USE OF SOCIAL MEDIA TO ATTRACT AND ENGAGE NEW CUSTOMER BASE

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ABSTRACT

Social media is a continually evolving realm with an amazing potential for attracting and engaging customers which is very vital for any business. The social media mix consists of social networks, network feeds and social networking websites. Social media integrates technology, social interaction and content creation to collaboratively connect online information. Through social media, people or groups can create, edit, organize, comment on, combine and share content which help organizations to better achieve their mission and goals. The most commonly used social media by marketers are blogs, micro blogs, social networks, podcasts, discussion forums and RSS feeds. Marketers can use social media to promote the brand and business, tell customers about their goods and services find out what customers think of their business, attract and engage new customers and build stronger relationship with existing customers. Currently, marketers are trying to attract new customer base on the social media platform by deploying measures like search engine optimization, hosting online competition, providing surprise gifts on clicks and competitive pricing. Social media marketing has many advantages like broad reach, ability to target particular groups, free or low cost, fast easy and personal communication with individual customers and groups.

Today, customers expect top level top level content and profile of the companies while clicking on the links of renowned social networking websites like Facebook, LinkedIn, Twitter, Google Plus+, Tagged, MySpace and Ning. The customers’ ‘likes’ on the social media also provide a good mileage for the marketers. Customers expect surprises and innovative content on social media websites.

The growth in the social media has overwhelmed many marketers as things are moving so fast in this arena, that they must stay busy keeping abreast of the latest developments and trends by using the proper social media mix to capture the target market.

In this study, the author attempts to understand the emerging roles and trends of social media and internet marketing. This paper highlights the significance of social media and internet marketing in business. This paper analyzes the online consumer behavior, customer expectations and strategies deployed by marketers for attracting and retaining new customer base though social media by conducting a market survey.
Keywords: emerging trends, social media mix, online consumer behavior, customer expectation, social media marketing strategies.

1. INTRODUCTION

It is a new world today—a world where everyone has the ability to influence opinion; a world where everyone has the ability to influence purchase and a world where geographical distances are down to zero. The world today has ushered into the era of E-commerce, which is a world shaped by social media. Social media is the phenomenon which enables and endorses free flow of conversations online. Now-a-days, it is just not imperative to use static websites but also the social media network to advertise, market and connect globally. If blogs and algorithms on the internet decentralize the business of news even as they made it richer in detail, the real revolution happened with arrival of social media sites such as Facebook, Twitter, Linkedin, Tagged, MySpace, Ning and Google + which are the most popular.

Since the last decade, consumers are becoming internet savvy, crossing generations and cultures alike, and social media has ingrained into their digital worlds. Having online presence is something that leads everyone to become ever more dependent upon, as being a natural part of their daily lives.

A research by Nielsen/McKinsey Company (2011) mentions the number of active Internet users who visit blogs and social network sites are approximately 80% of all users, also these sites are the top destinations online.

People use social media to get in touch with friends; moreover social media allows people to share opinions, videos, photos and much more. It has prompted marketers to reconsider their use of traditional media and influenced their marketing strategies. To use social media, marketers should find the way how these medium can be useful for their consumers. Social networks, blogs, social communities, forums and other interactive media help marketing managers all over the world better understand current and potential consumers.

As per the CMO Survey (cmosurvey.org, August 2011) Social Media Stores enable people to buy where they connect to millions of users into a social media platform. For example, retailers and brands can have a storefront in Facebook.

The Internet has redefined how consumers interact with brands and make purchase and spending decisions. Instead of interacting with a “product specialist” at the “point of sale,” buyers rely on an array of virtual information resources, social media tools, and peer opinions to narrow their choices, then on customer service to seal the deal. The likelihood of an average customer making a final purchasing decision based upon a routine interaction with a line employee has never been greater.

2. OBJECTIVE OF THE STUDY

In the current era of e-commerce, marketers are targeting social media to leverage their profitability and sales. In this context, empirical investigation aimed at identifying the antecedents of online purchase using social networking sites (SNS) has been undertaken by the researcher, which is of utmost importance for marketers to develop strategies for attracting and engaging new customer base.

Specifically, the key objectives of the study are:
1. To study the emerging roles and trends of social media and internet marketing.
2. To study the significance of social media and internet marketing in business.
3. To identify the factors which influence the online consumer behavior for online purchase using social media (SNS).
4. To study the strategies deployed by marketers for attracting and retaining new customer base through social media.

3. LITERATURE REVIEW

Review of literature is essential to place the study in a proper perspective. The review also helps to identify the limitations of the earlier studies, identify the gaps and enables the researcher to focus upon the key areas of the research.

3.1 Social Media Role And Emerging Trends Of Social Media And Internet Marketing

Internet is extensively used as a means of communication, potential source of information, means of entertainment and many more. Few years after the launch of internet, marketers realized the possibilities of using it as a medium for business. Modern technology has been developed to the extent that even shopping is made possible over the internet. Both the products and services can be purchased by online shopping. Online shopping is used for business to business transactions or business to customer transactions with applications of E-commerce.

The Internet has become a mass media vehicle for consumer-sponsored communications. It now represents the number one source of media for consumers at work and the number two source of media at home. The Internet reaches more than 60% of all United States consumers for an average weekly usage rate of more than 100 minutes (Rashtchy, Kessler, Bieber, Shindler, & Tzeng, 2007). Below are the examples of social media described by W. Glynn Mangold & David J. Faulds (2009):

<table>
<thead>
<tr>
<th>Table 1: Examples of social media</th>
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<tbody>
<tr>
<td>• Social networking sites (MySpace, Facebook, Faceparty)</td>
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<tr>
<td>• Creativity works sharing sites:</td>
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<tr>
<td>o Video sharing sites (YouTube)</td>
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<tr>
<td>o Photo sharing sites (Flickr)</td>
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<tr>
<td>o Music sharing sites (Jamendo.com)</td>
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<tr>
<td>• Content sharing combined with assistance</td>
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<td>(Piczo.com)</td>
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<td>• General intellectual property sharing sites</td>
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<tr>
<td>(Creative Commons)</td>
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<tr>
<td>• User-sponsored blogs (The Unofficial AppleWeblog, Cnet.com)</td>
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<tr>
<td>• Company-sponsored websites/blogs (Apple.com, P&amp;G’s Vocalpoint)</td>
</tr>
<tr>
<td>• Company-sponsored cause/help sites (Dove’s Campaign for Real Beauty, click2quit.com)</td>
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<tr>
<td>• Invitation-only social networks (ASmallWorld.net)</td>
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<tr>
<td>• Business networking sites (LinkedIn)</td>
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<tr>
<td>• Collaborative websites (Wikipedia)</td>
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<tr>
<td>• Virtual worlds (Second Life)</td>
</tr>
<tr>
<td>• Commerce communities (eBay, Amazon.com, Craig’s List, iStockphoto, Threadless.com)</td>
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<tr>
<td>• Podcasts (‘‘For Immediate Release: The Hobson and Holtz Report’’)</td>
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<tr>
<td>• News delivery sites (Current TV)</td>
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<tr>
<td>• Educational materials sharing (MIT Open Course Ware, MERLOT)</td>
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<tr>
<td>• Open Source Software communities (Mozilla’s spreadfirefox.com, Linux.org)</td>
</tr>
<tr>
<td>• Social bookmarking sites allowing users to recommend online news stories, music, videos, etc. (Digg, del.icio.us, Newsvine, Mixx it, Reddit)</td>
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</table>
Social media is perceived by consumers as a more trustworthy source of information regarding products and services than corporate-sponsored communications transmitted via the traditional elements of the promotion mix (Foux, 2006).

Consumers are turning more frequently to various types of social media to conduct their information searches and to make their purchasing decisions (Lempert, 2006; Vollmer & Precourt, 2008).

Consumers are making decisions based on information they learn from their networks and using that knowledge to take action and influence others. Where historically, a conversation might occur between a couple of people over the phone or at a gathering, social media environments are allowing large groups of people to hear, participate in, and share conversations: positive and negative. It is an unpaid endorsement when a brand receives the Facebook ‘Like’ or thumbs up from a fan, and that the fan can publicly indicate this endorsement (and sometimes emotional commitment, falling into the coveted marketing space defined as ‘True Loyalty’ or even better, ‘Cult Loyalty’) Flanagan, Wendy (2010).

Social media networks offer channels through which businesses can learn about their customers’ preferences and get insight into their goods or service acceptance in the field. Some businesses adopt a broadcast mechanism by which any customer who has opted in to share the business’s message will be able to share the message with all of the people in his or her network. Others have adopted a selective mechanism to help detect those customers who would take their message to their network in an effective manner. To stimulate and to engage customers for active participation in these new marketing initiatives, businesses are experimenting with novel ways of marketing and are willing to explore ideas that would help them acquire new customers, retain existing customers, and in turn increase their sales (V. Kumar & Bala Sundaram, 2012)

3.2. Significance of Social Media and Internet Marketing Business

The Internet has become the fastest growing advertising medium of this decade (Ha, 2008). Advertisers spend hundreds of millions of dollars to place their ads on high-traffic websites. According to research, when people read an online advertisement, they are more likely to buy online. An advertising banner on the Internet can level the playing field between large and small companies (Smith, 2009).

As social media continue to gain in popularity, marketers are searching for a firm foundation on which to base their strategic decisions regarding how to employ social media to engage and influence their customers (Hoffman & Novak, 2012). Consumers gain information before purchasing any product. They seek information from organizations and also from other consumers. Firms can make more profits by attracting and alluring potential buyers via social channels (Curty & Zhang, 2011).

Social media is the good reach to provide information to consumers and Below Mentioned social media statistics mentions the extent of costumer and brand reach

Social media is the good reach to provide information to consumers and Below Mentioned social media statistics mentions the extent of costumer and brand reach (Alexander, Anson. 2012)
Table 2: Social Media Statistics

- Facebook has **845 million** active users.
- The average Facebook user has 130 friends.
- Twitter has **127 million** active users.
- 13% of Internet users also use Twitter.
- 54% of Twitter users use it on their mobile devices.
- 36% of Twitter users tweet at least once a day.
- Google+ has had **90 million** unique visitors.
- Pinterest has had **21 million** unique visits.
- LinkedIn has **150 million** registered users.
- There are **2 million** companies on LinkedIn.
- 75% of LinkedIn users use it for business purposes.


For both franchisors and franchisees, a well-executed social media strategy can generate (Todd Leiser, 2012):

- Increased sales
- Strengthened relationships with existing customers
- New customers
- Enhanced customer service
- A consumer research tool
- Traffic to your website

The above mentioned numbers of followers convey the brand awareness using social media. The popular social media networking website and their contribution to business is discussed below (Madhav Narayanan, 2012):

**Facebook:** Founded in 2006, Facebook has become the most popular social networking website. It has transformed the value of social media websites through the sheer volume of users that it has attracted. 75% of the fortune 100 companies are on Facebook. Apart from these companies Facebook is also beneficial for small businesses as it allows them to reach their target audience with a personal approach.

**Twitter:** It is an extremely popular online micro blogging service which has gained a very large user base consisting of more than 500 million users. Twitter has attracted lots of attentions from business
corporations for the immense potential it provides for viral marketing. Due to its huge reach it has increasingly being used by news organizations to disseminate news updates which are then filtered and commented on by the twitter community.

**You Tube:** You Tube which began in 2005 became extremely popular as a crowd sourced video screening service. It is a powerful free tool for businesses and organizations to engage an audience with online videos. Businesses can leverage the mass appeal of you tube by creating their own public channel that their fan base can subscribe to.

Online branding communities attract new users to a product, reinforce loyalty to a product and help marketers better understand consumers and the potential uses of the product (Jaffe 2005; Kahney 2004; Muniz and Schau 2007; O’Guinn and Muniz 2005). Galeotti and Goyal (2009) reports that companies who use social media networking see higher sales and greater profits. The above all clearly conveys social media is playing a vital role and changing the scenario of marketing.

### 3.3. Factors Influencing the Online Consumer Behavior for Online Purchase Using Social Media

The term consumer behavior is always been crucial in marketing. It is necessary to understand the consumer behavior for marketers.

Consumer behaviour is the behaviour that consumers display in searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs (Schiffman & Kanuk, 2008). Now a day’s online marketing is in boom. Word of Mouth (WOM) is defined as the act of exchanging marketing information among consumers, and plays an essential role in changing consumer attitudes and behaviour towards products and services (Katz & Lazarsfeld 1955). The emergence of Internet-based media has facilitated the development of WOM online – that is, electronic word-of-mouth (referred to as eWOM hereafter). Hennig-Thurau et al. (2004) defined eWOM as ‘any positive or negative statement made by potential, actual, or former customers about a product or company, which is made available to a multitude of people and institutions via the Internet’

SNSs represent an ideal tool for eWOM, as consumers freely create and disseminate brand-related information in their established social networks composed of friends, classmates and other acquaintances (Vollmer & Precourt 2008).

Consumers with a high level of opinion seeking behaviour tend to search for information and advice from others when making a purchase decision (Flynn et al. 1996). Consumers' perceived risks associated with online shopping have a critical effect on their decision making. Consumer risk perceptions and concerns regarding online shopping are mainly related to the aspects involving the privacy and security of personal information, security of online transaction systems and uncertainty of product quality. Kim and Benbasat (2003) identified four categories of trust related issues: 1) personal information; 2) product quality and price; 3) customer service; and 4) store presence

Kini and Choobineh (1998) are of the view that trust in the Internet business is necessary but not sufficient for an Internet buying behavior to take place. Advertisers spend hundreds of millions of dollars to place their ads on high-traffic websites. According to research, when people read an online advertisement, they are more likely to buy online. An advertising banner on the Internet can level the playing field between large and small companies (Smith, 2009). The Internet can be referred to as a pull medium because consumers choose the content they view. In effect, the consumer is pulling from a plethora and free flow of information (Pitta & Fowler, 2005). While some research suggests that pop-up ads can create high levels of ad perception, recall, and intent to purchase (Chatterjee, 2008), other research has shown consumers become irritated by pop-up ads and thus avoid online advertising all together (Edwards, Li, & Lee, 2002). For a business, one of the
most valuable benefits of using digital media is their capacity to offer consumers a personalized relationship (Wind & Rangaswamy, 2001).

Online recommendations are one way to personalize a relationship. Online recommendations range from personal reviews from other customers to personalized recommendations provided by recommender engines or systems. Recommender systems are information sources that provide personalized information to consumers (Ansari, Essegiaier, & Kohli, 2000). These systems use an information filtering technique in order to formulate product recommendations that are most likely to be of interest to the user. Marketers will benefit from providing recommendations to online consumers, especially if the source is providing personalized recommendations. Consumers focus more on the recommendation source itself than on the type of website on which the recommendation appears (Senecal & Nantel, 2004).

3.4. Strategies Deployed by Marketers for Attracting and Retaining New Customer Base Though Social Media

As per the 2013 social media marketing industry report (Michaela Stelzner, 2013) 79% of marketers agreed that they had integrated their social media and traditional marketing activities. Also there is substantial increase in strategies like use of blogs, use of social forums and social bookmarking used by marketers for online marketers.

The study of top retailers using social media for marketing mentions that (Michelle B. Kunz, Brittany 2011), Successful retailers will continue to employ social media marketing, and consumers are expected to be response. This paper also pinpoints that viral video of any kind lends itself to the YouTube platform, so for any visually enhanced promotion, this network may be effective, but not necessarily for everyone. However, these top retailers seemed to focus their attention on Facebook, with some activities on YouTube. Facebook has been embraced by retailers and consumers alike. Facebook, Twitter, LinkedIn, blogging and YouTube were the top five platforms used by marketers, with Facebook leading the pack. All of the other platforms paled in comparison to these top five (Michaela Stelzner, 2013).

Twitter may be effective for mining what conversations and tweets are saying about the brand, but it is not terribly effective for marketing messages. While Dell and Best Buy have used Twitter effectively to improve customer service and offer especially hard-hitting deals and promotions, it appears that Twitter may be more effective for up-and-coming brands/companies, rather than well-established corporations. Advertising on SNSs enables consumers to engage in some kind of social interactions by commenting, liking or passing along to their social connections (Interactive Advertising Bureau 2009).

Social media enable people to shop multiple stores together using a range of different social shopping tools such as ratings and reviews, recommendations and referrals and social bookmarking (e.g. Kaboodle.com and Storeenvy.com). Research shows 32% of retailers surveyed work with these sites to drive traffic to their stores or planned implementation/enhancement in 2009 (Mulpuru, 2010). Consumers feel more engaged with products and organizations when they are able to submit feedback. For example, Toyota enables its customers to provide feedback on a broad range of issues via it’s ‘Open Road Blog’ (Toyota, 2008).

Retail Blogs provide news and discussion around e-commerce events, as well as capture customer feedback and suggestions on desired improvements. The main benefit of blogs is generally in the opportunity to engage brand enthusiasts (Mahdi Shadkam, James O’Hara April 2013).

Online Consumer Communities are linked to an e-commerce site, usually with a loyalty, advisory or social CRM (Social Customer Relationship Management) purpose. Customer communities can be hosted on social media platforms such as Facebook or on website with dedicated community software (Mahdi Shadkam, James O’Hara April 2013). Advertising on social media
platforms or promotional applications is a useful strategy in social commerce in order to attract more consumers among social media users (Mahdi Shadkam, James O’Hara April 2013).

Implementation an appropriate rating and review system assists marketers to get feedback and also increase consumer trust. Much of this benefit is because consumers can engage in direct feedback on the offerings most important to them, providing instant and critical insights for a wide variety of brands, products, and retailers (Mulpuru, 2010). People like to feel special and make it personalized. Feelings of being special can be produced by offering products, information, and special deals that are available exclusively to a subset of consumers. For example, Unilever offers its readers coupons and product samples from Dove’s “Campaign for Real Beauty (W. Glynn Mangold, David J. Faulds 2009).

4. RESEARCH METHODOLOGY

Besides secondary data, the primary data was collected by the researcher in a survey using a structured questionnaire and the questions were close ended, keeping in view the context and objectives of the study. The questionnaire was developed in which each item was measured on five point Likert scale ranging from “strongly agree” to “strongly disagree”.

After an extensive review of literature, an exploratory study was undertaken among 300 consumers to identify the factors which affect the online purchase using social networking sites and 50 marketers to understand the strategies deployed by marketers for attracting and retaining new customer base through social media.

5. ANALYSIS AND INTERPRETATION

In accordance with Churchill procedure, the researcher conducted the Principal Component Analysis with Varimax rotation to identify the antecedents of online purchase using social networking sites (SNS). To determine the number of factors to retain, the researcher considered the most usual rule of Kaiser criterion (selected the factors corresponding the to the Eigen values above 1.0). Only items with communality greater than 0.5 and the absolute value of their co-relation to an axis greater than 0.6 were retained. Then the Cronbach’s alpha was used to assess the reliability of the antecedents. The estimated coefficients can be described as acceptable as they are all above 0.70 (Peterson 1994).

From the below Table No.3: The Kaiser-Meyer-Olkin (KMO) value of 0.583, which is greater than 0.5 indicates the measure of sample adequacy which proves that the given primary data is fit for data analysis using factor analysis. The Bartlette’s test of sphericity indicates that the correlation matrix is not an identity matrix which indicates that the factor model is appropriate. Since the p-value is 0.000 i.e. the p-value is less than 0.05 which indicates that the correlation is significant.

It is clear that three factors F1, F2, F3 were extracted which cumulatively explains 92.017 % of the total variance.

The rotated component matrix shows that the factor loading of the items on the factors. The Factor F1 which has been named “E-Trust” consists of the items: Personal information, Product quality & price, Customer service and Store presence, each having factor loading of 0.973.

The extracted factor F2 which has been named “E-World of Mouth on SNS” consists of the items having factor loading - Likes’ to product on SNS - 0.950, Good comments about the product – 0.773 Amount of shares per page – 0.950, Posts on Forums about the product -0.950 and Product description by Users- 0.773.

The extracted factor F3 which has been named “Advt. on SNS” consists of the items Pop-Ups, Personalization and Attractive Online Campaign, each having factor loading 0.959.
The Scree plot indicates that only three factors F1, F2 and F3 emerged as important as their Eigen values were 5.512, 3.782 and 1.750 respectively. The remaining components with Eigen values under 1.0 were dropped as per the Kaiser rule. The below mentioned Graph 1 conveys the Strategies deployed by marketers for attracting and retaining new customer base through social media.

The Graph 1 one indicates that blogs on social media, create fan pages on SNS, creating and leveraging multiple social media touch points, creating unique online campaign, asking for feedback tough SNS, writing success stories on social media, online stores linked with social media, viral video on social networking websites and attractive and dynamic and dynamic advertisement are the strategies deployed by markets for attracting and retaining new consumer base through social media.

<table>
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<tr>
<th>Table 3: Factor Analysis</th>
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<tr>
<td><strong>Factor Name</strong></td>
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<tr>
<td>F1 (E-Trust)</td>
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<tr>
<td>S1 - Personal information</td>
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<tr>
<td>S2 - Product quality &amp; price</td>
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<tr>
<td>S3 - Customer service</td>
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<td>S4 - Store presence</td>
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<tr>
<td>F2 (E-Word of Mouth on SNS)</td>
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<td>S1 - 'Likes' to product on SNS</td>
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<td>S2 - Good comments about the product</td>
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<td>S3 - Amount of shares per page</td>
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<td>S4 - Posts on Forums about the product</td>
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<td>S5 - Product description by Users</td>
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<tr>
<td>F3 (Adv. On SNS)</td>
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<tr>
<td>S1 - Pop-Ups</td>
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<tr>
<td>S2 - Personalization</td>
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<td>S3 - Attractive Online Campaign</td>
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*Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy = 0.583*
*Overall Cronbach Alpha (α) = 0.867*
*Bartlett’s Test of Sphericity = Approx. Chi-Square – 3410.135 (p=0.000)*
*Source : Primary Data*
6. CONCLUSION AND MANAGERIAL IMPLICATIONS

Social media has changed in a very dynamic way over the past decade. The present study makes both academic and practical contributions. From an academic point of view, it contributes to the existing literature in the area of social media for business. It can also be used by future researchers to study online purchase using social media and its antecedent factors.

The aim of this research is to contribute modestly to a better understanding of the factors which influence the online consumer behavior for online purchase using social media (SNS). The results of this research confirm with many prior studies (Kim and Benbasat, 2003). From a managerial point of view, the contributions of the proposed study are as follows:

The key determinant of the future success for many SNS providers will rest on the ability to monetize the product/service provided. Consumers and online consumer behavior often dictate what the next service or product will be for a business based on their needs and desires. Marketing managers can draw meaningful insights to understand the factors which influence online purchase using social media (SNS). It is clear that the largest SNS providers have incredibly large user bases, which can be leveraged in terms of innovation strategies for attracting and retaining new consumer base through social media.
7. SCOPE FOR FURTHER RESEARCH

This paper identifies the antecedents of online purchase using SNS. Future researchers may empirically examine the relationships among the antecedents of online purchase using SNS. Future research may incorporate the effect of variables like Rewards gains through social media, virals and Discounts Offers on social media. Further, demographic characteristics like age, income, sex and education play an important role in shaping a customer’s online purchase intentions. Future research may test the effects of these demographic characteristics on the online purchase behavior using SNS.

This research was carried out only in the city of Pune. It would be important to test the measures in other cities and parts of India to improve the reliability and validity of the study.

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