

## Customer Satisfaction and Social Media Driven Micromarketing: An Empirical Evidence

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### Abstract

The research paper intended to view the evolution of micromarketing from its inception in 1988 by Ross Nelson Kay to the new dimension, especially in the 21<sup>st</sup> century. Also, micromarketing – customer satisfaction model was developed for the study to show the relationship between customer satisfaction, social media and micromarketing. Micromarketing concept is an upspring from long standing principles in marketing which include: market segmentation (target marketing and niche marketing), mass marketing and relationship marketing. The study revealed empirical evidences about the effectiveness of micromarketing to firms. The importance of micromarketing was identified in study. The study concluded that Micromarketing concept to a large extent is adopted by both big/small firms in their operations. It is an essential marketing tool in achieving customer satisfaction in the Airline industry. Social media is the catalyst to the development of micromarketing in the 21<sup>st</sup> century. Customer loyalty, patronage, and retention are achieved with the adoption of micromarketing in firm's operations/activities. Micromarketing assists firm's offering appeal to specific customers or segments.

**Key words:** Micromarketing; Social media; Customer satisfaction

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### 1. EVOLUTION OF MICROMARKETING

Direct marketing has come of age as a result of the presence of social media leading to micromarketing. Micromarketing was a term coined in 1988, by Ross Nelson Kay, as a marketing technique used to describe a form of target marketing that was more precise and focused than typical niche marketing technique. Micromarketing became functionally viable with the proliferation of affordable computer and mobile devices capable of stabilizing data in a format that could be tracked and altered by a single user. Micromarketing remains the most effective technique for small business users to sustain, build and grow their own brands (Peterson & Rogers, 2007).

Micromarketing was first implemented in the real estate industry and remains imbedded in small personal service base businesses (Whitehead, 1988).

According to Wikipedia articles, Micromarketing was first referred to in United Kingdom Marketing Press in November 1988 in respect of the application of geodemographics to customer marketing (Whitehead, 1988).

The subject of micromarketing was further developed with emphasis and understanding market at the local levels and personalization of messages to individual customers (Whitehead, 1990).

Micromarketing is the practice of tailoring products/services and marketing programmes to the needs and wants of specific individual and local customer groups—including local marketing and individual marketing (Kotler & Armstrong, 2010).

Micromarketing concept has gradually over the years taken a new dimension, especially in the 21<sup>st</sup> century. Verdino (2010) opined that micromarketing is a back-to-basic approach to engaging people and sharing stories more effectively in a world that is decidedly different than it was 50 years ago. He further said that micromarketing for the new age (21<sup>st</sup> century), was a series of approaches infused to their core with a social media sensibility,

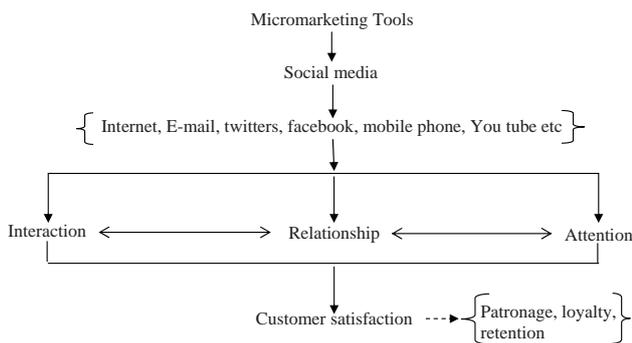
powered by social computing technologies, and optimized to allow business of all sizes and types to satisfy individual customer. Unlike before when micromarketing was the most effective technique for small business users to sustain, build and grow their own brands.

Through micromarketing businesses are now entering the mass customized world and marketers are rushing out to develop or enhance databases to make one-to-one marketing a reality (Rogers & Peppers, 2000). It is a strategy that composes database, direct and relationship marketing. Micromarketing entails creating superior value by customising products and service offerings to customers individually.

The paper intends to empirically reveal the true nature of micromarketing in achieving customer satisfaction in the 21<sup>st</sup> Century by all firms whether big or small.

## 2. THEORETICAL FRAMEWORK OF MICROMARKETING

The underpinning conceptual and theoretical framework is drawn from the author's research: Micromarketing–customer satisfaction model.



**Figure 1**  
**Author's Research: Micromarketing – Customer Satisfaction Model**

The above model shows that micromarketing is a marketing/technique strategy for designing, creating and manufacturing product for the benefit of very specific individual with the aid of social media.

The model above is derived from Verdino's assertion on the shift from mass marketing to micromarketing which had interaction, relationship and attention as key components toward customer satisfaction.

Micromarketing for the new age, is a series of approaches infused to their core with a social media sensibility, powered by social computing technologies (internet, e-mail, facebook, twitter, mobile phone, etc), and optimized to allow business of all sizes and types.

The social computing technologies assist to enhance firm's operations/activities interaction, relationship and attention through which customer satisfaction is achieved.

Interaction – with the aid of social media, customers

have the opportunity to air their opinion about a firm's offerings. It is a two-way interaction or one-on-one interaction. Gummesson (1999) opined in his model, "Return on relationship model", that good customer satisfaction arises as specific customer's needs and wants are understood better and served better.

The key to effective marketing is to use interactive communication to develop individual relationships with customers-based on providing superior value through personalized products/services. We live in a world where little things actually matter. Each encounter no matter how brief is a micro-interaction which makes a deposit or withdrawal from our rational or emotional subconscious. The sum of these interactions and encounters add up to how we feel about a particular product, brand or service. They influence our everyday behaviors more than we realize. Effective relationship with customers, interest in their opinions, and commitment to meaningful interactions with them are fundamental to a firm's success (Verdino, 2010).

Relationship – to a large extent, the success of a firm depends on its relationship with customers. Verdino (2010) opined that "what if instead of buying the many to reach the few, we built relationship with the few to attract the many? What if instead of viewing reach as a starting requirement, we saw it as the result of getting consumer relationship right?"

It is pertinent to know that establishing, maintaining, and sustaining even a few right relationships make brands more resonant, establish preferences, loyalty and advocacy, and open the door to new revenue. Mutual relationship is a great way to earn attention among an often distracted and even overwhelmed audience (customers).

Attention – micromarketing creates attention due to the power behind feedback or interaction. Firms need to know that attention is active; specific and sharply focused; watching and listening.

Firms that pay attention to customer needs and wants do not just satisfy, but make customers loyal to their offerings. Verdino who almost lost his flight due to the alert he had from JetBlue Airline was re-informed by Morgan Johnson, a Corporate Communication Manager for JetBlue Airline, the man behind JetBlue Twitter who directly apologized and confirmed his flight schedule not been changed. This act of attention by JetBlue Airline made Greg Verdino loyal and patronized the Airline the next journey to Las Vegas, Nevada.

Micromarketing to a great extent enhances customer satisfaction by paying attention to their individual needs. Customer satisfaction is the collective outcome of customer's perception, evaluation and psychological reaction to the consumption experience with a product or service (Khalifa & LIU, 2003). It leads to patronage, loyalty, retention, improve firm's image, positive word of mouth and increase profitability for the organization and customer (Gummesson, 1999; Wirtz, 2003).

### 3. PRINCIPLES OF MICROMARKETING

Micromarketing concept is an upspring from long standing principles in marketing which include: market segmentation (target marketing and niche marketing), mass marketing and relationship marketing.

#### 3.1 Market Segmentation and Micromarketing

Initially, the response to meeting customer needs better was market segmentation. Micromarketing is a concept that lies in the area of segmentation. While segment and niche marketers tailor their offers and marketing programmes to meet the needs of various market segments. The aim of micromarketing is to get close to a segment. It is an approach to market segmentation in which organisations focus precise marketing efforts on individual customers.

It is the practice of tailoring products and marketing programmes to the needs and wants of specific individuals and local customer groups –including local marketing and individual marketing. Local marketing entails tailoring a firm's offerings to the needs and wants of local customer groups (cities, neighbourhoods and even specific stores). The individual marketing concept holds that the key to effective marketing is to use interactive communications to develop individual relationships with consumer based on providing superior value through personalized product and services. Other terms for individual marketing are customized marketing, markets-of-one marketing and one-to-one marketing (Kotler & Armstrong, 2010; Rogers & Peppers, 2000).

#### 3.2 Mass Marketing and Micromarketing

Since the heydays of mass marketing in the 1950's, through the decades to the twenty-first century, marketing thought has pushed for smaller and smaller groups of consumers as market segment. Mass marketing is a market-coverage strategy in which a firm decides to ignore market segment differently and goes after the whole market with one offer (Kotler, 2010): With the mass marketing approach, firms were faced with the challenge of getting their message heard by consumers who were hard to find and even harder to influence.

One thing is certain, mass marketing no longer work effectively. Marketers are no longer able to reach a mass market. There is a shift from "awareness" to "attention" and micromarketing is the attention.

With the advent of micromarketing concept firms have now built better customer's relationship based on providing superior value through personalized products and services. "Micromarketing contrasts with mass marketing and targets the specific interests and needs of individuals by offering customized products or services. It is similar to niche marketing, but rather than targeting one large niche, a micromarketing company targets a large number of very small niches" (McKenna, 2006).

#### 3.3 Relationship Marketing and Micromarketing

Micromarketing is an upspring from relationship marketing. Micromarketing is a strategy that composes database, direct and relationship marketing. It is about attempting to create superior value by customizing products and service offerings to customer individually (Lim & Bednall, 2010).

Relationship marketing refers to a long-term arrangement where both the buyer and seller have an interest in providing a more satisfying exchange. This approach attempts to transcend the simple purchase – exchange process with a customer to make more meaningful and richer contact by providing a more holistic, personalized purchase, and uses the experience to create a stronger ties.

In relationship marketing there is a specific individual dependency between the seller and the buyer and not the general dependence between sellers and buyers according to the traditional market model (Mattson, 1995).

Relationship marketing is a philosophy of doing business, a strategic orientation that focuses on keeping and improving current customers, rather than acquiring new customers (Anyanwu & Nwokeh, 2008). Relationship marketing has become one of the most important determinants of corporate success. Retaining customers and maximizing lifetime customer value are critical to long term revenue and profitability (McKenna, 2006).

### 4. IMPORTANCE OF MICROMARKETING

The importance of micromarketing to both firms and customers cannot be underestimated. Perreault and McCarthy (2000) started that, micromarketing is the performance of activities that seek to accomplish an organisation's objectives by anticipating customer needs and directing a flow of need-satisfying goods and services from producers to customers.

With micromarketing, the approach calls for getting to know the customer's needs, likes, and dislikes very well. This makes it easier to match the consumer with the goods or services that are being offered. It is often successful because the customer receives a sense of being important to the firm and sees the efforts to connect as being on a more personal level rather than a general one.

Micromarketing offers a hopeful vision for anyone who has ever had to create a great marketing plan without a million-naira budget or an army of resources.

Small firms often employ micromarketing as a means of establishing and growing a customer base with a defined geographical area. Example, a small grocery store chain with outlets in four different cities could go with the more common approach of carrying the same produce in each store. With a micromarketing approach, each store would carry a core group of fresh produce, but would augment it with the other produce that is of particular interest to customers who frequent those individual stores.

## 5. EMPIRICAL EVIDENCE ABOUT THE EFFECTIVENESS OF MICROMARKETING

The effectiveness of micromarketing in achieving customer satisfaction cannot be underestimated. The research work conducted by Lim and Bednall; Ford motors and Coca-cola company below revealed that micromarketing assisted firms in achieving customer satisfaction, retention, and loyalty.

### 5.1 Micromarketing (Social Media) Create Attention: Ford Fiesta Movement Campaign

Ford Motors introduced a new model of car in 2009 called Ford Fiesta, instead of using their normal traditional media-advertising to create awareness, the company rather adopted the social media to create attention of their offering. Ford loaned European – Spec Fiestas to 100 young typer connected social media mavens (users) for six full months as means of earning attention, build evangelism, generating buzz, and sparking a movement (the fiesta movement, as Ford termed it) that offered the potential to deliver a return that far outstripped the company’s relatively meager investment.

Among the 100 persons used by Ford Motors to participate in the programme were top YouTube Star Judson Laipply, lifecasting poster girl Jody Gnant, and socially Savvy visual artist Natasha Wescoat, micromavens (microuersers) who had not only the inclination to tell stories and spread the word, but also the platforms and spark a groundswell in peer-to-peer conversations about the Fiesta. Verdino (2011) opines that, but even more important than tapping the right communicators, Ford stacked the cards for success by choosing the right non-traditional approach, one that well aligned with the essence of the car itself.

Ford has estimated that the agent’s fiesta movement-related content, which was created and distributed over the course of the six-month programme, delivered more than 10 million earned media impressions, all without a single dollar of paid media spend and an overall investment far lower than it would have made to field a more traditional mass marketing campaign. According to data released by Ford Motor Company (Chapter 1.Fiestamovement.com), that number comprises:

- Million YouTube video views
- More than 3.7 million estimated Twitter impressions
- 740,000 flicker photo views.

Ford attests that the resulting brand-name recognition for the not-yet-available Fiesta had reached 80 per cent by the end of the Fiesta had reached 60 percent by the end of the Fiesta Movement, a notable level of awareness rivaling that of equivalent models marketed and sold in North America for two to three years. And this exactly the type of attention Ford needed to resonate.

As a final measure of success, through this programme

Ford accumulated a database of more than 80,000 hand raisers who expressed interest in learning more about the 2011 model as soon as vehicles arrived in dealer showrooms – 97 percent of these people didn’t drive Ford vehicles at the time.

### 5.2 Micromarketing Enhances Brand Loyalty: Lighting in a Bottle (Coca-Cola Soft Drink)

“In September 2008, Dusty Sorg and Michael Jdrzejewski – a couple of regular guys from Los Angeles – created a Facebook Page from their favorite soft drink, Coca-Cola. Theirs was just one of more than a hundred similar pages devoted to the brand, but moreso than others, their tribute struck a nerve among fellow coke lovers” (Verdino, 2010: 33).

Within just a few months, the Page Dusty and Michael built has amassed more than a million fans, making Coca-cola the biggest brand on Facebook even though the beverage giant’s own marketing team had nothing to do with the effort.

Coke’s marketing leaders were monitoring its growth from a distance before eventually stepping in, not with cease and desist, but with a helping hand. Today coca-cola’s page remains one of the most vibrant product-focused communities on facebook, and the hub that grew out of the efforts of just two regular consumers is still dominated by the voice of the customer.

Everything coke does in social media abides by a fan-first philosophy and aims to strike the right balance between truly organic consumer involvement and strategic brand participation. As Michael Donnelly, the coca-cola company’s group director of now world wide interactive marketing puts it, on facebook “our fans create, upload, consume and comment on their own user-generated, brand-related content. Coke listens, respects, and celebrates the manifestations of their brand while supplementing what the community itself is doing with our own content to support brand marketing objectives.” (Verdino, 2010: 34).

Micromarketing is not only best suited to small businesses, underdog challenges, individual strivers, and grassroots firms, but also global giants companies like coca-cola, Ford Motors, Motorola etc.

The Motorola Company is adopting today’s technology to customize its products – quickly to serve the needs of individuals consumers. Motorola co-designs pagers with customers and manufacturers customized pagers to their specifications. To accomplish this, Motorola’s pagers sales force visits a potential customer and uses the customer’s own specifications to design the pager system that will satisfy the individual customer’s needs. Then the salesperson finalises the specifications on a laptop computer and sends it via modem to the Motorola’s factory. Incredibly, over 20 million types of pagers can be specified by a customer and manufactured by Motorola. More incredibly, it is possible for the factory to finish

producing the first customised pager of any customer's order in two hours. That kind of customization and speed creates an amazingly strong relationship (Rogers & Peppers, 2000).

### 5.3 Achieving Customer Satisfaction Through Micromarketing

Customer satisfaction is the degree to which customer expectations of a product or service are met or exceeded. It is a well known fact that no business can exist without customers. Firms are required to offer products/services that meet or surpass consumers expectation. This in turn will lead to customer satisfaction. In achieving customer satisfaction firms need to applied micromarketing in their operations/activities.

Study conducted by Anyadighibe (2012) concluded that Arik Air and Aero contractors to a large extent applied the micromarketing concept in their operations in achieving customer satisfaction by having database of customers (passengers). Social media is the catalyst to the development of micromarketing in the 21<sup>st</sup> century. The mobile phone and firm's website are the most adopted social media in communicating to customer on any form of development by services operators. To a large extent, mobile phone and firm's website provided satisfaction to customers (passengers). This is because they can easily be contacted or informed of a firm's offerings.

Customer loyalty, patronage, and retention are achieved with the adoption of micromarketing in firm's operations/activities. Micromarketing assisted Airlines offerings (services) appeal to specific customers or segments.

Through micromarketing (social media) interaction (feedback), attention and firm-customer relationship are made possible or achieve.

### CONCLUSION

- Micromarketing concept to a large extent is adopted by both big/small firms in their operations. It is an essential marketing tool in achieving customer satisfaction in the Airline industry.

- Social media is the catalyst to the development of micromarketing in the 21<sup>st</sup> century.

- Customer loyalty, patronage, and retention are achieved with the adoption of micromarketing in firm's operations/activities. Micromarketing assist firms offering appeal to specific customers or segments.

- Through micromarketing (social media) interaction (feedback), attention and firm-customer relationship are made possible or achieve. An army of resources are

not required when adopting Micromarketing in a firm's operations/activities.

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