

# Chapter 76

## Marketing in an Interactive World: The Evolving Nature of Communication Processes Using Social Media

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### ABSTRACT

*The focus of this chapter is to address emerging trends, opportunities, and key challenges facing managers in their communication processes in an increasingly interactive social media environment. A review of the current social media literature and two qualitative research studies provide insights into the changing nature of the communications process in social media, as opposed to more traditional, communications environments. These insights are drawn together to provide a number of managerial implications for social media marketers.*

### INTRODUCTION

Kaplan and Haenlein (2010) define social media as “a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and which allow the creation and exchange of user-generated content” (p. 61). This includes a range of social media tools such as Facebook, YouTube, Twitter, LinkedIn and blogs.

Specifically, social media are developing into an increasingly pervasive tool within the evolving media environment. To illustrate, in April 2012, Facebook.com was reported to have 901 million users worldwide (Wasserman, 2012), with the average friend count being 190 (Facebook, 2012). Further, American users spend, on average, 421 minutes on Facebook each month (Parr, 2010). Based on these developments, organizations are

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rushing to engage and try to leverage this immense global audience to achieve their marketing objectives (Ayanso et al., 2010).

Based on the observed trends, Mangold and Faulds (2009) refer to social media as a new hybrid element in the promotional communications mix; which has traditionally included advertising, personal selling, sales promotion and public relations. Specifically, the authors posit that the use of social media as a promotional tool differs from the use of the more traditional elements in that it has enabled the undertaking of many-to-many and/or consumer-to-consumer communications about products, services and organizations (Kaplan and Haenlein, 2010). Consequently, the level of consumer bargaining power in the marketplace has been reported to have increased significantly (Kucuk and Krishnamurthy, 2007).

Further, Mangold and Faulds (2009) assert that while social media reflect specific characteristics of traditional media (e.g., facilitating company communications with (prospective) customers); it also exhibits non-traditional characteristics (e.g., enabling consumers to communicate directly with each other); thus resulting in a reduced level of managerial or company control over specific brand, product, and organization-related communications.

Despite the substantial changes that social media represent to organizational communication processes and the dramatic global surge in social media usage, scholarly investigation into this area has been limited to date (Calladine, 2012; Mangold and Faulds, 2009). Consequently, this nascent state of research has engendered a lack of understanding of the distinctive nature of, and key developments within, the field of social media and the associated consumer behavior-based trends and dynamics (Kaplan and Haenlein, 2010). In order to capitalize on social media opportunities, corporations need to understand the nature of key developments within this rapidly changing new media landscape, and use this knowledge to inform and plan their strategic activities.

By addressing specific ways in which social media is changing the consumer communication process, this chapter purports to enhance scholarly and managerial understanding in this emerging area. A review of key literature within the academic field informed the undertaking of two qualitative research studies based on focus group and questionnaire methodology, respectively. The key findings provide insights into the changing nature of the social media-based communications process, relative to more traditional communicative forms. These insights, consequently, spawn the development of a conceptual model addressing the communication model, which takes into account key managerial considerations for planning focal social media-based communication and promotional strategies.

## **LITERATURE REVIEW AND CONCEPTUAL DEVELOPMENT**

### **Theoretical Foundations: The Communications Model**

The American Marketing Association defines marketing as “the activity, set of institutions and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large” (AMA, 2012). Central to marketing practice is the importance of engaging in effective marketing communications reaching appropriate target audiences in terms of identifying and meeting their specific needs, wants and preferences, and co-creating value with focal stakeholders (Vargo and Lusch, 2008).

The effectiveness of any marketing communication process is influenced by a range of factors. The traditional communication model includes four key such factors: (1) The sender of the message; (2) The recipient of the message; (3) The message itself; and (4) The medium by which the message is sent (Stern, 1994). According

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