

Saimaa University of Applied Sciences  
Faculty of Business Administration, Lappeenranta  
Degree Program in International Business

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**Managing Customer Relationships in the Social  
Media**  
**Case: Diamo Oy**

Thesis 2013

## **Abstract**

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Managing Customer Relationships in the Social Media, Case: More Facebook likes for Diamo Oy, 43 pages, 1 appendix

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The purpose of this study was to increase the amount of new likes of Diamo Oy in the social media network site Facebook, eventually aiming for the creation of new customer relationships, increased visibility of the company and into strictly increasing purchasing of their products. The theoretical part of the study consists of the role of content production in the social media field and customer relationship management, of which particularly customer acquisition and retention are discussed more thoroughly. These matters form the core of the thesis.

The data for this study were collected from books and articles referring to customer relationship management, Internet marketing and social media networking in particular, which acted as the primary sources of information. Books and articles from the Internet as well as the Lappeenranta Academic Library databases were also utilized. The information concerning the target company's competitors was mainly acquired from the Internet, which acted as the secondary source along with a qualitative theme interview providing information particularly on the customer base of the target company.

As an end result of this thesis a separate guide on how to acquire new likes for Diamo Oy's Facebook page was created. When conducting the guide, it was crucially important to keep in mind the line of business Diamo Oy is in and the image that it wants to convey to consumers. All the suggestions in the guide are derived from the theory keeping in mind the operating environment, which today is not solely about broadcasting a company's message and getting the largest reach and frequency, but about taking part in conversations, listening, engaging and empowering.

Keywords: social media, customer relationship management, marketing

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# 1 Introduction

## 1.1 The purpose and objectives of the study

The main objective of this study is to increase the amount of new likes for Diamo Oy in the social media network site Facebook, eventually aiming at the creation of new customer relationships, increased visibility of the company and into strictly increasing purchasing of their products. Diamo Oy sells jewelry only via Internet and they have chosen to use social media networking as one of their marketing channels. It is also a fairly new company in the business, their website was opened for public in 2011 (Korkeila 2011,10) which is the reason this thesis is based on the basic concepts of marketing and the managing of customer relationships in the context of social media. The purpose of why this study is made is that an actual need for the information this study provides for the target company exists. They need to reach a certain amount of likes in Facebook, so that they can get more visibility and thus more potential customers. Also the fact that social media had its breakthrough in Finland last year (Savaspuro 2013) provides the opportunity for businesses to utilize the amount of potential customers using these social media networks.

To be able to acquire a holistic perspective on the subject of customer relationship management (CRM) in the social media context, it is necessary to start from the basics - describing the concept of social media both generally and from a business point-of-view. This description will be included in the introduction, specifically in chapter 1.3. The core of this thesis is thoroughly discussed in chapters 2 and 3, which will include contemplation on content production, customer targeting and the CRM, of which specifically customer acquisition and retention are discussed more thoroughly. Chapter 4 will offer insight on the target company, Diamo Oy; its history, competitors and customer and chapter 5 will include the application of the means of CRM into the use of the target company.

## 1.2 Methods, material and limitations

The target company requires an actual separate guide to be created that will consist of the means on how to acquire new likes for Diamo Oy's Facebook page. According to Vilkkä & Airaksinen 2003, the fact that something else in addition to the thesis needs to be produced makes the whole process operational. This means that the process is not tied to a single specific research method, but two or more methods can be mixed with each other if necessary, and the empirical part of the study acts as the description of producing the end result- reasons, methods, challenges et cetera. In this thesis, for example the qualitative method will be utilized, since some interviews need to be conducted to acquire specific information about the target company alone. This study is also a case study, because it derives from the target company's need.

The study is limited to determine how the basic marketing concepts can be utilized in the context of social media to attract potential customers. Matters such as the technical functionality of Diamo.fi webpage have been left out entirely, because the company has professionals managing that particular field of specialization. The topic chosen is also easier to keep within its boundaries compared to the other ideas discussed; for instance the suggestion to study what organizations have managed to utilize social media networks before in their marketing strategies and how. This idea would have been more general and thus more difficult to control and fully define the clear content of the study. Also, the information needed for this kind of topic would have been extremely hard to acquire, because in all probability, no company is willing to share their marketing strategies for free and for other company's use.

To reach the objectives this thesis desires to determine a few questions need to be answered along the process:

- How to reach potential customers via social media?
- Who is the customer?

- What prejudices do customers possess towards buying jewelry from the Internet and how to overcome them?
- The importance of the content production in social media; what do potential customers want to read about?

Books and articles referring to customer relationship management, Internet marketing and social media networking in particular will act as primary sources of information for this thesis. Books and articles from the Internet as well as the Lappeenranta Academic Library databases will also be utilized, and Diamo Oy will provide the necessary information about the company background. For example, the information concerning the customer base will be acquired in a theme interview, which will be carefully structured beforehand and where the data is solely based on the experience of the interviewee (Virtual statistics). The themes of the interview are related to Diamo Oy's customer base, mainly to figure out who the customers are and on what grounds are they chosen.

The reason why a theme interview is used is that the company has used time and most definitely money to carefully segment their customers, which indicates that the most accurate, up-to-date and liable information is in their possession, and thus they are the most logical source to be used. Interviews are most appropriate where little is already known about the matter at hand or where detailed insights are necessary to be required from individual participants. Interviews are also believed to provide a deeper understanding on the matter studied compared to the information that would be obtained with quantitative methods, such as questionnaires (Gill 2008). This information will act as a secondary source and, for example, the information concerning Diamo Oy's competitors will mainly be acquired from the Internet. The main reason for this is because the competitor's role in this whole study is merely to indicate that Diamo Oy is not the only company in the online jewelry business to which reason no profound discussion of the competitors is needed and thus the information collected from the companies websites or Facebook pages will be sufficient.

### 1.3 The concept of social media networking from a business point-of-view

Internet social networking (ISN) is a term that refers to the phenomenon of social networking on the Internet (Richter; Riemer; Vom Brocke 2011). After the emerge of Web 2.0, a term made known by Tim O'Reilly, the founder of O'Reilly Media Inc. in 2004 (Bernal 2010), organizations have noticed an opportunity to reach and interact with the Internet's end users better than before. Web 2.0 is described as the second generation of the World Wide Web that is focused on the ability of people to collaborate and share information online (Bernal 2010). The Web 2.0 and social networking concepts are mostly focused towards customer interaction, in other words how to attract and interact better with customers through blogs, forums or Facebook or MySpace pages and to raise brand or product awareness or drive sales with viral marketing etc. (Bernal 2010).

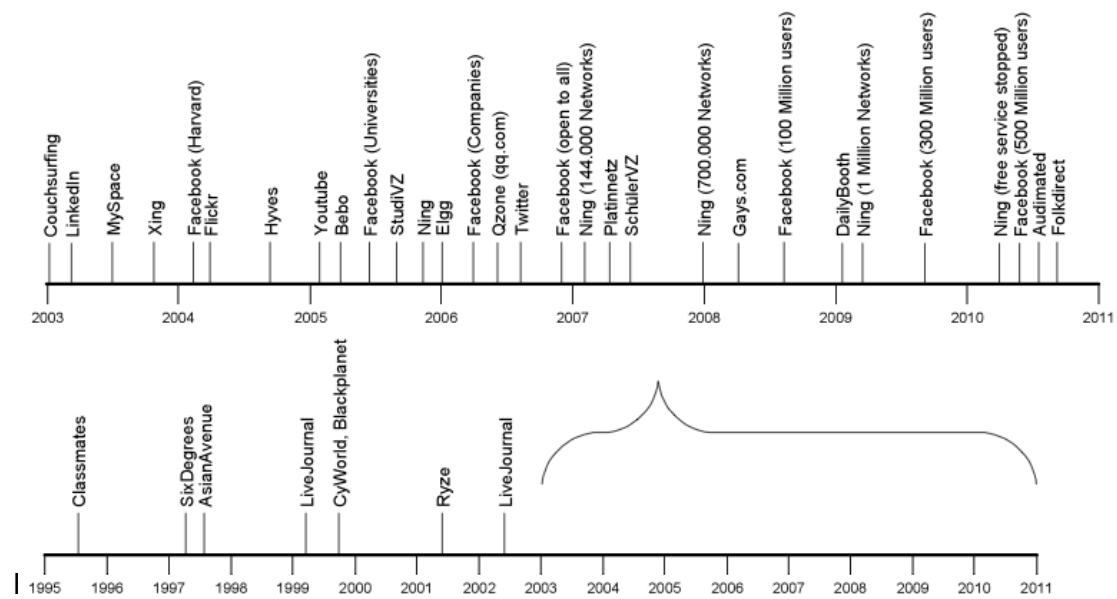
In enterprise context the equivalent for Web 2.0 is the Enterprise 2.0, which describes the adoption of social software in organizational use (Richter et. al 2011). Enterprise social networking aka ESN refers to social networking in an enterprise context, inside the Enterprise 2.0 and two types of ESN can be defined based on the factors involved. Firstly, ESN refers to social networking inside the organizations intranet social network platforms that as such, are only accessible for employees and other individuals involved with a certain enterprise. These ESN platforms reflect mostly professional relationships. Secondly, ESN can be referred to enterprises using public social network sites (SNS), such as Facebook, where the organizations are able to interact with potential customers; or business related sites such as LinkedIn that can be used for recruiting. (Richter et. al 2011) Organizations can widely benefit from these social network sites, which are characterized by Boyd and Ellison (2007) 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 with whom they share a connection, and (3) view and traverse their list of connections and those made by others within the systems.*

*The nature and nomenclature of these connections may vary from site to site". (Richter et al. 2011.)*

These SNS sites can be used not only for raising brand awareness but also, according to Klein et al. (2004) and Klein; Totz (2004), for advertising by promoting targeted approach and viral marketing for example; for product development through prosuming, which means including the consumers in the design process of a product and for market intelligence by observing the users of SNS and analyzing the data they create. (Richter et al. 2011) Clemons et al. (2007) studies show that the advertising industry has been forced to change within the last decade mainly because of the decline in consumer trust towards advertising. Remarkably according to Ermecke et al. (2009) it seems that customers trust more willingly in recommendations coming from another consumer rather than in straight messages by companies. Basically the SNS acts as a medium to interact with consumers. (Richter et al. 2011.)

The rapid increase in the use of SNS has given new concepts, such as viral marketing, popularity that has spread wide. Nowadays several online services allow users to recommend their products or services for other users (Richter et al. 2011), such as Nelly.com, an online store that represents over 800 different brands selling everything from clothing to beauty products. In July 2011 Nelly.com launched a viral campaign called Design Your Dress that was a flash application. It resulted in sales more than 1 million euros and over 300 000 dresses designed in 45 days. The campaign was one of the ways on how to generate traffic to their site (Vanhatapio 2012). The term viral marketing refers to word-of-mouth marketing, which is about passing a message through one medium such as Facebook to a few people who then pass it on, making it spread like a disease. It is basically a self-replicating process of marketing (Snyder 2009.) Figure 1 below visualizes the history and the rapid increase of social networking sites between the years 2003 and 2011.



As for today, the organizations are slowly starting to realize that the potential customers are already using the SNS and are expecting the organizations to be there, too. The fact that social media had its breakthrough in Finland just last year shows that the change is not happening overnight (Savaspuro 2013). Communication instructor Katleena Korteso states that it seems that the attitude towards social media amongst many organizations is still fearful. Organizational communication has traditionally been formal and faultless which makes it hard to adapt for the more relaxed and unconstrained nature of social media (Savaspuro 2013.)

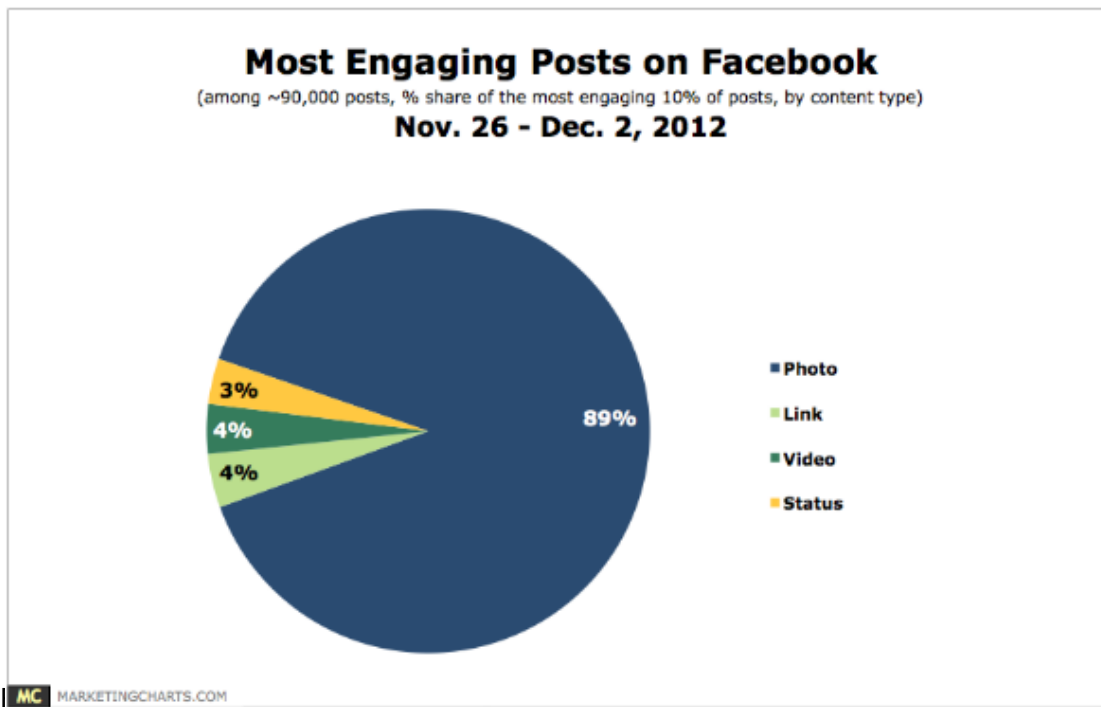
## 2 Focus on the content production

Social media can be characterized as the world’s largest cocktail party where anyone can listen and join any conversation if desired. There are two distinctive features compared to a real-life cocktail party however. First of all people don’t drink online, of course, but secondly as in an actual cocktail party, one is able to take part in only a handful of conversations in one night, but online, and through SNS, one can take part in numerous conversations with possibly thousands of people at once (Kerpen 2011.) In the light of this, it

is obvious that not simply everything can be posted, not by companies nor private persons. The content on companies' Facebook pages needs to be interesting above all. If companies only post suggestions and persuasions to buy their products it is not only monotonous and boring but also becomes irritating at some point.

In a cocktail party the spectrum of people varies a lot - there are people who will not shut up about themselves but also people who are interested in what you have to say, listen carefully and discuss. There are also people who tell great stories and people who bore others to death. This phenomenon appears in the social media as well. We all know what makes some people interesting and enjoyable to interact with, but yet many companies in the SNS act, for example, like the guy who bores everyone to death by talking without listening and asking others what they might want to have a discussion about (Kerpen 2011.) By listening carefully, being transparent, responsive and authentic and by telling great stories, companies can accomplish a likeable position in the social media and most likely gain profit in the process (Kerpen 2011).

However, the basic status updates are not the only way the potential customers can be reached and engaged. In 2012, SocialBakers, a social media analytics platform, which provides a solution that allows brands to measure, compare and contrast their success in the social media field (SocialBakers), did a research where they took a sample of nearly 90,000 posts from 24,000 brand pages for one week's time and analyzed the most engaging posts. Of those approximately 90,000 posts, 89% were photos, 4% were links and another 4% were videos and the remaining 3% consisted of status updates. (MarketingCharts) The results of the research are shown in figure 2 below.



Whatever the content of your post, whether it is a status update, video or a photo, it is considered as an object. Carrie Kerpen, the CEO of Likeable Media and the wife of Dave Kerpen, the author of the book “Likeable Social Media: How to Delight Your Customers, Create an Irresistible Brand and Be Generally Amazing on Facebook”, has developed a diamond ring model that visualizes how to optimize the Facebook News Feed (Kerpen, 2010.)

When users log into Facebook they are brought to a homepage that shows the Top News Feed. The user can modify whether he wants to see most recent news or top news, but the Top News Feed is set as default. The Top News Feed is a stream of all the information from the user’s social connections, meaning friends, groups joined in and pages ‘liked’ that Facebook has picked out as most important (Kerpen, 2010.) For companies, the aim should be to be seen on the Top News Feed as often as possible and as long as possible.

In Carrie Kerpen’s (2010) diamond ring model, the object - status update, video, photo or such is visualized as a diamond ring, where the object that

gets posted on the page is the center of the ring - the diamond itself. Whenever a user interacts with that diamond ring through a comment or a like, the *edges* of the diamond are formed. The more interaction, the sharper the edges, and the sharper the edges the company's post will most likely appear on the user's Top News Feed. There are three edges that determine the News Feed Optimization - the regularity of the user interacting with the company's page and posts, the type of the interaction and the timeliness of the company's posts.

If a user likes a company's page through a Facebook ad for example, but never visits the page again nor has any friends interacting with that page, the post will not likely show in the Top News Feed. However, if the user occasionally looks through the company's page and likes or comments a post or two, the chances of showing up in that user's Top News Feed increase dramatically. The type of interaction could be seen as the time spent on the company's page; going through the posts, commenting every now and then or taking part in questionnaires or competitions - the time the user is engaged with the page. The third edge is the simplest; if a company's post is current and has a lot of activity, it is bound to show up in the Top News Feed. However, unless content interesting and relevant enough is not created first, it is useless to know how to optimize the news feed (Kerpen 2010.) The Diamond ring model is visualized in figure 3 below.

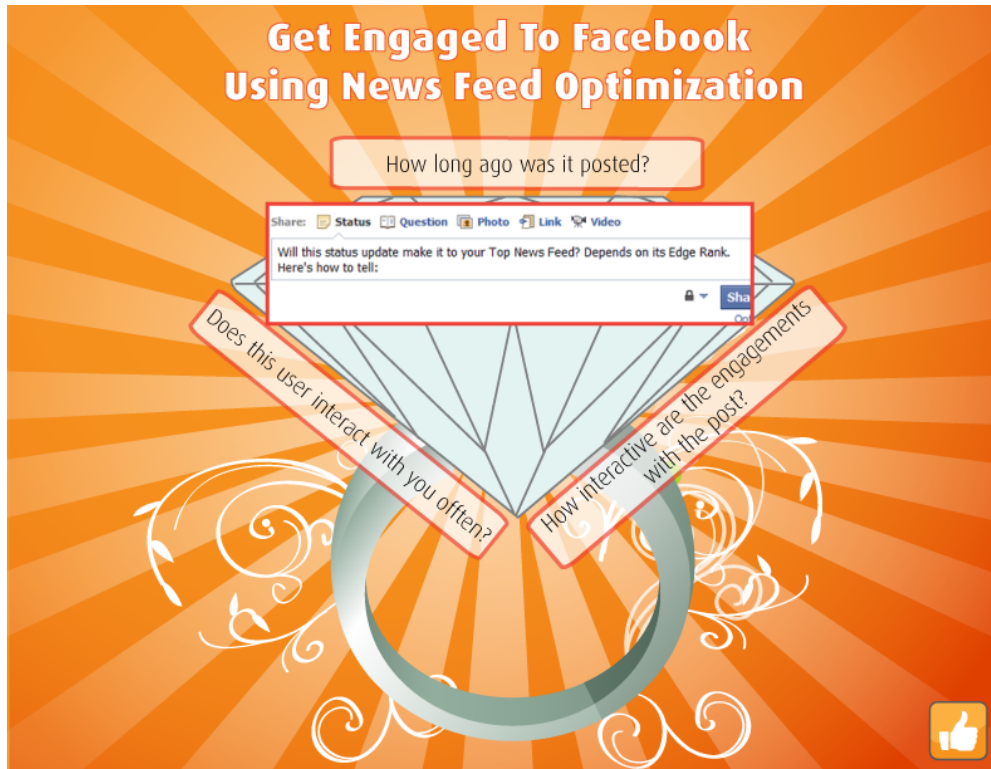


Figure 3: The diamond ring model, Facebook's EdgeRank (Kerpen 2010)

## 2.1 How, why and what?

In the world of Internet marketing, the attention a company will get is not directly proportional to the size of the marketing budget, but to the notable content the customers are willing to receive and use (Juslén, 2011). Content production can be seen as a competitive weapon. Usability, clarity and layout are no doubt important, but good content is by far the most important and only means through which competitive advantage can be gained (Juslén 2011.) Although Juslén (2011) describes content production in general, this applies both into the content of the company's website as well as into the content of its Facebook page. The world of Facebook is not solely about broadcasting your company's message and getting the largest reach and frequency, but about taking part in conversations, listening, engaging and empowering. Being the smartest and most flexible listener above all gets you most definitely further than being loud and spending big money (Kerpen, 2011.)

The key factors for companies using the SNS are listening, engaging, and being transparent and responsive (Kerpen, 2011). Everyone knows what

listening means, but to clarify, the FOD defines listening as “to make an effort to hear something” and “to pay attention” (The Free Dictionary 2013). Rationally, listening should be easy, but as it turns out, it is not obvious for everyone. When comparing, for example, the words monitoring and listening to each other, monitoring is a term, which has an impersonal feel to it, even a slightly negative sound. Listening on the other hand is an important human process (Kerpen, 2011). Listening is free and there are various ways on how it can be done. By following and analyzing the conversations that are constantly happening in the SNS, valuable information can be acquired- information that traditionally has been collected via questionnaires, studies or such (Juslén, 2011). Companies can simply listen to ongoing conversation through Google for example, or through Facebook or Twitter searches. If something interesting pops up, companies can set up alerts in Google Alerts ([www.google.com/alerts](http://www.google.com/alerts)) or SocialMention ([socialmention.com/alerts](http://socialmention.com/alerts)). An email alert will be sent to the chosen address each time someone posts specifically defined content somewhere. There is also fee-based software available (Juslén, 2011; Kerpen, 2011.)

Talking in social media is also important, but more important is to engage with the users. Marketing in social media field is partly talking, but instead of transmitting and repeating one-way messages to consumers it is more interactive because the communication works both ways. (Juslén, 2011) Being engaged means to be truly interested in what the customers have to say, whether it is negative feedback. Any feedback should be craved and wanted by the company, because it gives valuable information on how to build a *better* organization (Kerpen, 2011). Talking in this context could be, for instance, asking questions. Questions are a way of creating conversation (Juslén 2011, 220) and they help in building an emotional connection with the consumers (Kerpen, 2011). Asking questions also creates marketing value in four ways (Kerpen 2011, 120):

1. Helps the company to guide the social media conversations without appearing forceful.

2. Allowing the company to become consumer-centric marketer rather than brand-centric.
3. Demonstrates that the company values openness, honesty and feedback.
4. Shows that the company cares about what its customers have to say.

With the emotional connection conversations about the customers' pain points, problems and needs are generated. When the customers interact with each other and the company, the likelihood will increase of the customer turning to the company and its products and services when needed. Asking questions on Facebook and on other social networks can also help the company to gain valuable information about the organization itself, cut back R&D costs and create new ideas from the customers and prospects (Kerpen, 2011.)

To be fully engaged, the company also needs to be responsive. Whether the feedback is positive or negative, and whether it isn't feedback at all but just a comment, for example, about a product, a response of any kind is necessary. In fact, not responding at all is a response in its own way, but not a positive one. By not responding, the message sent to the person who made a comment or a question is that his/her opinion does not matter. At least that is the way not responding is easily interpreted in. The best way, to answer a negative feedback or a complaint is to quickly respond publicly and then try to solve the issue privately with the customer. The good comments need to be acknowledged, too, preferably with the voice of the brand the company represents (Kerpen 2011.) Consumers generally use Internet alone in the privacy of their homes. Because of this, it is better to use a more personalized and individualistic content compared to the more formal language usually used by organizations. The consumer should feel that the content has been written specifically for him to match his needs (Juslén 2011.)

Before the social media phenomena, status updates, which now are a fully new means of communication, didn't even exist. Text messages could be

loosely compared to them in character, but as status updates are usually directed to more than a handful of people, text messages mainly serve as a communication channel between two people at a time (Juslén 2011.) Status updates, however, are not the only content that can be shared in Facebook or on a website. To make a company's Facebook page more interesting, versatile and likeable, content such as

- photos
- video
- podcasts
- presentations
- e-books
- stories

can be shared. (Juslen 2011 pp. 120-126; Kerpen 2011.) As mentioned earlier in this chapter, photos are on the top of the list of most engaging posts. 'A picture tells more than a thousand words' is a commonly known phrase and in fact, along with the widespread use of the Internet the accuracy of it has nothing but increased. With good, high quality photos added to a Facebook page companies can draw customers' attention and bring up some of the organizations viewpoints for example. (Juslén, 2011) Videos on the other hand, have been out of reach of small enterprises for decades, but after YouTube, uploading videos in the Internet has become not only cheap but easy too (Juslén, 2011). With videos, companies can create more varied and valuable content for customers (Kerpen, 2011).

Presentations made with a PowerPoint or such, can provide customers insight on some problems they might have with a company's products for instance, while e-books are more extensive when it comes to content and can provide more detailed information than a PowerPoint presentation. E-books can be resourceful when a company wants to build its profile and reputation as problem solvers, train its potential buyers or reinforce customer loyalty. (Juslén 2011.) Another example of value adding content is stories, which can bring a company alive and create an emotional connection between customers and the company. Social media allows not only private people but

companies too, to tell stories, especially through blogs, videos and photos. In the past, storytelling was expensive and could only be accomplished via television advertising or in major newspapers, which obviously has now changed. Every company has at least one story to tell, most companies have many of them. For example, customers should be inspired to share their own stories as well, for instance in a form of a competition- who sends the best story/photo/video clip etc. wins a gift card (Kerpen 2011.)

To top this all up the company should be fully transparent - about its business, products and everything else. *“Honesty and transparency build a direct relationship between you and the customer, and any deviation from these values can erode brand trust forever ”* (Kerpen 2011, 109). For example, when someone asks a question in a company’s Facebook page and the person handling the feedback does not know the answer, the answer given to the question should simply be “I don’t know, but I’ll get back to you.” People might find honesty over faulty answer rather refreshing and be content even if they don’t immediately get an answer to their original question (Kerpen 2011.)

### **3 Acquiring customers through social media**

This chapter focuses on defining the customer relationship management and discussing the concept from a social media point-of-view. The reason why only the two phases of customer relationship management, acquisition and retention, have been chosen and analyzed is because the utmost aim of this thesis is to acquire new ‘likes’ and potential customers for the target company. How to benefit from them or how to act if the potential customers will not become as loyal customers, are matters beyond the framework of this thesis.

#### **3.1 The concept of customer relationship management (CRM)**

There seems to exist various different ways on how the customer relationship management (CRM) can be defined and the variety is likely dependant on the perspective looked at from. It can be defined as a way of computerizing a business, a series of tools and techniques or a marketing program designed

to attract customer loyalty. In its simplest form it can be defined as an attitude, a mindset and a value placed on a business and its customers that recognizes that each customer is an individual and has a choice. CRM looks at ways to treat customers more as individuals by embracing various marketing and management methods, such as customer loyalty and marketing database management (Roberts-Phelps 2001.) According to a more recent source CRM is still everything mentioned above and its ultimate goal is to maximize the lifetime value of each individual customer to the firm and hereby increase the profitability. In the light of all this, *customer value* is a really important concept of CRM. The customer value is essentially the financial value of the customer relationship to the firm (Kumar; Petersen 2012.)

### 3.2 Acquisition and Retention

Before the 21<sup>st</sup> century the primary enterprise goal was to improve brand awareness of products and services and to increase brand preference and brand loyalty among consumers. For example, in the 20<sup>th</sup> century, enterprises used mass marketing and mass advertising to reach the greatest amount of potential customers, to increase their overall market share. (Peppers; Rogers 2011, 4) Historically, the traditional marketing efforts have revolved around the four P's – product, price, place and promotion, developed and popularized by Philip Kotler. Greater and deeper understanding of consumer behavior, organizational behavior, market research, segmentation and targeting have enhanced these efforts today. In other words, a holistic understanding of the market has been gained using traditional sampling and collective data. Although the four Ps relate more to the aggregate market, they have however helped to define how an enterprise should behave towards all the customers within the aggregate market. (Peppers, Rogers, 2011 pp. 10) Modern technology makes it possible for enterprises today to learn more about individual customers, remember their needs and shape the company's products, services, messages and interactions to each valued customer (Peppers; Rogers, 2011, 13).

To begin the process of customer acquisition, the potential customers first need to be identified before any relationship can be formed. A relationship is characterized by Merriam-Webster as

*“a state of affairs existing between those having relations or dealings.”*  
(Peppers, Rogers 2011, 39)

However, the focus of this thesis is specifically in relationships between businesses and their customers, which means that a different characterization is in place. First, a relationship implies *mutuality*, meaning that both parties need to participate and be aware of the existence of the relationship. In business context it means that the customer can obviously have a great deal of affection towards a brand, but for the relationship to exist, the business needs to be aware of the individual customers rooting for its brand. Second, relationships are driven by *interaction*. Interaction can mean everything from exchanging information, for instance in the social media, to buying the product from a company, meaning that relationships are two-way in nature. Relationships also provide *ongoing benefit* for both parties, but require a *change in behavior*. Unless the organization's actions towards a particular customer are in some way tailored to reflect the customer's input there will be no ongoing benefit for the customer, which might result in the customer deciding to end the relationship. The ultimate requirement for a relationship to work however is *trust*. To generate trust, enterprises need to take four components into account- credibility, reliability, intimacy and self-orientation, which all together form The Trust Equation by Charles H. Green, the CEO of Trusted Advisor Associates (Peppers; Rogers 2011.)

When an organization wants to identify its customers, essentially it needs to treat each customer differently and to be able to do that the first requirement is to “know” and recognize one customer from another. According to a CRM expert Stan Rapp (2011) this can be achieved by the “three awesome powers” brought to us by the invention of computers- *the computer's power to record, the computer's power to find and the computer's power to compare*. Nowadays computers can store millions of customer records in addition to just

names and addresses, such as age, gender, marital status, buying habits, demographic profiles et cetera. With the *computer's power to find*, selections can be made from customer files and with the *computer's power to compare* information on customers with one set of information can be compared with another different set of information using different characteristics (Peppers; Rogers 2011.)

Identifying in this case is used in its broadest possible form meaning that the activity of identifying withholds some activities in it itself, such as (Peppers; Rogers 2011, 109)

- defining
- collecting
- linking
- integrating
- recognizing
- storing
- updating
- analyzing
- making available
- securing

Defining and collecting are closely related. The organization must define what information the customer's identity consists of and then arrange to collect these identities, via credit card data or Facebook for instance. Then, once a customer's identity is fixed it needs to be linked to all transactions and interactions with that customer, using, for example, a frequent shopper program. The linking however is not sufficient and therefore it includes integrating the customer's identity into any information system the organization uses to run its business. This also includes the recognition of the customer, for example when they buy products online one day but visit the company's store the next day. Storing, updating and analyzing the customer information is also essential and a continuous process. Securing the customer information however is critical, because the individual customer identities are both completely sensitive and threatening to individual customer privacy (Peppers; Rogers 2011.)

After identifying the customers they need to be segmented, in other words the potential customers need to be divided into clearly identifiable groups having similar needs, wants or demand characteristics (Business Dictionary 2013). Only after clear segmenting the organization can begin to target its customers. Nowadays there are several tools through which organizations can target potential customers, such as Google search engine, Facebook, Google Ads' Display network and so forth. For example, the Display Network aims to deliver company's messages and ads exactly to the right customer wherever they are online with, for example, placement targeting where ads are shown on particularly chosen websites or with topic targeting where the ads are shown in web pages under a certain topic. (Google Ads Display Network 2013.) In Facebook apposed to that, people can be targeted according to demographics - age, gender, known languages, location and even according to interests (Facebook).

For organizations, acquisition of new customers alone is never enough. The aim obviously is to get the customers come back and keep coming back for the company to be able to make profit. Therefore, increasing customer retention is one of the main objectives in building customer relationships. Retention however, does not mean the same as a relationship. Retention is behavioral loyalty whereas relationships imply the existence of emotional loyalty. Because of this both customer loyalty and customer satisfaction are closely related to retention. If a customer visits the same grocery store on a regular basis, it is not evident that the customer is loyal or that a relationship exists. The customer might visit the store because of a convenient location, large parking lots or speedy checkouts, which all are reasons relating to functional factors that drive repeated buying. This indicates that it is possible for a company to develop a high level of "behavioral loyalty" among its customers while having little or no emotional loyalty at all. Factors such as employees recognizing customers and customers feeling comfortable shopping in a certain store point towards emotional loyalty - a connection between the company and its customers, a lasting bond that involves genuine emotions (Peppers; Rogers 2011.)

To increase customer retention companies can create customer loyalty programs for instance. A loyalty program is a promotion that awards points, miles or other benefits to a customer in exchange for the customer to prefer the brand A from B, simply doing business with the program's sponsoring company. The most effective kinds of programs are the ones that use personalized services or offers for individual customers, opposed to the most common kinds that simply award prizes and no further effort is put into offering personalized, relevant or satisfying products or services for individual customers to make them feel special. Definitions of customer loyalty usually take one of two different insights - attitudinal or behavioral. The attitudinal definition indicates that the customer prefers the products or services of a certain company rather than its competitors' products, even though they might be virtually equivalent. The emphasis in this case is on "willingness" rather than on behavioral factors. The behavioral definition of loyalty by contrast is concerned with the re-purchase activity, rather than attitudes or preferences. It is thus theoretically possible for a customer to be loyal to a brand without liking it, providing there exists some other reasons for repeat purchase, such as significantly lower prices compared to competitors'. In the behavioral definition customer loyalty is not the cause of brand preference, but one result of it (Peppers; Rogers 2011.)

Nowadays the customer experience seems to have risen as an extremely important matter. No thanks to Internet and social media, but because of them, people can express their opinions, both positive and negative, in such quick and easy ways, reaching hundreds of other consumers at once, which indicates that when doing business the customer cannot possibly be ignored or understated. The fact is that every time a customer makes a purchase from a company, the possibility of that same customer buying from that same company again in the future is liable to change, which also means that the company's likely future cash flow also changes which eventually can change the company's actual economic value. This is the long-term component of the value the customers create (Peppers; Rogers 2011.)

### 3.3 Restraints and challenges

According to SocialBakers social media analytics platform, there are 981 758 900 Facebook users in the world today and 2 282 000 monthly active users (MAU) in Finland (SocialBakers). In Finland however, the amount of people buying goods and commodities online is two thirds of the whole population (Statistics Finland). This basically means that social media and Facebook simply cannot be used as the only means of marketing, not even if the organization operates only in the Internet. The smartest way is to combine traditional media, meaning print and television advertising, with marketing in social media. This can be seen as a restraint, but can also be overcome with a right strategy.

Another challenge that arose in the beginning of this whole thesis process when the whole topic was still just an idea, was that some people seem to have quite strong prejudices towards online shopping, despite the fact that over half of Finland's population already shop online (Virtual Statistics 2012). For companies operating only on the Internet, mixing marketing channels is extremely important to help people overcome these preconceptions. Internet shopping can be found far more rewarding nowadays than going from store to store, mostly because of the almost unlimited product range and easiness. Besides, if something does not fit, is in any way damaged or does not appeal in some other way, there is always the possibility to return the goods and get your money back. Of course the Internet is full of scams and hoaxes, but it is the consumer's responsibility to check whether the seller is reliable before the purchase as much as it is the seller's responsibility to provide the customer with sufficient information on payment methods, customer service, deliveries, data security et cetera.

These concepts lead us to the ultimate challenge today in Internet marketing, the issue of trust. As mentioned before in chapter 3.2, the most important building block for any relationship to be able to form or exist is trust. When simplified, it could be said that trust means confidence, while the opposite of

trust, distrust, can be juxtaposed with suspicion. When a person trusts someone they have confidence in them, in their integrity and abilities, but when a person distrusts someone, they become suspicious of them, their integrity and their agenda. Trust-based customer relationships can be created through company strategies and policies, but also through the actions of the company's employees and partners (Peppers; Rogers 2011 pp. 80-81.) Trust is not just "nice", but a necessity for all companies hoping to enhance the value of their business. The strength of the customer's relationship towards the company has a direct impact on customer's intention to purchase more products and services, to spread the word-of-mouth to family and friends, and to remain as a customer (Peppers; Rogers 2011, 94)

A challenge particularly Diamo Oy could face is the fact that they sell anonymous jewelry instead of representing internationally known brands. People have already formed conceptions and attitudes towards widely known brands, which makes it easier for the customer to choose a Swarovski necklace over Diamo's equivalent. Jewelry that does not represent any specific brand might raise doubts among the consumers not only about the origin but also about the quality of the products. Any suspicions can be avoided with the company being transparent and honest about its products and ways of making business. For example, if the information available in the company's website is not sufficient enough from the customer's point of view, they need to have the opportunity to give feedback or ask directly from someone and get an honest answer.

#### **4 Diamo Oy**

Diamo Oy is a Finnish jewelry retailer selling a wide range of jewelry from engagement rings to different sized diamonds via the Internet. The majority of their jewelry is made of white gold, but the selection also includes gold, silver, platinum and palladium jewelry. The price range begins from 40€ and wedding rings, for example, cost approximately 700 - 1500 euros. The most

expensive products sold are the diamonds, which may cost up to 3 million euros. All products are available only at Diamo's on-line shop (Diamo Oy.)

#### 4.1 Background

According to Diamo's founder Jukka Korkeila, the webpage [www.diamo.fi](http://www.diamo.fi) was first opened for public in September 2011 after two years of planning and preparing (Korkeila 2011). Korkeila has a master's degree in jewelry from 1988 and his first company manufacturing gold and diamond jewelry was sold in 2000 for Kultakeskus Oy, the biggest company in the business at that time. The idea to set up an online jewelry retailing business, Diamo Oy, rose when Korkeila noticed the rapid increase in online sales of precious metals during the 21<sup>st</sup> century. One of the main points of his business idea was to make jewelry shopping as effortless and compelling as possible (Korkeila 2011). Diamo Oy's product range does not include any known brands. One of their specialties is the opportunity for the customers to order custom-made products or if they wish, take part in the design process for themselves via interactive application. Diamo Oy also provides free engraving for their products. The opportunity to buy single diamonds is mostly targeted for potential investors, but it is also strongly entailed to the possibility for the customer to be included in the design process of the product. (Diamo 2013; Korkeila 2011.)

Diamo Oy receives all its products straight from the manufacturers, which makes them about 30% cheaper for consumers, permanently. Generally, the products in jewelry business reach the consumers after several intermediaries (Korkeila 2011.) Traditionally the products are moved to wholesalers from manufacturing and then sold to retailers who finally sell them to consumers, which is the most common channel of distribution. In addition to wholesaler acting as an intermediary, there can also be agents or sales representatives in between. (Business Knowledge Resource Online)

One positive aspect when buying jewelry online is that the customer can take his or her time to examine the products without any pressure from sales

personnel, which can be an issue in a jewelry boutique. Diamo's webpage offers extensive information on the materials, grading and other matters that influence the final price of the product, which provides the customer with the opportunity to examine the products carefully and in a more relaxed manner. As mentioned earlier, Diamo Oy's earnings principle is based on the small number of intermediaries in the distribution channel. Their delivery time varies between three to seven weekdays, depending whether the products are already at their storage unit or whether they need to be ordered from the distributor (Korkeila 2011.)

Diamo Oy joined Facebook in September 2011. However, the Facebook page serves mainly as a channel that reroutes people to its main page, the online store [www.diamo.fi](http://www.diamo.fi). Olin points out though that the Facebook pages having the most likes provide their followers with up-to date information and tempting content (Korkeila 2011, 38). Content production was discussed more precisely in chapter 2.

## 4.2 Customers

According to Jukka Korkeila, the main target group of Diamo Oy is the wedding and engagement ring buyers. Also men in particular and self-supporting independent women are part of Diamo Oy's customer segmentation. (Korkeila 2013a) In 2011, the average age of women getting married was 30.6 years and that of men 32.9 years. In four decades the age of both women and men entering their first marriage has increased by approximately 8 years (Statistics Finland 2011). Despite the increase in the age men and women will marry, the fact is that engagement and wedding rings are products that people will buy at least once in their lifetime.

The target groups are chosen based on Korkeila's previous experience in the goldsmith industry. As mentioned in the previous chapter, in Diamo Oy's background information, Mr. Korkeila has quite a long history in the goldsmith business. According to him, jewelry is purely acquired out of pleasure and self-fulfillment, they are something no one really needs, but most of us *want*

(Korkeila 2013c). Women are part of the target group mainly out of cultural reasons. In Finnish culture, men are not that eager to buy jewelry for women, whereas in other countries, such as the United States, Russia, Asian continent and the Middle Eastern countries it is much more common for men to give jewelry for their women. Although Diamo Oy is planning to expand to Russian markets in the future, they have no existing research information on Russians' buying behavior. However, it is common knowledge that Russian men do buy more gifts for Russian women than, for example, in Finland. The Russian customers also seem to spend more money at once, but this cannot be generalized, since Diamo has had comparatively few purchases from Russian customers. The main reason for this is that there is a problem getting the products for the Russian end customers, since products made of precious metals cannot be exported there (Korkeila 2013c.)

### 4.3 Competitors

The purpose of which the information on Diamo Oy's competitors is presented is to point out that it is not alone in the business field. Superficial examination of these competitors' possible Facebook profiles will give a little insight on how the customers interact with these companies through social media if at all. The competitors listed below were chosen because their businesses are the most similar to Diamo Oy's operating policy.

Korkeila has examined the most essential competitors of Diamo Oy in her thesis (2011). She mentions companies such as Chanti.fi, Suomen Kulta Outlet Oy, Laatukoru, Timanttiset and Kultajousi. According to Korkeila (2013), the founder of Diamo Oy, these competitors still need to be taken into account today as well as one 21 Diamonds (Korkeila 2013b), which states to be the biggest goldsmith online (21 Diamonds.)

#### 4.3.1 Chanti

Chanti is a Danish business established in 1995. At first they operated as a wholesale company for Danish goldsmiths, but expanded later in 2001 into direct Internet-based sales. They always have a minimum of 8000 various

items in stock and they receive new ones on a weekly basis. As well as Diamo, Chanti also sells jewelry about 30% cheaper than similar stores and this is because they operated as a wholesale company earlier and therefore no intermediaries are involved (Chanti.) Their product range includes jewelry from pendants to earrings both anonymous as well as known brands such as Dyrberg/Kern and also watches from Casio and Police, for instance (Chanti.)

The promised delivery time is between 7 days to 5 weeks, which is where Chanti differs from Diamo. When it comes to wedding rings Chanti's delivery time is 5 weeks with no exception, because each ring is manufactured specifically for each customer (Chanti.) Chanti provides a live-chat service for customers on their website and more traditional customer service is also available by telephone and email (Chanti.)

Chanti has joined Facebook in March 2009 and their Danish profile page has 25,982 likes. They also have an international page founded in September 2009 that has 1,396 likes and the page is in English. However, it seems that the Danish page has a more versatile content compared to the international page that almost completely consists of weekly newsletters, which announce a temporary error when tried to open (Chanti, Facebook). Information on Chanti's turnover is not available.

#### 4.3.2 Suomen Kultra Outlet Oy

Suomen Kultra Outlet Oy is a Finnish company founded in 2011 selling gold, silver and diamond jewelry online at [www.kultraoutlet.fi](http://www.kultraoutlet.fi). Like Diamo Oy and Chanti, Suomen Kultra Outlet Oy buys its products straight from the manufacturer allowing it to sell them with generally lower prices. Not having to pay rent for business premises or employees salaries also affect the prices. (KultraOutlet). According to the founder and CEO of Kultra Outlet Oy Juho Ahosola (Harjunpää 2012), its revenue after the first accounting period was approximately 300 000€, but the first period was 18 months long and includes costs caused by starting up a business, costs that will not occur later on. (Harjunpää 2012)

KultaOutlet sells a range of anonymous gold, silver and diamond jewelry; graduation, wedding and christening gifts and jewelry polishing accessories. One major difference between Kulta Outlet Oy and Diamo Oy is that KultaOutlet only has seven different types of engagement rings available both in white gold and gold, whereas Diamo Oy's range is much more diverse (KultaOutlet). This suggests that KultaOutlet's focus is not on customers buying engagement rings, but in another segment.

KultaOutlet offers an opportunity for businesses to buy business gifts in outlet prices for occasions such as promotion or retirement (KultaOutlet). Delivery time apparently depends on the products and is notified in the product information for instance, if they have the product in storage the delivery time is from one to three days. The delivery time of a white golden diamond ring is from five to nine weekdays instead, since they do not come straight from the storage. All orders are pursued to handle the day after an order has been placed at the latest (KultaOutlet.)

KultaOutlet has no Facebook page and their website is available only in Finnish language, which suggests that their markets are, at least for now, solely in Finland. This notion is supported by the fact that the delivery terms include delivery only in Finland (KultaOutlet).

#### 4.3.3 Laaturu

Laaturu Oy is a family owned jewelry chain founded in 1976. As opposed to the two previous competitors presented, the Laaturu organization does not sell its products solely online, but has 10 stores all over Finland and it employs over 80 people, including trained sales personnel, goldsmiths and watchmakers. In 2011 Laaturu Oy's annual sales was over 13 million euros, which makes it the largest family owned chain in Finland (Laaturu.)

The Laaturu organization sells various items from watches to silverware and it represents brands such as Longines, Gucci, Tissot and Omega watches as well as jewelry brands such as Kalevala Jewelry, Swarovski and

Silván. Silván is Laaturu's own diamond jewelry brand manufactured in Laaturu's factory located in Southern Finland. The Silván collection consists of high quality diamond rings, earrings, pendants and single diamonds. Laaturu, as well as KulutaOutlet, offers an opportunity for businesses to acquire business gifts (Laaturu.)

Laaturu Oy's delivery times vary depending on whether the items are available in stock or whether they are made to order, as some more valuable items usually are. Hence, the basic delivery time is between 3 - 7 weekdays and the exceptional delivery times vary between 5 - 8 weekdays and 4 - 5 weeks (concerns mainly Kalevala jewelry's golden items). Engravings add one to two more weekdays into the delivery (Laaturu.)

The Laaturu organization's Facebook page has 656 likes and they joined Facebook in September 2011. Not much content has accumulated on their page in the two years time, and most of the content is about persuading people to visit their stores, which suggests that the page is mostly used as a channel rerouting people to get acquainted with their organization. This is also Diamo's current situation. According to Facebook Laaturu's most popular age group is 25-34 year-olds.

#### 4.3.4 Timanttiset

The Timanttiset group, established in 1972, is Finland's biggest retailer and importer of watches, jewelry and giftware with an annual turnover of 70 million euros in 2011. The Timanttiset group's members are located in the largest cities around Finland and together they form a nationwide group concentrating in marketing, importing and retailing. There are altogether 85 Timanttiset retail stores covering the whole Finland and the group employs about 400 people in total. The company represents both domestic and international brands such as Kalevala Jewelry, Nomination, Lapponia Jewelry and Esprit. In addition to these 85 stores they sell their products also online in [www.timanttiset.fi](http://www.timanttiset.fi). (Timanttiset.)

Timanttiset has a wide range of products, apparently because they import and sell international brands appreciated by many customers. The online store offers products from 23 different brands and extensive background information on each of the brand (Timanttiset). After going through the online store pages the information on delivery times and shopping terms seemed rather hard to find. The information finally appeared after navigating to checkout with an item in the shopping bag. Timanttiset group delivers products only inside domestic borders and the standard delivery time is around one week (Timanttiset.)

Timanttiset group and Diamo Oy possess one similarity; they both offer the opportunity for the customer to design their own ring. Timanttiset group also offers their customers the opportunity to change gold into cash and guarantees that the customer will get the best price (Kullanosto).

Timanttiset group has joined Facebook in October 2012 and they have 2 525 likes. During December their Facebook page served as a Christmas calendar with a different product shown each day. There is rather little of other content. However, the pictures posted are of excellent quality and of good taste. (Facebook.)

#### 4.3.5 Kultajousi

As the Timanttiset group, Kultajousi also is a jewelry retailer chain established in 1957. It has shops all over Finland and it sells most of its products online, too. Kultajousi is a part of a consolidated corporation Golden Heights consisting of over 250 stores in Finland and Sweden, out of which 63 stores are in Finland (Inspecta 2010.) The Kultajousi stores are located in super and hypermarkets as well as in malls and well-distinguished locations in city centers, in the biggest cities of Finland. This is because Kultajousi group wants to come as close as possible to their clients (Kultajousi.) In 2011 Kultajousi made revenue of 38.7 million euros, which was 2 million euros more than in 2010 (Kauppalehti 2012).

Kultajousi has focused its sales on watches and jewelry and their product range is planned according to store locations, which is the reason the products might vary from store to store. Despite the location however, the product range always includes international as well as domestic quality products and known brands such as Lacoste, Akcent and Kalevala Jewelry. Their delivery time, when buying online, is from two to seven weekdays, depending when the payment has been transferred. Credit cards and bank transfers are Kultajousi's only payment method when buying online (Kultajousi.)

Unlike Timanttiset or Diamo Oy, Kultajousi does not offer the service of designing one's own ring. Their customer service can be contacted only via phone or email, in other words, the most traditional ways. (Kultajousi) On the other hand Kultajousi does offer one distinctive feature compared to the companies already presented - it has developed a "Present Secretary" that allows the customer to keep track on the occasions that need to be remembered. The service requires registration, which is free, and the customer only needs to fill in important dates, and in good time before the occasion the customer will receive a reminder email.

Kultajousi joined Facebook in April 2010 and in approximately three years it has gathered as many as 11,425 likes (Facebook). As Timanttiset group, Kultajousi also used their Facebook as a Christmas calendar during December 2011. However, they did not repeat this in 2012, but instead presented Christmas offers. All in all, Kultajousi's Facebook page seems to have much more interesting content than just offers or suggestions to buy something (Facebook.)

#### 4.3.6 21 Diamonds

21 Diamonds is an international jewelry retailer that has established its place as the biggest online retailing service since 2011. Their only retail channel is the online store, which is why they are putting great effort on developing the site as user-friendly and informative as possible. It is a limited partnership and

the parent company is located in München, Germany. 21 Diamonds specializes in selling fine jewelry and watches from brands such as Swarovski and Daniel Wellington, like many of its competitors. It also offers special design configurator for its customers, but unlike Diamo Oy or the Timanttiset group, at [www.21diamonds.fi](http://www.21diamonds.fi) the customer can design any jewel they desire, not just rings, by selecting the stones and the metals desired. The self-designed jewelry is handcrafted (21Diamonds.)

21 Diamonds promises that the products will be delivered to the customer generally within 3 weekdays using DHL, which delivers the products straight to the customer's doorstep. With the self-designed handcrafted items the delivery time will obviously be longer, from three to four weeks in general. The deliveries, as well as the possible returns are, however, free-of-charge. If the customer is not happy with the items bought, they simply have to return the product within 30 days of the delivery and they will be refunded the full amount paid (21Diamonds.) No revenue information on 21 Diamonds can be found.

The 21 Diamonds has as many Facebook pages as it has online stores in different countries. Since this thesis is concentrated on the Finnish markets, the numbers and facts pointed out are from the Finnish Facebook page of 21 Diamonds. The Facebook page was opened in March 2012. They have gathered 1,425 likes so far, for example by suggesting people to like their page through which they will automatically take part in lotteries with gift vouchers as prizes. The page consists of several lotteries and competitions, which mostly require answering a questionnaire or sharing the post. There are also quality pictures of their products posted frequently. (Facebook)

#### 4.3.7 A Summary of Diamo Oy's competitors

Figure 4 below illustrates the most essential basic numbers and figures related to the competitors that help formulate a notion of some sort about them and how they can be compared with Diamo Oy. The information collected in the chart has been gathered in March 2013.

Company	Founded	Revenue	Operational Environment	Online delivery time	Facebook page	Joined Facebook	Likes
<a href="#">Chanti.fi</a>	1995	-	Online	1-5 weeks	✓	March 2009	1,396
<a href="#">Suomen Kulta Outlet Oy</a>	2011	300 000€	Online	1-9 days	✗	-	-
<a href="#">Laatukoru</a>	1976	13 million €	Online + stores	3-7 or 5-8 days, 4-5weeks	✓	Sept. 2011	656
<a href="#">Timanttiset</a>	1972	70 million €	Online+ stores	1 week	✓	October 2012	2,525
<a href="#">Kultajousi</a>	1957	38.7 million €	Online + stores	2-7 days	✓	April 2010	11,425
<a href="#">21 Diamonds</a>	2011	-	Online	3 days; 4-5 weeks	✓	March 2012	1,425

As Diamo, all other companies except Suomen Kulta Outlet Oy have Facebook pages and all of them have joined Facebook rather recently. Chanti.fi was the first one creating a profile page in 2009. The number of likes on each competitor's page varies quite largely from another. Kultajousi has the largest amount of likes by far- 11,425, which is almost 9,000 more than Timanttiset which has the second most overall likes. There are also significant differences in the online delivery times; the average time is around one week but when it comes to handcrafted jewelry the delivery time can be prolonged up until five weeks.

## 5 Applying the means of marketing and CRM into the use of Diamo Oy

All the theory discussed in previous chapters made it possible to create a guide with content and advice suitable particularly for Diamo Oy's use. During the ideation and writing process, it was really important to keep in mind the line of business of Diamo Oy and the image that it wants to convey to consumers. Ideas about what means of marketing and the particular channels to use specifically with Diamo Oy were rather easy to come up with, but the

hard part was to transform the ideas into a clear written form and logically indicate the connection between the ideas and the theory. Before creating anything concrete, the theory part of this thesis had to be read through with focus, simultaneously writing down ideas and notes and combining them with the ideas already formed while writing the actual theory, to get a rational entity which would act as the base for the guide. Clarity, logicity and functionality where the utmost terms for the final guide, which meant that the language had to be simple but fluent and that there had to be some reasoning behind each idea and suggestion. Also the structure of the guide had to be designed as clear as possible with to-the-point main headings without redundant subheadings.

Because of Web 2.0, the term referring to the second generation of World Wide Web introduced in chapter 1.3, organizations have found a way to better attract and interact with customers. Along with Web 2.0 came the social networking sites (SNS) such as Facebook and Twitter that nowadays enable companies to, for example, raise their brand awareness and simply form two-way relationships with customers. All this and the term viral marketing, which refers to word-of-mouth marketing, mentioned in chapter 1.3 and the cocktail party example introduced in chapter 2 acts as the basis for the most essential idea utilized in the guide. Diamo Oy has chosen Facebook as one of their marketing channels to help increase the company visibility and gain more profit eventually. Thus, to benefit from this decision, the first and perhaps most important step Diamo has to embrace, is to nurture the existing customer relationships already formed. By keeping the already acquired customers satisfied, there is a better chance of getting new ones. Blogs have also had the effect on consumer behavior, that word-of-mouth, the recommendations and opinions a blogger or a friend has about a certain product or service, seems to be more trusted than the word of an organization, which according to Ermecke et al. (2007) is because of the decline in consumer trust towards advertising, as stated in chapter 1.3. By focusing on enhancing the existing customer relationships the possibility of them spreading a good word for the company logically increases.

Retention as it is an important factor of CRM, introduced in chapter 3.2, also supports the idea of utilizing existing customers in acquiring new ones. As explained in the chapter concerning customer acquisition and retention, the customer acquisition alone is never enough for companies. The aim obviously is to get the customers come back and keep coming back for the company to be able to make profit. Because of this, a tailored customer loyalty program for Diamo was conducted in the guide, which can be of great help in customer retention and in improving the overall customer experience. However, not just any kind of program is suitable for a company like Diamo, mainly because of the nature of the business it is in. When the image it wants to forward for its customers is all about quality, a program giving away “freebies” or using reward cards with “buy 10 products, get 1 free”- type of offers, will result the opposite and the image conveyed will be the anything but quality. In the same chapter reviewing the customer acquisition and retention, it was stated that the most effective kinds of programs are the kinds that use personalized services or offers for individual customers. In Diamo’s case, the program could be a versatile VIP program with special offers, events et cetera.

Despite the fact that Diamo is such a young company it has already done some sales and sold its products, which means that it already has a customer base. Whether the customers are “one-timers” or have made multiple purchases, their contact and billing information has been saved and can be utilized in direct marketing. In chapter 3.2, customer identification, which is part of the process of customer acquisition, was explained. The idea to utilize the existing customers’ contact information in direct marketing is involved with the customer retention, but it is also about customer identification, and more specifically about linking and integrating customer information, and about recognizing the customer. For example, in today’s digital world a handwritten thank you note sent to customers’ homes would be both personal and memorable, but if the personalization is to be taken one step further, by using the customer records, Diamo could keep track of first purchases or birthdays and then on those ‘anniversary’ dates send something nice to the customer and make them feel special.

For Diamo Oy to be able to use Facebook as a successful marketing channel and gain the most benefit out of it, both the homepage and the Facebook page need to be constantly updated with up-to-date, interesting, notable and likeable content, as mentioned in chapter 2 discussing the importance of content production in social media. Usability, clarity and layout are no doubt important, but according to Jari Juslén (2011) good content is by far the most important and only means through which competitive advantage can be gained. Websites and the SNS can convey exactly the impression a company wants if they are well executed. However, if there are distinctive deficiencies in, for example, contact information it might result in customers not getting a trustworthy image of the company. Although the lack of a phone number on a website might sound minor for some, for customers, who nowadays are rather demanding and cautious, it might result in the customer leaning towards a competitor company.

To reach the objectives this study was conducted for, it was necessary to find the answer to the following research questions

- How to reach potential customers via social media?
- Who is the customer?
- What prejudices do customers possess towards buying jewelry from the Internet and how to overcome them?
- The importance of the content production in social media; what do potential customers want to read about?

The first question was answered the last, after defining the answers for the sub questions, since it practically summarizes the whole thesis in one sentence. While going through the methods and material, the customer base was defined through a structured theme interview with the CEO of Diamo Oy, since the most up-to-date and accurate information is in his possession. This could have been done by using more traditional sources, the Internet and logical thinking, but the reasons why particularly wedding and engagement ring buyers, men in general and self-supporting women were considered to be

the main segments, would have stayed unclear, since that kind of information is not available in the Internet.

The next two questions were solved both in their own chapters and ultimately both assisted in figuring out the solution for the first question. Content production was examined closely in chapter two; the most engaging posts in Facebook turned out to be photographs, but alone they are not enough to keep people interested. Listening, talking, being responsive and transparent are the keys to attract new potential customers and keep the existing ones engaged. The most important matter in being interactive in the social media is to create constant value for consumers with notable, likeable and versatile content that also encourages them to be active. All this acts a very distinguishable part in the final guide. The prejudices and preconceptions on the other hand were discussed in chapter 3. They are considered as challenges that stem from the issue of trust and can be overcome with transparency of business and the company's products, honesty and with providing sufficient information on the security issues in particular among others.

The preconceptions, however, were not the only challenges that arose. As mentioned before in chapter 3, the ultimate requirement for a relationship to work is trust. Trust can be generated by being transparent, responsive and to listen carefully what customers have to say. As also mentioned in chapter 3, one of Diamo Oy's challenges could be that it sells anonymous products and that it might be easier for consumers to choose an equivalent alternative from a known brand as opposed to Diamo's product. Despite the fact that the company only sells anonymous products, it wants to convey a quality image for consumers. For example, the packaging of their products is simple but elegant; plain white hardcover boxes with a silver DIAMO printing on the cover. Everything else in their public appearance from their website to their print ads and Facebook page are designed to attract people who value quality jewelry and quality lifestyle. This all has been taken into account when creating the guide. It is possible to overcome the challenge of anonymity and

create an own brand with premeditated marketing, transparency of business and utmost sincerity when it comes to consumers questioning the origin and quality of products.

The demanding part was to think of a way to reach the people with no Facebook accounts. This could be overcome by utilizing multiple marketing channels and more particularly, combining them with each other, for instance organizing an event with a collaboration company and advertising it in print media as well as online. Diamo Oy has already done some collaboration with a widely known organization, The Left Shoe Company, and should most definitely continue to do so in the future. Diamo, being yet quite a small company, will only gain positive benefit out of collaborations with more widely known companies, which will ultimately enhance the company image. When it comes to overcoming peoples' prejudices towards Internet shopping, the key is in providing as much information as possible, particularly on the security issues, payment methods, deliveries et cetera. Usually, the concern people have when buying products or a service online has something to do with securing the customer's personal information - contact information, credit card numbers et cetera.

Measuring was brought as the final topic of the guide created for Diamo Oy, because despite there is not enough theoretical foundation to discuss it more thoroughly, it has been established earlier in chapter 2 that in order for any of the ideas mentioned in the guide to bear fruit or the theory examined in this thesis to work in practice; constant monitoring, analyzing, defining and collecting of information should be done. When monitoring both the company's as well as the customers' actions, it is easier for the company to see what ideas are working and what are unsuccessful. According to Jari Juslén (2011), by following and analyzing the conversations that are constantly happening in the social networking sites, valuable information can be acquired - information that traditionally has been collected via questionnaires and studies. In addition to social media analytics platforms such as SocialBakers or Google Analytics the more "traditional" measures

such as ROI or customer equity should not be forgotten, hence they can still offer valuable financial information for companies.

## **6 Results and conclusion**

The aim of this study was to provide Diamo Oy with functional means on how to get more likes on their Facebook page and more new potential customers. Although this thesis concentrated on marketing and acquiring new customers in social media context it was impossible to rule out all the other means of marketing, just as it is impossible in real life. No company can succeed by marketing only in social media or solely via print media. Every company should carefully evaluate what is best for their goals and what will enhance the company image they want to convey for their customers. However, since Diamo Oy only operates in the Internet it is wise for it to focus most of its marketing activities online and as they have chosen to use Facebook as one of their main marketing channels, extra effort should be put into focusing on the Facebook page's appearance and content. As the theory on content production in chapter 2 points out, the importance of content is rather noteworthy in the context of social media. Companies simply cannot set up a Facebook page and wait for consumers to find them and like them just because of the brand or because they happen to have acquaintances or friends in the company. Consumers need to be constantly provided with value through interesting, useful, notable and likeable content. They need to be made feel like they are heard and treated as individuals. The theoretical part of the study consisted of the role of content production in the social media field and customer relationship management, of which particularly customer acquisition and retention were discussed more thoroughly, that both formed the core of the thesis.

The data for this thesis were collected from books and articles referring to customer relationship management, Internet marketing and social media networking in particular, which acted as the primary sources of information. Books and articles from the Internet as well as the Lappeenranta Academic

Library databases were also utilized, more particularly the Ebrary database that provided a versatile collection of virtual books in addition to the printed ones. The methods used in writing this thesis were more than suitable and beyond sufficient, although some written sources were found more comprehensive and extensive, which is the reason they were used more than others. Finding information sources on customer relationship management in the social media context revealed that not that many books or articles have been written specifically about that subject. Most sources were concerned with customer relationship management in general. The secondary data were collected from the Internet, especially the information concerning Diamo Oy's competitors. The reason the information acquired from the Internet was found sufficient was that the competitors were introduced quite superficially, mainly covering the basic information regarding establishing, product range, staff et cetera, and the main figures regarding their Facebook pages, such as amount of likes and their joining dates. The information on Diamo Oy's customers on the other hand was conducted through a qualitative theme interview with the CEO, which provided more detailed and liable information than the Internet would have.

As an end result of this thesis a separate guide on how to acquire new likes for Diamo Oy's Facebook page was created. When conducting the guide, it was crucially important to keep in mind the line of business Diamo Oy is in and the image what it wants to convey to consumers. All the suggestions in the guide are derived from the theory keeping in mind the operating environment, which today is not solely about broadcasting a company's message and getting the largest reach and frequency, but about taking part in conversations, listening, engaging and empowering. Also, all the suggestions and ideas are backed up with theory and designed for Diamo Oy to gain the most benefit possible. The results or the contingent benefit cannot yet be measured, but the means included in the guide are given valid reasons and justifications why they would work particularly in Diamo Oy's case and the theory behind the practice is solid and thorough.

## Figures

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Figure 4. A summary of Diamo Oy's competitors pp. 32

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## Appendix

Email questions 17 April, 2013, Jukka Korkeila (c)

1. Customer base
  - a. Why, and on what grounds were the target customers chosen?
2. Russian customers
  - a. Can the overall target group be considered similar regarding Russian customers?

- b. Does Diamo Oy have any research information on their buying behavior?
- c. Which gender usually pays the products?
- d. How do Russians differ from Finnish customers? (E.g. average euros spent/purchase)