

THE SIGNIFICANCE OF THE SOCIAL NETWORKING SITE FACEBOOK AS A MARKETING COMMUNICATION CHANNEL

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Abstract

The aim of this article is to describe specific aspects of social networking sites as a phenomenon of modern days. Regarding the assessment of this topic, the theoretical solutions to problems related to social networks and social media are summarised in this article. It is mainly focused on the social networking site Facebook as it is a key marketing communication channel used online by employees within marketing field. Another aim of this article is to point out the current state of the matters as well as potential difficulties.

Key words Marketing, Internet, Social Media, Facebook

1. INTRODUCTION

Social networking sites such as Facebook which became a global communication platform form a part of the modern social media. These days are characterised by the fast development of technologies and communication tools, which means new issues arising in marketing field as the reaction to the changes in the ways of communication or activities done during the free time of the target groups in relation to the new communication channels.

During the last few years, social networks have been in a significant way indicating trends in communication and online marketing almost worldwide. This system which is with the use of technologies and human thinking continuously evolving and at the same time makes an interpersonal communication easier represents a relevant place and opportunity for the implementation of many various marketing strategies.

2. THEORETICAL BASIS

Online communication is closely related with other disciplines within marketing communication mix . This is also displayed by the high number of the functions that it usually performs. With the use of the Internet, it is possible to introduce new categories of the products, raise awareness of the existing products (or labels), improve the image and reputation of the brand and communicate with target groups. (Karlíček , 2011)

Social media form a place where it is possible for people to meet, form their circle of friends or to join any community with specific interests. Social networking sites are also called socialising networks or simply communities. These networks represent a way in which it is possible to influence certain group of people to accept, change or abandon certain thoughts, behaviours, practices or approaches with the use of these media. (Janouch, 2011)

Author Sterne (2010) has another point of view, as he understands the term "social media" as everything that would allow any person to communicate with any other person- or in another words, content generated by users and distributed by internet tools that are easily accessible.

It is possible to complete the stated definitions with an opinion of author Stern (2011), who claims that social media represent everything that allows any person to communicate with any other person- or in another words, content generated by users and distributed by internet tools which are easily accessible.

We have the same point of view as the author Janouch (2011, p. 210), as he in our opinion describes the nature of social media and thus social networking sites in the best way: "Social media are online media where is the content co-created and shared by users. Social media are constantly changing as their content is changing (increasing) and also because of a creation of a large number of functions. Social media enable marketers to directly find out the requirements of the customers, what are their attitudes towards the brand or a company, what do they complain about, etc."

As we can conclude from the above mentioned fact, social media networks represent online platform where users share their thoughts, personal information, photos, videos or quotes that they find interesting. They are forming groups that share the same ideas, visions, opinions and encourage one specific goal. This results in social relations, that can also be used for marketing purposes (Success Magazine, 2010). This opinion is supported by the author Bednář (2001), who described the following basic characteristics of social networking sites in his publication:

- Majority of the content is created by users themselves,
- the main basis is formed by the relations between users, their mutual communication, comments, links and reviews,
- server operators do interact with the users and enter the service as minimally as possible.

It is indubitable that benefits coming with the use of social media and their role in marketing form an important part of internet business. It is therefore important to understand the potential of social networking sites in order to achieve marketing goals, that are best defined by the online marketing agency Krea (2011):

- Building a good reputation and Public Relations,
- Forming community of fans, customers and supporters,
- Communication with customers,
- Providing a space for publishing and sharing content,
- Creation of advertising campaigns with focus on the target groups.

Treadaway (2011) in his publication uses an interesting way to define the rules of the concept of social media, which in our opinion clearly summarises the discussed topic:

- Although social media are based on the bonds of friendship, the meaning of this term is now quite vague. The profiles that can be seen by people, companies or used by brands in different ways are similarly benevolent,
 - Social media represent the preferred method of mutual communication among young people,
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- The more active is the customer online, the more likely it is that they are involved in various social networks . These people can often influence their circle of friends and have an impact on the opinions of their social community,
- As soon as any information appears on the social network, it is there and therefore can not be stopped,
- Social media work best if they are applied together with the modern methods of internet marketing. It is necessary to be aware of the bigger picture when making strategies,
- The rules are still being created and etiquette of social media is relatively fresh.

As social media and therefore also social networking sites have their undeniable benefits and rules, they also have important functions from a marketing point of view, which are defined by author Bednář (2011) as:

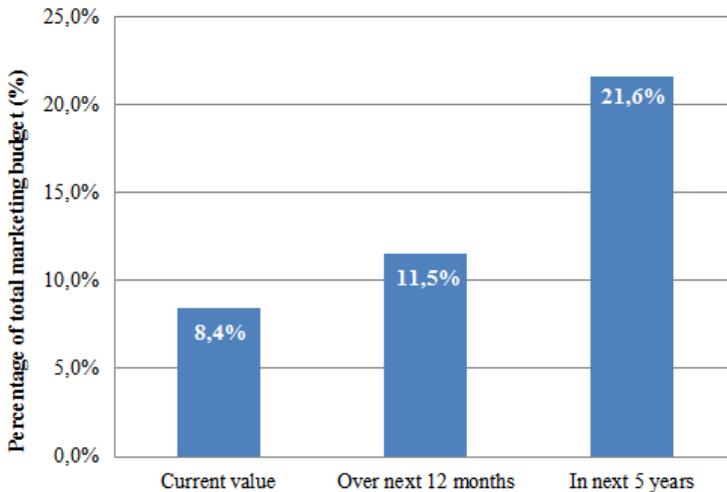
- Spreading information about the brand: creating general awareness and introducing people to the brand that was unfamiliar until now,
- Pre-promotion of product or service- this includes advertising of a product or service as well as making people familiar with its general features,
- Convincing potential clients about the benefits of the product - arguments that influence the customer's decision to purchase a product or service,
- Support after sale – solution of any potential issues and communication with clients or providing the necessary service
- Forming a user community - in this case it refers to building long-term customer communication with the clients and customer support during mutual communication
- Solution of problems and crisis communication

With the use of social media is possible to find out what is the customer's perception of the product. This fact is not only important to the users who are looking for the right product or service, but also to relevant companies that offer their products and services on the market . Marketing with the use of social media means learning and understanding , observation of the market, experimenting, capturing an audience, analysing and evaluation. (McPheat, 2011)

3. CURRENT STATE OF THE MATTERS

Social media long ago stopped to be an unknown term for marketers, fact that is reflected by marketing expenses invested into this area as they are annually increasing. It is essential to emphasise that the statistics of the recent years which are supported by the opinions of experts do expect even more significant development of promotion in social media as well as expenses that are associated with it in next few years. This statements is also supported by the results of the analysis of the organisation CMO Survey (2013), which in February 2013 published the results of a study on a sample of 468 participants, that demonstrated an obvious trend of increases in expenses spent on advertising in social networks. This sample consisted of top marketers in companies operating in the United States within the rankings such as Fortune 1000, Forbes Top 200 as well as members of the AMA.

As shown by Graph 1, summarising the results of the survey organisation CMO Survey (2013), it can be seen that the current expenses spent on promotion in social media reach 8.4% (2013) share of total expenses on advertising online, however, what is more important is the fact that respondents predict an increase of these spendings. Regarding the next twelve months, expenses should increase by 3.1% to share value 11.50 %. It is necessary to point out the vision of those respondents who in next five years predict the increase in the share of expenses spent on promotion in social media to reach a level of 21.6%, which means a 257 % increase in comparison with the current state .



Graph 1 Estimated share of expenses on Social Media

Source: Cmosurvey.org

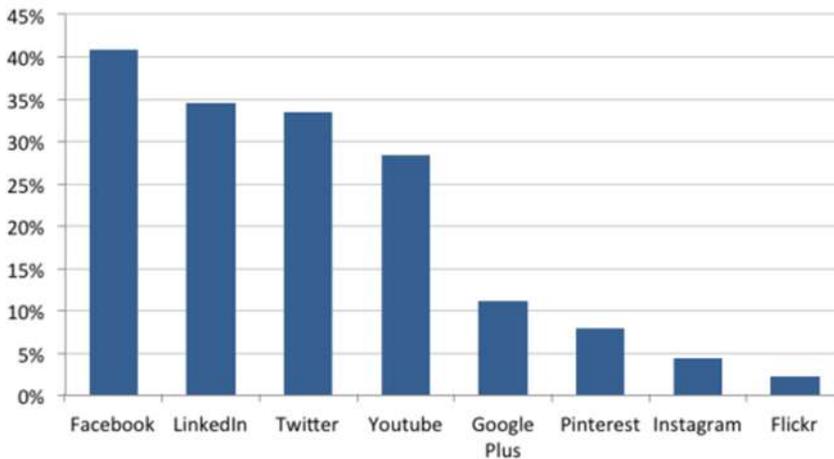
Marketing success of social media goes hand in hand with the quality and options which these communication platforms offer to their users. Social networking site Facebook is globally one of the most important social networks and at the moment it dominates the social media market with more than 728 million daily active users (DAUs) - average value of the month of September 2013, 1.19 billion monthly active users (MAUs) value of the month September 2013. In the case of comparison between years, there was recorded 25 % increase in daily active users (DAUs) and 18 % increase in monthly active users (MAUs). (Yahoo Finance, 2013)

This worldwide trend did not avoid Slovakia, where the value of active users is over 2 million users, representing 37.6 % of the total population, while in the case of the Internet population, it is 47.57 % (Socialbakers, 2013). As demonstrated by the Graph no. 1 during the last six months (Oct 2012 - Mar. 2013) the number of Slovaks on the social networking site Facebook has increased by 57,520 users, representing 6 % growth. Based on this fact, we can state that we are currently in a phase of slight increase. In order to compare the numbers, the number of Facebook users in the Czech Republic to this date is more than 3.38 million, which represents 53.32 % of total internet population .

Preferences of the users are also reflected in the corporate sector, what is confirmed by the results of a study published in the analysis (January 2013) of an organisation Platt Retail Institute (2013), which cooperated with the American Marketing Association (AM), where the social networking site Facebook dominates (Graph 2) in the case of the evaluated criteria the level of significance. This study was conducted on a sample of 859 people who were interviewed anonymously and they were both members and non members of the AMA, without any consideration of the geographical classification of the company in which the respondent operates.

As shown by Chart 2, social networking sites such as LinkedIn, Twitter achieved a degree of significance above 30 %, together with YouTube which compared to the other social networks achieved

more significant number to the perceived level of significance above 25 %. Below 5 % are social networking sites that are designed to share visual content - Pinterest, Flickr.

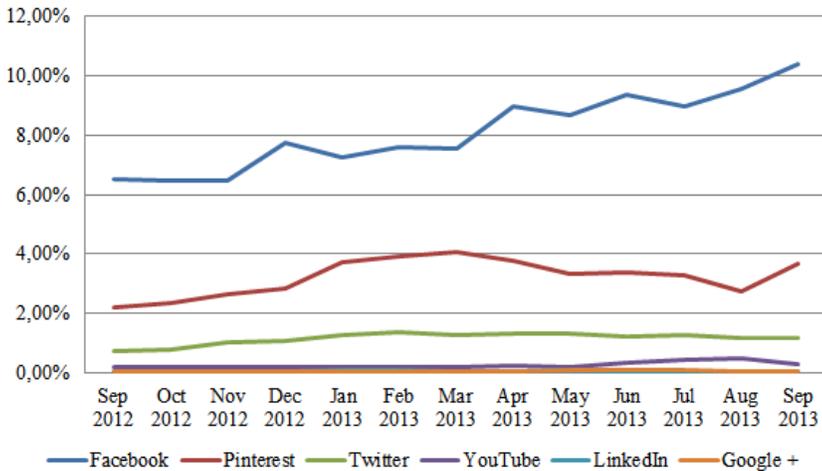


Graph 2 Significance of various networking sites

Source: Platt Retail Institute, 2013

For managers within marketing field is equally important as the significance of a channel of communication for its target groups the performance of ads or rate of return on expenses spent on promotion (ROI - Return On Investment). In the case of social media are these variables discussed topic, what is eventually reflected by the high interest of marketers in social media and especially social networking. Even considering this sector, the social networking site Facebook does not stay behind, as confirmed by the results of a study performed by a company Nanigans (2013) focused on the performance of this social networking site as an advertising tool. A study which analyses more than 200 billion of ads displayed on the ad system of social networking site Facebook from more than 100 companies from various sectors during first nine months of 2013 as compared to the same period in 2012 shows the following facts :

- CTR - Click-Through Rate between years grew by 375 % ,
- average value of ROI (Return On Investment) for year 2013 was 152 % ,
- between months June to September 2013, the CPM (cost per 1000 displays) of ads increased by 37 % to the value \$ 0.89 ,
- increase of CPM (cost per 1000 displays) between years for the month September 2013 represents the value of 169.70 % ,
- interesting discovery is the fact that within the users accessing the social networking site Facebook through mobile devices, ROI is 17.9 times higher among users with the system iOS (device from the company Apple) than among users with the Android system .



Graph 3: Share of traffic through referrals with the use of social networks

Source: Shareholic, 2013

Social networking site Facebook also dominates as a source of traffic generated through referrals of the websites operators, as confirmed by the results of analysis of a company Shareaholic (2013). During the period between September 2012 and September 2013 this company collected data from more than 200 000 internet websites. The total sample of monthly unique visits to these websites achieved a value of more than 250 million. It is clearly displayed by the published results of the analysis that visits through referrals of the social network Facebook on the monitored websites of the operators formed in September 2013 more than 10% (see Graph 3), in case of inter-annual comparison there is 58.80% increase from the value of 6.53%. We must also point out that the social network Pinterest within relevant variable of traffic generated through referrals achieved 3.68%, which is more than a cumulative value of social networking sites Twitter, LinkedIn or Google+.

4. CONCLUSION

Current topic of social networking site Facebook as the leader in market of social media during last years caught interest of marketers all around the world. The actual technological progress online enables marketers to constantly expand the possibilities. And it is this social network Facebook which for the several years keeps proving that it represents a significant choice for the marketers during their decision making about choosing the suitable channel of communication with their target groups, as confirmed by the results of the surveys (Platt Retail Institute, 2013; CMO Survey, 2013; Yahoo Finance, 2013) conducted on users as well as companies. In addition to naturalness, which this new communication channel brings between the company and its target groups, there are also analytical tools, which keep evolving and mean a huge advantage compared to traditional media. These analytical tools enable marketers to modify and optimise chosen marketing strategies, what is also proved by the fact that the social networking site Facebook to month May 2013 reached more than one million active advertisers (Levy, 2013).

Research purpose, Project

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