

## BUSINESS IMPACT OF SOCIAL NETWORKING

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***Abstract:** The paper attempts to provide answers to the question just how social media and social networks are important for the operations of each company. The first part explains what social media actually are, their characteristics, and what questions we need to answer when we decide to use social media. The second part deals with social networks today as a relatively inexpensive tool for keeping the internet marketing and strategies companies should implement in order to be more visible in the virtual business world. Finally, the third section gives an insight into the use of social media by national companies and their understanding of the importance of using social media to attract new customers and increase business opportunities.*

***Keywords:** social network, community management, social media optimization (SMO), the participation of users, blogs*

### 1. INTRODUCTION

If only there were attempts to predict ten years ago what will happen in the first decade of the 21<sup>st</sup> century from the perspective of e-commerce and e-marketing development, I think it would be possible to find a few successful online trend forecasting a longer period of time of a year or two. The beginning of the 21<sup>st</sup> century brought a new concept of Web services that paved the way for the creation of multi-structural e-business platform, which enabled the exchange of information and knowledge, making easier to use complex opportunities provided by the online environment. “Thousands of sources around the world guarantee the information of anyone who has the Internet access. The diversity of the viewpoints is amazing...” [3]. In the first half of the 21<sup>st</sup> century, a great number of completely new services such as Wikipedia, blogs, MySpace, Flickr, YouTube, etc. appear, and their basis is the widespread user participation. In the last two years, we have adopted the term social media or social network, which integrates different kinds of very visited and influential services like social networks (Facebook, MySpace, Google+, Twitter, etc.), content aggregation systems (News.google.com, News.rs, Blogodak.com, etc.), social bookmarking systems (Delicious.com, StubleUpon.com, etc.), a multimedia social

media (Flickr.com, YouTube.com, Ustream.com, etc.) and many other services based on user participation.

## 2. USE OF SOCIAL MEDIA BY COMPANIES

Social media are the kind of Web service that provides a simple way to unify all modern Internet technologies with user interaction.

The basic characteristics of social media are simple participation of user and user generated content. The importance of content is reflected in the fact that social media are becoming more influential with the increasing number of users (for example, Wikipedija.org). It should be noted that social networks could not be equated with social media; social networks are just one segment of a much broader set of social media.

Corporate use of social media optimization or usage of social media to achieve given objectives, the company actually designs and implements various methods of communication via selected social media that result in generating publicity. Just like Stankovic&Veljkovic stated: "Social computer networks, in addition of gathering a large number of people and occupy their attention, they have great power to create strong views and public opinion, creating big (global) plans and organizing mass actions on a global level."

Due to the large number of different types of social media that is on the one hand the goal of the company, to use a large number of social media, we can ask ourselves:

- Whether it is necessary to study and to use all known social media
- Whether it is enough to use only one social media (Twitter or Facebook)
- What is the optimal usage of social media i.e. whether "the social media optimization strategy" was done
- Which are the most relevant social media activities of a company?

For the necessity to obtain answers to these and many other questions about the company presence on social media, it is necessary to define the framework according to which the organization will operate in the field of communication through social media. Some of the defined frameworks could include the following setting goals, explore and identify the competition from the standpoint of the use of social media, make a selection of social media that will be used by the company to create content according to the characteristics of selected social media, to identify the use of the visual identity of the company in relation to the characteristics of individual social media, to develop a communication plan and its implementation by social media and of course in the end to do the analysis of effects in real time. We can say that the effects brought by social media are very different. Depending on the goals of the organization, some social media will be used more, others less, and some will not be used at all. How the company will use social media depend on its objectives and its assessment of whether the benefit will be greater if promote content on other people's services or use its resources. For these reasons, it is necessary to examine what is possible to do for the company through a variety of social media and how to achieve it. "What makes a company successful in the digital economy? Visionary companies realize that existing business models are unable to respond to the challenges of dealing in the era of e-commerce. In today's leading companies such as Intel, Dell, Siemens, Cisco and GE, in each of them it is possible to find new business models, which are finely intertwined and integrated with customer needs, technology and business processes. "[5]

### **3. SOCIAL NETWORK – A CHEAP TOOL THAT BRINGS CUSTOMERS CLOSER**

As we have seen, the world is changing at a speed we could not even imagine. “In creating a marketing campaign of any type it is essential to understand who the audience is. Social media is a great way to connect with your audience and provide two-way communication.” [6] Social networks and mobile technology development accelerated the development of relations, information dissemination, and thus influence. People today use social networking technology to shape world events and culture. We are witnesses that Facebook taught us a new way of communicating with feeds, profiles and groups. At the same time, smart phones and tablets allow instant access to information from anywhere. We have become witnesses to the power of social media and its impact on society. In addition, we witness the impact of the social revolution on business.

Companies that want to be successful in the future, have recognized the need for change in the way of communicating with their ongoing and potential customers, and gradually transform themselves into social- networking entrepreneurship and radically change the way they manage their companies. For example, Burberry put social networks at the center of its business and created a comprehensive digital solution Burberry World connecting customers, suppliers and distributors. Then, KLM, one of the world’s largest airline companies also uses the influence of social networks in a way that customers on social networks can pose questions, check in for flights, and talk about travel. In one of his innovative campaigns, KLM surprised passengers who checked in via Twitter, giving them a little present to enjoy the trip. The result was the fact that KLM Twitter page has had more than a million visits. How much social networks are influential we can learn from another example of global company (Netflix) which, when announced the change of prices, angered its users, who reacted with more than 82 thousand negative comments on various blogs, Twitter and Facebook, and the result was that the company had lost about 800 thousand users in a few months and two-thirds of its market value.

We are talking about velocity of social networks and its impact on the business. Everything happens faster than ever before. We have to accept that as a way to get closer to our customers, to get in touch with them and engage in a completely different and new ways. However, in order for a company to become a socially present online, it is not enough to hire a few people, give them access to Twitter or Facebook page, but it is necessary to integrate these strategies into the business processes of the entire organization. Companies that embrace social networking technology can certainly expect growth in business and customer satisfaction and increase their income. Adopting these trends and transforming organizations in the social-network operations will enable them to be associated with anything that is important and that leads to the future. In this way, the social revolution will become the largest paradigm shift that we have ever experienced.

### **4. STRATEGIES ON SOCIAL NETWORKS - FACEBOOK, TWITTER, GOOGLE+, LINKEDIN, YAMMER**

Implementation of marketing strategies on social networks is a long-term plan of actions in order to achieve the stated goals of building a quality company presence on the Internet.

This strategy should be a part of the overall marketing strategy of an organization and as such it has a duty to fulfill certain expectations and goals set by management and the organization.

How we behave as a company on social networks depends on the discovery and understanding of our target audience, market trends, positioning, competition and many other factors. It is necessary to allocate goals, what makes the company unique in its field, and then work to build awareness of our own brand, product or service, directing visitors, and traffic to the Web site operated using optimizing for specific keywords, campaign work on sites, Internet advertising, partner services, social media and other Web sites.

The research conducted by E-Consultancy and Online Marketing Summit (December 2009, and January 2010 on social media, set aside a few characteristic details that speak of what and how the company is really doing to take advantage of the opportunities of social media. Frequently used social media for business purposes are Facebook, Twitter, LinkedIn and YouTube. Interesting detail of this study is that in terms of business usage of LinkedIn, companies that are in the B2B sector have the priority, which is logical, given that this is the only social media primarily aimed at business users. Of other types of social media in our country, among strategically important are so-called social news services such as the famous Digg.com, and at the local market those are Naslovi.net and Vesti.rs. From the standpoint of the use of social media in the developed world, it is still important to create and maintain company blog, and of other mentioned tactics, we should point out social reviews & ratings tactics.

## **5. ADVERTISING ON GOOGLE - GOOGLE ADWORDS ADS**

“The process started in the sixties of the twentieth century, which cheap international phone calls and e-mails accelerated in recent years, is now forced Google and similar search solutions: Elimination of communication and geography as barriers to trade.” [3] Google, the Internet search engine currently is an absolute leader in the global Internet search market with a share of over 77% percent. In order to satisfy its customers and the company, Google has provided the most effective form of advertising on the Internet, the so-called Pay Per Click (PPC) advertising or lease of keywords on search engine. This means that, depending on certain defined keywords or brand, it is possible to lease only certain advertisements when viewing search results related to a given concept.

## **6. ADVERTISING ON FACEBOOK**

As we live in the digital age, every organization or multinational company must make a strong presence on the Internet through online marketing on social networks. Today, the largest social network on the Internet, Facebook is necessarily the place where you have to be present if you do business. Facebook is now much more than a social network and represents the best opportunity for organizations to show their products and services.

Facebook Marketing pros are:

- Facebook.com is a worldwide social network;

- It contains over 1 billion potential users/customers;
- Developing the brand with the help of the fan pages;
- Targeting advertising according to demographics, age, and interests;
- High level of conversion of potential customers;
- The existence of identical platforms that can be used for branding, increase traffic, profit;
- Providing the most efficient customer service to customers;
- Online platform that can be used as an additional store for its own products and services;
- Useful tools for integrated media campaigns

That the Facebook is the right place where you can improve your business, shows the fact that the social network launched Global Pages for brands. This would mean that all that is now globally and locally, i.e. that Global Pages are improving solution to stop global brands. The goal is to create the central site providing brands a unique global identity. This means that brands are able to customize the page layout for each country or region individually, but a search is performing at the global level, the number of likes, People talking about this and check-ins. Users of this site are directed to the IP address of the local site according to the current place of residence. Brands can also divert more countries to the Global page, or the whole region to just one. Posts of the fans around the world are displayed in order of relevance for each region. That mean, when you open a brand page for your country, you will see posts of the people from your country, and then users from overseas, regardless of the time of the posts.

## 6. YAMMER, ENTERPRISE SOCIAL NETWORK

Yammer, an enterprise social network is a kind of Facebook for businesses. Employees can follow, share, and discuss various things. This business social network has more than 4 million people in 200,000 companies in the world, and as we said, it is like Facebook, only it has a potentially lucrative business model. Yammar has become an integral tool for many beginners, and is also popular with major airlines, so more than 80 percent of companies on the Fortune 500 regularly use the Yammar enterprise social network.

## 7. THE USE OF SOCIAL NETWORKS IN SERBIA

The survey of business usage of social media in Serbia has shown that companies use social media primarily for quick and easy communication with customers (57%), the second reason stated is to increase visibility and better positioning the organization, products or services (48%). One-third of organizations are using social networking to find new business partners and customers, and to increase sales, as well as the affordable advertising opportunities. Employee attitudes in most cases were positive about the use of social networks for business purposes and are considered to be useful and cost-effective marketing and PR tool for establishing and maintaining contact with clients, customers and consumers, but also for the promotion of the organization. By the number of business users, Facebook is far ahead of others (86.1%), followed by YouTube (56%), Twitter (43.1%),

LinkedIn (37.5%), Google+ (19.4%) and Flickr (12.5%). The most common reasons for using social networks in Serbia are to achieve greater visibility and better positioning the organization, services or products, for easier and faster communication but also for finding new business partners, customers, and to increase sales. The business sector in Serbia begins to recognize and accept the new communication trends and tries to adapt to new opportunities that it may bring. Although the use of social media for business purposes today is inevitable, there are companies that do not intend to use social networks for business purposes, some of them do not consider their business associated with social networks, while some believe that social networks are not serious for the business area they are involved in or there are more effective forms of advertising, and that for that reason they don't want to use this type of communication.

## 8. RESUME

We can say that today, the presence of social networks is no longer a caprice but an urgent need, an important tool in the modern way of doing business and communicating. "Possibilities of increasing the efficiency of information, influence on their course and management provide a dramatically more powerful and cost convenient services than those required for the production and trade of goods. Information surrounding the product or service is more important than just the product or service. "[5] It is really necessary to inform existing and potential customers on its operations on its activities, achievements, news, stocks, inform them and educate about products or services, in order to understand and realize the advantages over the competition. This is certainly the easiest to do through social networks because of their continuous growth, partly because of the popularity of today's lifestyle in which they play an increasingly important role. This also means that the opening of a profile on a social network in itself is not tricky, but what is important and what should be kept in mind is to constantly maintain quality of the service and especially the communication with the audience that is becoming more demanding. Reputation management and introduction to the brand is a very good goal using social media, and the best use of online advertising in the context of social media strategy is obtained by optimizing types of online promotion.

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