Social media marketing: the unavoidable marketing management tool

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Abstract

Through social media marketing, the marketers capture the traffic and the attention of various customers to their company; expose their business and cut considerable amount of cost that they would have spent in other types of marketing and communication tools. The social media is also been used by companies to get new inside into the customers’ wants and demands. The research thus is an attempt to analyse how the unavoidable tool of marketing could be used to get engaged with the customer, build the customer relationship and to influence the word of mouth marketing. The research shows that social media is not a fed but rather a trend and it could be used to establish experiential marketing or engagement marketing where the companies directly could engage consumers, invite and encourages consumers to participate in the evolution of a brand or product or service. The social media also could be successfully used to create customer relation management. By appropriate customer relation management, it is possible to improve the sales activities, marketing, customer service and technical support. The social media, further, offers a new opportunity for consumers to evaluate the products and share their experience with other online users through word-of-mouth.

1. Introduction

Social media marketing is a new-fangled marketing concept and businesses are seeking ways to create value through this new media for their business. The introduction of Web 2.0 technology dramatically changed the online users’ behavior. Previously, websites contents were designed by individuals and website owners; visitors could only view the website content (Adebanjo & Michaelides, 2010; O’Reilly, 2005). However, the Web 2.0 technology has enabled users to enrich and enhance the websites contents and interact with other users (Adebanjo & Michaelides, 2010; Kaplan & Haenlein, 2010). Though social media is relatively a new media, its popularity is increasing rapidly across the world. As the number of people using social media including face book, twitters and my space is growing, companies have realized the importance of utilizing social media as an important tool to enhance their marketing effectiveness and to improve their marketing activities. This paper examines the role of social media in improving the engagement marketing by involving customers in the production and creation of marketing programs rather than passively receiving marketing messages. In the process, it helps building and developing the company’s brands. Social media also could facilitate Customer Relationship Management.
As customers begin to connect, they will form opinions and put forward suggestions regarding preference about specific product or brand. They also suggest what they like to see in a product and how a product could be improved (Evan, 2008). Businesses utilize the collected information to improve business processes, innovation and more (Evan, 2008). This paper also looks at the role of social media in creating online word-of-mouth marketing. Thus this research seeks to highlight the importance of the social media and shows various ways in which it could improve marketing activities as an unavoidable marketing management tool.

Key words: Social Media, Engagement Marketing, Social Customer Relationship (CRM), Word-of-Mouth Marketing (WOMM)

2. Marketing and Social Media

Social Media (SM) can be defined as a group of Internet based applications that exist on the Web 2.0 platform to enable the Internet users from all over the world to interact, communicate, and share ideas, content, thoughts, experiences, perspectives, information, and relationships (Briscoe, 2009; Kaplan & Haenlein, 2010; Scott, 2007; Xiang & Gretzel, 2010). Social networks (such as Facebook and MySpace), online communities, microblogging tools (such as Twitter), photo sharing sites (such as Flickr and Photobucket), social tagging (such as Digg), and video creating and sharing services (such as YouTube, Oic, Seesmic, UStream) are examples of social media.

Boyd and Ellison (2010) have defined social network sites as;

“web-based services that allow individuals to (1) construct a public or semi-public profile within a bounded system, (2) articulate a list of other users within whom they share a connection, and (3) view and traverse their list of connections and those made by others within the system.”

They differentiate the terms social network sites from social networking sites for two reasons. They explain the two terms are different in terms of the scope and emphasis. “Networking” emphasizes on initiating relationship between strangers. However, social networks offer more than relationship initiation. They allow individuals to articulate and make known their social networks.

Barefoot and Szabo (2010) define social media marketing as use of social media channels to promote a company and its products. They believe social media marketing comprises of the traditional web-based promotion strategies, including email newsletters and online advertising.

Robert and Kraynak (2008) explain the social media is changing the role of the customers into advertisers and marketers of the company. Customers can create positive or negative pressure according to their experience of the companies’ product and services. Akar and Tobui (2011) suggest that social media and Web 2.0 are not the same. They explain that the Web 2.0, in general, refers to online applications and the term social media refers to the social features of Web 2.0. Postman (2008) explains that social media is the advance type of Web-based application in which the content is created and shared by the participants.

Social media is a trend in marketing. Marketers are beginning to realize the importance of social media as an influential strategic tool to reach out to customers. Castronovo and Huang (2012) suggest marketing intelligence, promotions, public relations, product and customer management and marketing communications should reap the benefit from social media, since there is an increasing interest among consumers to utilize internet and consumer-generated content.

Forrester researchers, Bernoff and Charlene (2011) emphasize on the role of social media in marketing success. They suggest that marketers should try to seek ways to participate in the online discussion to
reach out to customers. Constantinides, Amo, and Romero (2010) believe that the information shared by customers using social media platform are considered more reliable than direct information from the companies regarding their product and services. Chen and Xie (2008) consider online consumer reviews as a new component in marketing communication mix which play a significant role as free “sales assistants”.

Nonetheless, not everyone agrees on the significant role of social media in improving marketing activities. Martin (2009) argues that in advertising age, social media is not an effective marketing tool. He believes social media platform is for social interaction and marketers are diminishing the main purpose of this platform. Dury (2008) suggests that marketing should not be mixed with social media as it destroys the underpinning purpose of this medium. Furthermore, Chris Brogan (2007) in his blog argues that social media and marketing are separate discipline. He explains since social media allows people of like-minded to interact, it should not allow marketers to own this tool. Odden (2009) also agrees that social media should not be used as direct marketing platform.

Pehlivan and Weinberg (2011) suggest social media is neither an alternative for traditional marketing, nor it is one-size-fits-all marketing. They propose a model of social media mix in which they have recognized the variation in social media type and the kind of marketing objectives they meet. They suggest marketers need to use the right kind of social media in order to achieve their marketing objectives.

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<thead>
<tr>
<th>Types of Social Media</th>
<th>Types Marketing Activities</th>
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<td>1. Blogs (E.g: Wordpress)</td>
<td>Brand building, conveyance of product knowledge</td>
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<tr>
<td>2. Communities(E.g:HPcommunities)</td>
<td>Establishing and maintaining customer relationship</td>
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<tr>
<td>3. Micro-Blocks (E.g: Twitter)</td>
<td>Creating awareness, brief engagement and short conversation</td>
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<td>4. Social network (E.g: Facebook)</td>
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Pehlivan and Weinberg (2011)

An important element in a brand success is to gain trust from customers. Social media marketing is an effective tool to create this trust. Joel (2007) explains that companies without creating value, opportunity for two ways communication and transparency will not survive. He points out that the necessity of utilizing social media channel to strengthen the brands, especially at the time that social media platforms are accepted and expected by customers. Godin (1999) argues that branding and direct marketing via social media are acceptable where companies have used corporate sponsored social media such as product support forum to promote the brand or products or services or engage with the customers.

### 3. Engagement Marketing

Social media has facilitated engagement marketing. Engagement marketing may be called as "experiential marketing," where the companies directly engage consumers, invite and encourages consumers to participate in the evolution of a brand. In this marketing method, consumers are actively involved in the creation of marketing programs and developing brand relationship. Doorn et al. (2010) states that customer engagement behavior go beyond purchasing experience, and may be defined as consumer’s behavioral manifestations that have brand and product focus.
Godin (1999) puts forward the theory of permission marketing instead of engagement marketing. He believes that marketers no longer have the power to control the attention of people. Thus marketers should respect the right of customer to choose the kind of advertisement they are interested. He also proposes that interruption marketing will no longer be effective. He argues that only marketing messages that are anticipated, personal and relevant will be accepted by customers. Accordingly, the only way to promote an idea is to create a buzz. Social media channels enable customers to voluntarily follow a facebook fan page or follow communication (ViaTwitters) about different brands.

In the modern age of engagement marketing, consumers are in control and brands can no not only be built through advertising slots. Instead, customers themselves build the strong brands through online conversations; buying decisions are built on information collected through online communities (Jalilvand, Samiei 2012). Consumers have begun to use social platforms to obtain pre shopping information. Today, consumers increasingly search for products and services online before buying a product or a service (Blackshaw and Nazzaro, 2006). Akar (2010) suggests social media represents a pull strategy that enables customers to reach products and services related to their own experience.

Li and Bernoff (2008) suggests engagement marketing through social platforms is harder than traditional marketing, as creating a two-way dialogue with customers requires more effort than one-way advertisement. Companies are able to create competitive advantage through close relationship with their customer. Joel (2009) suggests engaging closely with customers represents a significant cost to companies. Nonetheless, he argues as people are increasingly interacting via different social media platforms, companies could not afford to ignore close engagement with customers. The online population represents a great opportunity for businesses and by investing in this medium of engagement; companies will be able to gain competitive advantage. An important element in the success of a brand is to gain trust from customers. Social media marketing is an effective tool to create this trust. Joel (2007) explains the theory that companies without creating opportunity for two ways communication and transparency, will not survive. He points out the necessity of utilizing social media channel to strengthen the brands, especially at the time that social media platforms are accepted and expected by customers.

Verhoef, et al. (2010) argues that customer engagement consists of various customer behaviours like WOM, blogging, customer ratings. Doom et al (2010) explain customer engagement includes form and modality, valence, impact, scope and customer purpose. Libai et al. (2009) suggest that customer to customer interaction, co creation and blogging are to be considered as part of customer engagement. Hoyer et al. (2010) also mention that customer co creation in new product development is a new form of customer engagement. Kumar et al. (2010) and Bijmolt et al (2010) and van Bruggen et al. (2010) look at the impact of customer engagement on marketing metrics and stressed that the engagement marketing has a significant impact on the customer value creation therefore it has a direct impact on marketing matrices of the company.

4. Customer Relationship Management (CRM)

Customer relationship management is an important strategy for managing a company’s interactions with customers, clients and sales prospects. CRM utilizes technology to improve business processes. The focus of CRM is to improve the sales activities, marketing, customer service and technical support. Thus the main goals of CRM are to find, attract new clients, and retain those the company already has. Customer relationship management is to bring back the old clients to the company and retain the existing customers. Paul Greenberg (2009) defines CRM as:

“A philosophy and a business strategy, supported by a technology platform, business rules, workflow, 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. It is the company’s response to the customer’s ownership of the conversation”.

The importance of this definition is that it recognises the fact that customers are the owners of the conversation and the conversation should be open. Evan (2010) argues that social media is essential for the business to respond, especially when the conversation is negative. An accurate response is an important connection point between the business and social media marketing. Hanna et al. (2011) suggest many businesses make the mistake of considering social media as a separate and independent marketing tool from existing marketing tools. They propose that companies should view social media as an integrated marketing tool that incorporate customers’ experiences into the business practices. They suggest proper customer relationship management moves customers from awareness to engagement, consideration, loyalty, and advocacy. Evan (2010) also reiterates that the companies should become customers’ advocate, so that they might become yours. He believes that a company which gradually builds its own base of advocates could steadily and surely win over the customers in the long term.

The implementation of CRM strategy requires measuring and valuing customer relationships. The information collected from clients via social media including what they like or dislike about a product or what improvement and features they would like to see in a product could be a driving force for process improvement and innovation. Baird and Parasnis (2011) suggest, in order to utilize the social media to its highest potential, businesses need to design experiences that deliver tangible value in return for the consumers’ attention, time, endorsement and data. Realizing what are considered as value to customers is the first step toward building customer relationship management. After surveying 1000 consumers worldwide, Baird and Parasnis (2011) suggest consumers using social media are more concerned with tangible values such as discount and coupons rather than connecting with the brand and interaction with the company. The survey indicates that there is a significant gap between what managers think customers want from social media and what customers really want. They also realized consumers all over the world swarming to social media, however only small number of consumers interacts with social media regularly. In addition, the survey indicates that most customers use social media as a mean to communicate with friends and families. Reading previews and product ranking was their next priority.

Hennig, et al. (2010) put forward a conceptual pinball framework to explain the effects of new media on CRM. They state that in the era of new social media, managing customer relationship is like playing pinball. Marketers leave a ball (brand building messages) into the game board which is often accelerated by new media “bumpers” that may change the direction of the ball in a muddled way. Marketing managers try to guide and direct the ball through use of “flippers”, however the ball does not always go where it is supposed to and smallest blunder can be amplified into devastating crisis. They illustrate in their framework that new media has enhanced the role of customers as active partners who are strongly connected to producers, retailers and network of other customers.

5. Word of Mouth Marketing (WOMM)

Day (1971) defines WOMM as a person-to-person communication in which the receiver perceives the transmitted message as noncommercial. Kozinet et al. (2010) define word-of-mouth marketing (WOMM) as a marketing technique that marketers try to intentionally influence consumer-to-consumer communications. WOMM is also called as viral marketing, buzz and guerilla marketing. The power of WOM to stimulate attitudes and buying behavior of the consumers is well accepted by academics and practitioners. For instance, research indicates that almost 60% of dis-satisfied customers talk more about their dissatisfying experience to others (Richin1988).

The internet and information technology offer a new opportunity for consumers to evaluate the products and share their experience with others online users (Avery et al. 1999). Amazon.com began encouraging
consumers to post their reviews and comments on its website in 1995. In Year 2004, Amazon.com had around 10 million consumer reviews (New York Times 2004). In recent years, a large number of companies have adopted a similar strategy. They invite consumers to post their product review on the company website. Online product review is new product information and increasingly become popular (Xie and Gestein 2007). The reason for the popularity of the online WOMM is because consumer perceives information created by other customers more credible than company created information (Wilson and Sherrell 1993). Thus the online WOMM should be considered as a new component in the marketing communication mix (Chen and Xie 2008).

The WOMM was previously considered as a phenomenon that happens naturally (Brooks 1957; Dichter 1966). However, in today’s marketing world where internet and different kind of social media play an important role, this perception cannot be taken as true. Internet and social media has empowered marketers to monitor WOM. The WOMM theory has evolved over time to address the changes in the marketplace. Kozinets et al. (2010) explain the three evolutionary shifts in WOMM theory. They explain each of these three models still coexist, however each belongs to different conditions. These models include (1) The Evolution of WOMM Theory (2) The Linear Marketer Influence Model and (3) The Network Coproduction Model. The first model suggested by Ryan and Gross’s (1943) explains customer conversation is more important than marketing communication in influencing adoption. This model is referred to as “organic” as customer conversation is happening without marketers’ interference. As marketing science improved, Word-of-Mouth theories began to emphasize the significance of influential customers in the effectiveness of the WOMM process (Feick and Price 1987; King and Summers 1976). Accordingly, marketers identified the influencers to create positive WOMM and simultaneously used traditional marketing tools such as advertising and promotion. Thus, they referred to this stage as “The Linear Influence Model”. The next WOMM theory, the Network Coproduction Model is the most recent one characterized by a WOMM activity that use seeding campaign in which product is positioned among influential consumers with the intention that they can communicate favourably about the product or service to other consumers. Today internet allows unprecedented speed in communication and that WOMM became the favourite among consumers.

Cheung, Lee, and Thadani (2009) refer to social media as electronic word of mouth that enormously influences customers’ buying decisions as customers make their buying decision based on other customers shared opinion and shopping experiences. According to a study conducted by DEI Wordwide (2008), consumers who regularly visited social media websites are better in making purchase decisions. Chen and Xie (2008) states that online product reviews are new customer created product information that can be considered as special type of Word of Mouth (WOM) marketing. They suggest the new online product reviews are far reaching as they go beyond local boundaries. Businesses are increasingly utilizing this in improving their marketing efforts. However, the companies should be aware that by allowing customers to produce their own product review, companies create a channel for buyers to create information that cannot be controlled by sellers.

Social media also facilitates marketing through creation of influencers that benefit marketers and customers (Brown et.al, 2008). Influencer marketing focuses on individuals rather than target market. It identifies those individuals who are able to influence buyers’ opinion. Influencers may be prospective buyers themselves, or third parties. As Gladwell (2000) proposes, influencers may exist in supply chain or may be so called value-added influencers that include journalists, academics, and professional advisers. Marketers use influencers to increase market awareness amongst target markets.

Kozinets et al. (2010) suggest that the WOM communication and its reception by expected audience is affected by four factors. The first influential factor is “character narrative” communicator who influences the message. For instance, a blogger may self-identify with the personality of an affectionate mother which leads to a narrative that stresses helpfulness, kindness and affection. The second factor is the kind of forum in which WOM is taking place. Usually WOM communication occurs in a specific forum. This
forum might be a blog, dinner party, school or social networking sites. Third, the WOM communication is influenced by common norms that rule the expression, communication and reception of a message. Norms may vary from the size and the average age of the community members. They also suggest lifestyles, social class and the ethnic orientation would affect the message and the reception of the message. The forth factor that affects the message is the promotional characteristics of the WOMM including the nature of the product or service, brand equity, objectives and humorouiness of the campaign. These four factors shape the WOMM communication and marketers should understand how these factors influence the marketing message.

Chen and Xie (2008) propose a normative model to tackle several significant strategic issues regarding consumers’ reviews. They examined how and when companies should adjust their marketing communication strategy in reply to consumer reviews. They suggest that if the consumer reviews are informative, seller-created product feature information and buyer-created review information could work together to make a positive influence. For example, if the product cost is low and there are enough sophisticated product users, the sellers could provide more product attribute information to buyers via its marketing campaign. This model expended the model proposed by Lewis and Sappington (1994) which explains when it is optimal for sellers to provide full or partial product attribute information to customers. In the original model there is only one communication channel from the sellers to consumers. However, Chen and Xie (2008) allow another information channel from consumers to consumers. They concluded the sellers optimal reply to online World-of-Mouth differs for different kinds of products.

6. Conclusion

Social network sites are increasingly attracting the attention of industr researchers as well as academic. Social media are constantly developing a set of tools that facilitates online relationships and information sharing. Companies are under constant pressure from multiple sources to join the social media. Social media professionals’ advice firms that they must be present on social media otherwise they miss out various opportunities.

Social media have various implications to companies marketing strategy. However, as a new phenomenon, there is limited research on different aspects of social media and their specific significance to companies marketing activities. This research tried to examine the influence of social media on improving customer engagement, their significant role in enhancing Customer Relationship Management. In addition, the role of social media in creating online Word-of-Mouth communication also has been studied.

The research established that the social media can be made as an important tool to understand the customers and to build and retain a profitable customer base by building an excellent customer relationship management. It also help to get them engage positively so that the companies would have a better strategy in managing the word of mouth marketing. The research also showed that the companies could use social media as one of the marketing tools so that it could understand the trend and capitalise on the opportunities as per the trend in the market.

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