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Brand interactions and social media: Enhancing user loyalty through social networking sites

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ABSTRACT

This paper aims to investigate how user loyalty can be achieved and maintained through social networking sites. More specifically, we intend to test the relationships between brands, user loyalty and social media. The research thus provides insights into user-brand relationships through social media and argues how loyal customers can be through social networking websites. Although there are considerable numbers of studies about loyalty; there exists very limited work studying user loyalty through social networking websites. This research presents clearly the reasons for engaging with brands online and examines user behaviors and loyalty. Research provided strong evidence that majority of the social network users follow brand fan pages via social media, even though they have different reasons to do so. The study also measures users' behavioral and attitudinal loyalty behaviors. Their level of trust to the information they obtained about brands through social media is also established. The hypotheses tested show that brands and customer satisfaction are both positively related to users' behavioral loyalty.

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1. Introduction

Customer demand for high quality goods and services keeps increasing, which makes the issue of making customers to stay with the brand and repurchase an important one. Thus, how companies can build customer loyalty has always been a challenge. The idea of the significance of customer loyalty and "zero defection" was first advanced by Reichheld and Sasser (1990). There are several factors that can influence customer loyalty. For example, it is suggested that a positive brand image can lead to customer loyalty (Antheunis, Valkenburg, & Peter, 2010; Kandampully & Suhartanto, 2000). Retaining user relationships can no longer be achieved by simply creating a better product or service; they can be achieved by creating value as long-term buyers can be seen as valuable assets for the companies. Web 2.0 helps companies to achieve these goals (Craig, 2007). Therefore, companies need to restructure their strategy of maintaining business relationships due to the constant technological changes (Zineldin, 2006). The communication tools between users and companies have changed significantly with the emergence of the phenomenon known as Social Media (Aladwani, 2014).

The emergence of social media networks has revolutionized marketing practices and led to a shift to "user driven technologies" (Smith, 2009, pp. 559; Cheung, Chiu, & Lee, 2011). Some of the most well-known social media networks include Twitter, Facebook and YouTube. The popularity of social networks such as Twitter emphasizes the changes in media consumption (Twitter, 2014). Consumers now value social media as a communication medium far more than traditional communication methods. Hence, many brands have taken to social media networks to connect with consumers, by using them to create valuable relationships before, during and most importantly after purchase. Careful adoption of social media marketing (SMM) techniques can help to reinforce and increase brand awareness amongst consumers, as consumers spend ever-increasing amounts of time on social networks. Starbucks are an example of a brand, which makes use of social media networks to keep their customers actively engaged. The brand is well known for its creative social media campaigns and as a result they now have 36.4 million Facebook followers and 5.9 million twitter followers (Schoultz, 2013). Social media allows brands to discover exactly what customers are interested in and then use this information to tailor their products and services in order to meet those needs (Chen, Lu, Wang, Zhao, & Li, 2013; Choi & Bazarova, 2015). This can be accomplished by targeting advertisements based on potential customers' profiles, as businesses can collect

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information such as age, demographics, interests, hobbies, music etc. - they can then advertise certain products and services only to specific people who meet the required criteria.

Ryan and Jones (2012) also propose marketing products and services in this way will be cheaper and generate a higher rate of return, therefore making social media useful in creating more efficient advertising campaigns. Social media is therefore a more efficient use of marketing costs (Krasnova, Spiekermann, Koroleva, & Hildebrand, 2010; Tutel, 2008), which is important for even small and medium sized enterprises (SMEs) as they are expected to have far smaller budgets than the larger companies. Moreover, firms use social media not just to find new customers but also to maintain and retain their existing customers (Lim, Hwang, Kim, & Biocca, 2015; Luo, Zhang, & Liu, 2015; Mohammadi, 2015). There are several existing academic works about customer relationship management (CRM) strategies and user engagement (Oztaysi, Sezgin, & Ozok, 2011; Palmer & Koenig-Lewis, 2009). However, there exists no previous study examining the various reasons of why individuals communicate with the brands through social networking websites. Individuals have been rapidly increasing their daily use of the Internet by engaging on social networks. Still, there is a lack of academic study about user-brand loyalty through social media. The following research aims to fill these gaps and investigate the user-brand relationship through social media and the impact of social networking websites on customer loyalty. This will be achieved by satisfying the following research questions: Why do individuals engage with brands through social networking sites? To what extent individuals are willing to share their experiences about the brands, by using social media? Does following a brand through social networking sites improve user loyalty (including both behavioral and attitudinal loyalty)? What tools do users find more trustworthy in interacting with the brands by using social media? Customers are shifting from traditional sources of communication to social media in order to conduct their views, ideas and information. Therefore, companies need to develop a user or customer relationship management through the Internet (Ku, Chen, & Zhang, 2013; Ku et al., 2013).

It can be said that, due to the emergence of the technology, companies believe that shifting to the Internet-based communication is necessary. Therefore, it is now easier to access to the customers via social media. As just mentioned, social customer relationship management is a very popular marketing strategy in these days (Lim et al., 2015; Luo et al., 2015). The brand and individual interactions can be explained clearly by using customer engagement cycles. Although there are considerable numbers of factors that influence buyer-seller relationships, this research focuses on user-brand loyalty. Companies aim to achieve user loyalty and by the Internet it is now possible to provide services 24/7. By creating customer loyalty, sellers keep their customers committed and the committed customers share companies' products and services, and recommend them to other potential customers. By doing so both individuals and firms will perceive a mutual value. Our current focus on both behavioral and attitudinal loyalty behaviors (Horppu, Kuivalainen, Tarkiainen, & Ellonen, 2008) will provide an additional insight into the relationship between social networking sites and customer loyalty.

The investigation will proceed to Section 2 whereby literature around the topic is presented to inform the research. Section 3 discusses the quantitative research approach of a quantitative survey instrument to examine responses of the sample population. Findings derived from the primary research are analyzed in Section 4. Section 5 interprets findings relative to existing literature and draws a conclusion. Finally, Section 6 discusses research contributions, limitations and future recommendations.

2. Literature review

2.1. Social media and online engagement

Social Media can be defined as the "umbrella term for the web-based software and services that allow users to come together online and exchange, discuss, communicate and participate in any form of social interaction" (Ryan & Jones, 2012) and is one of the central features of Web 2.0, allowing for greater interaction between groups of people over the internet (Chen et al., 2013; Cheung et al., 2011; Choi & Bazarova, 2015). Despite many people considering social media as a very modern concept, its origins can be traced back a couple of decades to online communities such as CompuServe and Prodigy (Chen et al., 2013; Ryan & Jones, 2012). However, only within the past five years or so has the reach and penetration become so valuable that businesses are increasingly integrating it within marketing campaigns. The enormous growth and availability of the Internet has paved the way for social media to become an essential marketing tool for businesses as it allows them to access a huge range of customers. This progress has made it easier for many businesses to reach a wide range of consumers, therefore making growth more achievable. According to an IBM study, 23% of people gave "interacting with brands" as a reason for using social media (Baird & Parasnis, 2011). Social media has become crucial for brands because in terms of consumer purchase decisions, people value recommendations from friends and family as their most trusted source (Chen et al., 2013; Choi & Bazarova, 2015). Product recommendations are made persistently suggesting social media has become important for brands in monitoring and engaging in this dialogue to influence their product choices (Choi & Bazarova, 2015). Brands can take advantage of consumers' lack of privacy online which has become a fundamental part of many business models (Shuen, 2008).

Social media contests have become increasingly popular as a way of engaging with customers and can be a powerful catalyst for dispersing a brand's message, increasing awareness and engagement at the same time (Ellison, Steinfield, & Lampe, 2007; Grieve, Indian, Witteveen, Anne Tolan, & Marrington, 2013). Competitions may be particularly effective if coupled with a good prize; it would be expected that the greater the reward, the higher the engagement for that brands. Long term customer interaction can be linked to customer relationship management, a "comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the company and the customer" (Dholakia, Bagozzi, & Pearo, 2004; Grieve et al., 2013; Parvatiyar & Sheth, 2001). Chaffey and Ellis-Chadwick (2012) state the importance of a strong customer engagement strategy and good customer service through social media to encourage the interaction and participation of consumers with a brand, which can be beneficial to brands in reaching a large audience with virtually no cost. Engaging with customers on such a large scale and bringing them "on-side" can lead to benefits associated with viral marketing. Viral marketing can be achieved through businesses working hard to deliver good customer service online so people tell their friends through highly effective word-of-mouth marketing (Grieve et al., 2013). This is defined as "oral, person-to-person communication between a perceived non-commercial communicator and a receiver concerning a brand, a product or a service offered for sale" (Stokes & Wilson, 2010). Some larger companies have recognized its importance so much that they are offering rewards in the form of cash, discounts and offers to customers who participate in viral sharing (Dholakia et al., 2004; Hunley, 2013).

The emergence of social media offers brands opportunities to listen to and engage with their customers, and potentially to