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## **USING FACEBOOK BRAND COMMUNITIES TO ENGAGE CUSTOMERS: A NEW PERSPECTIVE OF RELATIONSHIP MARKETING**

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### **Abstract**

*With the advent of digital age, engaging customers on social networking sites has become a crucial marketing activity of companies. This study, through a questionnaire survey of 320 students in India, explores the role of customer engagement in enhancing customer relationships on Facebook brand communities so as to add value to the company. The direct effect of customer participation on word of mouth as well as an indirect effect through the mediation of customer engagement is investigated. The results show a positive relationship between customer participation and word of mouth, results also delineate that customer participation leads to customer engagement, which in turn plays a crucial role in generating word of mouth. This study is the first of its kind in Indian context.*

## **Keywords**

Customer Engagement; Customer Participation; Word of Mouth; Facebook; Brand Community; India

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## **1. Introduction**

Marketing, historically, was concerned about creating customers; little attention was paid towards retaining them. But with the advent of relationship marketing, this assumption got reversed (Buttle, 1996). Marketing, in the contemporary times, is not confined to only producing and selling products, but is viewed as a discipline to create and maintain long-lasting mutually beneficial relationships with all related stakeholders; with a crucial emphasis on organization-customer exchange. In the past decade, the discussion about relationship marketing has resulted in some profound concepts (Boulding et al., 2005). Customer engagement is one of such concepts that has unfolded and has secured a dominant position in the marketing arena. Customer engagement according to Doorn et al. 2010 is "the customers' behavioral manifestation toward a brand or firm, beyond purchase, resulting from motivational drivers." (p. 254). Hollenbeck (2011b) considers it as "the level of customer's cognitive, emotional and behavioral investment in specific brand interactions" (Hollenbeck, 2011b, p. 565).

Attempts have been made by researchers in the past few years to study this emerging construct (e.g. Hollenbeck, 2011a; Vivek et al., 2014; So et al., 2014; Islam and Rahman, 2016a), but the empirical examination of customer engagement and other related constructs is yet under-explored (Hollenbeck, 2011a).

With the advent of digital age and social networking sites, two-way conversations have become possible between companies and consumers (Deighton and Kornfeld, 2009; Islam and Rahman, 2016b). Social networking sites, especially Facebook, has given customers an opportunity to share their experiences with other people and has given companies an opportunity to know what customers actually want, get their regular feedback and encourage them to talk about, and recommend their brands to other people (Cheung and Lee, 2012). Huge interest has been shown by marketers in establishing relationships with customers by engaging them via social networking sites (Shen et al., 2010; Islam and Rahman, 2016b).

This paper is an attempt to empirically investigate customer engagement and its relationship with other related constructs in the context of the social networking site Facebook.

The structure of the paper is as follows. The first section gives the literature review of the variables of research model and then description of the survey with the respondents is presented, followed by the empirical analysis of the study. The discussion and conclusion of the study is presented in the last section.

## 2. Literature Review

The following section presents the literature of various variables of the study.

### 2.1 Customer Engagement

Customer engagement has been studied in different disciplines, and has been expressed differently using different terms. For example, psychology uses the term social engagement; educational psychology uses the term student engagement; sociology uses civic engagement, political science uses political engagement, organizational behavior uses employee engagement and recently in marketing, the term customer engagement has been used (Brodie et al., 2011). Moreover, a number of different forms of customer engagement have been used in marketing itself such as; consumer engagement, customer engagement, brand engagement, and customer engagement behavior etc. (Hollenbeck, 2011a). Different studies have conceptualized customer engagement in different ways. Table-1 below presents some definitions of customer engagement as available in the literature:

**Table 1:** *Customer Engagement Definitions*

Source	Definition
Doorn et al., 2010	"The customers' behavioral manifestation toward a brand or firm, beyond purchase, resulting from motivational drivers." (p. 254)
Hollebeek, 2011b	"The level of customer's cognitive, emotional and behavioral investment in specific brand interactions" (p. 565)
Brodie et al., 2011	"A psychological state that occurs by virtue of interactive, co-creative customer experiences with a focal agent/object (e.g., a brand) in focal service relationships" (p. 260)
Hollenbeck et al., 2014	"A consumer's positively valenced brand-related cognitive, emotional and behavioral activity during or related to focal consumer/brand interactions." (p. 154)
Vivek et al., 2012	"The intensity of an individual's participation in and connection with

Source	Definition
Doorn et al., 2010	"The customers' behavioral manifestation toward a brand or firm, beyond purchase, resulting from motivational drivers." (p. 254)
	an organization's offerings and/or organizational activities, which either the customer or the organization initiate." (p. 133)
Brodie et al., 2013	"Consumer engagement is a multidimensional concept comprising cognitive, emotional, and/ or behavioral dimensions, and plays a central role in the process of relational exchange where other relational concepts are engagement antecedents and/or consequences in iterative engagement processes within the brand community." (p. 3)

Most of the definitions of customer engagement express an interactive nature of this construct (Hollebeek, 2011b). The dimensions of customer engagement has also been a debatable issue as some studies consider customer engagement to be unit dimensional (Doorn et al., 2010; Sprott et al., 2009), whereas others consider this construct to be multi-dimensional (Brodie et al., 2013; Hollebeek, 2014; Vivek et al, 2012). This study also considers customer engagement to be multi-dimensional comprising of cognition, affection, and behavior and follows the broader definition of customer engagement given by Brodie et al., 2013.

As the usage of Facebook is ever increasing, companies are building brand pages on Facebook so that people share their experiences, give feedback, and spread a positive word of mouth about the brands of the specific companies. Spreading favorable word of mouth will ultimately add value to the company.

## **2.2 Customer Participation**

This study considers customer participation of customers as central to creating customer engagement. Although participation is a reflection of customer engagement, but literature reveals these two constructs to be distinct from each other. Customer participation represents the degree of involvement of a customer in producing and/or delivering service (Dabholkar, 1990).

Previous studies have considered customer participation as an antecedent to customer engagement, but the empirical validation is suggested (Vivek et al., 2012). Customer participation engages customers in interactive situations that are of interest to both customers as well as the company. This interaction can lead to higher level of engagement ((Bagozzi and Dholakia 2006). Thus, when customers will participate on the brand pages of the company on

Facebook, if the experiences are positive, it may lead them to get engaged with those pages, and ultimately with the company.

### 2.3 Word of Mouth

Companies consider word of mouth as a promotional tool (Bone, 1995; Islam and Farooqi, 2014a; Islam and Farooqi, 2014b) and believe that neglecting word of mouth may lead to underestimating customer lifetime value (Wangenheim and Bayon, 2007). Highly engaged customers are activists for the brand (Hollebeek, 2011a; Islam and Rahman, 2016b). Due to the influence of online members, engaged customers act as potential brand activists (Wallace and Chernatony, 2014). Consumers, on social networking sites, try to express themselves to others about their brand choices, and in doing so, seek to advocate the same brand to other customers (Wallace and Chernatony, 2014). Therefore, customers through their active participation and high engagement on brand pages of Facebook are more likely to spread positive word of mouth.

Based on the above literature, this study makes following three hypotheses.

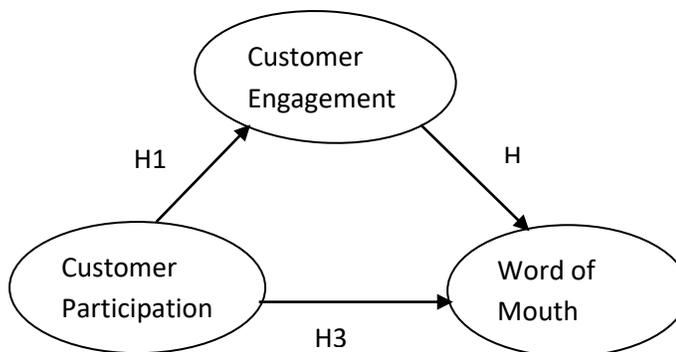
H1: Customer participation has a positive effect on customer engagement.

H2: Customer engagement has a positive effect on word of mouth

H3: Customer participation has a positive effect on word of mouth.

The current study presents a conceptual model based on the above set hypotheses. The model depicts the relationships between various variables taken for the current study. The study investigates a direct relationship between customer participation and word of mouth. Besides, an indirect relationship between customer participation and word of mouth through the mediation of customer engagement is checked.

The proposed conceptual model is shown in Figure 1.



**Figure 1:** *The conceptual model*

### **3. Research Methodology**

A questionnaire survey of 400 Indian post graduate students having a Facebook account was undertaken. 320 completely filled questionnaires were returned, reflecting a response rate of 80%. Students were taken as the respondents of this study as students use Facebook more frequently and a huge population of Facebook is of students (Burbary, 2011).

Only those students were made to participate in the survey who liked at least on brand page on Facebook. Students were asked to recall any brand page that they liked on Facebook. The most commonly liked brand pages by students were of Coca-Cola, Adidas, Nike, Starbucks, McDonald's, and Flipkart. Out of 320 respondents, 180 were male (56.2%) and 140 were female (43.8%) respondents, aged between 21-30 years.

All the variables of the study were measured through the established scales. Customer participation was measured using a three item scale by Groth (2005), customer engagement was measured through Hollenbeck et al. (2014), and word of mouth was measured through Zenithal et al. (1996). Apart from obtaining the biographical information of the respondents, all the items were measured on a seven point Likert scale, where in one depicted strongly disagree and seven depicted strongly agree.

### **4. Data Analysis**

To analyze the data and to test the relationships between customer participation, customer engagement, and word of mouth, Structural Equation Modeling technique was used.

The results reveal that students visit Facebook frequently and follow their favorite brand pages enthusiastically, as 70% respondents checked their brand pages more than three times a week and 30% checked their brand pages daily.

Conformity Factor Analysis was used to check the validity and reliability of the variables. Items that show a weak factor loading ( $<0.5$ ) were deleted. All the variables had Cronbach  $\alpha$  value greater than 0.70, composite reliability greater than 0.70, and average variance extracted greater than 0.5, which depicts the recommended range of these values (Fornell and Larcker, 1981). Significant t-values ( $p < 0.05$ ) and convergent validity ( $>0.5$ ) was shown by all the factor loadings (Hair et al., 2006).

Table-2 shows the results of factor loadings, followed by Table-3, presenting the values of Cronbach  $\alpha$ , composite reliability and average variance extracted.

**Table 2:** *Factor Loadings*

Variable	Items	Loadings
<i>Customer participation</i>	Cp1	0.82
	Cp2	0.72
	Cp3	0.75
<i>Customer engagement</i>	CEg1	0.66
	CEg2	0.65
	CEg3	0.58
	CEg4	0.60
	CEg5	0.61
	CEg6	0.59
	CEg7	0.63
<i>Word of mouth</i>	WOM1	0.74
	WOM2	0.79
	WOM3	0.81

**Table 3:** *Cronbach  $\alpha$ , Composite Reliability and Average Variance Extracted of Variables*

Variable	Cronbach $\alpha$	CR	AVE
<i>Customer participation</i>	0.80	0.80	0.61
<i>Customer engagement</i>	0.77	0.81	0.65
<i>Word of mouth</i>	0.79	0.82	0.60

Empirical analysis of the data supported all the hypothesized relationships. As presented in Table-4, the results of the structural model depict that customer participation is directly related to customer engagement with path coefficient equal to 0.55, therefore, supports H1. The relationship between customer engagement and word of mouth is also supported by the data, with path coefficient equal to 0.51. H3 is also supported by the data with a path coefficient of 0.14.

While observing the direct and the indirect relationship of customer participation with word of mouth, the direct effect was half (path coefficient=0.14, t-value=3.11) as effective as the indirect effect through the mediation of customer engagement ( $0.55 \times 0.51 = 0.28$ ). Therefore, the indirect effect of customer participation is stronger than the direct effect, revealing the significance of customer engagement.

**Table 4:** Results of structural model

Hypotheses	Path coefficient	t-value	Result
CP $\longrightarrow$ CE	0.55	5.99	Supported
CE $\longrightarrow$ WOM	0.51	6.63	Supported
CP $\longrightarrow$ WOM	0.14	3.11	Supported

(Note: CP: Customer participation; CE: Customer engagement; WOM: Word of mouth)

## 5. Discussion

Customer engagement is considered as a critical issue in today's highly networked, digital, and competitive environment. Due to the rise of social networking sites, Facebook in particular, customers actively trigger conversations with companies and pass on word of mouth to other people. Companies need to understand what drives customer engagement on these networking sites and come up with effective strategies to encourage customers to participate in

the conversations on their brand pages and spread a positive word of mouth so that value is added to the company both in terms of building a loyal customer base and an increase in purchasing activities of customers. The crucial role of customer engagement in relationship building is stressed in marketing literature. This paper studied the concept of customer engagement in the context of Facebook brand pages. The relationship between customer participation, customer engagement, and word of mouth was investigated. Empirical validation of a research model depicting a direct and an indirect effect of customer participation on word of mouth were undertaken. The results reveal that customer participation has a direct effect on customer engagement and customer engagement leads to rise in word of mouth activities. The results also revealed a direct relationship between customer participation and word of mouth, but this relationship is better reinforced by the mediation of customer engagement. Therefore, the results suggest that customer engagement play a critical role in relationship building through the reinforcement of positive word of mouth by the actively engaged customers. The results of the study support earlier research (Brodie et al., 2011; Vivek et al., 2012; Wallace and Chernatony, 2014) and strengthen the literature by providing the empirical validation of the hypothesized relationships.

The study suggests practitioners to encourage customer engagement on social networking sites by providing timely and reliable information and by keeping a track of customers' conversations on the brand pages, so as to build a long lasting relationship with customers. Mere participation through passive advertisements is not enough to build such relationships.

Further research is needed to expose various motivations of customer engagement, how to boost those motivations. This study is limited to the social networking site Facebook, but customers may be participating and following brands on other sites. Therefore, future research may consider those sites to understand customer engagement. This study considers only the positive aspects of customer engagement, but customers may also get actively engaged to spread negative word of mouth if the experiences are not satisfying (Vivek et al., 2014). Future research may study the negative effects of customer engagement.

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