

Chapter 61

Is Social Media Marketing Really Working?

Its Impact on the Relationships among Market Orientation, Entrepreneurial Orientation, and Business Performance

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ABSTRACT

Online social networks have become the fastest growing phenomenon on the Internet and firms are beginning to take advantage of them as a marketing tool. However, the strategic importance of social media marketing is not yet clear, given the novelty and the difficulty of measuring its impact on business performance. This study uses data from 191 Spanish firms from several sectors to measure the impact of the intensity of use of social media marketing on the relationship between the dynamic capabilities of market orientation and entrepreneurial orientation, and business performance. The results provide evidence of the moderating effects of social media marketing intensity on the strength of the mentioned relations and the importance of a strong and committed marketing strategy on digital social networks for businesses.

INTRODUCTION

The rise of online social networks, such as Facebook, Twitter, Google +, My Space, YouTube, Flickr, LinkedIn, and Pinterest, has changed the way people communicate through the Internet. Companies have realised that their clients are

part of online social networks and this awareness has increased the interest of marketers to explore them as a new marketing tool (Katona, Zubcsek & Sarvary, 2011). However, the strategic importance of online social networks as a marketing tool is not yet clear given the novelty and the difficulty of measuring their impact on business perfor-

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mance. In fact, marketers are so concerned at the present time because there is a complex problem to monetise and measure the actions carried out in the online social networks (Clemons, 2009).

Given the novelty of the phenomenon and its popularity, many firms have begun to use social media as a marketing tool, some of them even without any kind of strategy or plan. It is not clear if social media marketing could help firms to have better results, and our aim is to contribute with the crescent, but still limited study of the use of online social networks as a marketing tool and their impact over business performance. This study analyses the social media marketing intensity as a moderating variable between the constructs of market orientation, entrepreneurial orientation and business performance.

The remainder of this article is structured as follows. The first part presents a review of the literature on social media marketing, dynamic capabilities, market orientation, entrepreneurial orientation and business performance relation. The second part focuses on the research methodology, showing the data collection process and methodology used for this study. The third section shows the main results from an investigation among 191 Spanish firms from several sectors and sizes. Finally, we present the main conclusions, implications, limitations and future research.

BACKGROUND

Online Social Networks and Marketing

Online social networks, as a new communication system based on Internet technology, have become the most influent phenomenon in communication in the last decades (Kaplan & Haenlein, 2010). It is based on a Web platform that allows people to build a public or semi-public profile in a bounded system, articulate a list of users to share a connec-

tion, and view and cross the list of contacts, and those made by others, within the system (Boyd & Ellison, 2007).

The technological platform enables and supports community interaction and helps to build trust and a common feeling among members of the community (Leimeister, Sidiras & Krcmar, 2006). Online social networks offer people new ways to build and maintain social networks, create relationships, share information, generate, and edit content and participate in social movements through the Internet (Lorenzo, Constantinides, & Alarcon, 2011), and the interaction between members can encompass text, audio, images, video and other media, individually or in any combination (Ryan & Jones, 2012). According to Fuchs (2008), some of social media's most important features are the continuous interaction among members, the formal and informal conventions, the willingness of people to interact, the global dimension and the speed with which relationships are developed. Indeed, the online social networks can be seen as a social exchange structure with its own governance structure and patterns of interaction in which resources flow between individuals (Van Baalen, Bloemhof – Ruwaard, & Van Heck, 2005).

The new media have become a phenomenon that daily impacts the lives of millions of people. Online social networks are a global phenomenon, but only some are global dominators like Facebook, YouTube, Twitter, LinkedIn and Pinterest. These digital networks are considered of great importance both for individuals and businesses, since they support the maintenance of existing social ties and the formation of new connections between users (Boyd & Ellison, 2007). Facebook, for example, has reached immense dimensions in recent years, achieving more than 845 million monthly active users in just 8 years of functioning. Nowadays it is the world's largest social network (Crunchbase, 2012) and the second most visited page on the Internet (Alexa, 2012a).

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