

THE IMPACT OF ETHICS ON LOYALTY IN SOCIAL MEDIA CONSUMERS

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EXTENDED ABSTRACT

We live in the Era of connectivity, characterized by the integration and transparency of information technologies. Especially the social media that influence and enhance a market fostered by customers with demanding choices and strong competition between the traditional market and the online market. The market for selling products or services to end customers need to understand that their consumer has free access to information when connecting to the internet. For example, when the customer is chatting with the store attendant and then checking the feedbacks of real consumers, either online or in conversation with friends, or when he is looking for an item online and many ad suggestions appear in the browser with more affordable prices. Thus, for a company to build the bases for sustained competitiveness, it is necessary to take into account innovation and the dynamic learning capacity (Rua & Melo, 2015), and ethics usually are not considered in this process.

Due to a large number of options present in the market, if a company does not know how to formulate strategies that differentiate it from its competitors, win the loyalty of its customers and have reputational and relational values in its brand, it can involuntarily pass unnoticed before the choice of its consumers. Barney (1991) explains that what makes companies different from each other is the management and development of existing resources and capacities within the organization. According to Kotler, Kartajaya and Setiawan (2017, p. 87) “the number of brands that people recommend is less than the number of brands that people buy, which, in turn, is less than the number of brands that people know”. Thus, while a company may be disregarded by its potential customers because its products do not have an intangible value compared to the options available in the market, it can also be “discarded” due to its reputation, built through reports of shopping experience shared by social circles and digital media.

The search for a prominent position, among the variety of offers on the market, requires companies to have an authentic personality and the development of differentiated and/or innovative business strategies within the value chain, and ethics should be a keystone of loyalty strategies. Augusto and Almeida Júnior (2015), refer that the investment in the relationship with the customers can be a possibility of differentiation before the competition. Kotler et al. (2017), state that social media is a powerful relationship channel for the connection between client and company, as it breaks barriers and allows the parties to interact as friends, to develop a relationship between them. Kotler and Keller (2012, p. 19), argue that “attracting a new customer can cost five times more than maintaining an existing one and relationship marketing emphasizes customer retention”. It is important to remember the importance of retaining this client, as it is useless to stand out and not be able to have a stable client base, Reichheld and Sasser (1990), carried out a study to prove that, by reducing the desertion of clients by 5%, the profit potential of companies can increase up to 80%.

Freire, Lima and Leite (2009), refer that relationship marketing is a tool that can be used to increase the perception of the brand value and the profitability of the company over time, as well as the understanding and relationship management between this and its customers, current and potential. On the other hand, Shani and Chalasani (1992, p. 44) define relationship marketing as “an integrated

effort to identify, maintain and build a network with individual consumers and to continually strengthen the network for the mutual benefit of both sides, through interactive, individualized and value-added contacts over a long period". Scholars such as Shani and Chalasani (1992), Hennig-Thurau and Hansen (2000), Freire, Lima and Leite (2009), Kotler and Keller (2012) and Kotler et al. (2017) argue that relationship marketing powers the creation of company value, specifically in intangible resources. The aforementioned studies present characteristics and constructs of relationship marketing and intangible resources, however, the purpose of this research is to add value to the studies by developing a theoretical model in which it is possible to analyze the causal relationship between the theoretical perspective and the practice of entrepreneurs on the themes of relationship marketing, loyalty and intangible resources of the company.

Thus, this research aims to analyze the influence between relationship marketing and ethics as an intangible resource. To make this possible, a proposed model will be developed to analyze Relationship Marketing and its indicators (relationship, satisfaction, commitment, trust and ethics between the parties involved) with the dependent latent variable Intangible Resources and its indicators (relational and reputational resources), taking into account the mediator variable of Loyalty.

We intend to conduct an online survey to marketing managers from Portuguese footwear firms analyzing their social media communication instruments.

KEYWORDS: Relationship marketing, Ethics, Loyalty, Intangible resources, Social media consumers.

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