Chapter 10
Social Media Opportunities for Market–Driven Firms

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ABSTRACT

The emergence of social media has provided a new and essential way to reach customers. In fact, in many industries, more and more firms are seeking to approach social media for business purposes; thus, it becomes essential to understand how social platforms can be managed for corporate decision-making. The aim of this chapter is to give a better understanding of social media in the strategic management field; no study to date has examined the role of social media in market-driven firms. In particular, a novel conceptual framework is proposed to show how the integrated management of social media provides several opportunities to market-driven firms. First of all, social media enables market-driven firms to acquire data and information that is useful for monitoring the competitive environment. In addition, social media allows firms to develop greater customer knowledge and to improve customer relationships by attracting new customers and by engaging old ones.

INTRODUCTION

The advent of social media, "a group of internet-based applications that build on the ideological and technological foundations of Web 2.0 and that allow the creation and exchange of User Generated Content" (Kaplan & Haenlein, 2010, p. 61), has produced new ways to communicate, collaborate and share contents. Social media have been adopted by many firms using them to interact with customers everywhere on the global market. In fact, the accelerating complexity of demand and the increasing competitive rivalry have induced

many firms to compete on a global landscape; and the advent of Internet and digital technologies (Chaffrey *et al.*, 2009) have assumed an important role in developing a worldwide presence.

Today every firm, regardless of its geographic location, operates in a dynamic and changing environment and only the firms that are able to quickly recognize the events impacting their business can successfully survive in this kind of competitive arena (Brondoni, 2012).

Market-Driven Management (Ohmae, 1990; Day, 1990, 1999; Narver & Slater, 1990; Kohli & Jaworski, 1990; Webster, 1994; Best, 2009;

Lambin, 2007) has emerged as one of the best strategic approaches for competing in current hyper-competitive markets. It is a business philosophy with the main purpose of creating superior customer value in direct and continuous confrontation with the competitors (Brondoni, 2009). In fact, the value perceived by customers of each firm's offer must be higher, compared to that of competitors' goods; thus, market-driven firms are involved in continual processes of identification of market changes, which could translate into customer value determinants.

In this context, social media can be very useful for firms. First of all, they can serve as an important inbound marketing channel, by influencing potential customers and empowering past customers to share their experiences (Ang, 2011; Laroche *et al*., 2013; Sashi, 2012; Stone *et al*., 2013). Secondly, social media allow for a wide variety of activities, including global information access, discussion groups and file transfer facilities, all of which impact business strategies (Kietzmann *et al*., 2011; Fill, 2009; Chaffrey *et al*., 2009; DiStaso *et al*., 2012; Vuori *et al*., 2012).

The purpose of this theoretical chapter, primarily based on the literature review, is to examine the role of social media in improving market-driven firms' competitiveness by attracting new customers, by communicating to a global audience and by monitoring competitor strategies. In fact, despite the growing popularity of social media in the academic literature, there is a relative lack of research on the benefits provided by social media management to the firms that adopt a strategic market orientation. We want to fill this gap by proposing a novel conceptual framework of analysis of social media opportunities for market-driven firms.

The chapter is structured as follows: after the introduction, section 2 analyzes the theoretical background on market-driven management and social media; section 3 describes the proposed framework on the opportunities of social media management for market-driven firms; section 4 provides future research directions; and finally, section 5 draws conclusions with managerial implications.

BACKGROUND

Market-Driven Management Literature Review

The academic literature on Market-Driven Management has grown rapidly in the last few years. Peter Drucker (1954) is considered one of the precursors of the concept of "*market orientation*" because he affirmed that the purpose of a business is to create a satisfied customer and the customer is still considered the core-focus of every market-driven firm (Best, 2009). However, the two papers that build the foundation of market orientation and constitute the basis of the following research studies are surely the papers of Kohli and Jaworski and Narver and Slater, both published in 1990.

According to Narver and Slater (1990), market-driven management has two core components: customer orientation and competitor orientation. To create superior customer value continuously, the former emphasizes the activity of analyzing and understanding target customers, and the latter focuses on the monitoring and examination of strengths and weaknesses of rivals. Moreover, an inter-functional coordination optimizes the acquisition of information about customers and rivals and coordinates the use of corporate resources and activities of the entire organization.

The management of information is of crucial relevance for market-driven firms and, in fact, Kohli and Jaworski (1990) define a market orientation as the firm's ability to generate, disseminate and use superior information about its customers and competitors. The key corporate processes of this approach are: the market intelligence mechanisms and the continuous dissemination of the collected data; their examination and process-

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