Preface

Brand differentiation in online and social media is a source of competitive advantage. How to achieve and build brand trust and brand image are the considerations of this book. Knowledge of these brand characteristics will facilitate brand attitude, which influences purchase decisions. Social media is seen as a tool to improve organisational and business performance. Interactivity is a key approach to improve customer engagement and will improve ROI and increase market share. SMEs are not taking up social media services in sufficient numbers. This will have a significant implication for countries’ economic successes; the reason behind this is explored in the book. Social media as a CSR tool, especially in an on-going crisis situation where stakeholders are at loggerheads, is discussed. Specific applications of social media are examined in the beauty industry, franchise businesses, online gambling, social network sites, and mobile phone consumer decision making.

The target markets for this book are academics, practitioners, undergraduate and postgraduate students in marketing, marketing communications, and anyone with an interest in social media and a wish to update their knowledge and understanding in this growing area of marketing.

The book aims to discuss facets of social media and not focus on one aspect. Themes in the book complement each other so that the reader has a powerful view of the scope of social media and online brand communities. Social media is still in its infancy, and businesses, practitioners, and academics do not fully appreciate the range of possibilities social media can offer. An aim of this book is to assist in the development of the process of understanding how social media and online brand ideas can have a wider influence on doing business from marketing activities to strategic business development. An understanding of the influence and effectiveness of social media and online brand communities is not sufficient. How they can complement existing businesses and marketing activities is also an expressed aim of the book. Writing and researching social media in isolation will not unleash the full power of this growing field of research, but understanding how it can develop and expand current thinking in business and marketing is a key thrust of this book. Social media and online brand communities is a tool to assist in the development of seamless marketing activities and thus leverage a higher ROI than using it as a standalone activity. Social media and online brand communities are pieces of a jigsaw, and this book hopes it assembles more of the pieces to help build a coherent and exciting view of how social media can develop and expand the competitive advantage that businesses find challenging to sustain.

The book consists of three sections. Section 1 is titled “Context: Mediated Marketing Theory and Social Media.” Section 2 is titled “Social Landscape and Marketing Development,” and Section 3 is titled “Converging Practices: Compelling Brand Positioning and Social Media Affordances.”
Section 1 consists of four chapters, which deal with fundamental concepts and ideas in the context of social media. Each chapter is discussed below:

Chapter 1 considers the influence of social media on online brand communities, specifically it examines the role of social media on brand attitude in the luxury sector. How exposure to social media influences the consumer perception of luxury products is also a reoccurring theme of this chapter. One needs to recognise that the luxury market has undergone many changes to the extent that luxury is not necessarily a niche market, and this is a view BMW appears to have taken and moved from niche to the broader market, while still being linked to luxury. Online activities strengthen customer interaction and in doing so connect with people. Sharing information is more powerful with communities with common interests and social media is use to achieve this. The online community has a sense of moral responsibility and a policing of the group is expected to maintain social interaction that is fair. Because of the changing nature of the luxury sector, the traditional approaches, such as sponsorship, will need rethinking. Online brand communities involve customers, allowing for WOM. Luxury fashion brands are using online brand communities to leverage stronger relationships with customers and reinforce the customer experience. Social media does pass more power to consumers, and consequently, the firm has less hold and influence over customers. Brand reputation is now not solely in the hands of the firm but is influenced by the online brand community: A sobering thought for the luxury sector.

Chapter 2 investigates social media and online brand community adaptation in the financial services industry. The basis of this chapter is research on cases (i.e. financial services organisations and their approach to the use of social media and online brand communities). It is a conceptual chapter. The application of digital social networks in stock exchanges has many benefits, from decentralising of tasks for customers to a way to interact with customers. The benefits of social media and online brand communities also come with risks, and these risks need to be quantified explicitly for the financial services industry. The work in this chapter is attempting to develop further insight into the risks. Cases examined in this chapter attach great importance to social media, even when their success with it was moderate. On one level, the cases have mastered top-level communications on a one-to-one basis but are struggling to communicate with many. Social media campaigns are infrequent and are one-offs by individuals. There is a general lack of coordination of social media campaigns, and this cannot be sensible for marketing activities. This gives rise to a lack of monitoring of their digital space, and this carries a risk of reputational damage that is not brought to the company’s notice. This chapter suggests that digital corporate governance systems and strategies should be developed for social digital networks.

Chapter 3 aims to evaluate the lessons from the offline and online environments for social media. This is a conceptual chapter based on a review of the literature. Building a brand is a prerequisite for success, especially when periods of environmental uncertainty may become the status quo. Social media needs to develop brand trust like any other online activities that interact with consumers and users. However, brand trust is not sufficient, and this must lead by extension to commitment. Without a trust-brand commitment, social media will not be as successful. Areas that social media needs to consider to enhance brand trust range from privacy and security issues to the design of the social media-consumer interface. Addressing the issues mentioned above is essential but is not sufficient to guarantee consumers a fulfilling experience. Social media, online, offline environments must create social interaction on the Web interface to build effective involvement, and this will lead to positive consumer behaviour. Paramount is that social interaction is a requirement to build positive behavioural intentions and continuation of social media use.
Chapter 4 aim is to investigate consumers’ attitudes towards online video games, and the intended purpose is to understand how Internet technologies impacts consumers’ attitudes towards video games. This is a conceptual chapter based on a review of the literature. Retailers in video games rarely compete against each other and drive the growth in the online video games by using offline channels. Video games are classified as “experience goods” or “hedonic goods.” Evaluation of such products is challenging, because there is a lack of information to enhance the consumer decision-making process. External effects will also influence consumers’ attitudes, such as hardware and software. Because a resale market exists for video hardware and games, this will also affect consumers’ attitudes. Information on experience goods tends to be low, and experience users of experience goods will seek information offline. However, the discussion suggests that the digital nature of online video game information is best collected via the Internet. The demographics for online video players and online consumers show similarities; young people are more likely to make purchases online and purchase video games online. There are many similarities between online shopping and the purchase of online video games.

Section 2 consists of four chapters, which deal with social media as an aid to support organisational effectiveness. Each chapter is discussed below:

Chapter 5 proposes that the starting point to understand social media is not from the technological perspective but is instead by extracting meaning from users and their interactions with the Internet ecosystem. This is a conceptual chapter based on a review of the literature. This approach has implications for the technology-culture interface for users and organisations. An understanding of the context of culture and the Internet would be particularly helpful in developing insight into Small to Medium-Size Enterprises (SMEs) in transition economies. Social media enables SMEs to decide and make strategic choices that were not available to them before. Consequently, social media is a strategic weapon for SMEs to leverage competitive advantage. In transitioning economies, such as Kosovo, only 35% of SMEs deploy social media against 61% in the EU. Furthermore, only 10% of SMEs of the 35% of SMEs that use social media employ it to internationalise operations. Research suggests that SMEs use both online and offline channels to reach their markets. However, with more and more consumers using the Internet, SMEs should de-emphasise offline and gear their marketing activities towards the online environment. According to the research, social media distinguishes a successful business from an unsuccessful one. However, financial weakness of SMEs may inhibit their take-up of social media. Transition economies appear to have limited understanding of the benefits of Twitter, Facebook, and LinkedIn. However, SMEs that have integrated social media services have experienced lower costs and easier communications with their customers. SMEs in transition economies need to level the competitive playing field by embracing social media.

The aim of Chapter 6 is to investigate the factors relating to consumer engagement on social media with particular reference to Facebook brand pages. The work in this chapter is based on qualitative research. Return on Investment (ROI) is a key metric in determining the value from marketing activities such as social media. ROI depends on the development of marketing strategies that will engage consumers and not just to justify the social media campaign. Consumer engagement starts with electronic word of mouth to consumer social interaction with the brands. Research is sparse on conceptualising and measuring consumer engagement, but what increases consumer engagement is an increasing area of importance, because of the implications to ROI. Consumer engagement in social media is influenced by content themes and feedback/conversation from consumers. Results also show that multi-themes in the content will generate a higher level of consumer engagement. The content of this chapter would be especially important to brand managers whose goal is to achieve ever-increasing ROI from product brands.
Chapter 7 is a conceptual chapter based on a review of the literature. The aim of this chapter is to discuss the importance of interactivity and communications. A central position of the chapter is that current research emphasis is on the development of the technology and the concept behind successful communication (i.e. interactivity is not given significant treatment as a concept). There is no consensus on the nature or content of interactivity and the multidimensional nature of interactivity. Increasing use of online activities and development of areas such as e-tourism requires a better understanding of interactivity. The HCI model of interactivity places too much importance on technology and requires updating and developing to take account of online and social media environments. A better understanding of interactivity would improve navigational tools in the online and social media environments and inform the marketing context and thus improve the consumer experience online. Interactivity plays a part in building marketing messages so that they become multidirectional (which is a major departure from traditional media). A result of interactivity is increased relationship building and personalisation of messages. The chapter contends that further study of interactivity has importance in tourism where Weblogs are an integrative part of the consumer decision-making process.

Chapter 8 uniquely considers the use of social media to inform stakeholders in conflict situations. Social media can be a method to support and implement Corporate Social Responsibility (CSR) to stakeholders; this is particularly important because of the mistrust between corporations and stakeholders in crisis situations that could lead to conflict (e.g. Nigeria’s Nile Delta). The management of conflict has left lingering doubts on the sincerity of corporations’ commitment to CSR. The introduction of “new media” technology, such as social media and online brand communities, is an opportunity to improve communications to stakeholders and take a different approach to stakeholder engagement and sustainability. There is a growing realism that social media can be a facilitator of environmental and social advocacy. However, the Internet, blogs, social media, and other trappings of new media technologies require some form of management and control. However, not to the extent that “guerrilla journalism” (citizen journalism) is vilified as it has a role to play in exposing unacceptable practices. New media has the ability to transcend communication difficulties with stakeholders and build credibility and trust between all parties.

Section 3 is composed of five chapters, which deal with specialist areas of social media, such as luxury beauty and online gambling. Each chapter is discussed below:

Chapter 9 reviews the application of social media in the beauty industry. This has been controversial, because exclusivity is the cornerstone of the beauty industry and social media and claims are being made that social media erodes exclusivity. The chapter also contends that the use of social media in the beauty industry can increase market share and also aid customer retention. Improving living standards and consumer education about products has led to democratisation of what was originally considered the most exclusive products. Companies are using “luxury” on products as part of their differentiation strategy. Consumers are desiring exclusivity and personalisation and these are strong motivators for the luxury retailers. New media activities release a higher level of brand engagement and thus have a positive impact on customer retention. Marketers tend to prefer social media metrics that are easy to measure (tangible metrics), but how useful are they? Measuring intangible metrics (brand awareness and brand engagement) are more useful but difficult to measure. Engaging in different ways online improves relationship benefits. Social media strategy for the luxury industry must be seamless from offline to online to social media to maintain the exclusivity cachet. Brand engagement in the online and social media can reach higher levels by thinking of creative engagement strategies as some engagement strategies would not be appropriate to maintain exclusivity.
Chapter 10 is a discussion on Local Area Marketing (LAM) and social media engagement. The academic literature on LAM focuses on direct marketing and online marketing, and consequently, there is a shortage of literature that franchises can draw upon. Social media as a marketing tool for LAM and communities is explored with the role of social media to increase awareness to enhance franchise business success based on a coordinated framework. LAM techniques are evolving from traditional LAM (such as direct mail and loyalty) to contemporary LAM (such as email marketing and mobile). Techniques for customer-centric strategies for the contemporary LAM techniques range from customer awareness, customer acquisition, and customer retention to customer loyalty. Contemporary LAM techniques can be summarised as “customer-focus marketing.” An important issue for franchise businesses is how much to spend on social media, but a significant percentage of franchise businesses do not spend anything. Countries that are highly Internet-connected will benefit from social media engagement and by extension franchise businesses in these countries. The qualitative study suggests that franchise businesses appear to lack the competence and understanding to engage with social media and online communities. The affordability of social media for small businesses is also a factor in the use of social media for LAM techniques.

Chapter 11 considers the role of social media in the design and implementation of marketing communication programmes. The chapter suggests that an understanding of the nuances of social media platforms could play a role in developing effective customer retention programmes. Studies tend to assume that social platforms and online applications facilitate consumer-to-consumer communications and brand-to-customer interaction. In addition, “brand communities” established on social media have a positive effect on relationships and loyalty. The impact of social media on the brand community depends on the type of brand community, with some brand communities enthusiastic about the brand, and other brand communities are pragmatic about the brand and interaction between the communities is weak. Customer experience is a developed concept in the offline environment, but less so in the online environment. The value of customer experience is that it can transform satisfied customers into loyal customers. Although customer retention is an important objective of marketing communications, it will only work successfully when acquisition and retention strategies work in tandem. Some authors maintain that social media is part of the Customer Relationship Management (CRM) system, and the opposing view is that social media is a CRM system. An integrated approach to CRM, where social media is the system, enables all touch points to be monitored. Social media then becomes a social CRM.

Chapter 12 considers the influence of the Internet on online gambling. A comparison between online gambling (social gambling) and “real money” gambling marketing communications practices is the central focus of this chapter. Drawing on qualitative research, the discussion offers insight into the development and implementation of marketing communication practices. The Internet online gambling industry is unregulated and companies are free to exploit all the opportunities. Social gambling is an unregulated industry in 99% of the countries globally, because it is not considered to be gambling (Morgan Stanley, 2012). The motives for social gambling and real money gambling are different, and firms will have to use different business models for each industry. It is not easy to convert a social gambler into a real money gambler. However, both industries can monetise their customer base. Online gambling is a subset of online gaming and includes all types of online games. Motivation for social gambling ranges from social interaction to competition/challenge. Characteristics of online gambling should involve elements of fun and escapism to escape from the daily routine. Real money gambling, however, is set in a legal and societal context. Researchers have noticed that access to gambling (any type) will lead to gambling, so access to gambling is a motivator to gamble. Social gambling uses a similar decision-making pro-
cess to consumer purchasing, and affective involvement is the greatest influence on purchase intention. Advertising is the main communications tool to engage social gamblers. However, negative or intrusive advertising deterred the social gambler. Social gamblers are willing to try real money gambling online or have tried it a few times beforehand.

Chapter 13 examines the use of Social Networking Sites (SNS) to study consumer attitudes and behaviour using a qualitative approach. The chapter will also contribute to an understanding of consumer behaviour to SNS advertising. Companies need to find new ways of communicating with their customers, and one way is via SNS, such as Facebook. Mobile companies create Fan Pages to advertise their products and update them with new offers and promotional codes. The role of Facebook in mediating the advertising process is under researched. Advertising should be used with caution as they can be intrusive and generate less impact and revenue. However, online advertising influences purchase intention. Researchers suggest that Facebook is a powerful targeting medium and advertisers can select attributes such as country or region. Fan Pages are ubiquitous on Facebook and can be used to communicate with online communities with distinct personalities. It is also a feedback tool, but companies need to manage consumer expectations to avoid negative outcomes. Facebook influences the pre-purchase stages. Interestingly, Facebook is a platform for social and formal networking (work-related meetings). The results of the research suggests a range of behaviour towards advertising on Facebook from “the active” to the “avoider.” Building a brand socially includes online and offline activities to facilitate brand engagement.

Social media and online environments are making gigantic strides in the improvement of business performance and are intruding on all aspects of businesses. This book examines how social media and online activities can support and energise corporations or SMEs. It brings together a different approach to social media by reviewing its impact on fundamental aspects of marketing to specialist areas and industries. We have also attempted to analyse uncommon situations or areas where social media is under represented, with the hope of triggering debate and moving social media thinking forward.

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