

Journal of Management Sciences**The Use of Social Media in the Marketing Strategy of Service Firms****Affiliation:**

Pinelopi Athanasopoulou

Associate Professor, University of Peloponnese, Sport Organization & Management Department, Greece.

Email: apinelopi@hotmail.com

Apostolos N. Giovanis

Professor, University of West Attica, Greece.

Email: agiovanis@uniwa.gr

Marilou Ioakimidis

Assistant Professor, University of Peloponnese, Department of Economics, Greece.

Email: marilou@uop.gr

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The Use of Social Media in the Marketing Strategy of Service Firms

Pinelopi Athanasopoulou *

Apostolos N. Giovanis †

Marilou Ioakimidis ‡

Abstract: The purpose of this study is to determine how service firms use social media in their marketing strategy. Specifically, three parts of marketing strategy are analysed: the communication mix used by service firms; the management of customer relationships and new service development (NSD). Results from 18 businesses in 3 service industries (fitness, tourism and education) show that only about half of the businesses employ a qualified manager for social media. However, all sample companies measure social media effectiveness. Although all participant businesses promote their offers in various social media and cultivate intimate relationships with customers, using social media for developing new services is less common and found mostly in Greek fitness centres where customers are asked to vote for ideas for new services; provide opinions on existing services, and share their ideas.

Keywords: Social media, marketing strategy, fitness services, tourism, education, relationship marketing, new service development.

Introduction

Social media (SM) is defined as “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). The users of social media are increasing rapidly worldwide and are expected to surpass 4.4 billion people in 2025 (statista.com, 2020a). As a result, businesses recognise how important it is to incorporate the use of social media in their marketing strategy. One especially important area of social media use is in the communication mix of firms with an aim to inform customers and develop strong brands (Assimakopoulos, Antoniadis, Kayas, & Dvizac, 2017; Anwar & Zhiwei, 2020; Siguencia, Herman, Marzano, & Rodak, 2017). Furthermore, SM are increasingly used to manage customer relationships. Finally, SM are interactive in nature and as a result, they make it possible for businesses to establish an interactive communication with customers. Therefore, customers can use this channel of communication to take part in co-creation of products and services (Raman & Menon, 2018; Muninger, Hammedi, & Mahr, 2019; Carlson, Rahman, Voola, & De Vries, 2018).

* Associate Professor, University of Peloponnese, Sport Organization & Management Department, Greece.
Email: apinelopi@hotmail.com

† Professor, University of West Attica, Greece. Email: agiovanis@uniwa.gr

‡ Assistant Professor, University of Peloponnese, Department of Economics, Greece. Email: marilou@uop.gr

Although, the use of social media in marketing strategy is increasingly important for businesses, previous research is not conclusive on a framework for strategic social media marketing (SMM) and relevant research remains limited (Felix, Rauschnabel, & Hinsch, 2017). Also, researchers conclude that it is important to examine the use of social media across different industry sectors (Kizgin et al., 2020). The objective of this study is to determine how service firms use social media in their marketing strategy. Specifically, three parts of marketing strategy are analysed: the communication mix used by service firms; the management of customer relationships and new service development (NSD). Three industry sectors are analysed, fitness, tourism and education.

The paper is structured as follows. First, we review the literature on the use of social media in marketing strategy, then we explain the method used; third, we show and interpret the results and we conclude with relevant managerial implications, as well as study limitations and suggestions for further research.

Literature Review

Social media, or networks, is a concept that originates from the field of Communications. Social media are defined as internet based media that make communication easier. Solis (2010) define SM as “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”. Many researchers conclude that SM are online platforms that make it possible for customers to make their own content and share it; communicate and develop relationships with each other (Hennig-Thurau et al., 2010; Gordon, 2010). According to Zeng and Gerritsen (2014), “social media includes social networking sites, consumer review sites, content community sites, wikis, Internet forums and location-based social media”.

Social media use has increased rapidly on a global scale. Around 3.6 billion people currently use social media worldwide, when the projection is for nearly 4.41 billion in 2025 (statista.com, 2020a). Facebook is the most popular social network with around 2.7 billion monthly active users whereas Instagram has 1 billion monthly active accounts (statista.com, 2020a).

Social media are increasingly used by various firms around the world and in many different sectors for marketing purposes (Harvard Business Review, 2012). In 2017 90 percent of U.S. businesses use social media in their marketing strategy (Statista.com, 2019). Businesses increasingly use social media as a marketing tool that helps them to communicate effectively with their existing and potential customers (Gummerus, Liljander, Weman, & Pihlström, 2011).

SM is extremely valuable for marketing and their value is increasing rapidly. On one hand, SM can provide information about customer preferences as well as demographic and psychographic characteristics that help in crafting marketing strategy. On the other hand, SM can be used to effectively engage customers and create value for customers (Ashley & Tuten, 2015; Hudspeth, 2012). Also, SM have various benefits for firms including well-targeted campaigns based on extensive customer knowledge; a wide geograph-

ical reach of customers; enhanced perceived quality and brand loyalty; better research and database management and lower costs; higher sales; faster adoption of new products; better relationships with customers that stay longer. Various studies emphasize that social media help companies to communicate with customers, raise brand awareness, affect customer attitudes, get customer feedback, create better products and services and improve sales (Algharabat, Rana, Dwivedi, Alalwan, & Qasem, 2018; Kapoor et al., 2018; Kaur, Dhir, Rajala, & Dwivedi, 2018) as well as retain or increase market share (Schultz & Peltier, 2013).

Overall, organisations can significantly benefit from integrating social media marketing (SMM) in their marketing strategy (Abed, Dwivedi, & Williams, 2015; Felix et al., 2017). In order to do this, many firms try to engage customers on social media through promoting their products and services using interactive communication; developing and keeping mutually beneficial customer relationships and by incorporating customer ideas into the development process of new products and services (Hutton & Fosdick, 2011).

The use of social media for communicating with customers has increased significantly the last 10 years. Social networks are considered to be (Cheng, Fu, & de Vreede, 2017; Pantano & Di Pietro, 2013) very effective communication tools that are able to reach millions of people; can be used to easily spread positive word-of-mouth communication about products and services at a low cost; and can affect the decision making process of customers. Mangold and Faulds (2009) argue that SM contain some aspects of traditional IMC (Integrated Marketing Communications) but also include a significant word-of-mouth communication. Social media are part of the communication mix in most companies today and are a critical marketing medium for many global brands. Firms use a Facebook fan page to communicate interactively with current and potential customers. Also, media businesses use Twitter posts to send short messages in real time. When the visual part of the message is important firms use their YouTube channel to promote products or services (Tsimonis & Dimitriadis, 2014). Restaurants use social media to promote products and events, share their news, recruit employees and contact customers (Di Pietro, Di Virgilio, & Pantano, 2012; Needles & Thompson, 2013). In hotel SMM, Leung, Bai, and Erdem (2017) conclude that messages regarding the brand or the product or involvement messages are the most effective.

Social media are critical for customer communication today because young customers trust information about products that appears on social media more than they trust information from their friends or firm ads and use it to make their purchase decisions. Most millennials (83%) visit social media regularly share their product experiences and read other people's reviews. Therefore, it is evident that through the electronic word-of-mouth (eWOM) that exists on SM each customer can affect many others (Bowen, 2015).

Apart from their role in the communication mix, SM can be used in two other important areas of marketing strategy. First, the use of SM helps to sustain a continuous and intimate communication with customers and therefore, can lead to the development of mutually beneficial relationships (Wright, Khanfar, Harrington, & Kizer, 2010). Social media use is related to the building of relationships with consumers. In fact, researchers argue that Customer Relationship Marketing (CRM) should include social media use (Moscato & Moscato, 2011; Harrigan, Soutar, Choudhury, & Lowe, 2015) and as a result the term

“social CRM” has been developed. The development of mutually beneficial customer relationships is a competitive advantage based on loyal customers and as a result, firms that are effective in using SM for managing customer relationships will have a competitive edge in the market. Yet, research is still rather limited on the use of SM for CRM (Bocconcelli, Cioppi, & Pagano, 2017; Drummond, O’Toole, & McGrath, 2020).

Secondly, another important area where SM can be used as marketing strategy is the development of new products and services. SM can be used in interactions aimed at co-creation of products and services. Customers can take active part in the development process of new products or services by providing their ideas or opinions through social media interaction. A good example of customer co-creation based on social media applications is “Starbucks Ideas,” a platform created by Starbucks with an aim to encourage customers to share their ideas with the company. The increasing use of SM has led firms to reconsider their innovation processes and increase collaboration with customers through social media interaction (Shin, Han, Marhold, & Kang, 2017). In this new approach, customers are active innovation partners and SM are a resource and activity that helps to develop collaborations, enables innovation (Shaltoni, 2017) and leads to co-creation of value (Andzulis, Panagopoulos, & Rapp, 2012).

Various researchers explore the ways customers can take part in the development of new products and services through the use of online technologies. Lately, there is increasingly more research on how SM can be used for innovation purposes. Kao, Yang, Wu, and Cheng (2016) develop a process with 5 stages to show how firms can co-create with customers. Hughes, Bendon, and Pehlivan (2016) show that story-giving can be used effectively for co-creation especially in luxury brands. One of the most important themes of research related to luxury brands is co-creation and collaboration of customers through social media. Sarmah, Kamboj, and Kandampully (2018) tries to identify the factors that drive hotel guests to co-create new services through SM. Muninger et al. (2019) develop a conceptual framework the includes all capabilities needed by firms in order to use social media effectively for innovation. Zhang, Gupta, Sun, and Zou (2020) analyse the ways social media can be used for co-creating with customers and the effect on business value. Finally, Raman and Menon (2018) identify four types of family firms in the way they use SM for innovation.

In summary, although using SM in marketing strategy can have various benefits for firms, strategic social media marketing is still in a development phase. Specifically, there is limited research on the strategic use of social media, even in the B2C context, (Ngai, Tao, & Moon, 2015; Keegan & Rowley, 2017). Also, previous literature does not provide a framework for strategic social media marketing and relevant research remains limited. Finally, Dwivedi, Kapoor, and Chen (2015) review SMM literature and conclude that SMM is one of the fields that has received relatively little attention from researchers and that it is important to study the use of social media across different industry sectors.

The objective of this study is to determine how service firms use social media in their marketing strategy. Specifically, three parts of marketing strategy are analysed: the communication mix used by service firms; the management of customer relationships and new service development (NSD). Three industry sectors are analysed, fitness, tourism and education.

Research Method

This study is qualitative and the main objective is to understand how service firms use social media in their marketing strategy. Qualitative research was selected for various reasons. First, research related to social media use in marketing strategy is still limited and researchers call for further research on social media marketing (Ngai et al., 2015; Felix et al., 2017). Second, qualitative studies are appropriate when the research area is broad and complex like the one we investigate in this study (Zaltman, LeMasters, & Heffring, 1982). As a result, the use of an inductive qualitative approach is the best option for this study (Eisenhardt, 1989).

Furthermore, the research method selected is case studies. Case study research is appropriate for studies in areas where concepts are not established yet and more research is needed to develop appropriate concepts. Case studies is selected as a research method following the conditions postulated by Yin (1994). Specifically, our research focuses on analyzing in depth the way service firms use social media in their marketing strategy. Therefore, this study seeks answers to who, what, when, and how questions related to the use of social media. Also, the study focuses on quite contemporary events since social media marketing is an area developed recently. Therefore, based on (Yin, 1994)'s guidelines, case studies are appropriate for this study.

Finally, we select to use multiple cases because the use of more cases provides better findings and permits researchers to identify positive and negative cases and assess similarities and differences between cases. Also, the analysis of findings across cases provides a better understanding of the phenomenon under study. Furthermore, regarding the number of cases selected we follow the guidelines of Miles and Huberman (1994) and Eisenhardt (1989). The accepted range is between 2-4 as a minimum and 10, 12 or 15 as the maximum. However, for this study we use a total of 18 cases because three industry sectors are analysed. The number of cases might be a little high, but it was necessary to use them in order to investigate differences and similarities across different service markets. The sample of firms was purposive and includes 4 hotels in Southern Greece; one travel site that operates globally; 8 fitness centers (4 in Greece and 4 in Finland) and 5 private colleges. So, the sample covers three types of services, fitness; tourism and education. The ultimate objective is to determine the differences and similarities between the different service sectors in their use of SM in marketing strategy.

Data collection involved in-depth, personal interviews of single informants using a semi-structured questionnaire. The questionnaire included open questions regarding the 3 research questions posed but also gathered other information regarding SM use including what other media they use to complement social media use, whether they have a trained social media manager, and whether they use any social media performance metrics. All informants interviewed were social media managers or were the ones that managed SM without a relevant title. The interviews were tape-recorded and transcribed. Also, results were triangulated by analyzing secondary sources of information regarding the social media strategy of each business (company reports, their website, social media pages, etc.).

Data analysis involved thematic content analysis (Holsti, 1969). First, we analysed

data from each interview separately and then data from all cases was tabulated in order to compare and contrast cases and identify similarities and differences between countries (in the fitness industry), industries or individual businesses.

Results

Profile of the sample

The sample included 4 fitness centres from Greece and 4 from Finland, 4 hotels from southern Greece, one travel site that operates globally as well as 5 colleges operating in Athens but they also have a presence in or collaboration with other countries.

Which social media they use and which other media are used to complement social media use

Results for fitness centres show that both Greek and Finnish businesses use SM widely in their marketing strategy. Facebook is the most used social network for communicating with customers and promoting fitness services. On the other hand, Twitter is only used by 2 businesses, 1 Greek and 1 Finnish. Apart from social media, 5 businesses (2 in Greece and 3 in Finland) also use their own site and post the same things that they post on social media in order to reach customers that are not active on social media. Also, 1 of them puts articles and 1 other ads in other sites. Finally, one Finnish business has an interactive channel that links the business directly with customers.

All hotels and the travel site use Facebook and think that it is very important for communicating with customers. The travel site respondent characteristically says that *"The best of all social media is Facebook because people are highly engaged with Facebook and also, it provides more tools that help us in promoting our messages to the users of social media networks"*. Furthermore, 3 hotels and the travel site use Twitter and 2 hotels and the travel site use Google+. Finally, one hotel uses Pinterest. Hotels also use their own site and all 5 use Trip Advisor whereas hotels use other sites such as Booking, Trivago, hotel.de and expedia. The travel site uses search engines such as Google, Yandex, Bing, Yahoo and sites where customers compare prices such as skyscanner, travelkiki, dohop *"in order to increase the bulk of visitors to the site and as a result maximise sales and profits"* as a respondent said.

Facebook is also the most commonly used social network for colleges since all 5 use it. However, 4 colleges use Twitter, whereas 3 also use Google+ and 2 youtube. Facebook is used more than all other SM because colleges believe that it is very effective in targeting and engaging prospective students since young adults are heavy users of SM. One respondent expressed this finding by saying that *"Facebook is a well-known and proven communication tool and provides ideal targeting for us since we target students"*. Furthermore, it seems that YouTube is particularly useful for colleges because it provides powerful images and sounds that can be used to show college videos and campaigns. Apart from SM, all colleges reinforce their communication through the use of their own site and 2 colleges have a blog. Finally, a few businesses use other sites that operate in the fields of educa-

tion, politics or information provision and in the meantime, use google services such as adwords, and search engine optimization.

The presence of a social media manager

In fitness centres there is one important difference between the two countries. In Finland, all fitness centres have a social media manager who is trained in marketing and computers. As one respondent emphasizes *"Our social media manager has been trained on internet marketing and his job is to continuously inform customers about all our news and increase the value of information provided through social media"*. The social media manager monitors the firm's social media pages and updates customers on all news of the fitness centre in order to create customer interest. In contrast, in Greece social media marketing is more haphazard because there is no specific social media manager trained and assigned to this position. In three of the four businesses *"The owner deals exclusively with social media and has learned by himself the basics"* as respondents emphasize.

Three hotels and the travel site have a person responsible for social media but only two of them are trained for this job. The travel site has two people that manage social media, a manager and a lower level employee but continuously trains both. As the respondent says *"the person responsible for social media has the duty of posting content in the multiple sites of the company. He receives continuous training from the company in creating viral content and in strategically combining post content, current offers and site content because social media users are channelled to the company site"*. Social media managers are tasked with updating social media pages and in some cases managing the business site and other digital channels such as booking and expedia. In one case, the PR manager and the hotel manager deal with social media but also an outside firm is used. In that case, social media are mainly used to inform people of events and offers.

In colleges, most businesses (4) have a social media manager who is trained in most cases (3). In one case, the services of the social media manager are provided by an advertising firm that works with the college's Marketing Department. Social media managers in colleges regulate the content uploaded in all college SM pages, design and realise all online communication efforts and manage interaction with customers on SM.

Use of social media for promotion - communication with customers

All eight fitness centres use SM for promotion and communication. The main actions used are posting in SM pages, sharing content and uploading videos that give information regarding existing and new services, or any offers involving free packages or discounts in subscriptions. However, most of the communication involved is one-way from businesses to customers whereas efforts for interactive communication are limited. Only one Finnish business has an interactive channel that links the business directly with customers and one other engages in interactive communication and encourages customers to provide feedback through Facebook. As the respondent argues *"We talk with customers on Facebook and encourage them to provide feedback on how much they like or dislike our services, how much fan they had in our events, any problems they might be facing etc."*

Hotels use social media to post ads or share news about the hotel, provide information about events such as Barbecue night, and introduce new services that are offered. The travel site uses SM to inform customers regarding new services offered. As the travel site representative described *"when a new service is integrated in our site, we create targeted content specifically for the new service and promote it either through advertising or through all social media platforms"*.

Furthermore, 3 colleges use SM to provide information about the different programs offered and any new programs that are developed. As a respondent emphasizes *"...the offered programs are posted in our Facebook page and a link to our site is attached for further information"* whereas another says that *"As the demand for new specialisations increases in the market, social media is a direct and fast way to communicate with customers regarding the new educational services we offer"*. However, in both hotels and colleges communication with customers is mostly one-way.

Use of social media for CRM

All businesses in the fitness industry report that they use SM to manage customer relationships. To be more specific, all firms use SM for developing and enhancing customer relationships, for increasing customer loyalty through rewards, and for providing information to customers when there are schedule changes in the services provided or there are new events planned. Also, most Finnish businesses (3) operate a customer club on SM in order to further enhance customer relationships. Customer clubs help in developing closer relationships with customers and lead to higher trust and brand loyalty. As one of the respondent puts it *"We have a very successful customer club on Facebook that helps us nurture personal communication with customers and enables us to strengthen our customer relationships"*. In contrast, in Greece only one of the businesses uses a customer club but in this case the club is used to manage customer complaints. Customers are encouraged to voice their complaints on social media and firms respond to these complaints. So, there is immediate consumer feedback regarding the quality of services offered. This enhances the perceived value of brands and deepens relationships with customers. Customers feel taken care of by the firms and are more willing to continue a relationship with them. As one of the managers emphasizes *"Social media are used very effectively to manage customer complaints. Customers are encouraged to voice their complaints and we make sure that all complaints are answered as soon as possible and as satisfactory as possible for customers"*.

All hotels and the travel site use social media for CRM. All 5 firms use them to inform customers of events, offers or changes in services offered. Four of these also use social media to handle customer complaints and develop customer relationships and 3 also reward customers for loyalty through social media. The manager in one of the hotels summarizes those actions by saying that *"In the hotel's web site & Facebook we present all events that take place in the hotel. Loyal customers get better prices. We keep a communication line open with customers, send wishes on birthday, Christmas, Easter etc."* Furthermore, the travel site emphasizes that it uses social media to enhance and maintain brand awareness whereas one of the hotels keeps a customer club in social media.

In colleges, all 5 use social media to inform customers of anything new, 4 also use

them for managing customer complaints and developing mutually beneficial customer relationships. Only one firm in the education industry uses SM to provide rewards to loyal customers and also, only one manages a group for customers on SM. An interesting finding is that one of the businesses has a Facebook page where there is continuous interaction between students, educators and alumni. As the manager says *"Our page on Facebook serves as a hub where students, teachers, alumni and prospective students can meet and exchange information on the School, not only regarding academic programs but also anything else that the school does such as seminars, new cooperations, events etc"*.

Use of social media for NSD

All Greek companies in the fitness industry use SM for developing new services. In 3 out of 4 cases customers are encouraged to communicate with firms regarding new services. For example, firms create a poll on Facebook and customers are asked to give their vote regarding any ideas for new services that the business may have. As the respondent puts it *"We provide customers with various possible new services and customers are encouraged to vote for the best new service. Based on those votes we make decisions for future investments"*. Also, firms ask customers to provide feedback on current services, express any issues they may have with services, and offer ideas for the future. As one respondent argues *"When new services are introduced in the market, we invite customers to vote for the service and tell us their opinion about any characteristic of the service as well as make suggestions for changes in the future"*.

In contrast, only 1 Finnish business use SM for developing new services. However, they do research on what customers prefer on SM like Facebook and then they use the information gathered to decide what they will change in their services. Also, one business prefers to operate outside SM and has its own communication channel where customers are encouraged to provide their opinions, ideas for new services or problems they may face. As the manager emphasizes *"To find ideas for new services or changes to existing services we use our own interactive channel of communication where customers can freely voice their ideas or complaints"*.

Only 2 hotels use social media for generating ideas for new services or for changes in their existing services. Specifically, they search in the pages of foreign hotels for ideas or they analyse customer comments.

No business in the college sample use SM specifically for developing new services. However, most businesses (4 out of 5) collect information provided by customers on SM and forward it to relevant departments so that they will be used for the development of new services and for appropriate changes in the firm's strategy. As a respondent characteristically said, *"Feedback from our fan base is evaluated by the relevant departments of our firm and all valuable information is used for setting our long-term strategy"*.

Social media effectiveness measurement

Most businesses use one or more indicators to measure the effectiveness of social media. In fitness services, 4 businesses monitor the number of customers in their Facebook group,

3 ask customers where they learned about the business, and one monitors the number of “likes” on the company page.

Furthermore, the travel site has a more extensive range of methods to measure effectiveness. They use weekly and monthly metrics such as clicks, impressions, “likes”, retweets, redirects to their site, attraction of new customers and engagement. One of the hotels measures efficiency based on the bookings they get through online channels such as booking and expedia and also looks at the comments for the hotel and the number of visits to the hotel’s site. Another hotel receives statistical data from social media such as Facebook and uses a social media management firm to measure effectiveness. Finally, one of the hotels only asks customers how they chose the hotel for their stay and which source of information they used and one does not measure effectiveness at all.

In the college sample, all firms measure the effectiveness of SM and one of them uses an outside company for this purpose. Specifically, they monitor the number of clicks or likes on their pages. One firm uses Facebook Insights. This application can monitor the number of people that engage on the Applications of Facebook. These applications are used by colleges to engage students in different ways such as answering questions developed by the college, interactive communication with college representatives, or asking questions regarding different academic programs. Also, one of the businesses uses other types of measurement. They measure the extent of customer involvement in the different events they organise, they ask students to indicate from which source they first heard about the college, they evaluate how many users are engaged at any point on Facebook and how many people visit the company website. As one respondent said *“The effectiveness of social media use also has a qualitative side. The increase in engaged users and the communication of the college’s advantages, through social media and the overall online presence of the school, enhances awareness and creates a continuous communication channel with target customers and our students throughout the year”*.

Discussion & Managerial Implications

Across all services, Facebook is the social medium that is used most whereas Twitter is second and Google+ third. However, businesses also use other social media depending on their industry (e.g. Youtube by colleges). Also, most businesses complement SM use by using their own web site, other sites depending on the industry (e.g. Trip Advisor), own blogs (colleges) and own interactive channels (fitness centre). Therefore, we conclude that the management of a service firm’s presence in the digital environment is difficult and complex. However, the use of SM in marketing strategy is not formalised and businesses do different things. Therefore, there is a need to formalise the process and develop a SMM strategy, as part of a well-thought and executed marketing strategy.

Most businesses (12 out of 18) analysed have a person responsible for social media although in only 10 cases these managers are trained for their role. The role of the social media manager differs across services and includes tasks such as updating and monitoring social media pages; informing customers of business news; managing other digital sales channels such as travel-related sites; controlling any content or links posted in other

pages; designing and implementing campaigns on SM or simply online, and interacting with customers on SM. However, in all other cases social media management is ad hoc and is managed by a PR manager; the owner of the business who is self-taught, or an outside firm. Therefore, findings suggest that the presence of a well-trained social media manager is important for service businesses. This agrees with past research showing that when no person is responsible for SM use, the firm may have problems with customer relationships and brand value. Also, other studies emphasize that when there is no specific, tasked person with managing SM, it is not possible for firms to implement their SMM strategy successfully (García-Morales, Bolívar-Ramos, & Martín-Rojas, 2014; Choi & Thoeni, 2016).

Furthermore, our findings show that firms in all 3 service industries use SM for communicating with customers to promote their services, for developing mutually beneficial relationships with customers and for developing new services. However, in most cases the use of SM is not part of marketing strategy and in a small part of cases is limited. Specifically, only a couple of businesses use their own club or group of customers on SM and few use SM for rewarding loyal customers. Also, only one third of businesses realize the importance of using social media for developing new services or change existing ones.

However, it seems that all different uses of SM should be integrated into the marketing strategy of firms because they are interrelated. When interaction with customers increases, the development of relationships is easier and more effective. People want to interact with businesses through social media. Especially millennials seek to interact extensively online, value the experience over everything else, and are the pioneers of electronic word of mouth (eWOM). Therefore, establishing interactive communication with customers strengthens customer bonds with the firm and may lead to positive word of mouth and enhanced brand loyalty. Actions such as the creation of customer clubs or the use of Facebook pages as customer hubs of communication, the handling of complaints and the use of customer rewards through social media are CRM actions that help in creating more intimate customer relationships. Customers that have developed intimate relationships with a firm exhibit higher loyalty and will not change providers easily. Also, these customers are the perfect target for providing new service ideas through SM. Customers represent a source of ideas much more powerful than sources used up to now such as competitors or suppliers. Incoming ideas for new services or for changing existing services are constant and if firms manage those ideas appropriately by channelling them correctly inside their organisation they can be very successful in meeting future customer needs.

Finally, results show that all firms measure the effectiveness of SM but the way they do it varies. Online businesses such as the travel site use more sophisticated measures than services that require personal presence of customers for service delivery such as fitness centres. However, measures used also vary between firms in the same industry. Also, an important observation is that firms do not use metrics for outcome variables such as brand awareness or loyalty or the amount of positive word of mouth. This indicates that the use of SM is not part of strategic decisions and therefore, it is not integrated in marketing strategy (Choi & Thoeni, 2016). Therefore, it would be advantageous for firms to integrate SM use in their marketing strategy and use more outcome metrics to evaluate

SM use.

The results of the study show that most service firms use SM in various ways in their marketing strategy although there is no indication of a formal strategic use of SM. Although businesses increasingly use social media for marketing purposes, their use remains ad hoc and is not integrated into marketing strategy. However, this study provides insights into how different businesses in three service industries use social media and helps firms formalise their processes.

Limitations - suggestions for future research

This study provides knowledge into how service firms use SM in their marketing strategy. However, only a small number of cases are analysed in 3 service industries. Future studies can widen the sample in terms of cases, industries, and countries. Also, future research can focus on quantitative studies that will increase the validity of findings. Furthermore, the use of SM should be researched in all parts of marketing strategy in order to find out how SM can be exploited for all the different parts of the services mix. Moreover, there is a need for multi-country studies that will allow us to observe how different cultures use SM. Finally, since generations are shown to differ in their use of social media, it is crucial to find out how firms should treat different generations.

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