

## Chapter 10

# Social Media as Marketing Strategy: An Explorative Study on Adoption and Use by Retailers<sup>☆</sup>

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### Abstract

*Purpose* — This study examines a cross section of the Spanish retailing branch on the adoption and use of Social Media tools, identifying users and nonusers and their impact on management experiences. The use of 2.0 technologies has also been analyzed based on company size.

*Methodology* — An online survey among 90 Spanish retailers provides a number of interesting insights in the adoption rates, the facilitating and disruptive factors in the adoption process, the types of applications used by retailers, and their experiences from them. Prior to filling in the online questionnaires, the recipients were contacted by phone and were informed about the study. A Chi-square analysis has been carried out to contrast the suggested research questions.

*Findings* — Retailers using Social Media as part of their marketing strategy use most social applications for customer-related purposes and see clear benefits in improving customer relations, market communication, improving their after-sales services, and obtaining customer feedback and customer information. Although many differences do not exist between large, medium, and small companies, it is remarkable that large companies use social web tools as branding and small companies as customer service.

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*Research limitations* — The main problem of this study has been the low recruitment of answers by retailers.

*Practical and social implications* — Customers are using such technologies in overwhelming numbers and a substantial part of the customer generated content in Social Media is about brands, businesses, and products. Having a good idea about the customer dialog online can provide businesses with very valuable information and help them understand market trends but also identify potential areas of danger and problems.

*Originality/value of chapter* — The adoption of Social Media tools is a topic much studied from demand perspective. Nevertheless, the application to business and, specifically, retailing sector is less analyzed. With this study we pretend to improve this research line from offer perspective.

**Keywords:** Social media tools; retailing sector; online marketing strategy; users and nonusers; company size; comparative analysis

## Introduction

The Social Media is a collection of online applications typifying the current interactive stage of the Internet (Constantinides, Lorenzo, & Gómez, 2008). These applications are by now a familiar phenomenon to consumers and businesses. Highly popular Social Media applications like Facebook, Twitter, YouTube, and LinkedIn attract hundreds of millions of users worldwide who spend a substantial part of their time on these media daily. For many consumers the Social Media have by now become a standard element of their social life; the networking opportunities have opened a whole new domain of peer interaction of social and commercial nature. Large volumes of user-generated content are produced daily in the form of product reviews in customer forums or web logs, shopping advices, or recommendations in social networks, customer forums, bulletin boards, or online communities, or personal brand advocacy web pages (Chevalier & Mayzlin, 2006; Mathwick, Wiertz, & De Ruyter, 2008; Zhu & Zhang, 2010). This fast growing in volume of word of mouth has provided consumers with new sources of product information and empowerment: people trust more their peers' opinions than marketers advertising their products or even product experts.

In the theoretical field research is mainly focused on the impact of the Social Media on corporate processes (Craig, 2007; Yakel, 2006), the importance of online communities for corporations (Du & Wagner, 2006; Kolbitsch & Maurer, 2006; Swaine, 2007), the effects of these new technologies on business (Biever, 2006; Boll, 2007; Deshpande & Jadad, 2006; Karger & Quan, 2005), and the role of Social Media applications as business and marketing tools (Constantinides et al., 2008). Nonacademic research provides plenty of information as to how corporations integrate the Web 2.0 applications into their operations (DeFelice, 2006; McKinsey, 2007).

An increasing number of studies suggest that corporate interest in the Social Media domain keeps growing and more and more firms are introducing different forms of Social Media into their daily business routines as well as into their marketing strategies (Cymfony, 2006).

## **Issues, Controversies, Problems**

Businesses and retailers in particular have become increasingly aware and wary about the threats posed by empowered customers (Constantinides & Fountain, 2008; Grewal, Iyer, & Levy, 2004; Kwun, Nickels, Alijani, & Omar, 2010). The widespread adoption of the Social Media by the public has changed the way people express their needs, communicate, interact, search for information, and share ideas and opinions. Traditional marketing strategies and proven past approaches of marketing communication are rapidly losing terrain to peer-to-peer generated content. Such changes pose a major threat for businesses not only because marketers are rapidly losing control and initiative in the marketplace but also due to the direct threat to business reputation caused by customer-generated online content. Characteristic symptom of these trends is that, in several countries with high Internet adoption rates, the web and Social Media have become one of the primary sources of information used by consumers when making product choices (Cocktail Analysis, 2012; Fleishman-Hillard, 2012). Also more often than not simple Twitter posts have proved to be able to damage brands and business reputations in very short periods of time; a new type of approach to damage control and management is necessary.

The overwhelming effects of the Social Media on customer behavior have been forcing many businesses to engage in a race of adoption of Social Media as part of their marketing toolbox and in general business strategy. According to a recent survey by the Social Media Observatory, in Spain 65% users follow some brand in Facebook, 32% through Tuenti (Spanish Social Networking Site), and 33% in Twitter. Moreover, 40% Spanish people know the retail shop on Facebook. The rapid pace of adoption is not followed by every business in the same way. There are still substantial differences in the way businesses adopt Social Media as part of their marketing strategies within countries and sectors. The adoption pace, the objectives of firms engaging Social Media as part of their marketing strategy, and the degree of success are some of the issues increasingly attracting the attention of field marketers and researchers.

As mentioned earlier the emergence and the mushrooming growth of the Social Media applications brought about a landslide in the marketing practice (Armstrong & Kotler, 2011; Kotler, Kertajaya, & Setiawan, 2010; Li & Bernoff, 2008). For retailers these trends are looking quite threatening; next to the customer empowerment based on better and more relevant information in the Social Media space some new trends have emerged among customers: collaborative merchandising and the (mobile) comparison shopping are some indicative developments in this field. These challenges and threats can be transformed into opportunities by retailers; the same technologies

that have empowered the customers can give a new impulse to online retailing and in some cases alleviate some of the negative dimensions of the Social Media revolution. These potential effects of Social Media in retailing can be classified into three dimensions (Jain & Ganesh, 2007):

1. *Content parameters*: Unique user experiences; dynamic user help like peer-to-peer (P2P)<sup>1</sup>; data feeds like real simple syndication (RSS<sup>2</sup>), ATOM, XML, or JS; Podcasts or Vodcasts; search tools; aggregation mechanisms or mash-ups.<sup>3</sup>
2. *Collaboration parameters*: Customer P2P network or collective intelligence like blogs, wikis, discussion forums, user reviews, tagging, etc.; collaborative product customizations.
3. *Commerce parameters*: End-user product customizations; contextual shopping help or live agent chat; voice-based shopping help or VoIP; comparison shopping across brands, end-user recommendations, etc.

The above classification highlights the fact that there are multiple factors and effects from implementing Web 2.0 applications (Social Media) in retailing. In fact, a key interest of marketers is how to minimize the negative effects of customer empowerment and utilize the Social Media to their advantage so that they can extract the maximum possible value from Social Media-based marketing approaches (Regus Report, 2010).

In this sense, an explosion in the number of Social Media tools adopted by businesses and particularly by retailers has been observed in the past years. Literature about this research line (e.g., Constantinides & Fountain, 2008) indicates the retailers have to use real-time feedback to inform about the existence of new products or promotions, build consumers' communities around their goods, services, or brand, and leverage customer self-service. Moreover, it helps retailers to develop the co-creation, that is, have consumers collaborating on developing future product strategies (Parise & Guinan, 2008). Li and Bernoff (2008) indicate that companies can deploy social applications in different departments: research and development department (e.g., brand monitoring, research and innovation communities); marketing department (e.g., blogs, communities, video on user-generated sites); sales department (e.g., social networking sites, brand ambassador programs, communities, widgets); customer support department (e.g., support forums, wikis); and operations department (e.g., internal social network, wikis).

<sup>1</sup>A P2P distributed network architecture is composed of participants that make a portion of their resources (such as processing power, disk storage, or network bandwidth) directly available to other network participants, without the need for central coordination instances. Peers are both suppliers and consumers of resources (e.g., peer communication systems using technology similar to Skype, BitTorrent, and eMule).

<sup>2</sup>RSS is a family of web feed formats used to publish frequently updated works (such as blog entries, news headlines, audio, and video) in standardized format.

<sup>3</sup>A mash-up is a web application that combines multiple sources of data into a single tool (e.g., use of a geo-reference through Google maps).

Based on mentioned current Social Media environment, this study attempts to provide a better understanding of the effects, experiences, and potential of retailers by engaging Social Media as part of their marketing strategy. Next to these objectives the study also provides a picture of the businesses using these technologies by segmenting the market according to the intensity of use of Social Media strategies.

In summary, the chapter will provide an answer to the following research questions:

- What is the degree of penetration (use of Social Media) as marketing tool among Spanish retailers?
- How is the retail sector segmented in Spain based on the degree of engagement of Social Media marketing tools?
- What are the characteristics of the retailer segments involved in Social Media marketing?
- What are the preferences and priorities of retailer segments in adopting Social Media as marketing tools?
- What internal, external, and technological factors influence the adoption of Social Media marketing by various retailer segments?
- Is the size of the business affecting the degree of the adoption process?

## **Methodology**

### ***Sample and Procedure***

The adoption and usage patterns of Social Media tools by retailers were measured by means of an online questionnaire; prior to filling in the questionnaires the recipients were contacted by phone and were informed about the study. The study population consisted of retailers from various retailing industries but grouped into three categories: large (more than 250 employees, more than 50 million euros of sales), medium (between 50 and 250 employees, between 10 and 50 million euros of sales), and small (less than 50 employees, less than 10 million euros of sales). All companies participating in the survey were based in Spain (NACE2, 47). To select the businesses we made use of the AMADEUS database edited by Bureau Van Dijk, which contains financial information of more than 10 million public and private companies in 41 countries. Finally, we obtained a representative sample of 90 companies.

The questionnaire was based on a combination of closed-ended, dichotomous, and multi-chotomous questions, with single and multiple responses. The main objectives of the survey were to identify users and nonusers of Social Media marketing strategies and obtain information about the management experiences by the users. The specific types of Social Media applications considered in our study as suitable marketing tools were derived from the classification provided by [Constantinides et al. \(2008\)](#): web logs, online communities, social networking sites, forums/bulletin boards, and content aggregators.

### **Data Analysis**

From the Chi-square analysis, the differences between users and nonusers have been compared with respect to the adoption of Social Web tools as marketing strategy. Among the users, the analysis was focused on the identification of the types of applications companies already in usage and their objectives and experiences from using them but also on the identification of the applications they were planning to use in the future. We also analyzed the reasons for not using Social Media for marketing purposes by nonusers and their intentions to use them in the future. Finally, we analyzed the actual use of Social Media a marketing tool by users, the reasons to use them, and the main benefits they obtained; an analysis was also done in order to identify differences related to the company size.

### **Results**

The findings of the survey were analyzed in order to identify the degree of penetration of Social Media marketing, that is, identifying users and nonusers; the characteristics and technological context of these two categories were also compared.

#### ***Social Media: Differences between User and Nonuser Retailers***

As mentioned earlier one of the study objectives was to identify differences between users and nonusers explaining the different attitudes in adoption of Social Media tools as marketing strategy. All factors have content validity because all data have been previously tested by academic literature. A profile analysis was performed focused on the association between the different characteristics of companies and using Social Media (Table 1).

Table 1 shows the features of the retailers who use and do not use Social Media based on descriptive criteria. Tests associated with statistic  $\chi^2$  to analyze the goodness data conclude the existence of significant differences between the retailers in several factors ( $p$ -value < 0.05; confidence level > 95%). Specifically, data have concept validity due to the existence of correlation between using and not using Social Media and factors such as size of company (small, medium, or large), number of information and communication technology (ICT) professionals working in a company, the presence or absence of formal policy guidelines on the use of Social Media, the possession of an intranet site, the use of adequate software and hardware tools for Social Media activities, the number of employees who can send e-mails internally, and how familiar is with the Social Media notion. Nevertheless, there is no correlation ( $p$ -value > 0.05) between using or not using Social Media and factors like the number of company employees, the possession of broadband connection and intranet site, the number of employees who can send e-mails externally and visit Internet sites without restrictions.

Table 1: Profile of retail companies differentiating between users and nonusers of Social Media.

Descriptive criteria	Categories	Nonuser retailers (%)	User retailers (%)	Total (%)	$\chi^2$	Sig.
Number of employees	Less than 25	<b>37.9</b>	12.9	<b>29.2</b>	11.478	0.119
	Between 25 and 50	17.2	<b>19.4</b>	18.0		
	Between 51 and 100	12.1	12.9	12.4		
	Between 101 and 250	12.1	9.7	11.2		
	Between 251 and 500	6.9	<b>19.4</b>	11.2		
	Between 501 and 1000	10.3	9.7	10.1		
	Between 1001 and 5000	1.7	6.5	3.4		
	More than 5000	1.7	9.7	4.5		
Size	Small (< 50 employees)	<b>51.7</b>	29.0	<b>43.8</b>	6.539	0.038
	Medium (50–250 employees)	27.6	25.8	27.0		
	Large (> 250 employees)	20.7	<b>45.2</b>	29.2		
Number of ICT professionals working in the company	No one	<b>49.2</b>	19.4	<b>49.2</b>	14.360	0.013
	Between 1 and 2	27.1	<b>25.8</b>	27.1		
	Between 3 and 5	8.5	16.1	8.5		
	Between 6 and 10	10.2	12.9	10.2		
	Between 11 and 20	5.1	16.1	5.1		
	More than 20	0.0	9.7	0.0		
Formal policy guidelines on the use of Social Media	Yes	5.2	<b>54.8</b>	22.5	28.604	0.000
	No	<b>94.8</b>	45.2	<b>77.5</b>		
Broadband connection	Yes	<b>93.2</b>	<b>100.0</b>	<b>95.6</b>	2.199	0.333
	No	5.1	0.0	3.3		
	No Internet connection	1.7	0.0	1.1		

Descriptive criteria	Categories	Nonuser retailers (%)	User retailers (%)	Total (%)	$\chi^2$	Sig.																																																																																									
Intranet site	Yes	49.2	<b>90</b>	<b>62.9</b>	14.223	0.000																																																																																									
	No	<b>50.8</b>	10	37.1			Adequate software/hardware for Social Media-related activities	Yes	<b>53.4</b>	<b>93.5</b>	<b>67.4</b>	14.788	0.000	No	46.6	6.5	32.6	Number of employees who can send internal e-mails	No one	8.5	0.0	5.6	8.861	0.031	A few	27.1	9.7	21.1	The majority	<b>32.2</b>	32.3	32.2	Everyone	<b>32.2</b>	<b>58.1</b>	<b>41.1</b>	Number of employees who can send external e-mails	No one	8.5	0.0	5.6	4.705	0.195	A few	27.1	19.4	24.4	The majority	<b>35.6</b>	35.5	<b>35.6</b>	Everyone	28.8	<b>45.2</b>	34.4	Number of employees who can visit Internet sites without restrictions	No one	6.8	0.0	4.4	7.557	0.056	A few	<b>37.3</b>	16.1	30.0	The majority	30.5	<b>45.2</b>	<b>35.6</b>	Everyone	25.4	38.7	30.0	How familiar is with the Social Media notion	Extremely non familiar	22.0	6.5	16.7	20.109	0.000	Quite familiar	13.6	6.5	11.1	Neither	18.6	0.0	12.2	Quite familiar	20.3	16.1	18.9	Extremely familiar	<b>25.4</b>
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With regard to the number of employees, the largest percentage of retailers who do not use Social Media have fewer than 25 employees (37.9%) while the categories of retailers who use Social Media the most are those having between 25 and 50 employees and between 251 and 500 (19.4% in both cases). It is worth noting the high percentage of companies that use Social Media, compared with the non-users in the categories of more than 1000 employees.

Moreover, if we group small (fewer than 50 employees), medium (between 50 and 250 employees), and large (more than 250 employees) companies, we note that the majority of companies that not use Social Media are small; larger companies are therefore more likely to make use of Social Media as marketing tools than small ones.

There seems to be also a relation between the presence of ICT professionals in the company and the degree of adoption of social media marketing: The highest percentage of companies that do not use Social Media do not have any ICT professionals working for them (49.2%). On the other hand the highest proportion of companies that use Social Media has between 1 and 2 ICT professionals (25.8%). In addition, the percentage of companies applying social media marketing with more than two ICT professionals is also high. These findings indicate that for many businesses the social media marketing is seen as an issue requiring technical support rather than marketing experience.

If we assume that the use of Social Media tools is important for the company's competitive position businesses must pay attention to the ethical and legal issues arising from the use of these applications by their own personnel and marketers. It is therefore very important to establish formal policy guidelines on the use of Social Media by the company. As we can see in Table 1 such policy guidelines have been adopted by a small majority of companies applying Social Media marketing.

The adoption of Social Media as marketing tools (like the adoption of any technology) seems to be related to the technological context and technological sophistication of the company personnel. The findings indicate that a higher percentage of companies that use Social Media also use broadband connectivity, intranet, hardware/software needed for Social Media-related activities; they also have a large number of employees who can send e-mails internally and externally, can visit the Internet without restrictions, and are more familiar with the Social Media concepts.

Table 2 presents various Social Media applications and their usage levels by retailers using or not using Social Media as marketing tools. Companies that do not use any tools were asked whether or not they plan to use these in the future. The companies using such tools were asked the main purpose of use. Such purposes can be internal (e.g., communicate, share information among employees), customer-related (communication with the customers), or related to working with external partners or suppliers. The option "do not know" was also provided due to the lack of knowledge or understanding by some respondents about the exact nature of the use of the social media by the organization.

Firstly, test associated with statistic  $\chi^2$  analyzes the goodness data concluding the existence of significant differences between both types of retailers in all analyzed factors ( $p$ -value < 0.05; confidence level > 95%). In consequence, data have concept

Table 2: Social Media applications that companies do not use, which plan to use, and which use and what for.

Social media tools	Categories	Nonuser retailers (%)	User retailers (%)	Total (%)	$\chi^2$	<i>p</i> -Value
Social networking Sites	Do not plan to use	79.7	19.4	58.9	50.806	0.000
	Plan to use	<b>20.3</b>	<b>16.1</b>	18.9		
	Used for internal purposes	0.0	12.9	4.4		
	Used for customer-related purposes	0.0	<b>29.0</b>	10.0		
	Used for working with suppliers	0.0	12.9	4.4		
	Do not know	0.0	9.7	3.3		
Customer reviews	Do not plan to use	76.3	6.5	52.2	51.290	0.000
	Plan to use	<b>16.9</b>	<b>22.6</b>	18.9		
	Used for internal purposes	1.7	16.1	6.7		
	Used for customer-related purposes	0.0	<b>29.0</b>	10.0		
	Used for working with suppliers	0.0	9.7	3.3		
	Do not know	5.1	16.1	8.9		
Blogs	Do not plan to use	79.7	<b>29.0</b>	62.2	35.789	0.000
	Plan to use	<b>15.3</b>	22.6	17.8		
	Used for internal purposes	0.0	9.7	3.3		
	Used for customer-related purposes	0.0	<b>25.8</b>	8.9		
	Used for working with suppliers	0.0	9.7	3.3		
	Do not know	5.1	3.2	4.4		
Youtube or other videos	Do not plan to use	86.4	22.6	64.4	44.042	0.000
	Plan to use	8.5	12.9	10.0		
	Used for internal purposes	0.0	<b>19.4</b>	6.7		
	Used for customer-related purposes	0.0	16.1	5.6		
	Used for working with suppliers	0.0	9.7	3.3		
	Do not know	5.1	19.4	10.0		

Social bookmarking sites/tagging	Do not plan to use	<b>79.7</b>	29.0	62.2	25.404	0.000
	Plan to use	5.1	<b>12.9</b>	7.8		
	Used for internal purposes	0.0	6.5	2.2		
	Used for customer-related purposes	0.0	6.5	2.2		
	Used for working with suppliers	0.0	3.2	1.1		
	Do not know	15.3	41.9	24.4		
“Listening” to the voice of the customer in the social space	Do not plan to use	72.9	12.9	52.2	45.776	0.000
	Plan to use	<b>18.6</b>	<b>16.1</b>	17.8		
	Used for internal purposes	0.0	19.4	6.7		
	Used for customer-related purposes	0.0	<b>29.0</b>	10.0		
	Used for working with suppliers	1.7	6.5	3.3		
	Do not know	6.8	16.1	10.0		
Questions and answers	Do not plan to use	71.2	6.5	48.9	56.081	0.000
	Plan to use	<b>20.3</b>	12.9	17.8		
	Used for internal purposes	0.0	16.1	5.6		
	Used for customer-related purposes	0.0	<b>41.9</b>	14.4		
	Used for working with suppliers	1.7	9.7	4.4		
	Do not know	6.8	12.9	8.9		
Community forums	Do not plan to use	81.4	9.7	56.7	50.133	0.000
	Plan to use	<b>13.6</b>	<b>25.8</b>	17.8		
	Used for internal purposes	0.0	16.1	5.6		
	Used for customer-related purposes	0.0	<b>22.6</b>	7.8		

Note: Bold means the relevant impact of the analyzed items respect to the two groups.

validity due to the existence of correlation between using or not using Social Media tools and the different uses and plans to use the tools in the future.

One interesting finding is the low willingness to engage Social Media as marketing tools by nonusers. Those of the nonusers planning to engage social Media in the future prefer to use them primarily as product suggestion box (28.8%), for social networking sites (20.3%), for question and answers section (20.3%), for “listening” to the voice of the customer in the social space (18.6%), and for customer reviews (16.9%), blogs (15.3%), mash-ups (15.3%), and forums (13.6%).

With regard to the companies that use Social Media, the highest proportion of retailers use a section on its website for questions and answers (41.9%), provide a product suggestion box (35.5%), employ social networking sites (29.0%), provide the option for consumer reviews (29.0%), “listen” the voice of the customer in the social space (29.0%), mash-ups (29.0%), and RSS, all of these tools are used for customer-related purposes. Moreover, the highest proportion of them plans to expand the use in creating applications allowing product reviews and product ratings<sup>4</sup> (32.3%) and forums (25.5%).

It is worth noting that blogs are mostly used for customer-related purposes (25.8%), forums for customer-related purposes (22.6%), product suggestion boxes for internal purposes (22.6%), Youtube or other videos for internal purposes (19.4%), product reviews and product ratings for customer-related purposes (19.4%), and offer the possibility of customization of products for customer-related products (16.1%). It is indeed odd that videos that are quite popular by the online public receive too little attention as marketing instruments by businesses.

Social Media applications that are less popular among Spanish retailers and also score low in future usage intentions are tagging applications, social bookmarking sites (e.g., Del.icio.us, Digg, StumbleUpon), wikis (e.g., Wikipedia), podcasts, P2P networking, micro blogging (e.g., Twitter, Plurk, Jaiku), and real-time feed aggregators (e.g., Friendfeed<sup>5</sup>). Moreover, it is important to point out the low proportion of companies along the board that use Social Media tools for internal purposes or for improving cooperation with external partners or suppliers.

### ***Reasons for not Using Social Media as Marketing Strategy***

The reasons that retailers mention for not using Social Media as part of the marketing effort are listed in Figure 1. Respondents could mention more than one reason at the time. It is quite interesting that the most common reason for not using Social Media as marketing tools is lack of knowledge as to what social media exactly is. The

<sup>4</sup>A rating is the evaluation or assessment of something (products, services, people, etc.), sometimes a classification according to order or grade.

<sup>5</sup>FriendFeed is a real-time feed aggregator that consolidates the updates from social media and social networking websites, social bookmarking websites, blogs, and micro-blogging updates, as well as any other type of RSS/Atom feed. It is useful to create groups and share social networking services.

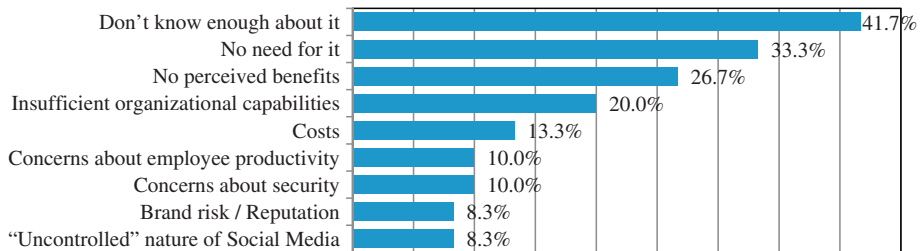


Figure 1: Nonuse of Social Media tools: main reasons for retailers.

perception that they are not needed and the lack of visible benefits follow as common reasons of resistance to Social Media marketing. Lack of knowledge and negative sentiment/perceptions about these tools are therefore important barriers to adoption. Better knowledge and information about uses and benefits could change attitudes in this issue.

With respect to the consideration to use Social Media tools in the future, most of the nonusers state that they will not use them in the future (52.5%). Therefore, the rest of retailers will use them in the future: a small percentage will use them during the next 6 months (1.7%), a higher percentage during the next 12 months (23.7%), followed by those planning to use them in the next 24 months (6.8%), and the rest after 24 months (15.3%).

### ***Retailers that use Social Media: Uses and Benefits***

Table 3 shows the composition of retailers who use Social Media by size (small, medium, and large) based on descriptive criteria. Tests associated with statistic  $\chi^2$  indicate that there is no relation between the size of the company using Social Media and the frequency of use of these tools, the level of use, the time the company started to use them, the presence of staff responsible for Social Media activities, different reasons to use Social Media, and the future level of usage.

Although there is no significant association between company size and the different studied variables, we can state that there are minor differences between small, medium, and large forms. With regard to the frequency of use of Social Media, the percentage of medium and large companies that use these tools with more frequency and more intensely is higher than the percentage of small firms.

With regard the main reasons to use Social Media, most of the small companies find them useful for customer service (77.8%) and networking (55.6%); the medium-size companies see customer service (87.5%) and brand-building (62.5%) as the main reasons. Large companies are more interested in brand-building (78.6%), networking (65.3%), and customer service (64.3%).

Finally, the highest percentage of retailers employ part-time staff responsible for Social Media activities and most of companies think that their level of usage will increase in the future.

Table 3: Use of Social Media by size.

Categories		Small (<50) (%)	Medium (50–250) (%)	Large (>250) (%)	Total (%)	$\chi^2$	<i>p</i> -Value
Frequency of use of Social Media	Extremely infrequently	0.0	12.5	0.0	3.2	8.504	0.386
	Quite infrequently	22.2	0.0	28.6	19.4		
	Neither	<b>33.3</b>	12.5	7.1	16.1		
	Quite frequently	22.2	25.0	28.6	25.8		
	Extremely frequently	22.2	<b>50.0</b>	<b>35.7</b>	<b>35.5</b>		
Level of use of Social Media	Almost never	22.2	12.5	0.0	9.7	13.231	0.211
	Less than once a month	11.1	0.0	7.1	6.5		
	A few times a month	11.1	25.0	21.4	19.4		
	A few times a week	<b>33.3</b>	25.0	0.0	16.1		
	About once a day	<b>0.0</b>	0.0	21.4	9.7		
	Several times a day	22.2	<b>37.5</b>	<b>50.0</b>	<b>38.7</b>		
When the company started using Social Media	Less than 3 months ago	22.2	0.0	7.1	9.7	5.142	0.881
	Less than 6 months ago	0.0	0.0	7.1	3.2%		
	Less than 1 year ago	11.1	<b>37.5</b>	21.4	22.6		
	1–2 years ago	<b>44.4</b>	<b>37.5</b>	<b>42.9</b>	<b>41.9</b>		
	2–3 years ago	11.1	12.5	14.3	12.9		
	More than 3 years ago	11.1	12.5	7.1	9.7		
The company has staff responsible for Social Media activities	Yes: Full-time	11.1	12.5	<b>35.7</b>	22.6	10.590	0.226
	Yes: Part-time	<b>44.4</b>	<b>75.0</b>	<b>35.7</b>	<b>48.4</b>		
	No	22.2	0.0	14.3	12.9		
	No: External support (consultant)	22.2	12.5	0.0	9.7		
	No: PR/Advertising agency	0.0	0.0	14.3	6.5		
	Brand-building	44.4	<b>62.5</b>	<b>78.6</b>	<b>64.5</b>		

Reasons to use Social Media	Networking	<b>55.6</b>	12.5	<b>64.3</b>	48.4	5.728	0.057
	Customer service	<b>77.8</b>	<b>87.5</b>	<b>64.3</b>	<b>74.2</b>	1.518	0.468
	Sharing work-related project information	33.3	0.0	21.4	19.4	3.085	0.214
	Competitive monitoring	33.3	0.0	28.6	22.6	3.216	0.200
	Sales prospecting	22.2	0.0	21.4	16.1	2.076	0.354
	Collecting market information	44.4	25.0	<b>42.9</b>	38.7	0.860	0.650
	Customizing products	44.4	12.5	21.4	25.8	2.513	0.285
	Product development/innovation	0.0	12.5	21.4	12.9	2.240	0.326
	Market research	33.3	25.0	28.6	29.0	0.145	0.930
How the level of usage will be in the future	Stay the same	22.2	12.5	0.0	10.0%	2.994	0.224
	Decrease	0.0	0.0%	0.0	0.0		
	Increase	<b>77.8</b>	<b>87.5</b>	<b>100.0</b>	<b>77.8</b>		

Note: Bold means the relevant impact of the analyzed items respect to the three groups.

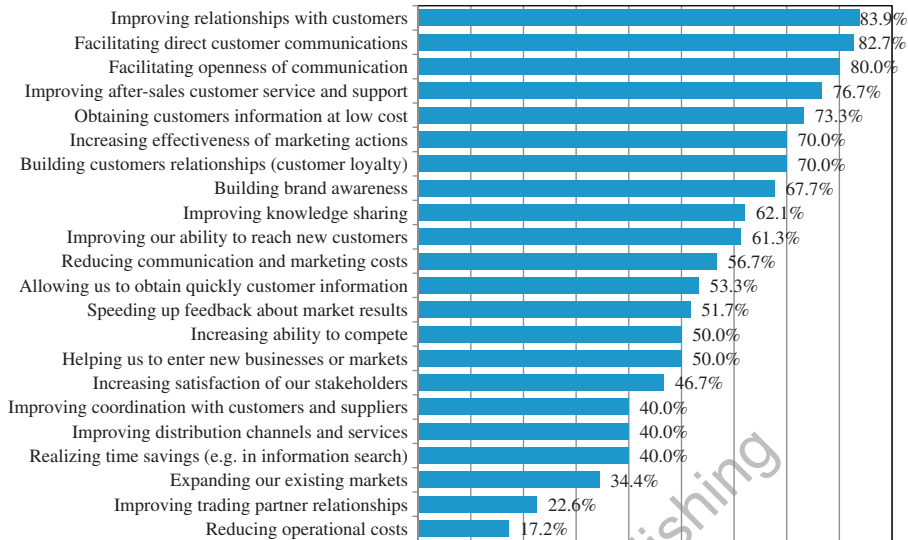


Figure 2: Profits obtained by retailers using Social Media.

Companies that use Social Media have a positive opinion as to different benefits obtained and it is logical that most of them will increase their usage in the future. Figure 2 presents the main benefits obtained by retailers using Social Media for business purposes. Most of retailers state that the main benefits they obtain from Social Media are the improvement of customer relationships (83.9%), facilitation of direct customer communications (one-to-one, many-to-many) (82.8%), openness of communication (80%), improvement of after-sales customer service and support (76.7%), obtain customer information (about current or potential customers) at low cost (80%), increase effectiveness of marketing actions (70%), build customers relationships (customer loyalty) (70%), build brand awareness (67.7%), improve knowledge sharing (32.1%), improve their ability to reach new customers in their existing markets (61.3%), reduce communication and marketing costs (56.7%), allow them to obtain quickly customer information (about current or potential customers) (53.3%), speed up feedback about market results (51.7%). The middle of retailers affirms increase ability to compete with the use of Web 2.0 tools, as well as, to be helped to enter new markets and businesses.

## Conclusions and Discussion

The fast adoption of social media applications by the public has forced companies to take notice of this phenomenon and try to understand what is the importance and impact of the social media on their business. This study was conducted among Spanish retailers in order to establish the state of affairs as to the adoption of Social



Media as marketing tools by this category of businesses. The findings indicate that companies retailers with 25–50 personnel and between 250 and 500 personnel are the pioneers in Social Media adoption while the category with less than 25 employees is the least enthusiastic about Social Media marketing. Spanish retailers do not using Social Media tools have for their largest part no intention to use them in the near future. Most important reason for this is the lack of knowledge about them, their use and possibilities, and a negative attitude as to potential benefits from them. Most of these companies are characterized by low use of online communication tools and lack of information and communication technologies expertise.

The most popular type of social media application used by Spanish retailers is the Questions and Answers option. Other applications used for mainly customer-related purposes are: social networking sites, customer reviews, blogs, community forums, product suggestions boxes, product reviews, and ratings. Some social media applications are used by only a few retailers and the intention to use them is very limited. In this category we find the wikis, podcasts, P2P networking, real time feeds, and product customization. Videos and micro blogging are used primarily for internal purposes.

In general we can state that the Spanish retailing sector is now beginning to discover the social media applications as potential marketing instruments. Looking to the findings of this study we can establish that the large retailers (more than 250 employees) and the small retailers (less than 50 employees) are the most likely to engage in social media marketing. Digital literacy seems to be an important factor for the adoption of Social Media as marketing tools. The higher the affinity with information and communication technologies and the more the internal expertise the higher the appreciation of the benefits offered by these tools and therefore the higher the perception of usefulness and level of use.

Retailers should place attention to this point by expanding their information and communication technologies staff and encouraging their personnel to learn using social media as a first step in understanding their uses and advantages and this way encourage them to think about potential benefits for their customers from social media interaction. It is encouraging that retail companies that use already social media tools have the intention to increase their use as they perceive a lot of benefits. This is particularly important since the largest barrier in adoption of social media strategies seems to be ignorance and lack of understanding of the need and benefits for the organization. This attitude is wrong and potentially damaging for retailers: their colleagues who have adopted them see benefits in overwhelming numbers namely improving customer relations, improving customer communication, openness, and building relationships.

Next to educating their own personnel retailers must pay also attention to their technical infrastructure and the freedom of employees to make use of online tools. Retailers using Social Media have higher proportion of broadband, intranet, adequate software/hardware for Social Media-related activities, and employees who can send internal and external e-mails and visit Internet without restrictions. It would be interesting for the future research to analyze if company technological context directly influences the adoption of Social Media.

Finally, although many differences do not exist between large, medium, and small companies, it is remarkable that large companies use Social Web tools as branding and small companies as customer service.

As main limitation of this study we could point out the difficulty to recruit the answers by retailers. Finally, the number of responses obtained with respect to the number of surveys carried out has been only a 20%.

Concluding, as practical implications, we can mention that next to clear benefits experienced already by retailers using social media tools there is another argument for the nonusers to accelerate the adoption of social media as part of their marketing arsenal; customers are using such technologies in overwhelming numbers and a substantial part of the customer generated content in social media is about brands, businesses, and products. Having a good idea about the customer dialog online can provide businesses with very valuable information and help them understand market trends but also identify potential areas of danger and problems. Such information is available quickly and for free: efficient collection of customer voice in the social media can save substantial amounts of marketing research money and help them continuously refine their value proposition while at the same time can help them to quickly identify problems and issues with the potential to become publicity disasters.

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