

Opportunities and Challenges of the Relationship between Quality of Services and Social Media

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Abstract

In the current society, more and more service providers invest in on-line platforms and change their business strategies in order to attract and maintain customers. Social media plays the role of the intermediary between providers and consumers, and strengthens the relationship between them. The fast access to any service and information provided by social networks, result market and competition growth, which leads to quality improvement, lower prices and economy changes. The aim of this paper is to acknowledge the present and future opportunities and challenges, brought up by the relationship between the quality of services and social media, regarding the development of European businesses in the whole service sector, and how the contemporary economy is affected by them. The methodological section of this paper will contain theoretical models concerning quality, social media influence, consumers, relationships sustainability and service providers. This paper is useful for all parties involved in the online business environment, in order to acknowledge in what way and to what extent the European on-line platforms are evaluated, in terms of transparency and credibility. As well as to find out what are the business strategies regarding the quality improvement of services and to what extent they are being implemented.

Keywords: Business, quality, service, consumer, opportunity, social media

JEL Classification: M19, M21, O32, O33

1. Introduction

The European Union's 'single market' is one of the largest retail markets in the world. It allows people and businesses to trade freely across national borders in all EU Member States, as well as Iceland, Liechtenstein and Norway. It gives every EU consumer access to choice, flexibility, quality and value for money. 508 million people are living in today's European Union, and no doubt they are looking for choice, quality and value for money when buying goods and services. As well expecting accurate information on what they are buying and want to be sure that

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their rights as consumers are upheld. Their market choices also drive innovation, efficiency and economic growth.³

Online purchases can be defined as the intention of individuals to purchase products online (Chen, 2010). The online purchase is a process that involves an exchange of time, effort and money through the online environment (Wu, 2013).⁴

In the globalized world, especially Europe, the geographical and theoretical distance holds less of an importance for the economy, trade and other parts of life, while the interests of the citizens and the entrepreneurs depend on and are linked with the global trends. Besides the communication and the perspective of how businesses and states organize the production, trade and capital investments, creation of new services and products, and the corresponding marketing activities take place. The new economy creates conditions for such companies in which organizational logistics is organized based on a network structure incorporating the new technologies, thus facilitating coordination, control and communication. This is further enhanced by the increase of the internet speed and the number of users possibly leading to the majority of the world's population participation in any sort of social networks by 2025. The entrepreneurs are paying even more attention to the role of social networks, in order to gain as much of the economic goods as possible. The newest tendencies in the internet marketing and business communication indicate that the impact of the social media continues to grow. Some parts of the communities actively communicate with this tool, while the others are trying to adapt themselves, while all of them are interested to organize the communication of their company in the social media in the most effective way.⁵

Social media technologies are computer-mediated communication technologies that are typically used to connect people, as well as to produce and share user-generated content (Lewis, 2010). Generally, social media technologies are referred to as social networking sites, microblogging sites, wikis, forums, and blogs (Osatuyi, 2012). Social media technologies have been intuitively categorized based on how users interact with them. For instance, social networking sites, such as Facebook, Twitter, MySpace, Four-Square, and LinkedIn, are mainly used to share updates on users' daily encounter, as they occur, especially photos. Microblogging

³ European Commission, 2016. „Consumers”, The European Union Explained, Belgium, Internet source: <https://publications.europa.eu/en/publication-detail/-/publication/2f0e7c29-0d03-11e6-ba9a-01aa75ed71a1> (accessed on September 2017)

⁴ Vincent Cheow Sern Yeo, See-Kwong Goh, Sajad Rezaei, 2017. „Consumer experiences, attitude and behavioral intention toward online food delivery (OFD) services”, Journal of Retailing and Consumer Services, Malaysia, page 3, August

⁵ Grizane, Tamara, Jurgelane, Inguna, 2016. “Social Media Impact on Business Evaluation”, ICTE 2016, Latvia, pages 2-3, August, Internet source: www.sciencedirect.com

sites allow users to create and share short messages with the public or a targeted audience. Wikis are typically websites created to provide educational information. Permissions may be given to users based on their status, to modify content on the website. Online forums are discussion sites where participants hold conversations that are posted to a discussion board. Forums are usually focused on a specific topic, product or event. Online blogs are personal journals published on the Internet. Blogs are often created and maintained by an individual or occasionally by a small group with the goal of propagating an agenda centred on a specific topical area. Traditional media companies are increasingly keeping blogs to continue interaction with customers that subscribe to their publications (Chung, Kim, Trammell & Porter, 2007).⁶

Social media can be defined as internet oriented applications which posts customer generated content which can be described as media impressions shaped by customers' experiences with easy sharing between the other consumers and archiving them on the channels (Blackshaw, 2006).⁷

This paper presents theoretical models concerning quality, social media influence, consumers, relationships sustainability and service providers, an entire overview regarding the European online environment.

2. State of Knowledge

2.1 Social Media, Consumers and Providers

A search of a multisource academic database for the keywords "social media" in the title of academic articles returned 2679 articles, but the oldest article dates from 2006. Sood and Pattinson (2012) date the rapid development of Web 2.0 to 2004, which support the emergence of social media as a primary form of communication and social interaction. The first use was mostly personal; however, since 2009, usage has emerged toward business communication and interaction. Nonetheless, the use of social media in businesses remains paradoxical. According to Safko (2011), 99% of business managers believe social media will have a significant effect on their business; however, almost two-thirds report that they are not sure of its meaning (Schultz, Schwepker, & Good, 2012). Even among leading users of social

⁶ Osatuyi, Babajide, 2013. "Information sharing on social media sites", *Computers in Human Behavior*, Ed. Elsevier, U.S.A., pages 1-2, August, Internet source: <http://www.sciencedirect.com/science/article/pii/S0747563213002380?via%3Dihub>

⁷ Gulbahar, M., Onur, Yildirim, Fazli, 2015. "Marketing Efforts Related to Social Media Channels and Mobile Application Usage in Tourism: Case Study in Istanbul", *World Conference on Technology, Innovation and Entrepreneurship*, Ed. Elsevier, Turkey, page 2, August, Internet source: www.sciencedirect.com

media in the high-tech industry, there seems to be little coherence in usage. For example, Cisco maintains tight control over social media output, whereas Intel and Oracle allow technical and creative staff to “speak” without a pre-agreed script (Brennan & Croft, 2012).⁸

If before the social media marketing could be considered a non-traditional method of marketing, nowadays it is a fully fledged tool. Besides the settings of highly competitive environment, the importance of the social media in the entrepreneurship increases. The statistics gathered by the bureau of statistics "Eurostat" in 2015, indicate that 75% of EU entrepreneurs are using the social media for marketing purposes of their produce, while the same proportion of companies have a web-page. Taking into consideration that Europe has fast broadband internet connection, and that the internet service is one of the most accessible from of the price perspective, the population is using internet daily, and most of the internet users are shopping online. These facts indicate that the Europeans are open for further use of social media marketing. On the one hand, the speed and quality of the internet connection is high, and the clients are available for targeting by marketing, meanwhile on the other hand, the beneficial environment is not used to its full potential. Not all of the social networks are equally popular among users, thus the most visited networks will be the ones in which the cooperation with the client is the best. From the perspective of the company it is important to know whether the social media user is a potential client who is looking for offer, a regular client who is using the products, or is he shaper of attitudes within the social media scape. In order for the communication to reach its aims, the entrepreneurs, social media professionals are needed, which requires a considerable amount of financial resources. Social media is a tool which allows for the users to place and perceive information of different type and form of publishing thus it can be used as a tool for marketing purposes, which requires constant updating. It is a tool to be used for acquiring the most limited resource – attention of the public which is a key for reaching the business end-goals. There are some technological challenges related to the new trends of use of social media, change in the media economic is evident – valuable groups of internet users are addressed in an individualized manner. The social media is continuously changing. This applies to both the content and the technological basis and creates a need for the companies to continuously check for the trends in the content use. The social media offers the companies a chance to gather information, monitor the opinion of users, involve the targeted audience in a dialogue about the products, services, or other questions. The social media theories

⁸ Lacoste, Sylvie, 2016. “Perspectives on social media and its use by key account managers”, *Industrial Marketing Management*, Ed. Elsevier, France, page 2, August, Internet source: <http://www.sciencedirect.com/science/article/pii/S0019850115300195?via%3Dihub>

and concepts are defined by: 1) the marketing principle which manifests itself in the users following a specific corporate user profile in the social media, as well as the dissemination of its content; 2) as functional interactivity – social media power to ensure reflexive bound, by technologically including in the web platform a possibility to comment, share content, and other forms of expression, also as the limited-access interactivity when the centre of attention is around the user habits while using the technologies; 3) Groundswell concept that social media is based on personality and less on technologies. A concept of socially technographical profile is offered when the companies need to know their client technographical profile. For the content analysis of social media, it is suggested the use of cell based approach model, also known as “4C” approach: 1) cognize and understand the social media environment, by determining the social media functionality, as well as the opportunities for user engagement opportunities; 2) congruity – which according to different social media functions and goals of the company is a necessity for creation of a strategy; 3) curate – the company needs to participate in conversation within the social media; 4) chase – the content of the social media has to be analysed, while the impact of the flows of information on the position of the company’s market situation – understood.⁹

2.2 Social Media Strategies

Making strategic use of social media is at the top of many firms’ agenda. Firms are now considering social media as an approach to amplify the word of mouth of their products. Being a channel to keep customers in contact, and a chance for direct sales and marketing (Gamboa and Gonçalves, 2014). While the importance of listening to customers has been well recognized, especially under the quality management principle, the fast developing of social media technologies empower customers, strengthen firm-customer connections, and provide opportunities for operational improvement. For example, it was reported that large banks actively turned “online rants into compliments” and used social media to “reach out to clients or employees to head off problems” (Epstein, 2011). Tapping text analytic methods to search for customer feedback, social media technologies enabled supermarkets’ to “report on customer experiences down to the store level within minutes” (Henschen, 2010). Social media have also changed the way in which individuals contact and learn about firms’ offerings (Rishika, 2013). A firm’s capability in facilitating information flow quickly through customer feedback and interaction is increasingly critical for business success. We argue that social media facilitate firms’ information flow and knowledge sharing across internal and

⁹ Grizane, Tamara, Jurgelane, Inguna, 2016. “Social Media Impact on Business Evaluation”, ICTE 2016, Latvia, pages 2-3, August, Internet source: www.sciencedirect.com

external social networks, which enhance internal and external collaboration, and allow firms to be more customer-oriented, contributing to operational efficiency and innovativeness improvement. By strategically enhancing information flow and knowledge acquisition, firms are likely to improve their capability in new product/service development and idea generation, leading to enhancement in both efficiency and creativity (Li, 2014). In a rapid changing and fast-moving business environment, the traditional static approach of knowledge-warehouse deployment has undergone a paradigm shift towards a dynamic capability in capturing knowledge through high-velocity, high-volume information flow (Kankanhalli, 2005). Companies that are able to make use of external and internal information movements and big data are likely to have knowledge-based advantage over their competitors. Social media, which empower multi-way communication between firms, consumers and stakeholders in an efficient and cost-effective manner (Chua and Banerjee, 2013), is considered as a strategic approach to foster knowledge exchange among individuals and providers, advancing learning and knowledge management, thus yielding a competitive edge (Thomas and Akdere, 2013). More generally, the impact of social media initiatives on business performance can be understood through the resource-based view (RBV) of a firm's information capability. RBV suggests that firms are able to create competitive advantage through a complex, bundled set of resources that are rare, valuable, inimitable, and non-substitutable (Barney, 1991; Hitt, 2016). A firm's social media initiatives are likely to positively influence its operational efficiency. A firm's relative performance in operational efficiency depends on its resources, routines, and capabilities. Resources refer to productive assets that are both tangible and intangible, routines are organizational processes that utilize a complex set of resources, and capabilities are the proficiency in deploying a dynamic bundle of routines (Peng, 2008). Both routines and capabilities are socially complex and operationally sophisticated. They are embedded in dynamic interfaces of multiple vibrant knowledge sources within and outside companies. As a result, a firm's capability in achieving efficient operations is established through dynamic information and knowledge exchange among individuals, with customers, and across institutions (Kusunoki, 1998; Peng, 2008). Research suggests that knowledge is developed through individual and collective experience accumulation (Yli-Renko, 2001). Networks of knowledge sharing among companies or organizational units accelerate individual and learning. A firm's internal social networks enable faster information flow and sharing among employees, accelerating the diffusion of new knowledge or best practices across different departments and geographically separated offices (Molina, 2007; Szulanski, 1996). The information and knowledge being shared via social media is visible to different parties, reducing information asymmetry, avoiding knowledge duplication, and enabling management to make more informed decisions in a

timely manner (Leonardi, 2014; Sanders, 2007). Organizational knowledge is developed through interactions between organizations and their customers (Yli-Renko, 2001). Traditionally it is challenging for firms to gather information and knowledge from external customers, who are often physically dispersed. Although contemporary communications technologies such as e-mail and instant messaging are able to overcome the geographical constraint, they usually enable information and knowledge exchange between a dyad or among a few group members, rather than across a firm's entire social networks (Leonardi, 2014). Social media provide a firm with an open and accessible resource that enables it to become closer to its customers. Customers can freely express their requirements and preferences regarding the firm's products and services. In fact, social media contain a wide range of perspectives from different reviewers and thus is considered as a superior choice to understand customer requirements (Li, 2013), enabling the firm to improve quality management and enhance customer satisfaction. In short, social media initiatives enable faster information flow and better knowledge sharing across firms' internal and external social networks, resulting in operational efficiency improvement. Social media initiatives improve firms' operational efficiency. In addition to operational efficiency improvement, the social interaction facilitated by firms' social media initiatives is likely to stimulate new ideas and improve organizations' intellectual capacity. Social media technologies represent a paradigm shift that enable firms to secure faster information flow and better knowledge sharing across their internal and external social networks (Qualman, 2010; Treem and Leonardi, 2012). Social media facilitate external information flow, allowing firms to renew their knowledge and generate new ideas (Oettl and Agrawal, 2008). In particular, to simulate new ideas, firms must expose themselves to uncharted domains of information in evolving marketing and technological environments. Many social networking tools have sophisticated functions for searching and extending networks, allowing firms to access particular expertise and exposing them to different ideas (Piskorski, 2011; Wu, 2013). According to social network theory, information-rich social networks that are low in cohesion and structural equivalence, but rich in structural holes are particularly helpful for business success (Burt, 2004). Structural holes created by social media enhance a firm's capability to access and gather valuable information from non-redundant social groups (Wu, 2013). Subramaniam and Youndt (2005) noted that in Silicon Valley, frequent and informal personal contact between individuals is widely observed and commonly considered as a critical factor for fast technology developments. Levin and Cross (2004) revealed that scientists and researchers are much more likely to obtain useful information through dynamic interaction between people rather than impersonal sources such as a database or file cabinet. Lesser and Prusak (2000) reported that higher-performing faculty members have

frequent interaction (though in shorter durations) in a wider range of non-typical office settings than do lower performing faculty (Lesser and Prusak, 2000; Dahl and Pedersen, 2004; Becker, 2007). Innovation in products and services requires a willingness to explore a wide range of new ideas from obscure and unrelated sources of information through different people and channels. With fast-developing social media technologies, consumer networks, communities, and groups are increasingly seen as firms' strategic resources. Generating word-of-mouth through communication, firms have regarded consumers as active co-producers of products and services. Customer co-creation is defined as "an approach to innovation via which customers take an active part in designing new offerings" (Martini, 2014). Customers are a strategic resource for quality improvement and innovativeness. Cassiman and Veugelers (2006) maintained that the knowledge acquired from external environments can complement internal R&D activities for innovation purposes.¹⁰

3. Quality and Services

3.1 Online Quality

The Oxford Dictionary defines quality as "the standard of something as measured against other things of a similar kind; the degree of excellence of something".¹¹

It has been widely recognized that quality is one of the crucial factor determining customers' satisfaction and position of different enterprises on the competitive market. In changing conditions and increasing clients' demands, enterprises are forced to react quickly and introduce new innovation solutions. According to the manufacturing-based definitions, quality means as conformance to requirements and standards so every deviation from the prescribed requirements is treated as not-fulfilling required quality. This approach based on slogan of "no failures" formed by service guru – Crosby was later used in ISO 9000:2005. This definition is said to be the most useful especially in production industry but also in service sector. Finally, the last value-based approach describes quality as the degree of excellence of services at the approved price and acceptable cost level. Together with the development of service sector, many researches noticed that the quality definitions and measuring tools utilized in goods industry cannot be directly used in

¹⁰ Lam, K., S., Hugo, Yeung, C., L., Andy, Cheng, T., C., Edwin, 2016. "The impact of firms' social media initiatives on operational efficiency and innovativeness", *Journal of Operations Management*, Ed. Elsevier, China, pages 1-3, August, Internet source: www.elsevier.com/locate/jom

¹¹ Oxford Dictionary. „Quality”, Internet source: <https://en.oxforddictionaries.com/definition/quality> (accessed on September 2017)

case of service sector. The specific characteristics of service must be acknowledged for a full understanding of service quality and finding suitable tools to measure it. First of all, service is intangible and unstable that is why it is extremely difficult to set requirements and then to measure the effect. Secondly, the differentiated range of service and the heterogeneous character does not allow to form one universal tool to measure its quality. Thirdly, production and consumption of many services are inseparable, as a consequence client in most cases is actively involved in the process of providing services. Moreover, each client individually determines what level of service satisfies him but also do not allow any level of tolerance for mistakes in the process of providing the service.¹²

Better quality: competition also encourages businesses to improve the quality of goods and services they sell — to attract more customers and expand market share. Quality can mean various things: products that last longer or work better, better after-sales or technical support or friendlier and better service.¹³

3.2 Service Sector

According to the Financial Times, the service sector is an industry made up of companies that primarily earn revenue through providing intangible products and services. Service industry companies are involved in retail, transport, distribution, food services, as well as other service-dominated businesses. Also called service sector, tertiary sector of industry.¹⁴ Countries with economies centred round the service sector are considered more advanced than industrial or agricultural economies.¹⁵

3.3 Online Purchasing

Online purchases are considered more risky than offline purchases because of certain missing elements such as actual interaction with the product or services (Laroche, 2005; Thamizhvanan and Xavier, 2013). Users who have an online experience will experiment reduced uncertainty, leading to higher intention to purchase a product or service online. Furthermore, online shoppers who have

¹² Aleksandra Gulc, 2016. "Models and Methods of Measuring the Quality of Logistic Service", 7th International Conference on Engineering, Project, and Production Management, Poland, pages 1-2, September, Internet source: www.sciencedirect.com

¹³ European Commission, 2016. „Competition”, The European Union Explained, Belgium, Internet source: <https://publications.europa.eu/en/publication-detail/-/publication/8200c251-aa42-11e6-aab7-01aa75ed71a1> (accessed on September 2017)

¹⁴ Business Dictionary. „Service sector”, Internet source: <http://www.businessdictionary.com/definition/service-industry.html> (accessed on September 2017)

¹⁵ Investopedia. „Service sector”, Internet source: <http://www.investopedia.com/terms/s/service-sector.asp> (accessed on September 2017)

shopped online before, are more willing to do so again because of the confidence that has been built. Expectations from past satisfactory online purchases will also lead to repurchase intentions (Shim, 2001). A person's online experience includes his/her involvement, cognitive process, flow and schema (Huang, 2012). According to Li (2002), a consumer may learn by experience through the interactions with the online environment. There are two types of online purchase experiences. The first one is direct product experience, in which the user has directly interacted with the product itself. The second one is the indirect online experience, meaning that the user has only interacted with the advertisements of the product Keng (2011).¹⁶

4. Methodology

4.1. Quality

Assuring quality of services is crucial for the outcome of the entire process in all domains. There is no established comprehensive framework for assuring quality in services. Quality in innovative development projects regarding services has two dimensions: management quality and technology application quality. The two dimensions are strongly correlated so that when the management is flawed, the resulting application is unlikely to meet user requirements. Management quality tackles the following aspects:

- Predictability implies that quality should be carried out after a pattern that generates the expected results;
- Adaptability requires that the service is better than others, resulting flexibility;
- Stringency demands that the quality be conducted using techniques, comparisons, feedbacks and methods whose effectiveness has been validated in practice;
- Measurability requires that the service uses quality data and information that are easy to quantify;

Technology applications, such as online platforms, for instance, with the purpose of better fulfilling user requirements. Technology application quality entails:

- Usability is given by the ease with which a user accesses and uses its functionality;
- Reliability is the speed of page loading, response, times of different features and behaviour when the application is accessed using low-speed internet connections;

¹⁶ Vincent Cheow Sern Yeo, See-Kwong Goh, Sajad Rezaei, 2017. „Consumer experiences, attitude and behavioral intention toward online food delivery (OFD) services”, *Journal of Retailing and Consumer Services*, Malaysia, page 3, August

- Repeatability is determined by the degree of predictability, when seeking a specific outcome;
- Availability is the extent to which the application is accessible;
- Security represents the extent to which data and personal information are protected.¹⁷

4.2. Social Media's Influence, Relationships and Sustainability

Sustainability is an important characteristic for online platforms. It is resulted from the relationships created between consumers and service providers via social media. These relationships are formed through the repeated interactions between different consumers and providers, and bring many benefits. The most important benefits are the improvement of quality and growth of profit, due to the consumers' feedback, demands, expectations, service comparisons, as well as competition, market trends, technology etc.

Nowadays, the rate of quality among European services is strongly increasing, because of the large, competitive market and easy access to information. Providers have to keep up in order to maintain themselves on the market.

For instance, firms might proactively include customers in new product development (Cao, 2015). Starbucks has launched a social media platform called 'My Starbucks Idea' to enable customers to participate in developing new drinks and flavors (Gallaughier and Ransbotham, 2010), and Caterpillar has adopted the Spredfast social media platform to facilitate coordination and collaboration across its internal departments and extended dealer network (PR Newswire, 2012). Past studies have shown that customer involvement in new product development improves innovativeness (Koufteros, 2005).¹⁸

Another online retailers, such as Amazon and eBay, have forums for customers to discuss their transactional experiences.¹⁹ Salesforce.com named company, which is the leader company in CRM (customer relationship management) automation

¹⁷ Lam, K., S., Hugo, Yeung, C., L., Andy, Cheng, T., C., Edwin, 2016. "The impact of firms' social media initiatives on operational efficiency and innovativeness", Journal of Operations Management, Ed. Elsevier, China, pages 1-3, August, Internet source: www.elsevier.com/locate/jom

¹⁸ Lam, K., S., Hugo, Yeung, C., L., Andy, Cheng, T., C., Edwin, 2016. "The impact of firms' social media initiatives on operational efficiency and innovativeness", Journal of Operations Management, Ed. Elsevier, China, pages 1-3, August, Internet source: www.elsevier.com/locate/jom

¹⁹ Osatuyi, Babajide, 2013. "Information sharing on social media sites", Computers in Human Behavior, Ed. Elsevier, U.S.A., pages 1-2, August, Internet source: <http://www.sciencedirect.com/science/article/pii/S0747563213002380?via%3Dihub>

systems, has taken the leadership in CRM by using their customers social media accounts for communicating and delivering marketing based services over web and mobile applications.²⁰

Customer services and public relations management through social media also directly enhance service efficiency, reduce transaction costs, and improve firm image. For instance, by monitoring customer conversations on social networks closely, T-Mobile was able to identify at-risk customers and engage them specifically, which reduced customer attrition by 50% within 90 days (Kane, 2014). Through social media, company information (new product information) can be distributed to and shared among customers in a timely manner, enhancing responsiveness and time based efficiency (Eng and Quaiia, 2009; Thomas and Akdere, 2013). For example, fast fashion retailer Zara leveraged Facebook, a popular social media platform, to gain customer feedback and increase customer responsiveness, perceived value, and commitment, thus enhancing customer satisfaction (Gamboa and Gonçalves, 2014). Positive experience shared by customers on social media can increase firms' reputation, decreasing sales and general administration costs (Chevalier and Mayzlin, 2006).²¹

Even among leading users of social media in the high-tech industry, there seems to be little coherence in usage. For example, Cisco maintains tight control over social media output, whereas Intel and Oracle allow technical and creative staff to "speak" without a pre-agreed script (Brennan & Croft, 2012).²²

A 2015 Deloitte report on Facebook's global economic impact (Deloitte, 2015) shows that Facebook has 1.35 billion connected people, an economic impact totalling US \$227 billion and enabled 4.5 million jobs. The report stresses that businesses increasingly use Facebook's marketing tools (pages and targeted advertising) to grow. The number of active social users increased by 12% between 2014 and 2015; today, XX% of the European population and XX% of the Western European population have an active social account ("We Are Social," 2015). Although Facebook ranks number one in social media, it is followed by mixed

²⁰ Gulbahar, M., Onur, Yildirim, Fazli, 2015. "Marketing Efforts Related to Social Media Channels and Mobile Application Usage in Tourism: Case Study in Istanbul", World Conference on Technology, Innovation and Entrepreneurship, Ed. Elsevier, Turkey, page 2, August, Internet source: www.sciencedirect.com

²¹ Lam, K., S., Hugo, Yeung, C., L., Andy, Cheng, T., C., Edwin, 2016. "The impact of firms' social media initiatives on operational efficiency and innovativeness", Journal of Operations Management, Ed. Elsevier, China, pages 1-3, August, Internet source: www.elsevier.com/locate/jom

²² Lacoste, Sylvie, 2016. "Perspectives on social media and its use by key account managers", Industrial Marketing Management, Ed. Elsevier, France, page 2, August, Internet source: <http://www.sciencedirect.com/science/article/pii/S0019850115300195?via%3Dihub>

personal and professional use of Google+ and Twitter and by professional use of LinkedIn. Disentangling figures that address personal and professional data is occasionally difficult, but today's ever-increasing number of active social accounts is an indicator that firms and individuals seek professional benefits from social media. Researchers (Agnihotri, Kothandaraman, Kashyap, & Singh, 2012) posit that individuals use social media "to participate in social networks, which enable[d] them to create and share content, communicate with one another, and build relationships" (Hennig-Thurau, 2010, p. 312). Social media is a tool that helps build relationships is particularly relevant in key account management (KAM). KAM is defined as the focus by suppliers on customers that desire a long-term relationship and the focus on this relational exchange (Colletti & Tubridy, 1987; Lacoste, 2012). This specific customer management approach, particularly in a global scope, is defined as "going far beyond relationship management skills" (Wilson & Weilbaker, 2004) or even as the "new frontier in relationship marketing," which was the title of an article by Yip and Madsen (1996). Toulan, Birkinshaw, and Arnold (2006) emphasize the role of "inter-organizational fit" to differentiate a key account from a standard customer and define this concept as being "built on a foundation of trust and reciprocity in the establishment of a relationship". Key account management can be defined as a dyadic relationship that has moved from arm's length to collaboration through the mutual integration and coordination of supplier–customer activities (Wilson & Weilbaker, 2004). Therefore, we posit that KAM is the "utmost" form of supplier – customer relationship management and that social media helps build relationships. We found little prior academic research on this specific topic; social media is mostly used and studied from the viewpoint of a company or product presentation and promotion (Svatošová, 2012), from a marketing point of view instead of a direct selling perspective.²³

Recently, Kane (2014) reported that 87% of maturing companies used social media to spur innovation and quality while 60% integrated social media into their operations.²⁴

4.3. Overview of the European Online Environment

²³ Lacoste, Sylvie, 2016. "Perspectives on social media and its use by key account managers", *Industrial Marketing Management*, Ed. Elsevier, France, page 2, August, Internet source: <http://www.sciencedirect.com/science/article/pii/S0019850115300195?via%3Dihub>

²⁴ Lam, K., S., Hugo, Yeung, C., L., Andy, Cheng, T., C., Edwin, 2016. "The impact of firms' social media initiatives on operational efficiency and innovativeness", *Journal of Operations Management*, Ed. Elsevier, China, pages 1-3, August, Internet source: www.elsevier.com/locate/jom

Table 1. Number of Population, Employees and Employers from the European Union

Year	European Union		
	No. of population	No. of employees	No. of employers
2012	504,060,345	211,351	25,642,461
2013	505,166,839	210,784	25,861,315
2014	506,973,868	212,855	26,307,386
2015	508,504,320	215,137	-
2016	510,278,701	218,273	-

Source: Eurostat. "Population change", Internet source: http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=demo_gind&lang=en (accessed on September 2017)
 United Nations. "Population division", Internet source: <http://www.un.org/en/development/desa/population/theme/trends/index.shtml> (accessed on September 2017)
 Worldometers. "Europe population", Internet source: <http://www.worldometers.info/world-population/europe-population/> (accessed on September 2017)
 OECD. "Enterprises by business size", Internet source: <https://data.oecd.org/entrepreneur/enterprises-by-business-size.htm> (accessed on September 2017)

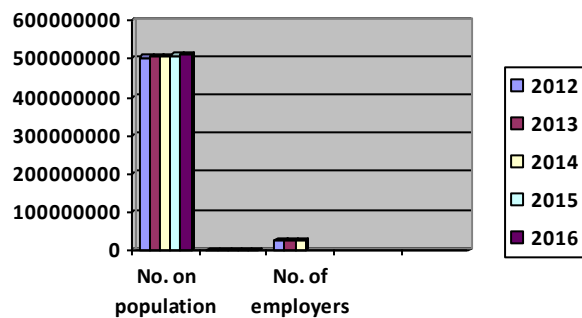


Figure 1. Number of Population, Employees and Employers

Source: Authors

From the table and chart above, we can see that the numbers of the population, employees and employers are increasing year by year in the EU. This may be due to the migration of Asian population in Europe, the emergence of new companies, technology development, instant access to information and online potential and established relationships between stakeholders.

Table 2. Online Consumers

Online consumers (buyers) %	
Year	European Union
2012	58

Online consumers (buyers) %	
Year	European Union
2013	61
2014	63
2015	65
2016	66

Source: Eurostat. "E-Commerce statistics for individuals", Internet source: http://ec.europa.eu/eurostat/statistics-explained/index.php/E-commerce_statistics_for_individuals (accessed on September 2017)

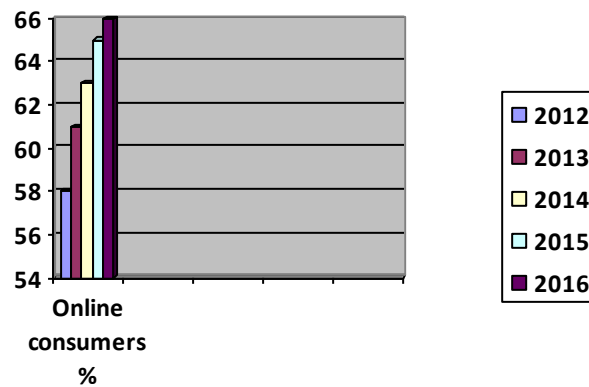


Figure 2. Online Consumers

Source: Authors

From the chart's values, we can observe that the number of online consumers is increasing, due to the easy access towards information and products/services, resulting trust and transparency.

Table 3. Online Environment

European Union							
Year	Internet advertising	Contextual advertising	Behavioural targeting	Geo-targeting	Other method of targeted advertising	Having a website	Using social media
	% of enterprises	% of enterprises using the online platforms				% of enterprises	
2016	25	78	27	30	35	77	45

Source: Eurostat. "Enterprises' internet presence", Internet source: [http://ec.europa.eu/eurostat/statistics-explained/index.php/File:V3_Enterprises_%27_internet_presence_\(use_of_internet_ads_by_type,_websites,_social_media\),_2016.png](http://ec.europa.eu/eurostat/statistics-explained/index.php/File:V3_Enterprises_%27_internet_presence_(use_of_internet_ads_by_type,_websites,_social_media),_2016.png) (accessed on September 2017)

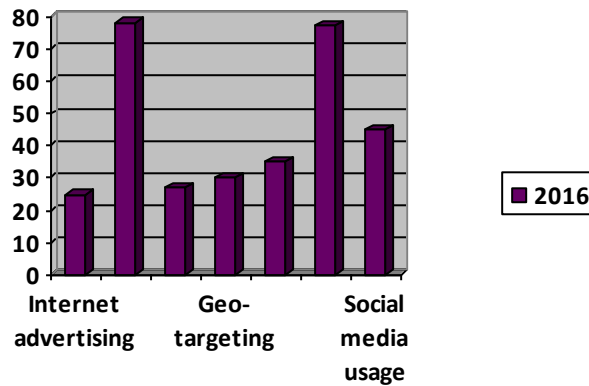


Figure 3. Online Environment

Source: Authors

The table above shows us that the contextual advertising and number of websites owned by European companies have a great %. Most of the companies nowadays are being forced to promote their businesses via social media in order to be part of the market and thrive.

Table 4. Online Service Providers

Service providers		
Year	European Union	Whole Europe
2013	17011152	26027789

Source: OECDiLibrary. "Number of enterprises by size and main sector", Internet source: http://www.oecd-ilibrary.org/industry-and-services/entrepreneurship-at-a-glance-2016/number-of-enterprises-by-size-and-main-sector_entrepreneur_aag-2016-table16-en (accessed on September 2017)

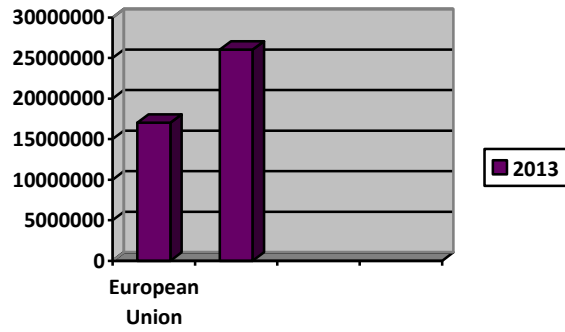


Figure 4. Service Providers

Source: Authors

From the chart above, we can observe that the internet is indispensable for the European online service providers, making Europe a dynamic marketplace.

Table 5. Facebook Users

European Facebook users		
Year	European Union	Whole Europe
2016	252793660	316905660

Source: Internet World Stats. “Internet, Facebook and Population Stats for Europe”, Internet source: <http://www.internetworldstats.com/stats4.htm> (accessed on September 2017)

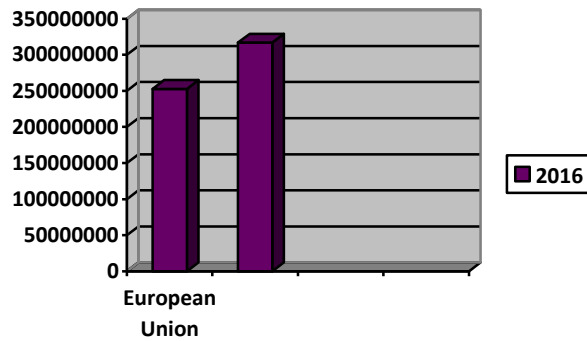


Figure 5. Facebook Users

Source: Authors

From the table above, we can see that the number of Facebook users is considerable. Most companies are using Facebook as an intermediary to promote their businesses and gain a reputation.

Table 6: Markets and Consumption

Year	1994	2014
EU Member States	12	28
EU Consumers	345 million	508 million
Countries in the euro are	N/A	18
Countries in the Schengen (free-movement) area	N/A	25
Possibility of basic internet access	N/A	99.9% (2012)
Regular internet use	N/A	75%
Online banking	0%	44% of EU citizens bank online
Population buying online	N/A	50%
Mobile phone use	Less than 1%	Over 100%
Internet access at home	N/A	81%
Online research for goods and services	N/A	64%
Car ownership	345/1000 inhabitants	491/1000 inhabitants (2013)
Number of companies	12 million	22.3 million (2012)
Value of goods traded between EU Member States	800 billion	2935 billion
Value of goods traded between the EU and the world	500 billion	3383 billion

Source: European Commission, 2016. „Consumers”, The European Union Explained, Belgium, Internet source: <https://publications.europa.eu/en/publication-detail/-/publication/2f0e7c29-0d03-11e6-ba9a-01aa75ed71a1> (accessed on September 2017)

From the comparison above, we can observe that Europe and the whole world evolved in the last decade, in terms of technology and perception. The number of EU members grew, implicitly the number of consumers, online transactions, owners, online users, value of goods and markets etc.

5. Conclusions

Europe presents a great potential to assure a proper online environment for consumers and providers to interact in terms of services and products. The increasing evolution of technology and consumers' perception, allows firms to

come up with creative demands and ideas, resulting market growth and infrastructure improvement.

The transparency built in time through social media, ensued sustainable relationships between consumers and providers and increased quality of services and products. The technology itself brings great challenges for the market participants, who are forced to adapt regarding innovativeness and competitiveness, making Europe a dynamic marketplace with a strong economy.

The relationship between the quality of services and social media, offers the opportunity and challenge of growth, reputation, interaction, know-how, knowledge, power among consumers and providers in the whole service sector.

Although 50% of EU consumers shop online regularly and need to feel confident about it, just 15 % of consumers buy online from other EU Member States. Recent evidence shows that online shoppers make cross-border EU purchases without always realising it (4 in 10 assume these to be from a domestic online seller). Top concerns and challenges with cross-border online purchasing relate to delivery, key consumer rights and redress. Evidence does indeed show that cross-border purchases account for a disproportionately high number of problems. It is, thus, not surprising that only 38 % of consumers are confident when purchasing online from other EU Member States. To overcome these difficulties, the European Commission announced in May 2015 its 'digital single market strategy for Europe'. It outlined 16 initiatives aimed at creating a connected digital single market and at encouraging e-commerce throughout the EU. In doing so, Europe can generate up to € 250 billion of additional growth in the course of the mandate of this Commission, thereby creating hundreds of thousands of new jobs, notably for younger jobseekers, and a vibrant knowledge-based society.²⁵

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²⁵ European Commission, 2016. „Consumers”, The European Union Explained, Belgium, Internet source: <https://publications.europa.eu/en/publication-detail/-/publication/2f0e7c29-0d03-11e6-ba9a-01aa75ed71a1> (accessed on September 2017)

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