Antecedents of Customer Engagement in Social Media and Impact on Loyalty

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Social media to marketers is important. Issues like customer engagement, customer loyalty and customer delight are gaining prominent attention among organizations involved in social media marketing, as loyal customers help improve bottom line. In this paper we attempt to find out the antecedents of customer engagement in electronic goods segment. Total 30 variables pertaining to constructs customer engagement and customer loyalty in social media, were identified and subjected to factor analysis giving us four factors which are the antecedents of customer engagement. These were subjected to regression with loyalty as a dependent variable. The regression results show a significant relationship which indicates customer engagement has a strong relationship with customer loyalty. Issues for future research and implications for managers are also discussed in the paper.

(**Key words**: *Social media, Customer Engagement, Responsiveness, Involvement, Customer Loyalty*).

1. Introduction

Social media is a boon and a powerful tool in hands of marketers to connect with its customers. Over 90% of marketers are using social media as a marketing tool (Shaffer & Garrett, 2011). With easy accessibility and cheap connectivity the use of social media is rampant and has grown many folds. The ease of two way communication and the speed, at which communication can happen, has tremendously increased the chances of organizations creating awareness about their products and making customers talk about their products. You may be watching television or listening to radio, and you are bound to be bombarded with requests to "follow" organizations on facebook, whatsapp, linked in, twitter, youtube, blogs, myspace etc, for latest news from the company, giving your feedback on company products, schemes and offers or may it be launch of new products. The two way instant exchange of comments facilitates organizations to get prompt feedback on their actions and can really get to know what is working in the customers mind.

Indian organisations use social media much more than the global average and their counterparts in emerging economies. According to a study commissioned by Oracle, it was found that 95.7 percent of those surveyed use the medium to build communities and advocate usage, while 76.1 percent use social media as a platform to highlight brand news. Around 16 percent of organisations that use social media for both the above reasons also use it for customer service, lead generation, and research indicating high social maturity and moving toward getting business meanings out of engagements. (D. Khongwir, 2013).

Glynn and David (2009) argues that social media is a hybrid element of the promotion mix because in a traditional sense it enables companies to talk to their customers, while in a non-traditional sense it enables customers to talk directly to with other customers. The content, timing, and frequency of the social media-based conversations occurring between consumers are outside managers' direct control. Social media has induced positive changes by making media instantly updateable, control, archives accessibility, freedom and in terms of measuring the effectiveness of a marketing campaign. On the other hand traditional media is unchangeable with archives not accessible and reaches a finite number of people.

Ignoring a question, complaint or concern from a customer via a social media site is like not returning a voicemail left by a customer. Eventually that customer gives up – and probably tells a number of his/her friends about the bad customer service he/she received (Alerus Small Business Connect, 2013). Customer defections are bad and worse are the negative WOM spread by them.

Social media have been applauded for revolutionising life for the consumer (Kaplan and Haenlein, 2009; Mangold and Faulds, 2009), having dramatic influences on every stage of the consumer decision-making process including information acquisition, brand awareness,

Purchase behaviour, and post-purchase communication and evaluation, as well as influencing general opinions and attitude formation (Mangold and Faulds, 2009). In spite of this, there is no empirical research to date which explores what are the antecedents of customer engagement via social media and the impact of customer engagement on customer loyalty.

Within extant research on social media, researchers have focussed their attention on areas such as motivations for adoption of social media (Gangadhar batla, 2008); social media participation (Camilla Bond 2010); user segmentation and participation (Berthon, Pitt, and Campbell, 2008; Forrester Research, 2010); electronic word of mouth (Okazaki, 2009; Riegner, 2007); and online brand communities (de Chernatony and Christodoulides, 2004; de Valck, Van Bruggen and Wierenga, 2009; Muniz and O'Guinn, 2001).

Research on online loyalty has focussed on offline loyalty versus online loyalty (Shankar, Smith & Rangaswamy, 2003); online purchase size, purchase value and loyalty (Anderson & Srinivasan, 2003) however without any empirical testing. A conceptual theorization based on literature review is provided on attitudinal loyalty, behavioural loyalty and social media (Kerrie Hawkins, Prakash Vel, 2013); similarly a conceptual frame work is presented of the proposed relationship between social media participation and engagement, and behavioural outcomes (Camilla Bond 2010), however there is no empirical evidence available in both the cases and as such leaves a big research gap. Relationship between online engagement and advertising effectiveness has been studied (Calder, Malthouse and Schaedel, 2009), however social media engagement and its impact on loyalty remains unexplored.

As such this paper attempts to find out what constitutes customer engagement in social media and what is the impact of customer engagement on customer loyalty. This is done through a study among customers of electronic goods segment who are social media users.

2. Research Method

This research paper is an exploratory empirical study, involving focus group study in the first phase which is exploratory in nature and an online survey among the customers of electronic goods segment, who are social media users, in the second phase to collect quantitative data. Any person who is a customer of electronic goods segment, who has purchased and/or is using such goods and users of social media qualified to be a respondent. Questionnaire was circulated in general among social media users with the youth being a major part of it.

Online survey instrument was created using services of surveymonkey.com and the questionnaire was widely circulated among social media users via email and face book and responses sought. A five point Likert scale ranging from Strongly Agree to Strongly Disagree was used to collect data on each statement pertaining to the chosen variables.

The variables pertaining to constructs customer engagement and customer loyalty in social media, numbering 30, were culled out from literature review and from personal study with four groups of social media users (students) in form of focus group discussions, each group comprising of 10 members. The members of the group were asked to deliberate on issues such as the efforts that the marketers take to engage customers ie to improve customer participation and get customers more involved in social media interaction, what they consider important in such interactions, what constitutes customer engagement, what could be customer loyalty in social media etc.

In all 147 responses were received, of which some people visited but did not take the survey and some responses were incomplete hence total nine forms were discarded. This left the researcher with 138 usable responses. Data collected is analysed using SPSS package to arrive at conclusions.

3. Major Results

The data collected were analysed using SPSS package. All the 30 variables were subjected to factor analysis using principle component method, and with varimax rotation. In all there were four factors extracted which were saved for further analysis. These factors are named based on the factor loadings of variables above 0.5. The four factors are termed as "Consumption Pattern", "Information Dissemination", "Interaction & Responsiveness" and "Involvement".

These four factors which are the antecedents of customer engagement were subjected to regression with loyalty as a dependent variable. Customer loyalty was computed as a new variable using responses obtained for variables namely "Feel attached", "Repurchase", "Recommend" "Complain" "WOM", and "Feedback". This was done specifically keeping in mind the behavioural and the action components of customer loyalty. The regression results gave a significant relationship with R square value of 0.728 at a significance level of 0.000 which indicates that customer engagement has a strong relationship with customer loyalty. The SPSS output giving the R square, ANOVA and coefficients is given below in table 1.

Table 1 *Regression Analysis of Customer Engagement with Customer Loyalty Model Summary*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.853[a]	.728	.720	1.51549

a. Predictors: (Constant), Consumption pattern, Information Dissemination, Interaction and Responsiveness, Involvement

ANOVA[a]

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	818.076	4	204.519	89.049	.000[b]
	Residual	305.461	133	2.297		
	Total	1123.536	137			

a. Dependent Variable: Loyalty
b. Predictors: (Constant), Consumption pattern, Information Dissemination, Interaction and Responsiveness, Involvement

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	13.725	.129		106.387	.000
Involvement	2.048	.129	.715	15.815	.000
1 Interaction and Responsiveness	.603	.129	.210	4.654	.000
Information Dissemination	.713	.129	.249	5.506	.000
Consumption pattern	.952	.129	.333	7.356	.000

a. Dependent Variable: Loyalty

4. Implications

Social media plays a vital role in marketing field today. Let the organization be having business in brick and mortar form or in online form, marketing through social media cannot be missed by any organization if they wish to maintain a base of loyal customers, which is very essential in the competitive world. Customer engagement is a phenomena which marketers should be concerned about and should know what constitutes customer engagement, which in turn is essential for building loyalty. This research shows that "Consumption Pattern", "Information Dissemination", "Interaction & Responsiveness" and "Involvement" are important antecedents of customer engagement. Marketers need to understand the significance of these four aspects and work to improve on these areas in order to have a healthy engagement with customers. Marketers should focus on every component, constituting responsiveness, involvement, motivation, interaction, information dissemination, customer's consumption patterns and participation.

It is essential to improve the quality of interaction and information dissemination with customers through social media as social media is very powerful and the reach is vast. Whatever the marketers say does not restrict to that customer only but it gets spread across thousands and lakhs of other customers at a very fast speed. Moreover whatever is communicated remains as a permanent record unlike verbal communication in brick and mortar format. Good quality of interactions means good customer service and this should be at a very fast speed to meet the speed of the customer's expectations. Speed of interaction and positive responses coupled with the amount of information required by customer are essential to retain the customers in social media marketing.

Keeping the customer engaged and managing customer involvement, both emotional and physical, in terms of time spent and the frequency of usage and interactions with organisation is very important. Marketers should understand that every customer is a bundle of expectations and meeting, rather surpassing their expectations is a big challenge in front of marketers, specially so in case of social media marketing, for simple reason that the reach and impact of social media in making or breaking a brand is tremendous. More so with the electronic goods segment where the technology is changing at rampant speed and so are the product features and services. Likewise every marketer needs to understand the intricacies involved in managing complex components of human behaviour. They need to manipulate and manage every customer's feelings and emotions to their benefit and this can best be achieved by being speedy and courteous and displaying responsive behaviour thereby enhancing customer engagement which in turn will result in loyal customer base.

This paper explores the antecedents of customer engagement in electronic goods segment only and does not touch upon any other segment and as such these findings may not be the same when it will come to other segments such as garments or personal hygiene products. As such this may be a limitation of this research. Likewise a smaller sample size could be a limitation, as a bigger sample size would have given a much clearer picture. Future research could be carried out in the direction of establishing statistical validity in other segments such as garments, consumer goods, cosmetics etc and also in service sector or even a comparative study across various segments would give good insights for marketers.

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