Chapter 4
Social Media Marketing In Emerging Economies: Case Study of Three Indian Firms

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ABSTRACT

Nearly 30 million Indians who are online are members of social networking sites and popular surveys report that about two-thirds of them spend time daily on these social networking sites. More importantly, Indians spend more time on social media than they do using personal email. This has immense implications for a country which has been dubbed as one of the largest emerging markets and has multinationals vying to set up shop. This scenario in India is unique as Internet penetration piggybacks on the telecom boom, boosting online retail and advertising opportunities. Therefore savvy marketers will want to jump on this bandwagon. This chapter looks at the unique situation in India in context of the growth of social media usage and tries to find developed world theoretical models as to how companies are coping with this new phenomenon. The results indicate that the companies are eager to interact with their target groups in social media; however, few have found the path to full leverage the return on investments made on a social media presence. Much of their efforts remain confined to branding and therefore better metrics need to be developed for better analytics.

INTRODUCTION

Emerging markets have been classified by United Nations, World Bank and IMF into different categories. These classifications are based on the operational needs of each of the world bodies. Despite such categorizations there exists a huge diversity among these countries, who control only one fifth of the world’s economy yet have the four fifth of the world population. Along with this disparity, the increase in the number of multinationals in emerging economies has meant both the introduc-
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tion of the latest marketing techniques as also the 
regionalization of the marketing tools. However, 
the majority of this market remains untapped 
because the services provided by intermediar-
ies either are not available in emerging markets 
or are not very sophisticated, corporations can’t 
smoothly transfer the strategies they employ in 
their home countries to these emerging markets 
(Khanna, Palepu and Sinha, 2005).

In the case of India, as both multinationals and 
indigenous firms cope with the emerging market 
scenario social media can be an effective tool to 
overcome certain disadvantages. Many enterprises 
are investing significant time, effort and money 
in social channels to leverage their brand through 
viral content, social network messages, contests 
and variety of diverse engagement efforts. It has 
been widely acknowledged by the marketers that 
social media can be a powerful channel tool to 
generate long lasting engagement with customers 
and other stakeholders. It has also been argued that 
social media represents a growing trend of interest 

to most businesses, as its usage is not limited to a 
particular generation (Kaplan & Haenlein, 2010; 
Kumar and Mirchandani, 2012).

The present study is an attempt to examine 
the experiences of Indian firms who use social 
media as a marketing tool. We have attempted to 
alayze the challenges that the firms face in using 
social media channels to further their market-

The online retail sector is booming and as many 
as three out of five Internet users in India visit retail 
sites. Indeed, retail sites have registered a growth 
of 43% over the last year. The statistics indicate 
close competition between Snapdeal and Flipkart 
in horizontal retail, and Jabong and Myntra in the