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Social Media and Value Creation: The Role of Interaction Satisfaction and Interaction Immersion

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Abstract

This research examines the effects of social media brand–consumer interactions on three types of customer value: customer lifetime value (CLV), customer influencer value (CIV) and customer knowledge value (CKV). By examining the differential effects of consumers' satisfaction and immersion with social-media brand interactions on CLV, CIV and CKV, the authors identify conditions under which interaction satisfaction and interaction immersion create value for brands. Results suggest that whereas interaction satisfaction positively influences both CLV and CIV, interaction immersion impacts both CIV and CKV. The authors identify social media strategies for brands related to interaction satisfaction and immersion that are based on the three types of customer value studied. The findings reported offer important managerial and theoretical implications with respect to the effects of discrete social media interactions on customer value creation.

Keywords: Brands; Brand strategy; Social media; Customer interactions; Online marketing; Customer value creation; Immersion; Online flow; Satisfaction

Introduction

Social media such as Facebook and Twitter provide completely new ways for brands and consumers to interact, and thus have become important platforms for brands seeking to create customer value (Adjei, Noble, and Noble 2012; Gensler et al. 2013; Hennig-Thurau et al. 2010; Labrecque 2014; Rishika et al. 2013; Rohm, Kaltcheva, and Milne 2013). Research has shown that a brand's use of social media can result in positive outcomes such as enhanced interpretation and response to brand communications (Van den Bulte and Wuyts 2007), increased brand attachment (Gensler et al. 2013), more favorable attitudes toward the brand (Colliander and Dahlén 2011) and its products (Wang, Yu, and Wei 2012), greater loyalty and willingness to communicate with the brand (Labrecque 2014), and an increase in customer visit frequency and profitability (Rishika et al. 2013).

There are two main reasons for the growing influence of social media. First, brands are more than ever challenged to find new ways to effectively communicate with increasingly difficult-to-reach young consumers who are less likely to consume television, print and other traditional media, and more likely to rely on digital marketing communications (Singh 2013). Second, young consumers are increasingly influenced by their friends and peers when forming brand attitudes and making purchase decisions (Chen, Fay, and Wang 2011; Chen, Wang, and Xie 2011; King, Racheria, and Bush 2014). Coincident with the rise of social media usage is the expectation among these consumers that brands will follow suit in their adoption and usage of platforms such as Facebook and Twitter to manage interactions with customers (Labrecque 2014).

Hanna, Rohm, and Crittenden (2011) argue that consumers expect and even relish their role as active participants in brand–consumer interactions fueled by social media. On the one hand, this expectation requires brands to incorporate online social media within their communication strategies. On the other hand, consumers remain resistant to social media as a commercially-intensive platform, where unsolicited marketing is increasingly considered both annoying and intrusive (Fournier and Avery 2010;

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Schultz and Peltier 2013). Some researchers find that consumers primarily seek to experience emotional involvement on social media (e.g., Labrecque 2014). Adopting a relationship perspective, Labrecque (2014) invokes the construct of parasocial relationships—online relationships developed between individuals and firms that resemble the dynamics of actual interpersonal relationships—and finds that the higher levels of interactivity and openness characteristic of social media interactions lead to closer, more intimate and more emotion-driven relationships between consumers and brands. Labrecque (2014) also finds that consumers who perceive being engaged in such relationships with brands are more likely to be loyal and volunteer suggestions and other information to the brand. Other scholars argue that consumers' interest in social media brand interactions is limited to acquiring deals, discounts and other promotions (LaPointe 2012; Rapp et al. 2013). Rohm, Kaltcheva, and Milne (2013) find that more than 60% of millennials' interactions with brands on social media are initiated for utilitarian reasons, with the remaining interactions having symbolic or recreational motivations.

The variety of ways in which consumers engage with brands on social media has challenged brand managers to employ social media strategically and create content so that their interactions with consumers lead to the creation of customer value (Schulze, Scholer, and Skiera 2015). For instance, the fast food brand Taco Bell may use Facebook and Twitter to promote its new menu, whereas a brand competing in the fashion industry, such as True Religion, may employ the same two social media platforms to convey the excitement of Fashion Week in New York City with live updates and video content. Hence, there is a need for research studying the varying types of brand–consumer interactions taking place on social media and their impact on customer value (Ratchford 2015). The need for such studies becomes even more compelling in light of recent findings suggesting low levels of consumers' emotional responses to branded social media content (Havas Media 2015).

Research investigating consumer behavior in computer-mediated and online environments informs social media research, suggesting important directions for study. Some scholars propose that providing compelling online experiences requires creating an immersive state of flow (Novak, Hoffman, and Duhachek 2003; Van Noort, Voorveld, and van Reijmersdal 2012). For example, Hoffman and Novak (1996, p. 66) argue that, in an environment characterized by the "many-to-many communication model in which the consumer is an active participant in an interactive exercise," online marketers should focus their efforts to "maximize the chances of the consumer entering the flow state."

Other scholars, however, caution that providing website features related to generating immersive consumer states would be ineffective unless consumers also have access to utilitarian features that are helpful in meeting consumption needs and increasing customer satisfaction (Bridges and Florsheim 2008; Sénécal, Gharbi, and Nantel 2002; Zeithaml, Parasuraman, and Malhotra 2002). Further, Zeithaml, Parasuraman, and Malhotra (2002) argue that entertainment-related criteria such as flow are not relevant when the context is making a purchase, suggesting that firms should not invest resources at this stage in creating or encouraging immersion states, and should focus instead on improving service quality and customer satisfaction.

Thus, an important question facing managers is to what extent brands should focus on interaction satisfaction, interaction immersion, or both, in creating customer experiences taking place on social media. To our knowledge, there are no studies examining social media strategy that empirically evaluate whether brands should implement a *satisfaction-only* strategy (social media strategy focused on increasing customers' satisfaction with their brand interactions), an *immersion-only* strategy (social media strategy focused on creating immersive experiences for consumers), or a *hybrid satisfaction-plus-immersion* strategy (social media strategy focused both on increasing consumers' interaction satisfaction *and* interaction immersion).

The objective of this research, therefore, is to examine which of these three interaction strategies would be likely to create customer value for the firm. Customer value is defined as the value accruing to a firm from a customer's active interactions with the firm, prospects and other customers, and includes both transactional interactions, including purchases, as well as non-transactional behaviors (Kumar et al. 2010). Given that customer value has the potential to influence company profitability, it is important to explore ways in which it can be maximized (Kumar et al. 2010). As a result, Kumar et al. (2010, p. 207) advocate that "firms need to adapt customer management strategies and create opportunities to increase customer value." Examining and redirecting the ways in which a firm employs social media offer one such opportunity for increasing customer value.

Our research makes three important contributions to the social media literature. First, a wide array of prior research has examined customer satisfaction (e.g., Blattberg, Malthouse, and Neslin 2009; Jaiswal, Niraj, and Venugopal 2010; Zeithaml, Parasuraman, and Malhotra 2002), immersion and flow (e.g., Hoffman and Novak 2009; Van Noort, Voorveld, and van Reijmersdal 2012), retention and loyalty (e.g., Blattberg, Malthouse, and Neslin 2009; Jaiswal, Niraj, and Venugopal 2010), and customer recommendation and influence behavior (Hennig-Thurau et al. 2010) in online environments. In this study, we investigate satisfaction and immersion experienced by consumers on social media *at the interaction level* as well as the effects of interaction satisfaction and interaction immersion on customer value. Second, our findings suggest that a one-size-fits-all strategy to creating content and managing social media interactions with consumers might not afford the most effective approach to generating customer value. We find that interaction satisfaction and interaction immersion influence different aspects of customer value, and thus we identify conditions under which each strategy (*interaction-only*, *immersion-only* or *interaction-plus-immersion*) is likely to create value for the firm. Third, brand–consumer interactions on social media rarely constitute a one-time event. Given the ease and immediacy of social media interactions, customers typically engage brands on social media over time, in some cases several times in a single day. Customer behaviors are likely influenced by recent interaction history, comprising a series of exchanges, as opposed to the latest single exchange (LaBarbera and Mazursky 1983; Oliver 1980). Therefore, by employing a longitudinal design, we compare the