

Effectiveness of corporate social media activities in increasing relational outcomes



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ABSTRACT

This study applies social media analytics to investigate the impact of different corporate social media activities on user word of mouth and attitudinal loyalty. We conduct a multilevel analysis of approximately 5 million tweets regarding the main Twitter accounts of 28 large global companies. We empirically identify different social media activities in terms of social media management strategies (using social media management tools or the web-frontend client), account types (broadcasting or receiving information), and communicative approaches (conversational or disseminative). We find positive effects of social media management tools, broadcasting accounts, and conversational communication on public perception.

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1. Introduction

Over the past decade, social media platforms such as Twitter and Facebook have experienced unprecedented growth in user numbers, which has subsequently caused a proliferation of data in the form of information, opinions, and relationships [63]. Social media analytics has used these data for multiple purposes, such as predicting elections [103] or stock market developments [11], product design [18] and brand communication [44]. Companies use social media in general and microblogging in particular for different purposes, such as market research, recruiting, public relations, and reputation management [48,112]. The underlying commonality of social media activities, however, is improving and exploiting user relationships [97]. Successfully addressing these purposes requires effective social media management strategies to include both social media analytics enabled monitoring of the public data stream and active participation through interaction. To that end, companies increasingly rely on social media management tools (SMMTs) to gain insights into the brand perception among users, detect trending topics, or monitor competitors [29]. For example, the New York Stock Exchange applies

SMMTs to provide investors with real-time information about trade-related public sentiment [76], Apple acquired a social media analytics provider for \$200 million [104], and Twitter itself bought the data reseller GNIP, causing an eleven percent increase in Twitter share price [93].

With the growing commercial relevance of social media, researchers have begun to investigate the influence of social media management and corporate Twitter accounts on relational outcomes. Evidence has been found that social media is indeed capable of increasing relational outcomes, such as online reputation and relationship strength [22,61,71]. However, further research is necessary because we still lack a deeper understanding regarding the impact and relationship of different social media management strategies on relational outcomes. In the case of Twitter, companies can follow two different primary engagement approaches to manage their social media appearance: Like every other user they can either use the web-frontend to manually enter messages through their corporate account and monitor user interactions. Alternatively, they can apply more sophisticated, professional SMMTs, which provide additional social media analytics features to monitor interactions, sentiments, or trends in real-time that support corporate relationship management. Apart from the social media management strategy, social media analytics research has identified different user account characteristics (e.g., status or friends) and message content features (e.g., sentiment or directed mentioning) that affect public awareness [66].

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To date, however, there is only limited research that provides insights into the efficacy of different social media management strategies, account types or communicative approaches to attain relational outcomes and how to appropriately measure success on social media [5,29,47]. Prior research has been concentrated on reactive self-report measures instead of analyzing the actual behavior on Twitter [22] and has not distinguished different ways of managing corporate Twitter activities, such as comparing different social media management strategies [71], or simply has examined the results of social media management (i.e., relationship depth, engagement or corporate reputation) without considering the underlying factors in multiple outcome variables [61]. However, both practitioners and researchers hold great interest in drawing valid inferences from social data and translating these insights into action [74,97]. Accordingly, Aral et al. [5] call for more research on how organizations can successfully interact with social media platforms, which social media strategies companies should pursue, and how to measure the outcomes of social media for companies. Furthermore, Stieglitz et al. [97] specifically propose to determine how social media analytics can support firms in their community management activities, and Pentina et al. [82] state that developing distinctive strategies for effectively targeting and engaging users on each platform remains a work-in-progress. In this study, we address this gap by investigating how different social media management activities affect the building of relational outcomes.

We draw on the relationship marketing literature to identify conceptually relevant outcome measures and apply findings from content and diffusion network analysis to derive general account and communication patterns that influence the companies' public brand image. Generally, the goal of relationship marketing is to build loyal customers who advocate for a company and its products. In line with other research, we understand different social media management activities as differing levels of relationship investment that indicate the goodwill of a company in pursuing a meaningful relationship with the user, which in turn increases relational and financial outcomes [22,79]. The relational outcomes we investigate encompass customer focused dimensions in terms of word of mouth and attitudinal loyalty [78]. Thus, we assume a multilevel perspective to respect the complexity of the different social media management activities in terms of social media management strategy, context characteristics, and content features. To address our research question empirically, we apply a

hierarchical linear model (HLM) regression approach to analyze approximately 5 million user- and company-generated tweets containing information about the 28 most intensely Twitter-using companies from the Fortune 100 list, which we collected from Twitter at the end of 2013.

The remainder of this paper is structured as follows: after the introduction, we elaborate our multilevel research model by drawing on the extant literature that addresses the relevant relational outcomes and corporate social media management in the form of strategy, account types and communicative approaches. Thereafter, we explicate our empirical research approach in detail. Subsequently, we discuss our findings and integrate the results in the context of the existing body of knowledge. The paper concludes with the theoretical and practical implications, restrictions, and recommendations for further research.

2. Theoretical background

Following the framework for social media research from Aral et al. [5], we distinguish and analyze corporate social media management activities on different hierarchical levels. Focusing on the interaction between firms and users, we regard relationship marketing as an intermediary process by which firms attempt to stimulate the user-to-user exchange and ultimately build brand-centric communities [60]. Specifically, we assume that the company's relational outcomes on social media are a result of the message characteristics immediately apparent during the interaction (content features) and – on a higher structural level – of a company's overall social media management strategy and the manageable account characteristics. Although some related social media analytics research has been conducted on the content and context aspects [e.g., 66, 105], there is a need for further research on the strategic use of social media by companies [5]. For instance, recent findings demonstrate the general effectiveness of corporate social media engagement on relational outcomes [22] or provide some advice regarding the communicative behavior of company employees for increasing sales [35]. However, social media analysis to date has adopted a single-level research approach by considering only the company-specific engagement characteristics (e.g., the account typology, message characteristics) and thus has commonly neglected higher level factors (e.g., social media management strategies) in their empirical analyses [e.g., 59, 60, 89]. As Fig. 1 depicts, we propose a model with a hierarchical

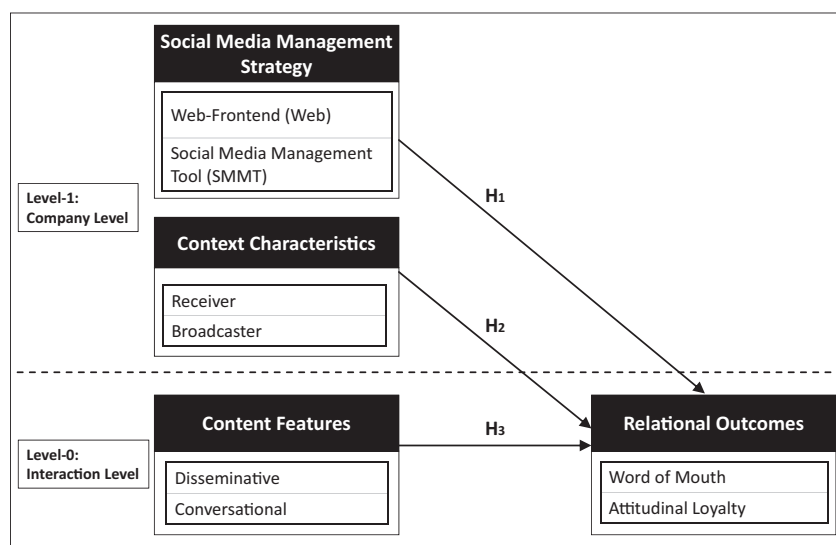


Fig. 1. Research model for analyzing the efficacy of different social media activities in improving relational outcomes.

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