Social Media Marketing and Relationship Marketing: revolution or evolution? A first step analysis

ANDREA MORETTI* ANNAMARIA TUAN*

Abstract

Purpose of the study. By relying on the value creation perspective from a knowledge economy viewpoint, the aim of the paper is to analyze if the introduction of Social Media may be considered as an evolution or as a revolution of Relationship Marketing. This paper represents the first step of a longer path aimed at analyzing the evolution of the connections between Relationship Marketing (RM) and Public Relations (PR) in light of the introduction of Social Media, considered as tools of co-production and co-creation of value for firms.

Methodology. A wide range of online databases were searched by means of keywords in order to analyze both academic and professional literature. Afterwards we used the snowball method in order to identify related references.

Results. Identification and description, according to an economic-managerial perspective, of the constitutive elements of a theoretical framework which allows us to analyze the relationship between RM and Social Media Marketing.

Practical implications. Definition of the operational elements concerning the distinction between RM and Social Media Marketing so that the decision maker of firms may identify the innovative elements of Social Media within the marketing strategies and policies, in particular with regard to operational tools (ICT and managerial).

Limits of the research. Since this is the first phase of a larger research, the study mainly deals with the analysis of RM literature by highlighting only the main contributions in the field of Public Relations.

Originality. Identification of specific operational relationships between Social Media Marketing and RM by relying on the knowledge economy perspective of Italian strategic-managerial matrix. Identification of specific research questions which economic-managerial research has to answer in order to "solve" the relation between RM and PR in the context of Social Media.

Key words: Relationship Marketing; Social Media Marketing; CRM; Social CRM

* Ordinario di Economia e Gestione delle Imprese - Università degli Studi di Udine
e-mail: andrea.moretti@uniud.it

* Dottorando di ricerca in Economia e Gestione delle Imprese - Università degli Studi di Udine
e-mail: annamaria.tuan@uniud.it
1. Introduction

Social Media\(^1\), defined 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” (Kaplan and Haenlein, 2010; p. 61), have enhanced the potentialities of the Web by leading to a transformation in the way in which relationships with customers are managed (Cherubini and Pattuglia, 2012; Finotto and Micelli, 2010; Hanna et al., 2011; Lewis and Nichols, 2012; Kietzmann et al., 2011). With the rise of Social Media, power seems to have shifted from marketing managers to individuals and communities (Finotto and Micelli, 2010; Kietzmann et al., 2011; Mangold and Faulds, 2009; Mortara and Sinisi, 2012; O’Reilly, 2005; Pastore, 2009; Vernuccio et al., 2012).

Nevertheless, despite the increasing growth of Social Media, managers are still uncertain about how Social Media can be used in marketing strategies (Ang, 2011; Finotto and Micelli, 2010; Nadeem, 2012) and, as suggested by Macnamara and Zerfass (2012), around two-thirds of organizations do not have specific policies or guidelines in relation to Social Media.

Academic literature has not focused, until now, on the potentialities of Social Media for firms’ value creation (Rullani, 1997; Normann and Ramirez, 1993). As suggested by Kornum and Mühlbacher (2013), there is a need “to study the new role of marketing from the perspective of an interactive online worlds in which participants with different interests, resources and power co-create value” (p. 1461).

As a consequence we suggest the use of the following schema (Fig.1)\(^2\) in order to understand the aim of our paper. The origins of Relationship Marketing (RM) can be traced back to Transactional Marketing and the difference between the two lies in the different economic perspective of value production, which they are based on. In addition, our contribution is given by the idea according to which we consider Social Media Marketing (SMM) as part of Relationship Marketing and, specifically speaking, as an evolutionary factor of Relationship Marketing. As a matter of fact, researchers argue that RM represents a “paradigm shift in marketing” from its previous focus on “transactions,” in which firms use the “4P model” to manage marketing-mix variables (Grönroos, 1994; Henning-Thurau and Hansen, 2012; Sheth and Parvatiyar, 2000). The focus of RM is to identify and retain long-term customers because it is more profitable to keep and satisfy existing customers than to constantly renew a strong customer base constantly (Reinartz and Kumar, 2003). It is often argued that the rapid progress of information and communication

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\(^1\) The array of Social Media expands daily but we can mention the following list based on Woodcock et al. (2011, p.64):
- Blogs;
- Social Networking Sites (e.g. Facebook, Twitter,…);
- YouTube;
- Photosharing (e.g. FlickR);
- Interest sharing (e.g. Pinterest);
- Interactive applications;
- Location based networks (e.g. Foursquare);
- Aggregating channels (e.g. comparison sites);
- Discussion groups/user forums.
We have excluded “virtual communities” from the list provided by Woodcock et al., 2011 because in this paper we consider them as a managerial concept (Micelli, 2010) not as a Social Media.
In our analysis we don’t consider the Business Social Networks as Social Media, as suggested by Galano and Marchigiani (2013).

\(^2\) Authors are aware of the fact that a wide range of interpretative perspective could be associated with this argument, among which it is worthwhile mentioning the perspective of Public Relations. Several studies, indeed, have explored the use of Social Media in Public Relations (Cherubini and Pattuglia, 2012; Curtis et al., 2010, Di Staso et al., 2011; Invernizzi and Romenti, 2013; Macnamara 2010, Porter et al., 2009, Verhoeven et al., 2012, Wright and Hinson, 2009). The main objective of PR is to create a positive image of the company to the public and enhance reputation via different channels (Siano, 2012). In this context Social Media have gradually changed the practice of public relations (Di Staso et al., 2011; Macnamara, 2010; Wright and Hinson, 2011) and they “offer numerous opportunities for public relation practitioners to interact with a wide range of stakeholders” (Di Staso et al., 2011, p. 325).
technology has accelerated the popularity and acceptance of relationship marketing; nevertheless, the integration of these technologies into the relational concept is only rarely discussed in the relationship marketing literature (Henning and Hansen, 2000), as for what concerns the Social Media landscape.

In this context, how can we consider Social Media Marketing? Is it a subset of Relationship Marketing or may it be considered only as another tool of Public Relation practitioners which may be useful to strengthen relationships with stakeholder?

Fig. 1: Framework of the research

Source: own elaboration

In the following paragraphs, on the basis of the economic-managerial literature of value creation in networks (Rullani, 1997) or value constellation (Normann and Ramirez, 1994), after taking a look at the definitions of Relationship Marketing and Social Media Marketing and by relying on the literature review, we attempt to answer to the following research questions:

RQ1: Is Social Media Marketing a subset of tools within the relational perspective of marketing?

RQ2: Can Social Media Marketing be identified as an organizational process which enables the enhancement of value co-creation between firms and customers and in general with overall stakeholders?

2. Methodology

In order to be able to define the streams and themes related to Relationship Marketing and Social Media Marketing research, a conventional keyword-based search strategy on the online database Scopus Science Direct was adopted. The first literature search was based on the following descriptors: Social Media Marketing, Relationship Marketing, Social Customer Relationship Marketing, Customer Relationship Marketing.

The process identified 10,267 articles but most of them were excluded because the focus was beyond the scope of our study. We have excluded paper related to Public Relations because the relationships between Social Media Marketing and Public Relations will be analyzed in a second step of the research. We have excluded also papers related to Tourism Management and Healthcare. The main problem related to the search for the papers was the following: by searching for the term “social media” we gain a lot of results related only to the topic “social” which is not relevant for the aim of our study. As a consequence, by analyzing titles and abstracts, the process identified 343 articles of relevance, which were further analyzed.

We have taken into consideration mostly marketing and management journals strictly correlated with the aim of the paper (Business Horizons; European Journal of Marketing; Journal of Marketing; Journal of Marketing Management; Journal of Interactive Marketing; Journal of Marketing development and competitiveness; Long Range Planning; Management Decision; Mercati & Competitività; Micro & Macro Marketing; Sinergie). It is interesting to see that a scant literature on top journals is dedicated to these arguments.

3 On Scopus we have limited our research to the subject area “Business and Management”
After this first selection we have used the snowball method in order to identify related bibliographic references. We have analyzed a total of 500 papers.

The following table summarizes the process of selection of the articles:

<table>
<thead>
<tr>
<th>Keyword</th>
<th>n° of results</th>
<th>Final n° of results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Media Marketing</td>
<td>672</td>
<td>150</td>
</tr>
<tr>
<td>Relationship Marketing</td>
<td>6712</td>
<td>100</td>
</tr>
<tr>
<td>Social CRM</td>
<td>291</td>
<td>50</td>
</tr>
<tr>
<td>CRM</td>
<td>2592</td>
<td>43</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10,267</strong></td>
<td><strong>343</strong></td>
</tr>
<tr>
<td>Snowball method</td>
<td></td>
<td>500</td>
</tr>
</tbody>
</table>

Source: own elaboration

3. Research context

3.1 Knowledge economy and value production

ICT have changed the way we traditionally considered the process of value creation for firms (Micelli, 2010; Rullani, 1989). The concept of network provided by Rullani (1997) or that of value constellation (Normann and Ramirez, 1993; Normann, 2001) assume that value is created in a network of relationships of stakeholders and not only by the supplier, as stated by the logic dominating Porter’s well-known value chain. Networks reduce communication costs and allow firms to activate virtuous dynamics among economic subjects which can share important knowledge which is useful for innovation purposes (Rullani, 1997). The strategic task for firms is the reconfiguration of roles and relationships among the constellation of actors in order to mobilize the creation of value in new forms and by new players (Normann and Ramirez, 1993; Duncan and Moriarty, 1998; Payne et al., 2001).

The Web is considered a potential ideal space for the development of interactive relationships because it allows for greater strength of the relations between firms and clients based on knowledge sharing, which the innovation process and firm growth relies on (Grandinetti, 1993; Micelli, 2010; Rullani, 2010). ICT enable interactive communication by facilitating the active participation of consumers, reducing the time-to-market of products, allowing firms to reach big targets with a high level of personalization (Micelli, 2010; Pastore, 2009; Rullani, 2010). The concepts of co-production and co-creation of value are not totally new in managerial literature (e.g. Toffler, 1980) but they assume an important role in the literature on consumer virtual communities, which has produced a large body of evidence highlighting its increasing importance in marketing and innovation (e.g. Micelli, 2010; Muniz and O’Guinn, 2001).

Given that the firm is a cognitive system, that can transform information and knowledge into economic value (Rullani, 1997, 2004a, 2004b), in order to understand the impact of technologies on firm, it is necessary to check how these technologies transform and impact the way in which firms are using and sharing information and knowledge.

Micelli (2010) provides a useful map to analyze the impact of new technologies in the evolution of organizational forms. The model is based on two variables:

a) the range of the firm’s boundaries: thanks to ICT and Web 2.0 actors that are located outside the firm are involved in the process of value creation;

b) the level of complexity of dialogues.
New technologies involve actors which were traditionally excluded from the process of innovation management in order to share knowledge and information about product and process improvement. Thanks to virtual communities users can have access to information and relationships at low cost and firms can find within these spaces important information about goods, services and market knowledge (Micelli, 2010).

Given that Social Media have empowered users to connect, share and collaborate, by creating spheres of influence that have fundamentally altered the way in which marketers engage in influencing activities (Micelli and Finotto, 2010; Singh, 2005 as stated in Hanna et al., 2011), we can place Social Media in the top right of the image. Social Media are characterized by a low level of complexity of dialogues and a high range of firm’s boundaries. Users are, indeed, no longer passive participants but they play an active role in the media process since they have become an important and productive source of content on the Web (Bettiol and Finotto, Cherubini and Pattuglia, 2012; Cosenza, 2012; Pastore, 2009; Solima, 2010). By focusing on customers, Social Media provide them with more effective and affordable communication tools that enable them to participate in value adding and marketing mix decisions by connecting and interacting not only with sellers but also with other stakeholders (Pastore, 2009; Sashi, 2012). The interactive nature of Social Media is likely to lead to the blurring of the role integrity of sellers and customers by expanding the role of customers and including them in the creation of value, thus leading them to become co-creators and co-producers (Bruhn et al., 2012; Micelli, 2010; Pastore, 2009; Toffler, 1980; Sashi, 2012; Vargo and Lush, 2004). As Rullani (2004, 2010) emphasizes, we are in a postindustrial era that can be called new/net/knowledge economy. The Web is not only the space where technologies are developing (new economy) or where users can share information and experiences (net economy) but thanks to the Web, users can develop knowledge sharing (knowledge economy). Given that knowledge has null reproduction costs, it is clearly an increasing resource (Rullani, 2010).

With the rise in Social Media, power has been shifted even further from marketing managers to individuals and communities (O’Reilly, 2005; Mangold and Faulds, 2009; Kietzmann et al., 2011, Pastore, 2009; Finotto and Micelli, 2010; Venuccio et al., 2012; Mortara and Sinisi, 2012) because now firms take into account for the production of value also actors that had not been involved before. Firms are currently using Social Media to engage in important conversations and to enhance their understanding of markets by listening to the opinions and needs of the customers, and overall stakeholders (Cova and Dalli, 2009; Berthon et al., 2007; Mortara and Sinisi, 2012; DiStaso et al., 2011). The traditional communication paradigm, which relied on the classic promotional mix - advertising, personal selling, public relations and publicity, direct marketing and sales promotion - should be integrated with all the forms of Social Media since they are potential tools which need to be taken into consideration when designing and implementing integrated marketing communication strategies (Mangold and Faulds, 2009). Mangold and Faulds, (2009), as a matter of fact, referred to Social Media as “the new hybrid element of the promotion mix” (p. 357) because they combine the characteristics of traditional integrated marketing communications tools with highly magnified form
of word-of-mouth, whereby marketing managers cannot control the content and frequency of such information.

Social Media allow firms to engage in timely and direct-end-consumer contact at relatively low costs and higher levels of efficiency than those achieved through more traditional communication tools because consumers are disseminating information on goods and services (Kaplan and Haenlein, 2010, Mangold and Faulds, 2009).

3.2 Relationship Marketing: CRM and Social CRM

Since the aim of the first research question (RQ1) is to understand the connections between Social Media Marketing and the relational perspective of marketing, in this paragraph we highlight the development of Relationship Marketing with a particular focus on CRM and Social CRM.

From the 1990s we have assisted to a major shift in marketing theory and practice, with a much greater emphasis on a more relational-based approach rather than on a transaction-based selling platform (Bguyen and Mutum, 2012; Grönroos, 1994; Hibbard and Dant, 2001; Mogan and Hunt, 1994). By summarizing the wide variety of Relationship Marketing definitions that can be found in the literature (Aijo, 1996; Grönroos, 1989, 1994; Gumnessson, 1994, 1996; Morgan and Hunt, 1994) it may be stated that “Relationship Marketing is to identify and establish, maintain and enhance, and when necessary, also terminate relationships with customers and other stakeholders, at a profit, so that the objectives of all parties are met, and this is done by a mutual exchange and fulfilment of promises” (Grönroos, 1990).

Even if the definitions of the term Relationship Marketing (RM) are numerous, they all contain the same or similar elements. These elements are given by the connection between the company and the customer (one-to-one marketing), who is considered the most important resource of the company, and the long-term relationship of a company with its customer (Gumnessson, 2002). Indeed, the focus of RM is to identify and retain long-term customers because it is more profitable to keep and satisfy existing customers than to constantly renew a strong customer base (Reinartz and Kumar, 2003).

Many scholars have highlighted the motives of the evolution from traditional marketing to relationship marketing: the environmental conditions of the pre-industrial and industrial era (Sheth and Parvatiyar, 1995), the economics of customer retention (Rosenberg and Czepiel, 1984; Reicheld and Sasser, 1990) and the ineffectiveness of mass media when assisting customers’ decision making processes and creating useful dialogues (Shani and Chalasani, 1992).

According to Sheth and Parvatiyar, (1995) the development of relationship marketing points to a significant shift in the axioms of marketing: from competition and conflict we move to mutual cooperation leading to value creation, and from choice independence to mutual independence for the creation and distribution of marketing value.

The literature on the key variables of relationship success has reached an advanced state. Trust and commitment are considered central to successful relationships because they directly lead to cooperative behaviors that are conducive to relationship marketing success (Morgan and Hunt 1994): trust exists if a customer believes a service provider to be reliable and to have a high degree of integrity; commitment is the customer’s orientation towards a long-term business relationship, based on emotional bonds.

For customers, RM provides closer and longer-term relationships that yield three types of benefits: 1) social (familiarity, friendship and information-sharing), 2) economic (discounts or other money-saving benefits) and 3) customization (tailor made services/products), as noted by Sheth and Parvatiyar (1995), Berry (1995), Gwinmer et al., (1998) and Peterson (1995).

If relationship marketing is to be successful, an integration of all marketing communication messages is needed to support the establishment, conservation and enhancement of relationships with customers and other stakeholders (Grönroos, 2004). In RM communication undoubtedly plays a central role in providing an understanding of exchange partners’ intentions and capabilities (Duncan and Moriarty, 1998; Donaldson and O’Toole, 2007). Duncan and Moriarty (1998) have
developed a communication-based model for managing relationships which pays special attention to two aspects: the need for integrated marketing communication and the demand for interactive communication.

Customer Relationship Management can be considered as a tool of RM which allows to create “an understanding of the market and customer behavior and aims to improve the customers’ lifetime value through customer interaction” (Faase et al., 2011, p. 9). As noted by Micelli (2010) CRM is characterized by a low dialogue implementation and an extension of actors which is basically directed outside the firm. As suggested previously, we must not forget the impacts that technologies have on the management of firms in the creation of value and of competitive advantage. In fact the principal objective of the CRM is to manage customer relationships so as to maximize their life-time value for the organization (Ang, 2011; Siano et al., 2005). Payne and Frow (2005) suggest that CRM can be defined from at least three perspectives which can be portrayed as a continuum: narrowly and tactically as a particular technology solution, wide-ranging technology and customer centric. The latter reflects a more strategic and holistic approach to CRM that emphasizes the selective management of customer relationships in order to create shareholder value (Payne and Frow, 2005).

From 2007 onwards CRM, fuelled by the advent of the Social Media, began a transformation from its traditional focus on optimizing customer-facing transaction processes in order to include strategies and technologies processes developing collaborative and social connections with customers, suppliers and even competitors (Band and Petouhoff, 2010; Greenberg, 2010; Nguyen and Mutum, 2012). Scholars began to analyze an extension of CRM, the so-called Social CRM.

Social CRM is a CRM firm policy which uses Web 2.0 services to create engagement between customers and the firm in order to improve relationships thanks to more meaningful interactions (Faase et al., 2011; Wang and Owyang, 2010). Indeed, following Faase et al., (2011) the top of the pyramid which highlights the Social CRM model is given by “customer retention and involvement”: customer retention is CRM-related because CRM is traditionally about retaining the customer, customer involvement is Web 2.0 related because Web 2.0 is about interactivity.

Nguyen and Mutum (2012), indeed, state that advances in CRM must consider Social Media because thanks to these media relationship building is taken to a new level, which is more personal and intimate and thus a stronger emphasis must be put in fairness. Social CRM provides the strategies and the tools for new levels of customer insight, which allow customers to personalize their interactions and experiences with companies who can profit from those experiences (Greenberg 2010, Pine and Gilmore 1999).

A stream of research considers SCRM as a misleading term because online community members are not necessarily also the customers of one’s organization. For this reason scholars, such as Ang (2011), introduced the term Community Relationship Management (CoRM) because it reflects more accurately what people do in online communities - connect, converse, create and collaborate (Nadeem, 2012, Micelli, 2010).

Social CRM does not replace existing CRM efforts, it adds more value by augmenting traditional systems (Greenberg 2010, Woodcock et al., 2011). What it adds are social features, functions, processes addressing the interactions between customers and their peers and the customer and the company with its suppliers and partners (Greenberg, 2010; Baird and Parasnis, 2011).

Baird and Parasnis (2011) reported that CRM strategy is designed to manage customer relationship as a means to extract the greatest value from customers over the lifetime of the relationship. However, with SM companies no longer have control over the relationship (Baird and Parasnis 2010; Nadeem 2012). The company and consumers co-create knowledge and customers have the power to influence others in his or her social network (Baird and Parasnis, 2010; Greenberg, 2010; Rullani, 2010).

In the net/new/knowledge economy, marketers have to involve customers in value creation by gaining information from virtual communities and from SCRM in order to be able to respond to customer needs faster and maybe even to anticipate such needs by listening to their conversations and taking actions accordingly (Woodcock et al., 2011).
4. Discussion

Using SM is not an easy task and may require a cultural and organizational shift and more of a listening and sharing culture than a selling culture (Kaplan and Haenlein, 2010; Smith and Zook, 2011). Giving a definition of Social Media Marketing is quite a hard task. By summarizing some reports found online we can suggest that Social Media Marketing refers to the process that empowers individuals to promote their websites by gaining attention through Social Media sites and by tapping into a larger community that may not have been available via traditional communication channels. Social Media Marketing programs are usually centered on efforts aimed at creating content to attract attention and encourage readers to share it by means of their social networks. A corporate message spreads more easily from user to user if it appears to come from a trusted, third-party source, as opposed to the brand or company itself. Hence, this form of marketing is driven by word-of-mouth, meaning it results in earned media rather than paid media. “The most popular brands in SM tend to post less about products (...) and more about things that help their customers get to know the people and the personality of a company” (Gordhamer, 2009).

Bernoff and Li (2008), as cited also by Finotto and Micelli (2010), provide guidelines to allow firms to adopt efficient Social Media strategies:

- listening: appraise users’ feedbacks and comments because they can be useful for product development and market strategy;
- talking: listening to customers’ needs to try to create a relationship with them;
- energizing: the engagement of customers in brand promotion by means of word of mouth and viral marketing
- supporting customers in post-sales also by means of peer-customers’ interactions

Social Media allow firms to engage in timely and direct end-consumer contacts at relatively low costs and higher levels of efficiency than what can be achieved by means of more traditional communication tools (Kaplan and Haenlein, 2011).

It is necessary to consider carefully the ways in which firms can create a SM experience that is unique to their brand, offer customer value and exploit the power of the social communities. To successfully exploit the potential of Social Media, companies need to design experiences that deliver tangible value in return for customers’ time, attention, endorsement and data (Baird and Parasnis, 2011). Companies need to embrace a new strategy which recognizes these aspects. Instead of managing customers, the role of the business is to facilitate collaborative experiences and dialogues valued by customers (Pine and Gilmore, 2000; Baird and Parasnis, 2011). As a consequence, firms have to develop a new corporate mind-set, involving media that do not simply replace the traditional ones, but instead expand media choices so as to gain reach, intimacy and engagement (Hanna et al., 2011). They have to understand that by being much more transparent in their dealings with consumers and by creating an ongoing conversation with customers they can build a better, long-lasting and more valuable relationship with them (Acker et al., 2010).

Indeed, consumers are shifting their trust away from corporate marketers and brands; they are instead talking and listening to their fellow consumers, giving opinions and sharing feelings and thoughts over Web 2.0 tools (Woodcock et al., 2011; Bruhn et al., 2012).

Coming back to our research questions, in order to understand if Social Media Marketing is a subset of instruments within the relational perspective of marketing (RQ1) we compare the key differences between Traditional Marketing, Relationship Marketing and Social Media Marketing by trying to identify what they have in common and what not (Table 1).

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4 Corcoran (2009) divides the ecosystem into three media types: owned media (controlled by the marketer), paid media (bought by the marketer) and earned media (neither controlled nor bought by the marketer, e.g. word of mouth, viral). Earned media are as important as the others because they represent the space where consumers give rise to their voice and the space where firms can strengthen relationships with users in a more interactive way thus increasing the customer engagement.
By relying on the literature review analyzed previously, we argue that most of the criterions of Relationship Marketing are confirmed also for Social Media Marketing. Indeed, the primary object for both are given by relationships that could be off-line (RM) or on-line (SMM) thanks to social networks, blogs, wikis, virtual communities. The basic element of long term relations with customers is represented by communication between the company and its customers which generally takes a long-term perspective both on and off line. In order to enhance trust and commitment, firms have to frequently interact with users and manage the customer base by means of a direct approach and with high intensity of contacts. Organizations that are not taking into consideration the possibility of listening to online conversations about their brand are missing a major opportunity because by ignoring these conversations an organization will be soon replaced by another which desires to be part of the conversation (Smith and Zook, 2011). As a CEO of a startup software company said, “the most important jobs of a CEO today is to hear what people are saying about the company’s product across media channels and to respond them directly. To engage with customers, it is no longer enough to have an email address and customer service number on one’s website. Today people want to interact with and engage businesses via their chosen means of communication” (Gordhamer, 2009).

Finally the production focus for RM and SMM is given by mass customization and not mass production. Thanks to Social Media firms can customize their communication messages, creating specific marketing campaigns thus creating a direct contact with clients or “followers”\(^5\). However, we can highlight a major difference in the focus in decision processes: with regards to Social Media Marketing the decision process focuses also on pre-sales activities not only on post-sales because the aim of Social Media is to establish a connection not only with customers but also with users in general.

In the table below we have introduced a criterion that was not present in the original one - “type of clients’ network” - because it is useful for the aim of our paper. As suggested by the literature (e.g. Grönroos, 1994) the main aim of Relationship Marketing is to keep long-lasting relationships with clients by enhancing commitment and trust. The type of clients’ network is therefore “co-producer/engaged”. We state that these assumptions could be useful also for Social Media Marketing because customers, thanks to these tools, become co-producers and co-creators of the value of the firm. Firms are indeed using Social Media not only to communicate but also to scan external environment, to develop strategic plans thanks to the information they could gain from the Web and to find new ideas in order to co-create new products with their clients (Cherubini and Pattuglia, 2012). As a consequence, they could be considered not only as communication tools but as strategic tools which could be useful for the general management of the firm (Cherubini and Pattuglia, 2012).

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\(^5\) Followers are users who follow a brand or an online community, because they have agreed to receive your Tweets through Twitter. If you add someone else to the list of people you read, you “follow” them. Popularity on Twitter is often measured by the number of followers a person has. (Grauschopf S. retrieved from http://contests.about.com/od/f/g/followersdefinition.htm)
Tab. 2: Key differences between the concepts of relationship marketing and transactional marketing

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Transactional marketing</th>
<th>Relationship marketing</th>
<th>Social Media Marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary object</td>
<td>Single transaction</td>
<td>Relationship</td>
<td>Relationship</td>
</tr>
<tr>
<td>General approach</td>
<td>Action-related</td>
<td>Interaction-related</td>
<td>Interaction-related</td>
</tr>
<tr>
<td>Perspective</td>
<td>Static</td>
<td>Evolutionary-dynamic</td>
<td>Evolutionary-dynamic</td>
</tr>
<tr>
<td>Basic orientation</td>
<td>Decision-oriented</td>
<td>Implementation-oriented</td>
<td>Implementation-oriented</td>
</tr>
<tr>
<td>Long-term vs short-term</td>
<td>Generally takes a short-term perspective</td>
<td>Generally takes a long-term perspective</td>
<td>Generally takes a long-term perspective</td>
</tr>
<tr>
<td>Fundamental strategy</td>
<td>Acquisition of new customers</td>
<td>Maintenance of existing relationships</td>
<td>Maintenance of existing relationships</td>
</tr>
<tr>
<td>Focus in decision process</td>
<td>Pre-sales activities</td>
<td>All phases focus on post-sales decisions and actions</td>
<td>All phases focus on pre and post-sales decisions and actions</td>
</tr>
<tr>
<td>Intensity of contact</td>
<td>Low</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Type of contact network</td>
<td>CUSTOMER/CLIENT</td>
<td>CO-PRODUCER/ENGAGED</td>
<td>CUSTOMER/CLIENT/ENGAGED</td>
</tr>
<tr>
<td>Degree of mutual dependence</td>
<td>Generally low</td>
<td>Generally high</td>
<td>Generally high</td>
</tr>
<tr>
<td>Measurement of customer satisfaction</td>
<td>Monitoring market share (indirect approach)</td>
<td>Managing the customer base (direct approach)</td>
<td>Managing the customer base (direct approach)</td>
</tr>
<tr>
<td>Dominant quality dimension</td>
<td>quality of output</td>
<td>Quality of interaction</td>
<td>Quality of interaction</td>
</tr>
<tr>
<td>Production of quality</td>
<td>Primary concern of production</td>
<td>The concern of all</td>
<td>The concern of all</td>
</tr>
<tr>
<td>Role of internal marketing</td>
<td>No or limited importance</td>
<td>Substantial strategic importance</td>
<td>Substantial strategic importance</td>
</tr>
<tr>
<td>Importance of employees for business success</td>
<td>Low</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Production focus</td>
<td>Mass production</td>
<td>Mass customization</td>
<td>Mass customization</td>
</tr>
</tbody>
</table>

Source: adapted from Henning-Thurau and Hansen (2012)

Therefore we can argue that Social Media Marketing is a subset of instruments within the relational perspective of marketing. Social Media Marketing and Relationship Marketing have in common the strategic perspective of co-creation of value thanks to the interaction of clients who become co-producer of the value of the firm.

From a marketing point of view, new media require a shift in marketing thinking (Henning-Thurau et al., 2010). As a CEO of a startup software company said, “the most important job for a CEO today is to hear what people are saying about the company’s product across media channels and to respond them directly. To engage with customers, it is no longer enough to have an email address and customer service number on one’s website. Today people want to interact with and engage businesses via their chosen means of communication” (Gordhamer, 2009). Firms need to learn that consumers have become highly active partners and that they are strongly connected with the networks of other consumers (Micelli, 2010; Rullani, 2010).

5. Conclusion

5.1 Directions for further research

In this paper, after having analyzed the Relationship Marketing literature from a knowledge economy and value production framework, we have gained insights about how Social Media
Marketing could be identified as a process that enable the enhancement of value co-creation between firms and stakeholders. We have suggested that most of the criterions of RM are confirmed also for SMM a part from the decision process and the type of contact network.

The analysis on Social Media Marketing and Relationship Marketing, which has been developed in the previous sections, allows us to highlight the fact that SMM may be integrated in a RM perspective, considering in particular the expanding role of customers in value creation (Bruhn et al., 2012; Micelli, 2010; Pastore, 2009; Rullani, 2010; Vargo and Lush, 2004; Sashi, 2012).

Future research will need to focus on various perspectives:

1. An interesting stream of research may concern a deep analysis on the management of Social Media Strategy. As suggested by Macnamara and Zerfass (2012) the lack of policies or guidelines for Social Media Strategy expose organizations to significant risks, such as the release of confidential information, reputation damage, legal actions for defamation or damages. In order to be fully developed, Social Media require a clear strategy and guidelines even though many executives are reluctant or unable to develop strategies and allocate resources to engage effectively with Social Media (Kietzmann et al., 2011). Macnamara and Zerass’s study (2012) claims that around two-thirds of organizations do not have specific policies or guidelines in relation to Social Media and a very limited amount of research has been conducted into Social Media governance, defined as “the formal or informal frameworks which regulate the actions of the members of an organization within the social web” (Zerfass, Fink and Linke, 2011 as stated in Macnamara, Zerfass, 2002). In order to provide some insights about this topic we can use a multiple case study technique by analyzing firms which are using Social Media in their marketing strategy.

2. The professional profile of the Social Media Manager (SMMr) is related to the previous topic. Further research will gain more insights on the training process of the Social Media Manager. A first list of elements may be the following: mono or plural dependency relations from firms; single or multiple industrial experience and operations; contemporary presence of plural projects in different stages of Social Media development.

For example it is interesting to understand if a value added element is given by the fact that a SMMr is a freelance working with more than one firm or if such multi-dependency generates bad results in terms of community management or users’ engagement. Another aspect to be taken into careful consideration, when dealing with training, is given by the variety of industrial/territorial/genre settings in which a manager is involved. Does a SMMr need to operate in different industries to be able to be legitimated in terms of its role, or on the contrary is it more important to have a multiple presence in the same industry to be legitimated?

Does a SMMr improve its performance if he or she is involved in projects characterized by different evolitional step or is it more effective to work on similar projects (e.g. all start-up community sites)?

These kinds of questions could be better investigated through clinical interviews with those who identify themselves as Social Media Managers. A second step, in order to gain more insights, could be to administer a questionnaire to the community of Social Media Managers.

3. In addition to the previous point, we consider important to investigate the organizational role and the organizational position of the SMMr. Are they involved in marketing, in PR Department or do they have a specific function? Which are their competences? Which is their hierarchical dependency?

A proposal of five organizational configurations for the management of Social Media has been provided by Owyang (2010) even if it suits better in big firms. By means of clinical interviews and case study analysis we will design a comprehensive role inventory for SMMr and we will gain insights about their organizational position, also in SMEs.

4. A fourth stream of research may be a comparison with Public Relations by using a review of the literature. When considering Social Media as tools, a space of “confusion” with PR will certainly be opened up. It could be interesting to make a comparative analysis concerning the differences and similarities between SMM in RM and SMM in PR.
5.2. Managerial implications

This paper presents implications for managers who are considering entry into SMM and managers who wish to generate more value from existing endeavors.

Social Media are indeed characterized by a certain amount of benefits but they also lead to some risks if they are not well managed. In an era in which the amount of information and data is increasingly larger than ever, firms have to adopt measures and tools in order to manage. In this context the main challenges for firms are given by the time to reaction and the capacity to translate big data in information that could be useful for a firm’s strategy. As we mentioned previously, Social Media are becoming an important channel through which companies can engage in virtual dialogues with stakeholders and users of Social Media are not a mere passive audience, instead they are active co-creators of value.

Another aspect to take in account is the performance’s measurement of the Social Media Strategy adopted by a firm. The lack of commonly accepted measures represents an obstacle for the development of marketing strategy (Gillin, 2009 in Cosenza 2012). The social media analytics or the social marketing analytics is becoming even more important to help firms to measure and value the effects of social marketing initiatives in a meaningful way (Lovett and Owyang, 2010).

As a consequence, a firm has to decide if to rely on even more sophisticated business intelligence systems or on figures, such as Social Media Managers, in order to manage the complexity of information and create a direct and two-way dialogue with clients. Another important choice for firms is the one related to the organizational position of the Social Media Manager. We can have Social Media Managers inside a firm, inside a consultancy agency, inside an ICT company, or they could be freelance working for more than one company. If we do not know their organizational role, hierarchical dependency, contractual performance management, we could have problems in terms of their management. The possibility of incongruity between the aim of Social Media strategy and the organizational position of the Social Media Manager may negatively affect the SM strategy.

It is also possible to highlight how a clear understanding of the characteristics of the role (internal, external agencies and/or other) can be achieved through a good integration with the definition of the specific duties and responsibilities of this kind of condition. For example, how can the contributions to the achievement of the results of a Social Media strategy given by a Social Media Manager working in a communication agency be measured? Which are the levers which a Social Media Manager can deploy when he/she is internal or external to the company? Which are the specific timing relationships between Social Media Managers and the business? For example, if a Social Media Manager working for a communication agency goes freelance, do the clients who are loyal to him/her become a “personal asset” of the manager or, on the contrary, is the Social Media Manager simply replaced?

These are just some of the questions related to the topic which is gaining more and more importance in academic and practitioner literature and in the business world.

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6 “Big data refers to datasets whose size is beyond the ability of typical database software tools to capture, store, manage and analyze. As technology advances over time, the size of datasets that qualify as big data will also increase (Maniyka et al., 2011, p. 11).


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