

Impact of Activities in Social Networks on Customer Loyalty

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Abstract. Social media is one of the most popular communication channels not only among consumers but also among businesses. More and more businesses are devoting time and resources to build social media strategies and manage brand communities. As the use of social media has grown dramatically in recent years, it has become an essential corporate tool for reaching out to current and potential customers of services and products in a timely and focused manner. There is a shortage of understanding of the influence of an organization's social media efforts on commercial success, such as customer loyalty. Consumer loyalty is a result of the relationship management performed by the company, not the other way around. Casual one-time deals lose their value to businesses, as they fail to assure long-term success. According to long-term studies in various fields, it is becoming increasingly important for businesses to build and maintain long-term relationships with customers - to form their loyalty - and social media is one of the most important tools available today (Esmaeili et al., 2021; Karimi Alavijeh et al., 2018; Skakauskiene et al., 2016). The aim of the study is to investigate the impact of activities in social media on customer loyalty. For the research literature review, analysis and synthesis were employed, the survey conducted, and descriptive statistics to discuss research results were chosen.

Keywords: social media, social networks, customer loyalty, Lithuania, public and private organizations.

1. Introduction

Social media is quite popular not only among consumers but also among companies that use social media as a marketing communication tool (Yadav & Rahman, 2018). According to the García (García et al., 2019) the digital economy is currently making a decisive contribution to increasing the competitiveness of enterprises, especially as the digital transformation involves the transition to new technological models, where digital marketing is a key part of growth, and consumer loyalty strategies and social networks become important drivers. More and more companies are investing time and money in developing strategies and managing brand communities on social networks. A similar effect is seen among social media users, as consumer engagement behaviors characterized by sharing, promotion, communication, and co-development in online branding communities are a significant transactional path to brand loyalty (Coutinho et al., 2018). Social network penetration has been growing rapidly in recent years, so it has become an important business tool, enabling it to reach existing and potential users of services and products quickly and in a targeted manner. According to statistics, the 60-second on the web consists of more than 500 hours of content uploaded to YouTube, 695,000 stories shared on Instagram, and 70 million messages sent via WhatsApp and Facebook Messenger (Jenik, 2022; Lewis, 2021). There are also more than two million Tinder sweeps and \$ 1.6 million spent online in the same minute (Jenik, 2022). However, there is a lack of knowledge about the impact of organizations' activities on social networks on business performance, such as consumer loyalty. In the process of organizational transformation, internal communication is the sharing of messages, including the giving and receiving of orders and instructions, the generation, dissemination and interpretation of activity data and task instructions, and rising work satisfaction. External communication is a way to collect market information, enhance consumer satisfaction, use it for brand building, etc.

Our previous research results revealed that 87% of businesses use social networks, mostly for marketing and external communication, but there are cases when companies employ social networks for internal communication and motivation of employees. As most popular in Lithuania „Facebook“, „Instagram“, „LinkedIn“, „YouTube“ were identified.. For internal communication and motivation, social media are used by 46,15% of organizations. In this study we choose to evaluate the customer loyalty factor and organizational communication success caused by activities in social media. According to Baranauskas and Pilelienė (Baranauskas & Pilelienė, 2009), the basis of the organization's competitive advantages is the monumental potential of loyal consumers. In support of this, it can be stated that the revenue brought to the organization by loyal consumers is constant and tends to increase. Consumers do not become loyal to themselves - loyalty is a consequence of the relationship between the organization and the user. Casual one-off deals lose their relevance to organizations, failing to

ensure long-term business success. After the long term studies in different areas, it can be said that it is becoming important for organizations to build and maintain long-term relationships with consumers - to form their loyalty, and one of most important tools nowadays are proposed by social media (Esmaeili et al., 2021; Karimi Alavijeh et al., 2018; Skačkauskienė et al., 2016).

The aim of the study is to investigate the impact of activities in social media on customer loyalty.

For the research literature review, analysis and synthesis were employed, the survey conducted, and descriptive statistics to discuss research results were chosen.

2. Theoretical Background

Davidavičienė et al. (2017) suggest that social networks are gaining more power in marketing communication as well as in research. Therefore, nowadays, organizations should pay more attention to trends and market peculiarities, as the Internet is not only used for advertising or communication with end-users but also for informal business.

Social media sites are considered as a platform that allows users to create content and engage with others who share similar interests in real-time. It's a collection of web and mobile tools and apps that encourage people to communicate and share their thoughts (Harrigan et al., 2020). Social networks can be viewed in a variety of ways: as software based on digital technologies, commonly presented as a collection of applications and websites, or as an environment that allows users to obtain information and distribute it to one another (Appel et al., 2020). Social networks or social media are exploited as a digital marketing channel for business-to-business (B2B) or business-to-consumer (B2C) communication in the commercial scenario. The use of social media for external corporate communication has been studied extensively and in a variety of ways.

Various categories of social media or social networks have been presented in recent decades based on the current status in the field. The most popular groupings are based on the primary goal and intended audience: personal (e.g. Facebook, Instagram, etc.) and professional (e.g. LinkedIn, ResearchGate, etc.) (Davidavičienė et al., 2017; Meidute-Kavaliauskienė et al., 2021; Raudeliūnienė et al., 2018). More alternative classification of social media categories presented by Davidavičienė, Davidavičius and Tamošiūnienė (Davidavičienė et al., 2019): Social networks connections (e.g. Facebook) allow companies to represent themselves; Linked to the portal when communication is just one of many services (e.g. Yahoo!); Vertical networks, collaborative environments (e.g. social networks which were designed for dog owners – Dogster); Multimedia Sharing (e.g. YouTube); Social tagging (e.g. ,AppleWeblog)); Professional networking (e.g. LinkedIn, ResearchGate); Blogs and microblogging (e.g. Twitter, Pinterest); Limited access (e.g. ASmallWorld.net); Virtual worlds (e.g., Second Life); Educational (e.g., Moodle);

Wikis (e.g. Wikipedia, Zoho); Entertainment (e.g., Minclip, The Sims Online); Communication (e.g., Skype, Yahoo).

Companies use social networks for a variety of purposes in their customer communications, including enabling information retrieval, engagement, advertising, and improving customer behavior (Zeng & Gerritsen, 2014). Firms use their value creation processes and cooperate with a number of stakeholders, including consumers, suppliers, and employees, to get new insights and information (Muninger et al., 2019). Internal social networks are increasingly being used by companies for internal communication (Kim & Choi, 2019; Sievert & Scholz, 2017). It's worth noting that some businesses describe social networks as internal communication aimed at promoting social engagement, such as content sharing, tagging, and collaboration (Weber & Shi, 2016).

Table 1: Factors affecting customer loyalty in context of social media

Factors of customer's loyalty	Activities and measures of organization	Author
User importance	The value of each piece of content created is measured by user engagement. In order to grow a loyal group of consumers, it is necessary to analyze the needs of the consumer.	(Vida Davidaviciene et al., 2017)
Reactions: comments, shares	In order to encourage the involvement of the organization's consumers in the activities of the organization, it is necessary to actively promote two-way or multi-directional communication. Enabling users to comment and develop discussions. Through them, the organization acquires more knowledge about the needs and desires of users, which in the period of development can bring positive benefits to the organization.	(Coutinho et al., 2018)
Convenience	Organizations are adopting social networks for the most user-friendly environment. The tools created allow the user to quickly access the organization through social networks.	(Ioanid et al., 2018)
Availability	An indicator that measures the number of user engagements on social networks.	(Volk & Zerfass, 2021)
Uniqueness	To stand out from the competitors' companies communication must be as unique, intelligent, and visual as possible	(Riyadi, 2021)

Using social networks, you may do things like: communicate company news to coworkers; broadcast messages to everyone in the organization; publish, edit, sort, and connect information; read previously posted information, and so on. When businesses share material with both their internal and external audiences at the same time, they not only reach and encourage their employees, but also give outsiders a

glimpse into the company's culture. Employee sharing of organizational messages is facilitated by existing social networking platforms within a business, which strengthens employees' position as company ambassadors (Ewing et al., 2019). Furthermore, work-oriented social networks increase communication accuracy by providing communication channels based on organizational or team structures. Socialization-oriented social networks, on the other hand, place a premium on the breadth, depth, and flexibility of communication and knowledge sharing. Employees can also gain beneficial outcomes by utilizing work-related social media, such as increased communication efficiency and increased productivity (Lu et al., 2016). The advantages of social networking for businesses are discussed, but in today's climate, it's also vital to get knowledge on which tools, media and decisions are most efficient for consumer loyalty creation.

Zhang and Li (2019) validate the effect of social media use on customer loyalty in a B2B context using the least squares structural equation modeling method and negate the uselessness of social media. The study also shows that buyers' confidence in the seller's ability and honesty is not significant to the perceived risk (Zhang & Li, 2019). The authors distinguish different weights of trust for buyers' influence: the seller's ability, honesty, and goodwill, and emphasize the role of sellers' signs of altruism in shaping customer loyalty. According to the Riyadi (2021), the quality of services, the image of the brand and the image of the organization create customer loyalty (Riyadi, 2021). Summarizing the literature research the factors affecting customer loyalty are presented in table 1.

The aspects which can be treated as most impacting customer loyalty by activities on social networks are as follow: every user is important, and companies should consider the communicational needs of each user individually; reactions with consumers and their feedback by comments, shares show the involvement and satisfaction or concerns; convenience of social media tools can be crucial in the context of consumer choices; availability and possibilities to use in different devices can be a catalyst; uniqueness is always important. Taking in mind all mentioned above the research methodology is prepared.

3. Research Methodology

The research aims to investigate customers' attitudes to social networks' impact on their loyalty. The calculated sample of the survey 383, where the confidence level 95%, margin error 5%. The 385 responses were collected (demographic characteristics presented in table 2). Research results were collected September-December 2021 in Lithuania. The survey was performed in context of goods (excludin services).

Table 2: Demographic description of the research sample

Criteria	Sample groups	%
Gender	Female	292 (76%)
	Male	93 (24%)
Age	18-25	52 (13%)
	26-35	249 (65%)
	36-50	72 (19%)
	>50	12 (3 %)
Education	Higher	258 (68,8%)
	Profession	69 (17,7%)
	Secondary	31 (8,3%)
	Other	27 (5,2 %)

The most popular social network among respondents is Facebook (94%). The second most used social network, Youtube, was chosen by 305 (79%) respondents. The third choice of respondents is the Instagram social network, this option was chosen by 296 (77%) respondents, the fourth Pinterest social network received 160 (42%) respondents, the least choice was received by LinkedIn 101 (26%).) respondents, TikTok 60 (16%) respondents, Twitter 15 (4%) respondents, and 70 respondents (18%) chose another social network.

4. Activities on Social Networks for Customer Loyalty

Collected data during the survey enables to start discussion on possibilities to grow loyal customers and gain competitive advantages. The peculiarities of Lithuanian users are as follow: 219 (57%) of the respondents indicated that they spend 2 to 3 hours a day on social networks, 77 (20%) respondents said they spend between 4 and 5 hours on social networks, 54 (14%) respondents say they spend up to 1 hour a day, and 35 (9%) survey participants stated that they could not accurately answer how much time you spend on social networking during the day. The data show that respondents spend a large part of their time on social networks, which allows us to conclude that the information provided on social networks is relevant.

For a larger part of the respondents it is important that the organization uses social networks. 277 (72%) respondents indicated that it is important to them, the other 59 (15%) respondents indicated that they could not answer, and 49 (13%) survey respondents indicated that they did not care whether the organization used social networks or not. According to the results, it can be stated that most of the survey participants trust social networks and want to see the pages created by organizations.

285 (74%) respondents marked that they learn about the company's new product from social networks. 81 (21%) respondents chose the option of learning about new brands only occasionally through social networks. 19 (5%) respondents say that they rarely learn about the company's new products on social networks.

Analysis of the survey data revealed that with the help of social networks, organizations can more easily reach and present their new products to their users.

Summarizing the results of the survey, it can be stated that 173 (45%) respondents most often visit social networks when looking for specific information of interest, 85 (22%) respondents visit social networks when looking for news, 65 (17%) respondents noted that they visit when a new post is posted on the page, 58 (15%) respondents visit according to a friend's recommendations and 4 (1%) respondents could not answer the question. The results obtained during the research showed that respondents visit social networks for different reasons, but are usually looking for specific information of interest about a product or service.

Most of all, as many as 231 (60%) respondents stated that they were not affected by the number of "likes" on the organization's social network page, 131 (34%) respondents said that it was important to them, and 23 (6%) respondents did not know whether it was important to them. The analysis of the survey data showed that for some users, the number of likes of the organization's page is important, while for others, it is not affected.

135 (35%) respondents consider social networks to be the most reliable advertising channel for the organization, 72 (19%) respondents said that the most reliable channels for them are websites, 84 (22%) respondents indicated that it is television, 3 (1%) respondents trust posters and billboards, and 92 (23%) respondents were unable to answer the question. The results of the survey showed that social networks are the most trusted advertising channel for respondents.

Most of all, as many as 308 respondents indicated that they value the most reliable and useful content on the page, 278 respondents said they pay attention to feedback from the organization's social network, and 231 respondents to frequently updated information. According to the answers of 77 respondents, the least attention on the page is paid to the number of likes of the organization. The results of the analysis identify three factors that users focus on an organization's social networks: reliable and useful page content, a feedback section, and frequently updated information.

Assessment of what motivates respondents to become loyal customers of the organization revealed that the majority of respondents - 354 are encouraged to become loyal customers of the organization by the impeccable quality of the product, as well as 258 survey participants are encouraged by excellent communication with the organization on social networks, as well as relevant and interesting information shared on the organization's social page. Least encouraging to become loyal are: competitions (65 answers), prizes (100 answers), discount coupons (42 answers). Analysis of the survey data revealed factors that encourage users to become loyal customers of the organization: impeccable product quality, excellent communication with the organization on social networks, and relevant and interesting information shared on the organization's social page.

It has been established that the following factors have the least impact on consumers: competitions are organized on social networks; prizes are distributed, and discount coupons.

The respondents noted that their favorite interactions within company's social media page are as follows: clicking "like" button – 135 respondents, sharing - 69 respondents, writing a personal message - 62 respondents, no opinion - 54 respondents, 42 respondents like to write comments and 23 respondents were unable to answer the question. Analysis of the survey data revealed that most common interactions with company's content are: clicking a "like" button, sharing, and writing a personal message.

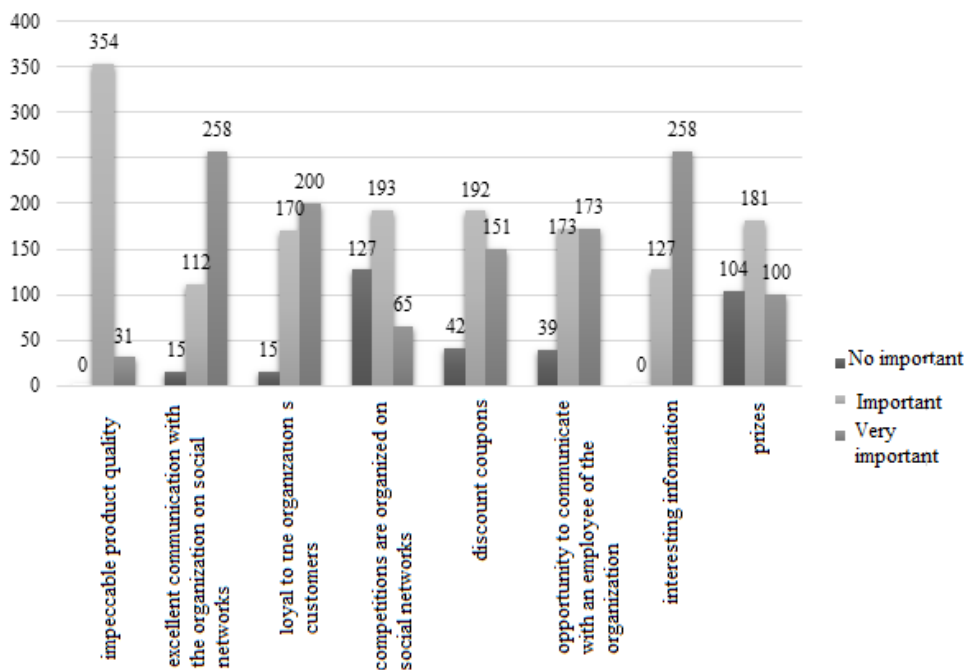


Fig. 1: Distribution of factors that encourages respondents to become loyal customers of the organization

What kind of content on social networks encourages respondents to follow the organization was also assessed. Analyzing the answers provided by the survey participants, recurring statements were singled out: relevant, useful, detailed and interesting information provided on the organization's social network page, the price of the product, and innovative visuals.

Assessing the factors influencing the purchase of the product, it was identified that most important is fast communication and reaction to customers queries (316 responses), also important are feedback and friends' recommendation (250 responses), 216 respondents underlined importance of actively and instantly

managed content of the page, 204 respondents want to see nice page design, 201 respondents are influenced by the discounts published and only for 62 respondents influencers recommendations seem to be important, and at least, 15 respondents noted that the competitions published by the organization on social networks are important to them. The study reveals what factors have the greatest and least impact on a consumer's choice to purchase a product from an organization. The biggest sales of a service or product come from the organization's fast communication with the customer, a friend recommendation, and a feedback section.

For investigation of the key factor encouraging consumers to become loyal customers of the organization the likert scale was used (fig. 2).

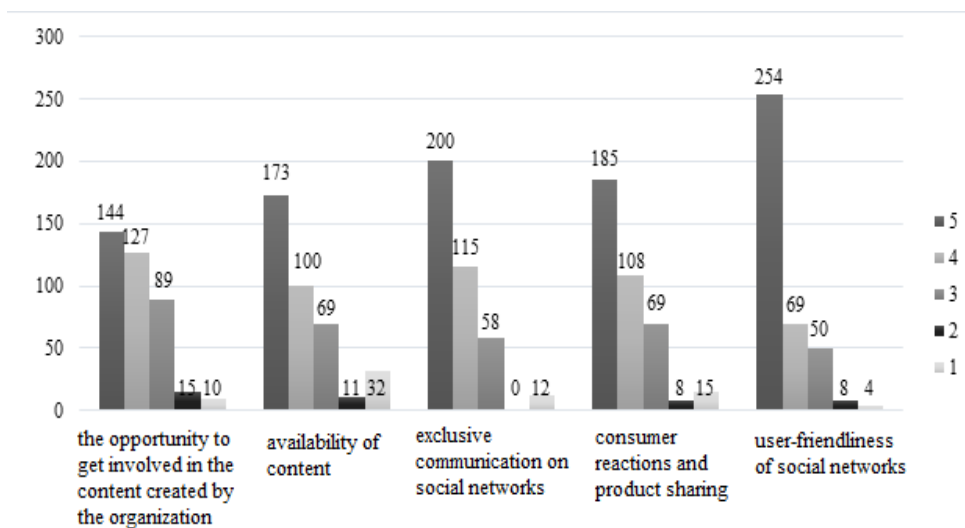


Fig. 2: Key factor in encouraging consumers to become loyal

The largest share, 254 respondents, said that they are encouraged to become loyal customers of the organization by user-friendliness of social networks. 200 respondents noted that encouraging factor is exceptional communication of organization on social networks, and content created by the organization. 185 respondents noted that they are encouraged to become loyal customer by the reactions and recommendations of other users. 144 respondents appreciate possibility to be engaged into the content creation.

The analysis of the research results revealed factors encouraging the consumer transition to loyal customer: the convenience of using the social network, exceptional communication – smarter and more visual, consumer reactions - comments, and shares. Research showed that the majority of respondents appreciate the following methods of communication: very fast response to user messages, tips

and interesting information on the organization's page, use behind-the-scenes communication, and live interactions.

5. Conclusions

Social networks are an effective tool for organizations to reach their target audiences and enable new connections with users. It should be noted that "shared" social networks, in which users can create their own online space - a website in it and communicate freely with each other, are much more popular among users than "connected to the portal" or "vertical" social networks. Five factors are identified that promote user organization loyalty to a social networking site: user orientation, accessibility, exclusivity, responsiveness, and convenience. Consumer loyalty is a complex phenomenon depending on multiple conditions and factors, and the research in a context of rapidly changing environment, especially technological, is crucial, when we narrow it to loyalty caused by activities in social media.

The consumer survey results revealed that influence on the consumers loyalty to organizations includes trusted and useful user content, organization social network feedback, and social network visualizations. The main factors that have the greatest impact on consumers loyalty in company's social networking activities are: exceptional communication - more visual, creative, user-friendliness when using social networks, and content accessibility management for the user. It could be stated that in addition to known consumer loyalty theories new insights for consumer loyalty caused by organization activities on social networks modeling and further research were indicated. The constructs for further studies were identified by the investigation conducted in Lithuania. Thus, the results can help to improve the performance of organizations on social networks, improving the loyalty of the organization's users. However, such a large and rapid development of new tools on social networks encourages a broader examination of social networks and their impact on consumer loyalty. The further research steps would be to search for relations and trends between demographic characteristics and loyalty levels. The research could be extended to wider markets as well.

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