BEST PRACTICES IN MANAGING SOCIAL MEDIA FOR BUSINESS

Research-in-Progress

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Abstract

The mixed results of social media impacting on businesses have motivated this research to understand the best practices affecting the brand equity of a company utilizing the social media in business. Literature review of relevant theories is conducted. The industry publications of companies doing well in social media are analyzed to distill the best practices implemented in their social media strategies. Multiple case studies are proposed to determine how these best practices explain the desired business outcome in brand equity. The social media strategy concepts, media richness theory and Hagel III and Armstrong’s framework of virtual member development are suggested in guiding our data collection, analysis and interpretation. This research in progress is expected to contribute to the existing knowledge by providing a prescriptive framework of best practices in utilizing Facebook social network, and integrating and extending existing theories to explain the use of social media for developing brand equity.

Keywords: Best practices, social media, brand equity, case study, social media strategy definition, media richness theory, framework of virtual member development
Introduction

Social media has recently been widely used for business purposes, with one of the main goals of stimulating social commerce related activities. Social commerce is defined as buying and selling activities generated within a social networking site or driven by social media interactions (Ng 2013b). Some examples of the social media services for business are polling, online advertisement, creation of a fan-page or a brand’s page, tracking of the number of fans and interactions, creation of social commerce store, and online report on the reachability of a fan page.

According to the report from eMarketer (2012), Facebook is the top social media advertising company in the United States. Another study by a global marketing company (TBG Digital 2012), provides the indications that many countries in the world are choosing Facebook as a niche to promote their business campaign or brand, to communicate with stakeholders, and to attract their potential customers; and it is a dominant social media site that potentially has major impacts on social commerce due to its popularity. Booz & Company estimates that by 2015 the social commerce industry will grow to a business scale of $30 billion dollar worldwide, with $14 billion in the United States and $16 billion in other countries (Anderson et al. 2011).

There are many well-known companies that use Facebook to advertise their products and services. Some of these companies, such as Dell, Addidas, Lacoste and AT&T, obtain the expected business benefits, e.g., an increase in online participations, brand recognition and sales revenue from marketing on social media (Keath 2012). In order to obtain the business benefits through social media activities, companies may need to pay attention to the external and internal factors affecting the successful utilization of social media. For example, companies need to keep their contents in social media fresh and relevant; and have an appropriate internal change management plan in order to handle the possible resistant and skeptical attitudes from the staffs towards the change from traditional methods of marketing, communicating and access to customers (Meister and Willyerd 2009). These factors may hinder the use of social media in companies if they are not being addressed properly.

While some companies find that social media has positive impacts on their business operations, others find no or negative impacts (e.g., negative feedbacks from the social media users and these feedbacks can be seen by the public). Some evidences are identified from recent reports. For example, a report of Coca Cola shows no impacts on social media marketing (McKendrick 2013) and the study of 500 retail sites by IBMs_smartCommerce also indicates similar results (Malcolm 2012). This is likely because of different management styles and expectations from the social media (Miles and Snow 1994). Likewise, for the same type of advertisement on Facebook, some companies perceive them as effective whereas other companies deem it as having no impact on the existing business outcomes and performance.

Thus, mixed results of the impacts of social media on business outcomes and performance are observed. However, this problem is not trivial as many companies are expected to be influenced by social media in the current economy due to its growth and popularity among consumers. While there are a few papers that use econometric modeling and vector autoregressive models to predict the relationship between engagement in social media and consumer purchasing behavior (Goh et al. 2013) and the relationship between social media metrics and a firm equity value (Luo et al. 2013), there is a lack of related study of best practices in social media for business. In light of this, this research aims to address and understand how these differences in business outcomes and performance exist and what are the best practices affecting the outcomes of a company utilizing social media in business. Best practice, in this context, is defined as a method or an approach of managing and handling activities in social media that is consistently found to be effective in producing the desired outcomes compared to other means.

It is assumed in this study that the ultimate goal of social media best practices is to directly or indirectly improve the brand equity of a company implementing a social media strategy. Brand equity is defined as the direct and indirect value of a brand to influence consumer behavior, and to provide the security of sustained future revenues to its owner (Keller 2012). Keller (1993) proposes that brand equity can be measured in terms of brand awareness and brand image. These can be measured from a brand’s page on Facebook.

The subsequent organization of this paper is as follows. Section 2 provides a literature review on social
media for business, and the theoretical background in this study that includes the concepts of social media strategy, media richness theory and Hagel III and Armstrong’s framework of virtual member development. Section 3 describes the observable social media best practices implemented by some popular corporate brands in their social media strategies on Facebook. This is done by reviewing the industry publications of companies doing well in social media as well as studying the history of their Facebook fan pages. Then, a research framework, linking the theoretical background to the best practices, is proposed. Section 4 details the research method applied in this study, the anticipated results, the contributions and implications of this study for practice and research.

Literature Review

The Importance of Social Media for Business

As per August 2013, the total number of users of online social media has reached a historical record again. For example, Facebook has more than one billion users, and this includes more than 15 million businesses that are using this social network platform to create brand pages (Koetsier 2013). Twitter has over 550 million users and 250 million revenues from organizational advertisements (StatisticBrain 2013). In a survey of 247 global brands conducted by a digital consulting firm finds that 99.6% and 95.5% of the brands maintain a presence on Facebook and Twitter social media platforms respectively (L2ThinkTank 2013). These numbers suggest that these social media are widely used and are getting a lot of attention from businesses around the world.

Facebook, which originally focuses on providing social networking functionality to its members, now has also become a top venue for advertising and conducting social commerce to its members. To many companies, this shift has triggered the need to investigate the fundamental best practices in a social media strategy and understand how a company can optimally utilize Facebook in order to realize the potential business benefits (e.g., brand equity) from the readily available virtual community in this social network.

Theoretical Background

Social media strategy concepts (SMS) – Mintzberg (1978) defines strategy as a plan driven by a predefined decision. He describes strategy formulation involves the interplay between a dynamic environment and some crucial processes in an organization, and has distinct change-continuity cycles. A strategy needs to have specific objectives, targeted audience and the required resources (Dutta 2010), and also an evaluation system to measure its performance (Wilson et al. 2011). While Wilson et al (2011) propose four types of social media strategy (i.e., social media practitioner, experimenter, champion and transformer), there is no specific definition of social media strategy. Based on the above, we define social media strategy as a well-defined and tightly focused social media action plan, which has clear business objectives, specific policies, desired audience, desired resource and predefined metrics for measuring the social media impacts. Thus, a social media strategy will describe the action plan with particular objectives, provides the directions towards attaining a specific goal and will determine the best practices for social media implementation.

According to the concepts of social media strategy, the three primary objectives or drivers for using social media in business are for engagement with stakeholders, branding, and learning from new sources (Dutta 2010). While engagement with stakeholders is meant to strengthen or leverage relationships and show commitment to a cause, branding is aimed to introduce and increase the exposure of a brand to the public. On the other hand, learning is targeted at gaining the knowledge of the emerging technology trends and issues, and for exploring its potential implications for business. For example, the use of social media for crowdsourcing of new product ideas by Starbucks. This study focuses on these three dimensions of social media strategy concepts.

To work well with social media, business has to: (1) encourage participations and interactions from the fans by setting up an incentive system, (2) find creative ways to improve the use of social media (e.g., the use of proprietary technologies), and (3) produce contents regularly and provide real-time updates and feedbacks to fans (Wilson et al. 2011). The social media strategy concepts also suggest that although social media is very popular to business for the associated low-cost, it has risks. The risks are (1) social capital risk – risk of being attacked by abusive post and image tarnished by inaccurate information, (2)
intellectual capital risk – risk of disclosure of private and confidential information to the public, and (3) continuity risk – risk of insufficient resources and the discontinuing efforts to manage a good quality social media strategy (Dutta 2010). All these risks will affect the brand equity.

**Member development (MDF)** – However, before conducting an activity to obtain interactions from fans, business has to build its community of fans first. It is found that, businesses considering the implementation of a social media strategy in Facebook, brand/fan page’s member development is very important in order to develop and expand engagement with stakeholders (Lin and Ng 2013). Thus, the best practices in utilizing Facebook social network should foremost focus on its member development. Figure 1 is the diagram of four stages of member development proposed by Hagel III and Armstrong (1997) in a virtual community for capturing business values. They view a virtual community as a commercial enterprise. Based on a more general perspective, Kannan et al. (2000) define electronic or virtual communities as aggregations of Internet users with “sufficient human feeling on matters of common interest to form webs of personal relationships” (p. 415). Armstrong and Hagel III (1996) discern that there are four categories of virtual community based on the Internet users’ utilization purpose, i.e., transaction-oriented, interest-oriented, fantasy-oriented and relationship-oriented. The Facebook social network community falls under the relationship-oriented community.

According to Hagel III and Armstrong (1997), the key factors influencing how fast a company can generate business outcome of brand equity from a virtual community are: (1) content attractiveness – which emphasizes that the main source of content attractiveness is that the contents are created by its members, and the more the amount of member-generated contents the more attractive is the virtual community; (2) member loyalty – which suggests that the more customized interactions a community offers, the more loyal the members likely become and the more likely they are to take part in a community activities; (3) member profiling – which serves to facilitate target marketing, allows businesses/advertisers to be more effective in reaching their potential customers, and the more interactions between the advertisers and customers are, the more likely is to create more revenue from transactions and advertising in a community; and (4) transaction offerings – which describe the range of products or services offered by a business. The more offerings are provided to the community members the more likely they join the community and have greater willingness to engage in transactions, and eventually this can lead to more transaction activity.

![Figure 1. Four Stages of Member Development (source: Hagel III and Armstrong (1997))](image)

**Media richness theory (MRT)** – The richness of a medium is defined based on four perspectives, i.e. the immediacy of feedback, multiple cues, language variety and personal focus provided in a medium (Daft et al. 1987). Similar to some rich media such as face-to-face meeting and email communication, Facebook fan page is also a rich medium as it allows instant feedbacks back and forth from its participants, can consist of multiple cues (e.g., external links to other blogs and web pages, videos, photos, and emoticons in a message), permits multiple languages and the use of natural language, and allows personalized message and response. Richer media that enable multiple cues and immediate feedback in computer-mediated communication systems are found to result in a greater social-emotional and clearer communications (Kahai and Cooper 2003).

To avoid unnecessary social media strategy risk mentioned above, media richness theory proposes that a
task outcome (e.g., good or bad outcomes, causing favorable or unfavorable feedback from interacting on a medium) can be enhanced when the right communication medium, with the right communication capabilities, is chosen to match the information-processing needs of the task (Daft and Lengel 1986). For instance, criticism or complaint of a brand may be at best addressed on a one-to-one rather than one-to-many or many-to-many communication medium like on Facebook. Simply put, in order to improve engagement and branding in social media, an effective communication requires the right communication media and using the right communication capabilities.

**Corporate Social Media Best Practices**

According to Shift Communications (2012) – a social media service agency, it is important to be transparent, writing social-content based on one’s expertise, and be tactful in handling disagreement or conflicts in social media. Practical experiences from Social Fresh, a social media training company, suggests that the purpose for engagement, expectations for employees’ online conduct, and confidential and proprietary information protection are crucial to manage social media programs in corporate, in (Creed 2010).

It is also recommended that social media should be used to create brand awareness and a reputation before it should be used to sell, generate revenue and foster brand advocacy (Awareness 2012). In addition, practical experiences from Kodak, in using both Facebook and Twitter social media for marketing, discovers that it is more effective and easier to get close to potential customer by providing personalized talk rather than marketing talk, posting new message or updates frequently, giving additional insights and adding varieties to the social site with external links (Eastman Kodak 2009).

As we have not found academic publication and empirical study related to the social media best practices affecting the business outcomes of a company that utilizes social media, industry publications (e.g., (Eastman Kodak 2009; Keath 2012; Mershon 2011)) are reviewed in this study. This is to identify the fundamental approaches and best practices (in the social media strategy) to gain brand equity that companies implement, which lead them to the road of success in managing their intended business activities in social media. Altogether 16 companies were studied. The sample selection in this study is based on the following criteria: these companies, (1) publish their social media best practices (Eastman Kodak 2009; Mershon 2011), (2) have realized the business benefits from their social media strategies (Keath 2012), (3) are the top three companies (based on the total number of fans) from the top three industries that conduct some business activities on Facebook (Ng 2013a), and (4) have established their presence and utilize Facebook for business purposes for more than three years (see Table 1). The total number of fans and number of engagements obtained by each company, as shown in Table 1, are relevant social metrics for social media performance such as for brand awareness, and brand engagement (Hoffman and Fodor 2010).

To examine the above mentioned companies’ social media best practices, this study looks at the whole history of each company’s Facebook fan page. Their social media practices and activities on the Facebook fan page, with the written text, artifact and document, such as (1) what they do and have on the fan page, (2) what they usually write in a post, (3) how they present their messages, (4) how frequently they update the contents, response to an inquiry and criticism, and encourage feedbacks from the fans, and (5) how they manage the fan page (the policy) and the fans --- are studied and recorded. This type of content and document analysis is important to interpret the real social media experiences of the company and its fans, c.f. (Hodder 2000). From the data collected, as well as the social media best practices published by companies numbered 1-7 (in Table 1), an initial coding (a descriptive code) is attached to each segment of data (related to our research problem and objective) for making comparison with other segments of data (Miles and Huberman 1994). Similar descriptive codes (a total of 40) were found and further analyzed. For codes (describing the practices) that fall into the same common theme, they are grouped and categorized together. These are summarized and tallied in Table 1. Ten common themes, i.e., the best practices are finally identified and detailed explanation of each is given in Table 1.

It is observed that these companies normally try to be very careful with what is written in a post or message content (CON), being responsive to criticism or comment (RES), and update brand’s page content frequently (FRE) – these best practices are as illustrated in Table 1. These best practices correspond to those concepts prescribed in the social media strategy literature, c.f. (Dutta 2010; Wilson et
al. 2011). Some best practices such as segmenting audiences based on their interests (SEG), establishing an online store (STO), providing membership benefits (VAL), and engaging in customized interaction with fans (INT) match with the concepts of member profiling, transaction offerings, content attractiveness and member loyalty respectively, as suggested in the Hagel III and Armstrong (1997)’s member development framework. All the companies investigated here use Facebook, as a communication medium, for a widespread brand awareness campaign and word-of-mouth marketing as it possesses the characteristics of media richness. Facebook allows the potential use of other applications (APP), various Facebook functionalities (FBF), various media such as external links and YouTube on Facebook (EXT), online store (STO), real-time interactions with fans (RES), and personalized interactions with fans (INT). This corresponds to the concepts of multiple cues, immediacy feedback and personal focus in the media richness theory.

Based on the frequency counts in Table 1, the contents of a message/post (CON), incorporating external links (EXT), utilizing Facebook functionalities (FBF), interacting with fans (INT), integrating an online store in the social media (STO), involving the use of innovative applications (APP), and being responsive to fans’ comments (RES) are the most common best practices adopted by more than 80% of the companies that succeed in their social media strategies in this study. It is noted that the best practices listed in Table 1 may not be the most exhaustive list of social media best practices but they are fundamental in this area of research.

<table>
<thead>
<tr>
<th>No</th>
<th>Company name – Industry</th>
<th>(# of fans, # of engagement)</th>
<th>APP</th>
<th>CON</th>
<th>EXT</th>
<th>FBF</th>
<th>FRE</th>
<th>INT</th>
<th>RES</th>
<th>SEG</th>
<th>STO</th>
<th>VAL</th>
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<tbody>
<tr>
<td>1</td>
<td>Kodak –Service</td>
<td>(607,307; 3,065)</td>
<td>1</td>
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<td>2</td>
<td>Cheese &amp; Burger – Food &amp; beverages</td>
<td>(1,242,914; 5,856)</td>
<td>1</td>
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<td>3</td>
<td>American Express Open Forum– Banking</td>
<td>(329,161; 907)</td>
<td>1</td>
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<td>4</td>
<td>Petco – Food &amp; beverages</td>
<td>(2.22M; 92,012)</td>
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<td>5</td>
<td>Red Bull – Food &amp; beverages</td>
<td>(37.59M; 364,743)</td>
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<td>6</td>
<td>Threadless – Fashion &amp; Accessory</td>
<td>(705,931; 53,845)</td>
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<td>7</td>
<td>Skittles – Food &amp; beverages</td>
<td>(25.23M; 125,597)</td>
<td>1</td>
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<td>8</td>
<td>Budweiser – Food &amp; Beverage</td>
<td>(10.35M; 184,372)</td>
<td>1</td>
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<td>9</td>
<td>Domino’s – Food &amp; Beverage</td>
<td>(8.61M, 70,655)</td>
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<td>10</td>
<td>M&amp;M’s – Food &amp; Beverage</td>
<td>(8.17M; 113,593)</td>
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Table 1. Companies Best Practices in Managing Social Media

Source: (Eastman Kodak 2009)

Source: (Mershon 2011)

Source: (Keath 2012)
<table>
<thead>
<tr>
<th></th>
<th>Company Name – Industry &amp; Accessory</th>
<th>Frequency count</th>
<th>Application (APP) – SMS, MRT</th>
<th>Contents in a message or post (CON) – SMS, MDF</th>
<th>External links (EXT) – MRT</th>
<th>Facebook functionality utilization (FBF) – SMS, MRT</th>
<th>Frequency of content updates (FRE) – SMS</th>
<th>Interactions with fans (INT) – SMS, MDF, MRT</th>
<th>Responsive (RES) – SMS, MRT</th>
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<tr>
<td>11</td>
<td>Adidas Originals – Fashion &amp; Accessory (21.19M; 163,060)</td>
<td>14 16 16 15 9 15 13 10 15 8</td>
<td>Involve the use or development of innovative applications that allow fans to distribute and share a content, and to engage fans. This will include the use of games and TV broadcast, integrating mailing list with an application, and organizing a local or worldwide community through a third-party ‘meet up’ application.</td>
<td>Write a clear, personalized and creative message/post, e.g., providing conversation or discussion on topics larger than a specific brand or niche, and showing videos on how to install and use a product. Also, use a shorter and variety in the posts, and photo strip for messaging and drawing attention to a particular content.</td>
<td>Incorporate external links by linking to other blogs, videos, and news articles, and integrate a corporate blog with a Facebook page.</td>
<td>Utilize the functionalities provided in Facebook, e.g., using the: (1) Send button to directly send a link to friends, (2) Comment button to make comments that will show up on their wall, (3) Event tab to arrange for face-to-face meetings with fans, and (4) Place tab to notify the location of a company.</td>
<td>Send post frequently, update new content regularly, provide fun video each week, and change photo images and rotate various profile images.</td>
<td>Be committed and engaged in social media, and engage fans by (1) providing clear, short, friendly and direct rules of engagement, (2) posting pictures, running contests and voting for fans’ favorites, and (3) involving fans in the design and selection process of a product.</td>
<td>Be responsive to questions and comments, listen to others, and take quick actions in resolving any negative comments.</td>
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<td>General IS Topics</td>
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<td>Segmenting audiences (SEG) – MDF</td>
<td>Has a strategy to keep the interest of young and old customers, and find ways to segment audiences by interests and location.</td>
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<td>Online store (STO) – MRT, MDF</td>
<td>Integrate the online store with a Facebook page, integrate social proof into an online store, and use interactive content (e.g., picture, animation, and mini games) to enhance the online shopping experience.</td>
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<td>Value provision (VAL) – SMS, MDF</td>
<td>Provide value to audiences by sharing tips, tricks and insights, forming strategic partnerships that benefit fans, offering benefits for liking Facebook page, and giving a unique discount to fans buying from Facebook store.</td>
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SMS=Social Media Strategy, MDF=Member Development Framework, MRT=Media Richness Theory, M=Million

The implementation of the best practices in managing the social media by these companies, as discussed above, has created a lot of business benefits e.g., improvements in their interactivity and engagement with customers and fans, customers’ loyalty, brand awareness and impression (Mershon 2011). Some of these business benefits eventually lead to better business outcome in terms of online and offline sales volume and increase return on investment (Keath 2012).

In sum, the social media strategy concepts (SMS), media richness theory (MRT) and Hagel III and Armstrong’s framework of member development (MDF) seem to be able to explain the best practices derived from the top companies found to be successful in their social media strategy. Thus, they are integrated in this study to explore and confirm the best practices in gaining brand equity on Facebook, and explain how some practices adopted by some companies are successful in achieving the desired brand equity and some do not. This research framework is shown in Figure 2.

![Figure 2. Research Framework](image_url)

**Research Method**

Case study research method is adopted here as it meets the purpose of this research, which puts emphasis on situational details and requires description of the processes involve in the social media practices (Gephart 2004). Also, there is not a theory available for completed guiding, in this context of social media best practice. The theories applied in this study merely cover part of the holistic picture and serve as a structured means for subsequent case study data collection and analysis (Klein and Myers 1999; Pan and Tan 2011). Thus, it is necessary to have further investigation to verify the framework. The specific typology of case study used here is both exploratory and descriptive in nature. According to Yin (2003), this type of case study is justifiable as the purposes of this research are to describe, identify and search for a thorough understanding of the practices of companies that successfully derive business outcome in brand equity from the Facebook social network. Multiple case studies will be conducted to understand how companies plan, execute and manage their social media activities. While one group of these companies has realized the business outcomes of brand awareness and brand image from its direct use of Facebook for business activities, the other group of companies has experienced no boost in brand equity from its social media activities. This is to allow us to identify convincing evidences that show major differences in social media...
practices, which lead to favorable business outcomes, c.f. (Pan et al. 2012).

To warrant for a fair case comparison analysis, this study will control for the following characteristics of the case companies used in the future implementation of this study: (1) industry type, (2) time adoption of the social media, (3) the use of other social media platforms such as Twitter, blog, YouTube and etc., and (4) offline brand awareness and brand image.

The unit of analysis in this study is a company’s Facebook brand page or fan page, which has the history or a log of all messages, multimedia contents, activities and comments posted on it. Content, artifact and document analysis of all the events listed on a company’s Facebook fan page will be conducted to analyze the evolution and changes in the aspects of fan management, crisis management, social activities organization, customer relationship management, and fan engagement that occur throughout the lifecycle of the company’s use of Facebook for business. In addition, structured interviews will be conducted with the top executives such as the Marketing Manager, CIO, and/or CFO who are familiar and involved in planning, executing and managing its social media activities on Facebook. Information is gathered with the intent of describing, analyzing, and interpreting the relationships between social media best practices and brand awareness and brand image. In this study, brand awareness will be measured based on the number of fans and subscribers, the number of engagements (such as fan posting, comment, interaction), and click-through-rate, see (Ng 2013a). The brand image that has been developed indirectly based on one’s interpretation of the brand in advertising and e-word-of-mouth on Facebook, will be assessed through qualitative technique, e.g., by interviewing some of the fans and subscribers, using the brand free association questions (Boivin 1986). In addition, offline brand awareness and brand image will be asked via interview with a structural way in order to exclude their impacts on online brand equity.

Emerson, Frez and Shaw (1995) suggest the use of initial open coding in analyzing case study data (such as, the interview data and written material on a fan page). This data analysis method is adopted to identify and formulate ideas and themes (involved in executing and managing its social media activities), and then focused coding is applied to determine and explain the core themes. This is followed by writing a narrative-style description of each case organization participating in this study. Case comparison analysis will be done to confirm and identify the differences and similarities, among the participating companies involved in this study, in the aspects of fan management, crisis management, social activities organization, customer relationship management, and fan engagement. The specific relationships as proposed in Figure 2 will form the scope of our data analysis and interpretation (Yin 2003). Pattern-matching will be used to empirically validate the applicability of social media theory, media richness theory and Hagel III and Armstrong’s framework of virtual member development in the context of the Facebook social network. Thus, the research framework can be possibly modified as new or unexpected relationships between variables emerged during data analysis.

This study is expected to make the following contributions: proposing a prescriptive framework of best practices affecting brand equity in utilizing social media, empirically validating and extending the existing framework of member development, producing a list of pitfalls to avoid in utilizing the social media, and integrating existing theories to explain the use of social media for developing brand equity. The research findings from this study should be useful to the practitioners as it would suggest the best practices for a successful social media strategy and the pitfalls to avoid based the prior experiences of other companies. For companies that are currently executing a social media strategy – this study should provide insights into how they can better manage their social media strategy in the future; and help them to better understand why they have succeeded or failed in their social media strategy.

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