, often set by governments and international institutions. Unlike the laws of empathetic listening and one-point focus, this law encompasses a dedication and commitment to followers. It also involves neglecting those that have no enthusiasm for the establishment of a retailer's brand. In pursuit of this target market, retailers are expected to abide by quality assurance they promote on social media (Bertot, 2012). In most cases, retailers use their adherence to quality standards to scale down and define their true customers. Most retailers cite having fewer followers who are truly interested. Quality is used to dominate over the real consumers. This approach is, however, influenced by economically controlled forces of demand. Governments use economic resources to push demand for a particular product in an attempt to readjust supply. In such instances, retailers concentrating on capturing a significant market share are advantaged over those attempting to scale their consumers to only a few serious ones that promote the retailer's agenda.

Consumers Education and altering behavior

Most governments have moved to social media in an attempt to appeal to the public to promote public confidence in them. One edge government social media accounts have on private ones in the fact that they have access to massive amounts of information such as environment, scientific information, and civic data (Tran, 2020). As such, consumers instantly recognize governments' accounts as credible and trustworthy. Consumers are much more willing to come to the government as a source of knowledge and education. Just as these influences are immense in other paradigms of knowledge, they are influential in driving consumer knowledge and, subsequently, behavior.

Governments have turned to educating consumers on certain mandates of retailers and how their actions can be replicated through their promotions on social media. According to Hartson, shopping shares similar psychological and behavioral characteristics as that of an addiction (BLACK, 2012). Based on this assumption, it is safe to assume the essence of using social media to stimulate consumer engagement in social media. The direct link between social structuring of shopping among consumers in online retail has been linked to their purchase intent.

In an attempt to promote competitive households, governments have turned to social media to promote aspects of saving, investment in health, and other long-term household investments. In such incidences, governments have been moving contrary to retail intentions of pushing for more consumption. Retailers use social media to push consumers to spend more. Governments, on the other hand, encourage consumers to spend more on the long term through savings (Tran, 2020). Consumer behaviors are made from different

touchpoints, meaning that the expectations that consumers have prior to shopping and their alleged satisfaction after shopping help retailers in improving knowledge about their motives behind buying. It is hard for a retailer to push consumption in a setting that consumers are more educated by governments against what retailers are pushing.

Privacy regulations

Lawmakers across most jurisdictions have introduced laws prohibiting retailers or any other form of business from requiring consumers to turn their social media accounts. In 2013, for example, more than 36 states in the US introduced legislations to bar retailers from engaging consumers forcibly on social media by demanding their engagement through coerced means (Greenberg, 2014). This includes asking for user names and passwords of consumers' social media accounts.

Governments have also pushed for social media companies to promote self-governance strategies. YouTube, for example, releases transparency reports which give data of its removal of inappropriate content. In 2019 alone, the company claimed to have removed over nine million videos in an attempt to sanitize engagement on the platforms (Alexander, 2019). If retailers were to use obscene content or offensive techniques to promote their content on social media, the content is easily traced to the retailer. In an attempt to promote self-regulation, governments have placed attribution laws in which retailers are more likely to get charged for content that is deemed "criminal" than the social media company (Belair-Gagnon, 2015). Each company has been mandated to develop its privacy policies in an attempt to protect consumers from infringement on privacy. This includes retaining and making users' information private and not subject to disclosure to any party. It is difficult for retailers to acquire consumers' information unless they decide to acquire them from the consumers themselves.

Retailers are prevented from collecting consumers' information from social media. If a retailer's site either claimed not to collect certain information or merely omitted it from disclosure, the subject itself is subject to prosecution (Culnan, 2010). Most governments have changed their philosophy on matters, using their power to enforce privacy policies on social media sites to force many social media sites into both monetary settlements and long term consent orders that permit exercising of greater control over privacy policies.

Website Terms of Service (TOS) and intellectual property

One of the biggest issues on social media has been the violation of others' intellectual property. This not only harms legitimate businesses but can be used by retailers in an attempt to push their sales (HG, 2019). Attribution has become a common trend, with retailers being required to register their social media to protect them and other parties from having their content infringed upon. In an attempt to protect consumers from fake social media accounts, retailers have been encouraged to apply for verification, which often involves a certification mark for authenticity. Anyone purporting to use another party's information can easily be identified and legal action taken against them.

The promotion of copyright has become mandatory as retailers are required to inform consumers within their social media platforms that the content they promote is copyrighted. Considering that contents sold by retailers often belong to producers and not their own, retailers are required to attribute the source of their information. Other competitor retailers are also not allowed to copy information from another retailer since the information is already copyrighted (HG, 2019). With regard to third-party content, disclaimers are often required to avoid liability regarding infringement of intellectual property and copyrighted items.

Civil rights and rise of boycotts

Just as in the real world, individual consumers are guaranteed the same civil rights in social media. These include the right to free speech, free religion, and freedom from unreasonable search and seizures. Similarly, they can get in trouble for violating those rights. Retailers can, for example, get in trouble for tweeting something negative about their competitors, by writing illegal activities on their social media handles or by incriminating oneself by hoarding something illegally (Chong, 2014). Just as in privacy, obscenity and decency are gaged under the terms of service.

With the rise of consumer power, retailers have been forced to engage their consumers on legal terms to avoid repercussions that come from not the government by the consumers themselves. A retailer, for example, posting a negatively-perceived subject, is likely to find its products boycotted by consumers in a bid to reinforce consumer dominance (Chong, 2014). Consumers are aware of their rights and use their numbers to coerce retailers into remaining within socially-acceptable parameters. Those retailers moving with social currents are likely to reap from consumer acknowledgment. A company engaging in extra social responsibility, for example, is highly likely to establish itself as consumers' preferable choice.

Social customer service

Although governments influence retailers' use of social media in considerably negative ways, interactions between consumers and retailers are highly promoted since it stimulates product uptakes and circular flow of incomes. Retailers benefit from the fact that governments are pushing for consumer expenditure to promote an active economy. Retailers can maximize their social media presence to reach out to the demands of their customers, which include experience and product or service questions. According to the 2019 social index, consumers reach out to retailers to achieve different needs (Barnhart, 2020).

Why consumers reach out to brands on social



Figure 4. Uptake of social Media. Number of people using social media platforms

Having an effective social media for retail means having to listen and respond to customer concerns. Retailers can take advantage of intellectual property laws to personalize their social media, customer replies while also engaging customers in a timely manner (Barnhart, 2020). This will help in building a reputation as a reliable retailer among the competition.

Driving value

Not every in-store social campaign needs to be big. Retailers can consider including in-store signage for active social channels and brand-preferred hashtags. Another possibility would be to use a sign for select items that are popular on different social media sites. Governments have, for long, driven social experiences through the implicit promotion of value. The growth of democracies and the need for governments to be perceived as competent have built socially-driven experiences to much higher standards (Tode, 2017). Consumers expect retailers to exhibit such standards in their value chains.

The biggest influence for retailers is bringing back the socially-driven experiences or messaging into their stores to drive value for consumers. Just like governments care about their citizens, retailers can maximize on this paradigm by giving consumers the reason to care so that social media does not become a one-sided communication. Social intelligence that is used to assist and add value to the customer provides a future-oriented opportunity for retailers to connect the personal networks of their clients with the physical retail environment (Tode, 2017). There is often a significant opportunity when data about what

a customer likes is linked to what their friends like in aggregate and then deduce it into the retail environment.

Taxation

Over the years, governments have introduced various bills to set codified rules regarding taxation of goods sold on social spheres. Imposing regulations on online retail may be difficult, but as the percentage of sales transactions shift towards the virtual and more away from the physical, governments are more likely to introduce taxes to capture the decrease in tax revenues (ORTAÇ, 2016). In an attempt to level the playing field for retailers on social media and traditional retailers, governments have introduced internet sales tax. Goods sold online are still subject to taxation and import levies if the destination markets are outside a country.

To compensate for the taxation, retailers have resorted to expanding their market spheres to capture more consumers and diversify risks. A large consumer base is a guarantee of profitability where taxation leaves retailers with a small profit margin. However, retailers have managed to navigate the taxes by passing the costs to consumers. Online purchases are subject to consumer expenses, including transport, value added on the importation, and taxes (ROSS, 2019). However, it has lessened the consumers' appetite for online retail products due to the additional levies placed on their normal consumption.

Virtual and digital cash

Although retailer-consumer transactions may have moved online as a result of social media, cash transactions still remain under the government's control. To complement the shift to social media, governments have moved to regulate online money transactions as part of their central bank economics. Digital money is more under the control of central governments and other banks. Digital currencies, which is part of the social media, concerns the categories of M2 and M3 of the financial system (Parhizgari, 2011). M1, in this case, is the physical notes and coins used at physical trade exchanges. Unlike the physical money transactions, virtual money is dependent on a system of trust and not reliant on the central bank or other banking authorities.

Retailers are exploring these government-related platforms to reap from peer-to-peer technology. The success of social media in pushing for sales has been secured by digital currencies, which allow consumers to end transactions with retailers upon purchase. Regulatory bodies exist to manage finances and act as the midwife between retailers and customers. The digital currency platform has generated a shift of banking power and regulatory agencies towards the customers. The hierarchy of banking on the system has been shifted to consumers (Slepinin, 2017). Retailers now have the power to reap from the fact that there is no permission from any third party to make payment. Actors in the retail system, including consumers, are given the same rights and duties. Since flexibility is offered to the consumer, retailers are left with an opportunity to interact with flexible consumers.

CONCLUSION

Both the government and retailers are seeking to reestablish their influence by attempting to understand the degrees of influence of social media on retail businesses. Government has influenced retailers' social media engagement as an investor, participant, and a regulator in the internet sector. Although most of the government interventions are deemed as gaging the free market, retailers are presented with opportunities to exploit a wider market presented by social media. Consumers have become vibrant participants in the retail business, and it is upon the retailers' engagement framework to tap into this market potential.

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