

Chapter 50

Social Media Use and Customer Engagement

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ABSTRACT

Social media has totally changed the way companies relate to the market, opening a vast array of new opportunities for firms to reinvent customer interactions. The strategic use of platforms like Facebook, Twitter, or YouTube can facilitate business transformation, improving the management of customer relationships, brand image, and enhancing customer retention. Although research on social media has greatly evolved in recent years, there is still some skepticism regarding the real value it can create for firms. To shed light on the topic, drawing on a sample of 212 Spanish hotels, the chapter examines what are the main social media tools used in this sector and what is the impact of using these platforms in promoting customer engagement behaviors. The chapter offers relevant implications for theory and practice.

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

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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).

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