

Chapter 4

Social Media Marketing In Emerging Economies: Case Study of Three Indian Firms

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ABSTRACT

Nearly 30 million Indians who are online are members of social networking sites and popular surveys report that about two-thirds of them spend time daily on these social networking sites. More importantly, Indians spend more time on social media than they do using personal email. This has immense implications for a country which has been dubbed as one of the largest emerging markets and has multinationals vying to set up shop. This scenario in India is unique as Internet penetration piggybacks on the telecom boom, boosting online retail and advertising opportunities. Therefore savvy marketers will want to jump on this bandwagon. This chapter looks at the unique situation in India in context of the growth of social media usage and tries to find developed world theoretical models as to how companies are coping with this new phenomenon. The results indicate that the companies are eager to interact with their target groups in social media; however, few have found the path to full leverage the return on investments made on a social media presence. Much of their efforts remain confined to branding and therefore better metrics need to be developed for better analytics.

INTRODUCTION

Emerging markets have been classified by United Nations, World Bank and IMF into different categories. These classifications are based on the operational needs of each of the world bodies. Despite

such categorizations there exists a huge diversity among these countries, who control only one fifth of the world's economy yet have the four fifth of the world population. Along with this disparity, the increase in the number of multinationals in emerging economies has meant both the introduc-

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tion of the latest marketing techniques as also the regionalization of the marketing tools. However, the majority of this market remains untapped because the services provided by intermediaries either are not available in emerging markets or are not very sophisticated, corporations can't smoothly transfer the strategies they employ in their home countries to these emerging markets (Khanna, Palepu and Sinha, 2005).

In the case of India, as both multinationals and indigenous firms cope with the emerging market scenario social media can be an effective tool to overcome certain disadvantages. Many enterprises are investing significant time, effort and money in social channels to leverage their brand through viral content, social network messages, contests and variety of diverse engagement efforts. It has been widely acknowledged by the marketers that social media can be a powerful channel tool to generate long lasting engagement with customers and other stakeholders. It has also been argued that social media represents a growing trend of interest to most businesses, as its usage is not limited to a particular generation (Kaplan & Haenlein, 2010; Kumar and Mirchandani, 2012).

The present study is an attempt to examine the experiences of Indian firms who use social media as a marketing tool. We have attempted to analyse the challenges that the firms face in using social media channels to further their marketing objectives. This study uses the Honeycomb framework proposed by Kietzmann et al. (2012) to understand the functioning building blocks of social media in Indian firms and then goes on to examine these cases in light of extant literature concerning social media as a marketing tool. It has been argued that a firm's social media presence must be guided by clarity about what the firm is trying to accomplish. What strategy needs to be used to ensure the content and consistency so as to create right brand perceptions? What are the tools available and how they are implemented? Firms must also have a clear idea about the risks associated with the use of social media. (Schlinke

and Crian, 2013). This study relies on theoretical models to look into the present practices of social media and tries to identify their successes and weaknesses.

Online Revolution Context

Internet penetration in India remains at 12 per cent, much lower in comparison to 43 per cent in China and 80 per cent in the US (Aggarwal, 2013). Yet with over 120 million Internet users, India still remains in 3rd position behind China (at 575m) and the US (at 275m). This obviously means enormous growth potential in terms of e-commerce, Internet advertising, social media, search, online content and other services relating to e-commerce and Internet advertising. In fact, according to a McKinsey & Co's report, the Internet's potential contribution to India's gross domestic product may leap from about \$30 billion in 2011 to \$100 billion by 2015 (Narasimhan, 2011). They ascribe this growth to the increase of Internet users which is expected to reach anywhere between 330 million and 370 million by 2015. The report predicts that "India will add more Internet users than any country in the world over the next three years," explaining that 28% of India's population is set to have Internet access by 2015.

This growth has some unique features of an emerging economy. India's Internet penetration has been estimated at 12%, with 124.7 million users going online during July 2012. It has been found 75% of the Internet audience in India to be aged 35 years and below, promising to make it the youngest online population in the coming years. Females formed 39.3% of the total audience, and the sharpest growth was observed among both male and female segments in the age-group 15 to 24.

The online retail sector is booming and as many as three out of five Internet users in India visit retail sites. Indeed, retail sites have registered a growth of 43% over the last year. The statistics indicate close competition between Snapdeal and Flipkart in horizontal retail, and Jabong and Myntra in the

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