

# *Relationship Marketing through Social Media*

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## **Abstract**

**Customer Relationship building marketing was described as a paradigm shift in the mid-1990s and has continued to evolve in a range of different business environments. During this time, consumer's expectations have changed due to the fact that "net-generation" consumers have been immersed in technology and two-way communications since birth and expect businesses to engage with them and embrace relationships. Today's sport apparel marketers operate in an environment where consumers of all demographic groups are increasingly literate with social media and have significant advancements in technology at their fingertips. This situation presents opportunities and challenges for marketers, who must adopt new approaches and take advantage of micro-blogging media such as facebook, twitter, flickr, google+, tumblr and content aggregators.**

**Keywords: Customer Relationship, Social Media, MicroBlog**

## **Introduction**

According to Phillips and Noble (2007), effectiveness of traditional mass media marketing is really controversial nowadays. Indeed, consumers are looking for a more valued relationship with the company, and

seek to avoid ubiquitous, abundant and pervasive marketing advertising. Thus, marketing communications started to evolve, from mass media to direct, people to people connection, through social media tools (Gillin, 2009). We went from one active and passive participant to a two-way connection between the buyer and the seller based on trust and mutual interest. As a result, social media interactions are really paramount as it influences the relationship consumers have with organisations.

Thus, companies are evolving their marketing technics, going through Relationship Marketing. Its goal is "to attract, maintain and enhance customer relationships" (Berry, 1983). This is most about retaining the faithful customers rather than trying to constantly get a new one (Reinartz and Kumar, 2003). Indeed, customers are less expensive to retain than to recruit. For example, airline loyalty programs such as American Airlines or Air India (free flights, discounts, VIP lounge) are a good way of improving loyalty. Thus, the role of RM is to improve profitability, build a relationship and trust, maximizing Customer Lifetime Value, but its purpose is also to create an "advocate" consumer (Battacharya and Sen, 2003), as he will be loyal, working for the company and recommending its products to others. Nevertheless, the arrival of social networks like Facebook or Twitter deeply changed how the relationship marketing was done.

Indeed, consumers relationship are managed differently as social medias allow the company to engage herself in the relationship but also in a lower cost way, and more efficiently rather than the traditional mass media; these latter being focused with B2B or B2C relationship, whereas social medias are about P2P (People to People). Many companies from various and diverse industries started using social networks like Facebook, seeing a real opportunity to connect with the consumer, understand its desires and experiences of purchase (customer service issues) in order to better managed the relationship and even increasing satisfaction levels. We can take the example of Nutella, a famous brand who used Facebook asking its consumers how they imagine the new brand packaging and involve them in the whole production process. Undeniably, relationship between consumers and companies will only be better if the customer is satisfied. Indeed, according to Hennig-Thurau (2002), buyer satisfaction leads to its retention and positive communication.

The traditional model of 4 P's initially described by Kotler do not pay enough attention to the communication between the consumer and the seller, and even less between consumers themselves. However social medias enable firms to connect with millions of people all over the world and access new markets and potential consumers they could not afford before. Nowadays, over 90% of the companies use social medias as a marketing tool (Shaffer and Garrett, 2011). First of all we can say that Internet is becoming a real tool for consumer purchase decision, and social medias get the consumer the ability to share and see opinions to millions other consumers rather than only relatives (Gillin, 2007), creating an accelerated form of word of mouth. As a Seesmic' CEO said, "the most important today is to hear what

people are saying about the company's product across media channels and to respond them directly. Today people want to interact with and engage businesses via their chosen means of communication" (Mashable Business, online). Indeed, companies must understand that transparency is paramount for consumers, especially online, as they can create a real conversation with its customers building a better and more valuable long-term relationship (Acker et al., 2010). It even starts being prominent for companies as social medias can make them change their behaviours, for example the challenges faced by HSBC (changing banking terms for students after protests), or the excitement about Cadbury, customers asking to bringing back the Wispa chocolate bars. Nonetheless, as emphasized by McNamara and Zerfass (2012), only 31% of Europeans organisations have specific social medias guidelines and policies, thus companies should definitely try to invest more in these tools in they want their company being more profitable.

Truly, social medias tools can create marketing benefit and opportunities. First of all, it permits the company to better understand and scan its market environment, for instance its competitors, and thus increase efficiency. Firms are more able to develop strategic plans thanks to the idea and feedbacks received from the Web and social medias can be considered as a strategic tool for the firm management. Also, social medias tools permit for the company to increase its exposure and gain access to new market share (overseas) more easily and less costly. Indeed the cost of a social media platform is lower than other marketing platforms such as TV advertising, as for instance Facebook or Twitter are free to access, customers just have to create a profile and then post the information they want, and it will reach a large number of

people in a short time (Weinberg, 2009). Plus, companies are more able to reach new customers with social medias, especially ones who are not easily accessible due to temporal and locational limitations, as they do not need a distribution channel but only an online Internet connection (Sheth and Sharma, 2005).

Moreover, social media helps the company to increase faithfulness. Indeed, by developing the relationship with its consumers, and by managing customer relationship management, firms increase loyalty (Oliver, 1999). Indeed Customer Relationship Management is a tool for relationship marketing, which allows to create “an understanding of the market and customer behaviour and aims to improve the customers’ lifetime value through customer interaction” (Faase et al., 2011). However, it takes a lot of time and social medias technologies have the advantage to create value and competitive advantage faster. Consequently social medias modified the genes of CRM from its traditional focus by including a new way of connecting consumers, but also competitors and suppliers through social networks: this is called “Social CRM”, where firms use Web 2.0 services to create engagement and involvement with stakeholders, as Internet is about interactivity, and it creates a more intimate and stronger relationship (Faase et al., 2011).

Firms also realised that customers wanted to be unique and were looking for customization; thus social media representing as an organisation’s current consumer database, create a more deeply relationship with the company as the consumer can show its loyalty and being in touch with its favourite brands. For example, Shaffer and Garnett (2011) found that 51% of Facebook users that follow organizations are likely to buy from companies that they

already “like” on Facebook, and 84% of an organization’s Facebook fans are returning customers. Furthermore, this loyalty can lead to consumers who are less price-sensitive, but they also tend to buy more (share of wallet), and it can create a positive communication (word of mouth) as they can refer to others and acquire new customers for the company (reducing cost of acquisition). Indeed in the world of social media, it is both the company and the consumers who create knowledge and its customers who have the power to influence the others in the social network (Greenberg, 2010). For instance, bloggers are especially influential as they talk about their experiences through their blog which is very authentic, and that's what consumers are looking for. Bloggers are real consumers who do not hesitate to say what they think and they can also add photos of their purchases, bringing the user to create a true community that brands are beginning to tame.

In addition, social media is a tool for marketers as they can see how people talk about the company and the products. Indeed, several recent studies have documented how word of mouth (WOM) provides a “primary source of information for consumer buying decisions” (Kimmel, 2010), as consumers generally trust personal sources more than non-personal sources such as advertising (Weber, 2007). Plus, thanks to the social media, the information will spread really fast, both the consumer message than the marketing message a company want to transmit: Social media created what we call the “Viral Marketing” (Kaplan and Haenlein, 2011). Consequently social media is imperative in determining customer value. In the customer point of view, according to Peterson (1995), relationship marketing through social media provides closer and longer-term relationships with the company and offers three types of benefits.

First of all, social benefit (friends and family information-sharing), then economic benefit (discounts) and last but not least, customization (tailor made services/products).

However, social media can have negative effects if companies do not use it properly. Starting by figures, Clark (2010) states that around twenty one percent of consumers use social media dissuading new consumers to purchase by spreading negative news. This results in a loss of control from the company because of the total amount of information flowing online. Consequently managers need to understand how to handle those situations quickly and effectively. In addition, the social media strategy of a company is difficult to measure, thus its impact can be easily debated. For instance, how a digital manager can measure how many new customers he gets thanks to its online strategy and if these new customers will become consumers? Also, Noble and Phillips (2004) analyzed that as companies have a consumer database they often abuse consumers' trust by violating their privacy, so we can ask ourselves what relationship marketing through social media offer as a customer value and if the customer can really have an input in this relationship. Last, but not least, a negative aspect of relationship marketing online could be the impersonality of the relation, when all the business is carried through computers, without meeting customers for real.

### **Relationship marketing through blogging, podcasting webinars**

Webinar defines a conference or online training. It is an interactive way for companies to come forward with a qualified target, retain their customers and improve their online reputation. Using web tools, an organizer can then animate a distance learning event and provide quality seminar

to users who have an interest in the topic of the webinar.

This method has revolutionized the art of meeting and everyone can now communicate and learn from the best, even if he lives on the other side of the planet. For companies, the webinar has become a formidable marketing tool that greatly facilitates the recruitment of prospects, which values customer relationships and provides a particularly effective technical support.

Blog is a type of website - or part of a website - used for periodic and regular publication of articles, usually brief, and reporting of news about a given subject or profession. In the manner of a diary, these articles or "notes" are typically dated, signed and succeed each other in a reverse chronological order, that is to say, from most recent to oldest. A blogger often allow users to leave comments, even the most critical. So blogging is the action of update the blog with new articles. The possibility of hosting on her blog imprest online advertising or commercial links, allows the blogger to generate income. For example, a blog that deals with literature can redirect readers to online bookstores. Blog directories possibly functioning as aggregator staff are often funded by these marketing services. It is interesting to see how the blog becomes an indispensable tool for web marketing, used by Internet pure players to strengthen their sympathy image and display a strong proximity with their client. The blog turns a very good tool to develop a commercial relationship of trust with prospects and customers because it gives the impression of a certain freedom of expression in customer [ref. desired]. After the use of websites 2000s, the blog is arguably the pioneer of socialist-business media. Another way to generate income is to write articles and opinions on various

products (websites, software, phones, etc ...), at the request of companies. The companies are not always interested in a positive opinion, but by driving traffic to the site and the dissemination of a buzz about their product. Some sites offer an intermediary service between companies and editors of blogs for this purpose.

Podcasting is a way to diffuse files (audio, video or others) on internet Podcasting allows users immediate listening or automatic downloading of audio or video broadcasts, to music players, for example, for later listening.

Podcasts or podcast, audio as video, are available on the internet. They are issued by different types of broadcasters and automatically received in a reader which combines emissions. Thereafter, the listener can listen to directly on that drive, upload to their personal computer or transmit on her Walkman. Podcasting differs from the radio and television broadcasting through the distribution of sound or image, not by a centralized mechanism that sends a stream to its listeners (or one at all), but by the action listeners who download podcasts files (either by an all - or pulled instead of pushing). The authors publish files and it's listeners that return the role of managing a playlist with their various subscriptions. Downloading files is then automated and from multiple sources they have chosen. In other words, it is the audience who chooses the authors, programs, and updates of new issues will be automatic in their aggregator. Both players podcasting are: those who seek their own audio or video files (user) and those who publish on the Internet the audio or video files (diffuser).

All this ways of communication are part of the social media. Social media refer to a set of technologies, content and interactions that create social networks, groups of individuals

or entities that are interconnected by links. The nature of these links depends on the social media that will serve as a support network

### **Microblogging**

Generally Microblogging is assumed as the practice of posting small pieces of digital content which could be in the form of text, pictures, links, short videos, or any other form of media over the web. Since its introduction in the early 2000's, Microblogging has become very popular among groups of friends and professional colleagues who follow each other's posts and frequently update their content. Similar to the other social networking websites they also aim at creating a sense of online community. This type of blogging is assumed to be more informational and accurate for the marketers since they are very short and easily analyzable.

Microblogging is offered by several services including Twitter, Facebook and the latest being Google+. These platforms allow a light-weight, easy form of communication that enables users to share information about their life, activities, opinions and status. One of the most popular microblogging platforms is Twitter, Facebook.

On Twitter, tweets or posts are made by describing one's current status within a limit of 140 characters, Topics are widely ranged, from news stories to routine activities, current happenings, and other interests. Microblogging tools facilitate easily sharing status messages either publicly or within a social network.

Marketers follow posts on microblogging sites to track trends and mine data about the success of products, performances, or services. With the use of Twitter to push information about news and updates comes the marketing of Twitter for business use.

As posted in the “About us” section of the Twitter website, “Twitter can be used to quickly share information with people interested in your company and build relationships with customers, partners and other people who care about your business”. Microblogging when compared to regular blogging satisfies a need for an even faster and prompt mode of communication. By restricting the users to post limited character posts, it shortens the users’ time requirements and thought investment for content generation enabling them to post prompt messages. It also tempts the users to frequently update and follow other microbloggers posts unlike a prolific and creative blogger who may update his blog once every few days. The amount of data generated in these microblogging websites is therefore huge and makes them a potential target of the companies to reform their marketing techniques and strategies by generating leads and understanding the latest trends followed by the micro bloggers.

### **Sports Apparel Industry in India**

Sport apparel industry is a subcategory of apparel/clothing industry. The global retail sports apparel industry has grown rapidly over the last five years and is expected to continue that trend as it reaches approximately US \$125 billion in 2017 with a CAGR of 6% over the next five years. Increase in demand for sports-style apparel and favorable demographic conditions throughout Asia are expected to boost the sports apparel market during the forecast period. The sports apparel industry comprises various enterprises that are primarily engaged in the manufacturing and retailing of new sports apparel and accessories such as running and training apparel, golf wear, lifestyle apparel, soccer uniforms, baseball and softball apparel, as well as the clothing worn for participating in many other sports. As per the study, the

sports apparel industry is fragmented, with the top five and the top 10 players accounting for approximately 21% and 25% shares respectively in 2011. List of major sport apparel companies in India are-

1. Nike
2. Puma
3. Adidas
4. Reebok
5. Fila
6. Lotto
7. The north face
8. ASICS

### **Research objectives**

- To explore the impact of customers trust, commitment and proactiveness of the enterprises micro-blog to customers behavioral intention.
- To provide enterprises principles for establishing and operating their micro-blogs as a relationship marketing tool.

The research focuses on consumers’ views on enterprises conducting relationship marketing through micro-blogging. The research model is based on Gronroos’s (2004) model which contains influence of trust commitment and proactiveness of customer though communication. This communication results in interaction and relationship building process.

### **Data Collection and Sampling Plan**

The data used in this research has been collected through an online and offline surveys The respondents are the users who have follow or become fans of the micro-blog webpage of corporations in India. Judge mental based sampling has been done. The respondents are asked to evaluate the

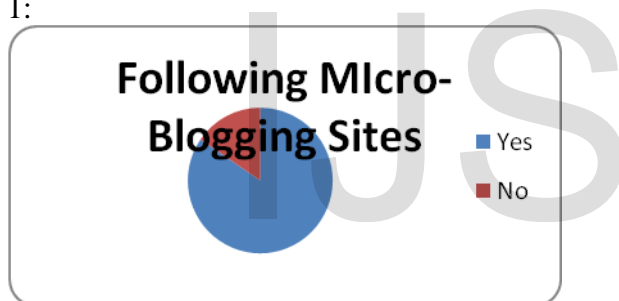
designed items within the questionnaire. All items are measured on a 5-point likertscale. There are 84 respondents filling out the questionnaire. Among the 84 questionnaires retrieved, 13 are invalid. After excluding the invalid ones, 71 questionnaires are used for analyses in the study.

There are 65 male respondents and 6 female respondents. All respondents are 21-30 years old and pursuing post graduate degree in management

### Findings

The results of the survey indicate that 71 respondents out of a total of 84 are following microblogging sites of sports apparel firms(chart 1).

Chart 1:



Except for Lotto and Reebok , rest all the other firms being considered in the study were followed by potential customers(table 1)

Table 1: Company being followed on the micro-blogging site

Company followed on micro-blogging site	
Nike	37%
Adidas	29%
Reebok	17%
Puma	26%
Lotto	5%
Others	22%

The mean scores of customer responses were calculated along the three items on the scale i.e. trust, commitment and proactiveness (table 2)

Table 2: Mean Scores for multiscale items of customer relationship building

Construct	Item	Mean Scores
Trust	Do you believe that enterprise's micro-blog is trustworthy and honest?	3.89
Trust	Do you believe the information this enterprise's micro-blog offered to users is correct and reliable?	3.56
Commitment	Do you usually read, comment and share the micro-blog?	2.32
Commitment	Do you care about this enterprise's future development very much?	3.02
Commitment	Do you thing relationship with this enterprise's micro-blog can last long?	3.43
Proactiveness	Do you feel pleasure to suggest about the products or services through its micro-blogs?	4.12
Proactiveness	Do you want in putting more efforts	3.81

	and invest more in the management of this enterprise's micro-blog?	
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The responses indicate that proactiveness measured in terms of the pleasure of giving suggestions to the firm about the product and service ranks very highly on the customer's mind while we are trying to decode the relationship do jargon. Microblogging sites do lead to higher trust building with the potential/actual customers and this engagement tool also results in higher commitment in the relationship.

### Risks & Challenges

Like any business, these service companies will have to change their offers in order to adapt to a market without constantly moving, but it is definitely much easier for internet service providers arising from these developments. They have a key role to play in the great wave of "digital transformation", more likely in supporting their clients and train their employees in the turnkey supply of quick fixes, which believes world's largest .

Training for careers in "cyber customer relationship" tomorrow will be a compelling need for large groups in the insurance, banking, and in a multitude of industries, and announced for these service providers a market all the more significant that it is the training, and thus opens up new budgets within companies. Add to this that internally, the cohesion, coordination and unity of the forces of the company - grouped under the terminology still unclear "commitment" - will be also very consumers of these new talents trained community management.

The Community Manager will become better in my opinion, and perhaps more creative if it wants to create a more qualitative engagement. It will probably simultaneously revise its cards on quantitative. Previously everything was

simpler, and all gained fans dice when the scope was the maximum. It is clear that this commitment and that sharing were naturally on its broadcast content. But after a few years of existence, the community management will have to specialize. It will probably take longer on some routes of his daily work, and having to use more frequently tools or ways to earn fans smartly.

### Conclusion

Relationship marketing is paramount in the actual competitive environment as customers are now looking for a deeply relationship with the company and want to be more involved in it. Through social media as we saw such as Facebook, Twitter or YouTube, it becomes easier for companies to be connected with its consumers and to get new customer all over the globe. Social media is a tool for a strategic perspective of value creation thanks to the interaction between the seller and the customer who become a co-producer value for the firm. Nevertheless, companies must pay attention to the negative aspects of social medias and must take into account these new networks to create a proper digital marketing strategy in order to succeed at the game in the world 2.0.

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