THE ROLE OF SOCIAL MEDIA IN BUSINESS-TO-BUSINESS RELATIONSHIP MARKETING

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ABSTRACT

The evolution of World Wide Web has made social media becoming the most important medium for business-to-business (B2B) commerce. Despite the increasing trends of social media utilisations among B2B companies, studies into social media are very limited and emphasise more on the consumer of business-to-consumer (B2C) rather than on B2B typed of businesses. The degree to which social media is utilised by businesses, especially based on the types of B2B marketing relationships, is also not well understood in a comprehensive way. The main objective of this study is to assess the utilisation of social media in the perspective of B2B relationship marketing. This paper outlines four research questions through the review of related literatures. The study plans to utilise a qualitative approach, specifically an in-depth semi-structured interviewing technique to a range of 20 to 25 participants who work in the business relation related fields.

Keywords: Social Media, Business-to-business (B2B), Relationship Marketing, Web 2.0, and Relational Exchange.

INTRODUCTION

There were many research developments associated with different marketing emphases throughout the twentieth century (Egan, 2011). However, in the mid-1990s were when Sheth and Parvatiyar (1995) observed that the orientation of marketing field was undergoing a transition; from transactional marketing to relationship marketing. The concept of relationship marketing was no longer limited to the idea of marketing exchange, but the concept put more emphasis on emotional bonding. Sheth and Parvatiyar (1995) observed that businesses which understood and appreciated each other’s constraints and needs were more likely to have good relationships with one another. The shift of marketing paradigm was discovered by the importance of relational bonding between traders, way before its revolution in 1950s (Egan, 2011). The 1950s were the era of consumer marketing (Christopher et al., 1991) and the age which represented a turning point for marketing thoughts (Egan, 2011). During this pre-industrial age, the marketing paradigm was mostly associated with the concepts of brand marketing and corporate manufacturers. Often, sellers of this era had direct
relationships with their buyers and developed permanent relationships to sell goods on daily basis in the marketplace (Sheth and Parvatiyar, 1995).

From the 1990s onwards, relationship marketing has become one of the most repeated phrases in business publications and in scholarly marketing journals (Egan, 2011). Practice and research in marketing journals during the previous twenty years aims specifically to the importance of interactions, networks, and relationships (Aaltonen, 2004). However, the literature mainly focuses in dealing with a particular issue of relationship marketing such as call centres, rewards clubs, and databases for direct marketing (Gummesson, 1998). As a concept, relationship marketing has expanded in the recently changing environment (Ha, 1998). Nowadays, relationship marketing focuses more on a multiple issues such as building, maintaining and retaining customers, rather than focuses on a single issue. According to Aaltonen (2004), organisation’s profitability tends to rise as the retention rate increases, and the retention rate tend to rise as consumer satisfaction increases. Based on a study of more than 100 organisations in 24 industries, Reichheld and Sasser (1990) demonstrated that there is a high correlation between an organisation’s profitability and its buyer retention rate. With an only 5% decreases in buyer defection rate, a seller can increase its profit by 25% to 85% (Reichheld and Sasser, 1990). In another analysis, a decrease of seller defection rate by 10% (from 20% to 10%) may result the seller with double (from 5 years to 10 years) the average length of its relationship with buyers (Payne and Frow, 2000). The pattern is the same across broad range of industries where the longer a seller retains its buyers, the higher level of profitability the seller tends to achieve (Reichheld and Sasser, 1990).

**DIVERGENCE OF RELATIONSHIP MARKETING PERSPECTIVES**

There is a limited consensus in the way how relationship marketing concept should be described. An analysis of scholarly literature reveals that relationship marketing, directly or indirectly, has been conceptualised in various perspectives including in the perspective of (1) philosophy (Fairhust 2001; Hasan 2003; Piccoli, O’Connor, Capaccioni, Alvarez, 2003), (2) strategy (Adenbajo 2003; Croteau and Li 2003; Kracklauer, Passenheim, and Seifert 2001; Tan, Yen and Fang 2002, Verhoef and Donkers 2001), and (3) technological tool (Gefen and Ridings 2002; Shoemaker, 2001).

**Relationship Marketing as a Philosophy**

[Relationship marketing] is not a discrete project - it is a business philosophy aimed at achieving customer centricity for the company (Hasan 2003, p.16).

From the philosophical perspective, relationship marketing is often being referred as the idea that loyalty can be achieved by developing, maintaining, and improving long-term relationships with buyers. Instead of treating recurring interactions between sellers and buyers as a separate occasion, the philosophical standpoint of relationship marketing emphasises that buyer loyalty toward sellers will only be attained if the interactions are seen as an ongoing relationship (Piccoli et al., 2003). As business philosophy, relationship marketing is also closely related to the marketing exchange concept (Hasan, 2003) which emphasises that sellers should work around their buyers’ changing needs (Kohli and Jaworski, 1990). This viewpoint recognizes that in order for sellers to develop profitable and long-term relationships, sellers’ strategy should be
driven by a strong comprehension of buyers’ changing needs (Rigby et al., 2002; Wilson, Daniel, and McDonald, 2002).

**Relationship Marketing as a Strategy**

[Relationship marketing enables sellers to] invest in the customers that are (potentially) valuable for the company, but also minimize their investments in non-valuable customers (Verhoef and Donkers 2001, p.189).

The strategic perspective of relationship marketing stresses the idea that resources intended for developing, retaining or enhancing relationships should be distributed based on buyers’ value to the sellers (Kracklauer et al. 2001; Tan et al. 2002). This standpoint recognises that not all buyers are equally valuable, hence maximum profitability can only be achieved when resources are invested in relationships with potentially good level of return (Ryals, 2003). Researchers who describe relationship marketing as a strategy also tend to stress that relationship marketing enables sellers to develop the “right” type of relationship with seller, which in certain case not to develop any relationship at all (Kracklauer et al. 2001; Verhoef and Donkers 2001). Therefore, relationship marketing is the concept which beliefs that buyers should be treated like most other investments or assets in which relationship marketing needs to be correctly managed by sellers in order to achieve maximum profits (Plakoyiannaki and Tzokas 2002; Ryals, 2003; Ryals and Knox, 2001).

**Relationship Marketing as a Technological Tool**

[Relationship marketing] is the technology used to blend sales, marketing, and service information systems to build partnerships with customers (Shoemaker, 2001, p.178).

While the evolution of technology has helped in enhancing the relationship marketing concept (Winer, 2001), few (if any) relational marketers would agree that relationship marketing is just a technological tool to bridge relationships between sellers and buyers. Indeed, one of the most popular beliefs examined in literature is that “relationship marketing is more than a technological tool” (Chen and Popovich, 2003; Fairhurst, 2001; Kotorov, 2003). According to Shoemaker (2001), relationship marketing enables sellers to use technology, as one of key strategic resources, to implement the quality and type of desired seller-buyer relationships. By utilising the advancement of technology, sellers could better comprehend their buyers’ needs such as buyers’ preferences toward the relationships (Shoemaker, 2011).

**Relationship Marketing Definition**

For the purpose of this study, relationship marketing is defined as: The continuous strategy of engaging in collaborative and cooperative activities with the purpose of improving mutual economic value using long-term technological tool which intentionally aim to develop, maintain or enhance the relationship. Without having profitable as one of the aspects of interaction between businesses, the seller-buyer relationship could easily unleash. Hence, it is essential for sellers to appreciate the value of each buyer and focus on buyers who give high potential return.
RELATIONSHIP MARKETING IN B2B CONTEXT

Relationship marketing comes in many different forms (Egan, 2011). In general, relationship marketing can be divided into two groups which are 1) business-to-consumer (B2C), relationships associate with consumer goods and services, and 2) business-to-business (B2B), relationships often relate to the link of supply chain (Egan, 2011). This section will further explore the relationship marketing in the context of B2B. Håkansson and Snehota (1989, p.187) stated that ‘no business is an island’ when it comes to businesses especially in the B2B context. In other words, most businesses in the B2B market are interdependence among each other. For the past three decades, the trend illustrates that businesses have moved towards relational exchanges in order to achieve and maintain competitive advantages (Webster, 1992). According to Webster (1992), among many B2B relationship types, sellers may build long-term relationships, partnerships, strategic alliances, or network organisations, or vertical integration with their buyers. Sellers’ willingness to enter the marketing relationships with buyers depends greatly upon sellers’ expectation that the relationships will create or add value to the sellers (Day, 2000).

Figure 1 illustrates a range of marketing relationships, from discrete transactions to vertical integration, developed by Webster (1992). According to the researcher, as businesses (and the relationships) move along the continuum, the businesses have less market control based upon price but more administrative and bureaucratic controls.

![Figure 1. Range of marketing relationships.](image)

**Discrete Transactional Exchange**

Discrete transactional exchange, the least form of relationships, is for money exchange which is an easy form of commodity (Webster, 1992). Each event in discrete transactional exchange is treated independently because price itself guides the exchange. The price is determined by the marketplace and there is no past or anticipate future transaction between a seller and a buyer. In discrete transactional exchange, a service or product is viewed as commodity in which “there is no brand name, no recognition of the customer by the seller, no credit extension, no preference, no loyalty, and no differentiation of one’s producer’s output from that of another” (Webster, 1992, p.6). The discrete transactional exchange is relatively more challenging than other relationship exchanges because both sellers and buyers in discrete transactional exchange will have to strive in order to achieve best competitive advantage (Webster, 1992).
Even though true discrete transactional exchanges are definable in theory, pure discrete transactional exchange is less common compared to repeated transactional exchanges and other relational exchanges. Repeated transactional exchanges are businesses with at least one previous exchange between seller and buyer (Webster, 1992), and other relational exchange businesses are businesses whereby each of their transactions is a portion of past and future transactions (MacNeil, 1980). Between these transactional and relational exchange business extremes, are increases in time and history, increase in power of one party, increase in both explicit and implicit trust, increase in contractual agreement, increase in joint planning, increase in involvement of multiple parties, and increases in seller-buyer communication and participation (Dwyer, Schurr, and Oh, 1987). Relational exchange businesses may also engage in social exchange and encounter non-economic satisfactions.

**Relational Exchanges**

Realising that the success of businesses in the B2B market depends greatly on the collaboration and cooperation between sellers and buyers, many businesses are moving away from discrete transactional exchanges. The current competitive B2B environment has also encouraged businesses to move toward relationship oriented approach (Grönroos, 1994). Even though Webster’s (1992) continuum does not clearly detail where the relationship marketing should commence and end, it is implied that the relational exchange businesses stretch from long-term relationships to vertical integration (see Figure 1). That means, relational exchanges include long-term relationships, buyer-seller partnerships, strategic alliances, network organisations, and vertical integration.

**WEB 2.0 AND SOCIAL MEDIA**

This section discusses another mainstream of literature relating to web 2.0 and social media. The discussion includes two sections which are presented in the following order: 1) the evolution of web 2.0 and 2) users’ attitudes towards social media.

**The Evolution of Web 2.0 and Social Media**

Social media signifies an evolution of web technologies from web 1.0 to web 2.0. The web 2.0 refers to the new generation of web which has become known as a more social, participative, and open environment (Ravenscroft, 2009). Web 1.0 is usually described as a controlled environment with only few administrators who understand or have knowledge about the web mechanism, and many others who have limited roles in its management or creation (Mills-Board and Carr, 2003). Web 2.0, on the other hand, is defined as architecture of participation (O’Reilly, 2007). The term ‘web 2.0’ was first introduced in a conference in 2004. The term was introduced to illustrate the new approach or platform for consumers and software developers in which its applications and contents are not created or published by selected individuals but are continuously modified by everyone in a self-participatory and collaborative manner (Kaplan and Haenlein, 2010; O’Reilly, 2007). Web 2.0 comprises of social networking, tagging, virtual worlds, wikis, and many other applications (Majchrzak, 2009).
Users’ Attitudes towards Social Media

According to Stenmark (2008) web 2.0 is not about the technology only. The researcher argued that the emergence of web 2.0 also relates to users’ attitudes towards social media. In this perspective, web 2.0 can be categorised into two groups of users’ attitudes which are 1) attitude toward information ownership, and 2) attitude toward productivity versus creativity. Social media enables information to be formed through interactions of end-users. According to Stenmark (2008), web 2.0 gives ownership and control over information to users and thus breaks away central control by administrators. Building on Ciborra (2000) belief that information within organization is often tightly managed by top management, Stenmark (2006) concludes that information needs to be centrally administered in order to be valuable to the organisation. Social media, however, is based on entirely different norms where it builds on trust in users’ ability to self control (Stenmark, 2008). Thus, social media enables information to be created by users and hence to be owned by the users (Stenmark, 2008).

Users’ attitude towards information ownership is closely related to users’ attitude towards productivity versus creativity. According to Stenmark (2008), early adopters of information technology were able to increase their productivity and thus achieve competitive advantages. Today, however, productivity is no longer the ultimate driving force for business, but creativity is (Stenmark, 2008). It has been debated for more than a decade that the competitiveness of a business does not depends greatly on its ability to exploit old concepts, but on its ability to continuously adapt to the dynamic environment, create innovative ideas, and develop new products (Kay, 1993). The evolution of web 2.0 technologies and social media has promoted businesses to strive not only for productivity, but also for creativity, and innovation (Andriole, 2010; Stenmark, 2008). To further illustrate, with the existent of blog and wiki technological tools, businesses are now able to crowdsource or gather information from many users within and outside their boundaries (Andriole, 2010).

In general, web 2.0 offers a platform for the development of social media (Kaplan and Haenlein, 2010). Social media is defined as a set of internet-based applications which build on both ideological as well as technological foundations of web 2.0, and enabling the creation and modification of user-generated content (Kaplan and Haenlein, 2010). Gruber (2008) also described social media as a group of websites and applications in which participation among users is the main driver of value. Social media, which is now a major player in most businesses (Edosomwan et al., 2011), include blogs, micro-blogs, social networking sites, virtual worlds, collaborative projects, content community sites, and sites for feedback (Chan and Guillet, 2011).

RESEARCH FOCUS AND QUESTIONS

According to Pitt, van der Merwe, Berthon Salehi-Sangari, and Caruana (2006) the World Wide Web is becoming the most important medium for business-to-business (B2B) commerce. When it comes to relationships among businesses, marketers of B2B companies have started to utilise the web as one of the value-adding strategies (Sharma, 2002; Walters, 2008). Despite the increasing studies (i.e. Bauer, Grether, and Leach, 2002) pertaining the roles of the web in building B2B relationships, to date, there is still a lack of understanding of the roles of social media, especially in the area of B2B relationship marketing. The degree to which social media is used by businesses, especially based on the types of B2B marketing relationships, is also not well
understood in a comprehensive way. According to Michaelidou, Siamagka, Christodoulides (2011), anecdotal studies (i.e. Shih, 2009) indicate that social media too is important for B2B companies. Based on Cone’s (2008) study, 93% of social media users think that businesses should at least have a social media presence. Business can utilise social media, such as Facebook, Twitter, YouTube, and LinkedIn (Jahn and Kunz, 2012; Shih, 2009) to interact with other businesses, develop relationships and trust, and to identify prospective partners (Shih, 2009). Given that the potential impacts of social media in a corporate environment is essential, knowledge about the role of social media in the B2B context is considered important for developing relationships among businesses (Enders et al., 2008; Kaplan and Haenlein, 2010). Yet, studies into social media are very limited, and emphasise more on the consumer of B2C rather than on B2B-type of businesses (Jussila, Kärkkäinen, and Leino, 2013). One of the possible reasons of this limitation is because B2B companies had been slower in adopting social media (Michaelidou, Siamagka, Christodoulides, 2011) despite the fact that B2B related e-commerce is worth at least three and half times more than that of B2C related e-commerce (Kalapesi, Willersdorf, and Zwillenberg, 2010). Therefore, the main objectives of this study are to explore the role of social media in the area of B2B relationship marketing as well as to understand the extent to which social media are represented through the types of B2B marketing relationships.

The emergence of web 2.0 and social media technological tools has led to the enormous number of social media on the web. As of 2009, social networking sites alone consists of more than 150 sites on the web (NielsenWire, 2010), and among all of the social media users, 85% of them believe that businesses should interact with their consumers through social networking sites (Cone, 2008). Even though businesses have now started to penetrate the online social networks and offer direct links from corporate websites to social networks like Facebook and Twitter (Kaplan and Haenlein, 2010), there is still little known on what types of social media businesses use in developing B2B marketing relationships. Thus, the following research question is derived:

**R1: What types of social media do businesses use in B2B relationship marketing?**

Even though the evolution of social media has given rise to how businesses can leverage social media in order to support their marketing efforts (Gretzel, 2006), there is a scarcity of knowledge of how social media are used by businesses particularly in a B2B environment (Michaelidou, Siamagka, Christodoulides, 2011). According to Stenmark (2008), the technological tools used to utilise social media in a corporate environment are similar to that of public setting. Yet, there are and have always been huge differences in how the social media has been utilised in a business setting (Fagin et al., 2003). It is argued that one of the reasons to these differences is due to the diverse cultures and attitudes which exist between business world and the society as a whole (Stenmark, 2008). Compare to other environments, the corporate environment has always put more emphasis on a tight policy control by the top management (Ciborra, 2000). The nature of a business is less democracy with information ownership has traditionally taken a top-down approach (Stenmark, 2008). However, the setting of the public net, including social media, has always been bottom-up driven (Stenmark, 2008) and information ownership has always been dominated by the users (Mangold and Faulds, 2009). Therefore, the utilisation of social media in a business environment may not merely conforming to the utilisation of social media in the public setting. This study
also aims to explore how businesses use social media in developing B2B relationship marketing, hence the following research question is developed:

**R2: How do businesses use social media in B2B relationship marketing?**

Social media is used in various degrees in different business functions such as in branding, information sharing (Brennan and Croft, 2012), public relations, understanding customers, lead generation, collaborative work, internal communication, and sales support (Gordon, 2009). Research shows that information sharing, public relations, and collaborative work are among the business functions which are used more actively than the internal communication function (Gordon, 2009). In other words, companies use social media less actively for internal purposes than for collaboration with other businesses or partners. Yet, according to Kärkkäinen, Jussila, Väisänen (2010), the adoption of social media among companies, especially B2B-typed of companies, remain in the infancies. Compare to B2C companies, B2B companies use social media less despite the fact that social media was allowed more often in B2B companies compare to in B2C companies (Kärkkäinen, Jussila, Väisänen, 2010). Among the few reasons of slow social media adoption by B2B-typed of companies (Michaelidou, Siamagka, Christodoulides, 2011) include the lack of understanding the possibilities of social media, difficulties of assessing the financial gains from social media, difficulties in adopting new mental models and practices needed for the adoption, and lack of evidence of similar cases using social media (Kärkkäinen, Jussila, Väisänen, 2010). Even though studies illustrate that there are many possible reasons of slow social media adoption among B2B-typed of companies, to date, there are still limited studies pertaining the reasons why businesses use social media especially in B2B relationship marketing. Studies relating to when do businesses use social media, such as but not limited to when developing, maintaining or enhancing B2B relationship marketing, are also not well understood. Hence, the following research questions are created:

**R3: Why do businesses use social media in B2B relationship marketing?**

**R4: When do businesses use social media in B2B relationship marketing?**

**METHODOLOGY AND METHODS**

In order to accomplish the objective of this research and answer the research questions, this study will be adopting a qualitative method approach. The current research is an exploratory in nature. Specifically, an in depth semi-structured interviewing technique will be performed given that the area of this study is a new and under-research topic (Dick, 1990). A range of 20 - 25 interviews, each with 30 to 60 minutes of length, will be executed to individuals who work in the business relation related fields. The participants of this study will be asked to answer several questions regarding the utilisations of social media, specifically in the perspective of B2B relationship marketing.
Qualitative Study

A qualitative research is an inductive research method generally adopted by researchers to investigate and to understand unexplored phenomena (Carson and Coviello, 1996), and/or areas which are deficient in theory (Parkhe, 1993; Perry, 1998). The main strength of qualitative research techniques is in the ability to clarify problems. The flexibility and openness structure of qualitative methods allow researchers to explore and gather information which cannot be uncovered through the use of structured survey-based techniques (Aaker, et al., 2007).

In-depth Semi-structured Interview

An in-depth semi-structured interviewing technique is the preferred method since the technique allows researchers to get closer to the participants’ perspectives (Denzin and Lincoln, 1994). Lee (1993) specifically refers to in-depth or unstructured interviews as providing the technique of getting beyond surface appearances and permitting larger sensitivity to the meaning of contexts surrounding informant responds and expressions. Semi-structured interviews may have similar impact if sufficient scope is given to exploration of interviewee comments.

CONCLUSION

This paper serves as an introduction to the study. This paper has given background information about the research topic, and identified the research focus and questions in the literature. The relevant literature was also presented, followed by the research methodology and methods.

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