The effects of Firm Generated Content on Social Media & Sender Outcomes of Word of Mouth

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Group A

The articles

From Social to Sale: The Effects of Firm-Generated Content in Social Media on Customer Behavior

Ashish Kumar, **Ram Bezawada**, **Rishika Rishika**, **Ramkumar Janakiraman**, **P.K. Kannan.** (2016). Journal of Marketing, vol. 80, 1: pp. 7-25

Sender outcomes of online word-of-mouth transmission

Cuiping Chen, Tao (Tony) Gao. (2019). *Journal of Consumer Marketing, Vol. 36 Issue: 1, pp.197-205.*

From Social to Sale: The Effects of Firm-Generated Content (FGC) in Social Media on Customer Behavior

> **Objective of the article:**
> How the effect of FGC (firm generated content) varies across customer segments?

Focus: *Customer characteristics*

- length of the customer–firm relationship
- customers' technology savviness
- customers' propensity to use social networking sites regularly.

Interaction Effects of FGC with Customer Characteristics

LENGTH OF RELATIONSHIP

longer relationships with firms
= greater levels of satisfaction

+

TECH SAVVINESS

constantly new technologies
= further engagement & attraction to tech savvy customers.

+

SOCIAL NETWORK PRONENESS

spend increasing amounts of time online interacting with other consumers with whom they share common interests and consumption experiences

favorable response to FGC

supplement info by FGCs with other online sources, leading to a greater response to FGC

more value on the ability to connect other customers and more weight on the opinions of people with similar views.

Recommendations

Both television advertising and e-mail marketing have a positive effect on customer spending and cross-buying.

Embrace social media:

A social media community with a dedicated fan base (e.g., Facebook page) can **significantly strengthen customer-firm relationships** and can l**ead to a definitive impact on the firm's revenues and profits.**

FGC plays a key role in strengthening customers' relationship with the firm by **encouraging them to buy across several product categories.**

While traditional media advertising is still found to be more effective in our context, we believe that **FGC, though a nascent channel in our study, also yields sustained results for the firm.**

Exploit synergies across media:

Our study suggests a **synergistic relationship between social media and other media used for marketing communication: television and e-mails.** As social media gains importance and becomes the proverbial "talk of the town," managers must take care to not abandon traditional or other forms of advertising, because these have substantial synergies between them.

We find that the **percentage increases in customer spending and cross-buying that result from the synergistic effect of FGC and television advertising are quite substantial** (1.03% and .84% for customer spending and cross-buying, respectively).

### Utilize social media for strengthening brand connections:

In line with our findings that FGC has a greater impact on customers who have longer tenure with a firm and on customers who are tech savvy and active on social media, we suggest that **special product-focused "interaction forums" could be created** for such customers. By administering surveys, a firm can identify tech-savvy and social network— prone customers and encourage them to join the firm's social media page. We suggest that **developing brand communities that consist of loyal, tech-savvy, and social media–savvy customers will aid firms' long-term financial interests.**

Sender outcomes of online word-of-mouth transmission

Objective of the article:
What do the senders (those who contribute to WOM) get from the experience?

- WOM triggered by emotions → catharsis and emotional homeostasis
- WOM stimulated by motivational drivers such as altruism, reciprocity, self-enhancement and belongingness → sender happiness
- Exaggeration in self-generated WOM contents by the senders → delayed outcomes of sender regret and reduced sender trust in general online WOM contents
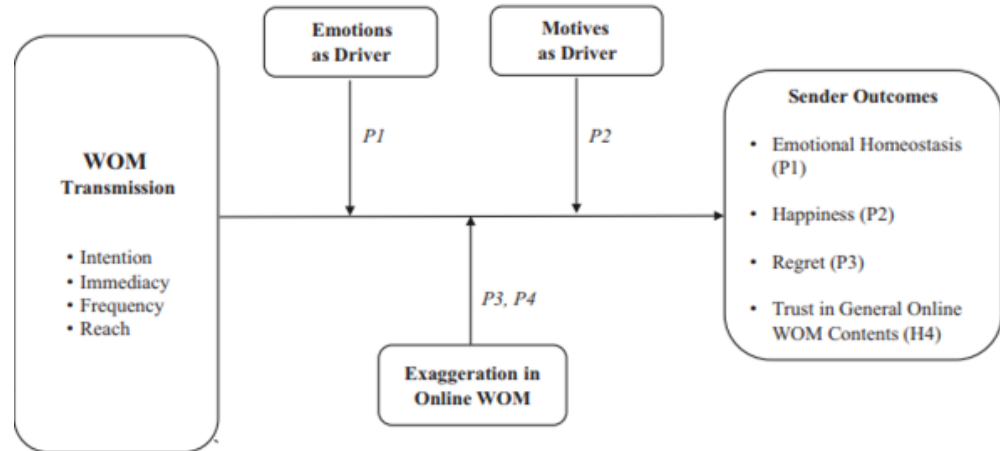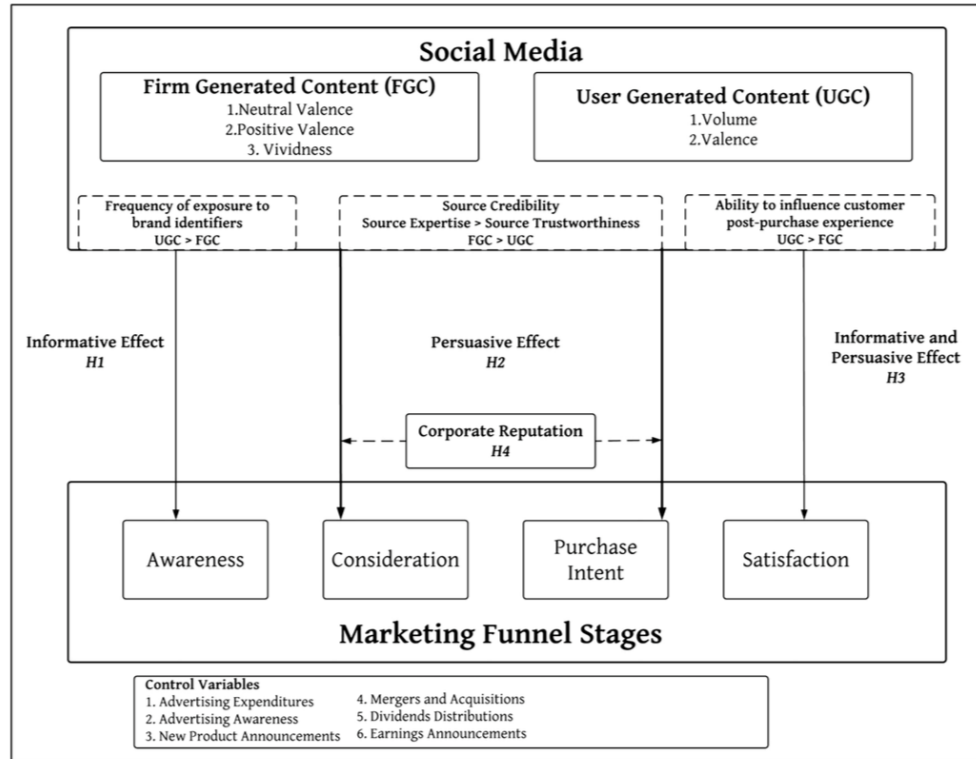
Implications

Customer reviews and online WOM are important for companies, but…

…not all WOM can be leveraged for marketing purposes

…consumers and companies need to focus on producing more accurate content

…companies should not only strive for high numeric ratings, but more truthful accounts

Social Media Conceptual Framework

Modeling the relationship between firm and user generated content and the stages of the marketing funnel. 2019. Anatoli Colicev, Ashish Kumar, Peter O'Connor

In summary

Select Methods and Channels for FGC

Understanding Customer Characteristics

Senders experience in WOM