

# Impact of social media marketing on building relationship and creating loyalty among online customers in Mumbai

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## **ABSTRACT:**

Now a days, the rise of the Social Media marketing has led to a fundamental shift in the way businesses of all sizes engage with their customers promptly and regularly. Rather than focusing only on "touch points" during the marketing and sales process, companies using social technologies to form meaningful, ongoing relationships that involve frequent online interactions, oftentimes through social channels. With social media sites like Facebook, Twitter, You tube etc., companies from every industry are gaining from a new found connection in respect to their product offerings, promotions, special discount notifications, offers with their online customers.

Social media networks open the doors to new types of customer experiences especially online by connecting with them when they are a few feet away from their stores. Many companies have interactive collaborations with social networks in order to bring customers offers, discounts and notifications of new opportunities at any given moment. Wherein consumers are getting new knowledge about products, get platform to share about product reviews, opinions, experiences, likes, benefits of offers which can lead to better relationship with the customers.

The objectives of the research paper is to understand the impact of social media marketing on building relationship and creating loyalty among online consumers and to know which are the top 5 online shopping sites were mostly used by online consumers. Qualitative research method were used. The data was collected through questionnaires method. The study could be further used by the researchers and online shopping companies to make future strategies in similar area.

**Key words:** social media marketing, online consumers, customer relationship.

## **Introduction:-**

### **SOCIAL MEDIA MARKETING:**

With emergence of social media, consumers have more control over information which is generated, created, organised and shared through social media. Consumers uses new media to participate in social networks, which enables them to create and share content, communicate with one another, and build relationships with other consumers. As consumers today spends a lot of time creating user generated content and posting it on the internet, it behoves the business community especially for online shopping.

Social media is changing the ways that business are going about marketing themselves to their consumers, as it forces a rethink of traditional marketing methods. 81% of surveyed executives expect to increase investment on social media projects and reduce traditional marketing. This research paper is focusing on impact of social media on building relationship and creating loyalty among online consumers.

### **BUILDING RELATIONSHIP AND CUSTOMER LOYALTY:**

In the era of Internet Marketing, Nowadays consumers can be reached at all times in almost any place they go thanks to the

proliferation of Internet capable smart phones, and this means that companies must work hard to keep their brand and image relevant and on point. Another thing that we are going to be looking at is how the new social media has affected companies' relationships with their customers, especially as it pertains to the ease of which consumers can now complain or compliment a company. With so many online rating sites, as well sites where people can publish personal thoughts via written or video format, companies nowadays have an amazing opportunity to become more directly involved with their consumers.

For building relationship among online customers word of mouth communication plays a main role on online communication where consumers exchange and share their knowledge, opinions and experiences and has an impact on consumers purchase decisions which helps for customer relationships. Word of mouth communication is cheaper, faster, and more effective than the other marketing tools.

#### **Benefits of social Media marketing:-**

The growth of online social networks provided many different additional online activities for consumers such as blogging, chatting, gaming and messaging. Facebook.com is one of the most popular social networking sites. Social interaction with others created new behaviour and also affected on consumers daily purchase decisions.

The growth of online participation and discussion has made consumers to impact on the products and brands. The changes in behaviour and action are created by social influences.

Online social networks change the way of about marketing, companies and consumers have direct interaction and relationship with one another.

#### **Objectives of Study:**

1. To understand the impact of social media marketing on building relationship among online consumers.
2. To know top 5 online shopping sites mostly used by online consumers.

#### **Literature Review:-**

SCRM is very individually focused, and since a large part of CRM deals with building trust, it is important that the consumer be made to feel that they are important to your brand or company. SCRM can also be useful for a company, as it supports the whole customer lifecycle, and should lead to increased sales and decreased costs if implemented correctly (Woodcock et al., 2011, p 55).

Customer relationship management is not a new concept, nor has it tenets changed dramatically; it is just the way that it is carried out now that has changed. Kierzkowski et al., (1996) "point out that retaining customers is the perquisite for learning and building relationships with them". Chan and Guillet (2011) pointed out that "providing interesting and valuable content on social media sites has become very important for that reason" (p 365). It is essential for marketing managers to continuously find a solution to appeal to and to keep new and current customers (Schneider, 2009 as cited in Lee, 2010, p 2). Since, as Lee (2010) points out, when a company gets their customers involved and engaged, it leads to lasting working relationships (p 7). Furthermore, there is a strong correlation between high customer-retention rates and sustainable profits (Murphy et al., 2003, p 73), which goes to explaining why social media should be considered a key element these days in CRM.

A significant part of CRM, and usually the first step in the relationship process is getting to know your consumers, their likes, dislikes, and things of that nature.

Social media can make it much easier for companies to learn about their customers, even if it's just by reading what they

write online. Kaplan and Heinlein (2010) say that companies should find out what their consumers would like to hear, what they would like to talk about, and what they might find interesting, enjoyable, and valuable; then the company should go about developing and posting content that fits those expectations (p 66). O'Connor (2008) also points out that becoming friends with the customer allows companies to see first-hand what their customers are like, and can be an incredible source of market intelligence, as it can give them access to information that would be difficult or impossible to obtain otherwise.

Another important step in the CRM process is that of retaining consumers. Woodcock et al., (2011) point out that through the use of SCRM a company can get to know their high value customers, and then proceed to market accordingly to those customers (p 56), ideally creating the feeling for the customer of being in a one-on-one relationship with the company or brand. This is one of the major pluses of using social media in CRM, as it has the ability to create a sense of trust between the marketer and the consumer, and it can also lead to better customer service. Murphy et al., (2003) show that customer service has a strong link to customer satisfaction, which then yields customer loyalty and long-term profitability (p 76). It has also been shown that when a company gets their customers involved and engaged, it can lead to lasting working relationships with organizations (Lee, 2010, p 7), and that maintaining ongoing contact is essential to developing and keeping that relationship (Keirzkowski et al., 1996, p 15). The third step in the customer relationship management cycle is engaging the customer, because through engaging the customer, you can keep them on your side. Woodcock et al. (2011) state that it is clear that the greater the consumer engagement, the greater the financial value of the customer, and that a deeply engaged, or committed consumer has 5x-8x the value of an average consumer (p 56). This means that if you are able to engage your consumers and move them from

just being mildly committed to engaged, you increase the value of that consumer for your company.

Different types of social media can have different effects on consumers and consumer brand relationships. A fan page on Facebook allows customers to communicate with one another, and more importantly, to communicate with the company (Zhang et al., 2011, p 1). The use of corporate blogs enables companies to strengthen relationships with their customers (Lee, 2011, p 17), as the customers are kept abreast of the happenings at the company and therefore feel involved. Firms are also increasingly trying to use online communities to enhance their customer relationships (McAlexander, Schouten, and Koenig, 2002, as cited in Hennig-Thurau et al., 2010, p 319). For example, in online communities of information technology firms such as Hewlett-Packard and Microsoft experienced customers support peer customers who face product-related problems ("consumer support forums"; e.g., Mathwick, Wiertz, and De Ruyter 2008, as cited in Hennig-Thurau et al., 2010, p 319). According to Patrick Mikalef<sup>1</sup>, Michail Giannakos<sup>2</sup> and Adamantia Pateli<sup>3</sup> "The gap that exists between social media users and unsuccessful company strategies for product promotion can be attributed to the lack of solid empirical findings from the research area to help guide managers decisions".

#### **Hypothesis:-**

Based on the above objectives following hypothesis are framed and their validity would be tested through research techniques:

**Hypothesis 1:**(H<sub>01</sub>) There is no significant relationship between gender and purchase of products through social networking sites.

**Hypothesis 2:**(H<sub>11</sub>) There is significant relationship between gender and purchase of products through social networking sites.

Research Methodology:

The first step in the research processes was to determine the factors (parameters) which helps the online shoppers to go online and do shopping. For this pilot study has been conducted with samples of 50 to decide which are the social media marketing sites and which are the online shopping sites were mostly used by the customers.

Review of various data and literature available regarding all issues connected with the research was extensively undertaken. Various journals magazines and research papers were referred too. Several web sites were browsed and relevant data was collected. Both primary and secondary data were collected for the research.

**Research Area:** The geographic area chosen for the survey was Mumbai city for the purpose of convenience and time.

**Research Instrument used in the study:** The aim of the research project was to understand the impact of social media marketing sites for building relationship and creating loyalty with online consumers. The study has conducted exploratory

research since it tends to know the preferences for using social networking sites. Survey method using structured questionnaire has been used in this research as a tool to collect the possible usable data in order to know about impact of social media sites on online consumers for building relationship and creating loyalty. Sample size is 50.

The survey questionnaire that was used to collect the primary data for this study has been developed bases on literature review in order to obtain the objectives for the study. The questionnaire consist of demographic information like age, gender, educational qualification. Used ranking method to find the most preferable social networking sites and different uses of social networking sites for online consumers. Used five scale Likert scale ranges for not important to extremely important to understand the important attributes choosing the online customers while shopping.

**Limitations of the study:** The study was confined to Maharashtra and therein Mumbai due to cost and time constraints. Income as a demographic profile was not considered. The views of online consumers were considered.

**Data Analysis Stage:** Data collected through primary and secondary sources was tabulated and summarized so as to draw logical conclusions.

### Results and Discussions:

The pilot study has been conducted through questionnaire to find out top 5 social networking sites used by online consumers as well as top 10 online shopping sites mostly used by the consumers. The results of the pilot study is:

#### **Top 5 social networking sites**

1	Facebook
2	You tube
3	LinkedIn
4	Twitter
5	Orkut
6	Myspace

**Top 10 Online shopping sites**

1	Amazon.com
2	Jabong.com
3	Myntra.com
4	Yebhi.com
5	Flipkart.com
6	Snapdeal.com
7	Homeshop18.com
8	Ebay.com
9	Junglee.com
10	Futurebazar.com

**Demographic profile of the Respondents:**

Out of 50 respondents, there were 36 females and 14 were males. Moreover, majority of respondents are aged between (below 25 to above 35) out of below 25 were 39, at 25 to 35 age were 10 and above 35 age is 1. Total out of 50 respondents 28 were graduates and 22 were post graduates.

Table 1: Demographic Profile of respondents.

Gender	No. of Respondents	Age	No. of Respondents
Females	36	Below 25	39
Males	14	25to 35	10
		Above 35	1

Qualification	No. of Respondents	Time spend daily on social networking sites	No. of Respondents
Graduates	28	30 min	18
Post Graduates	22	30 to 60 min	21
		60 to 120 min	4
		More than 120 min	8

Table 2: Information on Social Networking sites.

No. of Social networking sites actively used.	No. of Respondents
1	14
2	18
3	6
4 & above	12

(As per Ranking Method)	Uses of Social Networking sites for online Consumers
1 <sup>st</sup>	Communications (sharing information/pictures)
2 <sup>nd</sup>	Entertainment/ Games
3 <sup>rd</sup>	Shopping Information
4 <sup>th</sup>	Making old / new friends
5 <sup>th</sup>	Time killing

Social networking sites actively used by the online respondent were 12 who was having more than 4 accounts where 6 respondents having 3 accounts. 18 and 14 respondent were having 2 and 1 social networking sites respectively.

Almost 80% respondent were log in for social networking sites every day. While 20% were log in alternate days.

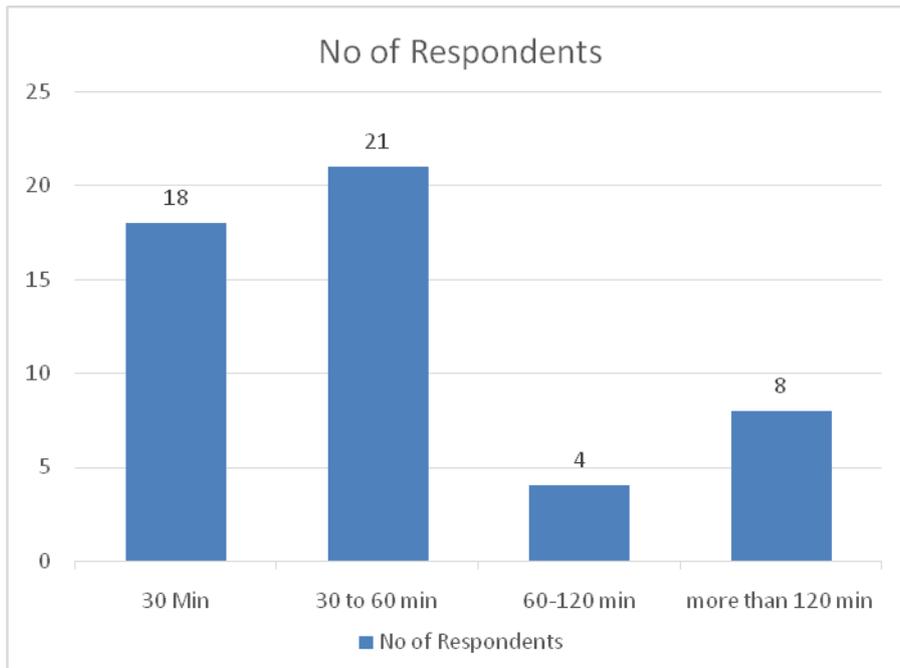


Figure1: Graphical presentation of time spend (in hours) daily on social networking sites.

Time spend on social networking sites were 21 respondents spends 30 to 60 min daily while more than 120 min were 8 no. of respondents.

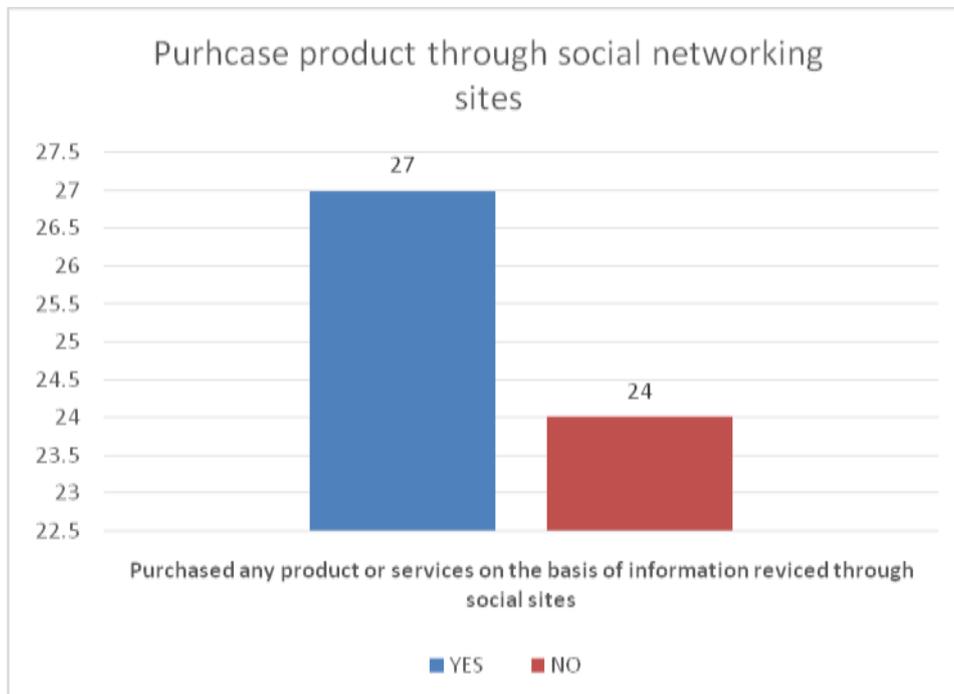


Figure 2: Graphical presentation of purchased product through social Networking sites.

Purchased of product or services on the basis of information received through social networking sites were 27 yes they were buying while 24 were not buying.

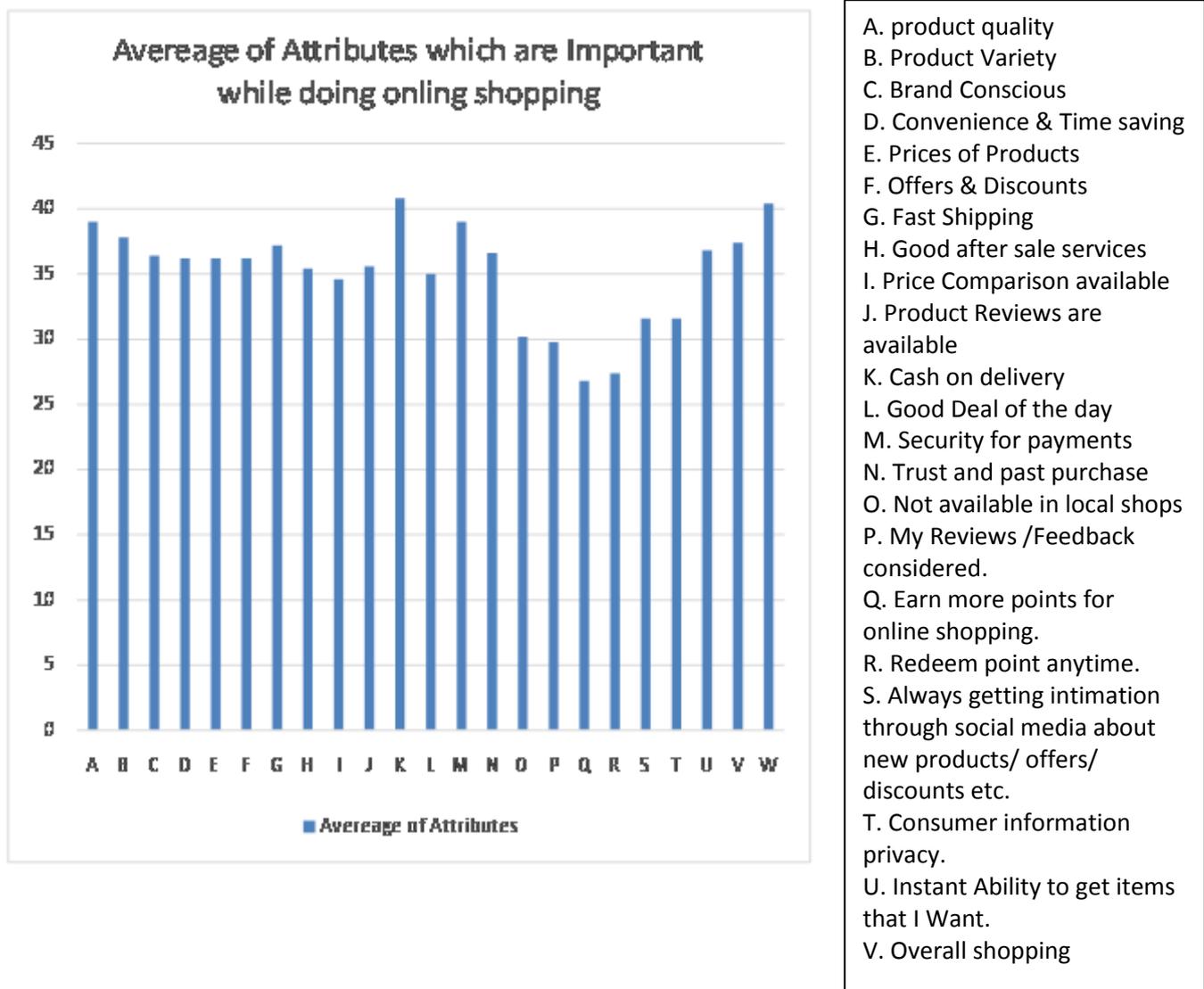


Figure 3: Graphical presentation of average of attributes which are important for doing online shopping.

Attributes which are extremely important while choosing or doing online shopping for the products are as follows:-

- 1) Cash on delivery
- 2) Overall shopping experience

- 3) Product quality
- 4) Product variety
- 5) Security for payment of products
- 6) Instant ability to get items that I want
- 7) Fast shipping

While attributes which are somewhat important were as follows:-

- 1) Brand Conscious
- 2) Convenience and time saving
- 3) Prices of products
- 4) Offers and discounts always available
- 5) Good after sale services (Return policy)
- 6) Product reviews are available
- 7) Good deal of the day
- 8) Trust and past purchase experiences
- 9) Consumer information privacy
- 10) Price comparisons available

Attributes which are not important were as follows:

- 1) Earn more points on shopping
- 2) Redeem points anytime
- 3) Products are not available in local shops
- 4) My reviews/ feedback/ rating considered
- 5) Overall speed of shopping process
- 6) Always getting intimation through social media about new product, offers/ discounts, seasonal offers.

### Hypothesis Testing:

**Hypothesis 1:** ( $H_{01}$ ) There is no significant relationship between gender and purchase of products through social networking sites.

The p value is 0.072, alpha 5% errors and chi-square value i.e.

$\chi^2$	0.07732
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Which is slightly greater than P value. Thus  $H_{01}$  is rejected which means that, There is significant relationship between gender and purchase of products through social networking sites.

**Theoretical Framework of social media marketing on building relationship**

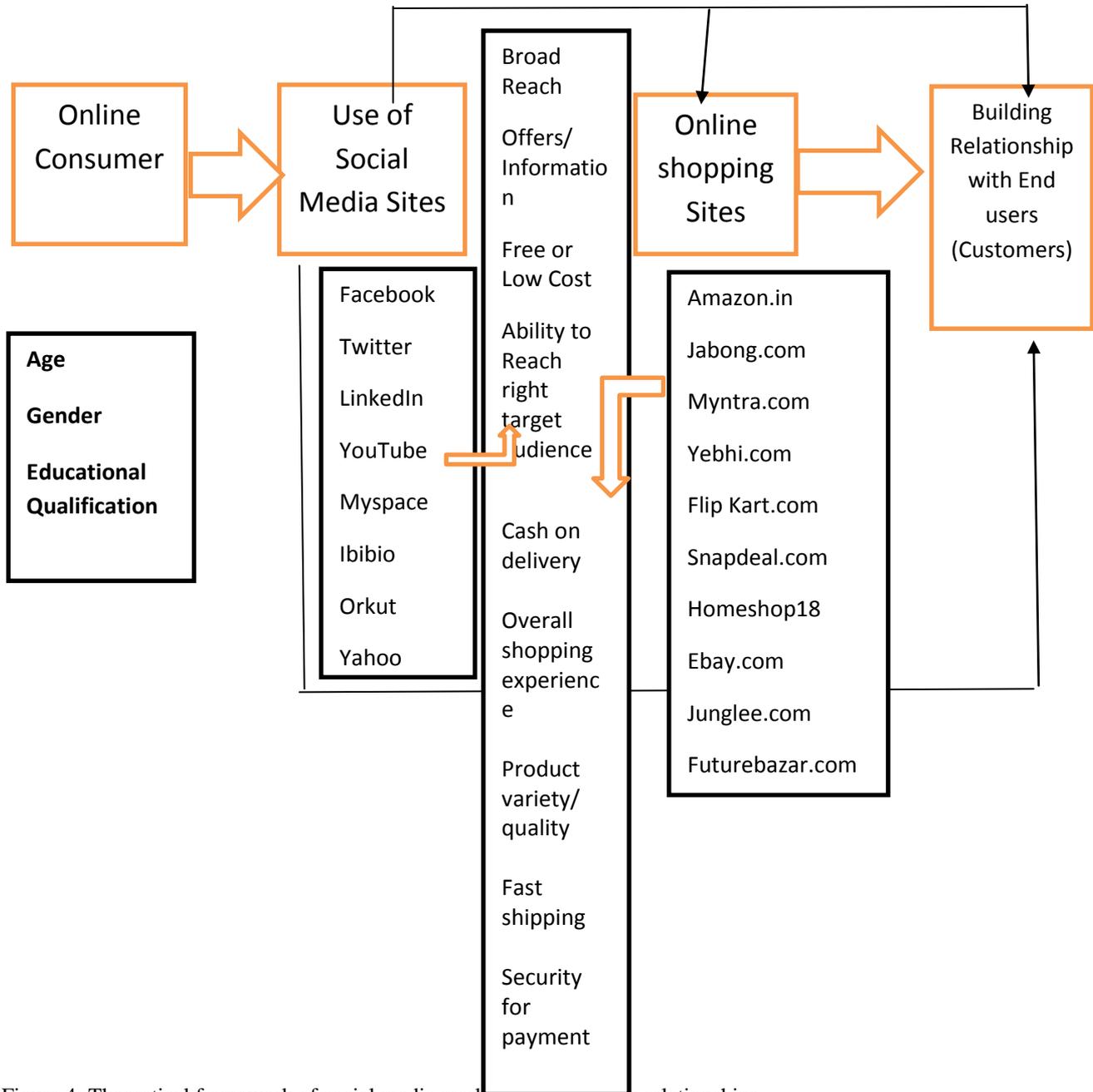


Figure 4: Theoretical framework of social media marketing on building relationships.

### Conclusions and Recommendations:-

After identifying the major attributes following are the highlighted point for building relationship with online consumers:-

1. Online shopping companies after selling the products always checking satisfaction level of customers through emails, product reviews/ feedback etc.
2. Online companies sending emails and special offers for target audience through social media marketing sites.
3. Social media like Facebook, Twitter is very useful for getting instant reply to every queries and complaints, giving exclusive and delight discounts to regular customers.
4. Online companies sending personalised greetings and pop ups through social media according to customers search for products.
5. Online shopping becomes very convenient because of customised emails about offers and discounts.

Now a days, android, i-phone plays a very important role at the age group of 25 to 40. This group of customers are more technology used segmentation (tech-savvy)used more internet for different purposes, spends more time on social networking sites. There is more scope for online shopping companies to create mobile application which can be downloaded in mobile for convenience for the customers and easily and quickly shopping.

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Figure 1: Graphical presentation of time spend (in hours) daily on social networking sites.

Figure 2: Graphical presentation of purchased product through social Networking sites.

Figure 3: Graphical presentation of average of attributes which are important for doing online shopping.

Figure 4: Theoretical framework of social media marketing on building relationships.

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