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CUSTOMERS' EXPERIENCES OF RELATIONSHIPS WITH SERVICE PROVIDERS OCCURRING IN REAL AND VIRTUAL ENVIRONMENTS

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1 INTRODUCTION

This thesis was conducted to the Department of International Marketing of Lappeenranta School of Business. The objective of the thesis is to present an accurate description of one specific theoretical situation in order to achieve essential information and comprehension of the issue. The report is based on strong theoretical development and current practical investigation.

1.1 Background of the Thesis

The topic of the thesis is an extremely current subject in the modern business environment today. It has been witnessed that the social virtual world is gaining a strong and powerful position in the overall communication and interaction processes among people. The subject in question raises a highly interesting situation of the relationships between companies and their customers which are progressively transferring into the virtual environments. It is becoming even more reasonable to state that this situation is turning the business world into a more open and interactive system, which tends to further influence the ultimate customer experience and overall satisfaction.

The theories of relationship marketing and value creation process have gained their official stand throughout the years they have existed. The most well-known pioneers of these theories include Evert Gummesson and Christian Grönroos. Also Adrian Payne has made a significant contribution to the theories in question. The definitions and illustrations which these authors provide of the fields of relationship marketing and value creation processes are introduced later in this thesis.

In addition to the theories of relationship marketing and value processes, the attention is also drawn to the topic of experience marketing. The more practical perspective on the subject is provided as well in this thesis. Thus, this empirical view point is drawn from the modern virtual world and the natural aspects of social networking between people. In this thesis, the virtual worlds and social networks are defined and interpreted with the currently found theories of social media and virtual

customer environments. These theories in question are provided by Henrikki Tikkanen with his fellow researchers and Satish Nambisan with his partner Robert A. Baron, to name a few.

In the research arrangement of this thesis these two components of existing theories are brought together to form an overall picture of the situation presented in the very first statement of this section. It is essential to integrate the relationship aspects and the social virtual networks in order to establish the framework for the present research. The fundamental research frame and the limitations of the thesis are presented in the following.

1.2 Research Frame and Limitations

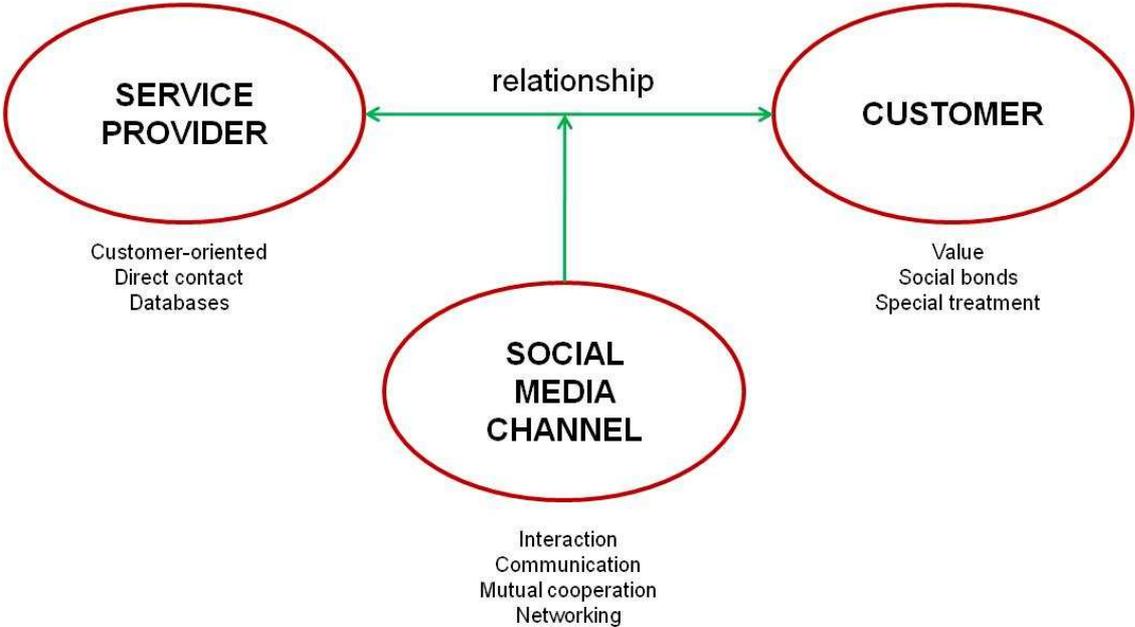


Figure 1. Research frame of the thesis.

The research frame that is applied to the fundamental research study of the thesis is illustrated above in the Figure 1. As the picture presents, the research is covering altogether three participants which are operating in a relation with each other. These parties are a service provider, customer and social media channel. However, the fundamental approach of the research is mainly made from the customer’s point of view.

In addition to the fundamental relationship between the service provider and the customer, there is also the social networking channel presented that is enabling the connection of the company-customer interaction. However, the role of social media in this context is only taken into consideration based on the fact whether it affects the ultimate perceived relationship quality between the service provider and the customer or not. Different customer perceptions are expected to rise from the research conducted through the qualitative interview questionnaire. Thus, it is examined if the employment of the social networking channels increases, decreases or has no effect at all on customers' perceptions of overall relationship quality and benefits gained.

1.3 Research Problems and Objectives

The main research question of this thesis is formed to be as follows: *What kind of experiences do customers have from their relationships with service providers, and do customers perceive to gain exclusive quality and value through interacting in social networking channels with these companies?*

To specify the focus into a certain part of the relationship interaction, the decision is made to examine the situation using the social media as a possible facilitator of the relationship quality in the research. This specification is made by forming the following sub-question: *How do customers experience the ultimate value of interaction in their relationships with service providers which occur in virtual environments of social networking?* Furthermore, two additional sub-questions are also presented in order to interpret the findings of the ultimate research more precisely: *Does social networking channel affect the customers' experiences of relationship value creation? If it does, what are the ultimate benefits of the relationship quality perceived by customers?*

The main objective of the thesis is, straightforwardly, to study how customers perceive the value and benefits created through relationships with the service providers. The aim is also to view the situation before and after the mutual involvement in social networking environments. The difference between possible situations of enhancement, deterioration or invariability of the perceptions of the relationship experiences is expected to be observable. In addition, the understanding

of the reason why customers are participating in the social virtual network channels and interacting with the service providers' member pages is also essential to gain through the help of the present research.

1.4 Theoretical Framework

The thesis is divided into three main parts: the review of scientific theories based on the topic, the qualitative empirical research to investigate the underlying research problems and the case study in order to illustrate the theories and the ultimate research in practice. The fundamental theoretical framework of the thesis is portrayed in the Figure 2 below.

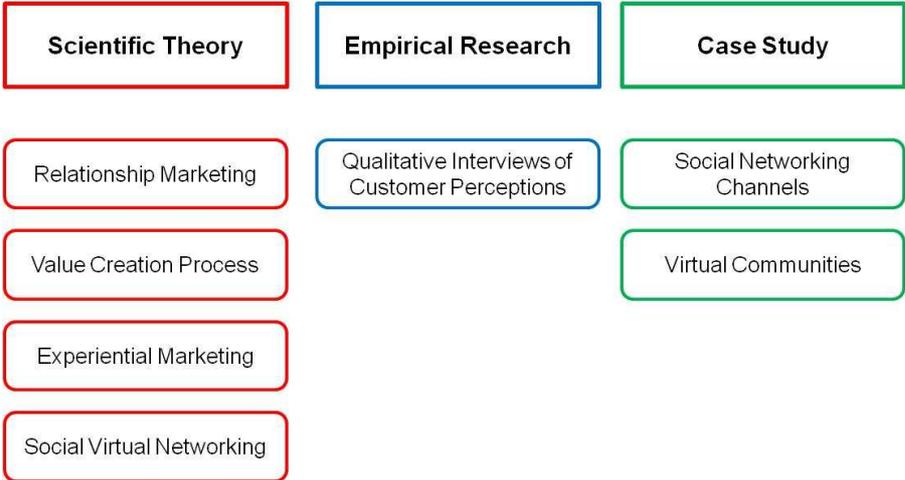


Figure 2. Theoretical framework of the thesis.

The very first part of the thesis is a theoretical part in which the aim is to study and present the existing scientific theories and models related to the topic. The main theories covered in this thesis include the fields of relationship marketing and value creation process. In addition, the approaches of experiential marketing and customer experience management (CEM) are also discussed. The whole theoretical part is viewed from the perspective of services marketing, and in the end, the connection with the social networking theories is created.

The empirical part of the thesis consists of qualitative interview with the customers through selected social networking medium. The case study situation is created through the social virtual environment channels, such as virtual communities and

other platforms commonly used for networking. The information for the empirical research is collected through the interview questionnaire distributed to the target audience via virtual social networking tools. Additionally, the observational perspective of the behaviors and attitudes of individuals and service providers in the virtual social network platform is also taken into consideration.

1.5 Research Methodology

The ultimate research of the thesis is conducted through a qualitative interview performed in one social networking channel in the virtual environment. In this thesis the utilized channel is Facebook, which is seen to be the most popular and commonly known virtual community platform for networking and information sharing. The fundamental objective of the study is to collect information from the customers participating in the virtual social worlds. Thus, the ultimate research method is to interview people online by engaging them to answer a prepared questionnaire regarding the topic.

According to Hirsjärvi et al. (2005), a questionnaire is one of the commonly utilized research methods for collecting information. Traditionally, this method in question is seen to focus more on the quantitative perspective of data processing. However, in this thesis the approach to the employment of the questionnaire is established with qualitative characteristics. Thus, the research questionnaire is consisted of open questions, which enables the respondents to answer the questions with their own words. The fundamental research questions are formed as interview questions generally, and the ultimate answers are analyzed and interpreted in qualitative research settings.

The plan of the research is to examine different service provider companies that have created their own company profile page or customer community site into the virtual environment and to study, how the customers are participating and communicating in those network platforms. When approaching the research method from the situation of the case study, namely the networking platform of Facebook, the ultimate goal is to carry out the interview questionnaire in this networking environment in particular and research how customers perceive their overall relationship experiences with the

companies to be. The target is to investigate the reasons why customers are joining the companies' Facebook member groups and whether the visibility and participation in the virtual social networking channel influences the overall perceptions of the company-customer relationships either positively or negatively.

1.6 Literature Review and Definitions of Key Concepts

This research is based on the theories of relationship marketing and value creation process. One of the most well known authorities in the field of relationship, value and services marketing is Christian Grönroos. According to Grönroos (2000, 39), the concept of marketing is seen as management of relationships between suppliers and customers, as well as value creation for customers through these relationships. In his book *Service Management and Marketing* (2000, 243), Grönroos takes an approach of customer relationship management and defines relationship marketing as follows:

“The purpose of marketing is to identify and establish, maintain and enhance, and when necessary terminate relationships with customers (and other parties) so that the objectives regarding economic and other variables of all parties are met. This is achieved through a mutual exchange and fulfillment of promises.”

In addition to the Grönroos's extensive definition, Gummesson (1994) simplifies that relationship marketing is seen as relationships, networks and interactions. These two definitions in particular are the main drivers of this academic research. In addition, when defining the concept of services marketing as a whole, Christian Grönroos (2000, 22) states that the main fact to consider in this particular field is that services are relationship-oriented by nature. Based on this definition in question, this thesis is focusing specifically on the relationships between service provider companies and their customers.

Another author discussing the field of relationship marketing, Adrian Payne (2006, 4), states that the significant objective of interactive relationships between the company and its customers is to improve ultimate customer value and corporate profitability. This academic research concentrates on observing these interactive relationships

from the customers' view point and examines customers' overall perceptions of ultimate relationship value.

In addition to the literature related to relationship marketing and value creation process, the focus of this thesis is made on the strongly emerging theory of experiential marketing and customer experience management (CEM). Three authors, significantly dedicated to these subjects, and their definitions of these theories are presented in this thesis. One of them is Bernd H. Schmitt. According to Schmitt (2003, v), experiential marketing offers another marketing paradigm that emphasizes the role of customer-centricity. Furthermore, the author states that the approach of experiential marketing illustrates the today's reality where companies are forced to create a variety of unique experiences for their customers.

According to Colin Shaw and John Ivens (2005, 4), customer experience is all about how the interaction with the company makes the customer feel as a whole. The authors specify that this feeling may be influenced by the quality of the product or service, the perceptions of the personnel attitudes to serve, the length of delivery time and the after-purchase care treatment in addition to the attention and respect given to the customer on behalf of the company. This list tends to continue limitlessly and may include different factors depending on the business affairs and parties involved in the creation of the overall experience. Furthermore, Schmitt (2003, v) defines the total customer experience to consist of operational, informational, emotional and psychological elements. Thus, it comprises everything that the customer is able to sense and feel, think and act about and relate to.

In addition to the already introduced theories, also the scientific approach to the social media and networking as well as the perspective of the field of virtual environment is covered in the thesis. Various authors of the field and their definitions and approaches to the virtual social networking theories are covered in this report. One of such definitions is by Tikkanen et al. (2009). The authors define the concept of virtual world as a medium which enables its users to communicate and interact in real time. This definition clearly includes the use of all computer-based environments, such as Internet. Additionally, the concept of social media needs its own definition as well in order to form the comprehensive insight to the research phenomenon.

According to Reid (2009), the concept of virtual social technology is differentiated into three generally distinct areas which are social networking, social media, and social web. Reid stresses that even though these terms are often seen to have the same ultimate meaning, and are usually used interchangeably, they still have their own fundamental definitions. These definitions are presented more accurately in the theoretical part of the social networking.

1.7 Structure of the Thesis

This thesis follows the structure regulations instructed by Lappeenranta School of Business. The report includes the following main sections: 1) a description of theories used in the research process, 2) an illustration of empirical situation influenced by virtual social networking channel, 3) an employment of qualitative interview in the exploration of customers' perceptions of their relationship experiences, and 4) an application of the research findings into a practical environment.

The theoretical part of the research topic is covered the first in the thesis. The section of the theory review is then followed by the empirical investigation part, where the selected case study situation is presented and applied to the theoretical application. At the end of this thesis the main research findings are presented and evaluated. Also possible generalizations are established in order to achieve more comprehensive picture of the case study. In addition, some recommendations for service provider companies are provided along with the guidance for further discussion and the requirements for more detailed research of the topic.

2 RELATIONSHIP PERSPECTIVE

In today's advanced and sophisticated business world the role of overall service quality and value are emphasized more strongly than ever before. Consumers are continuously growing more informed and more intelligent of their alternatives and benefits. They demand higher degree of quality and value in every aspect of their service supplier selection and ultimate purchase decisions. In addition, consumers often crave for superior treatment from companies they associate with. If the companies fail to provide the services that satisfy the expectations of the consumers, the business operations in the long run can be self-defeating. Ultimately companies lose their customers and are dropped down from the fierce market competition if nothing is done to improve the situation in question.

In order to survive the ongoing competition for quality, companies must offer their customers extremely unique and customized service experiences. However, in order to be the most customer-focused company, the differentiation from competitors is no longer sufficient enough. According to a partner with Baseline Consulting firm Jill Dych (2009), the ultimate differentiation in customers and between them is the most essential aspect to consider in these particular situations. Thus, the only way to enable these one-of-a-kind experiences is to create long-term and close relationships with the customers and to encourage interactive conversations with them. At the same time, however, it is important to create interactions also among and between the customers themselves. To put the main message aspired above into more straightforward form; we can conclude that effective interaction and communication processes between the customer and the service provider are needed to create the highly customized service experiences.

2.1 Foundations of Relationship Marketing Theory

The main theory behind the relationship perspective and relationship management approaches is the trend of relationship marketing. One of the very first authors of the theory, Evert Gummesson (1994), defines relationship marketing to be seen simply as relationships, networks and interaction. Gummesson explains his view with the

statement that it is required at least two parties to form a relationship. As the most fundamental factor of the theory, Gummesson presents the relationships between suppliers and customers. Furthermore, for relationships to exist as a whole, the role of interaction between parties becomes extremely crucial.

To extend and clarify the Gummesson's concise definition of relationship marketing, the other approach is accompanied in this thesis. Christian Grönroos's (2000, 243) view of relationship marketing theory concentrates mainly on the process perspective. Directed with this perspective, Grönroos states that relationship marketing starts from identifying and establishing relationships with customers and other stakeholders, continues to maintain and enhance these relationships in the long run, and ends with possible termination of the relationships if or when necessary. Additionally, according to Grönroos's definition, this whole process should be implemented at a profit, thus, so that each and every objective of all parties involved in the relationship is met. These objectives can range from simply financial and economical outcomes to more complex social and experiential ones. According to Grönroos, the desired results of relationship marketing process are gained only by a mutual giving and fulfillment of promises. (Grönroos, 2000, 243)

2.2 Key Processes of Relationship Marketing

Christian Grönroos (2004) emphasizes the fact that if relationship marketing is to be successful, an integration of four main key processes should be made. Firstly, a two-way integrated marketing communications perspective should be established between the supplier and the customer. Secondly, as we already emphasized above in Gummesson's definition of relationship marketing, the interaction process between the parties involved must be established and managed properly in order to bring benefits and value as results to each participant.

Thirdly, according to Grönroos's process approach, the ultimate strive for dialogue between the service provider and the customer will only emerge if the value-enhancing interactions are strongly in place. As the author states it, the resulting dialogue has an essential role in information and knowledge sharing in the relationships, which further strengthens the relationship between a service provider

and its customer. Fourthly and most importantly, Grönroos emphasizes that if all three previously illustrated processes are carefully implemented and well understood, the ultimate process of customer perceived value and quality should be the main focus of a service provider company. Thus, the supplier or service provider has to adopt its resources, competencies and overall activities according to the customer's value-generating processes in order to provide the kind of value the customer expects. (Grönroos, 2004)

All the key processes of relationship marketing presented by Christian Grönroos (2004) play significant roles in the ultimate relationship experiences between companies and their customers. In the case of building relationships in the virtual social environments, the four key processes of relationship marketing discussed above are the main aspects to take into consideration when examining the overall experience that customers perceive to gain.

2.3 Relationship Value Process

As already discovered earlier, the main objective of relationship marketing is to create value for each party involved. In the situation where there is a relationship between the company and its customer, the value of the relationship itself experienced by customer is the most essential factor that will be taken into more precise consideration further in the thesis.

As established in the previous section, relationships are processes which are created, enhanced, maintained and if necessary terminated over time (Grönroos, 2000, 243). The very essential value process, which is seen to be the ultimate outcome strived for in relationship marketing, follows closely these stages of relationship development. However, the core requirement is that the customer actually perceives and further appreciates the value that is created through the relationship on the continuous level. (Grönroos, 2004)

Traditionally, the value perceived by customers is understood to cover mainly the value emerged with the product or service being consumed. Thus, the quality of the

offering defines the value for customers. However, in this thesis the focus is made on the quality of relationship itself and its role in the total value perceived by customers.

2.4 Roles of Relationships

Rajnish Jain and his fellow researchers (2003) start their article about the concept of customer relationship management with a concise and direct sentence: "Relationships are the essence of life." It is very difficult not to agree with the writers, because this fact is commonly known to be perfectly true. The first and foremost explanation to this statement is that people are by nature social animals which are accustomed to live and behave in groups. In these groups, such as family, friends and work communities, people tend to build relationships of many kinds with each other. These relationships can range between short and simple exchange interactions to long-term strong and close family bonds.

On the other hand, when approaching the Jain and his fellow associates' (2003) statement from the business environment's point of view, it can be concluded that the relationships are the essence of life also for companies. The same as individuals have different relationships with each other, the companies build many kinds of relationships with one another. Furthermore, it is clear that individuals can also create various relationships with companies and the other way around.

Belonging to a certain relationship cultivates widely extensive sets of values and benefits to each party involved. In some fundamental cases the relationships are based only on these values achieved as an outcome. However, in most situations, relationships are established based on the benefits gained from the relationships themselves. Involvement and active participation combined with continuous interaction between relationship parties generates the kind of value that has neither limits nor boundaries. This uniquely created set of values affects not only the relationship parties but also the whole environment embracing this relationship.

2.5 Defining Customer-Perceived Value

Value as a concept is extremely difficult to define accurately enough in order it to be understood correctly and coherently. This practical problem in question led Christian Grönroos and Annika Ravald to investigate the role of value in the field of relationship marketing already back in 1996. Ravald and Grönroos (1996) emphasized in their article the importance of value as a main component of the relationship marketing theory. Additionally, the authors noted that the essential role of companies in this context is to provide and to add the superior value for their customers in order to satisfy them and to make them loyal. This, in turn, brings the company much needed sustainable competitive advantage. Therefore, in order to provide and improve the customer-perceived value, the companies have to establish and maintain long-term relationships with their customers.

Customer-perceived value can be determined simply as a relation between perceived benefits and perceived sacrifice (Ravald & Grönroos, 1996: ref. Monroe, 1991). However, it is important to point out that the perceptions tend to be individual and subjective by nature and, therefore, the ultimate value perceived by customers can vary significantly among different individuals (Ravald & Grönroos, 1996: ref. Zeithaml, 1988). Thus, this means that the customer-perceived value is highly situation specific (Ravald & Grönroos, 1996) and is greatly influenced by customers' varying attitudes, desires, demands and expectations, among other things. According to Ravald and Grönroos (1996), this fundamental attribute of value perceptions raise various challenges for companies to provide the right value and the right experiences to the right customers.

2.6 Measuring Relationship Value

For relationship value to be measured effectively, some essential elements are required to be understood and fulfilled accurately before the actual assessment takes place. In their article, Jain et al. (2003) present some crucial behavioral dimensions in order for relationships to function properly. According to the authors, these elements in question resulted through a long and vast data collection phase using in-depth interviews with service professionals and academic experts. A few of these

dimensions connected with some other aspects brought up from other theories are discussed more deeply in the following subsections.

2.6.1 Creating Customer-Oriented Relationship Bonds

From a service provider's view, the ultimate role of a company is to provide their customers the kinds of experiences they demand and expect to receive. In order to properly fulfill customers' desires, both parties must obtain the sense of commitment and devotion. This again can be generated only through unique and strong relationship bonds between the service provider and the customer. (Jain et al., 2003: ref. Hochschild, 1979; Rafaeli & Sutton, 1987; Bitner et al., 1997)

As it was concluded in previous sections of this thesis, building long-term relationships between the service providers and the customers is the main task to stay alive and to generate value not only for the relationship parties involved but also for the whole community engaged around the relationship. In the situation of strong and long-lasting relationships, the benefits and overall value concept gain deeper meaning than usual (Ravald & Grönroos, 1996). The notion of value grows to cover not only material benefits but also psychological benefits created for the customer through the relationship itself. Because relationships are social and dynamic by nature, it is obvious that they require a strong level of high-spirited openness, active interaction and close involvement. Also the bases of continuity, reliability, security and respect are extremely important to establish when building strategically consequential relationships (Ravald & Grönroos, 1996).

When all of the previously discussed most essential elements of relationships are in place and integrated truly into all practical activities, the ultimate customer satisfaction and loyalty is expected to follow (Ravald & Grönroos, 1996). This, in turn, increases the overall involvement and participation of customers, and further enables the eventual retention of the customers (Jain et al., 2003). Taking care of the customers and engaging the sense of trust and confidence in the relationships, the service provider assures the best possible experiences for its customers. Of course, for these situations to function with the best possible way, the behavior and attitude

of the company must be genuine and highly dedicated, or, in other words, sincerely customer-oriented by nature.

2.6.2 Understanding Customer Expectations and Learning

In order to be successfully customer-oriented service provider, the company must understand what its customers are demanding. Usually, this is taken care of by conducting a general market research campaigns. The results are, in turn, examined from a broad perspective and, regrettably too often, in a very ineffective manner. In order to truly comprehend what customers demand, expect and desire in reality, service providers must build extensive databases to segment and differentiate their customers from one another. Not only is the establishment of database systems important but so are also the tools created and utilized for collecting information and tracking possible developments and changes of this information. The best way to get this kind of extensive knowledge of customers is to engage them into mutual conversations and open communications with the company itself. (Jain et al., 2003)

When examining the management of relationship oriented marketing especially from the customer's point of view, the underlying process approach presented by Grönroos (2004) is yet again in a remarkable role. Thus, for successful execution of company's relationship strategy, three vitally important elements should be implemented and integrated as a whole. First of all, an active interaction between the service provider and the customer needs to be established. Secondly, a two-way communication and conversation should be planned and integrated in order to enter in a close and open dialogue with the customers. Thirdly and foremost, the value resulted from the relationship is better be co-created and objective fulfilling. (Grönroos, 2004)

2.6.3 Roles of Customers

Involving the customers themselves in service provider's relationship strategies is a very crucial issue to consider. Especially, when dealing with co-creation of value. According to Payne et al. (2008), in the end there is relatively little knowledge about the ways customers are engaged in this co-creation of value processes. Also the

authors agree with the already emphasized fact that processes in question exist only when the relationships are developed in the long run through interaction and dialogue with the customers involved. However, Payne et al. (2008) state in their article that they are approaching this subject with the perspective presented by Vargo and Lusch (2008). Namely, according to Vargo and Lusch's view, the customer is always a co-creator of value. Furthermore, this approach stresses that the ultimate experience and perception of the relationship involvement are essential to the ultimate value determination. Vargo and Lusch (2008) bring also the concept of value-creation network to the overall definition of co-created value. The authors specify that the value-creation network is consisted of all entities engaged in the relationship at a societal level in addition to the relationships parties themselves.

In the situation of co-created value, the role of the customer is emphasized remarkably by each author presented above. Modern strongly dynamic marketplace is transforming to be the forum in which customers play more and more active roles in creating and competing for value. The customer's position is evolving from being a simply passive member of a mass audience to be an active participant in the business field. (Prahalad & Ramaswamy, 2000) Customers are getting more and more informed and aware of their various choices at a very extensive scope than ever before. The fact, according to which the power and knowledge of the customer are growing on a strong and continuous basis, has shifted the way the companies approach their customers. This view has forced companies to consider their customers as partners, and to engage them in close and open dialogues with the firm. On the other hand, the growing competence of customers can also turn out to be a damaging factor for the company if it is not monitored properly enough. That is, the situation where the customer begins suddenly to act as a competitor to the company (Prahalad & Ramaswamy, 2000).

According to Holbrook (Payne et al., 2008: ref. Holbrook, 1996), the ultimate customer experience of the relationship defines what is truly valuable to a customer. Also Prahalad (2004) has identified the importance of experiences in value co-creation process. According to Prahalad, value is created especially through personalized experiences with the company. At this point, it is essential to point out that the extensive understanding of the concept of customer experience and overall

theory of experiential marketing must be obtained in order to have a clear viewpoint to the matter. Therefore the next sections will be dedicated for this topic in question.

2.7 Theory of Experiential Marketing

The emergence of the modern concept of customer experience and experiential marketing is strongly evolving the fundamental theory of relationship marketing. It is becoming increasingly clear that a new business differentiator is rising with a rapid phase and strong power (Shaw & Ivens, 2005, 1). And it all comes back to the theories of customer relations and customer-focus (Schmitt, 2003, 1). According to the author of the theory, Bernd H. Schmitt (2003, v), experiential marketing offers another marketing paradigm that emphasizes the role of customer-centricity instead of product- or brand-orientation. Furthermore, Schmitt states that experiential marketing approach illustrates the reality where companies can create a variety of multiform experiences for their customers.

Today, the modern business world is becoming even more interested in the final customers and their actual experiences as a whole than before. Although, companies have over the centuries commonly understood that the most essential factor of their existence and success is the ultimate customer, only now they finally have grown to realize the definitive meaning of it. The meaning, namely, is to take the customers seriously. This, in turn, means that the company has to understand the total customer experience and provide highly valuable treatment for its customers. (Schmitt, 2003, 17)

2.7.1 Experiential Consumption

The experiential consumption approach views the fundamental consumption theory from emotional, contextual and psychological aspects where value is created not through the object of consumption but through the experience of consumption process itself. (Arnould & Thompson, 2005) When traditional information-processing and decision-oriented impulse theory portrays the consumer as a passive actor who only reacts on different stimuli, the experiential view of consumption is concentrating instead on the consumers' pursuits of fantasies, feelings and fun. (Holbrook &

Hirschman, 1982) Thus, this means that the experiential approach has broadened the fundamental consumption theory to include not only the rational and collective aspects of consumption experience but also the emotional and private ones (Frow & Payne, 2007). In order to provide highly unique and outstanding experiences for their customers, the service providers must integrate the strategy of customer experience management (CEM) into their fundamental business operation processes. This approach of the CEM is discussed more deeply in the following.

2.7.2 The Framework of Customer Experience Management

Bernd H. Schmitt (2003) is the author of the book called Customer Experience Management (CEM). In his book the author presents this revolutionary approach for companies to connect with their customers. According to Schmitt (2003, 17) the concept of customer experience management can be defined simply as the process of managing a customer's total experience with a company. The author also specifies that the CEM offers analytical and creative insights into the customer's world in addition to the strategic tools for shaping that particular world and implementation tools for increasing ultimate customer value (Schmitt, 2003, 22).

According to Schmitt (2003), the customer experience management (CEM) can be seen as a framework with five basic stages. The first stage is to analyze carefully the entire experiential world of the customer, followed by the second stage, where it is time to build a unique experiential platforms according to the findings made in the analysis phase. The aim of these two first stages is to form an original insight into the customer's world and to construct a dynamic, multisensory and multidimensional platform for desired experiences. The customer's world should be examined in its extensive socio-cultural environment in which customers naturally operate in. Additionally, the needs and wants as well as the various lifestyles of the customer should also be investigated in order to build strategically functional experiential platform. (Schmitt, 2003, 25–27)

The third step in Schmitt's (2003) customer experience management framework involves the designing of the brand experience into the platforms created in the previous stage. According to Payne et al. (2009), the brand experience should be

designed along the association with the concepts of brand relationship and value co-creation. The authors also stress that the relationship marketing perspective, which was discussed in the previous sections of this thesis, is the main theoretical view point for understanding the interactions between the customer's experience and the company's brand.

The last two stages in Schmitt's (2003) framework are to structure customer interface and to engage the customers into continuous innovation processes. According to Schmitt's approach the customer interface is always dynamic and interactive and, therefore, it should be given a very high level of attention in managing the customers' experiences. The ultimate design of the interface based on the experiential perspective must include in addition to the basic tangible components also the unique intangible elements. These intangible elements may include, for example, attitude, feelings, voice, and behavioral styles. After the desired customer interface has been established, the company must engage its customers to participate actively through the created point of connection. Furthermore, the encouragement for continuous processes of improvement and development of customer experience must be provided from the company's side. (Schmitt, 2003, 28–30)

2.8 Summary of the Relationship Perspective

Forming close and long-term relationships with the customers play a crucial role in the modern business world. Without these bonds it is nowadays considerably difficult to engage customers in the interaction and association with the companies. However, for relationships to be effective enough, the two-way integrated marketing communication strategy, the comprehensive interaction process and ultimate strive for mutually involving dialogue should be integrated as a collective whole. This integration of these three elements is essential in order to create value and benefits for customers.

The concept of customer-perceived value of the relationship is considerably complex and variable to define. However, it can be concluded that the relationship with the service provider company enables customer to experience extensive amount of social, psychological, emotional and informational benefits. Additionally, customers

can contribute to the process of value co-creation by engaging actively in the development of relationships on a long-term basis. By operating together for achieving the mutual objective set for the relationship, the company and the customer enter into more open, reliable and continuous conversations in order to produce the precious value for both parties.

In today's business world creating superior customer experiences tend to be one of the central objectives across companies. More and more companies are embracing the concept of customer experience in their mission statements. The aim is the same in every company, namely, to provide personalized and unique experiences for their customers. But how exactly are these special experiences created for customers, and how do customers ultimately perceive these experiences to be special enough to satisfy their needs and desires?

The previously proposed questions reassign our perspective now to the next issue covered in this thesis. These questions are answered by integrating all of the theories presented previously in this thesis. However, the integration is made by connecting the theories with the modern concept of virtual environment. Thus, the next theory section of the thesis discusses the creation of superior customer relationship experiences enabled by different virtual environment channels. The following part concentrates on the visibilities in the virtual world of both the company and the customer specifically in the channels based on social networking. The discussion is structured with the ultimate target in mind, namely, to examine the customers' perceptions of co-creating the superior relationship experiences when the interactions with the service providers are taken place not only in the real world but also in the virtual social networking environment.

3 THE VIEW OF SOCIAL NETWORKING

In today's modern world, the rise of social media is transforming the traditional business environment tremendously. In addition to the already occurred transformations, the development of this new phenomenon is continuously increasing even further. Whole new concepts, practices and approaches emerge as the traditional theories evolve to embrace the ubiquitous nature of modern social networking.

The significant rise of social networking is seen to be affected by trends in increased access to technology and a general growth of peoples' e-skills all around the world. Additionally, a generational shift in demographics toward favoring openness, communication and quality has influenced more social approaches in operating in modern experience based economy. (Reid, 2009) Companies all over the world have embraced these new and outstanding channels to connect and communicate with their customers. Today, involvement in social networking has a crucial role in companies' successful business operations.

3.1 Evolvement of Definitions

The concept of social technology has seen to be differentiated into three generally distinct areas. These areas are presented in terms of social networking, social media, and social web. In general conversations these terms are often perceived to have the same ultimate meaning, and are usually used interchangeably. However, social networking, social media, and social web have their own fundamental definitions. Social networking refers to networks and communities of individuals who come together to make connections with each other and provide content for these purposes only. Social media, on the other hand, relates to the production of general information content by users. Compared to the content produced in social networks, the content produced in social media is typically accessible and searchable by all people operating in the environment. Social web, again, refers to the ultimate way an entity organizes its identity, connections, and content throughout the Internet. (Reid, 2009)

Common conception of social networks, media and web is that they all represent a two-way framework for communicating and information sharing (Reid, 2009). Nowadays, social technology tools are enabling everyone to search, reach out, and connect with anybody they prefer. In addition, the user information can be dynamically generated, maintained and updated for sharing with anybody participating in the social virtual worlds. (McKay, 2008)

The concept of virtual world needs also to be defined in order to get the comprehensive insight to the phenomenon in question. Virtual world is seen as a medium which enables its users to communicate and interact in real time in all computer-based environments such as Internet. Overall, virtual worlds can be categorized according to the users' objectives and the amount of freedom in content creating. In social virtual worlds, in particular, the main purpose is to interact and network with other users. In most of the virtual worlds, however, users have only limited amount of freedom in creating the content they want. (Tikkanen et al., 2009)

This thesis will focus mainly on the social networking aspect of the social virtual world. Thus, the networks and communities formed by individuals will be presented and applied into the fundamental discussion of the relationships between the service providers and the customers. In addition, different connection ties between the individuals themselves as well as between the individuals and the service providers are illustrated. Furthermore, the value and benefits of these connections to all parties involved are examined.

3.2 Social Interactions

To enable effective interaction and communication with the customer in virtual business environment settings, companies must establish their own social networking strategies. The networking strategy must be convergent with the company's fundamental business strategies. The primary aim is to structure the strategy with the focus on the customer and customer value creation. In addition, it is important to set some ground rules for both parties involved as well as to clarify the mutual purpose and clear expectations of the networking strategies. (Musico, 2009)

The most important issue to consider, when building interaction processes with customers in the virtual social networks, is to define the mutual purpose and having it in balance (Musico, 2009). The balance stage illustrates the situation where the networking strategy is integrated with the company's other business strategies in order to provide a clear and transparent service for the customers in both the virtual and real worlds. Once both parties know what they are engaging themselves into with the networking plan, the efficient interaction platform which is based on openness, confidence and trust is enabled.

3.3 Customer Benefits of Social Networking

Participating and interacting in the social virtual worlds provides without a doubt various kinds of benefits for both the company and the customer. Companies can communicate and interact more effectively with their customers and, in turn, gain more information and feedback in order to improve their services and operations as a whole. In addition, the use of virtual environments is also economically beneficial for companies because it can at the same time decrease costs and increase profits. From the customer's point of view, the benefits of participating in social virtual environments are categorized into four main types: 1) cognitive or learning-based benefits, 2) social benefits, 3) personal benefits, and 4) hedonic or affective benefits (Nambisan & Baron, 2009).

Customer cognitive or learning benefits relate to information acquisition and gaining better understanding and knowledge of the environment and technologies involved. Virtual worlds contain valuable collective knowledge that is generated and shared through continuous interactions between customers and companies. Customer social benefits, on the other hand, emerge in every social network context where the customers and the companies are participating as members. These benefits, such as a sense of belongingness, social identity and closeness, that derive from the social and relational ties between participants are typically developing and strengthening over time. Personal benefits that the customers gain from participating in social virtual worlds strengthen customers' self-esteem as a whole. These benefits can include establishment of reputation and status and the achievement of a sense of self-efficacy. By participating in the social networking communities customers expect

to gain also hedonic or affective benefits, such as highly interesting and pleasurable as well as mentally stimulating experiences. Hedonic benefits also comprise the positive reactions, enjoyment and mental or intellectual stimulations. (Nambisan & Baron, 2009)

In general, there can be found various natures of customer interactions in the social virtual environments. According to Nambisan and Baron (2009), three fundamental dimensions frame the ultimate customer experience of interaction in the virtual context. The first is the product-related content which tends to influence the customer interactions by the level of knowledge transacted. Thus, the interactions may relate to various types of knowledge related to the product or service and in terms of complexity of that knowledge. The second dimension that affects ultimate customer interaction process is the membership identity that the customer experiences in the community. According to this dimension, customers have different identities for real world and online world. In addition, the identities of the customers differ not only when associating with the companies but also when interacting with the other customers participating in these environments. The third dimension of customer interaction comprises human-and-technology interactivity which has the most essential role in the interaction processes occurring in the virtual social environments. This dimension underlines the nature of technology that facilitates the ultimate connection, communication and learning. Technology enables the high level of interactivity, capacity and adaptability which, in turn, leads to rapid responsiveness and feedback from members in the social networks. (Nambisan & Baron, 2009)

Nambisan and Baron (2009) found in their fundamental research that ultimate customer participation resulted from the combination of customer interaction characteristics and perceived customer benefits. The authors concluded that customers participate more voluntarily in value co-creation activities with companies when they are expecting to gain benefits from that kind of action. Thus, according to the findings of Nambisan and Baron's research, the greater the benefits perceived by customers in social virtual environments, the greater their actual participation in such platforms is.

The benefit-based perspective of social virtual environments presented above can be ultimately connected to the value-based perspective of relationship marketing discussed in the previous section of this thesis. It can be concluded that all business operations are successful only when they are providing value and benefits for the customers. As customers in the beginning of every business operation expect and demand to gain quality and value, they must, in the end, perceive those benefits to be derived from the ultimate relationships with the companies.

3.4 Social Networking Strategy

Before establishing the very first position in the virtual social environment, it is crucial for a company to have a clear strategy and operation plan constructed specifically for this action in particular. Especially, the networking channel must be accurately examined and selected with strong arguments. Additionally, the companies must define the ultimate purpose of their visibility in the social virtual environments. As mentioned previously in this section of the thesis, the purpose of the social networking should be formed as a mutual co-operation between the company and the customers. Additionally, it can be concluded that successful companies engage their users of social networking channels on an individual basis and humanize the company with various levels of participation (Gunning, 2009). Thus, the more open, extroverted and human the company is perceived by customers to be, the more interaction, participation and involvement with these customers is derived. In addition, the customers also experience to achieve more benefits and value through these actions.

However, the formulation of the clear and functional social networking strategy for entering the virtual world is not always a simple task to accomplish for a company. Paul Gunning (2009) expresses his opinion about the utilization of social media channels and presents some guidelines for companies to follow when constructing their strategies for social networking in his article called Social Media Reality Check. According to the author, many companies entering the social virtual worlds for the first time suffer from so called “techno-ecstasy”. The term of “techno-ecstasy” is defined simply as an extreme admiration of the newest development in technologies. Gunning states that for many companies this has converted to an extensive problem

which can ultimately devastate the company's strategy for successful social networking. In order to prevent this first moment's exaltation, the company must examine carefully various channels and their practices, and only after that select the one channel that best conforms to the fundamental business strategy of the company as well as to the definite purpose set for the social networking.

According to Gunning's (2009) view, after the networking platform or site has been established under the determined strategy, there are four main steps that must be completed. Firstly and most importantly, company must listen to its customers through the channel defined in the networking strategy. The social virtual environment is a perfect place to examine what your customers are saying and how they are behaving in the medium. Secondly, it is extremely essential for companies to understand their customers and enable the share of information with their customers and among them. Additionally, it is also likewise important to focus on the development of meaningful one-to-one relationships between the company and the customer. Thirdly, according to Gunning, it is all about participation, involvement and interaction as well as engagement and commitment in the social virtual environments that matters the most in social networking. In this situation, the creation of strong and close relationship bonds that generate trust and loyalty has the most significant role. The fourth step of social networking strategy presented by the author is commonly known as harness stage where the benefits for both parties are provided and collected. In addition, this step includes also the ultimate analysis phase, where the results and outcomes are measured in the best possible way. This is a significant process in order to get the overall picture of how did the networking strategy work in practice and how it can be further developed or maintained.

As Gunning (2009) emphasizes in the end of his article, the social networking strategy can be seen as successful only when it ensures that every aspect of the customer experience is positive. Thus, the value and benefits that derive from customer's participation in the company's social networking channels must be provided by the company and perceived accordingly by the customer.

3.5 Channels for Social Networking

Social technology environment provides various sites and platforms for connecting and communicating that, in turn, facilitate the ultimate interaction processes. These channels, which are also called as social service platforms, provide individuals different paths to connect with each other and with the Internet communities as a whole. People can use diverse social networking solutions such as blogs, communities, forums and wikis to name a few, to stay connected and to find needed information. When discussing the phenomenon of social networking, few popular social service providers can be raised from the group; namely Facebook, Twitter, MySpace and LinkedIn. In this thesis the focus will be turned mainly on the Facebook channel provided for the social networking in particular.

In today's world, social virtual communities and channels are expanding continuously with a rapid pace. Especially, for example, Facebook, which was founded only five years ago, has over 300 million active users in present days (Facebook, 2009). When more and more connections and conversations are taken place between individuals in the virtual worlds, also the business operators feel obligated to enter these social networking environments. It is discovered that active participation in conversations, wherever they might occur, is an important task for a company to accomplish in order to interact with its customers more effectively. Straightforwardly, the fundamental focus must be on the customer. (Musico, 2009) Social networking is all about connecting and engaging in new ways with customers as well as listening and responding to customers whatever they might say through whichever channel they prefer (McKay, 2009).

3.5.1 Connect and Share with Facebook

Facebook is a global website destined especially for social networking. The website is privately owned and operated by Facebook Incorporation. The fundamental mission of this social utility is to give people all around the world the power to connect, communicate and share information more efficiently with their friends, family, coworkers and even companies. Thus, the aim is to make the world more open and connected. (Facebook, 2009)

Mark Zuckerberg founded the Facebook Company with his college roommates and fellow computer science students in February 2004. The website's membership was initially limited only to the Harvard University students. Later the membership was expanded to cover other universities, colleges and high schools, and after that further extended to include anyone aged 13 and over. Currently the Facebook website has more than 300 million active users worldwide. The company develops continuously techniques that facilitate connecting, interacting and sharing of information in the virtual world by employing the social graph methods, such as the digital mapping of people's connections in the real world environment. The Facebook website is open and trusted environment for everyone to sign up and start interacting and communicating with the people they know. (Facebook, 2009)

Today, Facebook is widely popular platform for social networking which is, in addition, very simple to use. In January 2009 the study of Compete.com, a service operator which analyzes web traffic of various websites, ranked Facebook as the most used social network site in terms of active monthly visitors. With the figure outreaching one billion, Facebook clearly surpassed its competitors of the field. The most significant competitor of Facebook, MySpace, gained over 800 million visitors in the month of January, and the other remarkable competitor, Twitter, had only slightly over 50 million monthly visitors. (Kazeniak, 2009)

3.5.2 Be Present in the Facebook Platform

Facebook website provides companies platforms for building their own presence in the social networking environment (Facebook, 2009). Creating their own platforms, companies are able to connect, communicate and interact more efficiently with their customers, partners and employees. In addition, the knowledge and learning about the behavior patterns, opinions and attitudes of these parties can be obtained more effortlessly and economically through the social network service provider.

Any public corporation, organization or figure is able to join the conversations with Facebook users through creating their own Facebook public profiles or fan pages. The establishment of these profiles and fan pages is free of charge, as it is for all people to become a member of the Facebook community. In addition, creating their

own presence in Facebook platforms, companies are able to customize their profiles according to their own strategies, leverage the ultimate connections with their targeted interest groups and provide their target audience the information, experiences and benefits they demand. At present days, Facebook is a significant part of millions of people's lives all around the world. (Facebook, 2009) This true fact provides companies unparalleled opportunities to interact and communicate with their audience through this unique and ubiquitous environment.

The establishment of company's own Facebook public profile and fan page is rather simple with the clear and exact instructions that can be found on the Facebook's website. Facebook Platform offers a standard based web service for accessing and engaging general Facebook data for companies to utilize in their profile creation. Through the visibility in the Facebook communities, companies are able to enter the already established social graph of the web service provider. Thus, companies enter into the fully prepared virtual world of connections and relationships between people, and are able to participate almost instantly in the conversations that these individuals are having. All in all, the creation of company's own Facebook presence is strongly informing that the company is operating on the cutting edge of technology development while also having a significant impact on millions of individuals all around the world. (Facebook Developers, 2009)

3.6 Summary of the Social Networking Perspective

The concept of social networking has gained an extensive amount of attention among people in the business worlds. Nowadays, the notion exists almost exclusively in the virtual environments. Especially, the platform of Facebook provided specifically for the social networking has established a powerful and permanent position in people's lives all around the world. Also the companies operating in different economies are increasingly evolving their business strategies to include this popular medium. Thus, by creating their visibilities and participating in the Facebook network communities, the service provider companies are able to move even closer to their end customers.

The following section in this report presents the ultimate research arrangements of the thesis. The aim is to present the relationships between the service providers and the customers occurring in the Facebook environment and to illustrate the different operation possibilities in these surroundings. Additionally and more importantly, the final results of the academic research are discussed and analyzed as well as the recommendations for companies and guidance for further research are provided.

4 COMPANY-CUSTOMER RELATIONSHIPS ON FACEBOOK

Today, companies are increasingly confirming their visibility and involvement in the social virtual networks in order to generate more open and interactive communication environments with their end customers. In this thesis, service provider companies and their participation in the Facebook community as well as the ultimate customer relationships of these companies are examined in general. The focus on this subject in question is made from the customer's, which in this situation is the member of the company's Facebook fan page, point of view. The aim is to research whether the interaction in Facebook platform has an impact on customers' perceptions of the primary relationship values. In other words, the objective is to interview the members of the service providers' Facebook profile page, which are more commonly known as fans, by asking questions about their experiences with the company in the Facebook environment and compare them to the experiences with the company occurring in the real world. In addition, it is expected to gain general knowledge of how these experiences in question have developed over time.

The interview questioning was mainly conducted in the Facebook's virtual environment. The research method employed in this thesis was to interview the members of companies' fan page through the communication tools provided by Facebook. The interview questions were created into one questionnaire with the facilitation of the tools provided by Google Documents. The final questionnaire was distributed to the target audience through Facebook platform and one e-mail group. The questionnaire was created in the form of a web page link, which enabled all the respondents to be able to open the questionnaire and answer the questions anonymously. The interview questions as a whole are presented in the end of this report in the Appendix 1.

4.1 Results of the Customer Interview Questionnaire

The interview questionnaire employed in the thesis was aimed to study the issue of customers' experiences of the ultimate relationships with the service providers as well as to research how customers' perceive these relationships to exist and evolve

in the virtual environments of the social networking platforms. The respondents of the questionnaire were expected to answer thirteen questions discussing their relationship experiences with different service providers. The respondents were given the instructions which guided them to consider one particular service provider which Facebook fan members the respondents were with. Additionally, the respondents were also asked to discuss their perceptions of the relationship values gained from the primary relationships with the service providers and the affect of the Facebook friendships on these values in question.

In total there were collected four responses from the interview questionnaire qualified for further discussion. However, all of these responses made their own contribution to the overall situation and, in turn, enabled for a general picture to be formed from the results of the research study. All in all, three of four respondents were dealing with different kinds of service provider companies which enabled these respondents to answer also the rest of the questions in the questionnaire. On the other hand, the remaining response had also important role in the ultimate analysis of the results. Namely, one of four respondents was on no one's service provider's Facebook fan list and, therefore, was not able to finish the interview questionnaire. It was concluded that these individuals were using the Facebook network platform only to keep in touch with their friends and family and to handle their own personal errands in this environment. Thus, the present research study showed that not all of the people interacting in the social networks in the virtual world are interested in connecting with the companies as well.

The respondents who had joined the Facebook fan groups of the various service providers stated that their primary relationships with the companies in question were based mainly on the employment relationships or the friendship relations to the companies' employees. The service providers discussed among these respondents were mainly consisted of the companies operating in tourism and catering business fields. The respondents clarified that they used the services provided by these companies relatively often. One of three respondents, however, mentioned that they did not use the services provided by some of the companies they are Facebook friends with. The research showed that this previously mentioned situation is

particularly a result from the indirect acquaintance relationships to the service providers.

The primary relationships with the service providers were described to be relatively good and profitable by every respondent. Two of three respondents viewed that they were considerably loyal and satisfied as the customers of the service providers. One respondent mentioned a couple of service providers to whom they were only the sources of word-of-mouth. The intensity of this word-of-mouth approach was not significant for the ultimate research in question.

In addition to the productive and faithful relationships with the service provider companies, the respondents described their experiences of gained benefits and values through these relationships. Two of three respondents stated that they were relatively satisfied with the systems provided to the regular customers of the service providers. In addition, the individuals who had an employment relationship with the companies acknowledge that they were offered also benefits based particularly on these relationships. However, half of these respondents perceive the systems offered for the regular customers to be quite non-motivating because there were too extensive requirements and claims attached to the utilization of these systems. On the other hand, the information provided concerning various events and occasions as well as the general knowledge gained through the customer relationships with the service providers were viewed also as ultimate benefits among the respondents.

When asked about their opinions of the Facebook fan pages of the service providers with which the respondents were friends with, two of three respondents admitted that according to their own views, the pages were quite simple, boring and messy. One respondent concluded that according to their opinions the main idea of the service providers' Facebook fan pages is not to play a role of a company in the relationship but instead to be a friend with the customers. Of all the respondents, only one described the Facebook profile pages of the service providers to be active and participative. These individuals emphasized also that the companies have an extensive amount of possibilities to engage and involve their Facebook fans in their profile pages. According to these respondents, the service providers are able to create various applications, competitions and other activities for the customers to

participate in on their Facebook fan pages. These entertainment offerings are possible to provide to all of the people operating in the Facebook platform, but foremost exclusively to the Facebook friends of the companies. All in all, each of the respondents perceived Facebook to be a diverse and boundless environment with full of endless possibilities. Straightforwardly, the research showed that people do appreciate the Facebook platform as the perfect and easy way to connect, communicate and share information. In addition, the Facebook was also seen to be an entertaining environment for networking and keeping in touch with people.

One of the most significant parts for the research was to discuss the reasons why people joined the Facebook fan groups of the service providers. The responses to this issue were rather straightforward. Almost all of the respondents joined the fan pages of the companies because they were simply asked to do so on behalf of the companies themselves or on behalf of the friends of the respondents. One of three respondents clarified that the motivation behind these actions was to support the company as well as to inform also their other friends about their connections to this service provider. On the other hand, one of the three respondents joined the Facebook fan pages of the companies simply because of the information shared exclusively through these pages.

The most essential objective of the research was to collect the information about whether the respondents perceived that the Facebook friendship with the service providers had changed their primary customer relationships with these companies. Additionally, the respondents were asked to describe how these relationships had ultimately been changed. The results of this issue were initially expected to be affirmative. However, the ultimate findings of the research showed the whole opposite results. Two of all the respondents perceived that the Facebook friendship had not affected their primary relationships with the service providers at all. The remaining one respondent, on the other hand, assumed that they were more familiar with the companies after becoming the members of the Facebook fan page of the service providers.

Furthermore, the respondents were also asked to describe their Facebook friendships with the service providers briefly with their own words. The results were

given in words such as loose, neutral and shallow, to name a few. These words in question illustrate extremely transparently the situation of the results drawn from the previous situation. Thus, the fact that the respondents did not perceive the Facebook friendships to change their primary relationships with the service providers, led to the situation where also the relationships created through Facebook are experienced to be highly distant and irrelevant.

In the initial research planning and arrangement stages the insight of expected conclusion was formed that the Facebook friends of the service providers experience to gain various kinds of special benefits and values through these relationships with the companies. However, the ultimate findings of the study revealed the opposite situation to be true also in this case. The only benefits that the respondents seemed to perceive were the exclusive information shared through the Facebook fan pages of the service providers.

The ultimate results drawn from the responses of the interview questionnaire, illustrated well the fact that the customers perceived Facebook friendship to have no impact at all on their primary relationships with the service providers. In addition, there were no special benefits nor values experienced through the Facebook friendships with the companies. However, the present research succeeded to reveal the more truthful situation of the case, where the relationships between the service providers and the customers are examined in the virtual social networking environment and ultimately compared with the relationships occurring in the real world.

4.2 Analysis of the Customer-Perceived Benefits

As it was pointed out earlier in the theory part of this thesis, the customers experience the value of the relationships and the benefits of social networking with the service provider basically with the same approaches. According to Ravald and Grönroos (1996), the value that customers perceive is highly situation specific. Therefore, every customer perceives the value of their relationships differently according to their own varying attitudes, lifestyles, opinions, desires and expectations, among other things. However, it can be concluded that in the general

level, there can be found some commonly shared values and benefits that customers expect to derive from their relationships. Nambisan and Baron (2009) present these collective cognitive or learning-based, social, personal and hedonic or affective benefits that the customers are in general expected to perceive from their relationships with the companies.

In this thesis, the four commonly known customer-perceived benefits of social networking presented by Nambisan and Baron (2009) have been certified by the ultimate research study. As it was revealed in the earlier discussion of the results of the customer interview questionnaire, the respondents did perceive to obtain the benefits with the common informational, social, personal and emotional aspects. The research showed that the respondents appreciated the benefits of the shared information about events and occasions which was provided exclusively in the Facebook fan page of the service providers. In addition, the general knowledge gained from the company itself was also the finding that supported the view of the common cognitive benefits. Also the social benefits were no doubt present in the research results. Namely, almost every respondent of the questionnaire acknowledged their relationships with the service providers and with other customers as well. Furthermore, the findings of the research raised the notions of the sense of belongingness to the Facebook fan groups and the formation of own social identities in those environments not only as groups but also as individuals.

Common personal and emotional benefits were also present in the research findings. It can be concluded that the respondents experienced their self-esteems, reputations and self-effectiveness to grow as a whole when they acted as the members of the Facebook fan groups of the service providers. The implication can be also established of the fact that this, in turn, further strengthened the personal appearance and self-respect of the respondents. In addition, the results of the interview questionnaire revealed that the respondents were also experiencing highly interesting, pleasurable and mentally stimulating feelings through the Facebook friendships with the service providers.

4.3 Recommendations for the Service Providers

As the final results of the research demonstrated, the customers perceived Facebook friendships to have no influence at all on their ultimate relationships with the service providers. The customers also experienced to gain neither special benefits nor significant value through the Facebook friendships with the companies. Keeping these two facts, which reveal the real situation of the case study, in mind, it can be concluded that there has to be something done from the service providers' sides to correct this situation in question. Thus, if there is an objective to strengthen not only the primary relationships but also the Facebook friendships between the service providers and their customers, the strategy for social networking should be considered more deeply taking these research findings into a careful consideration.

As it was emphasized earlier in the theories of the relationship marketing, the fundamental objective for the companies should be the creation of the customer-oriented relationship bonds with their end customers. In order to have open conversations and close co-operation processes between the service providers and the customers, the mutual sense of commitment, devotion and trust should be established. Therefore, as it was emphasized in the theory part of the thesis, it is significantly essential for the companies to build strong and unique relationship bonds with their customers. (Jain et al., 2003: ref Hochschild, 1979; Rafaeli & Sutton, 1987; Bitner et al., 1997) This fact in question is also worthwhile to keep in mind when discussing the Facebook friendships with the customers. The results of the present research confirmed that almost all of the respondents experienced their friendships with the service providers in the Facebook environment to be mainly distant and superficial. However, the respondents tended to be more satisfied and loyal with their primary relationships with the companies. Thus, the first recommendation for the service providers is to integrate more closely the strategies employed in the real world and the objectives set for the participation in the virtual social networking environments.

Because all the relationships are social and dynamic by nature, it is obvious that they require a strong level of openness, commitment, interaction and involvement (Ravald & Grönroos, 1996). As the primary relationships with the service providers are seen

to exist only on continuous bases, also the Facebook friendships should be considered to proceed to the future. When the Facebook friendships between the companies and the customers are created, clear steps for the development, maintenance and expansion of these relations must be implemented. The second recommendation for the service providers to consider in their Facebook strategies can be drawn from the fact mentioned above. In other words, it is significantly important for the companies to research and observe on their own the Facebook platforms and the behavior of their customers in this particular environment. The understanding of the customers and learning from them in the process is a crucial outcome that must be strived for in this process of research and observation. When the understanding of the customers' behavior and motivation patterns in the networking environment of Facebook are clearly examined, it becomes remarkably easier for the service providers to engage their fan group members into mutual conversations and open communications. Furthermore, these dialogues and interactions open an extensive amount of opportunities not only for the service providers but also for the customers themselves to reach for mutually agreed objectives and ultimately to benefit from them.

The third and probably the most essential recommendation intended for the service providers to follow is to involve the customers in the overall strategies established for directing the operations in the network environments of Facebook. As the results of the research study showed, all the respondents seem to be actively participating in the networking platforms of Facebook. As mentioned earlier in the introduction part of the social networking platform, Facebook has grown to be the most popular and widespread environment in today's modern world. Also among the respondents the Facebook world was granted with simplicity, diversity and efficiency. It is obviously clear that all the people around the world and all the end customers of companies as well as all the Facebook friends of the various service providers are increasingly playing active roles in the worlds they operate in. This crucial situation mentioned above should be taken into a careful consideration by the service providers when they are planning their future operations as a whole.

4.4 Suggestions for Further Discussion and Research

The topic of the thesis is a remarkably current situation and becoming increasingly critical for the business environments all around the world. The role of the long-term and close relationships between different companies and their customers require nowadays more attention than in the previous times. As the fundamental positions of the customers are evolving to gain even more power over the business operations, the definitive relations of the customers and the companies as well as other parties who have some kind of influence on these relationships are forced to be managed not only on the strategic but also on the operational levels. Thus, it is significantly crucial to establish partnerships with the end customers and provide high quality and unique services for these customers.

Furthermore, also the exquisite influence of the virtual social world on the overall business environment and on the relationships between the companies and the customers must be taken into a serious consideration. With this fact in mind, it can be concluded that there are extremely many possibilities and opportunities for the further research of this issue in particular. The present study of this thesis tends to reveal the situation only on a highly superficial level. Thus, more detailed and sophisticated research of the field is required. Especially, there is an urgent demand for the research which combines and compares the diverse definitions of the relationship experiences occurring in the real business environments with the definitions appearing in the virtual social worlds.

5 SUMMARY

This bachelor's thesis discussed the relationships between the service providers and the customers with adding the perspective of the virtual social networking into this formation. The primary relationships between the parties mentioned above as well as the friendship relations in the social networking platform of Facebook were presented and defined in this report. The ultimate approach on the subject was made particularly from the end customer's point of view.

The first part of the thesis covered the main theories which related to the topic mentioned above. Theories of relationship and experience marketing, value creation process and social virtual networking were introduced and applied to the fundamental subject of the report. Furthermore, the existing theories were employed in the construction process of the ultimate academic research study.

The fundamental research of the thesis was conducted qualitatively with the help of the interview questionnaire which is presented in the Appendix 1 in the end of this thesis. The questionnaire which consisted of thirteen open questions was distributed to the target audience mainly through the Facebook channel. The respondents were expected to answer the questions briefly with their own words and at their own time. The ultimate aim of the research was to gain the general knowledge about the customers' perceptions of their relationship experiences with the service providers. The respondents were asked to define their perceptions of their primary relationships with the companies and describe how these perceptions differ when discussing the Facebook friendships with the same service providers.

The final results of the interview questionnaire were presented and analyzed in the end of the empirical part of the thesis. In addition, the recommendations for the service provider companies for managing their customers' experiences more effectively were proposed. In the end of the thesis, there were also provided the guidance for further discussion and suggestions for more detailed research of the current topic at issue.

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APPENDIX 1. Interview questions for the research.

Think of any service provider company which Facebook fan you are with and answer the following questions briefly with your own words.

1. What kind of company is it? What sort of services does this company provide?
2. What kind of relationship do you have with this service provider?
3. How often do you use the services provided by this company?
4. How do you perceive the customer relationship with the service provider to be?
5. What kind of benefits and values do you perceive to gain from your customer relationship with the company?
6. What do you think about the Facebook profile of the service provider company?
7. What kind of environment do you perceive Facebook to be?
8. Why did you join the fan group of the company's Facebook page?
9. Do you perceive that the Facebook friendship with the service provider has changed your primary customer relationship with the company? How is your relationship changed?
10. What do you perceive to gain from the Facebook friendship with the company and what does it enable?
11. What kind of Facebook friendship do you perceive to have with the service provider?

12. Do you perceive to get special benefits and values from this Facebook friendship with the company? What kind of special benefits and values do you perceive to gain?

13. Have you recommended your own friends to join the company's Facebook fan page?

Thank you very much for answering the questions!

The questionnaire was created on November 15, 2009, and is available at <http://spreadsheets.google.com/viewform?formkey=dEhubW5ldE9samNEOHIRYIN0ejlXUmc6MA>