

## **Branding in the age of social media: how entrepreneurs use social networks to boost their service-based businesses**

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### **ABSTRACT**

*The basics of product and service branding are generally the same. However, creating a brand for a company that offers services requires more effort because the services are hard to visualize and each client has different expectations. More than promoting any of the services, branding aims to create a perception of trust so that the brand name to be associated with integrity, quality, and innovation.*

*The purpose of this paper is to determine how entrepreneurs develop their service-based business through social networks branding and also what are the benefits obtained from each method. The authors have researched previously what is the impact of social network marketing on business development and noticed that service-based businesses tend to obtain benefits from different activities comparing to product-based businesses. The authors researched through a semi-structured questionnaire the online activities of 71 SMEs from Bucharest that offer various types of services to their customers. The results obtained are then correlated with the online and offline performance of the company.*

**Keywords:** *entrepreneurship, service-based business, social media, social networks, online branding, Facebook, brand reputation*

### **INTRODUCTION**

One of the most valuable assets a company has is the reputation of its brands (Keller, 1993) and social networks offer an almost free tool for maintaining the brand reputation and for organically attracting potential clients to the brand. If in the products case it is easier to see the characteristics by analyzing the physical product, in services' case the brand name indicates the quality and reliability. (Shocker, 1994)

After an exploratory study on what has been written on the concept of branding for services, the authors propose two ways to develop the brand: first would be the use of social networks in order to

create a strong community of customers talking and sharing information regarding the services offered by the company and secondly how to empower the brand from inside the company by associating the brand with the characteristics and capabilities of the team offering the services.

A brand is formally defined by a name, sign, symbol and logo that identifies the products and services offered by a supplier and the way it differentiates from other similar products or services offered by the competition. (Aaker, 2009)

Brands are information and tell consumers many things about the service; they act as a way to reduce the purchasing risk. (Kapferer, 2012) Also, brands provide clues of the quality level of a service before purchasing it. (Bharadwaj, 1993)

However, with the development of online social networks, brands are defined nowadays also by the way customers perceive it through interactions in online platforms or companies' Facebook pages, commercial messages and promotions developed in the online environment and by the experiences of other customers centralized in ranking scores of the company.

The brand of a service-based company is much more than just a name and an associated logo, it is considered a valuable asset (Webster, 2004) because customers will look for reputation in any brand, and even more in a service brand where it is not possible to touch and check the characteristics of the products like it can be done with fast moving consumer goods.

Webster considers essential for any company to focus on brand awareness and brand image (Webster, 2004) because if a brand is strong and reliable, newly launched services will be adopted easily because other services in the past were satisfying for the customers.

The brand positioning is an important decision the management of the company must take to drive customers towards the brand. Best and Rozin (Best, 2000; Rozin, 2003) designed a procedure for succeeding in branding positioning and segmentation. The main idea is that the process should focus on the customer, not on the service, so the company should first identify the needs of various segments of potential customers and then design the services to fit those needs.

A specific service market is characterized by its customers, not by the services, as the services are designed especially to meet the needs of the customers and they develop and improve with the feedback given by the customer. Best recommends dividing the customers into segments for better personalization of the service offered and in this way to increase the satisfaction and fidelity of the customers (Best, 2003)

The acquisition of services is different than the acquisition of any other good because customers have a budget allocated for this and also because they want to make sure the service will bring profit for them in the long run. The buying process of a service implies an organizational decision-making process when the influence of the brand and its reputation is more important than the other characteristics of the service. Companies look for the loyalty of their customers by creating special offers for old clients.

There are two types of customers for management consulting services (adapted after Keller, 2001), the ones that seek long-term partnership that will put value on credibility, reliability and reputation (partnership customers) and the ones that seek price advantage (transactional customers) and will take the service only if the price is smaller comparing to competition.

The statistics show that the tendency is to form strong relationships between companies, and not to have isolated transactions. And if the service-based company has proven to be reliable, to have a good reputation for ethical contracts, to have well prepared employees with technical and financial expertise, the relationships built between company's consultants and their customers will be stronger and the customers beside of being loyal will be more open to the innovative services the company offers.

The authors consider that this study is very important as the researchers in this field did not analyze separately the results of social network branding on service-based SMEs, and as explained above

there are differences between how customers perceive products and services. The main purpose of this study is first, to provide an empirical analysis of the purposes for using social networks for service-based SMEs development, focusing on Facebook as this is the most used network in Romania. (Ioanid et al., 2016) Secondly, the exploratory study conducted among Romanian service-based SMEs aims at determining how entrepreneurs develop their service-based business through social networks branding and also what are the benefits obtained from each method. The paper is organized as follows. First, the authors review prior studies on this topic and adapt and comment their findings on service-based SMEs online branding strategy from the perspective of the company's owner on the online and offline performance. Secondly, the research questions and methodology are presented in detail. Afterward, the results of the study are discussed together with the management implications, and in the end, the authors describe the limitations and directions for further research.

## **INTEGRATING SOCIAL NETWORKS IN SERVICE-BASED SMEs' BRANDING**

The digital connectivity we live in requires a new kind of brand communication. Potential customers are the central nodes of their networks, and everything swirls around that: friends, affiliations, hobbies, and of course the products and services they buy. So, taking into consideration that the time spent on a social network is greater than ever before, brands must have an active presence in the digital social environment and to communicate with fans gathered in their brand community, for example, their Facebook company page. Customers want to find quality content on the Facebook page, and if they want to find out more about the subject, they should be redirected through a link to the company's blog where they can read an entire article on the topic. In this way, customers remain close to the brand, and when in need of a specific service they will return to the page looking for contact information.

In the case of service-based firms, the community the company has built on social networks consists mostly of potential customers interested in the topic, that want to find useful information to for themselves or for their businesses (if we talk about B2B). The key is to educate the potential customers, post periodically quality content and transform them into fans. Like this, the brand of the company grows stronger, and due to the virality in social networks, the company's brand image and the message will get to many others potential customers that would be very hard to get to otherwise. The more educated will be the potential customer, the more he will understand the need to acquire the quality services.

The service-based companies represent niches, and it is rather difficult to get to the clients through the classical advertisements on TV or in broadsheets, as most of the business into people are online. So, the most successful way to get to this niche is using the new marketing represented by the conversations between customers in social networks, the quality content posted on blogs, the attention given to review sites ranking the company and the services offered, and the word of mouth, represented in social networks by posts that can get viral and be seen by an exponential grow number of network's members.

The behavior of customers changed in the last decade regarding the way they research information about the company before they buy a service. If in the early 2000s, customers were mostly searching for information on the company's website, now they look for the opinion of other customers first, and for the ranking, the company has in review sites. This is valid especially if the customer purchases the service for the first time or has very little experience in that field (Davis, 2007), so checking the reviews of others is a way to reduce the risk. From this point of view it is more important to build a strong brand image for a service, and then for product brands.

It is a high risk a company is taking if doesn't answer promptly and correctly to any complaint of customers, especially the ones posted on social network because the number of people seeking that post might grow exponentially and then the company will have real problem of corporation communication. There is a trend for customers to choose services that their friends or acquaintances, they are linked to in social networks, already tried and recommended.

It is critical for a company to have an active presence in any online environment its potential clients are and to attract them to the brand with innovative services on shared passions. Brands should be elastic enough as to adapt their services to fit perfectly the requirements of the customers and to achieve this; there must be a continuous communication and online interaction between the representatives of the company and the customers. Feedback coming from customers should count when changing or improving the services offered.

This paper focuses on how social media branding, mostly done on platforms like Facebook, organically attracts potential customers. Social media represents the opportunity to attract clients closer to the brand by creating social network communities in which potential clients may interact with the company representatives as well as with other clients. Due to the conversations between customers in blogs, social networks platforms, forums and review sites, online branding strongly impacts service-based companies' management approaches.

It is recommended to use a corporate brand for all services offered by the company; that brand will emphasize the vision of the company and assure the potential customer to receive the same quality for any of the services contracted.

Also, online branding done through social networks can influence the decision of customers in choosing services through the growing online communities offering quality content, leading to raising the number of clients and consequently, increasing the profit.

## INTEGRATING THE BRAND IN THE SERVICES DELIVERED BY EMPLOYEES

The content of the organizational identity and the brand image is influenced a lot by the interactions between the team members in the working space. (Karreman, 2008) The brand gives the employees the opportunity to feel proud of belonging to this team and to identify them with the power of the brand.

So branding does not only focus externally, on how the company services are perceived by the customers but also on how well the characteristics and values of the company's brand are integrated into the services delivered by employees. (Karreman, 2008)

If the employee identifies himself with the values of the brand, the services offered will have the highest quality, so when hiring a new team member, the manager should check if the characteristics of the person fit with the organization values.

When offering services, the team has to provide multiple aspects for the customer and to fulfill the vision of the company as well. Starting from the brand creation, each team member is responsible for maintaining that brand and increasing its awareness on the market. Further going, the employee can become part of the brand and by his actions is responsible for growing or sabotaging it.

The challenge in expanding a services team is to find that particular person that has the skills necessary for the job, and also has a personal value system and a vision similar to the one adopted by the brand to have a smooth induction, and increase in brand efficiency through this addition.

## RESEARCH METHODOLOGY AND FINDINGS

The data was collected through a structured questionnaire in May 2017, by surveying the owners of 96 service-based SMEs in Bucharest, Romania. The respondents belong to a wide range of service-based industries, such as health, tourism, banking, catering, architecture, design, training, management consulting, accounting, etc. The authors wanted to have in this exploratory research companies from different categories of services to see if their branding strategy will correlate with the industry or the same strategy might be applied regarding of the domain. The SMEs without branding strategy or online presence on Facebook were eliminated, remaining 71 valid questionnaires.

**Table 1: SMEs sector of activity - sample structure**

Service-based SME sector of activity	Percentage
Health	14%
Tourism	21%
Banking	5%
Architecture	8%
IT	30%
Training	9%
Management consulting	6%
Accounting	3%
Catering	2%
Other sectors of activity	2%

The respondents are entrepreneurs, 31 women, and 40 men, aged between 21 and 68, all graduates of university studies. One limitation of this study is that all SMEs are in Bucharest, so this study cannot be extended nationally.

**Table 2: Survey respondents - sample structure**

Age	Gender					
	Male			Female		
	Studies level					
	High school	Faculty	Master	High school	Faculty	Master
18-25		13	6	1	15	5
26-35	2	6			4	1
36-45	5	3			4	
46-55		2	1		1	
>56	1	1				

The items used in this study were carefully analyzed, each dependent mediator and the independent variable is measured with a 5 Likert multi-level scale. The answers ranged from 1 (strongly disagree) to 5 (strongly agree). All respondents were asked to express their perception on which of the following factors increased their service-based business performance (both online and offline). The authors decided not to separate the performance into online and offline because many of the respondents could not separate the two, as it is very difficult to state the source of brand awareness and indirectly profitability of the business when marketing efforts go in both directions. The results of the survey were the following:

**Table 3: Component items frequencies on the entrepreneurs' perception**

Item	Strongly disagree	Disagree	Indifferent	Agree	Strongly agree
I1 – Build awareness	1%	2%	12%	44%	41%
I2 – Build loyalty			5%	45%	50%
I3 – Build credibility			4%	52%	44%
I4 – Build reliability			1%	29%	70%
I5 – Build brand community	5%	4%	30%	26%	35%
I6 – Encourage communication between brand followers	3%	7%	22%	35%	33%

The authors tested using linear regression analysis in SPSS Modeler if the items listed in the table above influence the overall performance of the company and in what percent. The independent variables are the six items presented above and the dependent variable is the overall performance of the company after applying these strategies on Facebook. The results of the linear regression ( $R=0,681$  for  $p<0.001$ ) prove that there is a significant correlation among the items tested and the value of R Square, 0.470, explains 47% of the overall performance of the service-based company.

## **DISCUSSION AND RECOMMENDATIONS**

The results show that using Facebook a service-based company can increase significantly its overall performance with up to 50%. Authors noticed that building reliability is extremely important for the interviewed entrepreneurs and refers to the ability to deliver what was promised on time. If on products customers expect to find the same quality each time they buy, with services it is not a guarantee because this also relies on how employees do their job.

Very important for the performance of the company, were also considered the first three items: building awareness, loyalty, and credibility.

Even if the last two items are considered less important than the previous ones, building a brand community on Facebook and encouraging communication between followers and between company's representatives, and customers lead to traffic, social mentions and word of mouth. Also the recommendations and reviews customers leave on the brands' official page lead to increase or decrease of sales, depending if they are positive or negative towards the brand.

## **CONCLUSIONS**

Since the services are hard to visualize comparing to products, service-based companies should build a brand name associated by customers with trust, reliability, quality and innovation. In this context, managers should be aware of the fact that the most valuable asset their company has is the reputation of its brands.

Using online social network to create awareness and to attract potential customers organically towards the brand by offering quality content, together with making sure that each team member identifies himself with the values of the brand, leading in the end to a powerful brand.

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