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# Social media as a new engaging channel in brands' relationship marketing.

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## Abstract

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<p>The objective of that research paper is to notice the changes brought by social media in brands relationship marketing. Also, it aims to see how relationship marketing changed over the years and what differs from traditional approaches marketers had. Moreover, this paper's purpose is to see how social media changed the way brands act toward customers and how customers gained power in their relationships with brands. The researcher presents a literature review allowing the reader to understand the environment of the thesis. After that, the researcher realized interviews of marketing experts to notice how they felt the arrival of social media. Two interviewees were asked to answer four questions during face-to-face interviews. Moreover, a case study on Starbuck has been studied to confirm all the findings of the thesis.</p> <p>Those two qualitative methods revealed that social media has a huge impact on brands relationship with customers in the analytic phase of customers' relationship as well as in practice. The results revealed that gathering data on customer became easier for companies and that a real discussion between brands and customers took place with the appearance of online communities. Those interactions created collaboration between brands and consumers that are fully integrated in brands development.</p>	
Keywords: customer engagement, marketing, social media, customer behaviour, brands, relationship marketing	

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## 1 Introduction

### 1.1 Background

The innovation and the appearance of new means of communication such as social media has changed business perspectives in two ways, both for businesses and marketers as well as for consumers. Regarding the world we are living in today, which is in perpetual change, where understanding consumers became more and more important for businesses, it remains compulsory for brands to adapt themselves according to the evolutions in marketing or IT's and kind of break with traditional approaches that became a bit obsolete today.

Social platforms like YouTube, Facebook or even Twitter and so on represent a great role in today's media consumption by users. Indeed, the number of platforms where they can get it is huge and contribute to the appearance of online communities. It now represents a great deal to marketers to understand better the customer and be closer to him. Moreover, those new platforms reinforced the principle of customer engagement to put it in the first place in the actual debate for companies. Indeed, mass media such as TV or radio didn't have this power to really interact with the customer but just to broadcast content to him that he was not able to refuse.

Nowadays, the game has changed as customers gained power and have the opportunity to choose what they want to buy, read, share or consume in terms of content. Furthermore, companies have to face the sharing function of social media, giving them less credit than other peers. A customer at the digital age would trust much more his peers and friends than brands having a selling perspective, which is why brands had to understand those changes soon in order to stay competitive and customer friendly. Brands that understood it today are now trying to establish a real long-term relationship with consumers, to act as their friend. To do so, they have to respect a long protocol starting by understanding their customers, know them as time goes by and offer them what they are looking for.

As said above, customers are now receiving messages from both brands and peers through social media. A majority of them claim that they are influenced by other user's experiences and feedbacks on social media when they go shopping. This is why brands have to understand the power of those platforms and use it well, indeed, a bad buzz can go viral very quickly and by the way, discredit the company.

## 1.2 Purpose of that study

This study has for direct goal to study and measure the impact social media had on relationship marketing since the appearance of those new means of communication. To do so, here are the research objectives defined by the researcher as well as the questions he intended to answer in that thesis.

## 1.3 Research Objectives

- ✓ Go back to the roots of relationship marketing and define the main concepts
- ✓ Present the evolution of relationship marketing according to the evolution
- ✓ Introduce new ways to do marketing in our era such as digital marketing
- ✓ Present a development on the appearance of web 2.0
- ✓ Define what is customer engagement and its implications
- ✓ Understand what social media are as well as social media marketing
- ✓ Compare traditional marketing and social media one to understand the impacts of social media on customer engagement
- ✓ Measure the impact of social media on consumers and brands

## 1.4 Summary of the content

To develop all those points and answer them properly, the researcher built a framework presented above in the table of content.

## 2 Acknowledgement

First of all, I would like to express my gratitude to my teacher Mr. Michael Keaney who helped me at the beginning of this thesis work thanks to his lessons of Research Methods. His knowledge and precious advice allowed me to understand better how to build a proper thesis by choosing and gathering interesting data as well as realizing a relevant literature review.

Secondly, my special thanks go to my bachelor supervisor Mr. John Greene for his patience, devotion and availability. I'm also grateful for his help in the choice of my thesis statement and his guidance throughout all this work.

Generally, I would like to thank the all Metropolia Business School institution to have welcomed me during this year, as much the students as the staff. Their kindness allowed me to feel comfortable and integrated. It gave me the motivation to realize this work.

A posteriori, I think about my French business school, the ESC Rennes School of Business. Studying in that institution gave me the opportunity to study abroad and improve myself in all areas. My English level has improved as well as my maturity and my independence. Thanks to that, I am now curious of everything and want to discover the world and its cultures.

More personally, I would now like to thank warmly all my friends here, as much French ones as foreign ones who supported me through this work. Their friendship has been a key point for me during this year and they are now an intrinsic part of my ERASMUS memories.

Furthermore, I would like to acknowledge Benjamin, François, Jean-Baptiste, William, Etienne & Gaetan, my friends in France who are like a family to me. Those persons without whom I would not have been the person I am today and that supported me in all situations I could have faced.

Finally, a special message to my family to whom I dedicate this paper. My mother Ghislaine who gave me the opportunity to do those studies, Lucie & Franck, Nicolas & Angelique and my three beautiful nieces who gave me the strength to face the trials of life and the determination to go forward. I have also a thought for my father Loic, my brother Benjamin and my grandfather Pierre who, I'm sure of that, would have been proud of me today.

### 3 Overview of traditional and social media

#### 3.1 Typology of traditional media

Traditional media represents original platforms used to advertise and reach customers. There are several of them such as newspapers, mails, radio, billboards, TV, magazines and print publications. The purpose of those traditional ways is to transmit an information to a mass audience in a one-way logic which suppose no direct interaction with the potential customer.



#### 3.2 Typology of social media

There are different kinds of social media, each of them providing different experiences to users and allowing them to share or interact differently with others, as much companies as customers. Mentioned below, the different types of social media and some examples to illustrate what they offer according to Dijck in 2013 or Dan Zarrella in 2010 in his book *The Social Media Marketing Book*.

##### SNS – Social Network Sites

Those websites offer interaction possibilities to people by allowing them to exchange and putting them in contact through the internet. SNS's are used to connect people sharing values or interests (Weinberg: 2009). There is a huge amount of those websites on the internet sharing, for most of them, the same basic principles. Indeed, they offer the user the opportunity to create and manage a profile gathering all his information and allow him to delimitate his level of privacy and so control his visibility. Moreover, websites propose to the user a sharing function characterized by a list of "friends" with whom he can exchange and share. Finally, the user is able to see his list of new friends and others one made thanks to the website (Boyd and Ellison: 2007).



For brands, these are strong features allowing them to be always closer to the customer via fan pages, plug-ins or consumer groups. Those platform represents new reaching opportunities for them and they are bridges to engage the customer.

Here are some examples about SNS's:



Facebook was launched in 2004 by Mark Zuckerberg is the second ranked website on Alexa's databases. With 1.393 billion of monthly active users in early 2015, Facebook is a social networking site that allows users to register for free. It offers them the possibility to create virtual profile gathering their information, post photos or videos and adding friends in the purpose to chat with them and maintain private relationships. The website also propose the creation of pages, groups, events and the possibility to comment or like photos.



Instagram was launched in 2010 by Kevin Systrom and Mike Krieger and is ranked 27<sup>th</sup> website in the world on analytics website Alexa. Used by more than 300 million users throughout the world in 2015, Instagram allows users to share photos and short videos on its network. Users are able to leave comments and like or not pictures posted by other peers and also have their own friends list. The website was acquired by Facebook in 2012.



LinkedIn was created in 2003 by Reid Hoffman and his associates and his ranked 13<sup>th</sup> website by Alexa. Gathering 332 millions of users in the world in 2015, the website provides a social interface for business relations. Registered members can use the service to upload their Curriculum Vitae and their professional activities on the platform. After that, employers can use the website to find employees regarding their specialisations and skills and employees can seek employers and companies to hire them by interacting with them on the website.

Empathica Consumer Insights made a survey including 6,500 U.S consumers and asked them about the influence of social media in their purchasing decisions, their decision-making process regarding shopping.

It turned out that 55% of buyers liked a brand on Facebook that influenced their shopping habits. 37% visited a brand's website on their phones. 31% bought a coupon on a group-buying website. Also 55% used their phones to compare prices between competitors.

Concerning which websites had influenced an eventual shop visit, Facebook represented 73%, Google reviews 38%, Groupon 38%, Yelp 23%, Twitter 14% and Foursquare 5%.

However, this survey does not reveal the exact trend. Indeed, another report made from 2008 to 2014 based on 18,000 persons by Gallup named: The State of the American Consumer: Insights for Business Leaders contradict latter results. 94% of people responding the survey claimed that they used social networks to be in contact with family or friends. Moreover, 62% of them said that SM had no influence at all while only 5% felt a great influence.

#### Media-content sharing websites

Those websites are platforms where users are able to upload and share their media files such as videos, music or photos. One of the great opportunity of those websites for online societies is the engagement they can cause on their customers or even on visitors. Indeed, those platforms are privileged ways to reach the potential future customer thanks to the chance companies have to create their proper podcasts or videos. The principle of subscription reinforce that phenomenon and the fact that those services are cheap create an almost free advertising that can bring money thanks to users views. The most interesting function is the "tag". Zarrella in 2010 defined a "tag" as a word relating to a piece of content that provides a very short description of it. Also, this kind of keyword helps users to find what content they are looking for and helps uploaders for increase their rankings on the web. Companies have to be aware on how to use that precious tool to reach much more easily their potential clients.

Here are some examples of Media-content sharing websites:



YouTube was created in 2005 by Steve Chen, Chad Hurley & Jawed Karim and was bought by Google in 2006. The website is ranked 3<sup>rd</sup> website on Alexa and have 1 billion active users monthly in 2015. YouTube is a free video-hosting service that offers registered members the opportunity to upload, watch and share video content. The

advantage with that tool is the monetization of uploaded videos. Indeed, private users or brands can enable the monetization to make profit according to the number of views of it thanks to, among other things, short commercials before videos start. This is a great tool for companies that can increase their profit by realizing viral videos viewed by millions of users (e.g.: Volvo Trucks – The Epic Split feat. Van Damme).

Others websites are similar to YouTube such as Flickr or the French brand: Dailymotion.

### Microblogging

Close to blogs in the general shape and principles, the difference with those real-time information networks is that impose a certain amount of words for users in their posts. It impose a faster communication and a synthesis of ideas. There are several forms offered to users to share their messages: messages, e-mails, web, phones...

Example of microblogging platform:



Twitter was created in 2006 by Jack Dorsey, Evan Williams, Biz Stone & Noah Glass and is ranked 8<sup>th</sup> website in the world by Alexa in terms of frequentation, this is the leading microblogging website. In 2015, website statistics revealed that 284 million of people per month were using Twitter actively. Another impressive assessment: 500 million of tweets are sent every day in the world. Twitter is a free microblogging web-based software that, once registered, allows members to share short posts called *tweets* (140 characters). Users are able to share tweets and follow other members to receive their tweets on the main page flow. Tweets can be send by phones, internet or application. Twitter represents a very useful tool for companies thanks to the amount of users and the internet traffic. Moreover, the fact that posts are short creates kind of buzz on online communities as marketers should be clear and intelligible according to the number of characters they have. This have changed the way we do online marketing. Brands are using this tool to reach easily users, so eventual prospects, opinion leaders or customers. (Weinberg: 2009). The function *retweet* is another feature of this website that allows users to share a tweet they liked and show it on their main pages for their *followers* to see it. This is maybe the most useful tool on Twitter for marketers, thanks to that, when a brand post something, it can spread and go viral very quickly.

### Social news websites

Those websites are in line with the actual online communities' trend and allow members to manage their news' flow. Moreover, the website propose to vote for or against published news to organise the content and build rankings on the site's pages based on how many votes an article had. One of the great feature of the service is that users can gather links they discovered to revisit them when they want (Zarrella: 2010).

The real point of those platforms is the power given to the user that can easily control news' flow which impose a kind of democracy thanks to the vote function. Moreover, it allows visitors or members the discovery of websites or articles which empowered the principle of classic newspapers by giving a voice to consumers: *the wisdom of crowds* (Weinberg: 2009). Users can react and discuss links through those voted links and put them on the first plan to interact on what they've read.



Reddit, also called "the front page of the internet" was created in 2005 by Steve Huffman and Alexis Ohanian and is the most known social news website ranked 24<sup>th</sup> on Alexa. With 168 million unique visitors in April 2015, Reddit is composed of more than 5 billion pages which made of it one of the most popular social media today. Reddit function, as well as Digg's one (another website of the same kind) are defined above.

### Blogs

Those websites are kind of virtual journal based on the principle of Content Management System (CMS). CMS is a web-based application that allows the user to publish, edit or modify content. Blogs are ran by groups, communities or individuals that can publish news, photos, videos or links for others to see this content. Also, there is a commentary section used to interact and to share ideas between users themselves and the creator (Safko & Brake: 2009). Blogs are others ways to share content and to interact with people than social networks, this is much more a personal website and not only a profile on a mass platform. In blogposts, content is directly integrated, featured by comments section, blogrolls, trackbacks and users can also register to the blog (Zarrella: 2010). Blogs are ancestors of social network sites even if they are still used today.

According to Weber in 2009, blogs have a certain impact on other individuals, products or even brands reputation. Indeed, blogs allow every user to react and publish or to discuss with other individuals. Those discussions can impact the entire web because of a lack of restriction on those tools.

Here's some examples of CMS used to run blogs:



WordPress was created in 2003 by Matt Mullenweg & Mike Little and is ranked 36<sup>th</sup> website in the world by Alexa. According to the fact that everybody can interact on blogs, there is no precise number of users of WordPress. However, according to the website statistics, the web-based software is used on 23.7% of the whole internet websites. WordPress is a free publishing web-based software to create blogs or websites. This is very easy to use and avoid all the programming part for a user who wants to have his own website. Also it feature many options such as plugins incorporation, creation of pages, menus...

Others tools are respecting the same principle such as Blogger, Wix or Weebly.

All those social media platforms are offering a great power to the internet user by allowing him to contribute on what compose the internet. User-generated content (UGC) is present in almost all those websites presented above. This principle is defined as the content (blogs, wikis, forums, music, news...) created by internet users of a certain service (Moens, Li & Chua: 2014). The greatest example of what can illustrate UGC is the website Wikipedia which is a universal encyclopaedia where articles are created and maintained by users.

## 4 Literature review

### 4.1 The roots: relationship marketing

Customer engagement finds its roots in relationship marketing which include the concept of "attraction" (Berry: 1983: Berry and Parasuraman: 1991) and the concept of "establishing" (Gronroos: 1990: Morgan and Hunt: 1994) which logically lead to the idea of building and maintaining something strong with the customer, a perennial relation, a continuous interaction canal. The point in that kind of relationship marketing is that it is too much narrowed and focused on the purchasing act and not enough on what is beyond that. It means that this approach aims existing customers while it ignores a bit new customers and the way to attract them (Vivek, Beatty, Morgan: 2012). Indeed, as seen earlier, customer engagement doesn't just represent the buying interactions, but all the ways the customer can exchange with the brand, before purchasing, after, during and even when he is not purchasing at all, when he is a non-customer. This represents the added-value of customer engagement compare to relationship marketing, it is existing on customers and potential ones.

In marketing, there are two different strategies, with different goals each. (Fornell & Wernerfelt: 1987, 1988) (Fornell: 1992):

Offensive	Defensive
Gain additional customers	Decrease customer exit
Valorising brand switching	Reduce brand switching
Boost purchase frequency	

Those two strategies were defined both as part of relational marketing in order to set, develop and maintain successful relational exchanges (Morgan & Hunt: 1994). Even though initially the point of marketing research was to include both strategies, so attract new customers and maintain existing relationships, subsequent researches has been too narrowed to the defensive aspect. To prove that, a study has been conducted between 2006 and 2011 on 140 articles from popular and relevant marketing journals, only twelve of them were developing new customers in their researches (Vivek, Beatty & Morgan). This focus on the wrong way to do has led to the disregard of offensive strategies and so to attract new customers (Vargo & Lusch: 2004, 2008). Moreover, the writings of the latter and those of Prahalad & Ramaswamy from 2000 to 2004 shows the importance of act on the two sides: existing customers and new ones.

Brands today are conducting actions to appeal new customers and are ready to spend a lot of money in that even if they're not sure that it will work. Their goal is to begin an interaction with the customer and make him aware of the brand to finally try to engage him (i.e.: Microsoft or Apple providing material to schools such as computers helps them to reinforce the image of their brand). This remains important for big companies to do so especially with the raise of interactions between customers especially on the internet on ratings or opinion websites, before buying a product, customers often go on the internet to see how the brand is perceived by others. This trend tends to be much more efficient than the company's advertisement itself and influence next buyers.

## 4.2 Digital marketing

### 4.2.1 The Web 2.0

Web 2.0 is linked to digital marketing and remains important to go back to the roots of that term by explaining what arrive before it and what brought so many evolutions for customers and so for marketers in their way to spread and understand the information. Web 1.0 or 2.0 don't refer to technological differences but much more to the use human being did of it and the realization of the true potential and possibilities of it. (O'Reilly, 2005). The first efficient version of the web or World Wide Web (WWW), commonly called Web 1.0, was created by Tim Berners-Lee et Robert Cailliau at the beginning of the 90's and was representing the presages of what we are using today. The user was able to consult web pages which belonged to a few part of creators but was not able to interact or publish anything. It was a one-way interaction. (Cormode & Krishnamurthy, 2008).

In 2014, around three billion person in the world were using the internet and so the current version of the web used today: web 2.0. <sup>1</sup> This word has been first used by Darci DiNucci in 1999. For him, this version was no more a static one but an interactive one that will be used everywhere such as in the car, cell phones, microwaves... In other words, it was a sort of premonition because we are currently experiencing this kind of usage today. A few years later, in 2004, we assist to the recognition of the Web 2.0 thanks to Dale Dougherty, John Battelle & Tim O'Reilly (CEO) who were working for O'Reilly media, an American media company specialized in technological writings. They

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<sup>1</sup> *Internet Live Stats* (elaboration of data by *International Telecommunication Union (ITU)* and *United Nations Population Division*)

co-hosted with MediaLive the first conference about web 2.0 where they explained the “Web as a Platform” and highlighted the participative aspect of that innovation and the added-value brought by users as they went along to use it. The complete definition given by this CEO and pioneer in his book “What is Web 2.0” exactly says:

*“Web 2.0 is the network as platform, spanning all connected devices: Web 2.0 applications are those that make the most of the intrinsic advantages of that platform: delivering software as a continually-updated service that gets better the more people use it, consuming and remixing data from multiple sources, including individual users, while providing their own data and services in a form that allows remixing by others, creating network effects through an “architecture of participation,” and going beyond the page metaphor of Web 1.0 to deliver rich user experiences.”*

#### 4.2.2 Social media

Since the appearance of the web 2.0, “social media” became a common expression, even often linked directly as a kind of synonymous of web 2.0. Safko & Brake in 2009 claimed that those two expressions are quite similar but not exactly the same.

Social media is seen as:

*“A group of internet-based applications that build on the ideological and technological foundations of the web 2.0 and that allow the creation and exchange of user generated content”* (Kaplan & Haelein: 2010).

Social media is also characterized by a kind of new internet content based on participation. Social media contributes to sharing information, feedbacks and valorising interactions among individuals sharing same values or interests. (Mayfield: 2008)

The figure below illustrates the construction of social media based on three linked elements: communication media, content and social interaction (Dann & Dann: 2011).

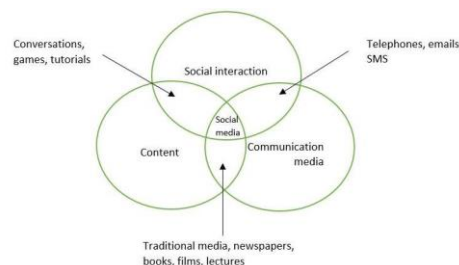


Figure 1 Dann & Dann's construction of social media



Solis claimed in 2007 that social media represented the socialization of the information and that is it the democratization of content and the understanding of the real role of the user. Indeed, it's not just about reading the information but also the act of sharing and create their own content to make others react and take part in the process. Also, social media stimulated communication, made it easier and more accessible for a vast audience of people according to the number of internet users nowadays. (Smith & Zook, 2011).

Social media brought many changes in terms of customer's power. Thanks to those new means to communicate and share, they are now more flexible, and have much more visibility than before. Livingston and Solis in 2007 called it the "driving force of social media activity". Moreover, social media allows customers to choose which content they consume and at what frequency which clearly differs from the traditional ways of doing years before that when information was directed from marketers to customers only, who were passive. Finally, brands have now less power on what they diffuse, social media cause the decline of company-centered communication (Cooke & Buckley, 2008).

#### **4.2.3 Overview of digital marketing**

Digital marketing find its roots in the 90's with the appearance of the web but became a common way to reach customers between 2000 and 2010 as the original web evolved to web 2.0. Digital marketing is the adaptation of the traditional one according to the evolution and innovation. It means that this kind of communication use electronic platforms and devices (personal computers, smartphones, tablets...) to reach customers through the internet, mails, social media and so on. The Digital Marketing Institute defines digital marketing as the "use of digital channels to promote or market products and services to consumers and businesses".

#### **4.2.4 The 4E's of digital marketing**

An author has focused his researches on the adaptation of the 4P's seen above in the digital marketing context. This theorist named Brian Fetherstonhaugh claims that "the 4P's are out, the 4E's are in."

Fetherstonhaugh is in favour of change and adaptation. That is why he blames the early days of traditional marketing and its marketers who were "kings" ruling the world through mass media without consideration to the customer (Fetherstonhaugh: 2009). In addition to that, Fetherstonhaugh put the customer in the first plan today as he

“seized control” over marketers. The appearance of new means of communication created another “ecosystem” where customers no longer interact only with marketers but between them as well (Fetherstonhaugh: 2009).

Assuming that the 4P’s are not valid anymore, he introduces the 4E’s:

- From Product to Experience
- From Place to Everyplace
- From Price to Exchange
- From Promotion to Evangelism

The **Experience** refers to the whole Journey a customer can benefit from a product. According to the strong competitiveness of the world today, a product advantage last less than six month, does it means that a product loose every interest after a six month usage ? This is the thought of Fetherstonhaugh. Indeed, for him, the point is to know the customer and all his experience with a particular product in order to focus marketing efforts. It goes through an analysis of customers’ habits, what influences them and what follows after they bought the good. The example he gives is the Hershey’s case in the USA where the company displayed a huge billboard in Times Square meanwhile they created a real store to provide customers a real experience. The purpose was to use chocolate products to stimulate childhood memories and establish a joyful atmosphere.

**Everyplace** is about how to reach people nowadays. While traditional media used to grab people’s attention displaying mass messages through TV or magazines, Fetherstonhaugh widen this way to process. Actually, he advises to “intercept” people on their own turf to engage us in their routine (Fetherstonhaugh: 2009), be where they are.

The **Price** and the production costs used to be the major concern for companies as it was a mean to stay competitive. Instead of that, Fetherstonhaugh lower the importance of the money a customer gives for a product and advises to focus on the value of customers’ attention. In other words, marketers should evaluate the importance of a customer’s engagement, permission or attention. All in all, it is all about understanding the value of a customer and rewarding him for it.

**Evangelism** is the evolution of promotion according to Fetherstonhaugh that aims to create an entire brand experience that will convince a customer to engage with your

brand and share his thought with his peers. The good point of evangelism is that it can match word-of-mouth and social media, so the old way to process and new one. His advice is to feel what you selling and by this way, transmit that passion to customers. The author gives us the example of Dove and the operation *Campaign for Real Beauty* when the results of a survey shown that only 2% of women believe they are beautiful despite all the fashion stereotypes. In order to react from that assessment, the brand revealed its ideal: "Dove believes the world would be a better place if women were allowed to feel good about themselves." After that, the brand continued by applying its theory concretely. Dove asked women to enter in the debate and, by this way, engaged them thanks to a website, a public relation campaign and a viral video (Evolution by Dove).

### **4.3 The journey to engage the customer**

As the concept of marketing, customer engagement is kind of a confused term regarding definitions and denomination as well as being a recent concept to marketers. It was conducted by the progress, the innovation, and the appearance of new platforms to interact with the customer who became groups and communities. More specifically, the raise of the internet as a new mean to appeal and exchange with the customer. That is why there are many definitions and debates on that term. Indeed, explanations come from a lot of fields, psychology, information systems, management, marketing, education. As much areas provide that amount of different definitions. Given the number of definitions in those various fields of study, only several of them will be presented to see how practitioners evaluate that term in a few areas.

#### **4.3.1 Definitions & background**

The first explaining of that expression comes from the Advertising Research Foundation in 2006: "*Engagement is turning on a prospect to a brand idea enhanced by the surrounding context*". This explanation was quite criticized at the time for being too large and not enough narrowed. In the book *Measure what matters* in 2011, Katie Delahaye Paine sees what she only calls "engagement" as a visitor conducting actions beyond only viewing or reading such as they could have done in web 1.0. She much more goes along with web 2.0 point of view. When a visitor comments, register, retweet, he is considered as engaged because he is showing an interest in the brand or product. The Journal of Marketing Theory and Practice published by Vivek, Beatty and Morgan states another definition claiming that customer engagement is a crucial point of relationship marketing. Moreover, they describe customer engagement as:

“The intensity of an individual’s participation in and connection with an organization’s offerings and/or organizational activities, which either the customer or the organization initiate.”

As for Hollebeek in 2011, for them, this notion is divided into several distinct parts. Indeed, as for her, in her book *Exploring Customer Brand Engagement: Definition & Themes*, engagement to a brand is the investment of a customer to a brand through three layers: cognitive (immersion), passion (emotional) and activation (behavioural).

As I said above, Vivek, Beatty and Morgan respect the same reasoning with one difference, they add a fourth variable: social elements.

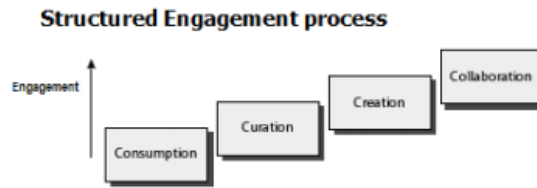
For Brodie and al. in *Customer Engagement: Conceptual Domain, Fundamental Propositions & Implications for Research in Service Marketing*, customer engagement is, from a psychological point of view, the state that happens by virtue of interactive, co-creative customer experiences with a certain brand.

#### **4.3.2 The engagement process**

Experts that are looking to customer engagement from an organizational point of view see it as repeated interactions that make customer’s investment stronger every time at three levels toward a brand: emotionally, psychologically and physically (Sedley: 2010).

In his book *Social Media Marketing: The Next Generation of Businesses Engagement* published in 2010, Evans analyse the impact social media had on marketing and explain through several steps how companies engage their customers. Moreover, he introduces the engagement concept which lead customers to interact between themselves and with brands and not especially by consuming products. According to him, building a strong long-term relationship with customers is about trust and following-up customers. Indeed, a random customer could follow a brand page on social media only because of a short-term competition putting this particular brand in the forefront compare to competitors. However, this customer could stop following the brand if no engagement action are taken. He underlines the efficiency of a long collaboration and interaction between a brand and a customer compare to a single act of purchase.

This is why, Evans explains customer engagement through several steps:



*Figure 2 Engagement process with customers by Evans (2010)*

The first level of the schema is the Consumption that Evans defines as non-relevant because the consumer is just consulting information but doesn't go further. It represents the first step of engagement which is characterized by reading, watching or downloading a content. Without that, the consumer is not able to generate content or share it with others.

The second step presented by Evans is Curation which is characterized by a participation of the consumer on a particular online content such as commenting or tagging. It basically means that the consumer still not produce any content but react to content published by others, could be either brands or customers.

The third level of engagement is called Creation which obviously means that the user will post status on Facebook, share, tweet about a particular brand content. This is where the real engagement begins and where the brand should be aware of what customer are saying about it.

To finish, Evans presents the final engagement step, called Collaboration where the customer is really loyal to a brand. It is characterized by feedbacks or suggesting a particular product to friends. Those feedbacks will bring value to brands as they engaged a new customer.

#### **4.3.4 Social Media Marketing**

Social Media Marketing is a component of digital marketing and refers to the utilisation of social media as new channels to do marketing and advertise to the consumers. SMM can be defined *as the process of gaining website traffic or attention through social media sites* (Trattner & Kappe: 2013). Another definition is given by Weinberg in 2009: SMM refers to enhancing the *social* throughout the *media* toward *market* businesses elements. Those definitions mean that the purpose of SMM is about using individuals and empower them by giving them a voice to promote products or services through those online platforms.

Today, advertisement made through traditional mass media are not as efficient as they were in the past because of the way it is done. Indeed, broadcasting a mass message will appeal far more individuals than the original customer targeted by brands (Weber: 2009). On the other side, the social web gathers individuals sharing same values or interests and is constructing communities that are interacting between themselves. Marketers should use the social web to interact with their potential customers and not broadcast a mass message but listen to what customers are aware of. This represent the most efficient way to engage and respond to consumer needs because it put marketers in the real debate. (Weber: 2009).

a) *What are the advantages of SMM?*

Comparison between traditional advertising and SMM shows that those new ways of interact with the customers are cheaper than traditional processes and, today, it became a benefit for new companies that don't want to invest a lot in advertising. Indeed, although social media made easier and cheaper the understanding of the customer, the original purpose of marketing still the same: define the targeted market, communicating, building loyalty and engage the customer (Weber: 2009).

There are many reasons to adopt a social media marketing strategy, maybe in addition with a traditional one. Indeed, according to a Forbes article, *SMM raise brand recognition, convert much more opportunities, and enhance brand loyalty, increase conversion rates as well as brand authority and traffic. On another hand, it lower marketing costs, bring better customer experiences and give better SEO (Search Engine Rankings).*

As said above, mass media have tendencies to reach more people than they originally wanted, the point with SMM is that individuals are able to find neutral content devoid of commercial messages which give them an impression of being less only buyers. By this way, individuals are much more able to share this content with relatives on social media (Weinberg: 2009).

Moreover, social media allow brands to reach communities and to take part in community's debates which provide the company that merit being followed, removing the fact that the brand is only here to sell. Thanks to that, individuals could be more interested on what brands are sharing and able to share it themselves (Weber: 2009). The latter author also claimed that the key success for a brand is the engagement with communities (Weber: 2009 & Silverman: 2001). This is confirmed by Weinberg in 2009

saying that if a brand pays attention to members of communities, it creates a strong relationship between it and individuals.

*b) Social media marketing, a new chance for marketers*

The raise of Social Media as a marketing tool relatively changed the way we understand marketing and especially the segmentation based on demographic data such as the age, gender, socio-professional situations and so on. Social Media Marketing is in another approach by identifying other variables such as interest people share, what they like and how they behave, this is much more focused on the individual intrinsic personality and called behavioural targeting (Weber: 2009).

As said before and as many authors claimed, social media impose an exchange of ideas and so cause a two dimension approach engaging both audience and customers or potential ones, instead of traditional marketing which was characterized by a one-side interaction (Drury: 2008, Mayfield: 2008). Moreover of creating a real interaction, SMM creates content from both parts: brands and individuals which is a key aspect of an effective marketing strategy (Weber: 2009).

The real effective point, as mentioned above, with SMM is the place of the brand front of the customer. Indeed, the advertisement made through those platforms is much more about providing a value-added content to the customer than product placement or product selling. Thanks to that, the customer doesn't feel anymore a source of profit but an important part in the brand-individuals relationships (Drury: 2008). An example of that can be the action of Finnair which asked his customers about their ideas on how to improve the air travel experience or Starbuck with the page "My Starbuck Ideas".

#### **4.3.5 Changes brought by social media in the analytic phase of customers' relationship**

The first step to create a company is to know its market, identify and understand its targets. Marketers thought they handled perfectly the market analysis part and reached the limits of customers and segmentation understanding. However, the appearance of the web 2.0 and social media came along with crucial changes over markets that made the traditional marketing change. Social media offer new opportunities in terms of customers understanding and change the way customer relations were done.

a) *Improvement of customers understanding*

Customers understanding is a big part of Customer Relationship Management, it is the first step brands have to pass in order to build a relationship strategy. Knowing well customers allow to build a proper marketing plan and avoid risks of failure. To do so, brands have to know the environment they're evolving in and people that belongs to this environment. Based on a report of the Marketing Science Institute, an institution that asks member companies to select their priorities for coming years, companies' priority for the period 2014-2016 tier 1 is to "Understand Customers and the Customer Experience". The second priority is to develop a marketing analytics for enriching the customer database. All in all, on the 11 priorities chose for 2014-2016, 6 of them aim to know better customers and consumers to satisfy them by using all tools, especially digital ones.

This report shows that knowing the customer stays the big priority in brands' plans especially with the appearance of web 2.0 and social media. Those innovations created new ways to know a customer and brought new perspectives in terms of customer databases constructions.

b) *The importance of understanding the customer in traditional Customer Relationship Management.*

Brands aim to satisfy customers and so, have to face their wants that can be really different and that can evolve constantly, it forces brands to adapt themselves regularly. To satisfy consumers' needs, brands must identify them, know them and their behaviour. This is the reason why direct marketing defines customer database building as a crucial step of customer relationship management. To begin with, a customer file and a client database are two different notions. A file is a nominative list of individuals associated with additional data more or less detailed concerning each individual (Lendevrie, Levy & Lindon: 2010). A database gathers and organize those files. All in all, understanding the customer needs a data collection to identify customers and their expectations.

To collect that data, brands define their objectives on why they use customer database.

Those goals can be the identification of potential customers, improving customers' loyalty, updating consumers' orders (Dobrinic et al.: 2005, Vranesevic and Dobrinic: 2011). To build that database, the brand looks for data:

- Demographic data such as name, gender, socio-professional category...



- Sociocultural data based on life habits and leisure time
- Purchasing behaviour data like the amount of the last purchase, the date, the place that will allow to determine a customer's value. The lifetime customer's value represents the monetary amount of purchases made by a customer from a particular company in a given period of time (Peelen et al: 2006).
- Marketing data detailing the relation between the client and the brand as actions done on the client, the value, the date of the offers, the client's reaction, the information requests, complaints... (Lendevrie, Levy & Lindon: 2010).

Thanks to that data, brands can gather two sources of information: internal sources of the company and external sources (Levendrie, Levy & Lindo: 2010). Internal ones represent those forms that a customer can fill when he buys a product. The problem is that companies often avoid that part and let it to an intermediary distributor that will gather the data itself. Brands can also create prospects files even if it is difficult with internal sources. Regarding external sources, the brand can rent nominative files thanks to specialized agencies that build full customer files and propose to brands to diffuse their messages to a defined mailing list.

Once that data is gathered, companies can build customer databases and use it for their marketing strategy. Marketers spot customers' expectations and try to create links between their profiles and their buying behaviour.

*c) Solutions brought by social media*

Social media brought new ways to know customers. To build a long relationship with its customers, a brand has to gather proper quality data to avoid risks. The appearance of web 2.0 and social media brought a lot of precious information for companies to exploit.

Social media created the phenomenon of self-disclosure of individuals (Kaplan & Haenlein: 2011). Indeed, registering on social media requires to fill a form that can be compared to an improved Identity Card. Users write their name, age, gender, place of birth, where they live, their religion, their political preferences, their sexual orientation, their professional situation (CV) and so on. Those information, that users gave consenting, are great opportunities for brands. Before, brands used to search for the data, which was costly, now, consumers reveal their personal data voluntarily. Brands can use it in their databases for no costs.

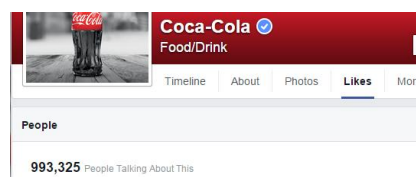
The other good point of social media in improving customers understanding is the volume of data that it can gather. In 2015, 1, 96 billion people are using social networks and Facebook statistics showed that 1.1 billion users were active monthly on its network (Statista.com). In History, never brands had the chance to access such an amount of information than today.

After all, social media allow companies to access daily-updated information. Indeed, the information flows on social media, news are published continuously and assure a constant update. This phenomenon is emphasised with the appearance of smartphones. On another hand, marketers can refresh their database and write all changes in their environment. By this way, they improve their reactivity and limit expenses regarding the realisation of marketing researches (Balhoul & Meunier: 2011).

Knowing the customer is a crucial step for brands that want to answer the demand they face. It is the only way for them to know the expectations of their targets and build an efficient one-to-one strategy. Social media changed the way brands understand clients thanks to the availability of quality data needed to build databases.

#### d) The rises of communities on social media

The appearance of social media changed the consumers' decision-making process by modifying his influential channels. Indeed, online communities gather internet users around same interests or values that link members together (Amidou: 2012). There are two different members, loyal customers of a brand that just receive promotional messages and other ones claiming their engagement to a community and promoting the brand they support. Moreover, official virtual communities and unofficial ones are different. The first ones are controlled by the brand whereas the others are not, it can be harmful to the brand because they lose control over content. Three elements are intrinsic to a community on social media: *individuals*, *links* between the brand that lead them to be ambassadors and the *content* they share with their peers (Amidou: 2012). Thanks to that, promotion became easier for brands as users promote their brand. For instance here are the number of people speaking of Coca-Cola on Facebook:



On social media, all communities' members are not equally active, opinion leaders are the most influential ones. Indeed, a part of members prefer claim their belonging to a group whereas others create an interaction with other peers, looking for information. For example some members are attracted by discounts, that's why brands have to understand why customer engage themselves. Since members' participation is different, the researcher Jakob Nielsen published the 90-9-1 theory in 2006: 90% of members are only an audience following conversations, 9% of members participate occasionally in interactions and 1% of them are enormously active and launch conversations.

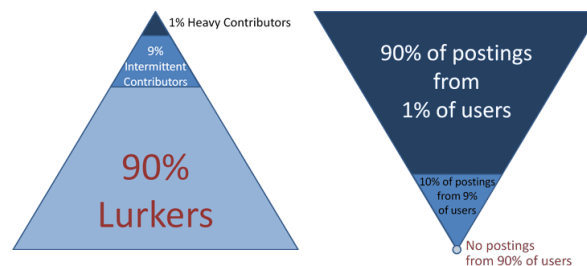


Figure 3 Nielsen's 90-9-1 theory (2006)

Those opinion leaders produce reference content over social media (Amidou: 2012) and represent the person around people gathers according to his expertise in a particular field. Additionally, those persons are normal consumers and act independently from brands, there are not ambassadors of a particular brand. That is why an opinion leader's words are credible and legitimate, it gives him his power of influence (Vernette: 2010). As his opinion is reliable, he has a real influence on a consumer's purchase decision. Social media enhanced the spread of content and that was beneficial for opinion leaders that enlarged their influential circle. For example, fashion bloggers are often involved in events organized by brands regarding their reputation.

#### e) Social media enhanced word-of-mouth (WOM)

As said above, the consumer's decision-making process is influence by his entourage and online communities. The word-of-mouth represent those information or judgments shared from an individual to another (Lendrevie, Levy & Lindon: 2010), it can be on books, cars and even brands or products. A consumer that buys a new car will, if he is disappointed of the quality, recommend against doing the same error to other peers. But if he is happy with it, will recommend that product to other peers. Those private

information are transmitted thanks to WOM and are judged more credible by consumers according to another's consumer experience with a particular product.

WOM evolved as time went on and three steps blend that evolution:

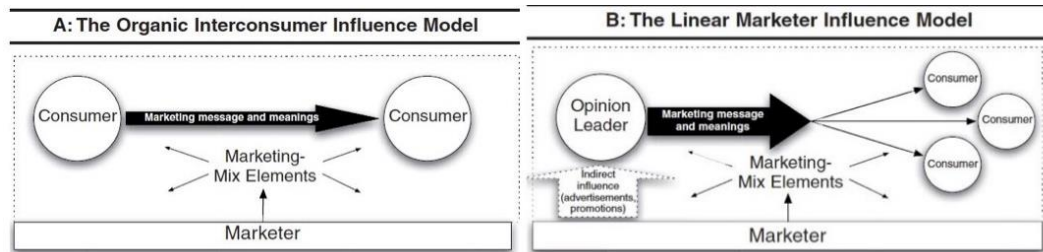


Figure 4 Kozinets et al. (2010)

The A schema represents the basic model where consumers exchange opinions on brands or products which is led by a consumers' wish to help each other. The B schema represents the new model where opinion leaders are the first targets or brands in order to start WOM. Indeed, opinion leaders have strong reputation and are credible, a recommendation coming from one of them will have a big influence on the random consumer's decision-making process. However, the appearance of social media, conversation between users increased and that is why marketers also want to target each consumer. Thanks to a one-to-one strategy, they try to influence consumers' behaviour by being closer to them. The messages' tone is not standardized anymore but much more personal respecting a co-production model (Kozinets et al: 2010).

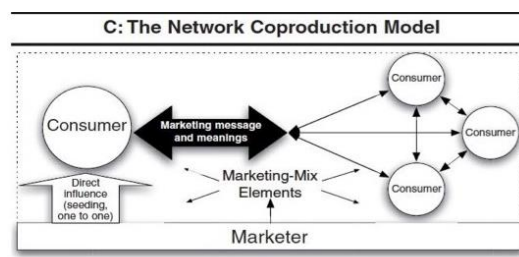


Figure 5 Kozinets et al. (2010)

All in all, WOM creates content about brands and increased online content's spread.

#### 4.3.6 Changes brought by social media in practice

##### a) Brands' monologue is over

The approach of traditional marketing is about a unilateral and vertical exchange between a brand and its customers. The brand creates a message that's going to be broadcasted to targeted consumers through the chosen media. Consumers have a

passive voice and just receive the brand's message, they can't have an influence on it because this strategy is product-oriented. Social media modify that logic by giving a voice to consumers that can communicate on brands. According to the generalization of social media usage, consumers only took a few years to use those new means of communication and use it as a megaphone. In a few years period, consumers that were only receivers became players in marketing strategies. Social media made brands pass from a transactional to an interactive approach that just changed their relationships with customers.

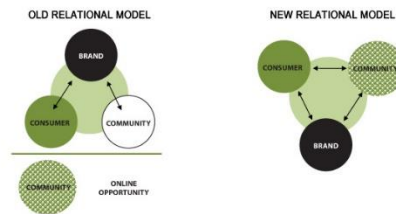


Figure 6 Mooney and Rollins (2008)

*b) Brands should listen to consumers*

Listening to consumers is about understanding them better to be more relevant when speaking (Amidou: 2012). Before, brands were able to control over what was publically said regarding them because only professionals were able to create content on the internet. Social media brought a new source of information, conversations. Thanks to web 2.0, users are able to create content (User-Generated Content). Social media represents the platform where discussions happen on brands and users understood that. Indeed, they can participate on forums, social networks or blogs to express their thought, ideas and opinions. Consumers now have a voice, brands are not the only ones that can communicate about themselves.

The fact that brands lost power is not only customers' participation fault. Today, content production is generalized and there is an explosion of data on brands. That information overload make more difficult the finding of relevant data on search engines, the information is hidden by a constant flow of messages (Amidou: 2012). Brands must impose themselves in that new environment and earn their place by producing relevant content. That is why listening to internet users is crucial for marketers before starting interacting with consumers. That monitoring system over social media allows companies to gather information such as: an overview of the market, identify the problems, trends... After that, brands are able to notice their

impact according to the quantity of conversations on them. Moreover, they can measure their content's visibility compared to other data circulating on them. All in all, brands must discover where people talk and what about. To do so, brands must identify spokespersons and know on which platform they are active. The analysis of conversations allows the detection of messages' tone, the discussions' topics, the questions and consumers' opinion regarding the brand. It is a barometer of a company e-reputation. The gathering of that data allows to evaluate a brand's image in consumers' mind and evaluate risks for the company.

Once the company have a proper analysis of what consumers say on social media, the dialogue between the brand and the clients can start.

*c) A dialogue between the brand and its customers.*

Exchanging and discussing are two crucial features of social media. Indeed, it offers consumers a true voice to speak about all topics they want. Brands are directly concerned about that voice given to consumers, online users publish their opinions without censorship. Social media made conversations easier between friends or community members, internet users take advantage of that new power to publish links, pictures. Other peers can answer to those publications, give their opinions, raise questions and share information. This is where it directly concerns brands: old marketing techniques are not always adapted for social media and brands can't send traditional marketing messages to their customers, there is a counterproductive risk. Brands should rethink their approach to the target, messages send with a promotional aspect are not that efficient (Amidou: 2012). Relations between brands and customer on social media can be public or private discussion between internet users or a true conversation between the brand and users (Amidou: 2012).

On social media, a company must bring the conversation to life, to do so, there is two options. On the one hand, the brand should consider remarks made by users and potential questions that users ask themselves to try to answer it from an objective approach. On the other hand, brands must produce relevant content for its community. This is not an easy step, it requires creativity to publish content daily. The point is to try to stay regulated, the brand should not be intrusive and "spam" users.

*c) Collaboration between brands and consumers*

Social media enhance exchanges and consumer became true part of it by producing content. Brands should listen to that and to conversations to innovate and differs from

competitors. Listening and interacting with customers allow to develop long-term relationship with customers that will lead to a collaboration on social media.

Brands-customers collaboration is not a new phenomenon brought by social media, in 1986, the term of "user innovation" is used by Von Hippel who also introduced the term "lead user". The lead user is an avant-gardist consumer that express his needs before others in a particular product category and that also has ideas and solutions to fulfil those needs (Vernette: 2010). Lead user is different from opinion leader because they are not taking part at the same moment in the marketing strategy. The lead user is interested about the product itself and show his needs way before the rest of the market (Le Nagard-Assayag & Manceau: 2011). The opinion leader is useful once the product is created and is the influential and communicating platform toward a given public.

Social media generalized collaboration between brands and customers. Brands are not only interested in lead users but in all customers that are now useful in a brand creation process. Thanks to social media, new ways to use consumers' knowledge and their capacity to create products and services appeared (Reniou: 2009). Collaboration between brands and customers are often called co-creation. It can be defined as a new management technique in which consumers and producers collaborate to create products and experiences (Prahalad & Ramaswamy: 2004). Several forms of co-creation exist (Reniou: 2009, Prahalad & Ramaswamy: 2004):

- Preconception is the most closed of traditional marketing strategies because it is about using customers' skills to create or improve a product.
- Co-conception is not an innovation but just a personalization of an offer such as customization.
- Co-production use the customer in the production of a product itself as Ikea does.

On social media, co-creation is often linked with crowdsourcing which is the technique of externalizing tasks normally done by employees or suppliers to online communities or groups (Lendrevie, Levy & Lindon: 2010).

d) The evolution of brands strategies on social media

The relationship with a customer evolve as time goes on and become better at each interaction (Lendevrie, Levy & Lindon: 2010). Evaluating its strategy allow to measure

its efficiency on social media. The point is that the appearance of social media modified the approach of Return on Investment (ROI) which now evolved in Return on Objectives (ROO). The need to understand is progressively replaced by the need to optimize and manage correctly the measure and evaluation of the strategy (Amidou: 2012). To do so, brands must face the fact that social media don't have the same benefits than traditional relationship marketing policy. The ROI is replaced by being more focused on customer's relationship benefits.

Companies need to know their problems in order to solve them (K. Delahaye Paine: 2010), analysing its strategy allows to measure human and financial aftermaths in order to improve the understanding of customers. However, analysing its strategy on social media is complicated according to the profusion of content and its daily updating.

In order to analyse results, a brand can study customers' affluence on social media, use the bounce rate which is a percentage of people leaving the website after connecting to it, it shows disappointment about the content. Furthermore, reference websites from where customers came are one of the tool to analyse its strategy. Finally, keywords, visited content and conversion rate show the interest of users about the content (Amidou: 2012). Today, brands are not only present on their websites but everywhere content about them is available, it increases visibility and content gathering (Amidou: 2012), they analyse data on the public web, on social media and on their own website.

#### e) Measuring brands' objectives on social media

Before brands were able to measure costs and benefits of their presence on the internet if they had a webpage and a budget. Tools like Cost Per Click, Cost per Mile and Cost Per Action allowed brands to find the cost of an advertising campaign on the internet (Amidou: 2012).

In order to measure the successfulness of a relationship policy on social media, a link between costs and benefits must be made on actions carried by the brand. A marketing strategy on social media is costly and is difficult to exploit because there is no knowledge about the precise financial impact of a social campaign (Amidou: 2012).

Even if it is difficult to know if a social campaign will be profitable in terms of revenue, companies should take into account the Risk of Ignoring to face the importance of



those communication actions. Indeed, ignoring social media is ignoring a part of the population and the content this part shares, this is harmful for brands reputation, and they have to be where customers are (Amidou: 2012).

All in all, brands should not consider social media as other communication channels and face the opportunities it offers (Hoffman & Fodor: 2010). Social media offers the opportunity to be closer to customers and build a long-term relationship with them, this is why brands should create their objectives knowing that the benefits on social media will be different as traditional relationship marketing's ones.

f) The improvement of brands' visibility and brand image

A brand needs to be visible for its customers and even more on social media. With those new tools, users are generating more and more content on companies that the latter can't control. That is why the brand should stand out from the mass by being active and publishing relevant and significant content. The point is to always remind the consumer of a brand's presence. Indeed, the visibility of a brand is linked with the engagement level of the public, a high engagement level will increase content visibility (Amidou: 2012).

The other point with being present on social media is the increase of the brand's image which is the perception consumers have of a particular company. For a brand, having a good image in a consumer's mind increases its reaching level and its selling level to that customer.

g) The increase of customer engagement toward brands

The engagement is a total relational approach and influences on customers' loyalty to a brand. Indeed, the more a customer is involved in a brand's policy, the more he will feel involved directly into the brand. The engagement to a brand shows the attachment of a customer to a brand and decrease the potentiality that the client will consider competitors. This is one of the key points of relationship marketing on social media, consumers speak, and brands listen and interact with them to gain their loyalty. The engagement can be measured by fan amount on Facebook pages, Twitter followers... (Amidou: 2012).

## 5 Research Methods

This research has been made in order to illustrate the changes brought by social media in relationship marketing in terms of interaction with customers as well as engagement. The purpose of that research is also to study the two sides of the coin. In other words, it aims to reveal the changes that marketers felt as well as the customers' perception of those innovations. To do so, the research is composed of qualitative data as content like engagement, relations between brands and customers are abstract concepts to measure. Marketers were interviewed by the author, face to face, all responding the same questions. On the other hand, a case study on Starbucks has been done according to the popularity of the brand on social media.

All in all, those two research methods are qualitative and composed of two different data. Interviews were made through primary data and the Starbucks case has been written using secondary data.

### 5.1 Interviews of professionals

This part of the research is qualitative

The research questions are the following and were designed to prove what has been shown in the literature review above.

How social media changed the relationship between a brand and its customers?

What are the strengths of social media in relationship marketing?

**Participant 1: G. Poirier, 32, community manager at Armor-Lux that sells clothes, member of the company since 7 years.**

*In the analytic phase of the customer relationship, what was, according to you, the changes brought by social media?*

For marketers like me, social media is the "holy grail" in terms of consumers' data. Indeed, before we use to gather information on customers based on what they wanted to give us (e.g.: surveys after purchase). Now, people are giving us plenty of information without even knowing it. A profile on social media shows all demographic data we need to start a marketing strategy and create credible databases.

*In the practical phase of the customer relationship, what was the changes brought by social media?*

Social media allow marketers like me to understand better our prospects and be where people are. Indeed, nowadays, customers became a true part of a brand's marketing. In other words, they are advertising for you and that's why it remains important to interact with them. I'm handling relationship marketing in this company for years and I saw the changes brought by social media. Before, appealing customers was made thanks to a promotional approach and messages were displayed by brands to the mass without any interaction, which is why customers were not easy to retain. Social media allowed customers to have a voice and choose what they want to consume, brands are not choosing the content they produce anymore because of the word-of-mouth between peers. That is why brands should be careful about what they produce in terms of content because a bad buzz can spread rapidly on social media. Moreover, the collaboration between brands and customers remains the most important part to engage them, brands have to make people feel that they are trusted.

*How can you measure the efficiency of a social campaign over social media?*

This is the most difficult point on a social media strategy and that is why some brands are reluctant to adopt it. Indeed, whereas traditional marketing outcomes used to be measured thanks to profit made by advertising, new relationship marketing has more abstract variables. Measuring the engagement is not easy because it is virtual and you can't assure that a customer will buy your product even if he is engaged with your brand. In my case, when I display discounts on Facebook thanks to a flash code, I can measure Return on Investment: out of 1000 persons liking our page on Facebook, how many used that code when they came to buy a product. The efficiency of a social campaign on social media is about how many people created content for your brand and how many people speak of you after you carried an action.

*What do you think of the evolution of relationship marketing?*

Well, I think it depends on what you provide to customers and what is your target. Indeed, if you target people that are not using social media, maybe it is better to stay with a traditional approach. However, according to the proliferation of social network, it is important for brands like us to be where the customer is, and today, he is on the web 2.0. It was unthinkable to say that 7 years ago when I started working on relationship marketing that it would have evolve like that. I think the better point of that evolution is the approach we now have of the customer and the appearance of

online communities that gives you direct and quick feedbacks about what you do, it increases reactivity.

**Participant 2: F. Fourel, 45, marketing executive at Sonowest, which rents and sells audio material.**

*In the analytic phase of the customer relationship, what was, according to you, the changes brought by social media?*

When it comes to analyse a market, social media brought many innovation is the understanding of the customer. According to the amount of content on users available online, it enhanced segmentation and made it easier because we can rank users according to the community they belongs in and their shared interests. Individuals are discovering themselves on social media and provide us the data that was difficult to gather before. It helps us, marketers, to build databases and, by this way, build a proper strategy according to the target we aim.

*In the practical phase of the customer relationship, what was the changes brought by social media?*

In the practical phase, it enhanced the spread of content and the visibility of a brand. Moreover, it allowed to set a particular relation with customers by interacting more personally with them and show them that we are not only selling but also concerned about what they think. We've benefited of social media because we asked our customers about what they wanted to improve in our points of sales, such as the creation of an area where customers can play music together in the store. It increase our customers' opinion about us and leded us closer to them. Finally, social media made us face the fact that customers trust each other more than they trust brands.

*How can you measure the efficiency of a social campaign over social media?*

Well, this is a tricky aspect of social media strategies because measuring the engagement of a customer can't be made through quantitative results. Our strategy to see if our social campaign works is the content users create about us and the messages opinion leaders spread all over social platforms. Also, we, at Sonowest, think that we can't ignore the potential of social media, if you ignore your customers' habits, you can't make them loyal to you and you can't appeal them.

*What do you think of the evolution of relationship marketing?*

I believe that traditional marketing set the basics of the understanding of the customers but it needed to evolve with the appearance of social platforms. I think new relationship marketing was good for marketers and consumers because it broke that promotional aspect brands used to spread on traditional media. Consumers feel involved in brands actions and like the fact that they can have power without purchasing something. Even for us, it is definitely better to measure our social impact and see how consumers see us. The point is to know how it will evolve because social media are a recent concept to us and I think there are outcomes that we don't know yet.

## **5.2 Analysis & discussion**

Those interviews allowed the researcher to construct a parallel between the theory seen in the literature review, and the practical experience marketers had concerning this topic. After having interviewed the two executives, the researcher gathered the information and summarized it before comparing it with the theory in order to build an analysis on it.

According to those two experts, the analytic phase of relationship marketing changed with the appearance of social media when it comes to defines a marketing strategy and, moreover, gather data about the customer. As the researcher explained in the literature review, they agree on the fact that customers display their own information to the brands which increase databases quality according to the amount of information internet users publish against their will on social media. It decreased research costs and offered marketers the understanding of their customers.

Practically, social media had a huge impact based on those marketers' experiences. For them, it made the customer become a true part of their strategy because social media gave importance to him. Actually, it created a dialogue between brands and customers and gave a voice to them. For them, it decrease the impression that the customer equals money. Furthermore, they claimed that the word-of-mouth on social media increased their potential when they create content. It spreads quicker and to a larger target which increase their visibility and their engagement potential. Thanks to that, brands are now closer to customers' and can include them in their development process by reviewing their feedbacks or considering their ideas.

Even if engagement through social media seems difficult to measure based on their comments, they both know how to market on social media. As the researcher shown

with WOM schemas, they are now targeting customers that have an influence on other peers, which was called opinion leaders. Interviewees know that the power of their campaign is about make those interfaces pass the content they share to other peers. Furthermore, they confirmed that users trust other peers much more than they trust brands and that is why social media and WOM made it easier for marketers thanks to online communities. Indeed, if they arrive to satisfy a customer, they automatically increase their potential to appeal more customers. A positive review on a brand's product will be relayed all over social media and will produce engagement toward the brand as well as content concerning the brand. The researcher noticed thanks to the literature review, the difficulty to analyse Return on Investment on social media and that was confirmed by interviewees. Thanks to their opinion, it was confirmed that the outcomes of a social media campaign are way different than a traditional one. The perspective has changed from Return of Investment to Return on Objectives according to the abstract character of the engagement. As interviewees claimed, the proliferation of content on brands and social media statistics allow to check the efficiency of their campaign which can be difficult based on the actualisation of online content.

Social media made relationship marketing evolves because it changed the position and the importance of customers for brands. As a good buzz can go viral quickly, a bad buzz can destroy a brand in a while (e.g.: Nike labour conditions in Asia). That is why marketers, as said the interviewees should be careful about what they display and produce relevant content.

Also, social media changed the traditional theories of marketing because it needed to be adapted to those new means of communication. Whereas, traditional marketers used to focus themselves on the product they sold and the outcomes in terms of revenues, the situation have changed. According to the literature review and the interviewees, brands can't just think like that nowadays, they have to focus on the customer and all the all experience he has with a product or with a company. The point is to build long-term relationships with prospects to engage them, and to do so, it needs a long and perpetual analysis of users' opinions and of the content created about the brand on social media.

All in all, relationship marketing on social media is a recent concept to marketers and that is why they still don't totally measure the full impact of a successful interaction with customers because of the lack of quantitative results. However, they don't think

that traditional marketing is over. Indeed, according to the kind of audience a brand wants to target, a consensus between social media marketing and traditional one can be made in order to increase outcomes. Some people are not using social media and that is why it can be harmful for a brand to only focus on that and forget other customers.

In order to confirm the impact of social media on relationship marketing, the example of Starbucks is developed below to have concrete examples of benefits for brands.

### **5.3 Case study: Starbucks & MyStarbucksIdea**

As explained in the literature review, communities are composed of persons of a same geographical area sharing interests and values. However, social media modified those communities by creating online ones where there is no boundaries or limit of time and space.

Starbucks had a strong potential to build communities according to the products the brand sell. Indeed, sharing a cup of coffee is a social action that gathers people for a minimum amount of time. According to that, the brand recognized its potential and started to act online on social media and on their website. Moreover, the brand launched in 2008 the website [mystarbucksidea.force.com](http://mystarbucksidea.force.com) which is an online community around the brand. This website aims to enhance Starbucks' community participating by asking users to submit their ideas and suggestions or even ask questions or show their disappointment on something. Moreover of submitting questions, customers can judge others' ones and vote for or against peers' ideas. On that website, there is also a forum where users can exchange and interact directly with Starbucks' executives from different areas. The website had received more than 150,000 ideas between 2008 and 2013 thanks to around 200 000 users. Those numbers prove the high participation level on that website and the level of engagement of people. Indeed, according to those numbers, around 75% of registered users may have submitted an idea, even if we know that a small part of that population is always more active than others. Starbucks' executives satisfied users thanks to their quick answers and the trust they gave to their public by adopting a co-creation and collaboration policy. Indeed, 277 ideas submitted by users were brought to life between 2008 and 2013.



For example the brand created thanks to its community's idea K-cups, Free-Wi-Fi in stores, recyclable cups, skinny mocha...

In addition to those collaborative actions, Starbucks arrived to enhance engagement by creating continuous interest in the community. For instance, users were able to engage with the brand on store renovation problems. Community members used the website to choose what layout they prefer in their stores.

As seen in the literature review, companies look for content about them on the internet. By launching that website, the brand was able to listen to customers' issues and solve them rapidly.

Starbucks has totally understood the purpose and goals of online conversations on social media and what are the advantages of such actions. Indeed, their website, as well as Facebook or Twitter increased engagement of their customers by setting a real exchange with them. The brand used those channels to diffuse content or offers to seduce audience or even the results of the collaborations between the brand and its customers on a particular idea.



## 6 Conclusion

The appearance of the internet as well as social media changed the way marketers approach markets and customers that took power in the interaction with brands. Brands have to accept that they are now losing control over content in their relation with consumers. Traditionally, interactions between brands and consumers were vertical and unilateral. Social media connected people to brands but it also connected people together in online communities, controlled by brand but also independent communities. This is where brands loose content, discussions are created, brands are not always aware of that, so they can't prevent or act on it. However, brands should not be passive on social media but use it in order to have a better relationship with customers and know them better.

To do so, companies must understand all changes brought by social media in relationship marketing. Social media allow to discover new ways to understand the customer and shows what is influencing the customer in his decision-making process. Indeed, before, customers were forced to hear brands messages and made their decisions based on that mass advertising and thanks to their family or friends opinions. Today, customers have access to the all internet to find communities about product, reviews, tests and opinions that will influence them and define which product they will choose.

Those changes had an influence on the analytic strategic phase brands realize before entering a market but also had consequences over the relationship strategy after the launch of a product.

Brands must modify their approach and interactions to consumers, be closer to them and listen to them in order to build a good and perennial relationship with them. Even if profit is a crucial point of selling and marketing, brands should focus much more on the basic purpose of social media: enhance customer relationship.

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