Chapter 38

Social Media, Customer Relationship Management, and Consumers’ Organic Food Purchase Behavior

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ABSTRACT

Extant research has been focusing on the effectiveness of social media in driving consumer engagement and interaction. However, little research has examined how social media influences firms’ Customer Relationship Management. This chapter fills this gap by proposing a conceptual framework to capture the impact of social media on traditional Customer Relationship Management in the context of consumers’ organic food purchasing. Specifically, this study investigates how social media influences the purchase behavior of loyalty program members and non-loyalty program members. This study also examines the effectiveness of different types of social media content on consumer purchase behavior of organic food.

INTRODUCTION

The adoption of social media into the business landscape in the past decade has transformed the nature of business communication, customer interaction and engagement. Many businesses are realizing the value of social media, but very few know how to truly harness its power. The implementation of social media strategies are becoming increasingly adopted in business boardrooms as academics debate over the definition of this ‘social’ phenomenon joining business practices and processes. The concept of ‘Social
CRM’ (Customer Relationship Management) has thus been introduced in the academic literature, aiming to encapsulate the essence and characteristics of social media’s unique capabilities.

Social CRM is a logical extension to traditional CRM processes and approaches, drawing on a social media implementation to increase customer engagement, build customer relationships and ultimately, drive sales. Its true value lies in its facilitation of two-way flows of communication between businesses and consumers, thereby extending upon traditional CRM tools. As Social CRM becomes increasingly adopted by businesses using social media as a platform for building and enhancing consumer engagement and communication, it is becoming of increasing importance to understand its impact on firm performance and profitability.

This chapter aims to examine the impact of a Social CRM system on organic food expenditure to determine the effectiveness of Social CRM tools in driving sales. Existing research currently highlights the effectiveness of social media in driving consumer engagement and interaction (Miller & Tucker, 2013). However, research surrounding social media’s influence on the purchase behavior of loyalty program and non-loyalty program members is in its infancy. As Social CRM extends upon CRM processes, it is necessary to understand its impact on loyalty program and non-loyalty program members. Furthermore, little is also known about the effectiveness of different types of social media content on sales. The research questions guiding the inquiry into this under-studied but highly relevant research area are: What is the impact of social media on the purchase expenditures of loyalty program members compared with non-loyalty program members? What different types of social media content are effective in driving organic food consumption?

The chapter is structured as follows. First, an overview of the changing nature of food consumption and increased consumer demand for organic food is provided, followed by the introduction, definition and explanation of the concept of Social CRM. Secondly, the organic food literature is discussed to give a prelude of the socio-demographic profile of the organic food consumer, and the motivations and barriers to organic food purchase, in order to set the scene for the research propositions. Third, the propositions of the research are discussed. Finally, the chapter concludes with the major contributions of the study, followed by a discussion of future research directions.

WHY THE ORGANIC FOOD INDUSTRY?

First, a note on the growing organic food or ‘healthy eating trend.’ Since the 1960s, food consumption has transformed alongside the breakdown of mass-consumerism in its replacement by a multi-dimensional, dynamic society (Beharrell & Crockett, 1992). Within this transformed society, individuals are constantly searching for ways to express their personal and collective identities, values and beliefs. One way in which individuals are achieving this new found self-expression is through their healthy food choices. Food consumption has essentially become an ‘expression of personal identity and group affiliation within an increasingly fragmented social structure’ (Beharrell & Crockett, 1992: 5).

Alongside the desire for individual and collective self-expression, external societal trends relating to the food related obesity epidemic have called upon increased inquiries into the area of healthy food choice. Obesity has overtaken smoking as the primary cause of preventable disease and illness in Australia and is now arguably, one of the most pressing issues ever facing humanity (Hoad, Somerford, & Katzenellenbogen, 2010). Fortunately, in light of the raised concerns over the obesity epidemic, many consumers are now acknowledging the connection between their diet and health, and are acting upon that
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