Status: In a Relationship
How Effective is Customer Relationship Marketing on Facebook?

The Honors Program
Senior Capstone Project
Student's Name: Courtney Weiss
Faculty Advisor: Dr. Elaine Notarantonio

Table of Contents

ABSTRACT

Facebook provides an avenue for companies to connect with consumers in new ways. Since so many tools for communication are available on the site, it can be difficult for a company to focus its marketing efforts. This study examines how consumers respond to Facebook Advertisements and company pages on Facebook in order to determine where companies should allocate their resources on the social networking site. Specifically, it explores consumer click-through rates on Facebook Ads, as well as consumer perception of various Facebook promotional tools. The methodology includes traditional research in the form of a literature review, as well as focus groups and surveys of Bryant University students. Ultimately, the findings show that Facebook is an effective medium for conducting Customer Relationship Marketing, as consumers respond much more positively to company Facebook Pages than to Facebook Ads. The results of this project will assist companies in their use of Facebook as a promotional tool for Customer Relationship Marketing by providing insights on how these tools are perceived by college students.

INTRODUCTION

Social Networking is fast becoming a main vehicle for communication. Online social networks are used for everything from keeping in touch with friends and posting pictures, to organizing and communicating with professional contacts. College students in particular are caught up in the social media epidemic. Specifically, Facebook was ranked as "the only social network that really matters" in 2009 (Anderson Analytics, pg 1). The site even surpassed Google as the most popular website with this demographic. Though sites like Twitter have grown in popularity in these three years, Facebook remains the premier social networking site (SNS). Students visit Facebook on a daily basis for a variety of reasons, including communicating with friends, playing games, viewing friends' pictures and so on.

 Even further than that, it has become a platform to rapidly spread word-of-mouth. For example, a recently proposed ban of all "bully breeds" - Doberman Pinchers, Rottweilers, Chow Chows, German Shepherds, Great Danes, Pit bulls Mastiffs, Akitas and Huskies - in North Carolina was posted as a link shared on Bryant University Mascot Tupper's Facebook page (Marabito, 2011). Later that day, the same link was shared on the page of author, Jen Lancaster. Not only had 305 people liked her post and 218 users commented on it, 339 users shared the link with their friends (Lancaster). Even if each of these users only had 100 Facebook friends, the message would be exposed to 33,900 additional individuals. This is just one example of the incredible reach of Facebook. The implications of this reach show great potential for the spread of promotional messages on Facebook.

Given the rapid transfer of information from consumer to consumer on Facebook, marketers have recognized an opportunity to communicate with these users through this platform. Facebook offers a unique chance to relate to consumers on a personal level. First, users are presented with ads that relate closely to their stated interests, information they post and connections they have established. This strategy has the potential to excite consumers, as they are shown advertisements that are likely to pique their interest. On the industry side, advertisers can target consumers according to extremely specific criteria. As a result, they can avoid

wasteful advertising spending. Furthermore, Facebook Pages allow consumers to join brand communities on the site. Users then have a chance to post any questions, comments or concerns on the company's page. A representative of the firm is able to address these concerns, thus building a personal relationship with the consumer. The firm may also post updates for all of its fans to view.

Though these are exciting marketing opportunities, their effectiveness must be evaluated. Having the capability to reach consumers in this way is not very valuable unless the consumers take notice, either consciously or subconsciously. In fact, companies may stand to lose respect from customers if their Facebook marketing is not executed properly. For example, consumers may be frustrated with the ads on the side of their pages or excessive updates in their newsfeeds from brands. If this is the case, companies would want to keep these kinds of promotions to a minimum. Overall, companies will benefit from learning how consumers respond to different marketing tactics on Facebook.

Ultimately, this study is worthwhile because its results will aid firms in their use of Facebook as a promotional tool. Specifically, it will direct their efforts to Facebook's most effective features. Thus, companies will know not devote time and capital to fruitless methods. On the other hand, they will see which tools on the SNS work. As Facebook is a relatively inexpensive platform for marketing and advertising, the results of this study would be particularly useful to small businesses that do not have large advertising budgets. Still, a presence on Facebook is becoming standard, so all organizations must know how to capitalize on that presence.

LITERATURE REVIEW

Facebook is a social networking site (SNS) that was initially created by college students, for college students. Mark Zuckerberg launched the site in 2004, while he was a sophomore at Harvard University. Since then, over 550 million people have created profiles, and membership expands by 700,000 per day (Grossman, 2010). Time Magazine stresses just how far Facebook reaches, stating, "One out of every dozen people on the planet has a Facebook account. They speak 75 languages and collectively lavish more than 700 billion minutes on Facebook every month," (Grossman, 2010). Therefore, it is safe to say that Facebook has become part of the global culture.

The social networking site allows users to generate a profile, "friend" other users, and interact with these friends via wall posts, as well as Facebook Messages (which are comparable to e-mail) and Facebook Chat (which is comparable to instant messaging). People naturally seek to make connections and Facebook is the perfect venue for them. John Raacke and Jennifer Bonds-Raake, professors at University of North Carolina-Pembroke, studied the "average" college-aged social networking site user. They discovered that, in general, young adults are more likely to engage in online communication than older generations. In addition, they found differences between the genders and their activities via online communication. Women tended to use it to "maintain personal connections with family, friends and coworkers," (Bonds-Raacke & Raacke, 2008). However, men are more likely to uses this mode of communication for romance and sexual interests.

Facebook Advertising offers a unique marketing opportunity to reach very specific markets or consumers. Facebook takes the information users provide in their profiles and relays it to companies. This data varies from demographics such as age, occupation, marital status and geographic location, to psychographics like leisure activities, favorite bands, movies etc. User data is obtained through the information individuals provide on their profiles, the pages they "Like", the groups they join and even their status updates. Firms can then advertise to only those users who fit within their target market, rather than advertising to all of the over 500 million people who have a Facebook page (Reach and Targeting).

The college students Facebook originally targeted still make up a large percentage of users. In fact, individuals ages 18-24 make up over a fourth of Facebook users. Sadly, it is not uncommon to glance around a college classroom and see several students on Facebook. Therefore, there are huge implications for Facebook Ads and Pages targeting college students.   57% of users are female and 43% are male (Reach and Targeting). These broad statistics, as well as the extremely detailed information Facebook provides to advertisers, allows them to target virtually any type of consumer and, ideally, match consumers to the products and services they want and need. Still, perhaps the most exciting statistic for marketers is the fact that in November of 2010 Facebook "accounted for 1 out of every 4 American page views," (Grossman, 2010). Therefore, companies who advertise on Facebook have great potential for their Ad to be viewed.

In addition to the ability to reach very specific markets, Facebook also boasts the affordability of its ads. Firms may choose between two pricing methods: Cost Per Click (CPC), which charges the company only when users click on its advertisement, or Cost Per Thousand Impressions (CPM), for which companies incur a fee for each thousand users who see its ad, regardless of whether or not the views result in clicks. Facebook's Glossary of Ad Terms states that CPC advertisers' goal is to gain traffic to their sites to manage the cost of gaining this traffic, while CPM advertisers wish to control where their ads are seen and what the ads will look like (Help Center). Once the firm chooses a payment method, it then bids to determine the price of each click or thousand impressions. First, Facebook provides a suggested bid range. Then, the company will offer a maximum bid. The final price the company is charged is the amount necessary to win their auction, which can be lower than the initial maximum bid. Furthermore, Facebook permits advertisers to set and manage a daily budget representing the maximum amount they wish to spend on advertising for that given day. Once this limit has been met the company's ads will automatically stop running (Cost and Budgeting).

Furthermore, the social networking site offers several additional options to gain visibility and maintain a relationship with consumers. First, companies can create Facebook Pages. These Pages allow companies to interact with consumers the same way they would with their other

friends, sharing information in a profile and through status updates. The cost of each fan of a Facebook Page is about $0.50 (O'Neill, 2009b). Also, other users are able to "Like" the page, which then shows up on this user's profile, as well as on the Newsfeeds of his or her friends, creating automatic word of mouth. Other tools available are Groups and Events. Though the above mentioned tools are free and may obtain much user generated traffic, views may also be increased by creating an ad to promote a Page, Group or Event (Ad Types).

While Facebook is proving to be a valuable marketing resource, potential advertisers should have realistic expectations regarding the results of their ad, as well as how to utilize Facebook effectively. Nick O'Neill of Business Insider warns of the "10 Rules for Advertising on Facebook." The first and most important expectation marketers must have relates to Facebook and direct sales; that is, advertising on Facebook is a weak link to direct sales. O'Neill explains that Facebook ultimately serves as a tool for relationship marketing. Marketers can maintain a relationship with consumers through Facebook much the same way that individuals use the site for personal relationships. In this way, Facebook should not be seen as an instrument to generate a burst of sales, but to build a brand loyal following.

Another pertinent point that O'Neill makes is that one should not over-target. Facebook allows marketers to specifically target individuals based on 11 factors, including demographic information, keywords that appear on their profiles, languages and connections. Therefore, it would be wasteful for advertisers to launch a standard ad to all of Facebook, or to target based on only one of the 11 available criteria .Ultimately, O'Neill states that, "relevance will get people to respond to your ad," (O'Neill, 2009a). In order to create "relevant" ads, marketers must first segment the market and clearly define who their customers actually are. Though this seems like an obvious point, painstakingly deriving a target market and defining each aspect that qualifies a consumer as part of that market will pay off when creating a Facebook Advertisement.

O'Neill discusses the role Facebook plays in relationship marketing more thoroughly in his article, "The 5 Phases of the Facebook Sales Funnel," (O'Neill, 2009b). Much like a traditional sales funnel, the Facebook Sales Funnel depicts awareness as the first goal of Facebook

Advertising. Next, marketers must educate their fans by providing the answers to the following questions: "Who are you?" "What do you sell?" "Who's in your community?" and "Why do I want to join?" (O'Neill, 2009b). Once fans have been educated, they must then become engaged. Engagement on Facebook has several metrics, such as the number of "Likes" posts are receiving or comments on page material. Following engagement, consumers must choose to take some sort of action, whether that be clicking on an ad or actually purchasing the product. Finally, to maintain a relationship with consumers, marketers must ensure that they repeat engagement. To view the Facebook Sales Funnel, please see Appendix A.

Additional effort on the company's side can ensure that consumers continue through the funnel and become brand loyal. For instance, if users do not see a reason to fan a company's Page, then they may never move past education, or even awareness. Marketers must inform users of the benefit of becoming a fan of their Pages. By posting certain information exclusively on Facebook or offering discounts through Facebook, companies give consumers incentives to fan their Pages. Once users become fans of the page, it is crucial to keep them engaged. Justin Palmer of Palmer Web Marketing states that companies must "respond to every single comment" made by their fans, particularly negative feedback. By doing so, companies demonstrate excellent customer service and cultivate consumer relationships (Palmer, 2010).

Website consultant Rich Page praises Facebook Ads above even the search tool Google AdWords. With Google AdWords, the advertisements that appear on the right side of the screen will relate to what the individual is searching at the time, or topics that are stored in his or her search history. Page argues that while what one searches for on Google may give some insight about him or her as a consumer, it is difficult to thoroughly target consumers using Google AdWords. However, again, Facebook Ads gives marketers the opportunity to display their ad to only those users who fit their precise market. Additionally, Page states that Facebook Advertising offers fewer restrictions than Google AdWords. For instance, one may use up to 135 characters in a Facebook Ad, as opposed to the 75 characters Google AdWords allows. Furthermore, Facebook Advertising permits the use of images in the advertising which appears on the right hand side of the screen, while Google AdWords can only display images in banners.

Page also declares that Facebook Ads are often much more cost effective, especially for small businesses. Finally, perhaps the most interesting point Page makes is that Facebook Ads are an especially good choice for dating and community sites, as you can assume that users are already interested in virtual communities and connections (Page, 2009).

This study will juxtapose students' recall of Facebook Ads with their activity involving companies' Facebook pages. This will uncover whether Facebook is simply a tool to be used for awareness or reminder ads or if it is truly a vehicle for Customer Relationship Marketing. In order to make this judgment, one must first study traditional Customer Relationship Marketing. Customer Relationship Marketing (CRM) is described as "the practice of using marketing activities to establish, develop and maintain successful long-term customer relationships," (Customer Relationship Marketing , 2011). This process allows companies to develop their brands while receiving sometimes instantaneous customer feedback. More specifically, it is a tool for "delivering the right products to the right customer at the right time," (Customer Relationship Marketing , 2011). Timely feedback allows companies to close the "'quality gap' between what customers expect and what they get," (Ballantyne, Christopher, & Payne, 1991).

The current Relationship Era in Marketing has a unique focus as compared to the previous eras: Production, Sales and Marketing. During the Production Era, dominant in the market prior to 1925, companies based their success on their production volume. Therefore, companies stressed production first and seeking customers was secondary. The classic example of a production orientation is Henry Ford and his famous statement, "they can have any color they want, as long as it's black," (Boone & Kurtz, 2012). The Sales Era then followed, lasting from the 1920s into the early 1950s. During this time, companies attempted to align their production to the amount of potential customers who would want their product. Companies finally began to focus on the marketing concept, which is that the firm's success is tied to identifying and solving customer needs, during the Marketing Era. The Relationship Era, beginning in the 1990s, built on this notion even further (Boone & Kurtz, 2012).

Traditionally, CRM is conducted through two arenas: quality management and customer service. In order to adhere to the marketing concept, companies have had to abandon the 'conformance to specifications' view of "quality" (Ballantyne, Christopher, & Payne, 1991). Instead, companies must determine how their customers perceive quality. CRM is a powerful tool in discovering this perceived quality. Impeccable customer service maintains these relationships. Thus, marketing, quality management and customer service becomes a cycle, in which each element impacts the others. A clear diagram depicting the links between Marketing, Quality and Customer Service can been seen in Appendix B.

Aside from building long-term relationships with customers, CRM has several important, tangible benefits. First, it allows companies to prevent wasteful marketing activities by identifying the only customers who are likely to respond to marketing action. Therefore, funds are not wasted by presenting marketing messages to those who are unlikely to respond. In addition to decreasing expenses, this practice increases profits because more individuals who need the product, and are willing and able to purchase it, are receiving marking information. Furthermore, by tracking when customers are using specific products companies can schedule their marketing efforts appropriately. As a result, customers are only receiving messages at the time when they are most receptive to them. Not only does this increase the likelihood of purchase, it decreases the chance that customers will become annoyed with the messages. Finally, there are the benefits of having a loyal customer base. Not only will this dedicated group provide sustainable profits, they will be a vehicle for expand customer bases through referrals and word of mouth (Customer Relationship Marketing , 2011).

Customer Relationship Marketing on Facebook is maintained through brand communities established on company fan Pages. A customer joins these communities by "Liking" company Pages. A current study performed by Dr. Yesim of Yasar University aimed to determine brand and advertising engagement on Facebook. Dr. Yesim also sought to discover the usage factors of Facebook. While this information is useful, it is beyond the scope of this project. Therefore, this paper will focus on his exploration of brand advertising and engagement. He broke this engagement down into three categories: "Brand Community Engagement," "Brand Community

Approach," and "Ad attitude." In order to measure consumer involvement in each category, Dr. Yesim administered a pen and paper questionnaire to voluntary Facebook users aged 18 to 58, including 199 females and 207 males (Yesim, 2010).

In order to measure brand community engagement, questions such as, "I become a fan of ads I've seen on my profile," "I become a fan of a brand community if my friends are also fans of the same community," and "I bought a product/service from the ads that I saw on my profile," were included. Questions like, "I am interested in brand announcements on my profile or wall," "I feel a part of the brand communities that I joined," and "my friend's opinions about ads and groups are very important to me," marked the brand community approach category. Finally, "the ads on my profile are annoying" and "I don't remain friends/fan of a brand if it continuously sends me info and ads," addressed concerns in the ad attitude section (Yesim, 2010).

The results showed that consumers are generally interested in the brand announcements on their wall or newsfeeds. In addition, users showed that their friend's opinions are highly important to them and they influence the brand communities that they join. As expected, individuals tend to ignore the ads on the side of their page and they will discontinue "friendships" with brands that frequently send them notifications. The most intriguing statistics showed that, "users who are more adapted to the brand community approach spend more time on Facebook," and that, "males are more brand community oriented than females," (Yesim, 2010).

While the results of the Yasar University study support the hypothesis of this study, more in depth research is necessary. Since half of the focus was on the entertainment and socialization aspects of Facebook, there was less space on the survey for questions pertaining to brand engagement. Also, Dr. Yesim's study included only a pencil and paper survey. Computer administered surveys would allow for more detailed and accurate responses, especially in regards to recall of Facebook advertisements. In addition, focus groups will provide rich qualitative data. Furthermore, brand engagement should be broken down into more than three categories or classes in order for more precise measurement. Overall, this piece of research is helpful in building a platform for a more comprehensive study.

NARRATIVE OF METHODOLOGY

Much established research has been obtained from Facebook itself, mainly by necessity. In order to understand and present how consumers feel about Facebook Advertisements, it is essential to learn how one goes about advertising on the site. Facebook has an exemplary guide to aid marketers or small business owners in establishing a Facebook Ad or Page. Additionally, the website provides resources to help individuals manage their budget for these ads. By gaining this background knowledge, one has a foundation to build upon. In addition to Facebook itself, many online resources, such as tech blogs, have been helpful in the initial literature review. Also, the studies in the current body of must be examined to support or refute the hypothesis of this project. Finally, the HELIN catalog contains a few books that go into further detail on how to utilize Facebook in marketing, and they are included them in the references.

In order to drill down into how college-aged consumers respond to Facebook Ads and promotions, both a survey and focus groups were conducted. First, the focus groups were carried out to gain qualitative insights from Bryant University students on their experiences with companies on Facebook. Participants for these focus groups were obtained from Professor Jean Murray's Marketing Principles class. These students self-selected after being offered the opportunity for extra credit. In order to structure these focus groups properly, first a focus group guide was developed. This guide served to keep the discussion on track and to ensure meaningful responses. However, conversation was allowed to flow naturally, as long as it was relevant. Ultimately, the focus group guide ensured that all of the questions of the investigator were answered. A copy of this guide can be found in Appendix C.

 Significant differences in males and females were expected; thus, the focus groups were separated by gender. As anticipated, the responses varied greatly from the males and the females. First, men tended to notice sports related ads on the sides of their Facebook Pages, while the women noticed many fashion ads. In addition, the men needed to be offered some sort of incentive, no matter how small, in order for them to "Like" a company on Facebook. For example, one young man claimed that he would be willing to "Like" a company Page if he

received a 5% discount. While the females looked for these kinds of incentives, they were more willing to "Like" their favorite brands without any sort of prompt.

The largest difference between the male and the female groups was their attitudes towards ads on Facebook. Though the women did not frequently click on the ads that appeared on the side of their pages, they would occasionally click on clothing or shoe ads. Responses showed that they generally did so when they were bored or in the mood to shop online. However, the men would not click on the ads that appeared on their pages whatsoever. Even if the ad caught their eyes, they would not click-through because they feared that it would be a virus. Rather, if they were interested in the brand or item, they would perform a Google search on the product or brand in question to gain more information. The overall response from the men was that Facebook Ads were not seen as credible.

Still, the men and women had several important similarities. First, they tended to go on Facebook for the same reasons: to talk to friends (especially friends from high school), to investigate the pages of other users, and to see friends' pictures. In general, students would log on four to five times per day and they would actively stay on the site for about five to ten minutes at a time. However, they often would keep a tab open to Facebook during their entire internet use, even if they were not looking at it the whole time. Additionally, members of both groups could recall specific companies that they had "Liked" on the site. For instance, one female followed Victoria's Secret and one male "Liked" Nike. Finally, all participants recalled seeing ads for specific product categories on Facebook, such as engagement rings, sporting gear, clothing and shoes.

Using the feedback from these focus groups, a survey was constructed. This survey was administered to a different group of Bryant students. Quantitative data was drawn from the survey regarding the number of Ads users regularly click on, the number of pages which they have "Liked", whether or not they view these tools as helpful, if they have received any benefits, such as a discount, by becoming a fan of a company's page, and so on. In response to the focus group feedback, questions regarding the trustworthiness of Facebook Ads were included. Furthermore, the survey posed questions about incentives provided for "Liking" companies.

Finally, questions specific to the entertainment industry were added due to the interests found in the focus groups. A copy of the survey can be found in Appendix D. Ideally, a random sample of Facebook users would have been best to represent the true population; however, such a sample was not possible due to limitations of communication and availability. Thus, students self-selected into the sample via their participation in the Bryant University behavioral lab. Attendance of two, one hour long sessions is mandatory for all Marketing 201 students, most whom are sophomores.

RESULTS

General Facebook Usage

The survey was administered during the week of April 2, 2012 in a proctored computer lab. Ultimately, 275 students started the survey, with a 93.09% completion rate. Only the 256 completed responses are configured in the results. First, 90.68% of participants indicated that they had Facebook accounts. This statistic holds great implications for the ability of Facebook marketing tools to reach college students. Furthermore, the majority of individuals (53.85%) log onto the SNS multiple times per day. Combined, 87.85% of individuals go on Facebook at least once per day. Still, most students claimed that they only actively stayed on the site for five to fifteen minutes per log-in. While on Facebook, participants looked at other people's profiles and pictures, communicated with friends, posted statuses and pictures and posted links. Results for general Facebook usage questions can be found below in Tables 1, 2 and 3.

Table 1: How often do you log on to Facebook?

Answer	Count	Percent
Once a week	10	4.05%
2-6 times per week	20	8.10%
Daily	36	14.57%
Multiple times per day	133	53.85%
Leave a Facebook tab open while online	48	19.43%

Table 2: How long do you actively stay on Facebook during a typical visit?

Answer	Count	Percent
Less than five minutes	50	20.41%
5-15 minutes	125	51.02%
16-30 minutes	54	22.04%
31-60 minutes	10	4.08%
More than an hour	6	2.45%

Table 3: What types of things do you do while on Facebook? Check all that apply

Answer	Count	Percent
Post Pictures	113	13.85%
Post Statuses	119	14.58%
Communicate with friends	202	24.75%
Post Links	113	13.85%
Look at other people's profiles/pictures	213	26.1%
Play games	36	4.41%
Other	20	2.45%

Facebook Advertisements

The next section of the survey focused on Facebook Ads. First, students were asked whether or not they noticed ads on the site: 80.57% replied that they did notice ads. Of these individuals, the majority – 73.99% - claimed to see ads on the side of the Facebook page. Furthermore, most – 62.35% - admitted that the ads they see align with their interests. Therefore, one can determine that these ads are reaching their intended audience.

Still, students generally do not click on these ads. In the past month, 83.74% of students surveyed did not click on any Facebook Ads. In fact, of those who had clicked on an ad, only 11.9% claimed to do so once per week. Combined with those who click once per month, the percentage only increases to 21.42%. Surprisingly, 35.71% stated that they have only clicked on

Facebook Ads once or twice, in total. In addition, in keeping with the male focus group

responses, 51.71% of respondents either disagreed or strongly disagreed to the statement, "I trust

the ads I see on Facebook enough to click on them." Even worse, a combined 41.64% of

individuals believed that Facebook Ads would give their computers viruses. Finally, only

14.17% of respondents stated that they actively read any ads on the site. Thus, from these results,

these ads have little use in driving traffic to a company's site. Still, it seems that if any company

were to benefit from Facebook Ads, it would be one with a well established brand. The majority

– 32.10% - of students who had clicked on ads did so because they recognized the brand or logo.

Table 4: Attitudes towards Facebook Advertisements

Question	Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree
I trust the Ads I see on Facebook enough to click on them	5.13%	17.52%	25.64%	25.64%	26.07%
I believe the ads on Facebook will give my computer viruses	12.88%	28.76%	30.47%	19.74%	8.15%
Companies that advertise on Facebook are reputable	3.86%	25.32%	57.08%	10.30%	3.43%
Clicking on a Facebook ad will lead me to the company's website	6.87%	34.33%	39.48%	16.74%	2.58%

Company Facebook Pages

While responses regarding Facebook Ads were highly negative, feedback on company pages on Facebook was much more positive. The majority of students – 64.85% - claimed to have "Liked" a company on Facebook in the past month. Of these individuals, 57.33% "Liked" one or two companies and 34.67% "Liked" three or four. Furthermore, 86.34% of individuals have seen print or television ads prompting them to find the company on Facebook. Of these students, 37.55% have then searched for the company on the SNS.

In terms of reasons for "Liking" company Pages, students displayed a great discrepancy between those companies they have "Liked" in the past, and companies that will implore them to "Like" them in the future. When asked what prompted them to "Like" companies in the past month, the majority of respondents – 54.85% - stated that they loved these brands. Another 16.02% claimed that they wanted to find out more information on these companies' products or services. Only 12.14% "Liked" these companies because they were offered a discount. Comparatively, when asked what a company would have to do to get them to "Like" its Facebook page, 47.58% of participants stated that the company would have to offer a discount. Only 30.4% claimed that offering products and services that they used frequently would suffice. Thus, there is a large disparity between what students say they will do in the future and what they have actually done in the past.

Further attitudes toward company pages were measured with Likert scales. Students were asked

to state how they feel about a variety of statements regarding Facebook Pages: Strongly

Disagree, Disagree, Neither Agree nor Disagree, Agree, or Strongly Agree. When presented with

the statement, "I think companies must be on Facebook to keep up with their competition,"

52.84% agreed and another 18.78% strongly agreed. In fact, only 11.35% disagreed or strongly

disagreed – the remainder being neutral. Moreover, a total of 64.35% respondents agreed or

strongly agreed to the statement the, "even if I do not "Like" a company, I think they should be

on Facebook." Over three quarters of the students surveyed believed that being on Facebook

allows companies to inform their followers faster. While the majority of respondents indicated

neutrality, more agreed than disagreed to the statement, "I feel more connected to companies that

I've "Liked" on Facebook." Neutrality was also favored for the questions, "I find updates from

companies I've "Liked" in my Newsfeed to be annoying," and, "I've learned useful information

from updates from companies in my newsfeed." Still, in both cases, more respondents agreed or

strongly agreed than disagreed or strongly disagreed. Figure 1 below summarizes the results

from this section of the survey.

Figure 1: Attitudes towards Company Facebook Pages (See Appendix E for Details)
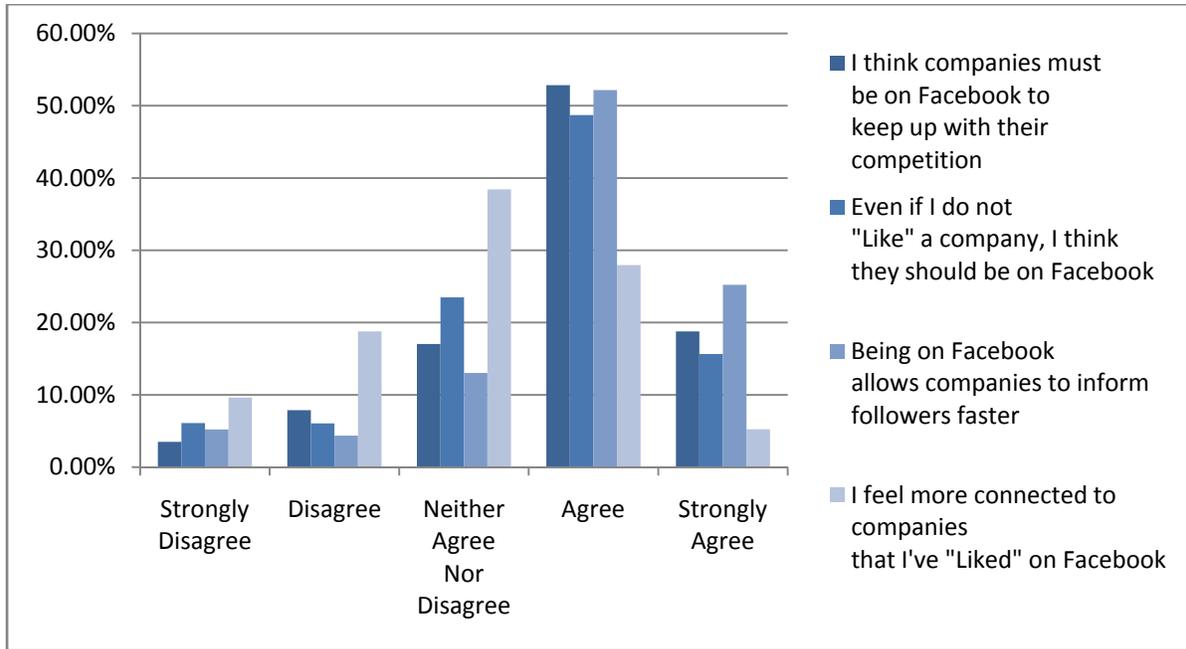
Facebook and the Entertainment Industry

Responses from the focus groups indicated that students are more eager to "Like" pages for musical artists, movies and television shows. Thus, a section of the survey was devoted to the entertainment industry. Students were asked, in three separate questions, whether they had "Liked" a movie, television show or a musical artist/band. While for all three questions, the majority of students responded "No," the results were very close. Still, these statistics were surprising when compared to the percentage of students who had "Liked" a company in the past month. It was expected that more individuals would like movies, television shows and musical artists than would "Like" company pages. However, the results showed just the opposite. When averaged together, 101 students indicated "Liking" a page from the entertainment industry. Comparatively, 156 respondents claimed to have liked a company. Furthermore, the majority –

63.31% - of participants either agreed or strongly agreed to the statement, "I am more likely to

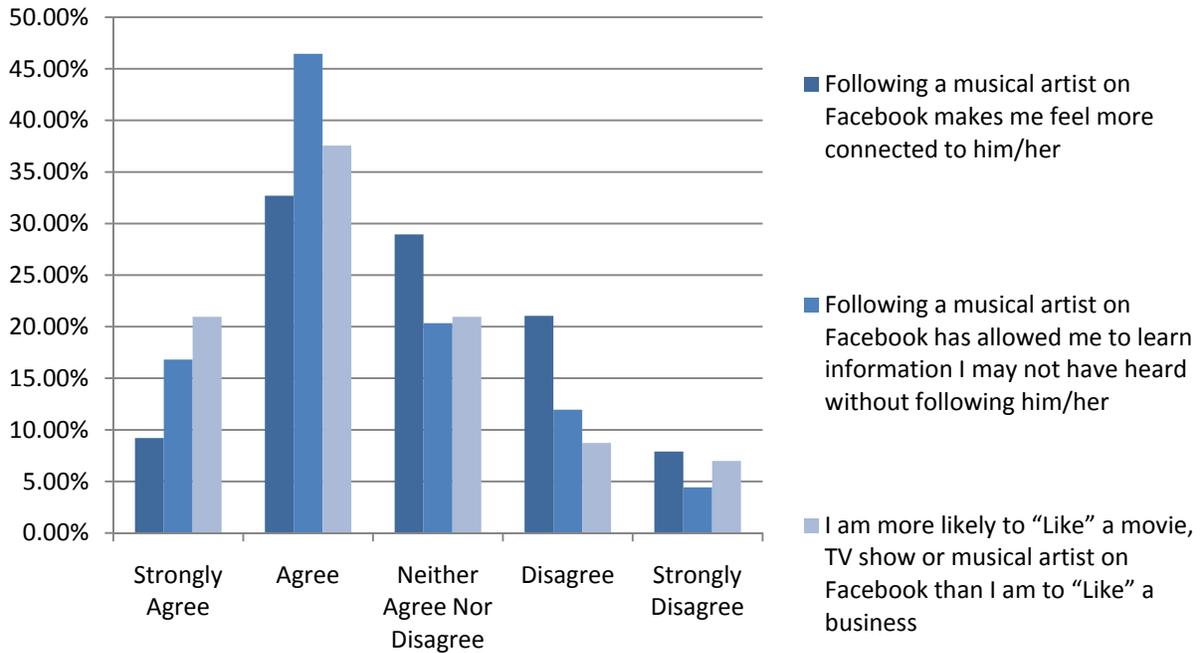"Like" a movie, TV show, or musical artist on Facebook than I am to "Like" a business.

Therefore, there is a disconnect between students' actual behavior and their theoretical behavior.

Still, the entertainment industry has a strong presence on the SNS, and students react positively

to this relationship. During the focus groups, students stated that following musical artists was

especially beneficial as a fan. Thus, this notion was translated into questions on the survey. First,

participants were asked to rate their level of agreeableness to the statement, "Following a

musical artist on Facebook makes me feel more connected to him/her." More students chose

"agree" than any other category. Furthermore, a total of 63.27% of participants indicated that

they had learned information about a musical artist by following him/her on Facebook that they

would not have discovered otherwise.

Table 5: General Entertainment Industry Responses

Question	Yes	No
In the past month, have you ever "Liked" a movie on Facebook?	35.71%	**64.29%**
In the past month, have you "Liked" a TV show on Facebook?	43.28%	**56.72%**
In the past month, have you ":Liked" a band or musical artist on Facebook?	48.95%	**51.05%**

Figure 2: Attitudes towards the Entertainment Industry on Facebook (See Table in Appendix F for details)

Chart legend:
- Following a musical artist on Facebook makes me feel more connected to him/her
- Following a musical artist on Facebook has allowed me to learn information I may not have heard without following him/her
- I am more likely to "Like" a movie, TV show or musical artist on Facebook than I am to "Like" a business

Other Forms of Engagement

Facebook offers several other forms of engagement for consumers to show support for businesses. First, the site allows users to "check-in" at different locations, including places of business, similar to Foursquare. This feature alerts the user's friends that he is at the selected location via a notification on their newsfeeds. While most participants had not checked in at a place of business in the past month, a respectable 42 individuals, or 20.09% of the sample, had. Of these participants who had used the "check-in" option, over half did so in order to show their support for the business. This trend suggests that this is a useful tool for engaging consumers. In

addition, to some extent, it can be used to drive traffic to a business, as 14.89% of respondents

claimed that they "checked in" in order to receive a discount or special offer.

Finally, Facebook has great potential for the spread of word-of-mouth. Users can post links on

their own walls or those of their friend to products they want or commercials they enjoyed. As

this activity was discovered to be common in the focus groups, especially with the female group,

questions on the topic were included in the survey. Again, the majority of respondents did not

share information about products or services with their friends on Facebook in the past month.

However, the results were still significant: 31.62% had shared such information. Of these

individuals, posting links was the most popular method of sharing, as 43.04% posted links on

their friends' walls and another 36.71% posted links as their statuses.

Table 6: In the past month, have you shared information

about products or services with your friends on Facebook?

Yes	No
31.62%	68.38%

Table 7: If yes, how did you do so?

Posted a link to a webpage in your status	Posted a link to a webpage on a friend's wall	Sent a link to a webpage to a friend in Facebook Chat	Posted a video or commercial in your status	Posted a video or commercial on a friend's wall	Sent a video or commercial to a friend in Facebook Chat
36.71%	43.04%	6.33%	7.59%	2.53%	3.80%

CONCLUSION

Several key conclusions can be drawn from the results of this study regarding the effectiveness of CRM on Facebook. First, it is clear that students have much more positive attitudes about company Facebook Pages than they do about Facebook Ads. Responses from both the survey and the focus group indicated that students do not trust Facebook Advertisements, as they believe they will give their computers viruses. That is not to say that they do not notice these ads, the majority of respondents could recall seeing these ads. They also indicated that these ads were aligned to their personal interest. From this information, one can infer that Facebook Ads may be used to generate awareness, but they are poor for directing traffic to the source of the advertisement.

Furthermore, college students are looking for companies to be on Facebook. This demographic believes that it is important for firms to be on the SNS to keep up with their competition. They also indicated that they believed companies should be on the site regardless of if they "Like" them or not. From these insights, one can conclude that companies that target college students should create a Facebook Page, if they have not already done so. Most respondents also stated that being on Facebook allows companies to inform their followers faster. As students are spending five to ten minutes on the site at least four to five times per day, this feedback makes sense. Individuals will be much more likely to see updates in their newsfeed than they would be to check the company's website. Thus, connecting with students through a medium with which they are very familiar contributes to CRM.

Additional support for this conclusion is evidenced by the percentage of individuals who had "Liked" a company in the past month. The majority of students claimed to have done so, and of these respondents, most "Liked" said company because they loved its brands. Therefore, one can infer that students wish to show their support for companies by joining their brand communities on Facebook. The fact that people tend to "Like" companies for this reason, and not because they were offered an incentive is encouraging. Facebook can also be seen as an avenue for consumers to conduct an external information search, as of the 86.34% of individuals who had seen an ad asking them to find the company on Facebook, 37.55% did just that. Overall, Facebook is a legitimate channel to connect and communicate with consumers.

Still, students are generally apathetic about posts from companies in their newsfeeds. Information from both the focus groups and the surveys indicates that, while they are usually not annoyed by these updates, they do not tend to actively read them either. Yet, about 40% of individuals surveyed indicated that they have learned useful information from updates from companies in their newsfeeds. From these results, one can determine that though students do not actively read these updates, they may capture their attention and convey important information.

Ultimately, this study has determined that companies should use Facebook as a CRM tool. While Facebook Ads are not successful beyond generating some awareness, Facebook Pages are frequently used by consumers to connect with companies, and vice versa. The results yielded will guide firms in their use of Facebook as a promotional channel and their expectations of its effectiveness.

LIMITATIONS

Several limitations impacted the results of this study. First, mostly sophomores participated in both the focus groups and the surveys. Therefore, if there are differences between the classes of college students, they were not captured in the results. In addition, only Bryant University students were included in the study. As Bryant requires all students to have a core business education, these students may have more business oriented opinions. Thus, they may have reacted more positively to questions such as "I think companies must be on Facebook to keep up with their competition" and "even if I do not "Like" a company, I think they should be on Facebook," than the average college student. Furthermore, this study relied heavily on self reports to collect data. However, there could be a significant difference between students' reported behavior and their actual behavior. Finally, time constraints limited the length of the survey administered. As multiple surveys are given during each behavioral lab session, it was necessary that this questionnaire be kept somewhat concise.

FUTURE RESEARCH

Though this analysis provided meaningful results, much can be built upon this research. First, the study can be repeated in a larger population with a larger sample size to test for consistency. In addition, Facebook, like all SNSs, is extremely dynamic. Therefore, repeating this study in six months could yield drastically different responses. Additionally, researchers could add to the richness of this study by testing recall of Facebook Ads. In order to accomplish this task, researchers would include mock Facebook profiles with Ads in the survey. Then students would be asked to recall what Ads they were shown. Currently, researchers can examine students'
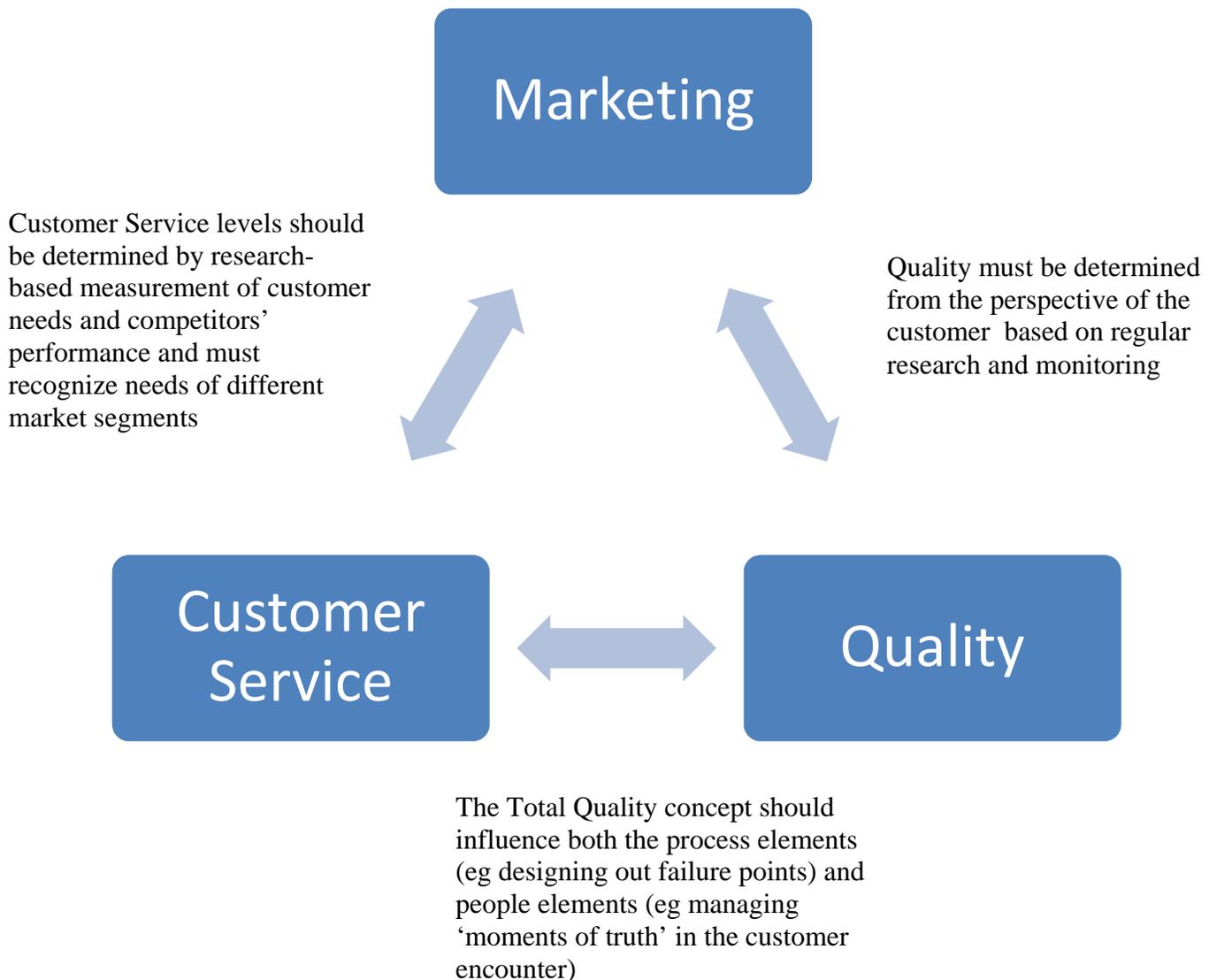
actual behavior while on the site, rather than asking them to recall what they have done in the past. For this approach, researchers could record participants' behavior on the site or examine their computer history, with their consent. Assessing users' behavior on the site will more accurately detail their interactions with companies regarding Facebook Ads and Pages.

APPENDIX A – THE FACEBOOK SALES FUNNEL

Source: O'Neill, N. (2009, June 29). *The 5 Phases of the Facebook Sales Funnel*. Retrieved January 25 , 2011, from All Facebook: http://www.allfacebook.com/facebook-sales-funnel-2009-06

Appendix B – Linkages Between Marketing, Customer Service and Quality

Marketing

Customer Service levels should be determined by research-based measurement of customer needs and competitors' performance and must recognize needs of different market segments

Quality must be determined from the perspective of the customer based on regular research and monitoring

Customer Service

Quality

The Total Quality concept should influence both the process elements (eg designing out failure points) and people elements (eg managing 'moments of truth' in the customer encounter)

Source: Yesim, D. (2010). Determinant Factors of Time Spent on Facebook: Brand Community Engagement and Usage Types . *Journal of Yasar University* , 2949-2957.

Appendix C – Focus Group Guide

Briefing: My name is Courtney Weiss and I am a Senior Honors Student. I am currently completing my Honors Capstone pertaining to social networking, Facebook in particular This afternoon I will be facilitating your discussion on this topic. Please answer as honestly as possible, as there are no right or wrong answers.

Your identities will be kept completely confidential in my report. While this discussion is being filmed, I assure you that only I will see the recording. Once my project is completed I will dispose of the tape. Does anyone have any questions before we begin?

Introductions: *Each participant will be asked to introduce him or herself along with their year and major.*

General Facebook Usage Questions

- **How often would you say that you log onto Facebook?**
  - *Depending on responses, probe for more information*
    - *If daily, how many times per day?*
- **When you log onto Facebook, how long do you spend on the site?**
- **When you're on Facebook, what kinds of things do you do?**

Ad Questions

- **Have you ever noticed any ads on your Facebook page?**
- **How do you feel about these ads?**
  - *See where this discussion goes. If it is slow or getting off track, ask the questions below*
    - *How closely do you feel that these ads relate to your interests?*
    - *How often do you read the ads on the side of your Facebook page?*
    - *How often to you click the ads on the side of your Facebook page?*
    - *When you have clicked on these ads, has it ever led to further engagement with the company on your part?*
    - *Ex) visiting the website, visiting the Facebook page, searching for promotional information, printing coupons, visiting the retail location, making a purchase*

Questions about Company Pages

- **What about company Facebook pages? Do you ever visit them? Do you "like" them?**
    - *Questions to Guide Discussion*
        - *So how many companies/Brands have you "Liked" on Facebook?*
        - *What types of brands are they?*
        - *When you "Like" a company/brand, do you visit their page after the initial visit?*
- **After you've "liked" a company or brand, how do you feel about seeing updates from companies in your newsfeed?**
    - *Do you follow up with updates by companies in your newsfeed? If so, how?*
- **What types of activities do you engage in on the page of brands that you have "liked"?**
    - *Clarification – Do you ever "Like" comments written by company representatives or other fans, browsing pictures, posting comments, looking for promotional information, etc.*
- **What types of information do companies need to post in order for you to visit their pages more frequently and/or grab your attention in your newsfeed?**
    - *Information on new products/services*
    - *Information on promotions*
    - *Coupons/E-deals*
    - *Events*

Debriefing

You may have noticed that I asked many questions pertaining to ads on Facebook or company posts in your newsfeed. Your responses will help me explore how effective companies are in communicating with college students on Facebook. In particular, I am interested to learn if Customer Relationship Marketing through company fan pages is more effective than straight marketing through Facebook Ads. Please see me or email me if you have an further questions. Thank you.

Appendix D - Survey

Hello: You are invited to participate in our survey pertaining to students Facebook usage. In this survey, people will be asked to complete a survey that asks questions about the types of behavior they engage in on Facebook. It will take approximately 10 minutes to complete the questionnaire. Your participation in this study is completely voluntary. There are no foreseeable risks associated with this project. However, if you feel uncomfortable answering any questions, you can withdraw from the survey at any point. It is very important for us to learn your opinions. Your survey responses will be strictly confidential and data from this research will be reported only in the aggregate. Your information will be coded and will remain confidential. If you have questions at any time about the survey or the procedures, you may contact Courtney Weiss at 860-271-6528 or by email at cweiss@bryant.eduThank you very much for your time and support. Please start with the survey now by clicking on the Continue button below.

Do you have a Facebook account?
1. Yes
2. No

How often do you log on to Facebook?
1. Once a week
2. 2-6 times per week
3. Daily
4. Multiple times per day
5. Leave a Facebook tab open daily while online

How long do you actively stay on Facebook during a typical visit?
1. Less than five minutes
2. 5-15 minutes
3. 16-30 minutes
4. 31-60 minutes
5. More than an hour

What types of things do you do while on Facebook? Check all that apply
1. Post pictures
2. Post Statues
3. Communicate with friends

4. Post links
5. Look at other people's profiles/pictures
6. Play games
7. Other

9.Do you ever notice Ads on Facebook?
1. Yes
2. No

Where do you notice ads? Check all that apply
1. On the side of the page
2. While playing games
3. While using apps
4. Other

Do any of the ads you see on Facebook align with your interests?
1. Yes
2. No

Do you actively read any ads on Facebook?
1. Yes
2. No

In the past month, have you ever clicked on the ads on Facebook?
1. Yes
2. No

How frequently do you click on ads on Facebook?
1. Once or twice
2. Occasionally
3. Once per Month
4. Once per Week

5. Daily

What prompts you to click on Facebook Ads? Select all that apply
1. Striking Graphics
2. Text
3. Boredom
4. Recognize company or logo
5. It was suggested by Facebook
6. Other

In the past month, what types of Facebook ads have you clicked on? Select all that apply
1. Sports
2. Movies
3. TV Shows
4. Books
5. Musical Artists
6. Clothing
7. Other

In the past month, have you "Liked" any companies on Facebook?
1. Yes
2. No

In the past month, bout how many companies have you "Liked" on Facebook?
1. 1-2
2. 3-4
3. 5-7
4. 8-10
5. 11+

What types of companies have you "Liked"? Check all that apply
1. Restaurants
2. Clothing Brands
3. Accessory Brands

4. Non-Profit Organizations
5. Personal Care Product Brands
6. Home Product Brands
7. Athletic Equipment Brands
8. Other

Complete the following statement: the companies I "Like" on Facebook tend to be
1. Local small businesses
2. Regional small businesses
3. National companies
4. International Companies
5. A mix of local and corporate companies

What prompted you to "Like" this/these companies?
1. I love their brands
2. I was entering a contest
3. I was offered a discount
4. I wanted to find out more information about their products or services
5. I wanted to find out about events
6. I wanted to find out about sales

Have you ever seen a television or print ad asking you to find the company on Facebook?
1. Yes
2. No

Have you then searched for the company on Facebook?
1. Yes
2. No

What would a company have to do to get you to "Like" its Facebook Page?
1. Offer products and/or services that I use frequently
2. Offer me a discount
3. Hold special events for Facebook followers

4. Hold a contest for Facebook followers
5. Post exclusive product previews on Facebook
6. Other

_____

_____

_____

In the past month, have you ever "Liked" a movie on Facebook?
1. Yes
2. No

In the past month, have you "Liked" a TV show on Facebook?
1. Yes
2. No

In the past month, have you "Liked" a band or musical artist on Facebook?
1. Yes
2. No

How have you found movies, TV shows or musical artists to follow? Check all that apply
1. I searched for my favorite TV shows, movies and musical artists
2. Facebook suggested that I follow them
3. I saw that a friend had liked them
4. Other

In the past month, have you used Facebook to check in at a place of business?
1. Yes
2. No

Why have you checked in a place of business?
1. I was offered a discount or special offer if I checked in
2. I wanted to show my support for the business

3. I wanted to see who else was there
4. Other

_____

_____

_____

In the past month, have you shared information about products or services with your friends on Facebook?

1. Yes
2. No

If yes, how did you do so?

1. Posted a link to a webpage in your status
2. Posted a link to a webpage on a Friend's wall
3. sent a link to a webpage to a friend in Facebook Chat
4. Posted a video or commercial in your status
5. Posted a video or commercial on a friend's wall
6. Sent a video or commercial to a friend in Facebook Chat

How do you feel about the following statements

	Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree
I trust the ads I see on Facebook enough to click on them	❏	❏	❏	❏	❏
I believe the ads on Facebook will give my computer viruses	❏	❏	❏	❏	❏
Companies that advertise on Facebook are reputable	❏	❏	❏	❏	❏
Clicking on a Facebook ad will lead me to the companys website	❏	❏	❏	❏	❏

How do you feel about the following statements

	Strongly Disagree	Disagree	Neither Agree Nor Disagree	Agree	Strongly Agree
I think companies must be on Facebook to keep up with their competition	❏	❏	❏	❏	❏
Even if I do not Like a company, I think they should be on Facebook	❏	❏	❏	❏	❏
Being on Facebook allows companies to inform followers faster	❏	❏	❏	❏	❏
I will only Like a company on Facebook if offered an incentive (such as a coupon or discount)	❏	❏	❏	❏	❏
I feel more connected to companies that Ive Liked on Facebook	❏	❏	❏	❏	❏
I find updates from companies Ive Liked in my newsfeed to be annoying	❏	❏	❏	❏	❏
Ive learned useful information from updates from companies in my newsfeed	❏	❏	❏	❏	❏

How do you feel about the following statements

	Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree
Following a musical artist on Facebook makes me feel more connected to him/her	❏	❏	❏	❏	❏
Following a musical artist on Facebook has allowed me to learn information I may have not heard without following him/her (such as concert dates, contests, personal information ect.)	❏	❏	❏	❏	❏
I am more likely to Like a movie, TV show, or musical artist on Facebook than I am to	❏	❏	❏	❏	❏

Like a business					

How old are you?

What is your gender?
1. Male
2. Female

What is your year in college?
1. Freshman
2. Sophomore
3. Junior
4. Senior

What is your zipcode?

Appendix E - Attitudes Towards Company Facebook Pages

Question	Strong Disagree	Disagree	Neither Agree Nor Disagree	Agree	Strongly Agree
I think companies must be on Facebook to keep up with their competition	3.49%	7.86%	17.03%	**52.84%**	18.78%
Even if I do not "Like" a company, I think they should be on Facebook	6.09%	6.09%	23.48%	**48.70%**	15.65%
Being on Facebook allows companies to inform followers faster	5.22%	4.35%	13.04%	**52.17%**	25.22%
I will only "Like" a company on Facebook if offered an incentive (such as a coupon or discount)	9.17%	26.20%	**27.95%**	27.51%	9.17%
I feel more connected to companies that I've "Liked" on Facebook	9.61%	18.78%	**38.43%**	27.95%	5.24%
I find updates from companies I've "Liked" in my Newsfeed to be annoying	3.51%	18.86%	**45.61%**	25.00%	7.02%
I've learned useful information from updates from companies in my newsfeed	3.49%	14.85%	**39.74%**	37.55%	4.37%

Appendix F: Attitudes Towards Entertainment Pages on Facebook

Question	Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree
Following a musical artist on Facebook makes me feel more connected to him/her	9.21%	**32.69%**	28.95%	21.05%	7.89%
Following a musical artist on Facebook has allowed me to learn information I may not have heard without following him/her	16.81%	**46.46%**	20.35%	11.95%	4.42%
I am more likely to "Like" a movie, TV show or musical artist on Facebook than I am to "Like" a business	25.76%	37.55%	20.96%	8.73%	6.99%

REFERENCES

Ad Types . (n.d.). Retrieved January 25 , 2011, from Facebook:

> http://www.facebook.com/adsmarketing/index.php?sk=adtypes_event

Ballantyne, D., Christopher, M., & Payne, A. (1991). *Relationship Marketing: Bringing Quality,*

> *Customer Service and Marketing Together.* London: Heinemann.

Bonds-Raacke, J., & Raacke, J. (2008). MySpace and Facebook: Applying the Uses and

> Gratifications Theory to Exploring Friend-Networking Sites. *CyberPsychology &*

> *Behavior , 11* (2), 169-174.

Boone, L. E., & Kurtz, D. L. (2012). *Contemporary Marketing* . Mason, OH: South-Western

> Cenage Learning.

Cost and Budgeting . (n.d.). Retrieved January 25 , 2011, from Facebook:

> http://www.facebook.com/adsmarketing/index.php?sk=cost

Customer Relationship Marketing . (2011, August 31). Retrieved from Management-CRM.org :

> http://www.management-crm.com/customer_relationship_marketing.php

Grossman, L. (2010, December 15). *Person of the Year* . Retrieved February 27, 2011, from

> Time:

> http://www.time.com/time/specials/packages/article/0,28804,2036683_2037183_203718

> 5,00.html

Help Center . (n.d.). Retrieved January 25 , 2011, from Facebook :

> http://www.facebook.com/help/?page=859

Holzner, S. (2009). *Facebook Marketing: Leverage Social Media to Grow Your Business* .

> Indianapolis: Que.

O'Neill, N. (2009, July 16). *10 Rules for Advertising on Facebook*. Retrieved January 25 , 2011,

from Business Insider : http://www.businessinsider.com/10-rules-for-advertising-on-

facebook-2009-7

O'Neill, N. (2009, June 29). *The 5 Phases of the Facebook Sales Funnel*. Retrieved January 25 ,

2011, from All Facebook: http://www.allfacebook.com/facebook-sales-funnel-2009-06

Page, R. (2009, July 22). *5 Ways that Facebook Advertising Beats Google Adwords* . Retrieved

January 25, 2011, from Rich Page: Website Optimizer : http://rich-page.com/reviews/5-

ways-that-facebook-advertising-beats-google-adwords/

Palmer, J. (2010, March 17). *10 Secrets of a Winning Facebook Fan Page*. Retrieved January 25,

2011, from Palmer Web Marketing : http://www.palmerwebmarketing.com/blog/10-

secrets-of-a-winning-facebook-fan-page/

Reach and Targeting. (n.d.). Retrieved January 25, 2011, from Facebook:

http://www.facebook.com/adsmarketing/index.php?sk=targeting

Shih, C. (2009). *The Facebook Era.* Boston: Pearson Education, Inc. .

Yesim, D. (2010). Determinant Factors of Time Spent on Facebook: Brand Community

Engagement and Usage Types . *Journal of Yasar University* , 2949-2957.