

# Impact of social media on the value chain: case study of taco bell



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## **Introduction**

In this assignment I will be discussing the following components of Porter's Value Chain: Service, and Marketing and Sales, and will show that the rise of social media has had, and will continue to have a large impact on these components of the value chain.

For the Service of Porter's Value chain, the company I will be using as an example is Zappos – an online shoe and clothing retailer (Zappos, 2019, p 1). For Marketing and Sales, the company I have chosen to analyse is Taco Bell – an American chain of Mexican fast food restaurants (Taco Bell, 2019, p1).

### Social Media

Social media provides companies with direct connections with all external stakeholders, including customers, and thereby allows a free exchange of information between those parties (Gul & Ebru, pp 3-4). Customers and prospective customers can state their preferences online, and can recommend products to friends and followers (Cui, Gallino, Moreno & Zhang, 2018, p 1749).

This can have an upstream impact on the elements of Porter's Value Chain, with direct feedback and data providing opportunities to change and improve elements of the value chain to better meet the needs of the company's customer base.

### Marketing and Sales

In Porter's Value Chain, Marketing and Sales are the activities undertaken by the company to inform customers and prospective customers about the product – encouraging them to purchase it (Porter, 1985, pp1-11). Social media has had a big impact on Marketing and Sales across all industries, as these platforms are not only used by Companies to market their products directly, but these platforms also provide with large amounts of data on their customers and prospective customers (Fisher E, 2015, pp 51-52).

In many ways Social media has replaced the existing marketing channels, as being the primary method of engagement that companies need to use in order to engage with the market and their customers.

#### Taco Bell – Marketing and Sales

Taco Bell has become an industry leader in its use of social media by using the customer as the advertiser (Taylor K, 2017, p1). That is, instead of directly pushing advertising out to potential customers, Taco Bell has devised a strategy for engaging Social Media “ influencers”, or has found a way for their customers to advertise their product on social media on their behalf. For example, they redesigned their Quesalupa's cheese pull, which was included as part of their standard marketing. This was then show to a group of social media influencers, who then attempted to reproduce the “ cheese pull” on social media platforms. This would go “ viral”, and with other users purchasing Taco Bell's Quesalupa's, attempting the “ cheese-pull”, and posting on social media (Taylor K, 2017, p1).

Alongside advertising campaigns on social media and through other normal channels, Taco Bell has taken advantage of the rise in online user reviews, <https://assignbuster.com/impact-of-social-media-on-the-value-chain-case-study-of-taco-bell/>

which provide it with more exposure across social media platforms. This has the additional benefit of reducing advertising costs – as they do not need to pay their customers to post advertising, they get this for free.

Taco Bell has also targeted the youth demographic by listening and directly engaging with them, with humour and wit via social media (Tulman S, 2017, p1). For example, they have posted sarcastic or humorous tweets – which has the perception of personalising the company and brand, providing further opportunities of direct and meaningful engagement with their target demographic (Tulman S, 2017, p1).

## Service

In Porter's Value chain, Service relates to the activities required to keep a product or service working and in good order, after it has been purchased and delivered (Porter, 1985, pp1-11).

Providing a good level of ongoing support requires that customers can effectively communicate back with the company regarding the product, and that the company is responsive in addressing the needs of the customer (Gul & Ebru, p5). Social media can play an ongoing role in Service, as customers provide reviews of a product online, and these reviews are not limited to the point of purchase (Kim WG & Park SA, 2017, pp784-785).

This feedback is also not restricted to being shared only with the Company. User reviews are posted for the public to see, and bad user reviews can tarnish the brand of an organisation in a short period of time (Kim WG & Park

SA, 2017, pp784-785). As such, maintaining high service levels is now more critical than ever for a company's survival.

### Zappos – Service

Zappos as an organisation prides itself on placing the customer first (Raineri, S, 2018, p1). They are committed to attracting and retaining customers – and offer customer service training to all employees in customer facing roles (Raineri, S, 2018, p1). Zappos also have a transparent Customer Service Policy – whereby customers can simply and easily contact Zappos if they are not satisfied with the product that they have received, and they will speak with a customer service representative for as long as it takes to address their concerns (Zappos, 2018, p1) They also have a large 365-day return policy, which allows customers plenty of time to return an item if they are not satisfied with it (Raineri, S, 2018, p1).

Further to this, they have a policy of corporate transparency, providing their customers high visibility of their modes of production (Raineri, S, 2018, p1).

The employee training and support and transparent customer service policy aligns with the strong social media presence of the company, and the transparency of their internal processes and culture (Raineri, S, 2018, p1).

Customers are provided with multiple channels to contact Zappos if they require further service, information or need to return a product, and Zappos provide a wealth of resources and support in order to ensure their customer needs are met. Customers are also included in the journey of production, providing Zappos with better engagement with their customers, taking them on the journey.

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The high level of resources and attention that Zappos invests in addressing and meeting the customer's needs beyond sale and delivery help ensure that their brand and reputation is not tarnished by minimising negative user reviews.

## Conclusion

As shown in the examples of Taco Bell and Zappos, Social media has had a large impact on companies across different industries, and has influenced change through the value chain – notably on Marketing and Sales, and Service.

Taco Bell is changing its marketing and sales strategy to align with the rise of social media platforms, and leverage off its customer base to provide advertising for them. They have changed their approach to be more personable as a company, in order to attract a younger demographic, that is attune to, and driving the rise of social media platforms.

Zappos have developed a high standard of customer service, ensuring that their brand is not tarnished on social media. They ensure that their customers are supported beyond sale and delivery, in response to the prevalence of, and reliance on user reviews – and provide a clear line of sight for their customers to understand how the organisation works, and what they stand for.

Social media will continue to drive changes in how organisation's work and on how they produce and deliver their products/services to customers. This

will continue to have an upstream impact on all components within the value chain.

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