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FROM LIKES TO SALES
THEORIES AND EMPIRICAL EVIDENCE ON RELATIONSHIP MARKETING IN THE SOCIAL MEDIA ERA

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To the marketers who understand
that true impact lies not in metrics,
but in the relationships that endure.

Having a digital marketing arm simply isn't enough. Digital marketing should be fully integrated across the company and used to drive and evaluate marketing decisions to reach its full potential. Unfortunately, that is not currently the case for most companies.

MOORMAN & SOLI, 2022

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INTRODUCTION

In recent years, social media have assumed a central role in corporate communication and marketing strategies, becoming an essential tool for interacting with consumers in markets that are increasingly dynamic, competitive, and characterized by growing multichannel complexity (Appel et al., 2020; Liadeli, Sotgiu & Verlegh, 2023). In this context, the pervasive diffusion of social media platforms has radically transformed the relationship between brands and consumers, turning audiences from passive recipients into active co-creators of meaning and content. Yet, this same characteristic that gives social media their enormous communicative potential also represents a challenge for firms' ability to control their brand narrative: brand reputation is now built within a shared, open, and often unpredictable space, where user-generated contributions can be as constructive as they are critical.

Nevertheless, while brands are eager to use social media platforms to communicate and engage consumers, assessing their actual effectiveness remains an open debate. According to *The CMO Survey* (2019), social media spending has reached 11.4% of total marketing budgets, yet many practitioners remain skeptical about the real contribution of these investments to firm performance. This uncertainty stems primarily from two main issues. First, the difficulty of objectively measuring the impact of social media on sales and other key economic variables; and second, the lack of integrated theoretical models that allow researchers and managers to analyze social media within the broader marketing ecosystem, overcoming the fragmented and often descriptive approaches that dominate much of the current literature.

Recent evidence, however, indicates that this skepticism is intensifying. As highlighted by Moorman and Pauwels (2024) in *Harvard Business Review*, marketers have begun to reconsider their investments in social media, with budget allocations declining from 17% in 2023 to roughly 11% in 2024, the lowest level in seven years. The authors identify several key reasons for this retrenchment: the growing difficulty of cutting through the clutter of saturated social platforms; the persistent inability to clearly attribute social media activity to measurable business outcomes; and the rise of alternative channels, such as retail media networks and direct digital experiences, which offer a more traceable connection to sales performance. This shift reflects a deeper transformation in marketing priorities, from the pursuit of visibility and engagement metrics to a renewed focus on meaningful, purpose-driven communication and customer relationships.

Against this background, this work seeks to provide both an empirical and theoretical perspective on the effective use of social media within marketing strategies, with a specific focus on their impact on sales and overall firm performance. The aim is to move beyond a merely tactical approach centered on engagement metrics and short-term interaction rates and to propose a broader and more strategic view of social media as key drivers of both economic and relational value.

In this sense, the study adopts the interpretive lens of Relationship Marketing and its evolution to Online Relationship Marketing (Steinhoff et al., 2019), viewing social media not only as communication tools but as relational infrastructures that enable the creation, development, and maintenance of long-term, trust-based relationships between firms and their audiences. Social media become therefore a new arena for the enactment of relationship marketing principles — where interaction, participation, and co-creation replace persuasion, and where value emerges from continuous dialogue and mutual exchange between brands and consumers (Morgan & Hunt, 1994; Palmatier & Steinhoff, 2019). From this perspective, engagement is redefined as a relational mechanism rather than a mere behavioral metric: likes, shares, and comments are not ends in themselves but signals of emotional connection, identification, and loyalty that sustain brand equity and long-term performance.

Over the past decade, as we will see in the review of the literature, academic research has provided substantial empirical evidence on the impact of social media on consumer behavior and firm performance (Kumar et al., 2016; Kumar V. et al., 2017; Srinivasan et al., 2016; Colicev et al., 2019; Liadeli, Sotgiu & Verlegh, 2023). However, these findings remain heterogeneous and, at times, contradictory, due to recurring methodological and conceptual limitations.

First, many studies focus on a single platform (such as Facebook or Twitter) without considering the interconnection and integration between multiple channels. This limitation reduces the ability to realistically represent the contemporary digital ecosystem, where consumers simultaneously engage across various platforms and devices. Second, competitive dynamics are often overlooked. Analyses typically treat a brand's social media activity as independent from that of its competitors, even though social interactions occur within an interactive and competitive environment in which one brand's actions can influence and be influenced by those of others. This lack of a systemic perspective constrains our understanding of the comparative effectiveness of social media strategies. Finally, most existing studies rely on purely quantitative metrics such as the number of posts, likes, or shares, while neglecting crucial qualitative dimensions related to the content and communication style of social media, which represent important predictors of engagement. Factors such as tone of voice, type of appeal (rational or emotional), content format (text, image, or video), and consistency with strategic objectives are frequently ignored, even though prior research shows that these variables deeply shape engagement levels and consumer purchase decisions.

Building on these considerations, the present work aims to systematically analyze how, and to what extent, social media activities contribute to corporate performance, with particular reference to their impact on both consumer engagement and sales outcomes. By integrating a review of recent literature with empirical evidence, the book offers a comprehensive view of social media as strategic marketing tools capable not only of stimulating interaction but also of generating measurable economic value through the capture and maintenance of audience attention.

The book is structured into four main chapters, each addressing a key dimension of this argument.

Chapter I situates the discussion within the broader historical and conceptual evolution of marketing thought, tracing the transition from traditional transactional logic to the paradigm of Relationship Marketing. It examines how relationship marketing principles — centered on trust, commitment, and long-term value creation — have evolved in the context of digital transformation. The chapter introduces foundational theories and models, from Morgan and Hunt's (1994) Commitment–Trust Theory to contemporary frameworks of Online Relationship Marketing (Steinhoff et al., 2019), illustrating how digital platforms extend and reshape relational dynamics. It also presents emblematic cases such as Market Basket and Sephora, demonstrating how relational value can translate into organizational resilience and performance in both offline and online environments.

Chapter II moves from the conceptual to the analytical, reviewing the main strands of empirical research on social media effectiveness. It discusses how firm-generated content (FGC) influences consumer engagement and sales, distinguishing between emotional and informational content and between owned, earned, and paid media. The chapter highlights the methodological diversity of past studies and identifies the main gaps that motivate the empirical analysis conducted in this work — such as the lack of cross-platform models, the underrepresentation of competitive effects, and the overreliance on superficial engagement metrics.

Chapter III delves into the social media metrics, providing an overview about the most relevant metrics with a particular emphasis on social media engagement.

Chpater IV presents the empirical study at the core of the book. Drawing on a large dataset that integrates firm-generated social media activity, engagement measures, and brand-level sales performance, it examines the short- and long-term effects of social media marketing on firm outcomes. The analysis accounts for competitive interactions and content characteristics, thus providing a more realistic and comprehensive understanding of how social media strategies operate within the broader market ecosystem. The chapter also explores the mediating role of engagement and the relative importance of emotional versus informational appeals in driving purchase behavior.

Chapter V offers a managerial synthesis, translating the theoretical and empirical insights into actionable implications for marketing practice. It discusses how firms can design social media strategies aligned with relationship marketing principles — focusing on trust, authenticity, and co-creation rather than on mere visibility or volume. Finally, it outlines directions for future research, emphasizing the need to explore new forms of digital relationality shaped by artificial intelligence, personalization, and ethical data use.

Overall, the book positions itself at the intersection of relationship marketing theory and social media analytics, bridging conceptual depth with empirical rigor. By reframing social media as relational ecosystems rather than promotional tools, it invites scholars and practitioners alike to rethink how marketing can create sustainable value — not only by capturing attention but by cultivating enduring, meaningful relationships in the digital age.

CHAPTER I

FROM RELATIONSHIP MARKETING TO SOCIAL MEDIA MARKETING

1.1. The roots of Relationship Marketing

Over the past few decades, the discipline of marketing has undergone a profound evolution that reflects the economic, technological, and social transformations of the competitive environment. Traditional marketing, which emerged during the industrial and post-industrial periods, was grounded in a transactional and product-oriented logic: firms produced goods and services and relied on mass communication to reach the largest possible audience. The classical definition provided by the American Marketing Association (1985) underscores this perspective: marketing is "the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives".

As competition intensified and markets became saturated, however, the need arose to develop strategies aimed not only at acquiring new customers but also at fostering loyalty and building long-term relationships. It was within this context that relationship marketing emerged, conceptualized by Sheth and Parvatiyar (1995) as an approach based on enduring relationships between producers and consumers, in which "the emotional bond transcends the economic exchange."

Relationship marketing thus represents the antithesis of traditional "one-shot" marketing, as it emphasizes the quality and continuity of the relationship rather than the quantity of transactions. Among the many definitions of Relationship Marketing, Palmatier (2008) defined it as "the process of identifying, developing, maintaining, and terminating relationships with the objective of enhancing performance." Unlike traditional marketing, which adopts offensive strategies aimed at attracting new customers, encouraging brand switching, or targeting consumers dissatisfied with competitors relationship marketing favors defensive strategies designed to minimize customer attrition and maximize loyalty and lifetime value.

Two core principles underpin this approach:

1. Acquiring a new customer is more costly than retaining an existing one;
2. The longer the relationship, the greater the profitability for the firm.

Research by Payne et al. (1995), Kotler (1997), and Baines et al. (2011) confirms that the establishment of long-term relationships contributes not only to revenue stability but also to the strengthening of corporate reputation and the creation of intangible value, such as trust and customer satisfaction. The transition from traditional marketing to relationship marketing represents a structural transformation in the way firms create, communicate, and deliver value.
This transition is well explained by Sheth (2015) who articulates the trajectories for Relationship Marketing under two dimensions, as we can see in Figure 1.1. Two shifts are especially salient.

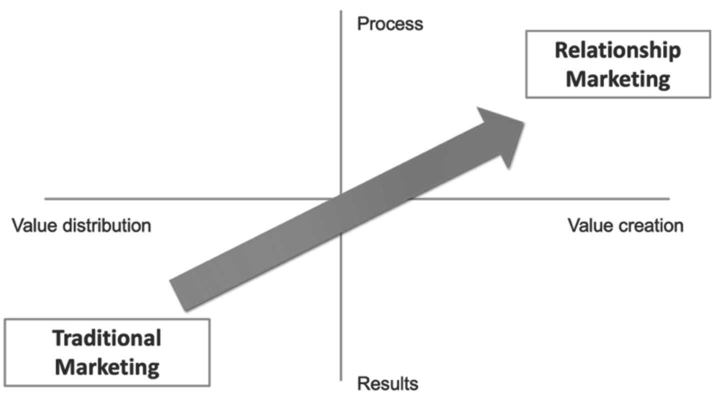

Figure 1.1. Evolution of Relationship Marketing (author elaboration from Sheth 2015).

First is the move from "value distribution" to "value creation", which could be also translated as from "share of wallet" to "share of heart," emphasizing emotional bonds that transcend purely functional or economic value. Second is the shift from "results" to "process" meaning that companies move from "managing customer relationships" to "joint ventures with customers," highlighting collaborative value creation through mutual exchange of resources and competencies rather than only value distribution. The focus is not only on the results but on the process through which companies are able to create and develop relationships which evolve from dependence to interdependence. Therefore, the role of the firm becomes that of facilitating collaborative experiences and stakeholder dialogues (Pine & Gilmore, 2000; Baird & Parasnis, 2011).

In this perspective, consumers gradually ascend what Payne et al. (1995) describe as the loyalty ladder, evolving from occasional buyers into committed partners who actively co-create value with the firm. At each stage of this progression, from awareness, preference, purchase, loyalty, to advocacy, the customer's relationship with the brand deepens, shifting from transactional exchanges to emotional and collaborative engagement. Through this process, consumers no longer merely satisfy their own needs; they also become contributors to the satisfaction of other consumers, offering feedback, sharing experiences, and participating in communities that reinforce collective value creation. As illustrated in Figure 1.2, traditional marketing primarily focuses on prospects, emphasizing acquisition and short-term conversion objectives. In contrast, relationship marketing extends this perspective by emphasizing the continuity of the relationship after the initial purchase. It seeks not only to attract new customers but to retain and develop them, guiding them through successive levels of engagement, from passive recipients of value to active participants, advocates, and eventually, members of a brand community. In this way, the marketing function evolves from persuasion to participation, and from communication to collaboration, aligning economic value with relational depth.

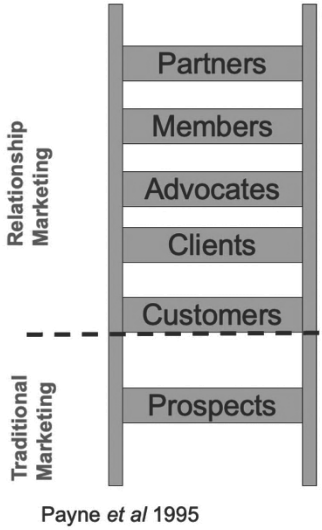

Figure 1.2. Relationship Marketing Scale

1.1.1. *Market Basket: an example of Relationship Marketing*

> "It wasn't just a company; it was a community." - Daniel Korschun, We Are Market Basket (2015)

The story of Market Basket, one of the most compelling cases of relational value in practice, demonstrates how deep, trust-based relationships can become the foundation of organizational resilience and long-term success. Founded in 1917 as a small family grocery business in Massachusetts, Market Basket grew into a regional supermarket chain recognized for its customer loyalty, employee satisfaction, and community orientation. Unlike competitors focused on price wars and aggressive expansion, Market Basket cultivated a business model centered on mutual respect and fairness with employees treated as partners rather than mere resources, and customers considered members of a shared community rather than transactional buyers. This relational ethos came into dramatic focus during the 2014 leadership crisis, when CEO Arthur T. Demoulas, widely admired for his participative management