

# Social media as a strategic marketing tool in the Sicilian wine industry: Evidence from Facebook

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## Abstract

Over the last few years, many companies have integrated social media, and social networking sites in particular, into their communication and media plan, leading to a deep transformation of the organizational models and changing the companies' marketing dynamics. This study has dual aims: first, to recognize and validate the firm's social media (SM) efforts in its use of the Facebook platform; second, to examine the relationships among the firm's SM efforts and some firm and managerial characteristics. In order to achieve these research aims, data on 45 wineries were collected and analysed, using a model that considers three different dimensions of the firms' activity on the social platform. The results show that mainly small firms, in physical and economic terms, led by managers with a higher educational level, have become more involved in SM as shown by high values of intensity, richness, and responsiveness. On the contrary, large companies' social-media efforts have been more modest. The results of this study need to be interpreted within the context for which our research was designed. Findings have some theoretical and practical implications.

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## 1. Introduction

In recent years, the rapid spread of social media (SM) and their application to the field of marketing have had a significant impact on business structures, leading to a deep transformation of the organizational models and changing the companies' marketing dynamics (Wu, 2016; Kim et al., 2015). Kaplan and Haenlein (2010, p. 61) define SM as 'a 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'. Indeed, through SM channels, interactions between individuals or among individuals and organizations are facilitated and disseminated (Berthon et al., 2012).

More and more firms today adopt SM as a communication tool in order to both conduct their marketing efforts and to extend their traditional marketing (Dahnil et al., 2014; Oztamur and Karakadilar, 2014). In particular, as shown by Trainor (2012), they are seen as key tools for creating and maintaining customer connections, and for this reason they have become an important instrument of customer relationship management (Karjaluoto et al., 2015, p. 3). Use of SM in marketing strategies, as claimed by Paniagua and Sapena (2014), is only innovative in its means, not in its goals, which are to increase sales and enhance the firm's reputation.

As noted by Berthon et al. (2005) the firms utilize SM in three ways. A first approach is traditional and structured, in which SM platforms are considered as traditional marketing channels and in which economic return on investment (ROI) is the firm's main objective. A second approach is traditional-experimental, where purely economic aspects are also associated with social interactions (social-ROI). And in a third, experimental approach, the firm integrates a human voice into the

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social-media platform, aiming to affect consumer impressions of the organization or its brands (Dijkmans et al., 2015).

Kaplan and Haenlein (2010), on the basis of media research (social presence and media richness) and social processes (self-presentation and self-disclosure), classify SM according to six categories: blogs, social networking sites, virtual social worlds, collaborative projects, content communities, and virtual game worlds. Among these SM channels, social networking sites (SNS) are applications that allow users to create profiles, through which they can connect with other users, exchange personal information, send messages, invite friends and colleagues to events, and share knowledge and information. Many companies in recent years, recognizing the growing number of recorded users of SNS, have integrated SNS into their marketing plans; in doing so they exploit an opportunity to contact end-users in a timely and direct way, at a relatively lower cost and higher level of efficiency than can be achieved with more traditional communication and marketing tools (Kaplan and Haenlein, 2010). More specifically, in facilitating and enhancing interpersonal relationships through the exchange of information on products and services, firms gain an ability to forecast consumer purchasing behaviour, increase brand awareness, increase sales, and build consumer loyalty (Mozas-Moral et al., 2016; Bianchi and Andrew, 2015; Dehghani and Tumer, 2015; Castronovo and Huang, 2012). In fact, through SNS, firms can obtain valuable information about people, including their preferences, social influence, and types of social interactions (Schneiderjans et al., 2013).

Facebook, as the most established online social network, registered in the first quarter of 2016 more than 1.6 billion active users (Facebook, 2016), which represents an average annual increase in users of 194.3% since 2008. This confirms Facebook as the biggest social networking platform in the world, followed by Qzone (predominant in China) and Instagram (Cosenza, 2015). The Facebook platform enables the exchange of information quickly, flexibly, and easily (Mozas-Moral et al., 2016). Today, firms are willing to spend a reasonable part of their budgets to reach potential customers through advertising on Facebook (Falls, 2009). This is confirmed by Facebook advertising revenue, which, according to Facebook's 2016 Annual Report, was \$17,928 million in 2015 compared to \$1974 million in 2010—a 134.7% year-over-year increase (Facebook, 2016). Dehghani and Tumer (2015) have noted that advertising on Facebook significantly affects brand image and brand equity, two factors that contribute to consumer buying intentions.

SM and SNS in particular have major implications especially for firms that offer products such as wine, which are reliant on a high level of reputational credibility among potential consumers, and for which searching for information is part of the consumption experience (Capitello et al., 2014, p. 129). With specific reference to the global wine industry, Cipolla (2013) has noted different dynamics between relatively newer and older wine-producing countries. In the US, 94.0% of wine producers have a Facebook page, while in the traditional producing countries, such as France, the proportion is as low as 53.0%.

Given this background, the aim of this study is twofold. First, we estimate firms' social-media efforts on the Facebook platform using the model proposed by Chung et al. (2014), which considers three different dimensions: intensity, richness, and responsiveness. Second, we analyse the relationships among firms' SM efforts and some firm and managerial characteristics. To achieve this aim, the study is focused on a sample of 45 wineries operating in Sicily, the third Italian winemaking region, where 2014 productivity stood at roughly 4.5 million hectoliters (ISTAT, 2016), and which includes a high level of territorial specificity (as much as 70.1% of total wine production has a designation of origin). The Sicilian success with wine production is due to the fact that numerous wineries have recently implemented modernisation processes and are paying increased attention to improving product quality, packaging, and marketing (Giacomarra et al., 2016; Galati et al., 2015a).

The paper is organized as follows. A literature review on the main factors affecting the adoption of SM strategies, and the models adopted in order to measure firms' SM efforts, is presented in Section 2. Section 3 summarizes the methodological approach used. Results are presented and discussed in Section 4. Section 5 contains final considerations and some concluding remarks.

## 2. Literature review

Many studies show that firms' adoption of marketing strategies based on SM have a positive impact related to direct interaction with consumers; the strategies allow the firms, based on consumer feedback, to acquire marketing information and to learn about current performance and predict future performance (Kim et al., 2015; Gelb and Sundaram, 2002). In this regard, Paniagua and Sapena (2014) identify four channels through which SM affects the firm's performance: the relationship between firms and society (social capital), knowledge of consumer preferences (revealed preferences), transformation of social-marketing resources into financial performance capabilities (social marketing), and conversion of social corporate resources into operational performance capabilities (corporate social networking).

Recent studies show, on the one hand, that there has been real difficulty in determining the effectiveness of investments in SM, assessed in terms of return on investment and return on sales (Wu, 2016; Kim et al., 2015; Chung et al., 2014; Kumar and Mirchandani, 2012), due to the complexity of distinguishing customers from online community members (Ang, 2011). On the other hand, studies have shown there are many firms that have incorporated SM strategies in an integrated communication and media plan (Kaplan and Haenlein, 2010) by changing the way of doing business. Companies use SM platforms, such as Facebook, in order to increase brand awareness and enlist people's participation through online comments, posts, and other types of engagement (Wallace et al., 2014). In particular, for products such as wine, the interaction between wine producers and consumers, or among consumers themselves, helps to orient consumer behaviour. As suggested by Leigon (2011), SM helps

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