

# Chapter 5

## Consumer–Centric Marketing Strategies: Social Networks as Innovative Tools for Consumer Relationship Management

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### ABSTRACT

*In recent years, the increase in social network users showed new platforms for collecting data on market trends and products acceptance, as well as for supporting the relationships with clients and adapting firms' communication strategies. As a consequence, marketers are forced to consider these systems as tool for attracting, maintaining, and managing clients in order to increase the firms' profitability. This chapter aims at advancing our knowledge on the use of social networks, such as Facebook, as tools for improving Consumer Relationship Management, by focusing on a case study. In particular, the chapter investigates the case study of the Calabrian scenario, characterized by small-sized and family-run firms, which use traditional forms of marketing tools. Due to the ease and fast access to Web-technology-based platforms, these firms are capable of operating in a global perspective, by understanding market trends and quickly adapting their strategies. Hence, the case study of Calabrian industries can represent an interesting case study for analyzing to what extent these technologies can become a new marketing mix element for improving firms' profitability, for both SMEs and larger firms. In particular, the adoption of Facebook by managers allows advancing our knowledge on the impact of the social networks on their marketing strategies, and on the relationships with clients. The results outline useful issues for researches and practitioners. Furthermore, the research has an interdisciplinary value, involving Psychology, Marketing, and Organizational points of view.*

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## **INTRODUCTION**

In recent years, the advances in Information and Communication Technologies introduced innovative tools that dramatically changed the marketing orientation (Pantano & Corvello, 2010). These innovations motivated industry to shift from a product orientation to a consumer orientation (Sheth, et al., 2000). In this scenario, the Web-based technologies offer an effective framework for developing business opportunities based on consumers' needs and reaching a large amount of clients directly, as well as for linking actors across market boundaries, through usable tools for improving relationships between firms and consumers, attracting new clients and maintaining the existing ones, providing information on market trends (Niinien, et al., 2007; Pantano, et al., 2010; Al-Maghrabi, et al., 2011; Nambisan & Watt, 2011). In fact, the web-based technologies provide new platforms where consumers can share opinions, experiences, and suggestions and create a common knowledge on products and brands.

As a consequence, the concept of consumer-centric marketing emerges, with the aim to anticipate behaviors and preferences of consumers and competitors for both achieving a competitive advantage (Sheth, et al., 2000), and reaching directly each client (Cheng & Dogan, 2008). According to Gordon (1998), consumer-centric marketing concept is the ongoing process of identifying and creating new value for individual consumers and subsequently sharing the benefits from this process. It involves the understanding, focusing, and management of ongoing collaboration and sharing through interdependence and organizational alignment. It is based on interaction within networks of relationships, involving the phenomenon of developing relationships between products/services/brands and consumers, that will allow both marketers and clients to interact on regular bases (Solomon, 2006).

In one hand, consumers have an active role in the design of the final product and services with benefits for their satisfaction; in the other one the connections between clients and firm are enhanced with benefits for consumer' trust on the firm (Niinien, et al., 2007). Hence, consumer centric marketing is based on a circle between consumers and firms: consumers are involved in the creation of the customized products/service; firms achieve information on consumer's behavior, the perceived value of the product increases.

Consumer-centric marketing is mainly based on 3 steps (Niinien, et al., 2007):

1. The collection and analysis of information on single consumer
2. The use of the information for a more efficient targeting of clients
3. The possibility to customize and personalize the product/service which best fits consumers' needs

Therefore, firms are forced to focus on creating value for consumers by providing them the products they need and prefer, as well as they are forced to develop an efficient information system for identifying and profiling individual consumers, in order to achieve a better profit from Internet-based tools (Cheng & Dogan, 2008).

As a consequence, there was a dramatic growth in the acquisition of Consumer Relationship Management (CRM). CRM is a strategic and management concept in creating consumer's value (Buckinx & Van den Poel, 2005) founded on consumer centric marketing. CRM helps bring together lots of pieces of information about consumers, sales, marketing effectiveness, and responsiveness and market trends. The idea of CRM is that it supports businesspersons in using technology and human resources to advance their knowledge on the behavior and values of consumers (Roh Tae, et al., 2005). Thus, CRM concept

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