

# **Exploring the effect of Facebook as a relationship marketing tool: the case of Lithuanian telecommunications**

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## EXPLORING THE EFFECT OF FACEBOOK AS A RELATIONSHIP MARKETING TOOL: THE CASE OF LITHUANIAN TELECOMMUNICATIONS INDUSTRY

Justina SETKUTE\*

### Abstract

*In today's competitive business environment greater numbers of companies are searching for sustainable competitive advantage by building long-term relationships with their customers. This study focuses on relationship marketing, marketing tool Facebook and its subsequent impact on the business performance. The existing literature highlights the importance of customer retention and the long-term relationships between the company and the customers. Social media and social networking sites with vast marketing capabilities are being quickly identified and adopted by successful companies. However, there is a lack of research in this area, especially identifying the implications Facebook can have on relationships between company and its customers. Consequently, this research aims to identify the uses of Facebook as a marketing tool in building and enhancing relationships with loyal customers. The primary objective of the study is to identify to what extent Facebook affects the relationships between loyal customers and company. In order to achieve research objective a highly structured questionnaire has been selected for the descriptive quantitative study. The study was conducted and primary data was collected in March – June 2011. While existing literature emphasises the importance of relationship marketing and the need to utilise new technological advantages for building and enhancing relationships with loyal customers, the primary research reveals controversial results. The overall trend is the customers have quite low level of loyalty to the telecommunications companies and they are not interested in committing to one service provider and creating long-lasting relationship. This study contributes to existing literature on relationship marketing and social networking sites and gives a broader outlook into these concepts by looking into Facebook as a relationship marketing tool. The findings of the study add more debate on Facebook as a relationship marketing tool and its effectiveness since the research partly denies the need of long-term relationships between companies and their customers.*

**Keywords:** Relationship Marketing, Customer Loyalty, Facebook

## BİR İLİŞKİSEL PAZARLAMA ARACI OLARAK FACEBOOK'UN ETKİLERİ: LİTVANYA TELEKOMÜNİKASYON ENDÜSTRİSİ ÖRNEĞİ

### Öz

Günümüzün rekabetçi iş ortamında çok sayıda şirket müşterileri ile uzun vadeli ilişkiler kurarak sürdürülebilir rekabet avantajı için uğraşmaktadır. Bu çalışma, ilişkisel pazarlama, pazarlama aracı olarak Facebook ve bunun işletme performansı üzerindeki etkisine odaklanmaktadır. Mevcut alanyazın müşteriyi elde tutmanın ve şirket ile müşteriler arasındaki uzun vadeli ilişkilerin önemini vurgulamaktadır. Sosyal medya ve geniş pazarlama kapasitelerine sahip sosyal ağlar hızlı bir şekilde tespit edilip başarılı şirketler tarafından benimsenmektedir. Ancak, Facebook'un şirket ve müşteriler arasındaki ilişkiler üzerindeki olabilir etkilerini belirlemek başta olmak üzere bu alanda araştırma eksikliği vardır. Dolayısıyla bu araştırma sadık müşteriler ile ilişkiler kurmak ve geliştirmek amacıyla bir pazarlama aracı olarak Facebook kullanımlarını tanımlamayı amaçlamaktadır. Çalışmanın temel amacı Facebook'un sadık müşteriler ile şirket arasındaki ilişkileri ne ölçüde etkilediğini belirlemektir. Araştırmanın amacına ulaşmak için tanımlayıcı nicel araştırmaya uygun olarak sağlam yapılandırılmış anket yapılmıştır. Çalışma Mart-Haziran 2011 tarihleri arasında yürütülmüş ve temel veriler toplanmıştır. Mevcut alanyazın ilişkisel pazarlamanın ve sadık müşterilerle ilişkileri geliştirmek için yeni teknolojik avantajlardan yararlanma ihtiyacının önemini vurgularken, temel araştırma çelişkili sonuçlar ortaya koymaktadır. Genel eğilim müşterilerin telekomünikasyon şirketlerine sadakatinin oldukça düşük seviyede olduğu ve bir servis sağlayıcı ile uzun ömürlü bir ilişki oluşturmak ve taahhüt altına girmekle ilgilenmedikleri yönündedir. Bu çalışma Facebook'u bir ilişki pazarlama aracı olarak inceleyerek ilişkisel pazarlama ve sosyal ağ siteleri kavramlarına dair daha genel bir görünüm sunmak ve var olan alanyazına katkıda bulunmaktır. Araştırma, şirketler ve müşteriler arasındaki uzun vadeli ilişkilerin ihtiyacını yadsımakta olduğundan çalışmanın bulguları Facebook'un bir ilişki pazarlama aracı olması ve etkililiği tartışmasını genişletmektedir.

**Anahtar Kelimeler:** İlişkisel Pazarlama, Müşteri Sadakati, Facebook

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## INTRODUCTION

Relationship marketing, with its emphasis on building customer rapport over time, has supplanted transactional marketing (Payne, 1994; Sheth & Parvatiyar, 2002; Baron et al., 2010). As the focus has shifted from new customer acquisition to customer retention, customer loyalty has become essential. Loyal customers are those who demonstrate particular behaviours and attitudes towards the company. They not only purchase from the company often, they also feel committed to and have emotional ties with the company.

Emerging technologies are being used to facilitate the relationship building process (Gummesson, 2002; Chaffey & Smith, 2008; Godson, 2009). The most influential changes have occurred with the inception of internet and social media. Social media is changing people's behaviour dramatically and companies have quickly realised the growing importance of social networking sites and its potential for marketing purposes.

Increasing competition has encouraged companies to focus on building long-lasting relationship with the customers by cultivating their loyalty and commitment through social networking sites. These companies believe by establishing online communities, customer relationships could be enhanced and loyalty could be maintained. At the time of this study, Facebook has the largest number of users within an online community and a number of companies are availing of Facebook as a means of customer communication and community building.

However, there is limited research on how useful Facebook is to firms in achieving marketing aims, on how Facebook users react to a commercial initiatives on the social networking site, and whether being a fan and 'liking' the company affects the relationship between the company and its loyal customers. This study addresses the gap by investigating whether Facebook could be used as a tool to build and enhance relationships with loyal customers in the Lithuanian mobile telecommunications industry.

### Relationship Marketing

The marketplace is changing dramatically and companies are adapting in order to remain competitive. Relationship marketing is often perceived as being the opposite to transactional marketing, which focuses on individual transaction over a short-term (Payne, 1994; Christopher et al., 2002; Godson, 2010). Christopher and his colleagues (2002) identify six dimensions, which distinguish relationship from transactional marketing (Table 1: 77). Baron and his colleagues (2010) argue the relationship marketing concept could be viewed as a new paradigm, because transactional marketing with its focus on the traditional marketing mix no longer represents the current situation. However, other authors believe relationship marketing is simply a paradigm shift (Palmer, 1997; Palmer 2002; Sheth & Parvatiyar, 2002; Ballantyne et al., 2003; Godson, 2009). Relationship marketing aims to understand customers, as a means to increase market share and profitability, as well as to decrease costs (Ndubisi et al., 2009).

There is no agreed definition of relationship marketing; Table 2 (77-78) outlines the definitions most frequently found in the literature. Although academics have differing defi-

nitions of relationship marketing, common elements may be identified. Most definitions stress the importance of maintaining the relationship with current customers (Berry, 1983; Grönroos, 1989; Payne, 1994; Berry 2002; Wilson et al., 2008; Baron et al., 2010). It is often stated that attracting new customers costs five to ten times more than retaining current customers (Baron et al., 2010). Rowley (2005) highlights the core idea of relationship marketing is a stable customer base, which is a core business asset. Successful companies are those which manage to cultivate customer loyalty to reduce defection rate, which adversely affects a company's profitability (Reichheld, 1994). Hence, customer retention and long-lasting relationship may be achieved by managing and cultivating customer loyalty.

The goal of relationship marketing is "to build and maintain a base of committed customers who are profitable for the organisation" (Baron et al., 2010: 11). Relationship marketing emphasises customer retention and commitment and the share of customer business rather than market share (Sheth & Parvatiyar, 2002). The concept stresses the importance of building mutually beneficial long-term relationships with the customers and creating social and emotional bonds with them (Christopher et al., 2002; Wilson et al., 2008; Baron et al., 2010). Still, the acquisition process of new customers cannot be ignored. Most academics agree attracting new customers is simply the first step in relationship building, which should be followed by other activities to retain and enhance customer relationships. "The marketing mind-set is that attraction of new customers is merely the first step in the marketing process. Cementing the relationship, transforming indifferent customers into loyal ones, servicing customers as clients – this is marketing too" (Berry, 2002: 61).

Other authors (Gummesson, 1999; Godson, 2009) take a broad approach to define relationship marketing and stress the importance of interaction process between parties. The broadest definition is proposed by Grönroos (1989), who involves not only customers, but also other stakeholders and highlights the importance of terminating the relationship when necessary. Payne (1994: 30) proposes a ladder of loyalty, which identifies six levels of relationship "showing the progression of relationships customers can have with organisation."

### **Customer Loyalty**

An important aspect of relationship marketing is customer loyalty, as it focuses on customer retention. The definition of customer loyalty is used to stress the commitment, not only to the brand, but to firm and its employees, as brand loyalty might be too narrow to define the overall loyalty concept (Uncles et al., 2003; Baron et al., 2010). Customer loyalty becomes an important strategic objective for companies as there is a need for both activities of customer acquisition and customer retention to ensure a company's success (Duffy, 2003).

"There are many different terms used to describe the process of keeping customers longer and earning a greater share of each customer's business" (Duffy, 2003: 480). However, the main idea is to build a loyal and committed customer base. Similar to

relationship marketing, there is no agreed definition of customer loyalty. Uncles et al. (2003) identify three different views on loyalty: loyalty as repeated purchases, loyalty as attitudes and commitment, which might lead to relationship, and loyalty as attitudes and behaviour combined together. Table 3 represents differing definitions of customer loyalty. Dick and Basu (1994) were the first researchers to state it is not enough to have behavioural loyalty, expressed by repeated purchases, and there are other forms of loyalty, which are closely related to a consumer's attitudes and feelings. The most common views on customer loyalty incorporate both dimensions customer behaviour, expressed as repeated purchases, and customer attitudes, beliefs and commitment to the company (Dick & Basu, 1994; Jones & Sasser, 1995; Oliver, 1999, Godson, 2010). Godson (2009) makes a clear distinction between genuine loyalty and repeat purchases, as many companies believe if a customer purchases often, then they are loyal; however, these repeat purchases may be influenced by the lack of choice, the lack of information, perceived convenience, or inertia.

Customer loyalty became important as previous success indicators, such as market share, cost position and service quality are not viable in today's marketplace due to increased globalisation, which resulted in much more intense competition, much larger choice for customers and new distribution channels (Reichheld et al., 2000). Customer retention is a key factor which increases company's overall profitability (Jones & Sasser, 1995; Reichheld et al., 2000). Reichheld et al. (2000) revealed by increasing customer retention rate by five per cent, the profitability of company increases from 25 to 100% depending on the business. Customer loyalty accrues benefits to the company, as loyal customers are less price sensitive, require fewer resources over time, enhance positive word-of-mouth, and improve long-term profitability (Duffy, 2003; Rowley, 2005). However, some researchers claim there is much weaker relationship between profitability and customer loyalty. Reinartz and Kumar (2002: 87) "discovered little or no evidence to suggest that customers who purchase steadily from the company over time are necessarily cheaper to serve, less price sensitive, or particularly effective at bringing in new business."

## **Social Media and Social Networking Sites**

### **Changes in Marketing Communications**

Communication with the customers is an important activity for successful companies. The internet and Web 2.0 changed the way people communicate. Web 2.0's interactive nature, coupled with high-speed broadband connections and consumers' acceptance of social media (Chaffey & Smith, 2008) has facilitated the transfer of knowledge and conversation among participants (Phillips & Young, 2009). Web 2.0 is closely related to social media and the rise of social networking sites, which have become a part of people's daily social activities (Ellison et al., 2009; Solis, 2011). Social networking sites allow people to be active participants in the creation of information, rather than passive receivers of information (Phillips & Young, 2009). Hence, customers have the power to control communications through user generated content.

The popularity of social media sites also changed the way businesses communicate with their customers. Thus, marketers have begun to listen to these online discussions. Social networks attract attention from marketers and businesses not only because of the high number of users, but also because there is a high level of engagement (Brown, 2009). Customers spend an increasing amount of time in the virtual world and they use automated tools to meet their needs (Chaffey & Smith, 2008). Marketers are allocating more of their effort and budget to online communication activities, as they play a crucial role in cultivating customer relationships (Chaffey & Smith, 2008). Successful companies respond to these changes in communication process and create active dialogue and interaction between the company and its customers all the time.

### **E-relationships**

The rise of social networking sites resulted in new type of relationships people can form – e-relationships (Gummesson, 2002). The emergence of online communities enables companies and their marketers to build new type of relationships with their customers as well. E-relationship is defined as “a relationship which is conducted wholly or partly through [an] electronic medium” (Godson, 2009: 172).

Godson (2009: 170) believes e-relationship is “something of a double-edged sword, as on the one hand it brings together more customers and suppliers than ever before, but on the other hand, it eliminates any form of personal, face-to-face contact.” As a result, this hybrid relationship is a challenge for the company, but if the strategy is successful, it could lead to sustainable competitive advantage. The main advantages for companies availing of e-relationship are accessing customers and being able to serve them better (Godson, 2009). A key disadvantage associated with e-relationships is its impersonality, as technology cannot fully replace human interaction.

Harridge-March and Quinton (2009) outline the concept of social networking contributor ladder, which is linked to traditional marketing loyalty ladder (Figure 1: 81). The social networking contribution ladder enables companies to identify the most influential participants, who would influence others within the networks, and allow communicating more effectively with other levels of participants.

The first rung on the network contributor ladder is the lurker, which is an interested consumer who wants to become familiar with the social network before active engagement with existing online community. The second rung of the ladder is a newby/tourist, which is a discussant that just started using the social networking site and does not demonstrate commitment or engagement with the network. Minglers are participants, who are already active and post messages, but with no regularity and frequency. Devotees are heavier users as they are enthusiastic participants, who contribute to the social networking sites with particular frequency and they are beginning to establish social and emotional ties with existing social network. Insiders are these members, who are proactive in starting the discussions on social networking sites and have strong existing emotional and social bonds. Celebrities are participants with high levels of competence and devoting time and energy to participate in these social networks. The highest rung

of the social network contributor ladder is an evangelist, who tends to be the smallest group of participants. These participants are highly engaged within the network, they tend to post most often and influence other member of the network.

Companies could benefit from online communities by creating strong social and emotional bonds with true relationships with their customers (Harridge-March & Quinton, 2009). Established relationships are hard to copy for competitors and it could lead to creation of competitive advantage against competitors.

### **Social Media and Social Networking Sites**

Companies have begun to appreciate the importance of the social media in their marketing mix strategies (Chung & Austria, 2010). Evans (2010) emphasises social media is about conversations, which lead to real relationships, which might lead to referrals and increased sales. As a result, "social media is about holding conversations and sharing experiences with others who are connected through like-minded activities" (Evans, 2010: 9). Online communities allow the creation of stronger ties between different participants inside the community. Further, online communities have conversations about a company's products, services or brands when and how they want. Companies cannot control these conversations, but they can participate (Evans, 2010) by establishing their social media presence in order to be closer to their customers (Wilson, 2009).

Baron et al. (2010: 164) state "social network website is a twenty-first century phenomenon which has changed the interactions, relationships and networks landscapes." Researchers agree social networking appeared and brought lots of changes in the current communications. Although growing in importance, some difficulties arise in whether this phenomenon should be named social media, social networking sites (Baron et al., 2010) or simply social networking (Chaffey & Smith, 2008; Brown, 2009; Chung & Austria, 2010).

Despite the differing terms and definitions, as outlined in Table 4, there is a distinct emphasis on the community and individual participating in an online world as a part of this group. The connection aspect between the participants is important, as more people use social media to communicate with people with whom they have relationship offline (Baron et al., 2010). Researchers emphasise "social networking sites allow people to network online in a primarily non-business way", however, the boundaries are blurring (Newson et al., 2009: 59). Brown (2009: 50) perceives social networking sites in a broader context and states social networking or online communities is "the natural extension of the concept of the original internet." Comm (2010: 2) takes the broadest approach and describes social media as "the content that has been created by its audience." Hence, it could be described as a form of publishing with the importance of content exchange in one extreme. On the other extreme, it could be defined as "one way in which publishers and marketers can put messages in front of thousands of people and encourage them to build strong connections and firm loyalty" (Comm, 2010: 3).

The confusion in defining of social media/networking does not deny its importance as an effective marketing tool (Dutta, 2010). Social media is about creating the connections



between its participants and in business environment the result of this participation is brand loyalty and commitment (Comm, 2010). Marketers agree social networking sites, are a communication channel which enhance the traditional customer-company interaction through the creation of stronger bonds with customers and maintaining long-lasting relationship over time (Evans, 2010; Gallagher & Ransbotham, 2010; Levy, 2010).

Social networking sites allow companies to increase brand awareness with low costs (Dutta, 2010; Stelzner, 2010) by connecting and engaging with the current and potential customers (Solis & Breakenridge, 2009; Levy, 2010; Stelzner, 2010). Further, they help to manage these important relationships with most profitable loyal customers (Evans, 2010). Finally, social networking sites are beneficial in gathering information and providing customer service (Dutta, 2010; Evans, 2010; Levy, 2010; Ramsey, 2009). Companies can listen to the discussions about their brands and products and respond to customers' queries and worries instantly. Social media sites are not only simple lists of people, as different sites have different and very special groups of members and each of them has unique participants with unique demographics (Comm, 2010). The most important benefit of social networking is the ability to build and maintain dialogue with customers (Comm, 2010; Dutta, 2010; Evans, 2010; Ramsey, 2010; Levy, 2010).

#### **Facebook as a Relationship Building Tool**

Facebook is one of the most fashionable social networking sites and due to its size this online community's importance cannot be denied. Facebook is a global network with 70% of its 689 million active users residing outside the USA (Socialbakers, 2011). Fifty per cent of these active users login into their accounts daily, spending over 700 billion minutes on the Facebook every month. The average user has 130 friends and is connected to 80 community pages, groups and events (Facebook Press Room, 2011).

There is a growing body of literature highlighting the importance of Facebook for companies' success, however, the majority of publications are written by practitioners; Facebook has not received as much attention from academics. Those academics, who have researched Facebook, have focused on its influence on people's behaviour and psychology (Ellison et al., 2007, 2008; Pempek et al., 2009).

Facebook is a good example of social media as it shows the actual principle how it works, when participants are expected to create and generate the content. This site is not a publishing company as it does not create the actual content, but it allows its users to create all the content (Robbins, 2010). Facebook is a social networking site, which serves as channel of communication not only between people, but also between companies and their customers. A significant advantage of Facebook is its large online communities. Reaching these communities offers companies the opportunity to create engagement and mutual relationship with current and potential customers. The growing importance of Facebook is evidenced by the value companies place on their Facebook fans, which are a potential source for customer insights and increased customer loyalty (eMarketer, 2011). Facebook fans are more likely to recommend a company (80% of respondents) and pursue a deepened engagement with the brand (75% of respondents) (eMarketer,



2011).

The benefits associated with Facebook are community building and engagement with customers, marketing and promotional activities, advertising, and the ability to gather information (Levy, 2010). As part of the overall company's marketing strategy, Facebook offers a unique opportunity for companies to establish an online presence, as well as observe how customers engage with brands, to acquire new fans and to re-engage existing fans. However, brands need to be social by "creating content, sharing status updates, posting photos, hosting events and making regular contributions to the community" (The Advance Guard, 2009: 3).

Social media marketing is "the art of interacting with people and contributing to community rather than just broadcasting promotional messages. This aspect, more than any design or functionality strategy, is the key to growing a successful fan base of enthusiastic and engaged consumers" (The Advance Guard, 2009: 24). The most important feature of Facebook is the ability to communicate and establish dialogue with the customers and provide feedback to them. In addition, Facebook could be a powerful means to initiate viral marketing and spread a positive word about the company and brand across the whole internet (Exact Target, 2010).

#### **Telecommunications Companies and Facebook**

In Lithuania 60% of internet users use social networking sites, this statistic means 35% of the Lithuanian population, aged 15-74, have accounts in various social networking sites (Tns.lt, 2010). Data show women are more intensive users than men (64% and 55% respectively). Facebook is the most popular social networking site in Lithuania with 947,140 users indicating that 27% of the Lithuanian population has a Facebook account. Thus, 45% of Lithuanians internet users use Facebook (veidaknyge.lt, 2011).

The obsession for Facebook as a marketing tool is also in evidence in Lithuania. Businesses are actively exploring and analysing Facebook opportunities for various marketing activities. Companies understand the need to be close to their customers and to respond quickly to their needs. Engaging with customers via Facebook is becoming common practise among Lithuanian businesses. However, a number of companies do not fully realise the interactive opportunities associated with Facebook and see it only as a mean of advertising believing that having a Facebook account is sufficient to establish their presence.

The telecommunications industry was chosen for this study for several reasons. Firstly, the market is highly penetrated. At the end of 2010, there were 4.89 million active users of telecommunications services, which mean there are 150.7 sim cards for every 100 Lithuanian inhabitants. In comparison to previous year, this ratio decreased by 1.4% (Rysiu reguliavimo tarnyba, 2011). Secondly, the competition in this industry is intense as there are three main companies – Bite, Omnitel and Tele2. Finally, these companies are active Facebook participants. According to Socialbakers.com (2011), an official Facebook statistics website, two Lithuanian mobile telecommunications companies (Omnitel and

Tele2) were registered and tracked. The statistics show these companies were rated as having high engagement with the customers, growing the fans base intensively and being very active on Facebook.

## **AIM AND METHODOLOGY**

The research question for this study is 'Can Facebook be used as a marketing tool to build and enhance relationships with loyal customers?'

The primary objective is 'to identify to what extent Facebook affects the relationships between loyal customers and company'. In order to achieve the primary objective, four secondary objectives are devised.

Firstly, it is necessary 'to identify the customers' type of loyalty and level of relationship they have towards particular company'.

Secondly, there is a need 'to identify respondents' daily use of Facebook and to determine how important this activity is for them'.

Thirdly, it is necessary 'to investigate what motives influence customers to become fans of companies on Facebook'. Do customers seek short-term benefits from the companies, or do they seek long-term, emotional connections with the companies and their products?

Finally, it is essential 'to examine if being a fan of the company, has any influence or impact on the relationship between the customers and the companies'.

For this study deductive approach is chosen, which emphasises the need of theory in the beginning of the research in order to develop research objectives. The research question is formulated and identified using existing literature, and then the primary research is used to test the existing theory. Descriptive research is chosen to collect quantitative data and to address the research objectives.

A highly structured questionnaire has been selected for the descriptive research survey strategy. The survey method is the most appropriate for chosen research question as it enables to collect large amount of data about customers' involvement in Facebook and their activities towards companies on this site. The design is a self-administered, internet-mediated questionnaire. The final version consists of 21 questions, which are divided into four main sections in order to reach the research objectives.

Non-probability convenience sampling with some features of snowball sampling is used. Facebook and e-mail contacts were used as the mean of spreading the link to researcher's friends and friends' friends in order to gather relevant number of responses. The respondents were asked to fill the questionnaire themselves and then to share the link with their friends. Free online software, Apklausa.lt (2014) was used to design the questionnaire and collect data. The questionnaire was active online for eight days.

## **FINDINGS**

The findings of primary research are divided in four main sections – respondents' demographics, patterns of Facebook usage, relationship with telecommunications companies and the effect Facebook has on relationship between the company and its customers.

### **Respondents' Demographics**

The majority of respondents were females, they accounted for 63% of all responses (92) and males represent 37% of respondents (53). The majority of respondents (88%) fall into age group from 18 to 29 years old. Respondents aged more than 30 comprise only 5%, and the respondents less than 18 years old account for 7% of responses. The vast majority of respondents (57%) are college students.

### **Respondents' Facebook Usage Patterns**

More than half of the respondents log into their Facebook account more than once per day. In total 86% of the respondents access Facebook at least once per day. Fifty six per cent of them spend 1 – 9 hours on their accounts per week. Twenty per cent of them spend even more time. On average respondents have 265 friends. The average Lithuanian has 206 friends, while world average user has 130. The average respondent 'likes' or is friend with 70 companies or brands.

The vast majority of respondents are not active contributors to Facebook and they do not engage actively within Facebook activities. Eighty one per cent of respondents tend to be passive participants with no contribution; they are just observers on Facebook. Nineteen per cent are respondents contribute to the network and are proactive in their actions.

### **Respondents' Loyalty towards Telecommunications Companies**

The most frequently chosen company is Omnitel, which accounts for 42% of respondents' choice. Tele2 is chosen by 37% of respondents. The least popular is Bite, chosen only by 21%. Generally, 47% of respondents stated they have behavioural loyalty to their company, while 53% of respondents acknowledged they have attitudinal loyalty.

However, different findings were discovered using Net Promoter Score (NPS) to identify loyalty. According to this measure, the only company Bite has loyal customers. Company has 39% of the promoters, who are loyal enthusiasts, and 29% of detractors, who are unhappy about the company. The rest of two companies have negative NPS, which means the amount of unhappy customers outweigh loyal enthusiasts. Tele2 score is -21, Omnitel NPS is -43. The differences in results could be explained as when customers were asked to identify and to ascribe themselves to particular type of loyalty, they stated they have loyalty towards the company as they believe they feel the connections with the company. However, when the question was coded and asked how likely it is the respondent would recommend the company, different results occurred.

All of the three companies have the lowest numbers of customers and partners. The most popular relationship type is purchasers as supporters, who like their companies, but support them only passively. The overall results show customers tend to have low levels of loyalty towards telecommunications companies.

The least popular company is Bite, but it has the largest loyal customer (advocates and supporters) base and is the only one company having positive NPS. Omnitel is the most frequently chosen company; on the other hand it has the lowest NPS. Tele2 has the smallest number of partners across all three companies.

### **Respondents' Reactions towards Company Initiatives and the Impact on Relationship**

The majority of respondents do not 'like' any of telecommunications companies on Facebook and 43% of all the respondents 'like' one or more telecommunications company on Facebook. People, who react to telecommunications companies initiatives, respond most often to Ezy's (21%) initiatives. Together with Omnitel 30% of respondents react to these initiatives. Twelve per cent respond to Tele2 and Pildyk initiatives in total. Bite has the smallest amount of responses (six per cent of respondents).

The vast majority of respondents (44%) infrequently take some actions to various initiatives on Facebook. Nineteen per cent of respondents ignore these initiatives and never respond to them. Quarter of respondents admitted they respond sometimes, 11% react frequently and 2% state most of the time they take some actions to every initiative coming from the company. The vast majority of respondents are indifferent and tend to ignore companies initiatives.

The most popular motive, which influenced the decision to become a fan on Facebook, was to get special promotions, offers or discounts (30 respondents) from the company after adding this company to Facebook profile. Motives as being close to the company, ability to express beliefs and attitudes and profile enhancement were not important to respondents. However, some of the respondents were forced to 'like' particular companies as they work with or in these companies.

The majority of respondents identified they get no outcomes of 'liking' telecommunications companies. None of the respondents believe being a fan of the company resulted in much stronger relationship between both parties. Only 10% of respondents stated the relationship became stronger. More than half of the respondents (60%) see no Facebook effect on relationship between them and a company. For 27% of respondents it was difficult to identify if there were any changes or not. However, three per cent stated the relationship became even weaker.

The numbers of Facebook effect on relationships partly explain the overall situation, the loyalty in telecommunications industry is quite low and the contribution levels to Facebook are low as well. Thus the impact of Facebook as a relationship marketing tool on relationships between companies and customers is questionable.

## DISCUSSION AND CONCLUSION

The existing literature highlights the importance of relationship marketing and forces every company to think about long-term relationships with their loyal customers. The widely accepted opinion emphasises social networking sites and especially Facebook can be used as a marketing tool in relationship building process. The findings of primary research deny the existing opinion as telecommunications companies' customers are not highly involved in relationship building process with their service providers and Facebook as a tool to enhance and develop ties with the company is not important for them. While Facebook is beneficial for companies, respondents could not identify the benefits of 'liking' companies on Facebook.

The respondents tend to be heavy users of Facebook as 86% of the respondents log to their Facebook accounts at least once per day. The vast majority of them spend 1 – 4 (36%) and 5 – 9 (20%) hours per week on Facebook. However, the majority of respondents do not contribute to Facebook and remain as passive participants. The results show respondents do not have high levels of loyalty to their service providers. Respondents support their service provider, but only passively. The overall trend suggests high level of loyalty in telecommunications industry does not exist as more than half of respondents identified there were no changes in relationship and only 10% identified relationships became stronger, while some respondents stated the relationship became even weaker.

The findings suggest Facebook cannot be an effective tool for relationship marketing purposes analysing customers' perspective. Several existing reasons could explain the situation. Respondents are not active contributors to Facebook. This could be the reason why respondents do not 'like' and do not respond to companies' initiatives on Facebook. Additionally, there is a low loyalty towards the companies in telecommunications industry. This low loyalty could result in respondents' ignorance to become fans and 'like' the companies on Facebook. In addition, the Facebook concept is changing quickly and it is becoming very commercial and users do not see companies and their initiatives on Facebook anymore. These respondents who 'like' mobile network providers show they are quite passive towards everything companies try to do on Facebook and emotional aspects do not seem to play an important role in becoming a fan on Facebook. Moreover, the results could be explained by differences in Lithuanian companies' usage of Facebook as it is mostly used for advertising and promotional activities only. Finally, low levels of loyalty in telecommunications industry might mean the service became a commodity and customers do not pay a lot of attention to companies' initiatives to build stronger bonds, to enhance relationship, to establish community around the brand. The differences between the existing literature and primary research could be explained by the rapid change as the secondary research was performed earlier than the primary research. However, all the aforementioned explanations are only presumptions and the author cannot claim this is the case. Thus deeper and different type of research is needed in order to identify the reasons of differences between the existing theory and conducted research findings.

### **Type of Loyalty and Level of Relationship**

The existing literature is emphasising the need of relationship marketing and customer loyalty strategies in successful companies aiming to create competitive advantage. However, the results of primary research in telecommunications industry reveal controversial results. The overall trend is the customers have quite low level of loyalty to the companies and they are not interested in committing to one service provider and creating long-lasting relationship. This finding partly denies the existing idea of relationship building importance in every company.

### **Trends of Facebook Usage**

The current literature highlights the importance of Facebook, and the findings support the existing tendencies as respondents are quite heavy Facebook users and the majority of them log into their accounts at least once per day. However, the results suggest Facebook users are not active contributors to Facebook as they tend to be more passive observers.

### **Motives to Become Fans on Facebook**

The literature emphasises the customers prefer mutually based relationships with their companies and they are prepared to invest their time and effort to build this relationships. Facebook should be a marketing tool, which helps to build stronger relationships between company and its customers. However, the findings show respondents do not have high loyalty levels with their telecommunications companies and are not highly interested in building long-lasting relationships with them. Thus, the most important motives of becoming a fan are short-term incentives, not emotional attachment and bonds. There is no linkage between customer loyalty level and becoming a fan identified as a stronger linkage exists among the overall contribution level on Facebook and being a fan.

### **Impact of Facebook on Relationships**

The existing literature emphasises the importance of Facebook to develop and deepen the relationships with the customers via building online communities. The results show the majority fans of their telecommunications companies do not see the impact Facebook has on their relationship and loyalty or they could not identify if there are any changes. There is no evidence showing Facebook has an impact on relationships among telecommunications companies and their customers.

### **Effect of Facebook on Relationships**

The literature highlights the importance of building long-lasting relationships with loyal customers and suggests social networking sites could be used to create these relationships. The concept of e-relationships even emerged, which highlights the importance of technology in relationship building process. However, the conducted primary research reveals different situation. Study results demonstrate Facebook has very little or no impact on relationships as Facebook and other social networking sites are not always the medium of building and enhancing relationships with loyal customers. Overall trend is

respondents do not see Facebook as a relationship building tool with their service providers.

### **Implications for Theory**

Performed study contributes to existing literature on relationship marketing and social networking sites as it gives a broader outlook into these concepts by looking into Facebook as a relationship marketing tool. The findings add more debate on Facebook as a relationship marketing tool and its effectiveness. The results question the existing opinion as the conducted primary research goes against the existing theory. The research partly denies the need of long-term relationships between companies and their customers. The companies might want to have relationships with their loyal customers, who are beneficial to the companies, but customers might not be interested in the commitment to only one company. As a result, relationship marketing and Facebook as a relationship marketing tool might not be suitable for all the companies and industries.

### **Implications for Practise**

The research provides some managerial implications. There is a need for a certain industry, where relationship marketing and Facebook as a tool to enhance the relationship and cultivate customer loyalty could be used, as it is not applicable to every industry. In addition, not every customer wants to be involved in relationship building process using social networking sites and Facebook. Companies might need to use Facebook only with truly loyal and committed customers, as then participation in Facebook could make an impact on the relationships.

Additionally, the company has to do something extremely different and creative to be noticed on Facebook. If the company is not able to align large amount of investments into Facebook, they could skip this communication medium. The marketers should think about the products they have and offers to the customers as not every product needs and can be marketed on Facebook. There should be a consistency between the offering made and Facebook itself as it is about fun, entertainment and connection with others.

### **Implications for Future Research**

The study raised a question if the existing opinion of Facebook benefits for successful companies is real, as the results of primary study deny the existing theory. As a result, this area needs deeper and wider research. This research was cross-sectional and longitudinal study might yield different results. Future research could use in-depth interviews or focus groups, which could provide better insights as the highly structured questionnaires might not fully capture all insights. Another industry should be studied as the mobile telecommunications might have become a commodity and customers might not be interested in relationship building with their service providers.

This study has limitations, which occurred because of time and budget constraints. These constraints resulted in convenience sampling and statistical generalisations of the findings cannot be made to all population. Quite low response rate and usage of two



languages for designing the questionnaire might have affected the reliability and validity of the study. In addition, the research was conducted in mobile telecommunications industry only. The research in another industry could yield different results about customer loyalty and relationships levels towards the companies. This could result in different impact Facebook have on these relationships. The chosen cross-sectional study might not portray the existing situation fully, thus the longitudinal study might yield different results. Finally, the lack of existing literature on social media and social networking sites in academic environment caused the difficulties to perform the secondary research.

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## TABLES AND FIGURES

**Table 1:** Differences between transactional and relationship marketing

Variable	Transactional Marketing	Relationship Marketing
Focus	Focus on volume	Focus on profitable retention
Emphasis	Emphasis on product features	Emphasis on customer value
Timescale	Short timescale	Longer-term timescale
Customer service	Low customer service emphasis	High customer service emphasis
Customer contact	Moderate customer contact	High customer contact
Quality	Concern with product quality	Concern with relationship quality

Source: Christopher et al., 2002: 19.

**Table 2:** Definitions of relationship marketing

Author (Year)	Definition	Core Elements
<b>Berry (1983)</b>	Relationship marketing is attracting, maintaining and – in multi-service organizations – enhancing customer relationships.	Attracting, maintaining and enhancing relationships.
<b>Grönroos (1989)</b>	Relationship marketing is to identify and establish, maintain and enhance and when necessary also to terminate relationship with customers and other stakeholders, at a profit, so that the objectives of all parties are met, and this done by a mutual exchange and fulfilment of promises.	Establish, maintain, enhance and terminate relationships.
<b>Morgan and Hunt (1994)</b>	Relationship marketing refers to all marketing activities directed toward establishing, developing and maintaining successful relational exchanges.	Establish, develop and maintain relationships.
<b>Payne (1994)</b>	Relationship marketing places emphasis on individual customers and seeks to establish a long-term relationship between customer and company. The key to success lies with concentrating on and retaining existing customers.	Establishment of long-term relationships.

<b>Gummesson (1999)</b>	Relationship marketing is marketing based on relationships, networks and interaction, recognizing that marketing is embedded in the total management of the networks of the selling organization, the market and society. It is directed to long term win-win relationships with individual customers and value is jointly created between the parties involved.	Relationships, networks and interaction between three parties.
<b>Christopher et al. (2002)</b>	Relationship marketing is more than a make-over for conventional marketing; it is a new model for how an organisation as a whole competes in the marketplace.	New model.
<b>Wilson et al. (2008)</b>	Relationship marketing is a philosophy of doing business, a strategic orientation, that focuses on keeping and improving relationships with current customers rather than acquiring new customers. It represents the changes in mindset as it focuses on keeping and retaining customers.	Keeping and improving relationships.
<b>Buttle (2009)</b>	The primary motivation for companies to develop long-term relationships with the companies is the profit motive.	Long-term relationships.
<b>Godson (2009)</b>	Relationship marketing – a marketing approach based upon new networks, interactions and relationships.	Networks, interactions and relationships.
<b>Baron et al. (2010)</b>	Relationship marketing draws attention to the importance of retaining as well as attracting customers, with emphasis being placed on the development of long-term relationships with customers. The primary goal is to build and maintain a base of committed customers who are profitable for the organization.	Retaining and attracting customers and development of long-term relationships.

**Table 3:** Definitions of customer loyalty

Author (year)	Definition	Core elements
<b>Dick and Basu (1994)</b>	Customer loyalty is not only behavioural loyalty, expressed by repeated purchases, there are other forms of loyalty like vendor loyalty, service loyalty and store loyalty, which are closely related to consumer's attitudes and feelings.	Two dimensions behaviour and attitudes.
<b>Jones and Sasser (1995)</b>	Loyalty is the feeling of attachment to or affection for a company's people, products, or services. These feelings manifest themselves in many forms of customer behaviour.	Feelings of attachment and behaviour.
<b>Stone and Woodcock (1996)</b>	Loyalty is a state of mind, a set of attitudes, beliefs, and desires.	State of mind.
<b>Oliver (1999)</b>	Loyalty is a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour.	Commitment to re-buy.
<b>Uncles et al. (2003)</b>	Loyalty is something that consumers may exhibit to brands, services, stores, product categories and activities.	Something consumers exhibit.
<b>Rundle-Thiele (2005)</b>	Loyalty is the state or quality of being loyal, where loyal is defined as a customer's allegiance or adherence towards an object.	Allegiance or adherence towards an object.
<b>Godson (2010)</b>	Loyalty is a consumer's firm and unchanging friendship, support and belief in an organization, or its products, brands and services and a propensity to act in support of these feelings.	Friendship and act towards the company.



**Table 4:** Definitions of social networking sites and social media

Author (year)	Definition	Description
Chaffey and Smith (2008)	Social network/commu- nity sites	Sites enabling community interaction between different consumers.
Newson et al. (2009)	Social media	The term used to describe online tools and utilities that allow commu- nication of information online and participation and collaboration.
Baron et al. (2010)	Social network sites	Web-based services that allow in- dividuals to construct a public or semi-public profile within a bounded system, articulate a list of other users with whom they share a connection, view and traverse their list of connec- tions and those made by others with- in the system.
Comm (2010)	Social media	The content that has been created by its audience.
Chung and Austria (2010)	Social network	Type of web site model where indi- vidual members become part of a broader virtual community and/or the practice of expanding the number of one's business and social connect by making connections through individ- uals online.
Trusov et al. (2010)	Social network sites	The core idea of the social network site is to collect user profiles of regis- tered users, who show the informa- tion they want to share with others.

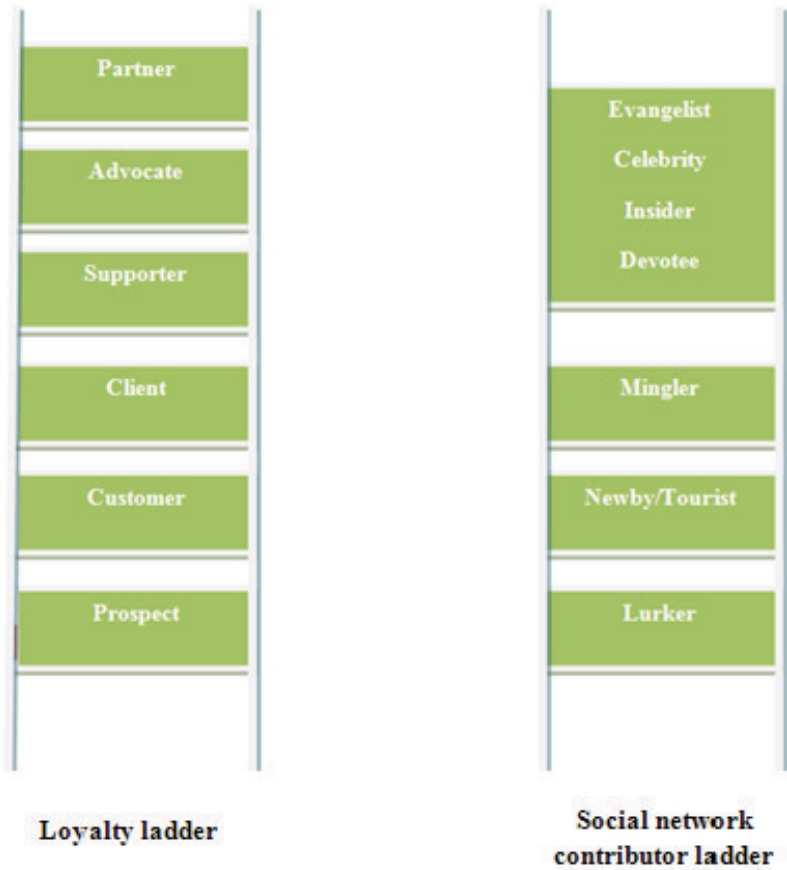
**Table 5:** Respondents' demographics

Gender	Male			Female	
	37%			63%	
Age group	<18 yrs	18-22 yrs	23-29 yrs	30-35 yrs	>=36 yrs
	7%	48%	40%	1%	4%
Occupation	Gymnasium student		College student		Worker
	21%		57%		22%

**Table 6:** Respondents' Facebook usage patterns

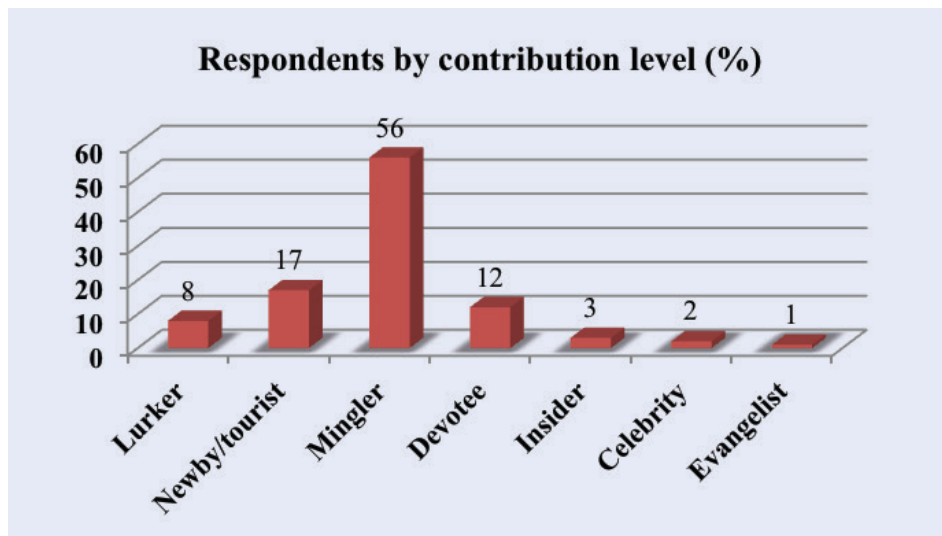
Frequency of Facebook access	>1 per day	1 per day		2-3 per week		1 per week	Monthly
	61%	25%		7%		5%	2%
Average time per week	<1 h	1-4 h	5-9 h		10-19 h	20-29 h	>=30 h
	24%	36%	20%		14%	4%	2%

**Figure 1:** Loyalty ladder and social network contributor ladder

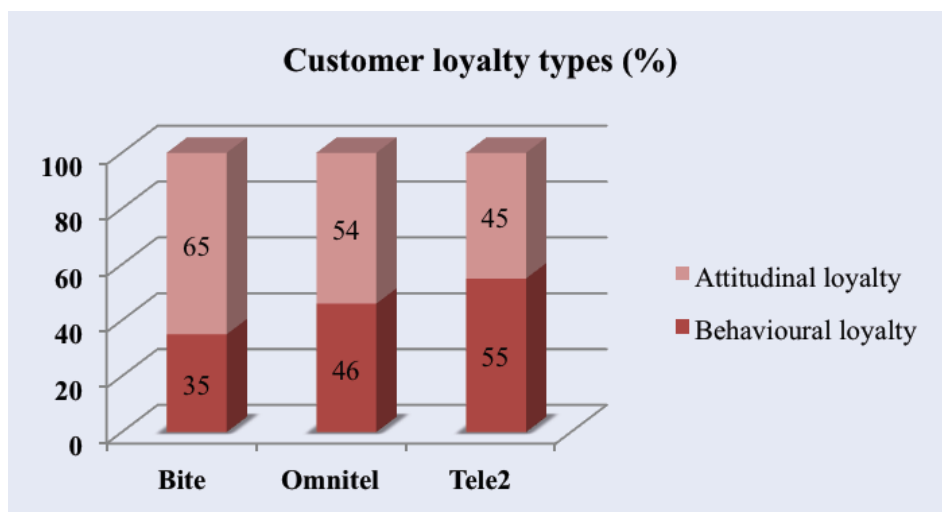


Source: Harridge-March and Quinton, 2009: 176.

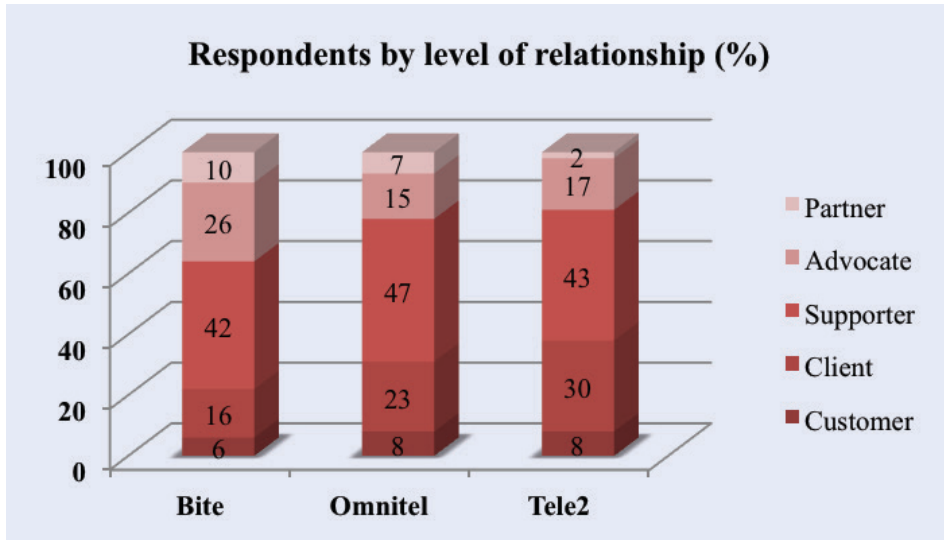
**Figure 2:** Respondents' contribution to Facebook level (%)



**Figure 3:** Loyalty type towards telecommunications companies



**Figure 4:** Level of respondents' relationship with companies



**Figure 5:** Impact of Facebook on relationship between company and customers

