SOCIAL MEDIA MARKETING: THE NEXT GENERATION OF BUSINESS ENGAGEMENT

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ABSTRACT

The social media era was started around ten years ago. It began with LinkedIn, which was launched in 2003, followed by both MySpace and Facebook in 2004, YouTube in 2005, and Twitter in 2006. In less than a decade, its population has grown rapidly, and it has reached billions of people worldwide. Facebook has more than 500 million users worldwide; Twitter has approximately 175 million users; LinkedIn has more than 90 million users; and MySpace has 57 million users (Curtis, 2011).

A study shows that 40% of Fortune 500 companies have accounts on social media sites, but have not integrated it into their company’s websites (i.e., Facebook/Twitter icons are hard to locate on their webpage). The reluctance to promote these sites is mainly due to concerns such as legal and content control issues (Ochman, 2011). This reluctance is supported by the fact that many examples show little to no relation between brand/company’s activities in social media sites and its business performance. For example, a failed pop star Peter Andre has approximately 450,000 followers on his Twitter (Ritson, 2010).

The popularity of social media sites has also spread to companies and firms as part of their strategies. A study by public relation firm Burson-Marsteller shows that 86% of 100 largest companies on the Fortune 500 list use at least one of the social media sites such as Facebook, Twitter, YouTube or blogs, and 28% of them use all four platforms. The study also shows that 65% of these companies use Twitter, which makes it as the most popular social media site among business firms (Burson-Marsteller, 2010). According to Social Media Marketing Industry Report, 64% of marketers spend five hours or more per week on social media and 39% of them spend ten hours or more weekly (Stelzner, 2009). These findings show that more and more companies are becoming actively involved in social media, which also shows the emerging of social media sites as the new marketing/promotion platform that is also known as social media marketing.

INTRODUCTION

Media communications have changed. Traditionally, the term “media” has been expressed in the context of how one communicates to another. Today, as applied online, new forms of media have emerged that not only allow one to communicate to others, but allow the recipient
of the message to interact with the author. In traditional forms of media such as television, radio, newspapers, magazines, and billboards, the author sends their message to many people and is often disengaged from any reaction about the message. New social forms of media such as blogs, wikis, and online communities allow the receiver of the message to interact in real time with not just the author, but also with a community of individuals. It’s as if the media author is standing at the intended audience’s office water cooler engaged in the thoughts, excitement, and even complaints about a topic.

SOCIAL MEDIA OVERVIEW

The most trusted form of advertising today is a recommendation from another person ‘just like me.’ Tapping into these conversations shows where your audience is spending time online and what subjects and issues are of interest to them. Based on today’s ever-changing marketplace, companies can no longer just issue information to the media in hopes that they share our clients’ stories with the public. A recent prediction from Forrester Research is that within two years, half of all U.S. newspapers will have ceased production.

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A number of businesses have gained some advantages from social media marketing. For example, Dessert Gallery has increased visits by 20% per month after its Facebook fans jumped from 283 to 817 (Woessner, 2011). In addition, a Facebook page with a portfolio of pictures has helped a wedding photographer from Michigan, Aaron Deckrow, get new customers (Yankee, 2009). According to Gary Vaynerchuk, who is the author of The Thank You Economy, social media sites allow companies to enhance the customer interaction that has already been established through traditional media (i.e. TV ads, print ads) to a more personal level. In addition, social media sites have enabled businesses to build closer relationships with their customers, as well as to expand the market to the customers that they could not reach before (Rooney, 2011).
In contrast, Creamer uses SAT test analogy to describe the effectiveness of social media marketing, “SAT test doesn’t measure intelligence. It can't possibly measure your future success in college. The SAT measures one thing, and one thing only: how good you are at taking the SAT. The same thing might be said of many current ways of looking at effectiveness on Twitter. They have little respect for how an action on one of those networks might relate to behavior beyond Twitter” (Creamer, 2011). Vaynerchuk (2011) adds some companies are still hesitant to include social media in their marketing program due to lack of solid information about the social media platforms, especially in regards to its effectiveness (Vaynerchuck, 2011, pg. 51). Executives are concerned with their budget justification for a social media plan, when there is lack of supporting materials to confirm the effectiveness of the social media platform (i.e. conversion rate, the relation between buyer-seller relationship and increase in sales), and the rate of return on investment (ROI) that they can earn from this plan (Blanchard, pg.208). Others also believe that their companies’ performances are not affected by their lack of involvement in the social media sites (Vaynerchuk, 2011).

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**SOCIAL MEDIA MARKETING**

Social media marketing is the marketing strategies that smart businesses are employing in order to be a part of a network of people online. Just as friends gather in public pubs, coffee shops, or barber shops, groups of people are gathered and connected through various online tools and websites. These people rely on their online network of friends for advice, sharing, and socializing.

Now that so many people worldwide participate in online social networks — 955 million on Facebook alone1 — influencing consumer preferences and purchase decisions through these networks and word of mouth (WOM) is an increasingly important part of every marketer’s job. Many enterprises are investing in social channels to rapidly create or propagate their brand through viral content, social media contests and other consumer engagement efforts. Their traditional campaigns are changing, too. Companies such as Geico, Dell and eBay are adapting the traditional “one-way” advertising message and using it as a stepping-stone to begin a two-way dialogue with consumers via social media.

**REASONS TO BE INVOLVED IN SOCIAL MEDIA**
Knowing that these resources are available can simply be an education for those not in the know. However, we want to help you understand the importance of being involved in these social networks for your marketing purposes.

These sites begin to serve as hubs on the web where large groups of people, usually with similar niche interests, are gathered together. The philosophy is simple: show up where your target audience is spending time. Showing up serves you in several ways:

- Exposure to your target audience
- Interact with your target audience
- Share your business personality

This social marketing strategy speaks to the need for proper branding and customer service strategies in place. Another reason it is good to be involved in social media is that your content can be sent to those interested in receiving updates. Subscribers are often offered several methods to be updated. They can sign up and can unsubscribe with ease. Therefore the ones connected to you are the ones who are most interested in who you are and what you offer. It is also important for you to participate in the online conversation about your brand. These user-generated social media tools are where the conversations take place. Since it is easy for people to publish content, they can and will talk about your brand – for good or for bad. Being a part of that conversation is valuable and important. Your fans who write about you are influential. Your enemies can be won over by showing up, listening, and interacting. When a content-publishing enemy becomes a fan, their voice becomes quite valuable in the network – and the Internet always remembers.

**CREATING SUCCESSFUL SOCIAL MEDIA CAMPAIGNS**

An effective social media strategy should clearly define the marketing objectives, evaluate the opportunities and select an appropriate form of social media to communicate. Social networking sites are also equipping themselves with analytical capabilities to analyze the reach, spread and impact of a social media message. In light of these goals and tools, we developed a seven-step approach to ensure a successful social media campaign.

Research suggests that by developing and implementing this seven-step method to first identify the net influence wielded by a user in a social network and then to predict that user’s ability to generate the viral spread of information, businesses can identify the “right” individuals to engage in social media conversations to promote (Word Of Mouth) WOM. Further, we found that by linking the generated WOM to actual sales, social media can be used to induce positive WOM, spread brand knowledge, generate sales and increase return on investment.

**A SEVEN-STEP FRAMEWORK FOR SOCIAL MEDIA MARKETING**

**Step 1: Monitor the conversations.** By monitoring brand-related conversations that are happening in the social media platforms, businesses can gain access to valuable information, influential people and relevant conversations that already show engagement with the brand.
Step 2: Identify influential individuals who can spread messages. Companies can use the data to identify a pool of influential individuals “influencers”, some of whom might be induced to spread the “right” message, from the company’s perspective.

Step 3: Identify the factors shared by influential individuals. Next, companies should find commonalities among the candidates and create profiles of typical influencers. Creating such profiles prepares businesses subsequently to locate all the influencers relevant to their campaign and design ways to encourage those influencers to talk about the company’s products or services. Previous researchers have found that influencers on social media exhibit high levels of engagement in three aspects: (1) message spread (the number of times a message is forwarded, with or without modification, by the receivers); (2) influence (the number of times the message is forwarded by recipients to their friends); and (3) social impact (the number of comments and replies received for each message). We developed a metric to capture these three aspects, which we call our Customer Influence Effect (CIE) metric.

Step 4: Locate those potential influencers who have interests relevant to the campaign. To find potential influencers for a particular social media campaign, it is not enough to identify social media users with influence; instead, a company needs to identify those influential social media users who are particularly interested in the company’s category of goods and services. To do this, we developed a metric we call the Stickiness Index (SI), which measures the degree of WOM generated by a particular user on a given topic — essentially, how much of a user’s discussions via social media are about a particular topic. This metric can help businesses locate the individuals who not only have influence but also like to talk about a particular product category.

By identifying influential individuals who are especially interested in their product categories, marketers can go beyond simply “listening” to conversations on social media platforms and actively identify potential brand ambassadors.

Step 5: Recruit those influencers with interests relevant to the campaign to talk about the company’s product or service. Once a company has identified influential users who are particularly interested in the company’s product or service category, the next step is to enlist those influencers in the company’s social media campaign or campaigns to spread positive WOM. This can be achieved by developing interactive online content and designing ways in which influencers can promote positive WOM that can be tracked and measured, such as through online games.

Step 6: Incentivize those influencers to spread positive WOM about the product or service. By incentivizing influencers to create buzz about their products or services in a social media campaign, businesses can both retain customers and attract prospects. The incentives offered to influencers can be tangible (such as discounts or freebies), intangible (such as recognition in a social network) or both.

Step 7: Reap the rewards from increasingly effective social media campaigns. By taking the above steps, businesses can more accurately measure the performance of their social
media campaigns. By monitoring and tracking positive WOM and linking it to product and brand growth, businesses can develop more effective social media campaigns — and should, as a result, start to see enhanced financial performance, more customer engagement and increased brand awareness.

DELL AND ZAPPOS

Companies such as Dell and Zappos already have strong customer relationship management and ticketing systems tied to social networks, which should make measuring the impact of influence at the point of sale relatively straightforward for them. This study focused on a brick-and-mortar retailer, but the same methodology should work even better online. For instance, online retailers could allow their customers to sign in at their sites with their social network IDs from Twitter, Facebook, Google+, etc. and directly tie online customer influence to sales.

However, changes in social network privacy policies may make collecting this data increasingly challenging. The privacy rules at Facebook and Twitter, for example, have grown more stringent since we collected the data for this study; at that time, it was easier to track influencers’ conversations. Analysts may now have to find new ways to gather this type of data, such as encouraging users to give them permission to follow the relevant communications or even creating company-sponsored forums to help people share their messages. However, our three metrics should still function despite these restrictions.

The seven-step approach described here, along with the CIE and CIV metrics, solves an important problem for social media marketers: identifying influencers. Despite the vast amount of individual and relationship data available through these media, most organizations have been unable to directly and efficiently measure the effectiveness of their social media strategy. The lack of robust methodologies to measure the impact of social media efforts is addressed in this study. It provides tangible metrics and a robust methodology to measure the effectiveness of social media marketing spending and to maximize the ROI of social media campaigns.

CASE STUDY: DELL

In early 2007 Dell opened a website at IdeaStorm.com. The site mimics a public suggestion box but with voting enabled for each suggestion. Anyone, after creating a free account, can add a suggestion to IdeaStorm.com that they would like Dell to read. Other members of the site are allowed to comment on each user-submitted suggestion (including Dell employees) and vote the suggestion up or down. The more votes it receives the higher priority it becomes for Dell management to take notice and make decisions based on the popular ideas.

Since IdeaStorm.com went live, Dell has listened and implemented many suggestions generated from the site calling them “Ideas In Action” and are archived on their website (http://www.dell.com/content/topics/global.aspx/ideastorm/ideasinaction). Immediately after its launch in February of 2007 one of the highest voted suggestions was for Dell to provide a Linux-based operating system. Dell listened and within a month created an online survey to help clarify the specifics of what the public wanted. The survey was overwhelmed with
feedback (http://direct2dell.com/one2one/archive/2007/03/13/7985.aspx) but Dell took it all to heart when it released Linux-based machines by the end of May that year.

LIMITATIONS OF SOCIAL MEDIA MARKETING

Social media marketing is a relatively a new subject in the business and marketing field. There are only a few articles on this subject that have been published. Future studies might be able to find more information on SMM, since SMM has become more and more popular among marketers and scholars.

The Twitter analysis was conducted with no access to the social media or marketing department of the companies, and no further analysis was conducted. The analysis could be more precise, if the companies’ Twitter activities were focused on certain period of time, and information to their media platforms were accessible. As Blanchard (2011) suggests a timeline could be used to see the relation of a company’s media platforms, especially SMM and its performance.

Future studies should also use broader sample that would include social media users from generation Y, generation X, and the younger baby boomers for their survey (if applicable). In doing so, it would give researchers clearer comparison of the SMM activities among each group to define the target audience of SMM. The survey should also be distributed equally between male and female respondents, to understand the different SMM involvement between genders.

CONCLUSION

New social media has changed the way people connect and interact today by allowing businesses to exchange in both private and public conversation with the public in new and exciting ways. There are many tools at our disposal each with its own set of social norms, goals, and audiences. Though one can jump right into the social media marketing arena, it is advisable to have a strategy and plan to gain success. When done strategically, one may see great success by being able to have a more personal relationship with people who are interested in who you are and what you offer.

REFERENCES

2. Facebook.com statistics on the number of active users at the end of June 2012.


