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The importance of social media in building customer loyalty for Company X

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The importance of social media in building customer
loyalty for Company X

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Degree programme
in Business Management
Thesis
March 2011

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Year	2011	Pages	54

Social media marketing is a new form of marketing that is currently generating a lot of interest. The introduction of the internet and social media has changed marketing, bringing both possibilities and challenges. The ever-evolving field of social media has also challenged the use of traditional marketing models and theories.

The client of the thesis is Company X, a multinational clothing company. The target market for Company X is teens and young adults, which are also primary users of social media. Even though Company X operates in nearly 40 countries, this thesis will only focus on Finnish social media users.

The purpose of this thesis is to investigate the possibilities that social media has to offer for Company X. The company is connected to social media in many ways, and the purpose of this thesis is to explore the differences between the people connected to Company X via social media and those who are not connected. A quantitative study was conducted to gather information about Finnish social media users. The aim of the questionnaire was to gather information about the characteristics of the Finnish social media users who are interested in the company and to establish what their consumption patterns are in comparison with the ones who are not connected to the company via social media.

The thesis starts with an overlook of social media, followed by explanations of chosen media and how they are connected to Company X. The third section of this thesis takes a theoretical approach to examine how internet marketing has evolved especially when social media is involved. The fourth and fifth sections concentrate on the chosen methodology and discuss the results of the empirical research. The thesis finishes with concluding remarks and suggestions for future development.

Jenny Hurtola

Sosiaalisten medioiden tärkeys asiakasuskollisuudessa Yritys X:lle

Vuosi	**2011**	**Sivut**	**54**

Sosiaaliset mediat ovat keränneet huomiota viime vuosina ja aihe on hyvin ajankohtainen. Markkinointi on muuttunut voimakkaasti internetin ja sosiaalisten medioiden takia, tuoden mukanaan niin haasteita kuin mahdollisuuksiakin. Sosiaalisten medioiden kenttä muuttuu koko ajan ja tämä luo haasteita myös markkinointiteorioille ja -malleille.

Opinnäytetyö kohdistuu monikansalliseen vaateyritykseen, Yritys X:ään. Yritys X:n kohderyhmänä ovat nuoret ja nuoret aikuiset, jotka ovat myös suurimpia sosiaalisten medioiden käyttäjiä. Vaikka Yritys X:llä on liiketoimintaa yli 40 maassa, keskittyy tämä opinnäytetyö ainoastaan suomalaisiin sosiaalisten medioiden käyttäjiin.

Opinnäytetyön tarkoitus on löytää mahdollisuuksia, joita sosiaaliset mediat luovat Yritys X:lle. Yritys X on aktiivisesti läsnä useissa eri sosiaalisissa medioissa ja tämän opinnäytetyön päämääränä onkin löytää eroavaisuuksia sosiaalisten medioiden käyttäjien parista. Kvantitatiivinen tutkimus toteutettiin keräämällä tietoja suomalaisista sosiaalisten medioiden käyttäjistä, jotka ovat yhteydessä yritykseen sosiaalisten medioiden kautta, sekä myös vastaavasti niistä, jotka eivät ole yhteydessä yritykseen näiden medioiden kautta. Tutkimuksen päämääränä oli löytää, keitä ovat ne suomalaiset sosiaalisten medioiden käyttäjät, jotka ovat kiinnostuneet Yritys X:stä ja miten he eroavat muista sosiaalisten medioiden käyttäjistä esimerkiksi ostokäyttäytymiseltään.

Tutkimuksen perusteella saatiin selville, että Yritys X:n seuraajat sosiaalisissa medioissa ovat aktiivisempia asiakkaita kuin ne, jotka eivät ole yrityksen seuraajia. T-testin mukaan seuraajat käyttävät keskimäärin 5-25 euroa enemmän per ostoskerta kuin muut asiakkaat. Tutkimuksessa kävi myös ilmi, että suurin osa seuraajista käyttää vain muutamia sosiaalisia medioita, joten markkinoinnin tulisi keskittyä näihin medioihin. Seuraajamäärän kasvattamiseksi pohdittiin muun muassa alennuskuponkien myöntämistä seuraajille.

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1   Introduction

Social media marketing is a new form of marketing that has generated a lot of interest in the traditional media as well. From the marketers' perspective social media can facilitate the marketing process: social media provides the demographics of users, a large mass of people with similar interests in the same place and it is also practically free of charge. But not all the companies see the full potential provided by social media marketing.

In the USA, as in many other countries, advertisers have traditionally spent most of their marketing budgets on TV advertising; in USA the average is 60-70% of the marketing budget. The numbers are decreasing and especially internet marketing has gathered more attention. The reason for this is that all traditional media have a diminished share of consumers' attention in terms of how much time is spent with the media, while the numbers for the internet keep increasing. (Sharma, Herzog & Melfi 2008, 58). An example of this is a study by Eurostat which claims that over 80% of European teens and young adults are using different types of social media (Bistreanu 2010).

Social media are not to be overlooked. Revenues for Facebook for 2010 is estimated to be $1.4 billion (Stone 2010) and Youtube was sold for $1.65 billion in 2006 (Google buys YouTube for $1.65bn 2006). Global companies, such as Coca-cola with 20 million Facebook fans, are already integrating Facebook as a part of their marketing plans (Stone 2010). One of the motives in social media marketing is that sellers in different social media channels have more tools in persuading customers to buy than the ones who are not present there (Shuen 2008, 77).

Companies of all sizes are using social media. 72% of the Fortune 500 companies have Facebook accounts (Context Optional acquires Buzzeo 2010) and all of the Fortune 500 companies' CEOs have LinkedIn accounts (LinkedIn's BrandYou launches across Europe 2010). Even small companies can benefit from the usage of social media, since most of them are free to join in and can be managed with a low budget (Vassinen, 2008). Still not all companies, whether large multinational ones or smaller firms, are suitable for social media marketing.

Companies usually fail with their social media and web strategies because they do not take the medium seriously; social media are not for everyone and social media should not be used just for the sake of technology (Siegel 2000, 13). As Teemu Arina mentions, a Facebook page itself is no strategy. Arina's main principles for social media are interaction, taking part in the discussion, and sharing knowledge. If social media is adapted into marketing, it should be adapted to the internal processes of the company as well. When used in both inner and outer communication it is both effective and through this the customer can be seen as "a

participant" rather than "a user". According to Arina, when people see that they are more than just customers, they will become loyal to the company because they feel they are receiving more themselves. (Säntti 2010, 34-38).

Search engine optimization has become one of the most used marketing strategies on the internet. Although search engines can bring hundreds of thousands of results, most people only click the first three ones on the screen (Weber 2009, 157-158). Search engines such as Google display the search result by the popularity of the page and also how many links are pointing to the page from other sites (Dou, Lim, Su, Zhou & Cui 2010, 261; Laudon & Traver 2004, 478). Different social media get to the top of the result page in different ways: social networking services have a huge amount of users, while the "blogosphere" is famous for its cross-linking. Either way, using social media is a way to ensure that a company's name appears on the top of the search engine result page.

Marketers are also interested in the way that social media can easily create free word of mouth. Word of mouth is important; Li and Bernoff (2008, 132) state that 83% of people trust information from a friend that has used the product, while only 63% trust the information that comes from a known expert and in the internet word of mouth can grow to exponential numbers if compared to traditional settings. Sterne (2001, 312) claims that 57% of people would go to an internet site that was recommended by a friend and Jim Stengel, marketing director of Procter & Gamble, has also mentioned that people trust even the anonymous people on forums more than advertisements (Salmenkivi & Nyman 2007, 97). Even the world of B2B marketing has changed; vast majority of business buyers are relying on word of mouth when making decisions (Bush 2009, 5).

Not all word of mouth is good, and negative image can travel to the other side of the world faster than ever. One infamous example is "Dell hell". An unsatisfied customer was not happy about the service of the company after several contacts, and decided to write a blog post about his situation. It soon gathered others with similar bad experiences and later the amount of attention was covered in traditional media as well. But the company was also willing to learn from its previous mistakes; Dell has created a blog of its own to help its customers and to listen and collaborate with them; nowadays the company has over 100 million customer contacts via social media. (Weber 2009, 8). Bad publicity in social media can build up fast; whether it is realized it or not, everyone is not a fan of the company. It is important to be among the first ones to hear about the negative feedback to be able to respond quickly. (Li & Bernoff 2008, 103-117).

Professor Mishra (2008) points out that social media are typically made in the USA and the cultural differences can make it difficult for some countries to adapt to. He emphasizes that

since USA is highly individualistic, highly collectivistic countries might have problems getting accustomed to it. As this thesis only focuses on Finnish social media users, there is only a need to concentrate on differences between Finland and the USA. According to Hofstede's (2010) statistics, Finland is more individualistic than collectivistic, so adaptation to social media should have been successful.

1.1   Scope of the study

The area of study will be the social media users that are fans and followers of Company X. There have been many studies that show when people are taken into the research and development of new products or are otherwise noticed through social media, they become more brand loyal. One example by Chaffey and Smith (2008, 123) is that people who regularly come to a company's social media site are more likely to visit the company's stores as well. The thesis will focus on studying if the people who are involved with the company through social media are in fact brand loyal and are buying the company's products more than people who are not connected to the company via social media.

Although Company X is a multinational company, this thesis will concentrate on only the Finnish social media users to limit the area of study. Because of this limitation, research will also include popular Finnish social media sites such as Kuvake.net and Irc-galleria to examine the full potential in Finnish market. The questionnaire form that was used to find fans of Company X was linked not only to Company X's official social media sites like on Facebook and Youtube, but also to its fan-made groups and sites on other social media to find if there is potentiality there.

When a company's target customers are young people, it is vital to be visible in the social media (Li & Bernoff 2008, 107). This includes Company X, because its target market consists of young teens and young adults and the company is connected to multiple social media channels. The internet is also a natural place for marketing for Company X since the company has offered the possibility for internet shopping already since 1998. The results of this thesis will show whether these efforts in social media marketing have also developed sales.

1.2   Focus of the study

The thesis will concentrate on social media that are useful for marketing in the case of Company X. Wikis, Slideshare and similar social media are therefore not taken into consideration. Also, as the field of social media is so vast, only the most popular medium or media will be chosen in each branch of social media. As a questionnaire is involved with the

thesis, the respondents were able to complete the form if they were registered to other social media not mentioned in the questionnaire.

The study will focus on the social media users that are somehow connected to Company X through social media. The terms for this vary depending on the media (for example a fan in Facebook, a follower in Twitter and a subscriber on Youtube). In this thesis, the social media users that are connected to the company in the media in question are referred to as "fans" even on media where there might be different terms in use in order to keep the text coherent and clear.

1.3   Aims and objectives of the study

The aim of this thesis is to find out if the fans of Company X are also good customers for the company and what kind of differences there are in shopping habits between fans and non-fans. An internet survey was held for people who are potential followers of Company X on any social media. The link to the questionnaire was posted on chosen social media sites and forums to gather data from the social media users.

The social media users were asked to answer about questions their (1) social media behavior; who is a typical social media user that is a fan of Company X, (2) link to Company X; if the respondent is a fan of Company X in any media, and (3) shopping behavior; what are the differences between fans and non-fans.

1.4   Structure of the study

The thesis will consist of six sections. The first section includes an introduction to the research and other relevant background information. The second section concentrates on the explaining different types of social media and how Company X is connected to them. The third section focuses on internet marketing, how it has developed and what models should be used in social media marketing.

In the fourth section the focus is on the theoretical approach to the research and how the methodology was chosen. The fifth section will explain the research results in detail from hypothesis to results to an evaluation of research.

The last section summarizes the results of the study and discusses the successfulness of the study. This section also includes suggestions for future development.

2   Social media

As Brogan (2010, 39) states, social media is a two-way web, but the term has different meanings to different people depending on whether content or communication is emphasized. Kaplan and Haenlein (2010, 59) define social media as internet applications that allow users to create and exchange content while Koskela, Koskinen and Lankinen (2007, 20-25) define them as collectivism in networks. Often social media is also described with the acronyms UGC or CGC, meaning user- or consumer-generated content.

Social media combine what is needed for a company to succeed in the present day: openness, sharing, peering and acting globally (Tapscott & Williams 2006, 30). Information has become an asset, and different from tangible assets, information has more value according to how many people have access to it (Sullivan 2001, 112). As Salmenkivi and Nyman (2007, 78) acknowledge, "it is not who you know, it is what you know".

Increased findability interests marketers and social media can help in growing it. Findability combines for example search engine optimization and accessibility in a way that a user can easily access a company's web page or social media site. Popular social media sites are listed high on the search engine result pages and a company's social media sites can also be cross-linked with each other or to the company's web page, hence increasing findability. (Nyman & Salmenkivi 2007, 280).

The figures for numbers of fans for Company X and other figures in the following chapter are taken from the social media webpage in question in December 2010, unless otherwise stated.

2.1   Social network services

Social network services are developed for the purposes of networking and maintaining relationships. Already in 2007, 25% of internet users visited social networking sites regularly (Li & Bernoff 2008, 42). Cross-commenting and cross-linking between social network services can create a fertile ground for advertising (Bruns 2008, 313).

Company X has had success in social networking sites, probably because its target market consists of young people, the biggest group using social media. One example is its contest for T-shirt design, where members of Company X's MySpace fan group were able to vote for the best looking shirt design. When the winning design was produced, it was in great demand and it was sold out soon after its release. (Targeted Marketing with Online Focus Groups, 2010).

2.1.1 Facebook

From 6 million users in 2006, the amount of Facebook users has grown exponentially to 500 million in 2010 and it has become the world's largest social network site (Wortham 2010, B8). The site has become popular also among companies: As stated earlier in this thesis 72% of Fortune 500 companies have their own Facebook fan pages.

Company X has over 5.7 million fans in Facebook. Their Facebook page is also used as a base for cross-linking with other social media; there are links to the company's official page on Youtube and Twitter as well as to its online shop. Fans can join the conversation in many ways. They can comment on the company by writing on "the wall" or forum or they can upload photos of themselves wearing Company X's clothes; over 6,000 photos have Company X tag in them. There are also many surveys made by Company X on the site, differing from general polls to very specific questions such as "how much do you spend on jeans on average?". As many of these polls have gathered several tens of thousands of answers, they can be used as a basis for developing new products. Company X's Facebook page is included on the company's own webpage and the latest contributions to this medium can be found on the webpage under "social media room".

2.1.2 MySpace

MySpace had 150 million users in 2009 (Arango & Stelter 2009, B3). The number of unique monthly visitors has dropped by over 20% between October 2009 and October 2010, and in October 2010 the biggest competitor Facebook had over 75 million more visitors than MySpace (Site comparison of Facebook, MySpace and Twitter by Compete.com 2010). As MySpace cannot any longer compete as a general social network site, MySpace is planning to change the image of the site. The new webpage will be aimed towards people under 35 and themed around music and entertainment (Oreskovic 2010).

Company X has had success stories with MySpace. The earlier mentioned T-shirt contest took place in a MySpace group, but competitions like making T-shirt designs have moved to Facebook presumably due to the loss of people in MySpace. MySpace is not mentioned in the Company X's "social media room" and it will probably not be a focus for the company in the future after the change of image to a music and entertainment site takes place. As MySpace is undergoing an updating process in December 2010 and January 2011, the number of fans and fan groups cannot be assessed.

2.1.3 Irc-galleria

Irc-galleria is Finland's biggest network service. Basic services for companies are free, but extra space for photos, additional banner advertisement and unique layout can be bought (Salmenkivi & Nyman 2007, 122-123). The average age of a user is approximately 22 years and 70% of Finnish teens and young adults visit the site monthly. The site has 450 000 users. (Irc-galleria statistics 2010).

Irc-galleria has two fan-made fan groups for Company X that have a combined number of members of approximately 2,000. The average age of a group member is 17 years. The number of fans is high in this particular medium when compared with other fan pages for clothing stores on the site. One Finnish clothes brand has about 300 members, while other national and international clothes brands have fewer than 100 members.

2.1.4 Kuvake.net

Kuvake.net is a Finnish networking service that has 110 000 registered users. A survey made by TNS Gallup shows that an average user spends 17 minutes a day on this site. The average age of the users of Kuvake.net is 19 years. (Kuvake.net statistics 2010).

In Kuvake.net, Company X has only 200 members on its fan-made group. In contrast, other clothing store brands have less than 10 members in their fan groups, or they are not even mentioned on the site.

2.2 Blogging

The Blog Herald has estimated that there were already 200 million blogs in 2006 and that the number has been growing rapidly since then (Salmenkivi & Nyman 2007, 149). Blogs are regularly updated webpages that have focus on particular topics with a possibility for the readers to comment and share their opinions on the topic. Commenting is one of the biggest advantages of blogs; blog writings are passed on to other members of the blogosphere to gain new readers and commenters (Stuart 2009, 22-25). Comments also show authenticity of the blog and blogs are considered to be one of the most honest forms of communication between a company and a customer (Morgan & Peters 2009, 80).

According to Kilpi (2006, 21), only 8% of all internet users have their own blogs while 40% read blogs, but MediaCom research shows that almost 90% of the Finnish internet users are either readers or contributors of blogs (Salmenkivi & Nyman 2007, 149). Blogs let companies hear honest opinions, both through the actual blog writers as well as the commentators. Earlier

companies knew they were talked about, but as Bradshaw (2010, 9) states, "the watercooler did not have a megaphone around it". Blogs let companies know also what is being talked about them.

Company X does not have an official company blog, but it connects blogs from its fans to the company webpages' "social media room", serving as a type of a news aggregator. Fans can go to a chosen blog via the company's webpage or share the blog posts with friends on their own Facebook accounts.

2.2.1   Microblogging: Twitter

Microblogging is a type of blogging activity, where the blogs consist of only 140 characters. As with social network sites, having followers is important; the most followed person at the moment of writing the thesis is the musician Lady Gaga with over 7 million followers on Twitter. Twitter has become the most popular of microblogging sites with 175 million users. (Stuart 2009, 22-25; Murphy 2010).

Company X has several official Twitter pages including one global and several national pages that are targeted at specific countries, and Twitter pages can be found in the Company X "social media room". Their global Twitter page has over 80,000 followers while the Finnish Twitter page only has 250 followers. This can be due to the fact that Twitter has not yet gained much popularity in Finland (Aitamurto, 2009).

2.2.2   Lookbook.nu (fashion blogging)

Fashion blogs are blogs that are themed around the fashion industry, clothes and style. "Lookbooking" is common among fashion bloggers and it means taking photos of oneself wearing clothes in particular theme, for instance a certain clothes line or brand.

Fashion bloggers, especially when we are talking about Company X, are considered to be influencers; they are the ones talking about your products. It is important to have good relations with the influencers (Li & Bernoff 2008, 103). Fashion bloggers are often asked to come to the company's events, because they are active in the network. Still, many companies are ignoring fashion blogs without acknowledging that these are going to be a vital communication channel. (Clark 2010, 35-39).

Fashion bloggers usually blog because of personal reasons. The company cannot force the blogger to write anything about them, and indeed if the company tries to do so, it might turn out to be bad publicity to the company. Because of this, fashion blogs tend to be considered

more trustworthy than the company's web pages or own reviews, so it is crucial to have good relations with the bloggers. (Clark 2010, 35-39).

Company X is presented well in Lookbook.nu, which is a social network service for fashion bloggers. Over 66,000 photos contain Company X clothes or accessories, more than any other company, while the next most common brand has only 10,000 photos. People with photos of Company X clothes in Lookbook.nu can also have their photos in Company X "social media room", which might explain the huge popularity of Company X on the site.

2.2.3 RSS feed

RSS feed in social media is often used to summarize a blog post so that fans will be notified when something new is posted on the blog (Weber 2007, 119; Otala & Pöysti 2008; 32). RSS feed helps the company's fans in findability especially if posts are infrequent (Salmenkivi & Nyman 2007; 170).

Company X does not directly offer RSS feed in the Company X "social media room", but the "social media room" itself works as an RSS aggregator, collecting the latest news from official Facebook, Twitter and Youtube pages as well as fan-made blogs and Lookbook.nu entries. Twitter pages can also be followed via RSS and fan-made Lookbook.nu blogs and other blogs usually offer RSS feed, while Youtube makes it possible to become a subscriber. As the Company X "social media room" does not cooperate with other fan-made pages than some of the blogs and lookbook.nu contributors, entries in other social media might be left unnoticed.

2.3 Flickr

Flickr is a popular photo-sharing website that is owned by the internet service provider Yahoo!. The company states on its blog that there are over 5 billion photos on the site (Sheppard 2010). The site is often used to embed photos on blogs and other social media. Many companies have photos of their premises as well as products on Flickr (Nyman & Salmenkivi, 180).

The biggest fan-made fan group designed for Company X's fans in Flickr consists of approximately 200 members and 700 photos tagged with Company X. There are also several minor groups for Company X fans on the site. When compared with the number of Lookbook.nu photos with Company X tags, it is not surprising that Company X has chosen Lookbook over Flickr to be included in the Company X "social media room". This is an example of how the company needs to be aware of where the potential customers are and not to follow everything that is popular with the overall audience. According to Alexa (Alexa

site information on Lookbook.nu and Flickr 2010), traffic ranking for Flickr is 35, while Lookbook.nu is ranked as over 5000th.

2.4   Youtube

Youtube is a popular video-sharing site owned by Google Inc. Some music videos and artists have gathered several hundred million views, and even some home videos have collected similar numbers of viewers. Many of these videos have been circulated through different social media channels to become "memes", a certain type of viral marketing.

Youtube offers a great base for different types of viral marketing, where a certain message is passed on to friends via social media until it finally has several tens of thousands of receivers (Solomon, Marshall & Stuart 2008, 384). One successful example is Blendtec, which has made a series of videos named "Will it blend?". The idea is to use a blender to blend household items, electronics and so on to demonstrate the power of the blender. (Weber 2007, 187-189). The videos have had over 140 million viewers in Youtube.

Company X has over 10,000 friends or subscribers on their official Youtube channel and videos have been showed over 5 million times. There are also several fan-made videos with Company X tags and both original and fan-made ads that fans have uploaded to the site.

2.5   Virtual worlds

Nyman and Salmenkivi (2007, 205-211) state that in 2010, companies will spend over 3 billion dollars on advertising in games. Many companies have observed that marketing inside games will be more valuable than marketing in other media. Gamers are receptive to branding inside games because it makes the game world seem more lifelike and games and virtual worlds cover a large field of potential customers. For instance, the virtual world, World of Warcraft, had over 9 million users already in year 2007.

2.5.1   Habbo Hotel

Sulake, the company that has created Habbo Hotel, claims that Habbo is the biggest teen virtual community in the world (Habbo Hotel turns 10 years old 2010). It attracts over 15 million unique users every month. The platform is mainly targeted at people between the ages of 13 and 17.

Habbo hotel offers several possibilities for marketing inside the virtual world, one example of having a branded room inside the game world. Multinational brands such as Lego and

Nintendo have taken advantage of this possibility. (Salmenkivi & Nyman 2007, 125). Even though the platform is popular among a younger audience, Company X has not contributed to it yet.

2.5.2 Second Life

Nowadays, several video games have advertisements embedded in them. These can be, for example, a billboard in the game world. This is also possible in the virtual world Second Life, where for instance, the clothing store, American apparel, has had a storefront. (Megerian 2007).

The creator of Second Life Philip Rosendale (2010) states in the company blog that during the two first quarters of 2010, there were over 800,000 users who logged in to the game several times a month. Company X has not been visible in this media either, but it sees the potential in the media (Megerian 2007).

Even though Company X has not contributed to any virtual worlds, it has appeared in a popular video game series. The company was involved in making an expansion pack with Electronic Arts for a popular life simulation game. While the game itself is not connected to social media and it does not have a virtual world in it, Company X did not forget their vast group of fans in social media. Fans in different social media were requested to make their own designs with the tools of the game and upload them to the forum of the game's webpage. The best works were shown on a virtual runway in the internet with the possibility to vote for the favorite outfit and the garment with the most votes was produced in real life. The game itself was successful especially in the USA. (Megerian 2007).

2.6 Digg, Reddit, Mixx and other social news-sharing sites

Users of social news-sharing sites vary from several thousand to several million depending on the platform. The idea is that users post links to the site containing interesting news and other users can vote for the news. The most voted appear on the front page gathering even more readers. Polls tell about consumer opinions; if negative news about the company gathers a lot of attention, there is a need to find a way to quickly respond to it (Nyman & Salmenkivi 2007, 248).

There have been a lot of discussions about the worth of Digg and other social news-sharing sites. While in 2009 Digg had 18 million unique visitors in the USA, in November 2010 the number had decreased to 5 million and there have been claims that news sharers have moved to another popular social media, Twitter. The problem of social media is that people might

crowd for a moment, but after the medium in question has lost its initial appeal, the crowd moves on. It is hard or even impossible to predict which media will stick with the users. (Lyons 2010, 18).

Company X has gathered a certain amount of news around it, but the majority of the news items have remained without any votes. Only negative news about Company X not donating unused clothes rather than destroying them (Dwyer 2010) collected almost a thousand votes on Reddit; other news related to Company X appearing on several different news-sharing sites had fewer than 10 votes.

2.7   Del.icio.us and other social bookmarking sites

Social bookmarking is similar to social news-sharing. While news-sharing sites center on news and blogs, social bookmarking sites can have all kinds of websites included. Del.icio.us and Stumble upon are some of the most popular ones, although several more exist. Social bookmarking and social news-sharing sites, due to their similarity, can have same websites on them. As an example of the number of user of this type of media, Stumble upon has over 12 million members (Stumble upon user statistics 2010).

Company X has many tags on different social bookmarking sites. For instance, Del.icio.us finds over 7,000 pages that have tags on Company X, including several tags to certain products on their online store and advertisements on Youtube. As social bookmarking and news-sharing are similar, it is likely that a similar effect will take place in terms of the popularity of social bookmarking sites as was seen on the social news-sharing sites.

2.8   Discussion forums

There are millions of discussion forums on the internet, either general or for specific purposes. Companies can also have their own support forums for users to discuss the products and assist each other on problems with the help of experts from the company (Evans 2008, 201).

 Li and Bernoff (2008, 42) state that 28% of internet users read forums at least once a month and Laudon and Traver (2004, 828) claim that over 84% of internet users have at least once contacted a discussion forum. Discussion forums build their reputation from within; older members become influencers and more trusted (Bruns 2008, 320). Regular contribution in forums is essential if the target is to build a good reputation in online forums (Rowley 2002, 158).

There are three types of users in forums and communities: creators, synthesizers and lurkers. Only 1% of users are active contributors starting new threads, 10% are synthesizing by commenting actively and the rest are assumed to be readers of the messages. (Jennings 2007, 45). Teens aged between 12 and 17 are the biggest group of contributors in content creation: 64% of teenage internet users had created content on the internet in 2007 and the trend is growing (Kasbo 2008, 25).

Company X does not offer discussion forums on its web page, but a similar application is on the Company X's Facebook page. There are over 400 conversation topics on the page and the majority of the topics are suggestions by fans for new store locations with several arguments for and against the suggestions.

2.9   The future of social media

The field of social media is in constant flux, it is hard or even impossible to predict and changes can occur rapidly. As an example, MySpace started as the biggest social network site but after Facebook overtook its place, MySpace has been struggling to keep its existing fans (Arango & Stelter 2010, B3).

The social network service Diaspora has been predicted in several traditional media to become Facebook's biggest rival in the near future (e.g. Facebook alternative Diaspora fully funded 2010). However, people are getting saturated with social media. Van Belleghem (2010) has studied that 75% of social media users have no intention of stopping going to their existing social media accounts but almost half of the people state that they do not want to expand to other social media than what they are already involved with. The founder of Facebook, Mark Zuckerberg (Facebook alternative Diaspora fully funded 2010), has mentioned that the biggest competitor in social media field is likely to be "someone we have not heard of".

3   Marketing models for internet marketing

Internet and social media have changed the field of marketing and thus also marketing models that are used in internet marketing. While more models exist, here are listed some of the most relevant for this thesis.

3.1   Marketing mix

One of the most famous marketing models is the marketing mix consisting of 4 Ps: product, price, place and promotion (Kotler & Armstrong 2001, 12). They were extended with Booms

and Bitner's additional 3 Ps; people, processes and physical evidence to cover also service marketing (Chaffey & Smith 2008, 72-75).

3.1.1 Remix/e-marketing mix

Chaffey and Smith (2008, 50; 74-75) use the extended marketing mix as a base for their "remix" of the marketing mix model. Instead of models competing with each other, mix and remix can work side by side in internet marketing. The greatest changes between the two models are products changing into services, customer-driven services and user communities extending a brand into an online experience. The e-marketing mix is not a static model; it examines the changes in the digital environment. Figure 1 illustrates the key aspects that are affected by the internet. Chaffey and Smith (2008, 86) also list "an extra P", partnership. Partnership marketing has become popular in e-marketing campaigns, because smart partnerships can help companies find and expand into new markets through partner's online customer base.

Figure 1: Marketing mix. Source: Chaffey & Smith 2008, 51.

While the e-marketing mix model concentrates on overall internet marketing, changes are targeted especially towards social media marketing. Virtual relationships and social connections with the buyers give competitive advantage over other companies since the

company can benefit from these buyers for instance as a test group for an online advertisement campaign. (Ramos 2009, 33-36).

3.1.1.1 Product

The concept of product has shifted from a physical item or service to include experiencing the brand with, for example, training, testing, installing and servicing. These extensions of the product can be delivered online. An extended product influences the quality of the product, and quality can be highlighted with customer comments, guarantees and money-back offers. Internet marketing can also add to the online value proposition, showing how to take advantage of being online. These include ease, speed and cheapness of buying online. (Chaffey & Smith 2008, 56-64).

3.1.1.2 Price

Price models have changed because of the internet and new buying models. Name-your-price, Pay-Per-View, licenses and bundling are examples of different purchase options for digital products. For physical products pricing has become more complex because of commoditization and selectable price packages, discounts, included or excluded guarantees, refund policies, cancellation terms and so on. Price transparency due to price comparison sites also puts pressure to reduce prices. (Chaffey & Smith 2008, 64-69).

3.1.1.3 Place

Place in term of the internet is equivalent to distribution and place of purchase. In internet marketing it is important to have links from relevant sites to the company's site, having an effect on both place and promotion. New distribution models have altered other aspects of marketing, such as intermediation, where the customer contacts the supplier directly and affiliation, where customers act as sales people. (Chaffey & Smith 2008, 68-71).

Distribution can be broken down into smaller units, a process known as atomization. Atomization includes social media that can be represented either embedded on the company's website (e.g. in a YouTube video) or it can be linked to the site (e.g. in a company blog). Multichannel distribution is vital today to make the products easily accessible to potential customers. (Chaffey & Smith 2008, 70-71).

3.1.1.4 Promotion

According to Chaffey and Smith (2008, 71-73), there are ten different communication tools – advertising, selling, sales promotion, PR, sponsorship, direct mail, exhibitions, merchandizing, packaging and word-of-mouth – all of which can be used to create dynamic online marketing. These tools can be used in six ways:

- Mix: Ideal mix of different communication tools to acquire target customers
- Integration: Integrating both online and offline communications
- Creativity: Exploiting possibilities offered by the internet
- Interaction: Communicating with the customer to expand the experience
- Globalization: Global audience
- Resourcing: Resources in design, maintenance and customer service

These tools can bring both opportunities and challenges, and they can enrich promotion. (Chaffey & Smith 2008, 71-77).

3.1.1.5 People

In internet marketing customer service has become "customer self-service". Services can be automated and many companies use e-mail notifications, FAQs and on-site search engines. Automated services help to keep the costs low and reduce expensive interaction with the staff, while still giving the customer the choice of contact. (Chaffey & Smith 2008, 78-81).

3.1.1.6 Physical evidence

People buying from the internet observe digital evidences for reassurance. Websites with broken windows or spelling mistakes can drive away potential customers. A simple website with refund and privacy policies and security icons are examples of good physical evidence of a trustworthy online store. Online physical evidence can also be integrated with the offline world, for example printable discount coupons for the concrete stores of the company. (Chaffey & Smith 2008, 82-83).

3.1.1.7 Process

Processes are internal and external actions that are necessary to run a business. In an online store these can include such actions as after order placement including notification to the customer, change in stock and so on. Optimizing processes reduces the need for people involved in the process and therefore it minimizes the costs. Processes continue also after the

sale with feedback collection and after sales services. While good processes aid the sales, bad processes can both harm the brand and terminate sales. (Chaffey & Smith 2008, 83-86).

3.2   CREF, the new 4 Ps

Sami Salmenkivi has created a model to replace the 4 Ps in internet marketing. The CREF model consist of Collaboration, Revenue model, Experience and Findability. The model is useful when marketing especially in social media. (Salmenkivi & Nyman 2007).

The idea behind the CREF model is that it does not need to have a huge amount of capital involved. Modest investment in the beginning means modest losses in case of failure, or the investment can turn into a success. Contribution with social media is essential, because the area of social media is in constant shift and networking will help in deciding new directions of marketing. (Salmenkivi & Nyman 2007, 289).

3.2.1   Collaboration

Collaboration is to replace promotion in 4 Ps. The idea is that traditional marketing will turn into two way marketing and the customers will share their ideas with the company. There are several ways to enhance collaboration, for instance by following discussions on forums or blogs, or by paying attention to what kinds of comments are written about the company's products and giving suggestions to the readers or other requesting fans to make their own commercial on Youtube. Crowdsourcing is important, because customers do not only consume, they are the producers, the marketers and the R&D department. (Salmenkivi & Nyman 2007, 217). Interaction with the customers can also build the image and brand of the company (Juslén 2009, 80).

Crowdsourcing can be divided into four categories: knowledge, action, decision and information. In knowledge the customer can give his thoughts about new innovations and ideas. In action the customer can be involved in product development or shooting commercials for the company, but also contributing by himself as a content provider, for example, for Wikipedia. In decision the customers get to decide on features of the new products. One example is Lego's affinity pyramid where the most passionate customers from Lego Club have been taken into the development of new products, thus saving the company from bankruptcy (Strollery, 2009). Finally, in information the customers share their opinions in evaluations, such as TripAdvisor in Facebook, or polls, like Digg.com. (Salmenkivi & Nyman 2007, 217; 248).

3.2.2 Revenue model

The revenue model substitutes price in the 4 Ps model. The meaning of price has lost significance for several reasons. People have more money so the interest in price has changed to different aspects, for example to ecology of the product. There is no place for "average priced" products anymore. People either search for "über-products" where the focus is directed to experience, quality and marketing. In contrast there are cheap, generic, brandless products, where findability is the key factor. With search engines and price comparison sites it is more important to get listed at the top of the search engine result pages than to compete with minimal differences in price. (Salmenkivi & Nyman 2007, 250-256).

Since social media are usually free, revenue models need to be different. Examples of this are virtual worlds with virtual goods or a company that gives free products to bloggers to write about. If the blogger does like the product, it can turn out to be a great investment, but if the product is bad, bad publicity can arise. (Salmenkivi & Nyman 2007, 262-263). In internet marketing, giving free content can also be a profitable long-term strategy. While some users only take what is free, others will also become interested in what else is offered and be willing to pay for it (Juslén 2009, 282-283).

3.2.3 Experience

Experience compensates for product in the marketing mix. It is not only the product, it is the experience the customer has when he buys it. Apple uses this method with its products: there is a unique design for the product and the packaging, marketing and quality are involved in the process and even the stores are designed to enlarge the experience. Apple's iPod is more expensive than its competitors' products and it has even fewer features than cheaper mp3 players, but because of strong brand and the experience that is tied to the product, it keeps itself on top of the sales statistics. (Salmenkivi & Nyman 2007, 264-267).

Brands are vital part of experience especially when marketing in social media. The bolder the marketing campaign is the more attention it will get. With social media, unlike traditional media, there is the possibility to interact with customers and let them be part of the experience; linking the site is not enough to make an impression, there has to be an incentive for consumers to add value (Schwatz 2000, 91). All topics can be made popular with interactive marketing in social media, for example instead of talking about electricity the marketing can concentrate on global warming and the ecology of the product. (Salmenkivi & Nyman 2007, 268-272).

3.2.4   Findability

Because consumer behavior is changing, it is more important to be findable than to find a
fixed place in the Internet; findability is thus replacing place in the marketing mix model.
The desired knowledge has to be in the right place at the right time. In 2007 Web and mobile
tracking did a research that found that 93 % of Finns use search engines. (Salmenkivi & Nyman
2007, 17; 23; 280). Attention needs to be paid to which search engines are most popular and
how to get listed on them. Despite there being thousands of search engines on the internet,
over 90% of all searches are made by the 12 largest search engines, including Google and
Yahoo! (Ash & Lambert 2001, 140).

Information seekers can be divided into two categories: active searchers who are either
directly searching or indirectly browsing and passive searchers who are either "monitoring",
for example subscribing to a newsletter or "being aware", following a link on a friend's
Facebook status. People are also searching for the sake of searching, and click-stream can
end up on the company's page, so it is important to be tagged in several social media.
(Jennings 2007, 125-127).

Being among the top searches helps in findability: as mentioned earlier in this thesis, social
media are ranked high on search engines. Social media are crucial in findability; via
networking and learning to use social bookmarking and social news sharing sites it is easy to
increase findability. (Salmenkivi & Nyman 2007, 278-279). Juslén (2009, 136-137) adds that to
increase findability it is important to create content that users want to share with others.
Usage of multiple social media channels and cross-linking them can also add findability.

3.3   Styles of collaborative innovation

According to Amy Shuen (2008, 133-134), social media and web 2.0 have changed innovation
from competitive to collaborative action. Earlier companies competed in capturing marketing
with innovative technologies while nowadays collaborative users have become one of the
most important assets. Collaboration can ensue between users, between companies and
between users and a company. Figure 2 illustrates the two-by-two table of innovation
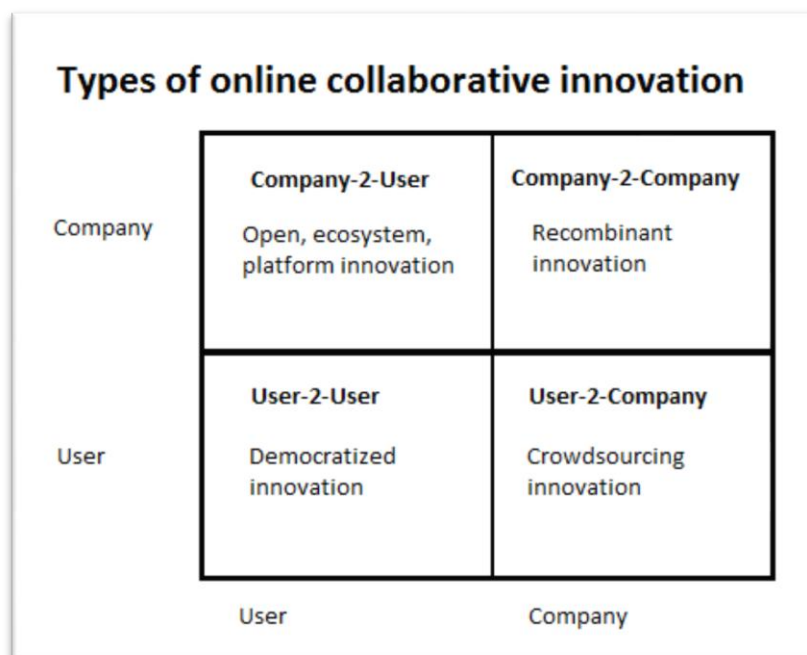between different combinations of participants.

Types of online collaborative innovation

	User	**Company**
Company	**Company-2-User** Open, ecosystem, platform innovation	**Company-2-Company** Recombinant innovation
User	**User-2-User** Democratized innovation	**User-2-Company** Crowdsourcing innovation

Figure 2: Collaborative innovation. Source: Shuen 2008, 134.

3.3.1 Democratized innovation

Democratized innovation is action between users and this type of innovation occurs in self-organized user communities that are not regulated by manufacturers. Democratized innovations include modifying and developing products and sharing the ideas with the other users. One example of active creators of democratized innovations is the Linux open source community, where users can express their own visions while creating computer programs. (Shuen 2008, 135-136).

3.3.2 Crowdsourcing innovation

Crowdsourcing is innovative action between users and a company. Before the internet R&D costs were high, but nowadays a company can obtain information from their users and thus decrease costs. For instance, users making democratized innovations can be sought to take part in accelerating "knowledge production" including R&D and learning-by-doing or the company can arrange contests among their users in developing products, such as the T-shirt design competition in MySpace for Company X. Because this type of innovation decreases costs, the users can be rewarded with cheaper products or other benefits. (Shuen 2008, 136-138).

3.3.3 Open source, ecosystem, and platform innovation

Open source, ecosystem, and platform innovation occurs between a company and users. With similarities to democratized innovation, here the company provides a platform in which users can formulate an innovative community. Users can generate innovations alongside affiliates, developers and service providers. While all ideas are not directly usable, they can still be related or combined into breakthrough innovations. (Shuen 2008, 139-140).

3.3.4 Online recombinant innovation

Recombinant innovation arises when two companies combine their knowledge in innovation process. Recombinant innovation can be derived from combining technologies, processes, systems and business models of two companies, creating new solutions that could not have been created from only one source or one company. (Shuen 2008, 140.)

4 Research method

Research methods are always a part of empirical study. The research problem and chosen method should be closely bound together, and the method cannot be chosen randomly. Research methods are usually divided into quantitative and qualitative methods. This thesis will only utilise the quantitative research methods. (Hirsjärvi, Remes & Sajavaara 2009, 130; 135; 184; 191).

Quantitative research is used when results such as assumptions of cause and effect are desired. Quantitative results can be analyzed statistically and assumptions should always be based on the statistics derived from the results of the research. Quantitative research usually involves a larger number of people than qualitative research. (Hirsjärvi et al. 2009, 139-150; Kaloinen, Suntinen & Vallisaari 2004, 33).

An internet questionnaire was chosen to gather data from social media users in this thesis because in this was felt to be the most useful and practical method for the purposes of this thesis. A questionnaire with a large number of respondents can be considered to be more reliable than one with smaller amount of respondents. As this thesis concentrates on social media users it was natural to implement the questionnaire on the internet.

4.1   Hypothesis

According to Hirsjärvi, Remes and Sajavaara (2009, 158-159) a hypothesis is "an appropriate guess" that is based on the theoretical research given to estimate the results. Many researchers consider that setting a hypothesis is the most effective way to start a research.

The hypothesis has to include innovative thinking and imagination from the researcher's point of view and it is not solely based on the literature. Hypotheses are usually used in research studies that are interpretive and comparative, rather than in descriptive research. This is why quantitative studies often have a hypothesis while qualitative research might not. (Hirsjärvi et al. 2009, 158-159).

4.2   Questionnaire

The questionnaire is a quantitative research method that uses standardized questions to collect data. It means that all of the participants will be answering precisely the same set of questions. The questionnaire is an effective way to gather information from a large number of people. It can include three types of questions; open questions, multiple choice questions and scales. (Hirsjärvi et al. 2009, 193-195; 198-200).

4.3   Reliability and validity of research

Reliability means that the research results are repeatable and thus the collected data should not have random results. Reliability of quantitative data can be measured with different statistical factors. (Hirsjärvi et al. 2009, 231).

Validity refers to the appropriateness or effectiveness of the research method used, or whether it is measuring what it is supposed to measure. For instance, if the respondents answer a questionnaire without understanding the questions, the results of the research cannot be considered as valid. (Hirsjärvi et al. 2009, 231).

Reliability and validity differ when quantitative and qualitative data are compared. Although the terms have different interpretations depending on the researchers, reliability and validity of the research should be measured in some way. Validity of a question can be measured, for example, by investigating if the question is explained and described properly. (Hirsjärvi et al. 2009, 230-233).

Different aspects also have an effect on the size of the chosen statistical population. As in many cases it is impossible to research a whole population of people involved in the research.

A random sample can be taken to represent the whole population. The size of the sample will affect the precision of the results; the bigger the sample the more reliable the result. (Hirsjärvi et al. 2009, 179-180).

5   Execution of research

The questionnaire was conducted during December 2010 and January 2011, and the respondents answered the questionnaire via questionnaire form on the internet containing questions about their demographics, social media behavior and shopping behavior.

Because the questionnaire was about social media usage, links to the questionnaire form were posted several times during the period of study to popular social media sites. These included the company's official global pages on channels such as Facebook and Youtube, but also Finnish sites like Irc-galleria with fan-made page and most popular Finnish internet communities and forums, including Suomi24 and their discussion forums about fashion.

As it is impossible to find the whole statistical population of social media users in Finland that are also involved with Company X in the social media due to the vast field of social media and the constantly shifting number of fans, a random sample was chosen. Because the questionnaire hoped to reach Finnish users, the questionnaire also included a question about the place of residence to see if the sample truly represented all Finnish users, and not just a certain area, such as the capital area, and also to exclude foreign respondents. The statistical population of this research consists of Finnish people who are fans of Company X in social media and the random sample is the people who have answered the questionnaire.

The questionnaire was carried out both in English and Finnish. Since the focus of the study is Finnish social media users, it was important to include also the form in Finnish to have the highest possible number of responses.

5.1   Research question

The research question is to see if there is any link between the social media users that are involved with Company X and their shopping behavior. Comparisons are made between the behaviors of fans versus non-fans and also fans in several media versus fans in only one media. In many studies of social media it is mentioned that when people are taken into consideration via social media, they will be more likely to follow a particular brand and trust the company more; hence they are more reliable customers (e.g. Salmenkivi & Nyman, 2007; Shaw, Blanning, Strader & Whinston 2000; 107; Chaffey & Smith 2008, 123). Analysis based on the responses to the questionnaire is used to see if it is that the people who are participating

with the company via social media are also contributing in the form of buying the company's products.

5.2   Hypothesis of the research

The hypothesis of the research is that fans of Company X are more loyal to the brand and are buying more than non-fans. Multiple-time fans (fans of Company X in several media) are more loyal than one-time fans (fans of Company X in only one media).

5.3   Analysis of results

The questionnaire was answered by both fans of Company X in the social media and social media users that were not fans of Company X in any social media. Figure 3 illustrates the percentages of respondents who have registered with social media, the percentages of respondents who have seen Company X advertisements (banner advertisements or similar but this also includes official and/or fan-made fan pages and so on) and also the proportional percentage of fans in social media.
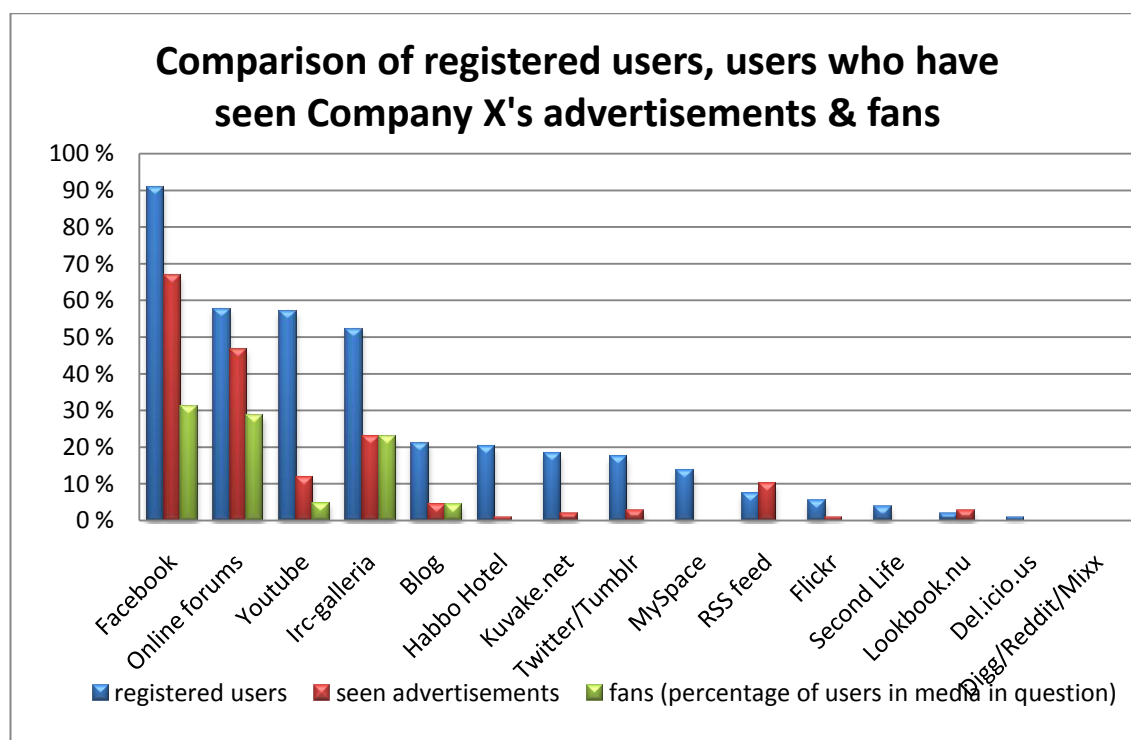
Figure 3: Percentage of users, people who have seen Company X in social media & fans.

As the statistics in Figure 3 show, over 50% of respondents were registered to Facebook, online forums, Youtube and Irc-galleria. These four media also contain the greatest numbers of respondents seeing Company X advertisement, from Facebook with 67% to Youtube with 12% of respondents seeing the advertisement of Company X in the media in question. Only a maximum of 20% of the respondents were registered in other given social media and all of these media gathered less than 10% of respondents seeing the advertisement of Company X in it. 12% of all the respondents had not seen any of Company X's advertisements online. This group consisted of both men and women of all age groups.

Figure 3 also illustrates the percentage of fans of Company X in the media in question. Only five of the social media (Facebook, online forums, Youtube, Irc-galleria and blogs) have a proportional percentage of fans, since other media had either zero fans (Habbo Hotel, Second Life, Del.icio.us, Digg/Reddit/Mixx) or results were biased due to the small portion registered users. For example in Lookbook.nu, all of the registered users were also fans of Company X in the media. Proportionally, Facebook, online forums and Irc-galleria have collected the most fans.
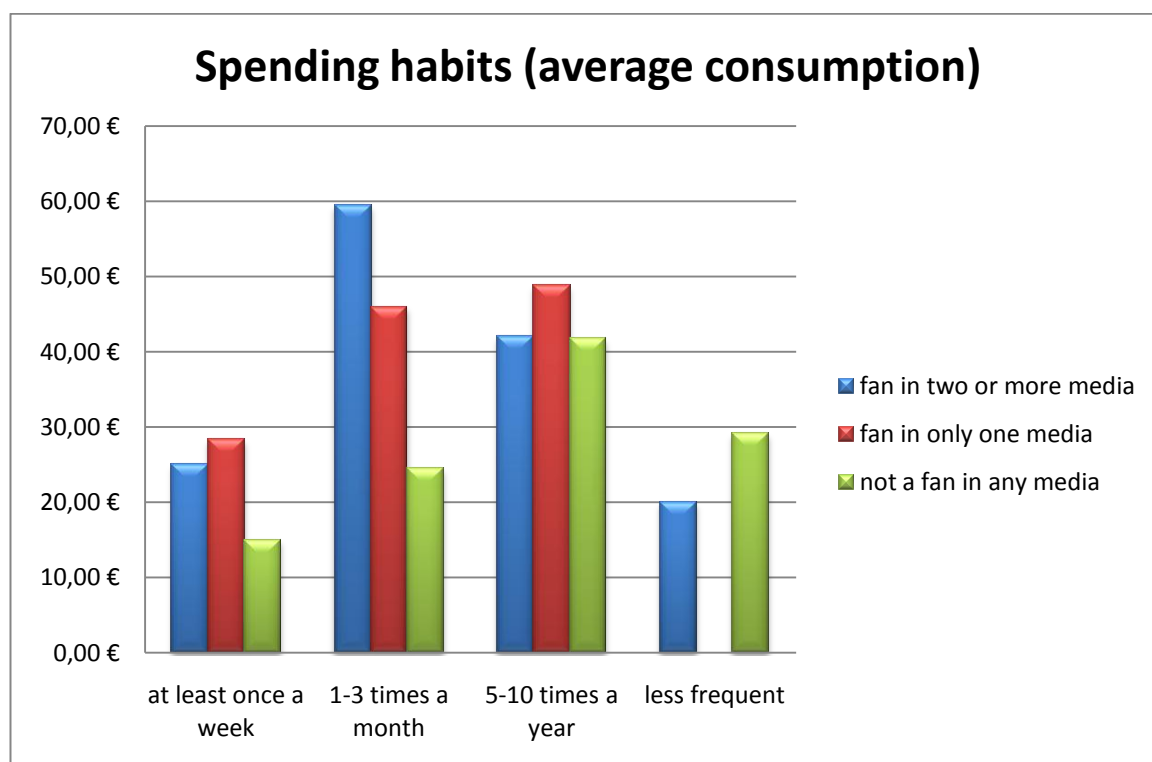

Figure 4: Spending habits

As Figure 4 shows, fans are more likely to spend more money per shopping trip than the ones who are not fans. The difference between fans and non-fans are most obvious with buyers

who buy one to three times per month. Here the difference between a multiple-time fan and a non-fan is nearly 35 euro.

The differences are blurred between fans and non-fans that buy 5 to 10 times a year. Here the difference between multiple-time fans and non-fans are insignificant, under 1 euro. Results in differences between multiple-time fans, one-time fans and non-fans in terms of spending habits when buying 5 to 10 times a year fit under 7 euro frame, so the differences here are not clear.

The only time when non-fans clearly use more money per shopping trop is in the last columns, buying less frequently than 5 times a year. The results in these columns might have been biased for both of the groups of fans, since only a few multiple-time fans and none of the one-time fans were less frequent buyers.

In Figure 4 the results between multiple-time fans and one-time fans are similar to each other, except in the less frequent column.
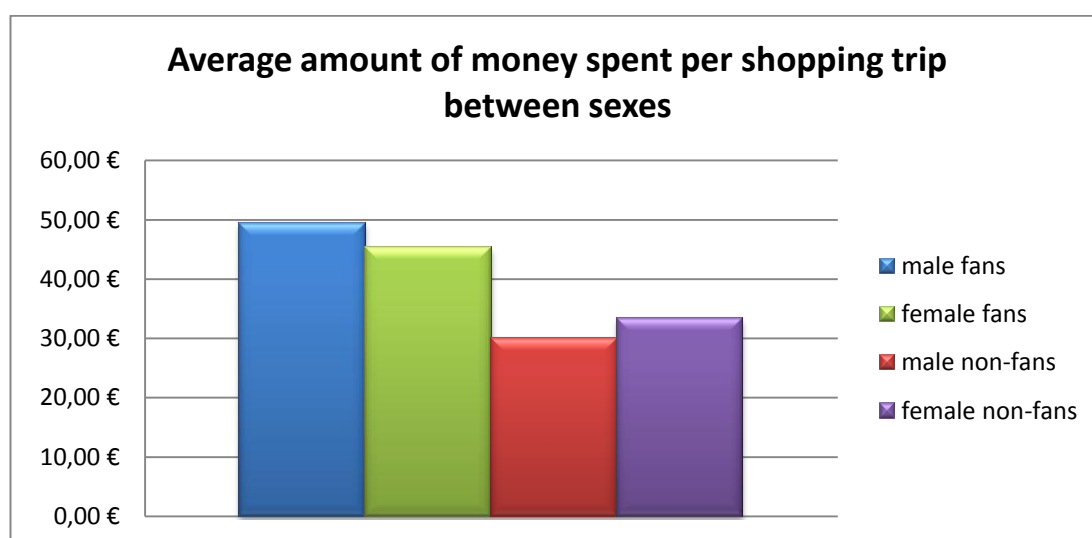
Figure 5: Average consumption between sexes

Figure 5 shows that sex does not have an effect on spending habits between fans and non-fans. it can be seen here that both groups of fans use more money than either group of non-fans. Both female and male fans use well over 40€ per shopping trip, while the same figure for non-fans of both sexes is just over 30€.

	average age, years	preferred number of shopping trips
fan, male	19,6	1-3 times a month
fan, female	23,2	1-3 tims a month
nonfan, male	21,5	5-10 times a year
nonfan, female	26,9	5-10 times a year

Figure 6: Age and preferred number of shopping trips

Figure 6 shows that between fans and non-fans, the average age of a fan is lower than the average age of a non-fan of the same sex. It can also be seen that both female and male fans prefer shopping 1 to 3 times a month, while the majority of male and female non-fans chose 5 to 10 times a year. Here it can also be seen that there is no great difference between female and male fans. Both female and male fans are more frequent buyers and also both sexes spend more money per time of shopping than the non-fan equivalents (Figure 5). Therefore both female and male fans are more brand loyal than non-fans.
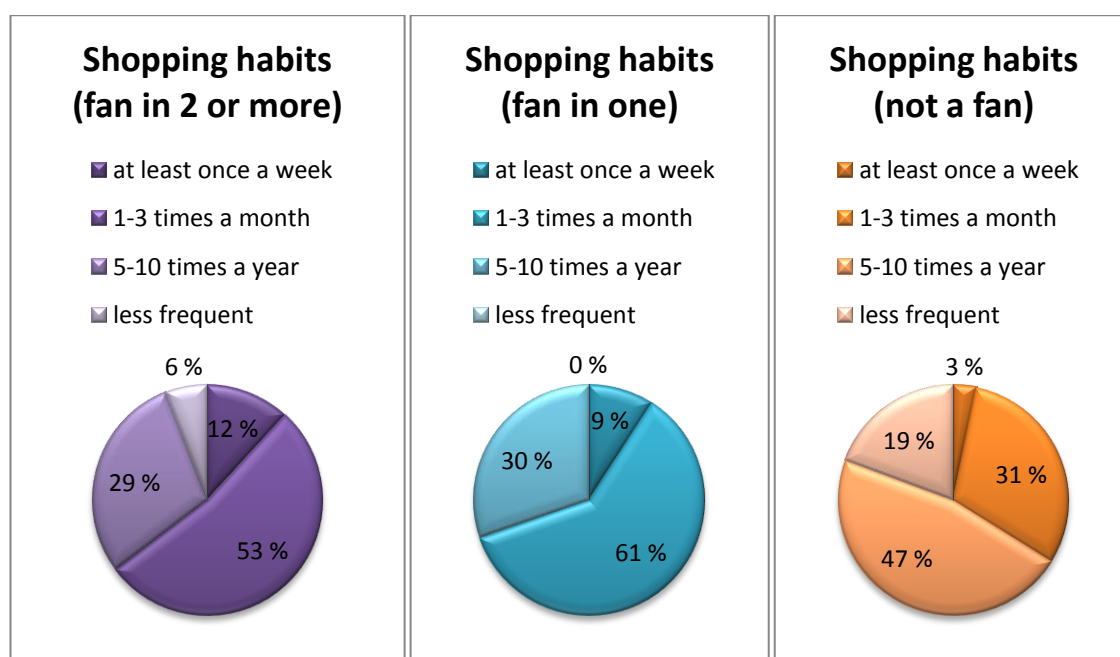
Figure 7: Shopping habits

Figure 7 illustrates the difference in shopping habits between multiple-time fans, one-time fans and respondents who were not fans of Company X in any social media. Where over 65% of both multiple and one-time fans can be seen to shop in the Company X's stores at least 1-3 times a month, the same figure for non-fans is merely 34%.

The contrast between non-fans and either multiple or one-time fans is clear but comparison between multiple-time and one-time fans is insignificant. Percentages in all groups are similar, except in "less frequent" groups. Similarities between multiple-time and one-time fans could also be seen in the behavior pattern for average consumption per shopping trip (Figure 4). Multiple-time and one-time fans are likely to be as loyal to the brand, while non-fans are distinctly less brand loyal than either group of fans.

Comparisons were also made between fans' and non-fans' preference forplace of shopping. As Figure 8 shows, fans prefer both concrete shops and internet stores equally, while two thirds of non-fans use only or mostly concrete shops and only one third use at least partially internet shopping.
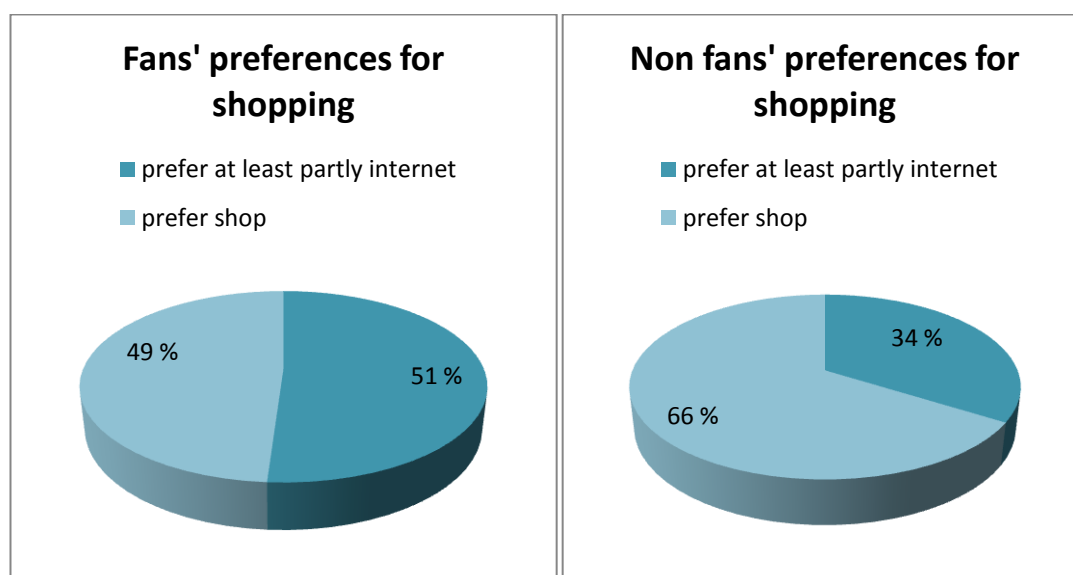
Figure 8: Shopping preferences

5.4   Evaluation of the research

The validity of the questions was controlled by giving detailed descriptions of the questions. Respondents could click to open an information box on the screen including examples or explanations of the question. For instance, passive and active social media behaviors were explained by giving a couple of examples of both activities. Still, as mentioned at the beginning of the thesis, people understand the term social media differently. When respondents were asked if they used other social media than the ones listed, they listed several discussion forums, such as Suomi24 and Plaza, although forums generally were one of the given options. Also sites that are not considered social media per se were added, for instance online auction sites. This might indicate that not all respondents were aware of the content of the question.

The reliability of the research can be found in comparison to the size of the whole population and the size of the random sample. As the number of fans in any social media is in constant flux it is not possible to measure the reliability of the research against the statistical population, all of the Finnish Company X fans in all social media. Reliability has to be sought elsewhere.

Statistics Finland has gathered information about the percentage of people who are registered to any social media in Finland. As Figure 9 shows, the majority of people under 34 have registered to at least one social media. While the numbers decrease throughout the chart, there is a clear fall in the registered users between people under 34 and over 35 from 76% to 44%. Otherwise the decrease when compared with the previous age group is approximately 10%.
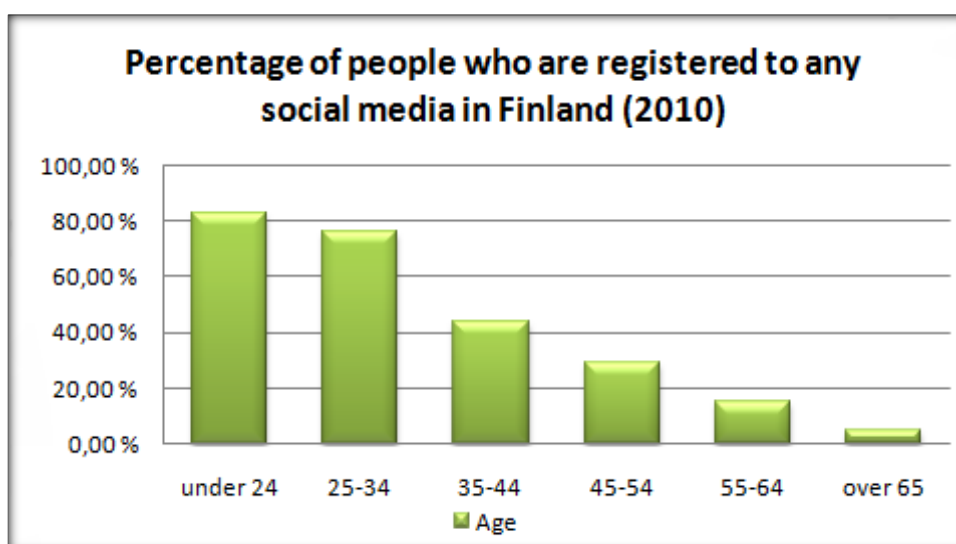
Figure 9: Percentage of registered users. Source: Statistics Finland

As all of the respondents were registered to at least one social medium, the age of the respondents can be used to measure the credibility of the research in terms of the distribution of age of respondents. Figure 10 shows the distribution of age of the respondents. There is a also clear gap here between users under 34 and over 35 and the percentage decreases as the age increases, like in the Figure 9.

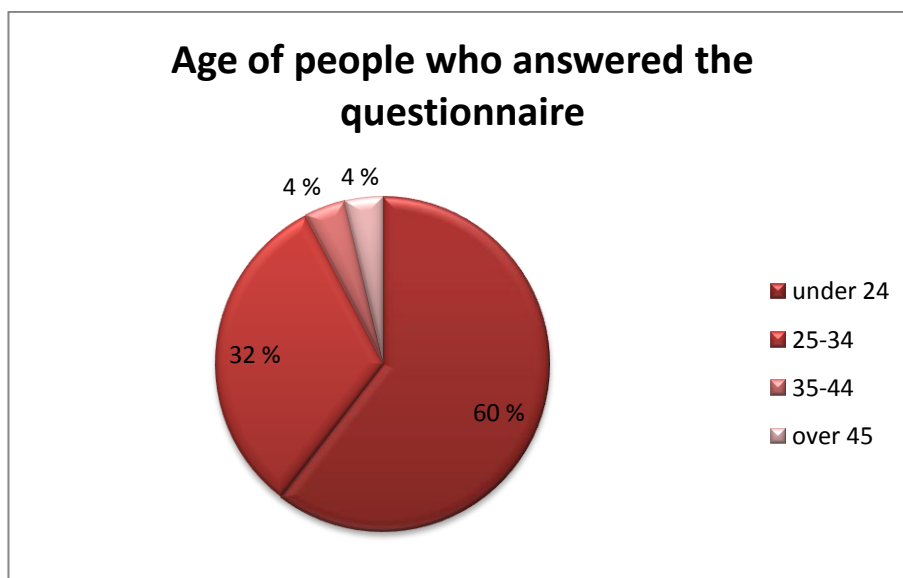**Age of people who answered the questionnaire**

Figure 10: Distribution of age of the respondents

The questionnaire was answered by 112 respondents, and 109 responses were used to make the analysis. Three responses had to be ignored, as they would have corrupted the results (e.g. responses by foreigners, when the study was about Finnish social media users). Also a majority of the respondents were under 34 (Figure 10) which is consistent with the profile of social media users in Finland, where the majority of registered social media users are also under 34 (Figure 9).

Student's independent two-sample t-test is a way to measure the reliability of two independent samples. The t-test uses null hypothesis that presents that no significant difference between the two measured targets. The test can be used to compare both variances that are equal and variances that are not equal. (Heikkilä 1998, 230).

	fan	N	Mean	Std. Deviation	Std. Error Mean
Spending	x	48	45,73	30,018	4,333
	o	61	30,85	18,832	2,411

Figure 11: Group statistics

Figure 11 presents the statistics for fans and non-fans, where fans are represented by 'x' and non-fans by 'o'. The mean of Euros spend per shopping trip is approximately 46€ for fans and 31€ for non-fans, but this number is not enough for statistical assumption. Because of the relatively small size of both groups, the standard deviation for both groups is high. The results based on Figure 11 indicate that 68% of the fans use between 16€ and 77€ per shopping trip

and the same figures for non-fans are 12€ and 49€. The large range for standard deviation can be due to the fact that all the data were treated as equal, meaning that preferred number of shopping trips (once a week, 1 to 3 times a month and so on) are not separated but treated equally. Standard deviation could be decreased with a bigger sample or concentration on certain group, for instance the differences between fans and non-fans who prefer shopping 1 to 3 times a month.

Spending	Equal variances assumed	Equality of Variances	F		6,400
			Sig.		0,013
		t-test for Equality of Means	t		3,162
			df		107
			Sig. (2-tailed)		0,002
			Mean Difference		14,877
			Std. Error Difference		4,705
			95% Confidence Interval of the Mean	Lower	5,550
				Upper	24,204
	Equal variances not assumed	t-test for Equality of Means	t		3,000
			df		74,988
			Sig. (2-tailed)		0,004
			Mean Difference		14,877
			Std. Error Difference		4,958
			95% Confidence Interval of the Mean	Lower	4,999
				Upper	24,754

Figure 12: Independent samples test

Figure 12 illustrates the independent samples test based on group statistics. If the value for Sig. (significance) is more than 0.05, a null hypothesis remains in force, because equal variances are assumed and if the number is less than 0.05, equal variances are not to be assumed. As Sig. in the Figure 12 is 0.013, the null hypothesis is not valid and there is a significant difference between fans and non-fans. Because of this, equal variances are not assumed and the focus is on the lower part of the figure.

Sig. (2-tailed) presents the significance between the differences in means. Sig. (2-tailed) in Figure 12 is 0,004 which indicates that the difference is significant. The last row, "95% Confidence Interval of the Mean" presents the certainty of the results, which in this case can be interpreted as being that with a probability of 95%, a fan will spend on average 5-25€ more

per shopping trip than a non-fan. The results of the research are reliable, thus a fan is more brand loyal than a non-fan.

6   Conclusions and suggestions

The internet questionnaire form was a successful way to gather information about social media users. The questionnaire form was accessible for a month and links were posted to several social media sites and the questionnaire form was available both in English and Finnish. As the aim was to collect data from Finnish social media users, this proved to be a wise decision; only five of the replies were in English. Respondents were also able to attend a drawing of lots for a gift certificate to Company X's stores if they wished and this might have helped in gaining results.

Based on Figures 4, 5, 6 and 7, there is a clear correlation between fans being more brand loyal than non-fans. Fans were also more frequent shoppers and they spent on average more per shopping trip than non-fans.

The hypothesis of the research was that fans are more brand loyal than non-fans and multiple-time fans are more brand loyal than one-time fans. While fans were clearly more brand loyal in both frequency of shopping and spending habits on average, there were no distinct differences between multiple-time and one-time fans (Figures 4 and 7).

Figure 3 illustrates that the biggest crowds of fans are in Facebook, online forums and Irc-galleria. While Company X has connected Facebook to the company website's "social media room", two others are not mentioned in there. Irc-galleria shows great potential even with fan-made pages, so connecting with them or making an official fan page in Irc-galleria and adding it to the company's Finnish website could help accumulating more fans and therefore more brand loyal customers. Online forums due to the vastness of the field on the contrary need more details about which forums are more likely to gather fans of Company X before making decisions about connecting any of them to the Company X "social media room". One possibility is adding a discussion forum in the "social media room" itself.

Figure 3 also shows that while Youtube is very popular, it does not, however, attract fans of Company X in Finland. On the other hand, Lookbook.nu, while not popular among respondents of the questionnaire, shows that people registered in this media are likely to be fans of Company X. Visibility of both of these media for having more fans can be added via cross-linking pictures and videos from these two media to, for instance, the Company X's official Facebook page.

Figure 8 reveals that fans of Company X use the internet shop more than non-fans. One way of increasing sales among fans could be to provide exclusive discount vouchers for fans in social media for the company's online store. Discount vouchers made only for fans could also increase the amount of total fans of Company X. The cost of the discount can be compensated for with increased sales.

It is also important to notice that while the results are valid at the time of writing the thesis, changes in popularity and therefore profitability of social media can occur. For example there may be a shift between the popularity of MySpace and Facebook. Also the results of this study should not be generalized to other companies even with similar interests or Company X's fans and/or social media users in other countries. This study is solely based on Finnish social media users and Finnish fans of Company X.

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List of figures

Appendix 1: Questionnaire form in Finnish

▯ ja sosiaaliset mediat -kysely

Kysely tulee osaksi opinnäytetyötäni. Tiedot kerätään anonyymisti ja tietoja (esim. sähköpostiosoite) ei käytetä suoramarkkinointiin yms.

Taustatiedot

Sukupuoli? --Valitse tästä--
Ikä?
Asuinpaikkakunta?

Sosiaaliset mediat

Mihin sosiaalisiin medioihin olet rekisteröitynyt? (voit myös valita ne, joista olet eronnut)

- ☐ Facebook
- ☐ MySpace
- ☐ Twitter/Tumblr
- ☐ Oma blogi
- ☐ Youtube
- ☐ Habbo hotel
- ☐ Second life
- ☐ Irc-galleria
- ☐ Kuvake.net
- ☐ Digg/Reddit/Mixx
- ☐ Del.icio.us
- ☐ Flickr
- ☐ Lookbook.nu
- ☐ Keskustelupalsta(t)
- ☐ RSS-syötteet esim. blogeista

Muita sosiaalisia medioita joihin olet rekisteröitynyt? ?

Mitä sosiaalisia medioita käytät vähintään 1h/viikossa? ?

	aktiivisesti	passiivisesti	en käytä
Facebook	○	○	○
MySpace	○	○	○
Twitter/Tumblr	○	○	○
Oma blogi	○	○	○
Youtube	○	○	○
Habbo hotel	○	○	○
Second life	○	○	○
Irc-galleria	○	○	○
Kuvake.net	○	○	○
Digg/Reddit/Mixx	○	○	○
Del.icio.us	○	○	○
Flickr	○	○	○
Lookbook.nu	○	○	○
Keskustelupalsta(t)	○	○	○
RSS-syötteet esim. blogeista	○	○	○

Missä seuraavista olet törmännyt ▭ ? (yritykseen itseensä tai tuotteisiin) ?

- ☐ Facebook
- ☐ MySpace
- ☐ Twitter/Tumblr
- ☐ Oma blogi
- ☐ Youtube
- ☐ Habbo hotel
- ☐ Second life
- ☐ Irc-galleria
- ☐ Kuvake.net
- ☐ Digg/Reddit/Mixx
- ☐ Del.icio.us
- ☐ Flickr
- ☐ Lookbook.nu
- ☐ Keskustelupalsta(t)
- ☐ RSS-syötteet esim. blogeista

Missä seuraavista olet itse ▮▮▮▮ n fani/seuraaja tai kommentoit tai seuraat keskustelua ▮▮▮▮ aktiivisesti?

☐ Facebook
☐ MySpace
☐ Twitter/Tumblr
☐ Oma blogi
☐ Youtube
☐ Habbo hotel
☐ Second life
☐ Irc-galleria
☐ Kuvake.net
☐ Digg/Reddit/Mixx
☐ Del.icio.us
☐ Flickr
☐ Lookbook.nu
☐ Keskustelupalsta(t)
☐ RSS-syötteet esim. blogeista

Ostoskäyttäytyminen

Kuinka usein käyt ostoksilla ▮▮▮▮ llä? (Myös nettiostokset)

☐ vähintään kerran viikossa
☐ 1-3 kertaa kuukaudessa
☐ 5-10 vuodessa
☐ harvemmin

Kuinka paljon keskimäärin kulutat per ostokerta? (arvio euroissa)

Käytkö useimmin kaupassa vai tilaatko netistä? Valitse tästä--

Arvonta

Jos haluat osallistua arvontaan, jätä sähköpostiosoitteesi. Voittajiin otetaan yhteyttä tammikuun loppupuolella.

Tietojen lähetys

Tallenna

Kiitos vastanneille! Arvontaan osallistuvien kesken arvotaan 2kpl ▮▮▮▮ lahjakortteja (à 10€). Arvonta suoritetaan tammikuussa 2011.

Appendix 2: Questionnaire form in English

[   ]and social media, questionnaire

This questionnaire will be a part of my thesis. Data will be collected anonymously.

Background information

Gender? --Choose here--	
Age	
Place of residence	

Social media

Which social media are you registered to? (you can also choose the ones you have left)

- ☐ Facebook
- ☐ MySpace
- ☐ Twitter/Tumblr
- ☐ Own blog
- ☐ Youtube
- ☐ Habbo hotel
- ☐ Second life
- ☐ Irc-galleria
- ☐ Kuvake.net
- ☐ Digg/Reddit/Mixx
- ☐ Del.icio.us
- ☐ Flickr
- ☐ Lookbook.nu
- ☐ Discussion forums
- ☐ RSS feed on blogs etc.

Other social media that you are registered to? ?

Which social media are you using at least 1h/week? ?

	actively	passively	I don't use this
Facebook	○	○	○
MySpace	○	○	○
Twitter/Tumblr	○	○	○
Own Blog	○	○	○
Youtube	○	○	○
Habbo hotel	○	○	○
Second life	○	○	○
Irc-galleria	○	○	○
Kuvake.net	○	○	○
Digg/Reddit/Mixx	○	○	○
Del.icio.us	○	○	○
Flickr	○	○	○
Lookbook.nu	○	○	○
Discussion forums	○	○	○
RSS feed on blogs etc.	○	○	○

Where have you bumped into ▮▮▮▮ (either to the company or to its products) ?

- ☐ Facebook
- ☐ MySpace
- ☐ Twitter/Tumblr
- ☐ Own Blog
- ☐ Youtube
- ☐ Habbo hotel
- ☐ Second life
- ☐ Irc-galleria
- ☐ Kuvake.net
- ☐ Digg/Reddit/Mixx
- ☐ Del.icio.us
- ☐ Flickr
- ☐ Lookbook.nu
- ☐ Discussion forums
- ☐ RSS feed on blogs etc.

Where are you yourself a fan/a follower of ☐ or where do you comment/follow discussion about ☐

- ☐ Facebook
- ☐ MySpace
- ☐ Twitter/Tumblr
- ☐ Own blog
- ☐ Youtube
- ☐ Habbo hotel
- ☐ Second life
- ☐ Irc-galleria
- ☐ Kuvake.net
- ☐ Digg/Reddit/Mixx
- ☐ Del.icio.us
- ☐ Flickr
- ☐ Lookbook.nu
- ☐ Discussion forums
- ☐ RSS feed on blogs etc.

Shopping habits

How often do you shop at ☐ (also purchases on ☐ website)

- ☐ at least once a week
- ☐ 1-3 times per month
- ☐ 5-10 times per year
- ☐ less frequently

How much do you spend per time of shopping? (estimate in euros)

Which do you do more often, go to the shop or shop online? --Choose here--

Lottery

If you want to take part in the lottery, leave your email address here. Two winners will be contacted at the end of January.

Proceed

Save

Thank you for answering! Two lucky respondents will win ☐ gift certificates (à 10€). Drawing of lots will be held during January 2011.

Järjestelmänä Eduix E-lomake 3.1. www.e-lomake.fi