CHAPTER – 1

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Today’s Business landscape is characterised by Social media proliferation. The critical point for the Companies is to exist where customers exist. How, when and where the business needs to engage with the customers has changed significantly and rapidly due to the broad adoption of the social web. The reality today is that the customers exist on many social networking sites and that is where they like to communicate and share information. This type of communication and interaction is mainly happening from their computers and mobile devices. Prior to making any kind of purchasing decisions, customers now turn to peers and non-traditional industry influencers for answers through very public social networking platforms - more so than any other source for information gathering. In order to succeed in this hyper-connected environment, companies will need to adapt their business strategy, apply new technology, expand their marketing and PR efforts, and alter and adapt their internal culture. Businesses will have to locate, educate and engage their current and potential customers where they prefer to communicate and that is through social media platforms such as facebook, twitter, pinterest etc

1.1 SOCIAL MEDIA

Social media is a phenomenon that has transformed the interaction and communication of individuals throughout the world. In recent times, social media has impacted many aspects of human communication, thereby impacting business. The Merriam-Webster dictionary defines social media as “forms of electronic communication (as Web sites for social networking and blogging) through which users create online communities to share information, ideas, personal messages, and other content (as videos).” The same source defines networking as “the exchange of information or services among individuals, groups, or institutions; specifically: the cultivation of productive relationships for employment or business.” Kaplan and Haenlein, (2010) defined Social media as “a group of internet based applications that build on the ideological and technological foundations of Web 2.0, and it allows the creation and exchange of user-generated content.
1.1.1 Evolution of Social media

Many authors have attempted to study how the social networking and social media evolved over the years. Ritholz, (2010) said that the earliest evolution of social media dates back to 1792 with the invention of the telegram which made long distance communication easy. During the 1950s, phone phreaking, the term used for the rogue searching of the telephone network, began. This process was accomplished through the use of homemade electronic devices that facilitated unauthorized access to the telephone system to make free calls. Phreaks were able to find telephone company test lines and conference circuits to complete their task. During the 1960s, the public saw the advent of email. However; the internet was not available to the public until 1991. Email was originally a method to exchange messages from one computer to another, but both computers were required to be online (Borders 2009). But Social media in its present form owes its origin to MUD, originally known as Multi-User Dungeon, Multi-User Dimension, or Multi-User Domain, which was a real-time virtual world with role-playing games, interactive fiction, and online chat. MUD is primarily text based which requires users to type commands using a natural language. BBS was created in 1978, the same year as MUD. BBS is a synonym for bulletin board system. Users log into the system to upload and download software, read news, or exchange messages with others. In the early years, bulletin boards were accessed via a modem through a telephone line by one person at a time. Early on, bulletin boards did not have colour or graphics. Bulletin boards were the predecessors of the World Wide Web. Conceived in 1979 and established in 1980, the Usenet is similar to a BBS. Usenet is a system to post articles or news. The difference from a BBS is that Usenet does not have a central server or devoted administrator-messages are forwarded to various servers via news feeds. With the 1980s came the introduction of The WELL, GEnie, Listserv, and IRC. The WELL, which originally began as a BBS, is short for the Whole Earth Electronic Link. It was founded in Sausalito, California by Stewart Brand and Larry Brilliant and is one of the oldest continuously operating virtual communities. GEnie is the acronym for General Electric Network for Information Exchange. It was an online service using the ASCII language and was considered competition for CompuServe. General Electric Information Services (GEIS) ran
GEnie on the time-sharing mainframe computers during non-peak hours. GEIS initially refused to expand the network to allow GEnie to grow. Listserv, launched in 1986, was the first electronic mailing list software application. Prior to its creation, email lists had to be managed manually. The software allows the sender to send one email to reach several people. Originally, Listserv was freeware but is now sold commercially (Ritholz, 2010). Many social networking sites were created in the 1990s. Some examples include Six Degrees, Black Planet, Asian Avenue, and Move On (Ritholz, 2010) (Boyd and Ellison, 2007). These are, or have been, online niche social sites where people can interact, including sites for public policy advocacy and a social network based on a web of contacts model. In addition, blogging services such as Blogger and Epinions were created. Epinions is a site where consumers can read or create reviews of products. Third Voice and Napster were two software applications created in the 90s that have since been removed from the market. Third Voice was a free plug-in that allowed users to post comments on webpages. Opponents of the software argued that comments were often vulgar or slanderous. Napster was a software application that allowed peer-to-peer files sharing. Users were allowed to share music files bypassing normal distribution methods, which in the end was determined to be a violation of copyright laws. Launched in 1999, Live Journal provided people with the ability to mark others as friends to follow their journals and manage privacy settings (Boyd and Ellison, 2007, Para. 18). K Morrison (2015) observes that the period starting from the year 2001 can be termed as the golden era of social media. Ryze.com was launched in 2001 to help people leverage their business networks, but it never acquired mass popularity. Founded in 2002 and implemented in 2003, Friendster appeared and changed everything by giving users (rather than the computer-managed environment) control over who they connected with. However, new users could only join Friendster if invited by another Friendster user. Since the inception of Classmates.com, many social networking websites have sprung up. This highly boosted and transformed the interaction of individuals and organizations who share common interest in music, education, movies, and friendship, based on social networking. Among those that were launched included LunarStorm, six degrees, cyworld, ryze, and Wikipedia. In 2001, fotolog, sky blog and Friendster were launched, and in 2003, MySpace, LinkedIn,
lastFM, tribe.net, Hi5 etc. In 2004, popular names like Facebook, Dogster and Mixi evolved. During 2005, big names like Yahoo! 360, YouTube and cyword, all emerged (Junco, Heibergert, and Loken, 2011) (Edelwoswom, et al. 2011). In 2006, MySpace became the most popular social networking website in the United States but was overtaken in 2008 by its competitor Facebook, that internationally became the most popular social networking site worldwide (Natta, 2010). Facebook was founded by Mark Zuckerberg and others when he was a student at Harvard; though when the site was initially launched, it was restricted to Harvard students only. Later the privilege was extended to high school students and later to everyone who were 13 years or older (Boyd, 2007). In the year 2006 Twitter, the second most social media marketing platform was introduced. 2009 saw the advent of Whatsapp which was an Ios, android and windows based application of group chat. Snapchat was introduced in 2012 which was the new platform for chatting and posting pictures. 2012 also saw the introduction of Tinder, which was a social discovery application for Ios and android devices. A multiple platform video sharing application called Vine was introduced in the year 2013. The year 2014 saw the introduction of Pheed, which is a social media platform with live broadcast option (Morrison 2015).

1.1.2 Social Media usage in India

Social media usage in India increased in leaps and bounds, as number of internet users in India reached 302 million users by December 2015. India is a key market for social media giants - active social media users in India grew to around 146 million and India is among the top three countries in terms of the number of people using Facebook (100m+ users), whereas Twitter is seeing an increased user base of over 33 million. The increased mobile web penetration is also seen as a key contributor to increased growth in active social media usage. 84% Facebook’s 100 million users in India access it from their mobile devices. 40 million Indians are online every day, spending 40-45 hours over the Internet per month. It is estimated that there will be over 500 million Internet users in India by 2018 - making India the second largest population of Internet users in the world (India@Digital Bharat).
Usage of social media in rural India has grown by 100 percent during the year 2015 with 25 million users residing in that belt. However, urban India registered a relatively lower growth of 35 percent with the total number of users at 118 million as on April 2015, says the 'Social Media in India 2015' There are 143 million social media users in India as on April 2015. The report stated that the top four metros continue to account for almost half of the social media users in urban India. The report said the largest segment accessing social media consists of the college going students with 34 percent followed by young men at 27 percent. School-going children constitute 12 percent of the social media users. College-going students and young men still form the 60 percent of the social media users in urban India. The report further stated that 61 percent of these users access social media on their mobile device.

This level of engagement has led to an increase in the awareness level of brands on social media. And this shows the intent of Indians to communicate with brands over social network sites indicating that social media has the capacity to alter the traditional dynamics between brands and consumers who are time hungry and may find traditional forms of advertising obtrusive and unattractive. Social network sites have therefore become one of the multiple touch points for marketers to reach consumer to assist in the purchase of product or service.

1.1.3 Social Media Marketing in India

According to the report Social Media Marketing - India Trends Study, by Ernst and young, 75% of India’s online population are digital consumers (who use digital for all, or part, of their purchasing journey). Trust in a company and brand is no longer dependent on company-controlled, traditional, mass channels, but rather on communities and of their marketing budget to digital and social media marketing in order to successfully reaches and market to these customers. The increasing internet penetration rate will increase digital advertisement spend in India. According to the same study, 81% of the brands surveyed considered Facebook to be the most important platform while almost 48% of surveyed brands think that Twitter is the second-most important platform to be on, closely followed by YouTube (43% surveyed brands considered it to be the third–most important
channel). Businesses are also establishing their own YouTube channels while actively producing, creating and distributing video content for promotional material and showcasing new developments for the brand. Meanwhile, Vine, the latest entrant in social media platforms, concentrates on short six second video snippets that can be shared using Facebook or Twitter.

The statistics look very promising and it indicates that Social media marketing will be the focus of Companies in the coming years. However, not many studies in India throw light on how the Indian consumer is influenced by the content on social networks. Therefore an effort has been made by this research to address this gap.

1.1.4 Marketing on Facebook-The Most Popular Social Network Site

According to the report from Deloitte, today Facebook connects more than 1.6bn people with their friends and families around the world and helps them discover new products and services from local and global businesses. It is a catalyst for economic activity in ecosystems composed of marketers, app developers, and providers of connectivity. Facebook stimulates economic activity and jobs through three broad effects: as a tool for the biggest and smallest of marketers; as a platform for app development; and as a catalyst for connectivity. It estimates that through these channels Facebook enabled $227bn of economic impact and 4.5m jobs globally in 2014. These effects accrue to third parties that operate in Facebook’s ecosystem and exclude the operations of the company itself.

Marketing effects estimate the impact from businesses’ use of Facebook marketing tools to drive online and offline sales, and to increase awareness of their brand. Facebook gives marketers of all sizes the ability to reach an audience of more than 1.6 bn people which is incidentally the largest audience in the world that is reachable on a single platform today. Businesses increasingly use Facebook’s marketing tools to grow: via Pages and ads they can effectively acquire and retain customers and increase brand awareness. Conversely, people can use Facebook to discover new companies and brands or connect with businesses that they already know. Facebook’s marketing tools are used by both online and brick-and-mortar
businesses and are accessible globally. Facebook provides three sets of Marketing tools: **Pages, targeted advertising and referrals.** Pages provide businesses with a way to establish or enhance their presence online across desktop, mobile phones and tablets. On Facebook, people can discover Pages that are relevant to their interests. Targeted advertising, based on characteristics of Facebook’s audience, allows marketers to deliver messages at scale to their most likely customers, which can increase return on advertising. The cost effectiveness of advertising for businesses is derived from the ability to target the relevant audience. Aggregated insights collected during their advertising campaigns allow businesses to further fine-tune their campaigns. Facebook’s self-service, auction based ad tool lets marketers of all sizes create campaigns at scale. These features lower the barriers to advertising and allow companies that would not be able to advertise in traditional channels to take advantage of promoting their products and services. Furthermore, businesses also benefit when people share links to their websites with their friends. Sharing of links can have significant effects on sales. The same report also suggests that the economic impact of facebook in India is around $1.4 billion and has created close to 129000 jobs. A report by Boston consulting group (BCG) India and Internet and mobile association of India (IAMAI) says that the Internet and Social media will contribute $200 billion that is 5% of the GDP by the year 2018, considering the impetus it is receiving from the government today. Hence Corporate, in order to stay competitive has to embrace social media and the internet in order to stay competitive. According to social media trends India report of 2015 by Ernst and young 81% of the brands surveyed considered Facebook to be the most important platform, while almost 48% of surveyed brands think that Twitter is the second-most important platform to be on, closely followed by YouTube (43% surveyed brands considered it to be the third–most important channel).

Therefore the present study was decided to be done on facebook platform. **Further among the various marketing tools that facebook provides, It was decided to study what type of content in facebook page engages the customer, builds trust, commitment, bonding and responsibility and influences purchase and loyalty intentions in customers minds.**
1.1.5 The Facebook Page – Marketing Tool on Facebook

A Facebook Page is a public profile specifically created for businesses, brands, celebrities, etc. Unlike personal profiles, pages do not gain friends, but fans which are people who “like” page (who pressed the Like button on the page). Pages work similarly to profiles, updating users with things such as posts, events, photos. When a user likes a Page, this means a link to this Page will appear on the user’s Timeline (personal profile site). What is more, a notification that he liked the Page will appear on his profile (temporarily) under recent activity box and since that moment all posts published by brand Page will be appearing in his News Feed (part of the Timeline). All those people, who liked the Page, form the Community (fans) of the page. Each brand Page has the same layout (Figure 1.1), that can be customized by the admin. It consists of the set of static elements, such as cover photo and profile picture. First one is the larger image at the top of the Page and the smaller one on the left is Page’s profile picture. They should be unique, presenting brand’s logo, products or something associated with the brand; Page information box is an area below the cover photo, providing an overview of the basic information about the Page, its name, category, Page’s statistics (eg. number of fans), applications and buttons. Applications (apps) can be found on the top right, within the Page information box. Applications are designed to enhance the experience on Facebook with engaging games, media resources and useful features. There are two buttons and a drop down menu option with a set of settings. First button ‘Like’ enables becoming a fan of the Page and the second one ‘Message’ enables sending a private message to the Page’s administrator posts updates, which appear on the main Page’s area in a chronological order, published by the Page admin or by the fans (if the Page’s settings enable it).
Fig 1.1 Figure showing the Layout of a Typical Facebook Page

There are six types of posts to choose from on Facebook page: Video, Photo, Link, Question, Event, and Text Videos, usually from Youtube service can be used for product promotion and for branding, whereas photos along with questions (poll) create a lot of interactions and drive engagement among fans. Considerable
alternative for simple text-only posts are also posts with URL address preferably link to Facebook app or custom landing page. Events are mainly for those that take place at physical locations, but they are not restricted to that and they can be used for special promotions.

Facebook Page enables three interaction features connected with each post, such as: **like, share and comment**. When a user likes a post, this means that also other users can see that he has liked it (including their friends). If enough people like it, their name will be replaced by a total count of likes. The more likes the post gained, the higher value it has in the context of Page marketing value. Share feature makes it possible to publish someone’s post on own profile (Time-line) or Page. This is the way content goes viral in social media – one post published by Page’s moderator can be shared by thousand fans. Sharing a post is not only a commitment to the message but also to the brand and the more shares, the more chance to reach many Facebook users. The most engaging are comments a feature that enables Facebook users sharing their thoughts about the post. Comments can be both positive and negative and they can form a long conversation between users and Page moderator. But, it can also damage brand reputation if there is no proper reaction from the Page moderator.

### 1.2 THEORIES OF SOCIAL MEDIA

#### 1.2.1 Public Relations Model

James Grunig conducted a vast amount of research focused on professional, organized, managed systems of communication. The work was partly grounded on the logical belief that companies will practice approaches that are most beneficial to their businesses. Grunig proposed four primary models of public relations behaviour practiced by organisations: press agentry/publicity, public information and two-way asymmetrical and two-way symmetrical *(Grunig and Grunig, 1989)*.

Research by *Grunig et al. (1995)* provides a good summary of the four models. The press agentry/publicity type depicts a situation where media attention is sought in any way possible. The public information model describes a setting with an in-house employee who distributes fairly accurate information about the
organization but offers nothing negative. The two-way asymmetrical model is one where research is conducted to understand audience needs in order to create messages that will influence their behaviour in a manner beneficial to the organization; yet the organization has no desire to change its own behaviour. And, lastly, the two-way symmetrical model seeks to use communication that changes the behaviour and attitudes of the organization and the Public in a manner that is beneficial to both. Of these four models, the two-way symmetrical is largely viewed as the most desirable. Establishing two-way dialogue that benefits the consumer and the organization is generally seen as the ideal relationship between a company and its Public. Furthermore, a company that is willing to alter its own behaviour on the basis of communication from its external stakeholders would seem to be an organization capable of establishing positive brand awareness, strong bonds with consumers, and general goodwill in the community. A literature review by the International Association of Business Communicators (IABC) that focused on interactive media relations suggested that top public relations organizations did indeed model their communications more after the two-way symmetrical model than any other (Grunig, 1990).

Grunig and Grunig (1998) acknowledged that the project “shows that public relations make an organization more effective when it identifies strategic constituencies in the environment and then develops communication programs to build long-term, trusting relationships with them”. Furthermore, in their book on interactive theory and communication, Grunig, et al (2002) stressed the role communication staffers should play in monitoring and scanning the environment in an attempt to understand the voice of key Public.

Overall, many of the key components of Grunig’s research - targeted messages, two-way communication, and monitoring audience voice-seem ideally suited to provide a framework for communication via social media platforms like Facebook. However many current organizations are not making full use of existing social media tools even though these devices seem uniquely tailored to engage audiences in two-way dialogue. For instance, O’Neil (2014) studied how Fortune 500 companies and nonprofits use relationship strategies on Facebook and found
that two-way communication is lacking; large businesses are more likely to use tactics that demonstrate one-way communication. Another study of Fortune 500 companies indicated that Twitter was also underutilized by businesses to expedite dialogue with stakeholders (Rybalko and Seltzer, 2010). Such findings suggest that companies could be lagging in establishing a two-way symmetrical model of communication on social media Platforms. If most of the research grounded in Grunig’s public relations model is to be believed, present day firms could benefit by using more of a two-way symmetrical communications approach.

1.2.2 Uses and Gratifications Theory

The uses and gratifications theory is built on the premise that individuals interact with media in a manner that meets their personal needs. Katz, Blumler, and Gurevitch (1973) said that individuals are goal directed when using mass media, and link media choice with need gratification, the key takeaway of this research was that it proposed the use of media by individuals to connect with others. The early uses and gratifications work implies that traditional forms of mass media (television, radio, and newspapers) are actively consumed by individuals to satisfy certain needs.

Haridakis and Hanson (2009) studied the link between new media such and user activity. The study found that individuals’ use of YouTube conformed to the uses and gratifications model. That is, people used the video service to satisfy entertainment and information seeking needs. Social interaction needs were also met by co-viewing videos with other individuals. Sundar and Limperos (2013) reviewed twenty studies on the subject of uses and gratifications and media usage and concluded: Across the landscape of uses and gratifications studies from 1940 to 2011, two trends are noteworthy: (1) As we move from old to newer media, it appears that new gratifications do emerge with new technology; (2) Some broad gratifications, especially those related to social and information functions, tend to get more nuanced and specific with newer media. It certainly seems significant to note the confirmation that individuals social and information functions are firmly entrenched with media usage. Also, it does appear that original innovations bring about new gratifications. Sundar studied this notion while addressing the credibility
of new media. The researcher suggested that the innovations of new media afford users the possibility of new needs to be gratified, such as modality (text, audio, or video) and interactivity (Sundar, 2008). Furthermore, uses and gratifications theory has provided the foundation for other valuable research based around how people interface with media. Ko, Cho, and Roberts (2005) specifically addressed the interactive potential of websites. They believed that the Internet was capable of transcending physical boundaries in order to strengthen customer relationships. The researchers’ work outlined two major dimensions of online interaction: human-human (interaction) and human-message (word-of-mouth). Their study of online web activity found that consumers who engaged in human-human and human-message interactions evaluated a website more positively. This led to increased purchase intentions and a positive attitude toward the brand (Ko, Cho, and Roberts, 2005). Interaction, however, is certainly not limited to websites. One study of Facebook and Twitter indicated that a motivation for social interaction predicted commenting, sharing, and liking on Facebook, as well as replies on Twitter (Alhabash et al 2013). Undoubtedly, the interactive use of new media and social platforms to meet the needs of individuals seems central to current communications studies.

From the above discussion, it is clear that the Uses and gratification model suggests that individuals use new media dominated by facebook to gratify their entertainment needs, information seeking needs (Customisation) and Social needs (interaction, word-of-mouth and Trend needs).

So in order to have a meaningful dialogue with the customers, companies must try to engage them by gratifying the needs identified by Uses and gratification model and building relationship with them using the two-way symmetric approach of public relations proposed by Grunig, (1990).
1.3 SECTORS SELECTED TO STUDY THE EFFECT OF FACEBOOK MARKETING CLOTHING (APPAREL, HIGH FASHION RETAIL), JEWELLERY, MOBILE PHONES AND MUTUAL FUND

1.3.1 Snapshot of Indian Apparel (Clothing, High Fashion Retail) Market

The Indian retail market is expected to demonstrate a promising year-on-year growth of 6% to reach USD 865 billion, by 2023, from the current USD 490 billion. The share of apparel in India’s retail market is 8%, corresponding to a value of USD 40 billion. In addition to fashion apparel, the growing demand for fashion accessories makes the Indian fashion market both interesting and lucrative.

One of the most critical factors determining the success of fashion retailers in India is the ability to gauge trends in consumer purchase decisions. The Indian fashion consumer is undergoing an evolution and is rapidly adapting to international fashion statements. Increasing disposable incomes, exposure to international events and fashion icons, and rising confidence levels are driving the changes in the consumer purchase behaviour. Some distinct consumer trends expected to impact the Indian fashion market are:

1.3.1.1 Shift from Need-based Purchasing to Aspiration-based Purchasing

There was a time when fashion items were being purchased as and when required. Nowadays, fashion clothing is more than a basic need; it is a reflection of aspiration, personality, and one of the biggest status symbols. The Indian fashion consumers can tell the difference between unbranded and branded apparel. They are able to decode the messages communicated by different brands on different occasions. The aspirational youth is also influenced by peer groups working with multinational companies and having international exposure. Though basic textiles and footwear continue to be a part of the consumer’s basket, the demand for aspirational fashion clothing and fashion accessories has increased substantially in recent years.
1.3.1.2 Increasing Acceptance of Digital Technology

Technology has become an inevitable part of consumer lifestyles. The increasing access to the Internet, at a more affordable cost, and the higher penetration of social media has influenced consumers’ buying patterns substantially. **Today’s consumer has greater access to fashion products through the Internet and digital devices. He/she compares products, prices, brand offerings, service levels, and the feedback/opinions of fellow consumers on social media especially facebook before making any purchase decision.**

The prominent retailers in this space are Westside, Shoppers stop, Pantaloons and Lifestyle.

1.3.2 Snapshot of Indian Jewellery Market

The Gems and Jewellery sector plays a significant role in the Indian economy, contributing around 6-7 percent of the country’s GDP. One of the fastest growing sectors, it is extremely export-oriented and labour intensive. Based on its potential for growth and value addition, the Government of India has declared the Gems and Jewellery sector as a focus area for export promotion. The Government has recently undertaken various measures to promote investments and to upgrade technology and skills to promote ‘Brand India’ in the international market. The gems and jewellery market in India is home to more than 500,000 players, with the majority being small players. The jewellery business in India is estimated to be at Rs. 50,000 crores. According to the independent estimation studies conducted by World Gold Council and Mckinsey, out of the overall market share, the share of organized jewellery market is less than Rs. 1,000 crores. This accounts to about 2-3% of the total market share. But given that this is a relatively new segment of the market, it is poised to grow. Moreover, an increase in per capita income has led to an increase in sales of jewellery, as jewellery is a status symbol in India.

Till the early 2000, the average Indian bought jewellery for investment rather than for adornment. Confidence in the local jeweller otherwise called as family Jeweller was the hallmark of the gold jewellery trade in India. Gold was bought only
on auspicious occasion and it was considered a good omen to buy Jewellery and precious stones from the family jewellers. Buying from other Jewellers was unheard of as it was believed that it may bring bad luck.

But Post 2008, Jewellery retailing is moving from a “Storehouse of value” to a “Precious fashion accessory” The Gems and Jewellery sector is witnessing changes in consumer preferences due to the adoption of the western lifestyle. Consumers are demanding new designs and varieties in jewellery, and branded jewellers are able to fulfill their changing demands better than the local unorganised players. The young Indian woman who is the prime market for the organized retailers differs from the traditional jewellery customer in many ways. She is well educated and more in tune with international trends, she has high disposable incomes, she has greater mobility and is less constrained by traditions. Moreover, she is quite internet and Social media savvy and would rather consult her peers rather than her parents when she makes her purchase.

Though organised retail constitutes only 2% of market share, this sector is growing. Many companies like Caratlane.com have proved that Jewellery can be sold Online. Many companies like KSS Limited is looking to open 500 stores under brand ‘Bjewelz’ which is owned by Birla Jewels Limited, Kerala based Kalyan Jewellers are planning to foray into international markets like Sri Lanka, Singapore and Malaysia. Global luxury brand Montblanc International has entered into a joint venture with India’s largest watch maker Titan Co Ltd and plans to start the retail operations in India by opening five Montblanc boutiques in Mumbai, Delhi, Hyderabad and Pune.

Given that the Indian Jewellery market is slowly changing from unorganised sector to organised retail and changing consumer preferences, it may offer a great scope for social media marketers.

1.3.3 Snap Shot of Mobile Phone Market Segment in India

India is now the second largest smartphone market in terms of active unique smartphone users, with the total base crossing 220 million users according to the
report from Counterpoint Research. Samsung remains on top of both overall mobile phone market and the smartphone segment for the year 2016. Every **1 out of 4 phones sold in India is a Samsung** device proves how much the Korean giant has been able to imprint itself in the minds of Indians. The numbers rise even higher when it comes to smartphones with **3 out of every 10 smartphones being sold in India bearing the Samsung moniker**. With their new generation of LTE-capable devices, Samsung **posted a very healthy 27% YoY increase** fuelled by the launch of the J series smartphones in low and mid range and the S7 and S7 Edge in the premium handset segment. The other players in this segment are Micromax, Intex, Reliance Jio and other Chinese brands.

The major change in the customer buying behaviour in this segment is rapid adoption of online sales model. In 2015, **one in every three smartphones sold in India was through online channels**. The report by Counterpoint also suggests that by 2020, there will be about 700 million users and there is a great demand for LTE (long-term evolution capability) devices. This growth is spurred by the demand for faster Internet connectivity and increase in the disposable income of the young population. Many social media giants like facebook have reported that the number of people accessing their site through mobiles has been steadily increasing. So it is expected that social media marketing will have a huge impact on the mobile phone segment.

**1.3.4 Snapshot of Mutual Fund Industry in India**

Mutual fund industry in India dates back to 1963 when Unit Trust of India was formed at the initiative of the Government of India, and Reserve Bank of India. With the entry of numerous Mutual Fund players and a number of products across asset classes, the industry has come a long way. As of December 2015, investors in India had the option to choose from more than a thousand Mutual Fund schemes spread across 44 Mutual Funds.

The Industry recorded an AUM (Asset under management) of INR 13,460 billion as of December 2015, a year on year growth of over 21%. The industry itself has been evolving over the years. Though, traditional primary contributor to AUM
has been corporates, in 2015 retail segment emerged as the fastest growing segment in terms of contribution to AUM growth.

Despite the high growth in the last couple of years, there is huge untapped market potential in Mutual Fund industry. Assets Under Management (AUM) as a percent of GDP in India is still between 6 to 7 percent, significantly lower than some other emerging economies, for example, 42 percent for Brazil and around 33 percent for South Africa.

Underlying the latent potential for growth of the Mutual Fund industry in the country, a large population, moving towards economic wellbeing, promises for a strong customer base for financial services. It also poses a challenge to service providers in tapping resources, a large proportion of which sit beyond major cities. Mutual funds face a double challenge – firstly, increasing their share of the pie in the urban markets that have seen crowding of products and vendors, and secondly, capturing the attention of investors in sub-urban and rural markets that have been largely averse to complex financial instruments, and are often unreachable through traditional distribution channels. Mutual funds will have to leverage technology to drive innovation in products and adopt alternate distribution channels to be successful in the Indian market.

The Young people today are more convinced about their peer groups, that they trust the words of their friends rather than the Company salesman. The reason is simple. People today know that any marketer tries to act in a manner which gives him the maximum reward or incentive. Financial institutions act in a way which will further their gain and will try to sell to the customer those instruments which will give them the maximum gain. To achieve this, they will naturally incentivise their salesman to sell those products which will help them achieve their objective.

A mutual fund benefits more by selling funds that have higher charges. So the Mutual fund companies naturally will incentivise the salesmen to sell those funds in which the charges (especially hidden) are the highest. So the funds suggested by the salesmen of the mutual fund companies are again are not necessarily the ones that serve the investor’s needs.
The investors today, hence are wary of what the Company salesman of mutual funds recommend. There is a deep-rooted distrust in all financial instruments other than Post office deposits and Banks which offer a very low rate of interest among the general investing public in India. The statistics lend support. Only 2% of Indians really take advantage of the growing stock market. For the others, the most preferred investment is Bank deposits, Post office saving schemes, Gold and real estate which the economists classify as dead investments not at all contributing in any way to the GDP of the country.

Therefore the **Product push attempts which forms the core of traditional marketing and advertising by companies in financial services are rendered ineffective because the fundamental element necessary for building relationship namely trust is absent among the investors.** So some companies tried to implement relationship marketing in their organisation by appointing relationship managers who were given the responsibility of taking care of all their client’s financial needs. This sounded promising but again these managers were given targets and were asked to sell those products which yielded higher profits to companies. With time the customers soon realised that Relationship managers are only Salesmen in disguise.

It is therefore of paramount importance that marketers get out of the traditional mode of marketing and advertising the products by broadcasting key messages. They also should understand that the customers have to be engaged in multiple platforms and exist where the customers exist and talk where they liked to be talked to. Marketers, especially in financial services, must, therefore, make a fundamental shift in their approach and engage their target customers in two-way dialogue which is only made possible by social media. Facebook provides a powerful platform where mutual funds can have a meaningful two-way dialogue with their investors both current and potential. They can also use facebook to subtly educate the investors, build and maintain relationships and use it as another service delivery channel. So social media marketing may have a reasonable influence in this sector.
1.4 RELATIONSHIP MARKETING

It is widely accepted that building and maintaining lasting customer relationships through relationship marketing tactics is not only one of the most definitive ways to build a sustainable competitive advantage in most industries (Barlow, 2000) but also represents a fundamental paradigm shift in the marketing literature (Sheth and Parvatiyar, 1995; Webster, 1992). The main premise of relationship marketing is that the parties involved in the relationship both exert effort to make the relationship mutually beneficial for both the firm and the consumer (Berry, 1983; Morgan and Hunt, 1994; Parvatiyar and Sheth, 2000). In order for maintenance and enhancement of relationships, a two-way communications approach is necessary where both entities are in regular contact with one another and the quality of these communications is high (Gronroos, 2000; Berry, 1995).

Social media gives consumers powerful and active voices in their relationships with Organizations. At its core, social media stands to transform the way that businesses communicate with consumers, fulfilling the goal of relationship marketing in which both parties make investments in, and benefit from, the relationship. Social media gives consumers a voice that marketers cannot ignore. In fact, 85% of marketers cited one of the benefits of social media marketing was the ability to engage in dialogue with consumers (Mershon, 2012). However, in order for social media to fulfill its function as a tool to co-create value, companies must make efforts or investments in consumers in order to provide them with incentives to share information and engage in relational behaviours with the organization. Consumers must also provide inputs to the relationship in terms of not only passive permission for companies to track customer information, but also in terms of providing content and conversation for many social media strategies. It is important to understand how the consumers view social media marketing efforts by an organization, and it is equally important to understand how social media interactions influence the relationship, the consumers have with the organizations.

Studies are done by various authors who have identified key Relationship marketing variables. Ndubisi (2004) identified the constructs of RM as: trust,
commitment, equity and empathy. Wilson (1995) proposed that different variables are active during different stages of the relationship. He identified relationship variables as commitment, trust, and cooperation, mutual goals, interdependence / power imbalance, and performance satisfaction, structural bonds comparison level of alternative, adaptation, non-retrievable investments, shared technology, and social bonds. Gundlach and Murphy (1993) posited that trust, equity, responsibility and commitment are key variables of exchange.

1.5 CUSTOMER INTENTIONS

Many studies provide more understanding about the antecedent factors of purchase intentions. Relationship quality plays an important role when studying the relationships that exist between customers and businesses. For example, trust (Morgan and Hunt, 1994), commitment (e.g., Pritchard, Havitz, and Howard, 1999), and satisfaction (Zeithaml, Berry and Parasuraman, 1996) all positively affect customer purchasing behaviour (Reichheld, 1996) Dick and Basu (1994), who researched loyalty (especially pledges as well as trust using loyalty establishment and satisfaction) to make predictions about customer purchasing intentions. Eriksson and Vaghult (2000) pointed that there is a positive effect of relationship satisfaction on customer retention and purchase levels.

The above discussion clearly indicates that Social media marketing has the capability to create Purchase and loyalty intentions in the Customer’s minds. Maintaining a social media image especially in facebook is very much important for the Companies in all industries.

Yet studies regarding as to what content of facebook pages have the capability to strengthen the relationship and what relationship variables have the effect to induce Purchase and loyalty intentions have been rarely conducted worldwide and more so in the Indian context.

Therefore, the present study proposes the necessity of identifying and understanding the factors that attract consumers to Company facebook pages investigating how social media will affect the business to customer relationships and
between customer relationship and Purchase and loyalty intentions. From a theoretical perspective, this research provides an enhanced understanding of the consumer’s motive for online social exchanges (e.g., Internet-based social gatherings with other consumers and with a company) and of their cognitive processes during the development of trust, commitment, perceived responsibility and bonding to a particular brand. From a practical perspective, social media marketers can establish sustainable marketing strategies to engage their customers through their facebook pages, identify what content entertains and engage customers on social media, What type of content induce long-term relationship with the company and finally result in Purchase and loyalty intentions in the consumer’s minds.

1.6 PROBLEM STATEMENT

According to Social Media Marketing - India Trends Study, Social media usage in India increased in leaps and bounds, as number of internet users in India reached 302 million users by December 2015. India is a key market for social media giants - active social media users in India grew to around 106 million and India is among the top three countries in terms of number of people using Facebook (100m+ users), whereas Twitter is seeing an increased user base of over 33 million. The increased mobile web penetration is also seen as a key contributor to increased growth in active social media usage - 84% Facebook’s 100 million users in India access it from their mobile devices. 75% of India’s online population are digital consumers (who use digital for all, or part, of their purchasing journey). Trust in a company and brand is no longer dependent on company-controlled, traditional, mass channels, but rather on communities and peers through social media and other digital channels.

This clearly indicates that People in India are moving away from the traditional method of old one-to-one communication (email) to one-to-much communication i.e. social network sites. Participants in the virtual democracy i.e. social network are able to share experiences with their online community and satisfy their social needs. India is experiencing a boom in the telecommunication sector. There has been an increase in number of mobile communication devices and it has
been estimated that almost 45,000 Indians will intend to join social network sites each day. This level of engagement on social network sites is a boon to marketers because it has led to an increase in the awareness level of brands on social media. This shows the intent of Indians to communicate with brands over social network sites indicating that social media has the capacity to alter the traditional dynamics between brands and consumers who are time hungry and may find traditional forms of advertising obtrusive and unattractive. Facebook is the most commonly used social networking sites in India as per this report. Hence due to its popularity, Facebook was chosen as the platform for the present study.

Though statistics show that Social media in general and facebook, in particular, is here to stay, and frequented by many customers, not many Indian companies are investing their resources in this low-cost advertising medium. The reasons were delved into and it was found that this is because of lack of understanding of this powerful medium. Academic research was also scarce in this area in the indian context. Hence this study was conducted to obtain an insight into the factors of social media, the effect of social media on relationship marketing variables and as to how the content of the facebook page has to be created so as to engage the customers in social media and induce trust, commitment, bonding and perceived responsibility in the minds of the customer. Antecedents of the purchase and loyalty intentions are also investigated.

1.7 SCOPE OF THE STUDY

The scope of the study is to develop an effective content strategy on four different industrial sectors vis a vis Clothing, Jewellery, Mobile phones and Mutual funds in the facebook brand pages. The researcher has confined the study area to Chennai city only. The questionnaire was administered after providing a visual stimulus of the facebook pages. The primary data was then collected on the respondents perception on Social media, Relationship marketing variables and Customer intentions.

Based on previous studies the above model is proposed. Social media variable is taken as independent variable with five factors. The relationship
marketing variables chosen are Trust, commitment, Bonding and responsibility. Customer intentions vis a vis Purchase and loyalty intentions are taken as dependent variables.

1.8 DEFINITIONS

1.8.1 Definition of Independent Variables of the Study

Social Media Marketing

Social media marketing is proposed to be used as the independent variable for the study. Social media are defined as the “online applications, platforms and media which aim to facilitate interactions, collaborations and the sharing of content” (Universal Maccann International, 2008).

1.8.2 Definition of Relationship Marketing Variables (Mediator Variables) of the Study

1.8.2.1 Trust

Brand trust is defined as Feeling of security held by the consumer in his/her interaction with the brand, that it is based on the perceptions that the brand is reliable and responsible for the interests and welfare of the consumer (Delegado.e ballister 2003).

1.8.2.2 Commitment

Commitment is defined as one exchange partner believing that the relationship is so important with another that it warrants maximum efforts to maintain it (Morgan and Hunt, 1994).

1.8.2.3 Bonding

Bonding refers to feelings of closeness and connectedness and lasts longer than other Emotional relationships (Sternberg, 1996).
1.8.2.4 Responsibility

Responsibility: The ethical obligations that are linked to the morality of managerial duties (Gundlach and Murphy, 1993).

1.8.3 Definition of Dependent Variables of the Study

1.8.3.1 Purchase Intention

Purchase intention is defined as the consumer’s possibility of purchasing in the future (Dodds Monroe and Grewal 1991).

1.8.3.2 Loyalty Intention

According to Henry. A., (1992, p. 87), brand loyalty is “a favourable attitude toward a brand resulting in consistent purchase of the brand over time.”

1.9 SCHEME OF CHAPTERISATION

The chapter wise breakup of the present study is given below:

**Chapter I – “Introduction”** – It comprises of a brief summary of the research background, Evolution of Social media, Marketing on facebook, Problem statement, Definition of terms and scheme of Chapterization.

**Chapter II – “Literature Review”** – It is organised in six parts. The first part is on the theoretical framework and empirical research on social media marketing. The second part is on Relationship marketing and relationship marketing variables vis a vis Trust, commitment, Responsibility and Bonding. The third part consists literature review on Purchase and loyalty intentions. The fourth part is about identification research gaps. The fifth part deals with the proposed model and the sixth part deals with the research questions.

**Chapter III – “Research Methodology”** This chapter contains Formulation of Hypotheses, Preliminary testing, Sample, Survey instrument and Data analysis plan.
Chapter IV – “Data analysis and Interpretation” This chapter contains demographic variables of the study, Confirmatory factor analysis, Reliability and validity, Descriptive analysis of the study, One way ANOVA, Multiple regression analysis, serial mediation analysis and Structural equation modelling.

Chapter V – This chapter contains a detailed discussion of the study. The findings, suggestions for stakeholders and conclusion of the research are put forward. The agenda for further research is also enumerated.

The next chapter delves into detail on the literature review and documents the previous work done on this subject.