Re-defining the role of the customer in social media marketing: A formula for success.

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Businesses today no longer have a choice as to whether they adopt SMM, it is now a strategic requirement (Constantinides, 2014, Qualman, 2013). Online social behaviour has transformed how people communicate and interact, creating new opportunities and challenges for businesses (Tiago and Verissimo, 2014). Many companies are losing out as they do not understand the fundamentals of SMM and how they can be used to benefit business (Durkin and Mcgowan, 2013). The traditional marketing methods that were used to promote a business, launch a new product or target new customers are no longer sustainable today (Geho and Dangelo, 2012). SMM has changed the functions of traditional marketing which has led to a need to create new business models (Scheid, Vaillant and De Montaigu, 2012).

The aim of this paper is to help service businesses to understand SMM and how it can benefit their business by proposing a customer-focused SMM model. The model is a practical guide to help business to allocate marketing resources in social media and lay the foundations for building a successful SMM strategy in the future.


The practical implications of the research are to equip business owners/managers with an understanding of the fundamentals and benefits of SMM. The customer focused SMM model helps business to see where they need to focus their marketing efforts in order to build successful SMM strategies to compete in today’s dynamic digital marketplace.

Keywords: Social media marketing model, customer empowerment, engagement, relationships, social listening.

SOCIAL MEDIA MARKETING – AN INTRODUCTION

Social Media Marketing (SMM) is any form of marketing that is carried out through social media platforms including social networks (Facebook, LinkedIn), microblogging platforms (Twitter), media sharing platforms (YouTube, Instagram), review platforms (TripAdvisor), blogs (Tumblr) or geolocation based services (Foursquare). These platforms enable uploading and sharing of information or content and facilitate two-way communications between customers and companies on a potentially global scale (Berthon, Pitt, Plangger and Shapiro, 2012, Kaplan and Haenlein, 2011, Mangold and Faulds, 2009). As a consequence, social media has “changed the way businesses communicate and market themselves to consumers” (Li and Shiu, 2012 p.9). Business communication has moved from a one way process where the company decides what message is sent out to its customers to a two way “consumer contributed” process where the customer is involved in creating and influencing the company’s communications (Bacile, Ye and Swilley, 2014).
This creates a new kind of empowered customer who is more sophisticated and demanding with greater reach and power to influence (Brynjolfsson, Yu Hu and Simester, 2011, Labrecque et al., 2013). The implications for marketing practice are significant calling for new marketing models in order to successfully leverage the potential of SMM for business.

**A CUSTOMER-FOCUSED SMM MODEL**

Marketing as a discipline and management activity has been transformed in the past 10 years due to factors such as market globalisation, developments in Information Communication Technology (ICT); the internet and social media. Social media has probably had the most significant impact on marketing practice as it has fundamentally changed how we communicate with each other (Constantinides, 2014). However, the pace and intensity of social media growth has created a great deal of ambiguity and resistance by businesses. Many businesses have a presence on social media platforms but no clear goals or strategy in terms why they are there and what they are trying to achieve (Durkin and Mcgowan, 2013, Hanna, Rohm and Crittenden, 2011, Kietzmann, Hermkens, Mccarthy and Silvestre, 2011). This paper serves to provide service businesses with a better understand of SMM and how it can be used to benefit their business. It highlights the role of the customer in SMM and proposes a customer driven SMM model for service business to use as the basis for developing a successful SMM strategy in the future (Scheid, Vaillant and de Montaigu, 2012). A global online survey of over 6000 digital related businesses (Adobe and Econsultancy, 2015) indicated that creating a better customer experience is the key imperative for the next five years all functions of business (Econsultancy and Adobe, 2015). The following SMM model is proposed as an alternative to traditional marketing models (see Figure 1). It incorporates the customer into four key stages of the marketing journey in social media and highlights the benefits for business and customers at each stage. These particular marketing elements are chosen to be relevant to businesses who are either early adopters of SMM or do not fully understand SMM. Each section is discussed in more detail below.
INTERACTING AND ENGAGING WITH CUSTOMERS

In order for businesses to survive in this age of the empowered customer, they need to rely less on traditional-mass marketing tactics and more on understanding the fundamentals of social media and how to use them to gain value from SMM (Constantinides, 2014). The first step in getting started in SMM is in learning how to engage with and interact with new and existing customers on every available touchpoint on social media with the aim of creating communities of like-minded and loyal customers (Taneja and Toombs, 2014). There are currently over 1.3 billion Facebook users (Statista, 2015a), 600 million plus Twitter users (Statisticbrain, 2015), 300 million LinkedIn accounts (Statista, 2015b) and 200 million people using Instagram (Statista, 2015c). If that many customers are engaging with social media then companies should interact and engage with social media too (Tiago and Veríssimo, 2014).

Companies must carefully identify where their customers or potential customers are active on social media and then connect with them (Castronovo and Huang, 2012). How they connect and interact with the customer is important. Social media is about being sociable and people are far more likely to engage with a company that is personable and not overtly selling on social media (Hudspeth, 2012, Smedescu, 2013). Engaging and interacting with customers on social media is akin to having conversations with them and providing them with value in the form of interesting and relevant information or content (Malthouse, Haenlein, Skiera, Wege and Zhang, 2013). SMM must be value based and make people feel valued (Hudspeth, 2012). The goal of the content is to be sufficiently memorable and interesting so as to provoke a reaction from customers in the form of sharing or commenting. Examples include true or funny accounts, real-life experiences, listicles, and
controversial news and incentivised posts (Hudspeth, 2012, Kaplan and Haenlein, 2011, Schulze, Schoeler and Skiera, 2014). Telling the story of “who you are” on social media is a content strategy used successfully by the international logistics company, Maersk to help engage customers and build loyal followers. Maersk’s strategy in 2011 was to find content that was relevant and interesting for their customers so they could engage with them and build loyal followers who could become ambassadors for their products. Within two years of starting on social media, a budget of $100,000 and one manager dedicated to SMM, Maersk had one million Facebook fans, eighty thousand Twitter followers and twenty two thousand active Instagram users (Katona and Sarvary, 2014). By providing customers with “the right information at the right time” through the right channels, the potential for engagement and sharing is much greater (Kaplan and Haenlein, 2011 p.253).

Companies can avail of the affordable and highly targeted advertising tools provided by social media platforms to help grow their community at the early stages. Social media platforms also have easy to use analytical tools that allow companies to monitor and measure the impact of their marketing efforts. It is possible to measure popularity, engagement levels, reach, and best times to post to their community on social media. These smart and accessible insights make it easier for companies to ensure they are achieving their goals and providing content that is engaging and relevant for their customers (De Vries, Gensler and Leeflang, 2012, Fowler, Pitta and Leventhal, 2013, Peters, Chen, Kaplan, Ognibeni and Pauwels, 2013). Building communities of like-minded, loyal followers through engagement and interaction is the first step in effective SMM. In the absence of allocating time and resources at this key stage, any subsequent efforts will not be maximised.

**ACTIVELY LISTENING TO CUSTOMERS**

Actively listening to the customer on social media is a highly valuable tool in SMM that impacts most stages of the customer journey. Listening to the customer is an essential requirement of SMM. Consumers are actively commenting on or reviewing a product or service, talking about where and what they buy and driving “likes”, “favourites” and “shares” across multiple platforms (Labrecque et al., 2013). The role of the customer in social media has evolved from passive listener to active contributor (Chua and Banerjee, 2013). The key here is that consumers are really doing what they always did; discussing and sharing their experiences, except now they can share this information in the public domain through a wide variety of social media platforms (Croft, 2013). This open source, interactive and customer-driven nature of social media creates both opportunities and challenges for companies (Constantinides, 2014).

Listening to what customers are saying on social media enables companies to understand their customer’s preferences, demands and characteristics which can help satisfy their needs more effectively and subsequently increase sales (Taneja and Toombs, 2014). It is a highly accessible, invaluable, yet underutilised research tool for business. If people are talking about a company, its products, and services, then that company needs to be listening and learning.

Consumers can convey their satisfaction with or dissatisfaction with a product or service via social media channels and can share this information with their friends who may share this information further and this is a significant challenge for companies who use SMM. This Electronic Word-of-Mouth (eWOM) is even more powerful than traditional word of mouth and can spread faster (King, Racherla and Bush, 2014). If a company is actively listening to what is being said about their product or service on social media then they can deal effectively and quickly with negative comments and in some cases anticipate and avert a crisis (Kaplan and Haenlein, 2010, Kaplan and Haenlein, 2011).
United Airlines lost 20% market share one year alone as a result of not listening and reacting to one customer on social media. In response to an unresolved issue of a broken guitar on a United Airlines flight, Mr. Dave Carroll decided to make his complaint public. He wrote a song entitled “United Breaks Guitars”, uploaded it to YouTube and promoted it through Facebook and Twitter. It went viral in the United States of America (USA) and then reached international media (Berthon et al., 2012). This example serves to highlight the importance of active listening and the powerful role of the customer in social media. Soon after a case study in the USA confirmed that stock performance can be directly impacted by unresolved customer complaints (Tirunillai and Tellis, 2012).

Actively listening to customers and actively responding to customers has evolved into a highly effective customer service tool. A public, timely, and suitable resolution to a customer complaint is an excellent promotional tool for companies. It shows a commitment to serving customers in a very public and transparent space while simultaneously improving the image of the company. Using social media platforms, in particular Twitter, as customer service platforms can help save time, money and provide valuable feedback for companies (Heller-Baird and Parasnis, 2011). Conversely, companies must not ignore positive comments made by customers on social media as they are also a valuable promotional tool. Companies can use recommendations or positive comments as endorsements which can help influence a potential new customer, accelerate a sale, or help retain a customer (Libai, Muller and Peres, 2013). Listening to and cleverly controlling customer content on social media has enabled businesses to predict the future purchasing behaviour of their customers more precisely (Kim and Ko, 2012). Listening to customers on social media is a strategic requirement today. It is a customer profiling tool, a research tool, a customer service tool and promotional tool providing increased value for customers and companies. In order to be effective it must be used together with active responding. If a customer phones or sends an email enquiry, the business will respond. Social media is no different.

COLLABORATING WITH CUSTOMERS

The progression from engaging and listening to customers on social media is the practice of collaborating with customers on specific marketing goals. Consumers and companies are working together on social media to co-create value for each other through a variety of marketing activities (Erragcha and Romdhane, 2014, Tiago and Veríssimo, 2014). SMM enhances marketing practice by allowing companies to implement innovative and creative means of communication and co-create content with their customers (Tiago and Veríssimo, 2014). In the area of branding, consumers are now actively participating in creating and shaping the brand message and can influence the marketing outcomes negatively or favourably. As a result, companies have had to relinquish complete control of and power over branding to consumers and alter their branding strategy to incorporate the actively contributing consumer (Fournier and Avery, 2011). All businesses can be considered as brands and each business has a specific brand message and goal that they wish to communicate to their customers (De Vries et al., 2012, Gensler, Völckner, Liu-Thompkins and Wiertz, 2013). In the age of the social media-empowered customer, companies collaborating with customers in developing their brands allow customers to connect more deeply with the company/brand. This in turn helps to increase awareness, brand meaning, recall and loyalty among customers (Singh and Sonnenburg, 2012, Woodside, 2010).

Companies can also benefit from collaborating with their customers in social media in the field of product development and improvement. Starbucks, the international food and drinks company have embraced collaboration with their customers and have won awards for their innovative use of SMM. Using Facebook, Twitter and a company blog called MyStarbucksIdea, they successfully encourage
customers to participate in developing new product ideas, incite comments on existing products, and elicit suggestions for improving service. Starbucks respond actively to their customers’ suggestions and have used their feedback to create new products or variations on older ones showing that they value their customer’s opinions and are willing to use them (Chua and Banerjee, 2013). Fuchs, Prandelli and Schreier (2010) conducted a study into the psychological impacts of consumer’s involvement in product development and found that willingness to pay, increased levels of ownership and an increased demand in products were achieved by empowering customers to contribute in the product development process (Chua and Banerjee, 2013). This is closely aligned to a theory based on the Swedish flat park furniture giant, Ikea. The Ikea effect is a theory that consumers have an increased value for products that they have been involved in creating themselves (Norton, Mochon et al. 2012). Threadless, a Chicago based online T-shirt Company, cleverly and successfully uses a strategy of collaborating with its customers on social media to grow their business. Threadless uses its loyal followers on social media to help design T-shirts by inviting them to upload their proposed designs, encouraging comments and using voting system to determine the final product. In this way Threadless sells over 2 million T-shirts per year. (Parent, Plangger and Bal, 2011). Whether companies like it or not, customers are contributing to and commenting on companies marketing communications and influencing marketing outcomes via social media (O’Hern and Kahle, 2013).

DEVELOPING RELATIONSHIPS WITH CUSTOMERS

The overall impact of engaging, interacting, listening, and collaborating with customers as part of the SMM process is to build more solid and enriched relationship with customers. By creating deeper relationships with customers, companies can increase loyalty, encourage advocacy and increase sales (Castronovo and Huang, 2012, Eagleman, 2013, Erragcha and Romdhane, 2014). Marketing potential and impact of social media activities on the customer’s decision making process is also hugely influenced by closeness of relationship or tie strength. Tie strength is the closeness of the bond between the information seeker and the source - the stronger the tie the more effective the marketing activity will be. Therefore strong ties and good relationships with customers are essential for successful SMM (Brown, Broderick and Lee, 2007, Nevin and Torres, 2012).

Customer relationship oriented activities in SMM help to build loyal customers and a loyal customer can become a valuable ambassador for a business on social media (De Vries et al., 2012, Singh and Sonnenburg, 2012, Woodside, 2010). Loyal fans not only become influential customer advocates but also increase sales and improve profitability if used correctly in social media (Castronovo and Huang, 2012, Hudspeth, 2012, Verheyden and Goeman, 2013). Social media creates an affinity and connection between customers and companies and these connections equate to purchase intention and increased sales (Baer, 2013).

CONCLUSIONS

In SMM the ultimate goal is the same as traditional marketing, to increase revenues. However, it is the means of achieving the goals that are different (Paniagua and Sapena, 2014). In considering the customer focused SMM model, the basic principle of SMM is to incorporate the customer at all stages of the marketing process. This requires the development of tools and processes that encourage customers to participate, engage and collaborate with the company with the aim of developing deeper relationships and increasing sales (Erragcha and Romdhane, 2014, Taneja and Toombs, 2014). Service businesses who want to use SMM to remain competitive and grow need to move from a “product centric to a customer centric approach to marketing” (Castronovo and Huang, 2012 p.119). This approach is even more relevant for service businesses as they work closely with
and are inherently dependent on the customer. It also comes back to the basic principles of marketing of achieving profit and other objectives by satisfying the customer across all functions of the business (Jobber and Ellis-Chadwick, 2012).

RECOMMENDATIONS

SMM tactics can only work effectively if the company is clear and certain about who they are, where they are going and what message they wish to convey to their customers before becoming exposed to the transparent and public world of social media (Fournier and Avery, 2011, Gensler et al., 2013). Also, a company must have realistic and clear goals about what they wish to achieve by using SMM before becoming active in this area (Geho and Dangelo, 2012, Verheyden and Goeman, 2013). The customer-focused SMM model proposed in this paper emphasises the importance of the role of the customer in SMM. Service businesses that understand this and attribute focus and resources into integrating the customer at all available touch-points in social media are more likely to foster long-term loyalty in customers and increase sales. Spending time and resources in understanding the operational aspects and functionality of social media is a pre-requisite and ideally applies to all areas of a business (Durkin and Mc Gowan, 2013, Malthouse et al., 2013). For service businesses, SMM is in effect about customer engagement and conversations which lead to customer loyalty and advocacy. Companies need to participate in useful discussions with customer rather than blatantly selling to them. They need to invest time and effort in providing relevant, valuable, and shareable content to improve experiences for customers at various levels across the business. It is important to listen, digest and respond sensibly to customers and show them they are being listened to and learned from. It is then possible for businesses to develop solid, long-term relationships with customer, improve business and increase profitability (Hudspeth, 2012, Malthouse et al., 2013, Peters et al., 2013).

FUTURE RESEARCH

Future research will produce a best practice, step-by-step guide for developing a SMM strategy with particular reference to small and medium enterprises. A content analysis of the social media activities of service businesses in Limerick City provides the basis for the primary research. The outcomes of the content analysis will contribute to academic literature and case study analysis to create the strategy document. There is also potential for research in the areas of customer integration in marketing practice to help create a better customer experience within the service industry.

REFERENCES


