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Importance of Strategic Social Media Marketing

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Sprint Investify Research Unit

Technological innovation has grown at an unprecedented rate over the past couple of decades, creating multiple opportunities for marketing in online settings. The proliferation of social media helps customers become more empowered and engaged in their brand interactions, while also providing them with new tools in their search, evaluation, choice and purchases of marketing offerings. Consequently, these developments are influencing marketing practices, both strategically, and tactically. Nowadays, social media has developed in an essential part of marketing strategy for its ability to generate co-created value, to interactively connect brands to consumers, to monitor brand-related discussions and sentiments, to guide consumers in the decision-making process, to instigate customer-to-customer interactions, and transform consumers into brand advocates. The purpose of this paper is to examine the strategic opportunities of social media marketing for organizations. By providing a comprehensive conceptualization and definition of social media marketing, this research outlines its role in advertising, Customer Relationship Management, and e-Word-of-Mouth.

Keywords: social media marketing, advertising, customer relationship management, e-word-of-mouth, online consumer behavior, digital marketing, social media, strategy, online marketing

JEL Classifications: M31, M10

1. Introduction

In the last decade, consumers have experienced a revolutionary change in the way they gather information about products or services they are interested in, the way they make decisions about current or future purchases, aspirational or ordinary acquisitions, the way they buy, and also the way they provide feedback about their purchases, particularly in online settings.

All organizations aim to gain valuable and mutually beneficial relationships with their internal and external customers, as well as other stakeholders. To this end, one of the many positive characteristics of the online and digital developments has been the opportunity to communicate, interact and better understand with the main targeted groups of an organization. Social media is such a medium that offers a setting for creating a competitive advantage for each type of relationship or targeted audience of an organization.

Social media in the context of online marketing has been a topic that has drawn attention from both academics, and practitioners. There are many research articles that have examined social media marketing from different perspectives that reflect the many purposes these networks serve, from brand equity and
management in online settings (Ashley and Tuten, 2015; Pham and Gammoh, 2015; Lovett and Staelin, 2016),
to customer relationships (Trainor et al., 2014; Wang and Kim, 2017), and employee attraction (Sivertzen et al., 2013).

For more than a decade, marketing academic and practitioners have focused on the intersection
between consumer behavior and interactive marketing, offering a wide range of conceptual and empirical
research papers, as well as online marketing case studies.

Alalwan et al. (2017) emphasize the necessity to study and examine the impact of different social
media platforms (i.e. Facebook, YouTube, Instagram, Twitter, LinkedIn) on the return on investments
of marketing expenditure in the form of promotional activities aimed at reaching targeted customers. Social media
sites instigate impulse purchases, drive sales from new and recurring customers, and also provide marketing
intelligence sources of customers and their attitudes, interests, perceptions and so on (Lindsey-Mullikin and
Borin, 2017).

Especially when online interactions occur between companies and social media users, they provide
insights for product marketing (Lindsey-Mullikin and Borin, 2017). Chandra et al. (2012) found that active
and regular consumers of social media tended to have a more positive attitude for advertising these platforms,
which provided help in buying decisions.

Hudson et al. (2015) focused their cross-cultural study on testing and confirming the impact of social
media interactions on brand relationship quality and brand anthropomorphism. Their study showed compelling
evidence that social media marketing is a differentiating factor for brands in online interactive settings, for a
quality relationship with brands. Most notably, the authors concluded that consumers who engage with favorite
brands on social media exhibit stronger relationships with those particular brand, compared to consumers who
do not interact with their preferred brands on these social platforms (Hudson et al., 2015). Brand
anthropomorphism does not guarantee strong relationships (as opposed to brand relationship quality), however
Hudson et al. (2015) propose this concept as a ‘catalyst facilitating an interpersonal lens to view social media
interactions with a brand’.

For branding, social media has an important role of strategic importance for reminding, informing,
and entertaining consumers (Lovett and Staelin, 2016), in relation to a particular brand. Lovett and Staelin
(2016) appreciate that 54% of consumer’s decision processes (and eventually purchases) are affected by social
media communications. Thus, social media is an essential part of marketing strategy in online settings and
organizations need allocate the necessary resources to manage their online brand communications, regardless
if these discussions come from third-party experts or consumers’ perceptions and reviews.

The manuscript reviews recent literature on social media marketing, by exploring the main trends of
research and association of this concept with other marketing terms. The rest of the paper is structured to
include a review of relevant literature, examining the strategic opportunities of social media marketing for
organizations (non-profits organizations or for-profit companies, etc.). Finally, the paper concludes with
theoretical and managerial implications, and proposes directions for future research.

2. Theoretical Framework

2.1. Social Media Marketing Conceptualization

Before explaining the concept of ‘social media marketing’ (SMM), it is important to consider and
understand the term ‘social media’. As proposed by Kaplan and Haenlein (2010, p.61), social media is based
applications that are available on the Internet and allow developing, consuming and sharing User Generated
Content. These applications have created many opportunities for anyone to create personal content, share it
and exchange ideas in interactive frameworks, that take different forms, from blogs, wikis, microblogging, and
general social networking website. Also, from a general perspective, Filo et al. (2015) explained the concept
of ‘social media’ by focusing on its interactivity and co-creation of user-generated content in the relationships
established between organizations and individuals.

With increased popularity in academia and practice, social media marketing (SMM) has gained
multiple points of view of different authors. Some researchers define this concept as a facilitator of connectivity
and interactions with existing and prospective customers (Dwivedi et al., 2015; Yadav and Rahman, 2017;
Choi et al., 2016; Pham and Gammoh, 2015; Tuten and Solomon, 2016), whereas other authors establish the
root of SMM in meeting business goals, as they relate to consumer equity, loyalty, satisfaction and purchase
intention (Choi et al., 2016; Felix et al., 2017; Yadav and Rahman, 2017; Tuten and Solomon, 2016).

From a marketing perspective, Dwivedi et al. (2015, p.291) provided a conceptualization of social
media marketing by focusing on the dialogue (provided by the interactivity) that is created around a marketing
offering. This dialogue helps other social media users to come in contact with promotional information or learn
from other people's experiences with a certain marketing offering. Felix et al. (2017) proposed a new definition of social media marketing, based on their comprehensive study aimed at providing a holistic framework for this online marketing concept. Thus, Felix et al. (2017) defined a holistic approach of social media marketing and also explained the strategic level of social media marketing which 'covers an organization's decisions about social media marketing scope (ranging from defenders to explorers), culture (ranging from conservatism to modernism), structure (ranging from hierarchies to networks), and governance (ranging from autocracy to anarchy).’

As it can be observed in Table 1, there are various conceptualizations that focus on different perspectives. Social media marketing (SMM) has provided opportunities for consumers and organizations to participate in discussions about products or services, contribute and collaborate on creating them, as well as empowering customers to become advocates and influencers of particular marketing offerings for a wide audience. Based on SMM’s ability to create value on these online platforms, as well as communicate it and deliver it to main targeted audiences, this concept can be traced to both relationship marketing and digital (or online) marketing.

**Table 1. Definitions of Social Media and Social Media Marketing**

<table>
<thead>
<tr>
<th>Authors</th>
<th>Concept</th>
<th>Definition</th>
<th>Key aspects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kaplan and Haenlein (2010, p.61)</td>
<td>Social media</td>
<td>“group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content”</td>
<td>- Internet applications - creation and exchange - User-Generated Content</td>
</tr>
<tr>
<td>Filo et al. (2015)</td>
<td>Social media</td>
<td>“new media technologies facilitating interactivity and co-creation that allow for the development and sharing of user-generated content among and between organizations (e.g. teams, government agencies and media groups) and individuals (e.g. customers, athletes and journalists)”</td>
<td>- interaction - co-creation - User-Generated Content</td>
</tr>
<tr>
<td>Pham and Gammoh (2015, p. 325)</td>
<td>Social media marketing</td>
<td>“Company’s process of creating and promoting online marketing-related activities on social media platforms that offer values to its stakeholders”</td>
<td>- interaction - business objectives</td>
</tr>
<tr>
<td>Dwivedi et al. (2015, p.291)</td>
<td>Social media marketing</td>
<td>“a dialogue often triggered by consumers/audiences, or a business/product/services that circulate amongst the stated parties to set in motion a revealing communication on some promotional information so that it allows learning from one another’s use and experiences, eventually benefitting all of the involved parties”</td>
<td>- interaction - eWOM</td>
</tr>
<tr>
<td>Choi et al. (2016)</td>
<td>Social media marketing</td>
<td>“Engaging with customers through SNSs is commonly known as social media marketing and brings several benefits to companies, such as creating word-of-mouth, positively affecting customer equity, enhancing customer loyalty to the company, and increasing purchase intention of the company’s products or services”</td>
<td>- eWOM - business objectives</td>
</tr>
<tr>
<td>Tuten and Solomon (2016, p.21)</td>
<td>Social media marketing</td>
<td>“Is the utilization of social media technologies, channels, and software to create, communicate, deliver, and exchange offerings that have value for an organization’s stakeholders”</td>
<td>- interaction - co-creation - business objectives</td>
</tr>
<tr>
<td>Felix et al. (2017)</td>
<td>Social media marketing</td>
<td>“Is an interdisciplinary and cross-functional concept that uses social media (often in combination with other communications channels) to achieve organizational goals by creating value for stakeholders”</td>
<td>- interaction - eWOM - business objectives</td>
</tr>
<tr>
<td>Yadav and Rahman (2017)</td>
<td>Social media marketing</td>
<td>“a process by which companies create, communicate, and deliver online marketing offerings via social media platforms to build and maintain stakeholder relationships that enhance stakeholders’ value by facilitating interaction, information sharing, offering personalized purchase recommendations, and word of mouth creation among stakeholders about existing and trending products and services.”</td>
<td>- interaction - eWOM - business objectives</td>
</tr>
</tbody>
</table>

### 2.2. Social Media Marketing Objectives for Organizations with Online Presence

Multiple studies have explored specific social media marketing objectives (Pham and Gammoh, 2015; Kaplan and Haenlein, 2010; Felix et al., 2017; Ashley and Tuten, 2015) as part of their proactive business
strategy, such as sales stimulation, brand awareness, brand image improvement, traffic generation to different platforms, redirecting traditional marketing costs to online settings, viral content. In contrast, marketing objectives that are part of a reactive business strategy involve instigating, monitoring, and analyzing consumer conversations about brands, products, and services, on social media platforms (Albors et al., 2008; Dwivedi et al., 2015). Consequently, an organization will be more aware of its product’s trajectory and appeal to its main targets, and act according to these new gathered insights. Nonetheless, whether an organization is pursuing a proactive or reactive strategy, the social media objectives are influenced by its industry, size, and the social networks it uses for its digital marketing strategy.

3. Strategic Opportunities of Social Media Marketing for Organizations

Social media offers many opportunities for both consumers and organizations. On one hand, in using social media, consumers have developed new ways to interact with brands, to voice their opinions about particular brand experiences, and have also helped them in searching, evaluating, choosing and buying goods and services (Albors et al., 2008). On the other hand, organizations have the opportunity to invest in their social media presence and develop more targeted campaigns, communicate with consumers, use the medium to drive direct sales, gain insights into how customers perceive and appreciate a brand, as well as lifetime value targets, such as customer acquisition and retention.

3.1. Social Media Marketing and its Advertising Potential

Social media marketing is highly correlated with advertising and its potential for driving business and conducting promotional activities to reach and communicate with targeted customers (Alalwan et al., 2017). Facebook achieved in $27.6 billion in total revenue in 2016, with $8.62 billion in the final quarter (Facebook, 2016). Moreover, as reported by Facebook itself (Facebook, 2016), it had an overall daily active users of 66%, of its total of 1.8 billion users. That means that approximately 1.18 billion people are actively engaging in social media activities on Facebook, providing marketing opportunities for global and local brands that can target this large audience based on various demographics and interests. In June 2017, this highly popular social media platform reached a new milestone as now more than 2 billion people from all around the world use Facebook (Facebook, 2017).

Twitter is another social media platform used by organizations for advertising, generating $2.5 billion in ad revenue in 2016 (Twitter, 2016). Snapchat (2017), a newly public social media company based on a photo-sharing app, reported in its first three-month period of 2017 a revenue generated by ads of $149 million.

Based on the strategic importance of social media in advertising, a number of studies (Duffett, 2015; Carrillat et al., 2014; Mir, 2012) have examined this subject related to promotion on social platforms. In his study, Duffett (2015) explored the behavioral attitudes of South African Millennials towards Facebook advertising, extending the study to answer research questions related to the efficiency and effectiveness of social media practices in relation to intention-to-purchase and purchase perceptions.

In a similar study, Carrillat et al. (2014) raised attention to hedonism and proposed it should be included in social media advertising to create positive and pleasurable brand experiences in online mediums. Mir (2012) also proposed that SMM and online advertising on these platforms, can lead to favorable attitudes of existing and potential customers.

Conversely, other studies showed advertising on social media does not exhibit positive and favorable behavior for consumers, presenting divergent behavioral attitudinal responses (Bannister et al., 2013; Chandra et al., 2013; Kodjamanis and Angelopoulos, 2013). For instance, Bannister et al. (2013) examined US students’ attitudes for advertisement, and their study found negative attitudes as most students ignored the ads, without generating any purchasing decisions.

In another study, Chandra et al. (2013) discovered that students used Facebook advertisements to compare prices, however they tended to experience negative cognitive and affective attitudes for brands appearing in the ads. Moreover, Kodjamanis and Angelopoulos (2013) in their UK empirical primary research found that more than half of the respondents did not consider that Facebook advertisements had an impact on their buying intentions or behaviors, and one third of the respondents felt that they had a low effect on them.

3.2. Impact of E-Word-of-Mouth on Social Media Marketing

On social media platforms, existing customers are able to talk about their brand experience, influencing other potential customers. Meanwhile, companies can listen in on these public comments and recalibrate their social media marketing strategies accordingly.
As a result, electronic word of mouth has a higher impact on social media marketing because it can reach more people in online settings and influence their future decisions or perceptions related to various brands, relative to traditional interactions between people.

Using the premises of a secondary study for examining research trends related to social media marketing, Alalwan et al. (2017) found that social media platforms lead to a more intense and extensive impact of WOM compared to traditional marketing tools. Moreover, Hudson et al. (2015) demonstrate the value and relevancy of brand relationship quality for social media marketing and help identify how this concept is related to other behavioral results, such as electronic word of mouth.

On the other side, Barreto (2013) based her eye-tracking experiment to study advertising effectiveness based on empirical data and to examine banner blindness and found that Facebook advertisements registered lower consideration for buying, compared to eWOM from friends on this social media platform. Based on this finding, marketers should focus on stimulating interactivity and eWOM by adopting a proactive endorsement of sharing (as promoted posts or ad campaigns on social media) content created by consumers (also known as user-generated content). Various types of content and marketing communications that are created, developed and shared on social media by consumers and customers of a brand or organization can then be re-purposed and transformed in advertising campaigns.

3.3. Social Media Marketing and Customer Relationship Management (CRM)

Social media can serve as a productive and useful tool for organizations or brands in developing, sustaining, and maintaining emotional and social relationships with consumers, to establish a solid and lengthy connection with them. Coulter and Roggeveen (2012) assert that global companies use social media to contribute in increasing customer experience and customer relationship management. By creating, posting and sharing various types of content on social media platforms, consumers are more likely to engage with brands in online settings, thus, cultivating their level of interactivity and involvement in a more profound relationship with an organization.

Consumers have become proactively involved in the co-creation of their experiences with firms (Trainor et al., 2014; Wang and Kim, 2017). Various authors (Berthon et al., 2012; Greenberg, 2010) have emphasized the emergence of a “social customer” or “creative consumer” who is actively implicated in creating and propagating value-adding content on social media platforms. This new role of the consumers, facilitated by technological developments, requires the reconsideration of customer relationship management from both academics, and marketing practitioners.

Multiple studies (Trainor et al., 2014; Wang and Kim, 2017; Greenberg, 2010) have recognized the increasing role of social media in CRM and a new term arose, namely ‘Social CRM’. Social CRM does not replace traditional CRM, instead it is presented as an extension of the well-known marketing tool to incorporate social functions, processes and capabilities that include business-to-consumer (B2C) and consumer-to-consumer (C2C) interactions (Wang and Kim, 2017; Greenberg, 2010). For social CRM, Trainor et al. (2014, p. 271) propose the following definition: “a firm’s competency in generating, integrating, and responding to information obtained from customer interactions that are facilitated by social media technologies”.

4. Discussion and Conclusion

4.1. Theoretical Contributions

By closer reviewing the main body of literature of the social media marketing, this paper was able to explore several marketing applications and themes covered. This study contributes to the existent literature on social media marketing (SMM) (Felix et al., 2017; Wang and Kim, 2017) and increases the understanding of the strategic ramifications of this concept for organizations that aim to gain new brand awareness or new customers from online settings. The current study has addressed the differences between the concepts of social media and social media marketing. Moreover, the article provides a comprehensive foundation to extend the main opportunities for strategic social media marketing in online mediums.

For instance, there is a necessity to discover the impact of the kind and nature of social media platform (i.e. Facebook, YouTube, Instagram) on the effectiveness of promotional activities to reach the targeted customers. In the line with this, Filo et al. (2015) call for further interest to explain how customers’ attitudes could be differently formed based on the kind of Facebook advertising. Moreover, Wang and Kim’s (2017) results indicate that companies that are more active on social media can improve their value even more.

E-WOM and CRM have derived a significant amount of interest from a good number of social media marketing studies. This research interest provides clues on the relevancy of social media for marketing objectives, particularly those related to CRM, e-WOM and customer equity. Consequently, more research
efforts are necessary to examine the online marketing framework and offer a better understanding of social media for these aims (Alalwan et al., 2017).

As observed from the definitions of social media marketing, as well as this concept’s impact on CRM, eWOM and advertising, for organizations to success on these platforms it is necessary for them to allocate the necessary resources to create viral content, but also to monitor and share user generated content that was developed by loyal consumers. Especially in online frameworks, a type of content (video, photo, blog, meme, podcast, ebook, SlideShare, post) that was generated by a consumer will gain much more traction online than a similar type of content that was created by a company or organization. As a similarity to word-of-mouth, a type of recommendation or critique from someone relatable is more likely to get noticed and enhanced in online settings.

As companies observed this trend, they have allocated a part of their online marketing budget to influencers. As Morrison (2017) from Adweek proposed in early 2017, influencer marketing is becoming an integral part of social media marketing and it implies the promotion and selling products and services through people (influencers) who have a large base of followers. Further, the main purpose of influencer marketing it to determine certain behavioral results, in the form of purchases or intent to buy of their followers. Even if influencer marketing has similarities to celebrity marketing, its distinction is based on the fact that anyone who has a large following of different social media platforms can become an influencer for a brand or product.

Companies should also allocate resources to monitor social media discussions about their brands, and observe the general sentiment about their products, and examine which developed content (by the company or by other consumers) is generating positive word or mouth or has viral tendencies.

Therefore, this study provides strong evidence that social media and their application should be the focus of attention for both perspectives practitioners and researchers.

4.2. Managerial Implications

The current study provides an understanding of the research trends on the subject of social media marketing, with additional actionable tactics, practices and strategies for organizations that have an online presence on these platforms. Product and services purchases directly through social media platforms seem likely to increase over time, especially considering the increasing rates of both online shopping and social media use (Lindsey-Mullikin and Borin, 2017). It is essential to comprehend aspects that influence the online consumer decision process for a successful social media marketing plan. Based on their study on influences of social media purchasing, Lindsey-Mullikin and Borin (2017) propose the following strategies for successful social media sales: stimulating sales by signaling value, actively managing social media sites, encouraging communication amongst friends to increase customers.

Marketers should focus on developing marketing strategies that emphasize customer relationship building on social media, which creates the premises for consumer engagement (Hollebeek et al., 2016; Brodie et al., 2013; Wirtz et al., 2013) and co-creation (Vargo and Lusch, 2016). Various studies showed that investment in social media technology can grant firms substantial relationship management benefits (Wang and Kim, 2017; Trainor et al. 2014).

Different types of communications created, developed and shared on social media by brand consumers can then be re-purposed and transformed in advertising campaigns, as stand-alone promotional tools for brand awareness. These tools can also be linked to discounts, special competitions, event marketing or other sales promotions to generate behavioral activities that go beyond the online environment. By pursuing such a tactic for brand awareness or sales stimulation, companies portray a more authentic and relatable image of their brands to their main targets.

To achieve high levels of success, I propose that organizations also need to:

- Create a personalized experiences for customers
- Create an efficient content marketing strategy, regarding the consistent formula that will be used for different social media platforms, using different tools (videos, images, gifs, blog posts, podcasts, etc.)
- Create a loyal community formed from a targeted audience to develop brand advocates and influencers
- Repurpose content created and shared on social media platforms by brand consumers
- Research, monitor and learn about customers based on conversations with them on social media, suggestions or feedback provided in online settings.

4.3. Limitations and Future Directions for Research

Several limitations to the current study suggest potentially valuable avenues for future research. First, this article is theoretical and conceptual, thus it lacks the empirical analysis of social media marketing and online consumer behavior.
Future research should focus on examining consumer behavior on social media marketing, by proposing and validating a scale that would explain this behavior. Moreover, researchers should investigate the differences of online consumer behavior based on different social media platforms (Facebook, Twitter, Instagram, Snapchat). Social media aspects are still in the early stage of research in examining their extent for digital marketing. As a result, Alalwan et al. (2017) note this might be the main obstacle in studying the attitudinal and behavioral responses of consumers toward digital marketing tactics on social media platforms.

As described above, a related area of social media marketing that has lacks academic perspectives is influencer marketing in online frameworks. Finding the premises that lead to influencers’ role in SMM is a research path will multiple managerial and practical implications for marketing. Interactivity has been another imperative factor in consumer engagement on social media. Subsequently, future studies should aim to clarify how this factor could have an impact on the customers’ responses for the advertising activities as part of social media marketing.

References


