





## 1. Abstract

This study aims to explain the impact of Facebook online branding and marketing strategy in a practical manner, in form of an influence model, as to provide commercial users of Facebook with a clear, simple strategic framework for branding and marketing purposes. By surveying young students (N=206)<sup>1</sup>, whom are digital natives, a fair estimate of internal drivers and motivators to join and use Facebook brand fan pages can be established. By cross-checking the findings in a qualitative study concerning e-marketing tools for commercial purposes<sup>2</sup>, critical success drivers can be established allowing a more strategic and value-creating use of this medium.

**Keywords:**

Facebook

Branding

Marketing

Customer relationship management

**Acknowledgement:** I wish to thank prof. Castro Soeiro for his support and guidance throughout this project.

<sup>1</sup> As the general scope and variety of the internet and its applications is too large to capture in one study, it was decided to focus on the group which consisting the majority of Facebook users, namely 18-34 year olds. (Sheldon, 2008; Raacke & Bonds-Raacke, 2008; Cheung et al., 2010) The questionnaire was designed by prof. Leeflang, prof. Romani and prof. Peluso based on extant literature and distributed among economics & business university students aged between 19-27 years old at LUISS Guido Carli, Rome – Italy, NOVA, Lisbon – Portugal and UU – Utrecht, The Netherlands

<sup>2</sup> Interviews with Tiago Rodrigues: Everything about Sushi, Pedro Braga: Franchisee DzCount, Case Stevens: independent internet marketer, Cyril Rosman: Coordinator Multimedia Desk BN DeStem



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## 2. Case Narrative

The increasing scope of the worldwide web and ubiquity of Smartphones resulted in the emergence of new networking tools as Social Networking Sites (SNS) that allow people and businesses to connect easily, anywhere, anytime. Facebook, founded in 2004 has been expanding rapidly: currently available in 70 languages, serving over 901 million users of which 50% logs in on a daily basis each with an average of 137 friends.<sup>3</sup>

Its recent IPO<sup>4</sup> has caused some controversy, experts and investors cannot agree whether Facebook will be able to live up to the expectations and prove it is worth its high valuation<sup>5</sup> in revenue terms. Some foresee problems with the firm's revenue model, or the lacking thereof, while others believe that holding such a large amount of personal data in combination with advertising and a good team of designers and software engineers focussing on developing new products will guarantee the continuous success of Facebook.<sup>6</sup>

All seem to agree, however, that with its large reach and great variety of web-based applications Facebook is a force that cannot be ignored and presents interesting opportunities for firms trying to reach customers in a non-traditional manner.<sup>7</sup> The website's mission 'to give people the power to share and make the world more open and connected'<sup>8</sup> and the core value proposition of the firm, a basic tool for creating a personal profile and observing other friends' activity on the homepage, support this notion of opportunity.

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<sup>3</sup> Facebook, 'Statistics', 2012

<sup>4</sup> Initial Public Offering of Facebook occurred on May 17 2012, it was the third largest IPO in U.S. history after Visa, \$19.7 billion and General Motors, \$18.1 billion. (Shannon, Kerri.2008.)

<sup>5</sup> Valuation at the May 18 close: \$104.8 billion – already worth more than 3 times the other 10 U.S. consumer internet companies to have gone public in the past year. (Farzad, Roben. 2012)

<sup>6</sup> Farzad, Roben. 2012 – Kulkarni, Aron. 2012 – Roth, Allen. 2012 – Roth, Allen. 2012 – Gilani, Shah. 2012 – Woodward, Larry D. 2012 – Kim, Jim. 2012

<sup>7</sup> Nations, Daniel, 2010.

<sup>8</sup> Facebook, 'Mission Statement' 2011



In order to capitalise on the current interest from the financial world, the trend of establishing social media marketing budgets within firms<sup>9</sup>, and the still increasing number of members Facebook keeps innovating. Current strategies aim at enhancing interconnectedness and making usage more intuitive; which is noticeable in the increasing number of applications, linkages to other web tools as Twitter and YouTube, and the continuous changes to the newsfeed and profile pages.<sup>10</sup>

These developments reinforce the overall foothold Facebook has within the consumer internet industry which poses a great opportunity for commercial purposes as e-marketing, brand management as well as initiating, fostering and leveraging online customer relationships.<sup>11</sup>

## 2.1. Social aspects

The interactive aspect of the internet increased the power of individuals altering the commercial paradigm: firms compete with each other as well as with individuals.<sup>12</sup> Anybody can launch a website, use SNS, participate on forums, post comments and rate products/services generating either positive or negative word-of-mouth affecting brand equity or likeliness to purchase.<sup>13</sup> Firms need to humanize their brand<sup>14</sup> in order to keep up with this more individualised trading; social media fits this purpose perfectly as the interactive nature forces firms to be more emotional and allocate personal attributes to their brands.<sup>15</sup>

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<sup>9</sup> Balegno, Sergio. 2010 – George, Josh. 2010. Articles and blogs, as well as firms, like E-boost consulting, show that the social media marketing budget is receiving more and more attention within the B2C market.

<sup>10</sup> Facebook, 'Strategic Development', 2011

<sup>11</sup> Milestone. n.d.

<sup>12</sup> Li and Bernoff, 6-13, 2011

<sup>13</sup> E.g. There are webpages and forums for first-time-mothers, people wishing to lose weight, cancer patients, heavy metal fans and sail enthusiasts.

<sup>14</sup> E.g. . The online shoe distributor Zappos managed to humanize their brand by delivering extreme good customer service. By giving their employees free reign in providing excellent service, customers feel like they can get exactly what they want from somebody who 'knows them', through sharing of photos 'behind the scenes', blogging and openly responding to feedback they managed to create a loyal customer base.

<sup>15</sup> Boyd Myers, Courtney. 2011 – Humlen, Annalize. 2012 – Lee, Aaron. 2012



- Writing reviews affects likeliness to purchase as 88% of consumers<sup>16</sup> trust people like themselves more than top-down communication as they are perceived as objective, neutral sources of information rather than having a certain agenda.<sup>17</sup>
- Online trading between customers rather than purchasing from corporations is increasingly popular as trust and quality guarantees are reinforced through rating systems.<sup>18</sup>
- Peer to peer lending is becoming a viable alternative to the traditional banking system as safety procedures and fraud preventions are ever more sophisticated.<sup>19</sup>
- Collaborative creation; people engage in online projects, disregarding physical boundaries, in order to improve existing products or create entirely new ones.<sup>20</sup>

The internet helps people support each other online through advice, criticism, exchanging information and generate ideas and solutions to achieve a common goal.<sup>21</sup>

By supporting and participating in this process firms will be able to increase their customer base and improve their relationship with them while, simultaneously, profiting from the economic benefits.

## 2.2. Economic aspects

The recent crisis put a downward pressure on expenses for both corporations and individuals, a phenomenon that is likely to dominate the business environment during the coming years. The internet gives rise to new business models and allows for cost structure optimisation.

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<sup>16</sup> Steven van Belleghem. 2011 (p.19)

<sup>17</sup> E.g. Tripadvisor assists people in deciding holiday destinations, picking a restaurant and sightseeing locations based on ratings and reviews by other customers.

<sup>18</sup> E.g. Ebay allows people to trade with each other without involvement of firms, wholesalers or distributors.

<sup>19</sup> E.g. The American based Prosper aims at connecting people who want to invest Money with people who want to borrow money.

<sup>20</sup> E.g. Open Office a rival to Microsoft Office that allows customers to create and edit text and other type of documents, free of charge, with the same features available in Microsoft Office.

<sup>21</sup> Li, Charlene; Bernoff, Josh. 2011 (p. 6-13)



- Reduced reliance on costly physical processes as warehousing, face-to-face meetings and the usage of expensive distribution agents.<sup>22</sup>
- Launching an e-business changes a firm's cost structure completely, facilitating the quick delivery of reliable, high quality goods to customers.<sup>23</sup>
- Reduced marginal costs pose a great opportunity for firms, especially when the product or service is made available as a download.<sup>24</sup>
- Reduced marketing expenses as a result of various marketing tools available online.<sup>25</sup> The most basic tools available: creating an interactive portal around a specific target group<sup>26</sup>, joining a SNS or virtual world, blogging<sup>27</sup>, post podcasts and upload videos to YouTube.
- Research shows that up to 66% of consumers is willing to give feedback about new products, 53% would like to co-develop new products, and about 45% is interested in co-creating new advertising campaigns.<sup>28</sup> Co-creation reduces market research costs and shortens innovation cycles as latent needs and potential problems can be dealt with before launching the product.<sup>29</sup>

<sup>22</sup> E.g. The Trademark Company, a US-based law firm that offers trademark services as research, monitoring and registration packages online. Cutting out the most expensive part of the value chain, man hours, the firm was able to make various legal services available to smaller enterprises: capturing a niche that was previously ignored by large, traditional law firms while profiting from lower labour costs concurrently. (Verisign, 1, 2010)

<sup>23</sup> E.g. StrawberryNET, an online cosmetics and perfume supplier with a collection over 30,000 products from more than 200 brands that is able to deliver these goods at reduced prices without transportation fees by buying its inventory tax-free, according to the just-in-time principle. This approach to inventory reduced costs and risk; all products are already sold before they reach the warehouse. (StrawberryNET, 'About us', 2011)

<sup>24</sup> E.g. iTunes can spread copyright and development costs over millions of copies downloaded online at little telecommunication charges for the corporation: marginal cost of serving a customer tend to zero.

<sup>25</sup> Stevens, Case. 2012. Most of the marketing tools available online are low-cost or free, low maintenance and available 24 hours per day reaching a large audience.

<sup>26</sup> E.g. P&G's beinggirl.com that aims at solving young girl's problems. There is a 'Period Diaries' in which experiences and questions are exchanged, a 'My relationships' section in which experts and peers help solve issues around parents, friendships and boyfriends. The exposure of P&G products is subtle yet continuous building brand association to potentiate life-long ownership. (Li, Charlene; Bernoff, Josh. 2011 (p.118, 123) - P&G. 2012 'beinggirl.com')

<sup>27</sup> E.g. Bill Marriot's weekly blog about his Marriot hotels while giving the posts a personal twist. In 'What's cooking at the Marriot' for example he describes his personal favourites while promoting and recommending certain Marriot restaurants. The firm reports to have generated millions of sales from this blog. (Marriot on the Move, 2011)

<sup>28</sup> Van Belleghem, Steven. 2011 (p. 35). E.g. With Facebook companies no longer have to invest in focus groups, they simply upload a message on the profile page or discussion board and direct dialogue will be established.

<sup>29</sup> E.g. The U.S. T-shirt manufacturer Threadless lets customers design the product and let others vote on them, winners get produced and sold, others disappear in the archives. Another example is Kettle Chips that holds a 'People's Choice Campaign' annually letting customers voice their opinions about potential new flavours. (McGrath, Rita. 2009)



The internet allows for innovative and cost effective customer relationship management while disregarding economies of scale and the size of a firm's marketing budget. This places start-ups and large multinationals on equal footing; a phenomenon that never occurs in the off-line business environment. Incumbents reach their customers at reduced costs while entrants enjoy the possibility to generate sales and capture market share. However, it is critical to be aware of the latest technologies and trends in order to keep up with the public and profit from first-mover advantages when technologies are internalised quickly.

### 2.3. Technological aspects

Technologies that may strengthen an enterprise's competitive advantage are rapidly changing; almost all consumers are online<sup>30</sup> and new versions of computer-related products and services are launched each year<sup>31</sup> all increasingly people-aware and interactive, supporting the trend of humanisation of firms and brands. Publications show a focus within the technological sector towards increasing mobility.<sup>32</sup>

- Real-time knowledge transfer via transatlantic glass fibre cable and satellites permits increased outsourcing<sup>33</sup> and leveraging company-wide resources.<sup>34</sup>
- 3D holographic technology will allow employees abroad to contact co-workers back home to discuss the latest developments face-to-face in real-time, as if they were physically present in the same room.<sup>35</sup>

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<sup>30</sup> 79% of Americans and 69% of Europeans have access to internet. (Li, Charlene; Bernoff, Josh. 2011 (p.10))

<sup>31</sup> E.g. Hardware, software, web-based technologies, applications and mobile-internet devices.

<sup>32</sup> IBM, 'Smarter Planet', 2011

<sup>33</sup> E.g. Accounting firms in the US outsource individual accounts and tax returns to colleagues in India while focussing on medium/large clients that require more intimate relations and specific expertise at their local offices. (Marker, David, 2008)

<sup>34</sup> E.g. Answerbase is an internal one-stop source for information providing the reader with contextual understanding by linking information from numerous, relevant sources. The software allows employees to research client accounts and read community-generated comments. Through the people directory employees can find experienced colleagues which can establish collaboration within a short time span. (Lumin Creative, 2010-2011)

<sup>35</sup> IBM, 'Smarter Planet', 2011



- Monetary funds are increasingly mobile, giving rise to new patronage models for ideas and R&D projects<sup>36</sup> which allows the viability of a project to be estimated in a risk-free environment, lowering the risk for both investor and entrepreneur.

When deciding on adopting a new technology it is critical to evaluate its value-creating potential against strategic objectives and the business model. The recently emerged business models and firms are both supported and limited by policies and regulations recently put into place by various institutions.<sup>37</sup>

#### 2.4. Political and regulatory aspects

With the majority of the population online governments have come to realise they should be online in order to optimally serve their ‘customer’; the general public.

- E-governance facilitates interaction between firms and official institutions.<sup>38</sup>
- Enforcing standards increases transparency for the entrepreneur and customer.<sup>39</sup>
- Supportive programmes<sup>40</sup> and informative platforms<sup>41</sup> help entrepreneurs adopt the right strategies and avoid legislative issues.

One can conclude that governmental policies aim at promoting e-businesses as a valid and reliable form of trade, hereby encouraging online entrepreneurial initiative.

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<sup>36</sup> E.g. Kickstarter, a crowd sourced philanthropy principle for creative projects: artists upload idea pitches after which investors can donate any amount without monetary transaction until a minimum threshold has been met. (Kickstarter Inc, 2011)

<sup>37</sup> E.g. e-businesses or businesses that are partial physical and partial digital.

<sup>38</sup> E.g. The Australian ‘Digitalbusiness’ from the Department of Broadband, Communications and the Digital Economy supports and educates entrepreneurs by providing links and information concerning developing a digital strategy, designing a e-business etc. Another example is the Dutch DigiD where firms can access a great number of governmental and NGO services and interact with these institutions online to obtain information, book appointments and submit official forms. (Australian Government: Department of Broadband, Communications and the Digital Economy. 2011 - Logius, ‘DigiD’, 2010)

<sup>39</sup> E.g. The EU’s XBRL initiative aims at standardising vocabulary and methodologies to prepare and communicate business information facilitating analysis and benchmarking on an international level. (European Commission. 2007)

<sup>40</sup> E.g. The Portuguese ‘Plano Tecnológico’ aimed at mobilising enterprises and promoting growth through knowledge, technology and innovation with the focus on R&D, globalisation, IT and cross-border partnerships. (Ministry of Economy and Innovation. 2005)

<sup>41</sup> E.g. With the European e-Business Support Network a clear overview of current legislation and procedures was created, increasing transparency. (European Commission. 2011)



Due to the recent surfacing of e-businesses the legal and regulatory dynamics are changing rapidly. Even though it takes less bureaucratic procedures to establish a website and obtain a commercial license<sup>42</sup>, e-businesses are still subject to all the laws and regulations applicable to any traditional business.

- Due to direct interaction between seller and buyer less contracts and coordinating agreements are needed.<sup>43</sup>
- Legal requirements enhance the safety of online transactions.<sup>44</sup>
- Overarching, general directives and frameworks allow for European supervision and sanctioning avoiding legislative conflicts between member states.<sup>45</sup>
- The 'Uniform Electronic Transaction Act' in the U.S. validates commercial electronic transactions, informative records and digital signatures.<sup>46</sup>

Legislation and policies increase overall trust in e-business, online transactions and digital signatures which significantly augments the likeliness of both B2B and B2C web-based commercial activity to become a major force in the future.

### 3. Overarching research question

In order to answer the overarching research question '*Facebook brand pages and their impact on online branding and marketing strategy*', a survey about social media<sup>47</sup> was

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<sup>42</sup> A virtual enterprise does not have go through the, often, tedious process of registering each office nor does it have to obtain commercial licenses for production plants.

<sup>43</sup> This reduces costs and simplifies managing and operating a business on a daily basis.

<sup>44</sup> Legal requirements encode personal information and protecting customer data. E.g. The Dutcht Thuiswinkel Waarborg, a certificate webshops can obtain when following the applicable laws and regulations.

<sup>45</sup> E.g. The aim is to have general frameworks for cross-border taxation, electronic signatures, copy rights and liability issues. Already in place: Directive 97/7/EC which addresses the protection of clients and businesses in respect of distance contracts including electronic contracts.(Directive 97/7/EC. 1997)

<sup>46</sup> U.S. National Conference of Commissioners of uniform State Laws. 1999.

<sup>47</sup> The surveys used for this research was designed by prof. Leeflang (RUG), prof. Romani (LUISS) and prof. Peluso (LUISS). The variables in the questionnaires were chiefly based on published results in various research papers. The data collected for this research, N=206, was sent to prof. Romani with the purpose to complete the main sample that will be used for an ongoing research project that is aimed to be published upon completion. The general scope and variety of the internet and its applications is too large to capture in one study, it was decided to focus on the group which consisting the majority of Facebook users, namely 18-34 year olds. (Sheldon, Pavica. 2008 – Raacke, John; Bonds-Raacke, Jennifer. 2008 – Cheung, Christy M.K.; Chiu, Pui-Yee; Lee, Matthew K.O. 2010)



conducted and various enterprises were interviewed.<sup>48</sup> Opting for a survey concerning social media in general, rather than Facebook specifically allows this study to cross-check and evaluate Facebook's current service offerings to the general drivers and activities of social media users, naturally identifying weaknesses and opportunities. By interviewing entrepreneurs that deal with social media and online marketing on a daily basis this study is able to cross-check the objectives of firms with what Facebook has to offer and develop a new strategy: *Facebook B2C interaction 2.0*

### 3.1. Participants

380 Economics & Business university students were messaged via Facebook and provided with a link to fill out an online survey concerning social media usage; 241<sup>49</sup> were completed, a response rate of 63.42%. The dataset was restricted to include only usable surveys<sup>50</sup> which resulted in a sample of N=206. Of the participants 45.63%<sup>51</sup> were male (M= 18-27 years SD= 0.439 years) and 54.37%<sup>52</sup> were female (M= 18-27 years, SD= 0.383 years)

### 3.2. Materials and procedure

Upon arriving at the survey, participants were requested to answer some screening questions concerning familiarity and usage. The main part of the survey consisted of questions related to activities and motives for social media usage. To complete the survey some demographical information was requested.

<sup>48</sup> Interviews with Tiago Rodrigues: Everything about Sushi, Pedro Braga: Franchisee DzCount, Case Stevens: independent internet marketer, Cyril Rosman: Coordinator Multimedia Desk BN DeStem

<sup>49</sup> The 206 students surveyed attend either one of the following universities: SBE NOVA (Lisbon, Portugal), LUISS (Rome, Italy), University of Utrecht (Utrecht, The Netherlands). According to the article 'The relationship between unwillingness-to-communicate and student's Facebook use' 93% of students had a Facebook account. (Sheldon, Pavica. 2008)

<sup>50</sup> Non-usable surveys were incomplete; participants did not answer to 5 or more questions.

<sup>51</sup> 94 participants of the survey indicated to be male.

<sup>52</sup> 112 participants of the survey indicated to be female.



The survey measured:

*Familiarity with social media.* Knowledge (Y/N), seen/hearing about social media via a 7-point Likert scale (1:never, 7:very often) and the familiarity on a 7-point Likertscale (1:not familiar at all, 7:very familiar).

*Use.* The frequency of social media use or the engagement in social media related activities on a 7-point Likert scale (1:never, 7: very often).

*Brand-related activities.* Participants' scores were the overall means of items compromising the Likert scale type, close-ended questions (1: never, 7: very often).

*Motive for use.* Participant's scores were the overall means of the 7-point Lickert-scale, close-ended questions (1: completely false, 7: completely true).

*Basic demographics.* Gender and age (divided in 5 age groups).

Following the results from the questionnaire an influence model will be built supported by the House of Quality model which allocates relative weights to customer wishes and highlights important features, elaborating on the influence model. Lastly, through the identification of metrics the success of a firm's usage of the influence model can be measured.

## 4. Results

The survey (N=206) indicates that only 0.97%<sup>53</sup> of the respondents does not know social media showing the overall ubiquity and recognition of this medium. The familiarity with social media (M=5.75 SD=1.118) and engagement in social media activities (M=6.29, SD=0.900) can be considered high as well, pointing out how integrated this medium is in everyday life.

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<sup>53</sup> As all participants were approached through Facebook, the assumption is that everybody is familiar with social media but that the 1% of participants who answered 'not familiar at all' did not understand the term social media.



When ranking a list of brand-related media activities on a 7-point Likert scale, the most popular activities, ranked according to preference, among the respondents turn out to be:

- Watching brand-related pictures (M=3.9, SD=1.594).
- Viewing brand-related videos (M=3.66, SD=1.572).
- Reading product reviews (M=3.65, SD=1.579).
- Reading comments on SNS brand profiles (M=3.59, SD=1.731).
- Joining SNS brand profiles (M=3.36, SD=1.640).
- Following threads on online brand community forums (M=3.02, SD=1.605).

By asking the respondents to rank reasons why they engage in brand-related activities on a 7-point Likert scale, critical features a Facebook brand fan page should possess can be described. The main drivers, summarised by category and organised according to importance, can be described as:

- Obtaining information.<sup>54</sup>
- Keeping up with trends and issues.<sup>55</sup>
- Entertainment.<sup>56</sup>
- Interaction with others.<sup>57</sup>
- Express oneself.<sup>58</sup>

<sup>54</sup> I can look for information (M= 4.50, SD= 1.932), I can have a wide variety of information (M= 4.47, SD= 1.886), I can get information for free (M=4.29, SD=1.849), I can have accurate accounts of news and events (M=4.28, SD=1.889)

<sup>55</sup> I can know about new products (M=4.40, SD=1.871), It lets me keep up with trends (M=4.22, SD=1.840), It lets me keep up with the issues relevant for me (M=4.17, SD=1.893), I can discover ideas about new styles (M=4.00, SD=1.823)

<sup>56</sup> It helps me pass time when bored (M=4.22, SD=1.804), It is entertaining (M=4.07, SD=1.628)  
It is fun (M=3.94, SD= 1.570), It is enjoyable (M=3.90, SD=1.556), I like doing it, when I have nothing better to do (M=3.77, SD=1.765), It helps me amuse myself (M=3.65, SD=1.648), I occupy my time (M=3.61, SD=1.678), It lets me flee from what I am doing (M=3.41, SD=1.764), It is exciting (M=3.33, SD=1.529)

<sup>57</sup> I can communicate with people with my same interests (M=3.92, SD=1.915), I can stay in touch with people with my same interests (M=3.82, SD=1.947), I can receive specific support (M=3.70, SD=2.040)

It makes me learn how to do things (M=3.67, SD=1.943), I can provide others with information (M=3.54, SD=1.780), It makes me feel connected to others (M=3.45, SD=1.937), It lets me stay in contact with like-minded people (M=3.42, SD=1.824), I can meet new people with my same interests (M=3.40, SD=1.881).

<sup>58</sup> I can express my disapproval (M=3.74, SD=1.853), I can express criticisms (M=3.71, SD=1.921), I can voice my concerns (M=3.61, SD=2.018), It offers me the opportunity to give my input (M=3.26, SD=1.614)



Following the interviews with various firms and extant research, a hierarchy of needs for firms using SNS for commercial purposes<sup>59</sup>:

- Building a database.
- Reaching a wide audience at little cost: the viral effect.
- Creating awareness and promoting products and services.
- Obtaining instant feedback from customers.
- Observing and analysing the competition.
- Being fully linked to the customers via all platforms.

#### 4.1. Influence model

In order to analyse the strategic impact of Facebook brand fan pages several hypotheses based on the case study narrative, questionnaires and interviews, were developed. The main idea being that, starting from a brand profile on Facebook, several characteristics should lead to increased brand equity<sup>60</sup>, which is the ultimate objective of a firm's online marketing and branding strategy.

The influence model starts with the assumption that a Facebook brand profile page has been created and activated. The second column denotes the Facebook brand page characteristics that will influence brand equity positively, whereas brand equity is expected to have either a positive impact on interaction and advertising as well.

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<sup>59</sup> The firms commercial purposes being deducted from the interviews held with Tiago Rodrigues: Everything about Sushi, Pedro Braga: Franchisee DzCount, Case Stevens: independent internet marketer, Cyril Rosman: Coordinator Multimedia Desk BN DeStem and articles: Murphy, Patrick. 2011 – Bodnar, Kipp. 2011 – Zimmerman, Kim Ann. n.d.

<sup>60</sup> Definition brand equity: the greater confidence that consumers place in a brand than they do in its competitors. This confidence translates into consumers' loyalty and their willingness to pay a premium price for the brand. (Lassar, Walfried; Mitta, Banwari; Sharma, Arun. 1995)

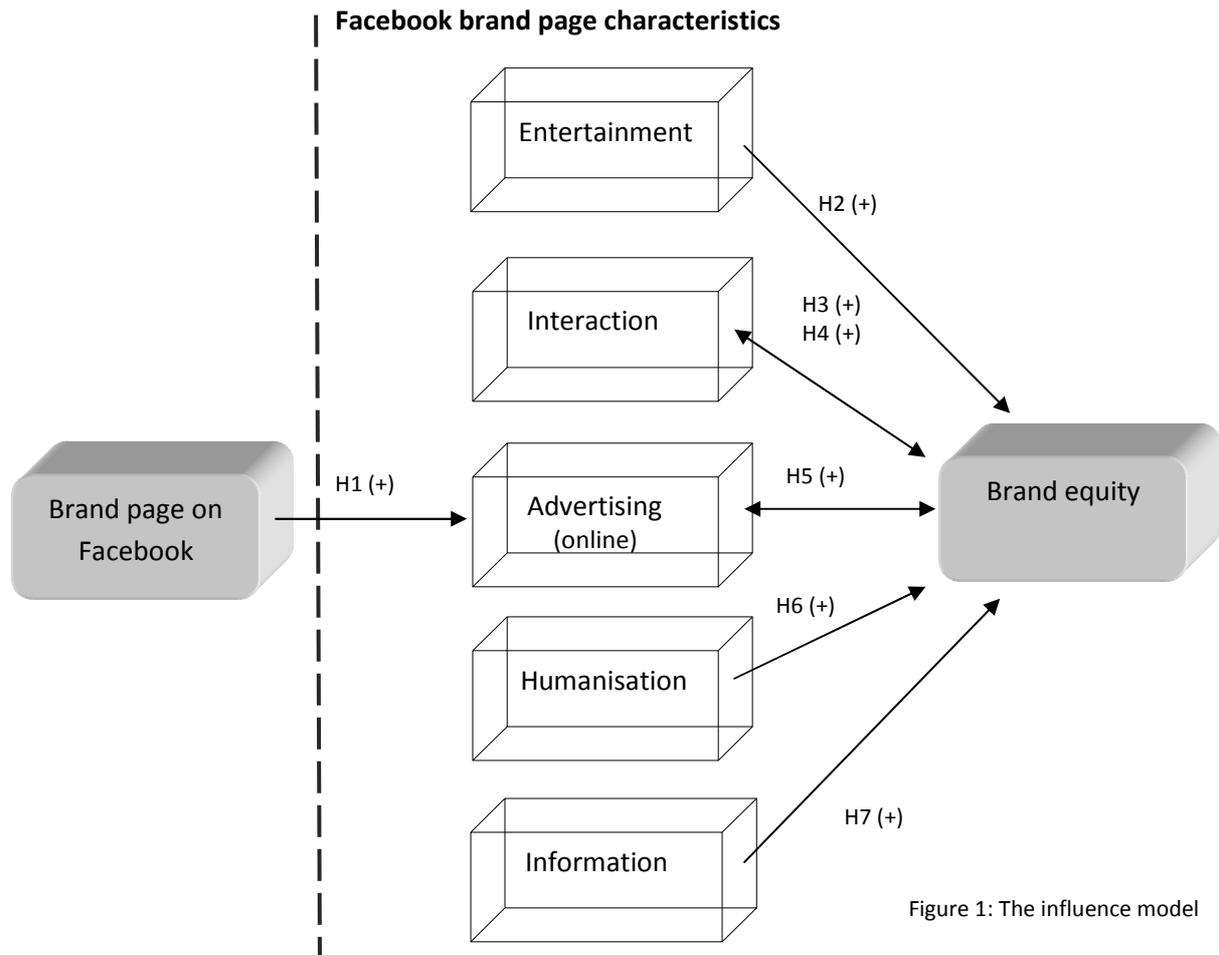


Figure 1: The influence model

H1: There is a positive relation between a Facebook brand page and online advertising.

H2: Entertainment has a positive effect on brand equity.

H3: There is a positive relation between interaction and brand equity.

H4: Brand equity has a positive impact on interaction.

H5: Advertising has a positive effect on brand equity.

H6: There is a positive relation between humanisation and brand equity.

H7: There is a positive relation between information and brand equity.

## 4.2. House of Quality

The House of Quality (see Appendix 1), shows that the most critical features are obtaining information in a entertaining and interactive manner. The ability to feel connected via brand community forums, dialogue, discovering and planning activities, the ability to join a brand profile on SNS and the ability to upload self-generated content



are positively related to customer satisfaction. The quality characteristics a Facebook page should combine concern pictures, audio and video as well as technologies that allow members to read reviews, comment on threads on brand profile pages and rate products/brands.

### 4.3. Metrics

In order to analyse and optimise a firm's online branding and marketing strategy, measurements to evaluate success are needed. Realising this poses a problem for firms, Facebook is currently focussing on creating measurement standards for brand pages, such companies can evaluate success and perform cross-platform performance comparisons.<sup>61</sup> Current tools concern reach, brand resonance, reaction and consumer insights. Reach mainly focussing on OCR (online campaign ratings) analysing the advertisement's ability to reach the targeted audience. Brand resonance covers the level of desired brand perception and reaction covering traffic and other desired reactions. Lastly, on the insights page Facebook created, a demographic breakdown of the fan base is visualised against engagement rates allowing managers to deduct new customer insights.<sup>62</sup> These evaluation tools are useful and almost cover the full spectrum of measurement, however, additional measurement methods firms should take into consideration:

- Asking for direct feedback from customers.<sup>63</sup>
- Testing a hypothesis about a brand or new product via a poll or open question.<sup>64</sup>

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<sup>61</sup> Facebook, 'Facebook:building essential connections – measuring success on Facebook', 2011

<sup>62</sup> Facebook, 'Facebook:building essential connections – measuring success on Facebook', 2011

<sup>63</sup> E.g. Appelbee's question: 'Ranch or blue cheese with your wings?' Posted on the Appelbee's Facebook fan page on the 18<sup>th</sup> of April 2012: 26 shares, 1.247 likes and 2392 comments by May 18<sup>th</sup> 2012, allowing Appelbee's to identify the most popular combination and possibly adopt the menu accordingly (allowing the most popular cheese as topping for more dishes for example).



- Measure the hits on the firm's website coming from Facebook.<sup>65</sup>
- Measure what part of the sales come from Facebook.<sup>66</sup>

## 5. Discussion

The purpose of this study was to assess the strategic impact a Facebook brand fan page has on the online branding and marketing strategy of firms. Whereas the primary factors for student's use of Facebook evolve around relationship maintenance, passing time, belonging to a virtual community and being entertained<sup>67</sup>, drivers for using Facebook in a brand-related manner are mainly related to obtaining information and keeping up with trends. By combining the findings from the existing research, interviews with firms and the survey, hypotheses are discussed.

*H1: There is a positive relation between a Facebook brand page and online advertising.*

Having a brand fan page is positively related to online advertising as it allows a firm to access a large audience and benefit from the possible viral effect one post or upload can have<sup>68</sup>. Furthermore, people spend 12.7%<sup>69</sup> of their time on Facebook and where customers are, firms will benefit from presence in terms of advertising possibilities.

*H2: Entertainment has a positive effect on brand equity.* Extant research<sup>70</sup> shows that entertainment is one of the most important factors for Facebook usage, confirmed by the

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<sup>64</sup> E.g. The open question posted on Dell's Facebook page on the 14<sup>th</sup> of May 2012: 'What technology helps you plan summer vacation?' 2 shares, 201 likes and 88 comments by May 15<sup>th</sup>. This open question allows Dell to reject or accept preconceived notions about its technologies' usefulness in helping people make decisions.

<sup>65</sup> Stevens, Case. 2012: Click-through rate can be easily tracked with Google Analytics for example - 'you can even turn it into a campaign with targets'

<sup>66</sup> Stevens, Case. 2012. There is still some controversy about direct selling on Facebook, industry norms provide for linking to the firm's website and webshop rather than allowing transactions on the brand page itself. When firms do allow transaction taking place via Facebook it is easy to track sales otherwise it is recommendable to link Facebook members to a special sales page that is only used for Facebook, the ROI of the Facebook campaign can then be calculated without any problem.

<sup>67</sup> Sheldon, Pavica. 2008 – Cheung, Christy M.K.; Chiu, Pui-Yee; Lee, Matthew K.O. 2010)

<sup>68</sup> There is also a so-called cascading effect when the post or upload spreads to other social media channels as YouTube and Twitter. Importance of Facebook for commercial purposes like advertising according to: Tiago Rodrigues: 7 out of 7, Pedro Braga: 6 out of 7, Cyril Rosman: 6 out of 7.

<sup>69</sup> Smith, Dave. 2011

<sup>70</sup> Cheung, Christy M.K.; Chiu, Pui-Yee; Lee, Matthew K.O. 2010 – Lin, Kuan-Yu; Lu, Hsi-Peng. 2011 – Park, Namsu; Kee, Kerk F.; Valenzuela, Sebastián. 2009



overall high score students awarded to statements related to entertainment, enjoyment and passing time.<sup>71</sup>

*H3: There is a positive relation between interaction and brand equity.* According to the interviewed firms, direct interaction with the customer is one of the advantages of being on Facebook as it allows for direct feedback, issues to be resolved and co-creation to be encouraged<sup>72</sup>, all enhancing the perceived image of a brand and thus positively impacting brand equity. From the topics discussed in 'the social aspect' it can be deduced that customers start to interact among themselves more and more and that they expect firms and brand to become more human and authentic in their approach. As interaction with others scores relatively high on the drivers for using social media<sup>73</sup>, it can be said that humanizing the brand and increasing regular, more authentic interaction has a positive relation with brand equity.

*H4: Brand equity has a positive impact on interaction.* When brand equity is high, engaging a customer is relatively easy, this is also shown in the high number of active fans on pages of well-known brands with high brand equity.<sup>74</sup>

*H5: Advertising has a positive effect on brand equity.* According to the survey videos and pictures are the most popular brand-related activities<sup>75</sup>, advertising via these types of applications via Facebook will therefore have a positive effect on brand equity.

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<sup>71</sup> It helps me pass time when bored (M=4.22, SD=1.804), It is entertaining (M=4.07, SD=1.628)

It is fun (M=3.94, SD= 1.570), It is enjoyable (M=3.90, SD=1.556), I like doing it, when I have nothing better to do (M=3.77, SD=1.765), It helps me amuse myself (M=3.65, SD=1.648), I occupy my time (M=3.61, SD=1.678), It lets me flee from what I am doing (M=3.41, SD=1.764), It is exciting (M=3.33, SD=1.529)

<sup>72</sup> Research shows that up to 66% of consumers is willing to give feedback about new products, 53% would like to co-develop new products, and about 45% is interested in co-creating new advertising campaigns. ( Van Belleghem, Steven. 2011 (p. 35))

<sup>73</sup> I can communicate with people with my same interests (M=3.92, SD=1.915), I can stay in touch with people with my same interests (M=3.82, SD=1.947), I can receive specific support (M=3.70, SD=2.040)

It makes me learn how to do things (M=3.67, SD=1.943), I can provide others with information (M=3.54, SD=1.780), It makes me feel connected to others (M=3.45, SD=1.937), It lets me stay in contact with like-minded people (M=3.42, SD=1.824), I can meet new people with my same interests (M=3.40, SD=1.881).

<sup>74</sup> E.g. Coca-Cola, Dell, Victoria Secret's Pink pages

<sup>75</sup> Watching brand-related pictures (M=3.9, SD=1.594) and Viewing brand-related videos (M=3.66, SD=1.572).



*H6: There is a positive relation between personalisation and brand equity.* According to the surveyed sample, expressing oneself<sup>76</sup> is an important driver in using social media, this in combination with people's tendency to rank joining brand profiles<sup>77</sup> on SNS as one of the most frequent brand-related activities show that personalisation, in terms of expressing oneself, could potentially be achieved through joining a brand profile, increasing brand equity.

*H7: There is a positive relation between information and brand equity.* The main drivers of brand-related activities on social media come from the need to obtain information and being kept up to date. Providing a current or potential customer with relevant, up to date information is, therefore, very useful in strengthening brand equity.

### 5.1. Limitations and future research

In interpreting the results of this study, one must pay attention to a number of limitations. First, a convenient sample of people between 18-27 years of university students was approached via Facebook and then surveyed. All participants, therefore, knew social media and were familiar with social media features and applications, increasing the change of using this medium in a brand-related manner as well. Due to the nature and relatively small size of the sample the generality of these findings are limited. Second, due to short time period in which this study was conducted, and the lack of extant research<sup>78</sup> on the topic, this study is to be regarded as exploratory and by no means complete or definite. Thirdly, this research was aimed at explaining the impact of Facebook on online branding and marketing strategy in a practical manner; in

<sup>76</sup> can express my disapproval (M=3.74, SD=1.853), I can express criticisms (M=3.71, SD=1.921), I can voice my concerns (M=3.61, SD=2.018), It offers me the opportunity to give my input (M=3.26, SD=1.614)

<sup>77</sup> Joining SNS brand profiles (M=3.36, SD=1.640).

<sup>78</sup> Existing literature focuses on the social implications of Facebook and therefore does not give explanations or guidelines as to commercial use and implications.



form of an influence model, as to provide commercial users of Facebook with a clear, simple strategic framework for branding and marketing purposes. Focus of this research, therefore, lies on the practical applications of the results rather than the more scientific and empirical explanation of the phenomenon.

Considering this study has raised many interesting questions, it is believed that additional theorising and empirical investigation on strategic commercial usage of Facebook will be triggered. Future research should investigate whether current findings are valid for a broader audience as to confirm the validity of the influence model. Following the results, the influence model should be improved and/or expanded such that a 'Facebook Handbook for Firms' can be made available via publication.

## 6. Facebook B2C interaction 2.0; a strategic approach

A Facebook branding and marketing strategy for Facebook can be divided according to the 6 characteristics from the influence model.

### *Step 1: Create a Facebook brand fan page*

First of all, firms need to create a big online network, not all customers and fans will find the brand without some help. Through the creation of a big online network firms are present; linking multiple social platforms to a hub (e.g. own website) helps funnel customers through the network.<sup>79</sup>

### *Step 2: Humanise*

Place the company on equal footing with the customer; treat them as partners/friends instead of customers.<sup>80</sup> Be real and authentic when communicating to the public;

<sup>79</sup> Balwani, Samir. 2009 – Stevens, Case. 2012.

<sup>80</sup> Chernov, Joe. 2012 – Boyd Meyers, Courtney. 2011



relationships are about acknowledgement not necessary about service<sup>81</sup>, by observing and listening to customers more suitable answers/solutions can be created. When letting one person or a small group manage the firm's presence, the brand will develop a character and certain charisma and presence will be felt emotionally by customers.<sup>82</sup>

### *Step 3: Interact*

Design your Facebook page in such a way that comments and discussion of topics are encouraged, whether this is to a corporate post or self-generated content; on SNS there is one big conversation going on, not the company versus the customer. By reaching out to key individuals, experiences and opinions will be quickly posted online. Listen to learn about your customer, hypothesise, test by engaging the customer in the decision making process and obtain direct feedback; it is a give-to-get relationship.

### *Step 4: Inform*

Engage fans with the latest news; turn the Facebook page into an information platform where updates are available in real-time, creating a connection to the brand<sup>83</sup>. Content has to be extremely portable so people can send it around as to encourage the viral effect.

### *Step 5: Entertain*

Visualise your message via pictures, videos, audio and games. Try to go from product to experience; products fulfil needs, experiences fulfil desires.<sup>84</sup> Empower fans to take initiative, allowing them to upload self-generated content around a certain product or advertisement allows them to engage in a creative way while other visitors can be entertained with content created by other customers. By turning it into a contest, dedication is rewarded which inspires others to do the same.

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<sup>81</sup> Humlen, Anneliza. 2012

<sup>82</sup> Humlen, Anneliza. 2012

<sup>83</sup> By informing customers directly about the latest developments, firms have to rely less on news articles and traditional media presence. Rather, loyal customers will share the news with their network.

<sup>84</sup> Humlen, Anneliza. 2012



### *Step 6: Advertise*

Build content that is entertaining, informative and easy to share. It is vital, however, to be subtle; start a conversation about a product, brand or advertisement instead of pushing promotional material. Tell the brand's side of the story and express your views<sup>85</sup> and ask for suggestions, reactions and feedback from customers as to get to know your customer better and increase the chance of the advertising reaching the right audience and achieving the right objective. Do not advertise products, hard-selling techniques are not appreciated, instead, promote causes that the firm believes in, it is a perfect way to unite fans around an issue that matters to the company; creating a stronger connection between brand and customer.

**Note:** create a publish schedule such that updates are spread, post too often and fans will hide your updates, post too seldom and the brand will be forgotten. Aim to carry out a persistent but unobtrusive dialogue with the customer. Do this by mixing it up, use different tools as status updates, links to other SNS or webtools, notes, videos, contests, pictures and coupons. Lastly, make sure that there is an incentive for people to like or become a member of the brand page by generating different content for fans and non-fans.

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<sup>85</sup> Views concerning leadership ethics, norms and values, priorities and causes etc.



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