Business and Consumer Communication via online social networks: a preliminary investigation

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Abstract

Many businesses are moving to online communities as a means of communicating directly with their chosen market. This paper examines the nature of business and consumer communication via Australia's largest online social networking site, Facebook. Business and consumer communication over a five month period was evaluated for one organisation with an active, and regularly updated Facebook page. It was found that consumers are more likely to respond to communication rather than initiate communication with the organisation. Results also indicated that more frequent communication on behalf of the consumer was not related to intention to interact with the 'bricks and mortar' organisation. Future research aims to investigate additional organisations across a range of product categories.

Keywords: social network, communication, consumer interaction, Facebook

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Background

The Internet is a growing phenomenon that connects people and places worldwide. Today, businesses can employ a vast array of Internet based technologies as part of their integrated marketing communications strategy. An important consideration, therefore, is which communication channel will be most the most effective at reaching the target market.

One internet technology achieving rapid growth is the use of online communities. The use of online communities has been found to facilitate the business to customer relationship (Miller et al., 2009, Misra et al., 2008, Palmatier, 2008), allowing accessibility to business information and effective communication between the business and its customers. Many businesses are therefore, moving to online communities (Kozinets, 2002) as a means of communicating directly with their chosen market in the hope of building strong customer relationships. Currently, the term 'online communities' spans many technologies including; bulletin boards, blogs, gaming communities, shared interest sites and social networking sites (Kozinets, 2002, Miller et al., 2009).

The following paper presents the results of a pilot study undertaken to explore the nature of business and consumer communication via an online social networking site. This paper begins by examining communication within online social networking sites and objectives are developed. This is followed by a description of the data collection method implemented. Finally, the results of the study are presented and the implications of the research discussed.

Literature Review

Communicating via Social Networks

Online communities allow members to contribute information, expand and reinforce opinions as well as build and maintain relationships with other members (Misra et al., 2008). Termed 'Netnography' and dervived from ethnography, Kozinets (2002) developed an approach to identifying and understanding the needs and decision influences of members on online social networking sites. Kozinets (2002) determined that the specific communication within the social networks can be defined as either 'social' or 'informational' and either 'ontopic' or 'offtopic'. The members providing the communication can then be categorised based on the level of involvement within the online social network. Kozinets (2002) developed the following four categories (1) tourists, (2) minglers, (3) devotees, (4) insiders whereby 'insiders' and 'devotees' have the strongest relationships with the business. Both 'insiders' and 'devotees' have high interests within the group and participate in higher amounts of communication (Kozinets, 2002).

Building Relationships

In today's society the internet is a growing phenomenon which acts as a platform for innovation and creativity to be collaborated and shared between users within a social network (Lai and Turban, 2008). Online social networks can be defined as a computer controlled place

in which there is a common bond of content and communication (Farquhar and Rowley, 2006). Another important element of online social networks is their emphasis on membership (Farquhar and Rowley, 2006).

Building strong relationships with customers is an important aspect of marketing and can be achieved through using online social communities (Farquhar and Rowley, 2006, Mathwick, 2002, Palmatier, 2008). Due to the growing use of the internet and the popularity of social networking sites, many researchers have began to investigate the use of the social networking sites as a relationship marketing tool, helping them gain an advantage over competitors (Farquhar and Rowley, 2006, Palmatier, 2008). The key goal of building strong relationships with customers, therefore, is to motivate customers to consume a particular product (Yoon et al., 2008).

The internet is seen to provide customers with a means to create and maintain relationships with a business, strengthening customer loyalty (Yoon et al., 2008). Mathwick (2002) suggests that customer collaboration is an essential ingredient in building strong relationships between the business and the customer, and social networking sites provide an effective environment facilitating such customer collaboration.

Mathwick (2002) examined community members relationships on online social networks. Mathwick undertook a cluster analysis to identify patterns in consumer interaction within an online transactional context. Results indicated that four distinct clusters existed; these were (1) transactional community members, (2) lurkers, (3) socialisers and (4) personal connectors. Each of the four clusters were distinguished based on communication and exchange behaviour. 'Transactional community' members displayed the highest level of communication and exchange, 'socialisers' showed higher level of communication than transaction patterns, 'personal connectors' used the Internet for primarily personal communication purposes and finally 'lurkers' illustrated low levels of both communication and exchange.

When considering the likelihood of transaction, Mathwick (2002) found that those members who are more active communicators are also more likely to make a purchase with the company. In particular, as the customer interaction increased, so to did loyalty to the business. Similar results were also obtained by Thorbjornsen et al. (2002), who found that open communication between relationship members, led to higher loyalty.

Research Objectives

This paper seeks to explore the nature of business and consumer communication on a social networking site. As a result, three primary objectives have been developed:
1. To determine the nature of online business to consumer communication;
2. To determine whether online consumer communication is related to intention to interact with the 'bricks and mortar' organisation;
3. To determine whether the level of consumer involvement in communication is related to intention to interact with the 'bricks and mortar' organisation.

Methodology

Facebook is now Australia's most popular social networking site with over 2.9 million users' nation wide (Chenery, 2008). For the pilot study, an Australian organisation with an active Facebook profile page was selected.

To be selected, the organisation's social networking site needed to play a role in their *current* marketing strategy. The organisation selected for this study is located in Newcastle's CBD and operates within the hospitality industry. It is suggested that Generation Y is the primary target market for the organisation.

The selected organisation was found to regularly use all elements of their Facebook profile page including status updates, wall posts, pictures and events. All communication posted between 1 January and 1 May 2009 on the organisation's profile page (including wall posts, status updates, photo posts and events pages) were observed.

Each element of communication was assessed by three trained judges. Three primary aspects of consumer communication were evaluated, these were:
1. whether the consumer initiated communication with the organisation or whether the consumer responded to the organisation's communication;
2. whether the consumers posted a positive comment, a negative comment or a 'like';
3. whether the consumer stated they would attend an event held by the organisation.

Communication was not categorised unless all judges agreed on its classification (as per Bergh, Adler and Oliver, 1987). During the observation period that selected organisation had 4 249 'friends'. In total, 193 acts of communication from 129 different 'friends' (or members) were evaluated.

Results

Nature of Online Communication

Overall, communication posted on the organisation's profile page was evaluated as positive, with only 11% of posted being categorised as 'negative'. As suggested by Kozinets (2002), communication was categorised as either social or informational and either on-topic or off-topic. Results indicated that consumer online communication was primarily on-topic (94%) and of a social nature (75%). For example:

Organisation:	...SVU (Lost Valentinos DJs) w Matt Saxon and Amez tonight from 9pm
Consumer:	"ohh yay!!!!!!!!!! GOOD TIMES 2MRW ARVO".

Next, this study sought to identify whether consumers respond to, or are initiators of, online communication with an organisation. Results indicated that consumers tend to respond to communication (89% of communication) rather than initiate communication with the organisation (11% of communication).

To further explore the nature of communication, the location of consumer communication was evaluated. It was found that consumers primarily responded to an organisation's status 'updates' (68%), followed by event posts (17%), wall posts (11%) and finally photo posts (4%).

Building Relationships

Research has shown that members of a social networking site who are more active communicators are more likely to make a purchase with the company (Mathwick, 2002; Thorbjornsen et al. 2002). To determine whether those members who are frequent communicators with the chosen business are more likely to visit the organisation that is, attend an event the organisation is hosting, a test of association was performed. Results indicated that there was not a significant association ($\Phi = 0.20$, $p = 0.80$). That is, those members who regularly communicate with the organisation are not more likely to attend an event than those more seldom communicators.

Consumer Involvement with Communication

While frequency of communication was not associated with intention to visit the organisation, further analysis was conduced to determine whether level of effort expended during communication had an impact upon intention to frequent the 'bricks and mortar' establishment.

Through observation it was evident that some online communication methods require greater effort on behalf of the communicator than others. For example, posting a 'like' requires one click from Facebooks 'live feed' page. Responding to a 'status update' requires the formulation of a comment, which can be executed through the 'live feed' page. Whereas, posting a comment regarding a photo or event requires greater effort on behalf of the communicator as the consumer must go beyond Facebook's 'live feed', which acts as the home page for each individual's profile. Table 1 illustrates the nature of consumer communication for the chosen organisation.

Table 1: Location and Nature of Communication

Location on Profile Page	Nature of Communication	% of Communication
Status Update	Like	50%
	Comment	19%
Wall	Like	2%
	Comment	8%
Event Page	Comment	17%
Posted Photos	Comment	4%

It is evident that the majority of consumer online communication required little effort on behalf of the communicator, with 50% of communication classified as 'likes' associated with the organisation's status update. It is interesting to note, however, that 17% of communication was comments on the organisation's event pages. This mode of communication requires significantly more effort on behalf of the communicator.

To investigate whether there is an association between the effort expended in communicating with the organisation (level of involvement) and the intention to visit the organisation a Kruskal-Wallis test was undertaken. Once again a significant association was not identified ($\chi^2 = 4.26$, $p = 0.512$), indicating that level of effort (or involvement) in communication is not associated with intention to visit the organisation.

Discussion

This study has provided an initial understanding of business to consumer communication via an online social network. It was evident that consumers are responders, rather than initiators of business-consumer communication. This indicates that it is important for the organisation to play an active role in the communication process. Those organisations that chose to incorporate a social networking site, such as Facebook, into their advertising strategy need to consistently maintain their site, regularly posting comments, pictures and events to retain consumer interest.

It was also identified that when consumers do respond to business communication they tend to opt for pre-specified options (i.e., 'like'). This may suggest that although consumers are not highly involved in the communication process, they are exposed, and attend to, the information provided by the organisation. It was also evident that when consumers are involved, for example have interest in upcoming activities and events, they do expend more effort in the communication process, often posting positive, social comments.

Overall, this study did not support Mathwick's (2002) suggestion that community members who are more active communicators are also more likely to make a purchase with the company. The results obtained, however, suggest that the 'friends' of the chosen business display the characteristics of 'socialisers' as they have strong communication ties, but participate in little consumption (Kozinets, 2002).

Conclusions and Directions for Future Research

With the Internet playing an important role in today's consumer environment it is important for organisation's to gain an understanding of the role new technologies can play in their integrated marketing communication strategy. A technology gaining rapid consumer adoption is online social communities (e.g., Facebook and My Space). Online social communities can be an important resource in building strong relationships with consumers as they allow accessibility to business information and effective communication between the business and its customers.

This research aimed to provide an initial understanding of online business to consumer communication in an online social network. It is important to acknowledge that only one organisation with an active Facebook profile was observed. Future research will expand upon this study, investigating additional organisations across a range of product/service categories. Further information will also be collected from 'friends' of the chosen organisations regarding their attitude, loyalty and purchase behaviour with the organisation.

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