



## EFFECT OF SOCIAL MEDIA MARKETING IN BUSINESS

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**Abstract:** *In the past decades, the world economy has changed dramatically under the pressure of globalization, the tremendous development of technology and the opening of new markets. The development of technology, especially information technology, has cleared away all barriers of space and geography. Customers now have more rights than before. Thanks to technology they can access information about the products better, so that they have many more choices. Besides the fierce competition, enterprises have to face to increasing demand, further complicated of the consumers. In order to operate a company effectively, businesses needs better understanding customer needs, they need better communication about the value of products, services and solutions that they offer to customers. Enterprises need to build a long term relationship between the brand and the customer groups targeted. With this awareness, marketing is increasingly becoming an important function in the business of developing countries.*

**Keywords:** *Business, Marketing, Risks, Social Media*

### 1. INTRODUCTION- SOCIAL MEDIA MARKETING

With the leading successful companies in the world, marketing is not only a function of business activities, but it is also a philosophy leading the entire operation of the business in discovering and satisfying the needs of customers. They understand that the competitive

advantage of marketing can only get from the marketing capabilities of both a business and not be a capacity of a few individuals.

The 20th century witnessed the dawn of a new marketing stage. Besides traditional forms of marketing, advertising via social networks appears thanks to the strong development of the Internet. Along with the development of Google, social networks Facebook, Twitter ... online marketing tools develop more powerful and widespread used. Nowadays, social media marketing shows effectiveness and becomes one indispensable part of every business's marketing strategy.

In order to understand deeply social networking marketing methods, we decided to choose topic "Effect of social media marketing in business" for the term paper of this MIS class. The report focuses on three main parts: definition of social media marketing, the benefits and the drawbacks of this method in business.

### **1.1 Definition of Social Media**

Social media is computer-mediated tools that allow people to create, share, or exchange information, career interests, ideas, and pictures/videos in virtual communities and networks. Social media is defined as "a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0 and that allow the creation and exchange of user-generated content".<sup>1</sup>

In another way, social media is defined as online technologies and practices that people use to share opinions, insights, experiences, and perspectives with each other. Social media technologies take on many different forms including blogs, business networks, enterprise social networks, forums, micro blogs, photo sharing, products/services review, social bookmarking, social gaming, social networks, video sharing, and virtual worlds.

### **1.2 Definition of Social Media Marketing**

Social media marketing is a completely new way of communication with the consumer. According to Margaret Rouse, writer and manager of the website WhatIs.com, TechTarget's IT encyclopaedia and learning center, social media is defined social media marketing as "a form of Internet marketing that utilizes social networking websites as a marketing tool" in order to "produce content that users will share with their social network to help increase brand exposure and broaden customer reach".<sup>2</sup> Another definition is "a process that empowers individuals to promote their websites, products, or services through online social channels and to communicate with and tap into a much larger community that may not have been available via traditional advertising channels".<sup>3</sup>

One of the key components of SMM is social media optimization (SMO). Like search engine optimization (SEO), SMO is a strategy for drawing new and unique visitors to a website. SMO can be done two ways: adding social media links to content, such as RSS feeds and sharing buttons or promoting activity through social media by updating statuses or tweets, or blog posts.

### **1.3 THE types of Social Media Channels**

Several researchers have defined the different mediums used in social media marketing, however, in this section; there are three main types which can be mentioned: social networks,

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<sup>1</sup> [https://en.wikipedia.org/wiki/Social\\_media\\_marketing](https://en.wikipedia.org/wiki/Social_media_marketing)

<sup>2</sup> WhatIs.com, March 201.

<sup>3</sup> Weinberg, 2009, p. 3.

blogs and micro blogs, and video and image sharing websites. Each of these categories has unique features that appeal to different people in the social media sphere.

Here is a table made from all the findings below, summing up the specificities of the different social media sites.

Table-1 Social Media Sites

Facebook	Social network - Young people oriented – sharing of random content: images, videos, opinions, articles.
LinkedIn	Social network - Business oriented – sharing of specialized and professional content: resume, professional tips, job offers.
Twitter	Micro blog- People and business oriented- sharing of short content: text, articles, links.
YouTube	Video sharing website - People oriented – sharing of random video content: music, ads, comedy, movies trailers, any kind of tips...
Flickr	Image sharing website - People oriented – Sharing of random content: photos about any kind of topic.
Pinterest	Bookmarking website – People and business oriented – Sharing of random content: websites, photos and videos.

### 1.3.1 Social Networking

Social networks are platforms, which allow users to generate a personal web profile and connect it to other users. Most social networks have the same basic features: a personal profile, the ability to add friends, photo albums, and a variety of ways to interact with friends and their content. Within the social networks, there is one of two main subcategories: popular or niche.



Figure 1: Facebook's Page

One of the best-known social networks is Facebook. Since 2004, it counts more than 1 billion monthly active users and an average of 618 million daily active users, which provides a platform to build a network of friends or people with the same interests to build up relationships and keeps in touch with other people via the web.

### 1.3.2 Blogs and Micro Blogs

Firstly, a blog is “a type of content management system (CMS) that makes it easy for anyone to publish short articles called posts”.<sup>4</sup> Popular blogging platforms include WordPress (<http://wordpress.org>), Movable Type (<http://www.movabletype.com>), and Google’s Blogger (<http://www.blogger.com>). Between 2006 and 2011, the amount of blogs has exponentially increased, from 36 million to 181 million (E. Qualman, 2012c, p.217) and this number is for sure still increasing day after day.

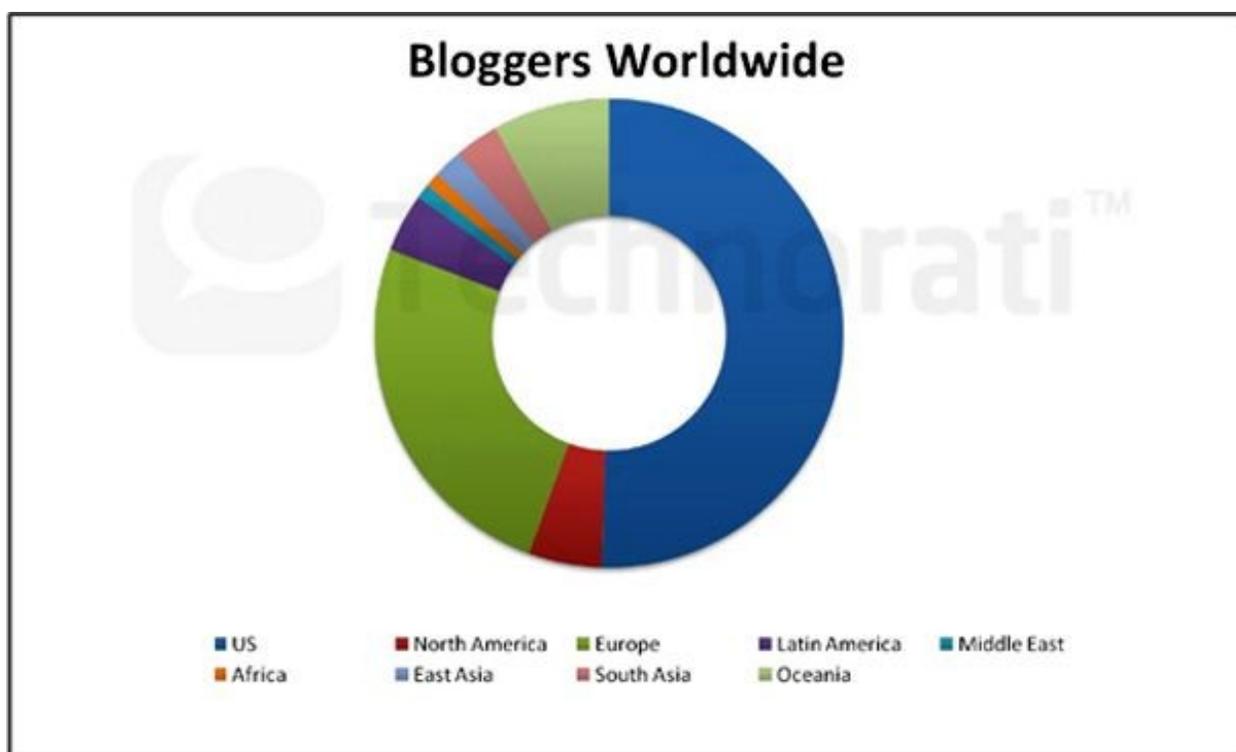


Figure 2: The share of blogs in the world

Secondly, a microblog is a type of blog in which posts have a limited length. The primary example of a microblogging service is Twitter (<http://twitter.com>), which limits the size of each post to 140 characters. Many people incorrectly refer to Twitter as a social networking site because of its similarities to popular social networking services. Microblogging facilitates conversation while enforcing conciseness. People find microblogging useful to share links to interesting sites, make announcements, provide updates while at events, and much more.<sup>5</sup>

<sup>4</sup> Zarrella, 2010, p. 9.

<sup>5</sup> O'Reilly & Milstein, 2009.

### 1.3.3 Media Sharing

Through this platform, users can upload their own videos and photos and share them with other users. Usually the websites also provide other function to increase the communication on the webpage, by implementing comment functions or rating systems. Videos can be found by categories or by a search engine, which simplifies the process of finding the right source. The best-known video sharing network is Youtube, which has about 100,000,000 videos viewed per day.<sup>6</sup>

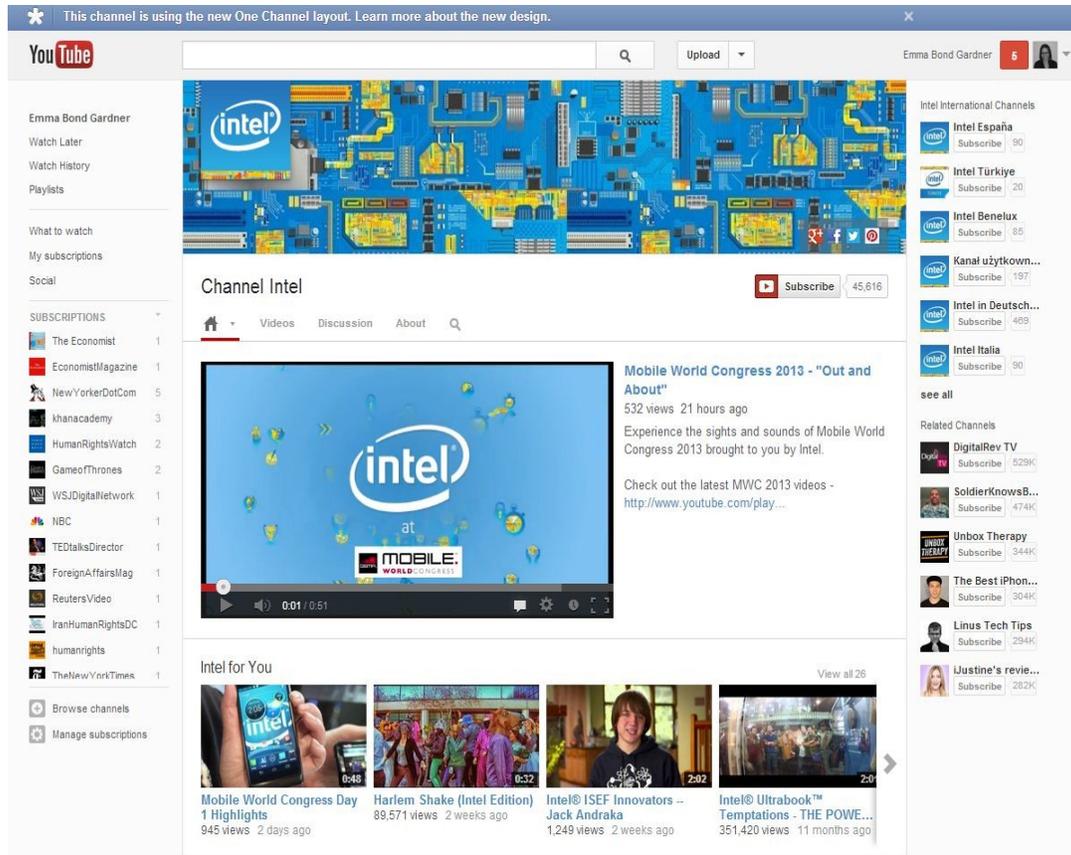


Figure 3: YouTube's channels

## 2. THE BENEFITS OF SOCIAL MEDIA MARKETING

Nowadays, social media marketing is widely used by businesses because it represents a cost-effective marketing solution. The main purposes of this method are the amplification of word-of-mouth marketing, market research, general marketing, idea generation and new product development, co-innovation, customer service, public relations, employee communications and reputation management. That is the reason why it is considered as one of the most perfect “fantastic tool in any marketer’s tool box”. In this section, we can easily list the typical benefits of social media marketing as follows.

<sup>6</sup> Social Media, Web 2.0 and Internet Stats – The future Buzz.

## 2.1 Increase Brand Recognition

Making the brand become familiar to customers is one of the best important targets of any companies. They are aware that they have to get every opportunity to syndicate their content and increase the visibility. Social media networks are just new channels for your brand's voice and content; it simultaneously makes you easier and more accessible for new customers, and makes you more familiar and recognizable for existing customers. With marketing services via social networks, the information is updated constantly, unlimited in quantity and time of sending. Moreover, as soon as information about the product or service of the business posted on the social network status, we will immediately spread to thousands, millions of people quickly. The more people read your content, interested and share it, and the result is more people know about it and again, share it. And surely, in that crowd, there are people who really need the product or your service. By this way, the company's brand will get closer, leave impression on the customers and step by step will stay strongly.

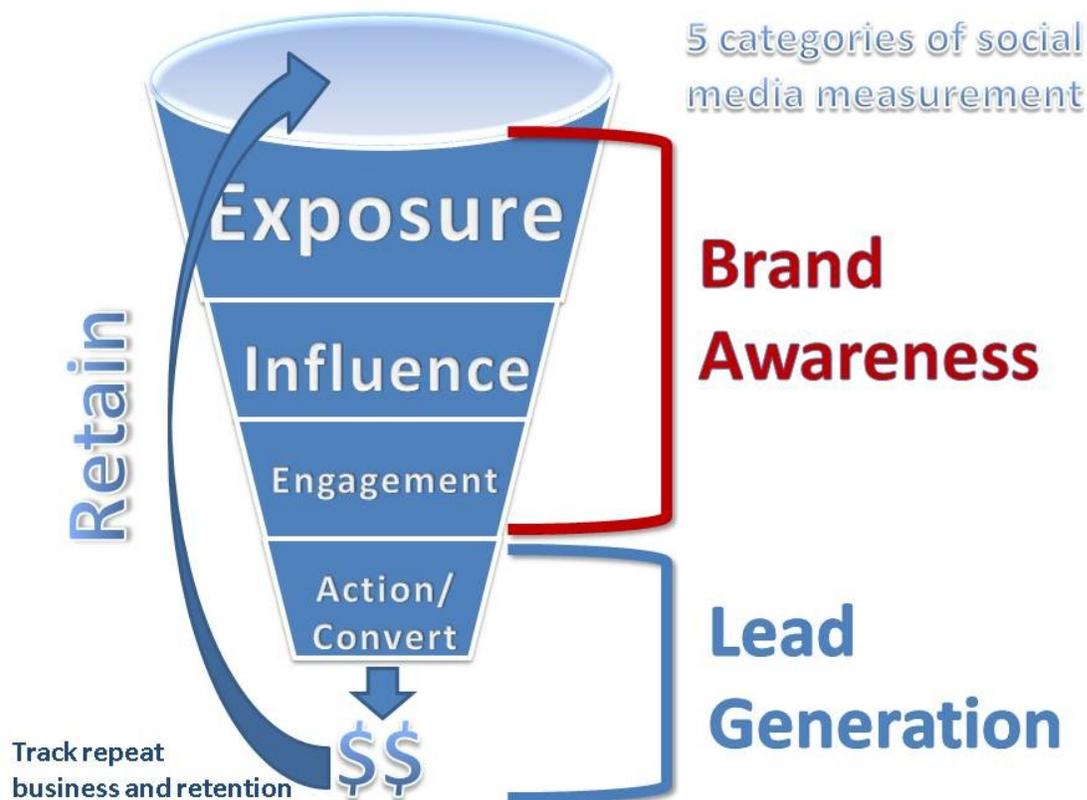


Figure 4: The lead generation funnel and its Social Media metrics for brand awareness

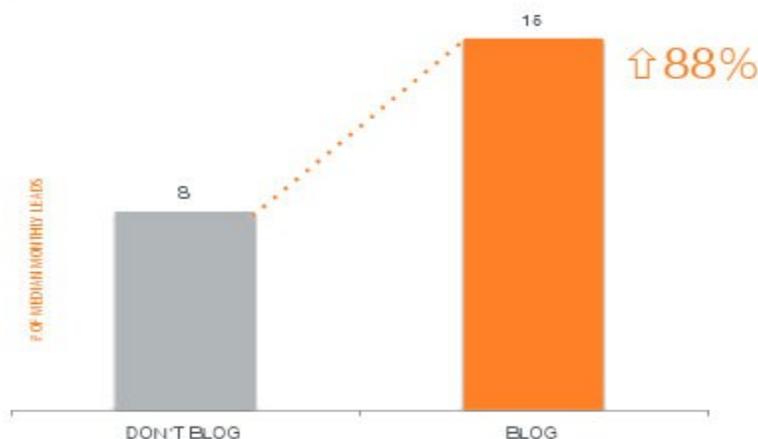
For example, a frequent Face book user could hear about your company for the first time only after stumbling upon it in a newsfeed. And not only him but also a lot of other people will hear about and recognize your brand in the market through social networks. There is a fact that not many people especially the youth pay their attentions on the advertisements or posters which are hanged on the street or posted in the newspapers, they spend most of time on their cell phones or computers. So that using social media in marketing is much more efficient. One more

examples, a woman used to hear about your brand but she is apathetic or in other word, is not interested in you. In this case, you can improve this situation by using social media. Your continuity of your appearance on social network sites which she is using such as Face book, Twitter, Instagram, or You tube... will make her be curious and want to find out the reason why your brand is so popular. This means that you are successful in marketing and your brand will be recognized.

## 2.2 Improved Brand Loyalty

According to a report published by Texas Tech University, brands who take part in social media channels enjoy higher loyalty from their customers. The report says that “Companies should take advantage of the tools social media gives them when it comes to connecting with their audience. A strategic and open social media plan could prove influential in morphing consumers into being brand loyal”.

B2C companies that blog generate  
**88% more leads**  
 per month than those  
 who do not.



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SOURCE: HUBSPOT, STATE OF INBOUND MARKETING LEAD GENERATION REPORT, 2010



Figure 5: Influence of blogs on the number of website visitors for companies

Another study published by Convince and Convert said that 53% of Americans who follow brands in social are more loyal to those brands. When your brand use social media marketing, the information about products and services will posted and they will appear regularly in newsfeed of social network users. Seeing one brand's products and services everyday will make customers feel more familiar, the diversity in designs and colors of products give customers a lot of choices, they can easily choose themselves one or more suitable products. The customers are becoming intimate with your brand because they find the convenience in choosing and purchasing products, of course it is compulsory that the products satisfied their needs. When a person finds

out a place, or brand, where the products are adapted to their demands, easy to choose and convenient in buying, she will become a loyal customer.

### **2.3 Increased Sales**

Social media marketing is one the good way to help increase sales and revenue. With a great brand, website, and product or service, social media can dramatically impact sales of a company. There are several ways that retailers can sell products directly from social networks. For example, via Facebook, business owners can set up a Facebook store with apps like Ecwid or Beetailer. On Twitter, retailers with Amazon.com pages can allow Twitter users to add products to their Amazon checkout straight from their Twitter feed. There are also ways to sell products on Pinterest, YouTube, and other social networks.

With good approach, marketers can also use promoted content and advertisements to sell products to target audiences who haven't become fans of a brand yet. The ability to target particular audiences is one of the greatest benefits of social media marketing. Social networks know a lot about consumer interests and demographics, so even though there are hundreds of millions of fans, marketers can accurately target the right people with the right message. That is the way a company can use to improve its sales.

### **2.4 Improved Customer Service**

Social media channels are good tools to connect between brands and their current and prospective customers. Via the social media sites, consumers are able to leave feedbacks and share their opinions, but they can also request help and support. Marketers can have a direct conversation with precisely the individuals who are purchasing their products or services, or who are currently looking for what they have to offer.

Thanks to this communication, marketers get the opportunity to answer these thoughts, but also to educate the customers. These opinions help brands to improve their customers' experience. One of the key concerns of consumers when they shop online is the responsiveness of customer service. People want to be assured that if they have a problem, they can easily find help. By being receptive to customer needs, business owners can increase customer loyalty to a brand.

## **3. LIMITATIONS AND RISKS OF SOCIAL MEDIA MARKETING**

Social media marketing is a fantastic tool in any marketer's tool box. However, using social media is not always easy and carries several risks. Social media is popularly believed to be one of the best modern tools for marketers in targeting market. But social media may not be suited to every business. If you are unprepared and launch your social media presence without proper planning, you could waste valuable time and money. In this article, we mentioned four disadvantages as follows.

### **3.1 Commitment**

If your company decided to start Twitter feed, Instagram or Facebook page, you have to designate someone to maintain or take care of it. There is nothing worse than going to visit a Facebook page in January but the last post was in August of the previous year. In this case, most of customers will think that you are too busy to maintain your page then you are probably too busy to provide them with customer support, and of course, they will choose another shop for

goods or services. Using social media marketing without taking care of it will bring unpredictable disadvantages for any companies.

### **3.2 Time Consuming**

Getting involved with Social Media is very time consuming. As a company you will need to designate an individual to constantly feed your pages and profile with relevant content. This person also has to monitor comments and respond to questions. For small companies this can be a serious problem as they need all hands on deck to keep the company afloat. The commitment of time is why many small companies choose not to engage in social media to boost their marketing efforts.

### **3.3 The risk of negative comments**

Social media marketing is an efficient way to bring company's brand, products as well as services closer to customers but it also is an disadvantage because any time a company public their information, there is the possibility of negative comments about their products or services. These comments will impact negatively on company's brand, lose customers then lead to a lot of disadvantage in business. However, receiving negative comments on social network is a chance for companies to understand deeply their customers' demands. The way the company deal with problems, admit their faults, fix them, focus on customer service will improve the situation and do business effectively.

### **3.4 Leaking Sensitive Information**

This is the threat grounded most directly in human error, and it is usually an innocent mistake. Employees may accidentally or overtly share personally identifiable information or inside company information on Facebook or Twitter, particularly when using functionality like direct messages on Twitter, where it seems like the information is being shared privately between two parties. Whether you like it or not, the information you post on the Internet is available to almost anyone who is clever enough to access it. Most thieves need just a few vital pieces of personal information to make your life a nightmare.

## **4. CONCLUSION**

Through the report, we can see that social media is a fantastic tool if used properly, but it takes time and dedication. Whether a business is developing its social media presence on every channel or only on a couple of them, the business benefits can vary in terms of value and volume. The main benefits encountered usually are to increase brand awareness, customer's loyalty, and sales and to improve customer service. In addition, social media marketing is also an extremely cost-effective solution in order to launch a new product.

Most businesses have already started using Social Media Marketing, testing various strategies and measuring results. Success of Social Media strategies cannot really be concluded yet. Time is bringing new opportunities every day in the Social Media universe. Each channel is evolving regularly, offering more and more valuable marketing features for businesses. Also, new social media channels are being launched every month, offering new business possibilities and new areas of marketing research.

However, in case there is something goes wrong with a product line, social media can be used to get your corporate apology and statement out extremely quickly to do damage control

and get a statement out before your customers start forming a negative opinion. It is a great tool, but every tool has to have safety precautions when using it.

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