

Chapter 49

Application of Social Media Tools by Retailers

María-del-Carmen Alarcón-del-Amo
Universitat Autònoma de Barcelona, Spain

Carlota Lorenzo-Romero
University of Castilla-La Mancha, Spain

Efthymios Constantinides
University of Twente, The Netherlands

ABSTRACT

The chapter explores the factors influencing the adoption process and the degree of engagement of the social media as part of the online marketing strategy by Spanish retailers. A retail industry survey identifies four different segments of retailers depending on the level of implementation of social media marketing strategies. The study examines the antecedents of the social media tools' adoption process across the dimensions of a Technology Adoption Model (TAM) and assesses various other factors likely to affect the degree of the adoption. One essential conclusion is that the company size is not important but that the level of adoption social media marketing is related to the organizational maturity in the areas of management attitudes, employee empowerment, access to Internet technologies, and technological infrastructure. The study proposes a future research agenda including cross-cultural studies for better understanding the global business attitudes in this area and underlines the need for development of benchmarks and metrics necessary for better assessing the value of social media marketing.

INTRODUCTION

The advances in the area of Information and Communication Technologies (ICT) have brought sweeping changes to peoples' lives and to the marketing practice. The Internet and increasingly the mobile telephone are the technologies with the greater impact on the commercial landscape

(Biswas & Krishnan, 2004; Sharma & Sheth, 2004). With over 1.5 billion users, the Internet has become a mainstream phenomenon and an important marketing platform. The Web is already the second most important retailing channel in the USA and the European Union (Eurostat, 2010)¹ and several other countries. There are strong indications that the Web has already become

DOI: 10.4018/978-1-4666-5942-1.ch049

the primary customer information source about products or services for many of its users. As a result, the online marketing is claiming an ever increasing portion of the marketers' attention and corporate budget. According to a recent report of eMarketer (2010),² spending on print advertising in the U.S. was for the first time in history lower than spending in online advertising in 2010 and the difference is expected to increase in the future.

The most profound effect of the Internet on the marketing practice was the migration of market power from the corporation to the customer (Rogers et al., 1997; Wind & Mahajan, 2001; Varandarajan & Yadav, 2002, Rha et al., 2002; Urban, 2005; Constantinides et al., 2008). This is a continuous process that started in the beginning of the 1990s with the commercialization of the Internet, the development of the World Wide Web, the emergence of the first Web browsers and, of course, the advance of the adoption of personal computing. These developments brought about the first wave of customer empowerment: by accessing the Internet, customers obtained new tools and access to businesses on a global scale, giving them access to almost unlimited information about products and services while allowing them to virtually walk in a global high street.

Around the middle of the first decade of the 21st Century, a new development in the Internet domain became the source of a second wave of customer empowerment. This development is widely known as Web 2.0 or social media. The evolution of the Internet to the Web 2.0 era took place with the arrival of a new generation of interactive technologies and online applications allowing the easy publication, editing, and dissemination of content and also the creation of personal online networks and communities; these developments resulted in new forms of one-to-one communication and one-to-many broadcasting of user generated content.

The Web 2.0 era dramatically increased the available information volume over products, services, and commercial outlets accessible to

consumers but also radically affected the very nature and dissemination modes of marketing information. While traditionally marketing information was generated by corporations and channeled to markets through one way mass media or traditional direct media channels (like direct mail and tele-marketing) the social media-based product, brand and company information is user generated and transmitted through personal social networks, blogs, online communities, customer forums, and more. These channels are for all intents and purposes created outside the traditional marketing communication domain and therefore beyond the control of marketers a lot of the information exchanged refers to customer experiences from using products or services and user comments in the form of product reviews, recommendations to other customers, remarks about improvements and often even advices for use. There is evidence that customer generated information plays an increasingly important role in the decision making process (Constantinides et al., 2008), since this information is often perceived more reliable and unbiased. A recent report of the Opinion Research Corporation³ found that 84% of Americans are influenced in their purchases by online customer generated product reviews while according to a Bizrate survey 59% of users consider customer reviews to be more reliable than those from experts.

The parallel information stream disseminated through peer-to-peer channels has therefore further empowered customers providing them with plenty and unbiased information allowing them to make better buying decisions. The result of customer decision making processes is today less dependent on corporate information and this has led to the decline of the effectiveness of the traditional marketing communication approaches. Many businesses are already trying to cope with the situation by, integrating social media strategies into their marketing programs. This new trend in consumer marketing is gaining momentum but there is limited academic research as to the exact

20 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:

www.igi-global.com/chapter/application-of-social-media-tools-by-retailers/107769

Related Content

Therapy on the Move: The Development of a Therapeutic Smartphone Application

Bonnie A. Clough and Leanne M. Casey (2015). *International Journal of Cyber Behavior, Psychology and Learning* (pp. 33-41).

www.irma-international.org/article/therapy-on-the-move/123149

Media and Parental Communication: Effects on Millennials' Value Formation

Melanie B. Richards (2022). *Impact and Role of Digital Technologies in Adolescent Lives* (pp. 64-82).

www.irma-international.org/chapter/media-and-parental-communication/291358

Religion and Spirituality as Determinants of Privacy and Benefits to Use Mobile Applications: An Application of Privacy Calculus Theory

Hasan Abbas (2021). *International Journal of Cyber Behavior, Psychology and Learning* (pp. 33-51).

www.irma-international.org/article/religion-and-spirituality-as-determinants-of-privacy-and-benefits-to-use-mobile-applications/275827

Cheating in Exams with Technology

Kevin Curran, Gary Middleton and Ciaran Doherty (2013). *Ethical Technology Use, Policy, and Reactions in Educational Settings* (pp. 234-242).

www.irma-international.org/chapter/cheating-exams-technology/67927

A Pilot Study of Comparing Social Network Behaviors between Onlies and Others

Dong Nie, Zheng Yan, Nan Zhao and Tingshao Zhu (2015). *International Journal of Cyber Behavior, Psychology and Learning* (pp. 56-66).

www.irma-international.org/article/a-pilot-study-of-comparing-social-network-behaviors-between-onlies-and-others/134390