# Social Media Use and Customer Engagement

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## INTRODUCTION

Social Media has revolutionized customer relationships; opening a new array of possibilities and opportunities for firms. Social media tools are fundamentally changing the way we communicate, collaborate, consume, and create; and they represent one of the most transformative impacts of information technology on business (Aral et al., 2013). Platforms such as Facebook, Twitter, YouTube, Instagram, Pinterest, have millions of daily users and are said to capture the "wisdom of the crowd" (Luo et al., 2013). So firms all over the world are increasingly using these tools, integrating them into their communication strategies to engage customers in active conversations. In this new 2.0 environment, traditional Customer Relationship Management (CRM) strategies are morphing to Social CRM. The latest trend in CRM is to try to take advantage of Social Media, whose relational properties and characteristics are particularly suited to customer interactions (Harrigan et al., 2015). Social Media is all about engagement and collaboration. The proliferation of these platforms has changed the way firms communicate with customers, driving companies to implement a new variety of Customer Engagement strategies. New media offers companies multiple ways to reach consumers, communicate with them, and measure their preferences and purchase-related behaviors (Hennig-Thurau et al., 2010). Based on this personalized knowledge, Social Media enables firms to reinvent customer relationships, by engaging customers in marketing campaigns, product development and innovation. Customer Engagement emerges as a core concept and implies customers' involvement in a new type of relationship with the enterprise, characterized by co-creation of knowledge, offers, products and value (Giannakis-Bompolisa and Boutsouki, 2014). It can be considered an intimate long-term relationship with customers that results in different behavior such as word-of-mouth (WOM), blogging, writing reviews and recommendations or helping other customers (Van Doorm, 2010).

Social media platforms can facilitate business transformation, improving the management of customer relationships, brand assets, and business processes. However, there is a growing skepticism about its real efficacy, and there is a lack of evidence that confirms a return on investment for companies that have invested in this technology (Rishika et al., 2013). To justify the significant resources and investments in Social Media, executives need to develop and quantify Social Media metrics, such as Customer Engagement, to empirically examine if these tools are creating value for the firm (Luo et al., 2013). Social Media use is a

very recent phenomenon among firms at the real world and, consequently, research on the topic is in its early stages. Additional studies are needed to better understand how firms can leverage Social Media use to create business value (Braojos-Gómez et al., 2015). To shed light on the topic, in this study we seek to answer the following research questions: 1) What are the main Social Media tools that companies are using?; 2) What is the impact of using these tools in Customer Engagement, and how can we measure it? Both questions are of practical importance because companies are investing considerable time, money and effort in their implementation of those tools, but little is known about their benefits. To examine the topic, we conducted a multiple linear regression analysis based on a sample of 212 hotels in Spain.

The article is organized as follows. After a literature review, the empirical study and main results are described. The conclusions, along with some future research lines close the study.

## BACKGROUND

### Social Media Use

In the last decade, Social Media has emerged as a real 'game changer', putting the customer at the center of the organization (Smith and Zook, 2011). It could be argued that Social Media represents a revolutionary new trend for companies (Kaplan and Haenlein, 2010), and some even assume it as the biggest change since the industrial revolution. Social media has changed the way individuals interact with each other and is redefining the way firms connect with their customers (Rishika et al., 2013).

Deepening on the concept, Social Media refers to a set of online tools that supports social interaction between users, facilitating the creation and sharing of knowledge, and transforming monologue (company to customer) into dialog (Hansen et al., 2011). One of the most accepted definitions of Social Media is the one proposed by Kaplan

and Haenlein, (2010, p. 61), who consider it 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". Thus, Social Media are browser or mobile-based applications that allow users to easily create, edit, access and link to content and/or to other individuals (Cabiddu et al., 2014). Its content comprises text, pictures, videos, and networks and includes tools such as discussion forums, blogs, microblogging, texting, chat, social networking sites, wikis, photo and video-sharing sites, and review sites (Hennig-Thurau et al., 2010). All these Social Media tools support the democratization of knowledge and information, transforming individuals from mere content consumers into content producers (Berthon et al., 2012). Social media enables firms to converse about their offerings with customers interactively while also providing them the opportunity to share information about products, so it has provided firms with a new tool for customer engagement (Luo et al., 2013). Although those tools are not specifically designed for organizational purposes, companies are integrating their use into their CRM strategies in order to augment customer-firm interactions and reinvent customer conversations.

Social Media have become incredibly popular in recent years. Facebook is the largest Social network in the world. The number of daily active Facebook users has already reached 890 million by December 2014, an increase of 18% over the prior year (Facebook, 2015). User-generated content (UGC) has become a mass phenomenon, with Facebook, YouTube, Wikipedia, and Twitter all being listed among the Top 10 global websites, in number of visitors and page views (Alexa, 2015). This surge in popularity has extensively increased online user-generated content (UGC) or word of mouth (WOM) and hence, attracted marketers' attention. Burson-Marsteller (2012) empirically examined Fortune Global 100 companies' social media activity on Twitter, Facebook, YouTube, Google Plus and Pinterest. They observed how

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