

Study of Social Media and the Value to Restaurants

Rebecca J. Purdy
Conrad N. Hilton College
University of Houston

ABSTRACT

The objective of this study is to cover two questions, can social media be used to drive revenue and if firms should spend the time and money to develop their identity in these sites. For the purposes of this study, I am focusing on Facebook and Twitter and how restaurants use them.

In this study, a restaurant company that is actively engaging in the use of social media will be used to measure the value of social media to the service industry. Customer uses of social media will be measured through surveys and the activity on the sites themselves within the company domain.

Key words: *social media, restaurants, facebook, twitter.*

INTRODUCTION

Many sites considered to be “social media” are sites that simply enable users to make connections and interact with one another. With the use of word of mouth marketing, social media is able to spread information virally to many users in a matter of seconds. Originally, sites such as Facebook, Twitter, Youtube, and LinkedIn originated from users desire to make social connections. On all of these networks users are able to share and transmit information with other users. These networks are consistently developed and improved to make the sites more effective and usable. At the same time firms are trying to determine how to use social media to drive more revenue and if the firm should be using these sites.

Why social media?

Since social media marketing is free, it has been a widely accepted and effective way to reach consumers at a low cost. However, these sites have also been able to maintain relationships through communication within the domain of these sites. Some uses include marketers being able to advertise specials in the business, creating direct personalized connections with the company and the consumer, and maintaining interest through updates. The conversations created through social media are important to customers because it allows users to communicate with each other in a more trusted medium of talking to people just like them. Users are able to share videos, products, services, and books in order to represent themselves and their beliefs.

For the service industry, many companies today are facing the struggle of whether to jump on the social media bandwagon and start using it as a primary marketing tool. Word of mouth marketing is free advertising for the company by its loyal customers. The fact that anybody can use this type of marketing for free gives reason itself for consumers to start taking advantage of social media sites, which are formed around this capability.

Study objectives

The objective of this study is to cover two questions, can social media be used to drive revenue and if firms should spend the time and money to develop their identity in these sites. For the purposes of this study, I am focusing on Facebook and Twitter and how restaurants use them. As social media is a “hot topic” right now, several recent Masters theses and PhD dissertations have been written towards understanding the value of certain aspects of social media. This paper will look in detail at these studies as well as past studies in this discipline. However, while there are working papers in other academic disciplines and several written in the professional context covering social media, there are none to this date that primarily focus in the context of the service industry. Furthermore, most of the papers are written with qualitative research and we plan to conduct a quantitative study of the value of social media to a restaurant company.

Other questions to be answered in this study include what the purpose of social media is, what the purchasing behavior of customers who use social media versus those who don't, does a social media presence make a customer more likely to visit more frequently, and if they are more likely to tell other people about their experience. One assumption for the purposes of this study is that social media refers to Facebook and Twitter and does not directly apply to other outlets such as individual websites, video sites, and photo sites.

Literature support

This study will be conducted with the understanding of how social media applies to the consumer buying process. Social media fits in to the consumer buying process in two ways: during the search for information and as an outlet for repeat purchasers to voice their loyalty and satisfaction with the brand. Social media helps users reach each other in order to share their opinion of the brand by offering a place of community forum for the brand to take ownership of.

A brand community is “a specialized, non geographically bound community, based on a structured set of social relationships among admirers of a brand” (Muniz and Hamer 2001: Muniz and O’Guinn 2001). This definition applies to common groups in social media networks such as Facebook and Twitter that support a specific brand. Muniz and O’ Guinn state that the members of these groups view others as outsiders and different while having a bond to the others in their group (p. 413). This “bond” is maintained through the networks of individuals who are able to communicate via social media.

Online brand communities create “oppositional loyalty” (Muniz 2001, p. 412). This type of loyalty encourages users to view competition with an opposing demeanor and will limit the chance that users will purchase other products and keep other companies from entering the market (Thompson and Sinha 2008). By monopolizing users’ attention, social media pages can cut out the chance that their loyal customers will chose another brand one day.

Targeting is a method that more companies are using in social media by making the message to consumers personal. Literature has shown that targeting in direct mail messages is an effective marketing practice (Allenby, Leone, and Jen 1999). Targeting methods can also be applied to direct messages in social media mediums and can make the relationship stronger by the consumer being able to see the company’s online identity reaching out to them in a personal way. Targeting can also improve the user interaction between the business and the consumer. This direct interaction allows the business to respond to complaints and feedback. If an user puts

a message in a forum on Facebook about how they were treated by the company, a spokesperson can respond to them directly and either reinforce a positive experience or apologize for a bad one. Likewise, with Twitter a company is able to search for the company name in all tweets by any user. The company can respond in the same way as with Facebook in order to maintain or salvage attention by that consumer.

When a firm maintains a good customer relationship, the customer will deliver positive word of mouth (Verhoef, Franses, and Hoekstra 2002). On the flip side, a negative incident between the customer and the company can result in damaged customer satisfaction and effect customer purchasing behavior in the future (Doorn and Verhoef 2007; Bitner 1990). This incident will create emotions that will cause consumers to spread negative word of mouth. With society changes, loyalty is going to become more difficult to maintain without keeping up with expectations of continual communication and explanations of bad word of mouth between consumers. Research has shown that continual exposure to cues in the environment increases likelihood of purchase and repurchase by way of “priming” people to process the product (Berger and Fitzsimmons 2008).

The best use of word of mouth marketing is for the business to create a product/ service that will create “buzz.” An effective use of buzz is for marketers to inject positive buzz into daily conversations. Twitter is a popular website for this purpose because tag phrases and topics catch on fast and spread virally. The aspect of twitter called “trending topics” shows users what words and phrases are being “tweeted,” or said, by a lot of users. It is a list of ten words or phrases that are appearing the most of all users. Marketers can first use this feature to listen to what users are talking about and what people like. The first step in understanding consumers is to listen to what they are saying. Marketers can then use the tool by creating catchy phrases or encouraging users to tweet a specific phrase in order to receive a specific incentive. People will catch on to the incentive and start “retweeting” the information for users following them to see and develop interest in.

Methodology

In this study, a restaurant company that is actively engaging in the use of social media will be used to measure the value of social media to the service industry. Customer uses of social media will be measured through surveys and the activity on the sites themselves within the company domain. There will also be a portion of the study that evaluates any research already done by the company and information they have in direct regards to their business during the process of their initiation of social media.

A quantitative approach will be taken by placing a survey on Qualtrics for patrons of the restaurant. A convenience and random sampling will be used to collect information from people. The population is anyone who has visited this restaurant at least once and the sample will be collected in four ways: intercepting patrons who visit a selected location and pay the check, patrons who visit the company website and choose to complete the survey, from patrons who are listed in the company email directory, and through posting a link to the survey on Facebook and Twitter.

The hypotheses of this study is that there is value to a restaurant by using social media and there is a positive difference in customer purchasing behavior between users and non users of social media. The variables to be tested are the amount spent per check, frequency of visits, number of people they tell about the restaurant, and social media presence/ involvement. These

variables will be tested by an analysis of variance. The expected outcome is that a social media presence and involvement positively reflects on the other variables.

REFERENCES

- Allenby, G, Leone, R., and Jen, L. (1999). A Dynamic Model of Purchase Timing with Application to Direct Marketing. *Journal of the American Statistical Association*. 94, 365-374.
- Berger, J., & Fitzsimons, G. (2008). Dogs on the street, pumas on your feet: How cues in the environment influence product evaluation and choice. *Journal of Marketing Research*, Vol. XLV, 1-14.
- Bitner, M.J. (1990). Evaluating service encounters: The effects of physical surroundings and employee responses. *Journal of Marketing*. Vol. 54, 69-82.
- Doorn, J. and Verhoef, P. (2007). The importance of non-linear relationships between attitude and behaviour in policy research. *Journal of Consumer Policy*. Springer, vol. 30(2), pages 75-90, June.
- Muñiz, A. and O'Guinn, T. (2001) Brand Community. *Journal of Consumer Research*, March 2001.
- Muñiz, A. and O. Hamer, L. (2001). Us Versus Them: Oppositional Brand Loyalty and the Cola Wars. *Advances in Consumer Research*, Volume 28.
- Thompson, S.A., & Sinha, R.K. (2008). Brand communities and new product adoption: The influence and limits of oppositional loyalty. *Journal of Marketing*. Vol. 72, 65-80.
- Verhoef, P., Franses, H., Hoekstra, J. (2002). The Effect of Relational Constructs on Customer Referrals and Number of Services Purchased From a Multiservice Provider: Does Age of Relationship Matter? *Journal of the Academy of Marketing Science*. 30, 202-216.