Chapter 31

Using Social Media to Influence CRM and Loyalty: Case Study of Restaurant Industry

Rozita Shahbaz Keshvari
Islamic Azad University, Iran

ABSTRACT

This chapter explores the influence of social media in Customer Relationship Management that leads to Customer loyalty. The social media in restaurant is recognized as an essential component of the customer satisfaction and therefore it is a cornerstone of the success of CRM and customer loyalty through social media nowadays. The purpose of this chapter is to investigate how Restaurant industry can harness the power of social media by utilizing CRM that leads to Customer loyalty. The problem is approached applying both the restaurants perspective and the customer perspective. The recent explosion in social media usage, combined with the transformation of the consumer into a “consume’ activist”, has permanently changed the relationship between a restaurant and its customers. There were two interviews conducted for 384 restaurants collected and analyzed for the research. The results proved that Social media can be an excellent channel for building long-lasting customer relationships in restaurants.

1. INTRODUCTION

Many years ago, most businesses were local brick-and-mortars that relied on door-to-door marketing to engage the public. As technology developed rapidly, motion pictures, radio and television opened up new avenues for business marketing, eventually expanding to include direct mail, telemarketing, print advertising, trade shows and e-mail blasts. While these practices have proven successful over the years, many of today’s consumers now view them as intrusive, and have consequently become quite savvy at ignoring traditional marketing attempts. Nowadays, communication has taken on new era and adapted to new mediums evolved to reflect the society in which they were developed.

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1.1. Area of Interest

The customer experience in restaurants is paramount. It impacts retention rates, referrals, our brand, and ultimately our success or failure. Negative experiences are inevitable. It’s how the restaurants handle recovery that makes all the difference. This determines if their customers will give them a second chance or embark on a negative word of mouth campaign that could reach thousands. Understanding and addressing the factors that negatively impact restaurant customer’s experiences is both critical and challenging. Menus items and promotions change regularly. Staff schedules rotate. Employees come and go. Their customers’ traffic is high-volume sometimes, variable at others. And in addition to keeping tabs on day-to-day operations, franchisees must stay on top of corporate issues and cost concerns. So when it comes to effectively attracting, retaining and handling customers in restaurants to manage their needs, feedback and experiences, the need for an especially powerful and flexible solution (Utilizing social media as a powerful CRM tool) will become clear.

The social media in restaurant is recognized as an essential component of the customer satisfaction and therefore it is a cornerstone of the success of CRM and customer loyalty through social media in nowadays which is no denying the influence of social media on the way that we as human beings communicate on a daily basis. The motivation for writing this paper on the topic of social media is to gain better understanding of the phenomenon that is influencing CRM and customer loyalty, as it is needy today. Enterprises in different filed of business such as financial, banking, services, production and so on should utilize the Social Media management to provide a number of singular challenges to the restaurant owner, not the least of which is trying to stay on top of multiple platforms as they shift and dip in a seemingly constant game of musical chairs. Pinterest is on top, no Instagram, Foursquare is trending on Twitter, now it’s not, wait it’s changed again – and now hashtags on Facebook.

The restaurants as service industry should try to marshal their marketing resources in an effective, and fiscally practical, manner can appear nearly impossible. The authors try to find a few quick ways in which they can improve their efforts at little or no cost in restaurant industry. The other reason that motivate the author to choose this subject for this research is the restaurant field of business which is B2C (Business to Customer) & B2B (Business to Business) marketing. Further, research conducted by Dataforeningen (2010) show that businesses operating on the B2C market are experiencing an explosion in managing customer relationships on social media platforms, and on Facebook in particular (Dataforeningen, 2010). As there is limited or no academic research in the area of social media in CRM in this context, the researcher wish to address the gap by contributing to the social media research by applying marketing theory, limited to theories of customer relationship management and customer loyalty, to the concepts of social media in Iranian Restaurant industry. Moreover, the researcher attempt to show that Social media is changing customer loyalty programs also by identifying problems through monitoring what people are saying about their brands.

1.2 Key Terms and Definitions

1.2.1 Social Media

Social media tools are computer and web-based tools and softwares that people use them to share, exchange and create information and files, photos and videos in visual networks. People use computer, laptop, tablet and mobile for creating or sharing a subject, idea or picture, and sometimes other people,
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