



FUTURE MARKETING MEANS SOCIAL NETWORKS

O FUTURO DOS MERCADOS IMPLICA MARKETING NAS REDES SOCIAIS

ABSTRACT There are many trends in today's social behavior, among others we would like to highlight that people prefer more and more faster communication channels like social networks. Social networks are determinant of technical development in IT starting in the 20th century. All of different kind of social networks are popular and include an huge number of users, that means power and opportunity to promote for companies. Future marketing means social networks.

RESUMO Existem muitas tendências no comportamento social actual, entre outras gostaríamos de salientar que as pessoas preferem cada vez mais canais de comunicação rápidos como as redes sociais. As redes sociais são determinantes para o desenvolvimento técnico nas Tecnologias de Informação no século vinte. Todos os diferentes tipos de redes sociais são muito populares e registam um elevado número de utilizadores, o que significa poder e oportunidade para promover as empresas. O Marketing Futuro significa Redes Sociais.

KEYWORDS

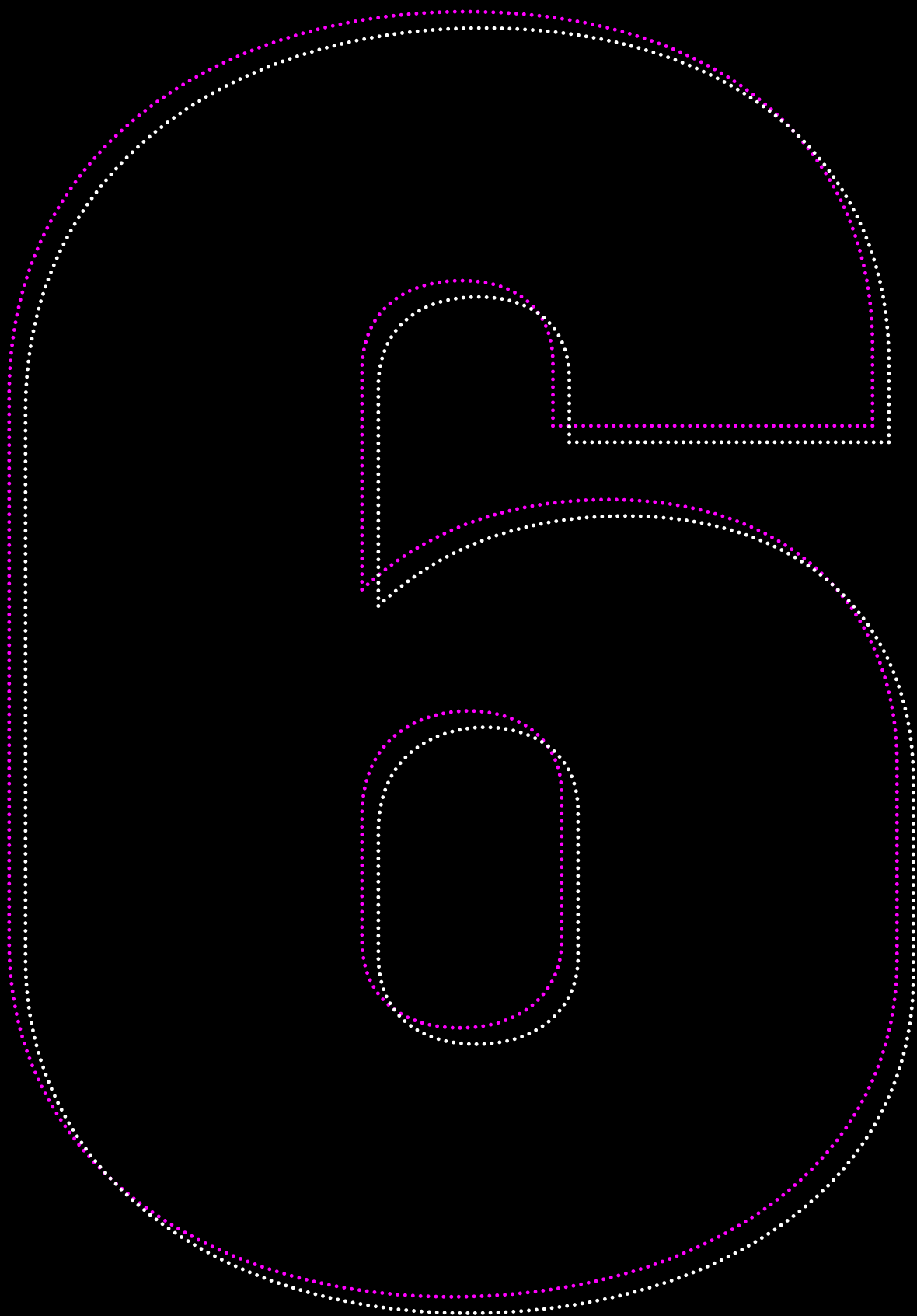
Social Network, Digital Marketing, Electronic Commerce, Future Marketing Costs, Web 2.0

PALAVRAS-CHAVE

Redes Sociais, Marketing Digital, Comércio Electronico, Custos de Marketing no Futuro, Web 2.0

BIANKA BODNÁROVÁ MSc Technical University of Košice. Slovakia **MIGUEL VARELA** PhD, ISG, Lisbon. Portugal **VERONIKA HUDAČKOVÁ** MSc Technical University of Košice. Slovakia





INTRODUCTION

Electronic commerce is one of the tools, which businesses use increasingly in their marketing strategies in recent years. The rising use of the Internet as efficient and profitable helps companies to reduce costs in advertising and gives new opportunities in communication ways.

Among tools which digital marketing offers, social networks have more and more dominant affect. Sites like Facebook, MySpace, Twitter or just developed Google+ are notorious for the youth; their numbers of users are huge and even growing. Marketing on these places offers new possibilities because of aiming exactly to needs of each individual. Thanks to information which users spread through the web, these places are ideal for directed marketing. Despite the fact that these opportunities even walk in slippers, there is no doubt they mean a future in promotional mix.

1. DEFINITIONS

According to Boyd and Ellison a social network can be defined as an Internet service that enables it's users to create a semi-public or public profile within a closed system. [1]

It is also possible to associate with other participants who share the network and to see their data, connections. [2],[3] Nature and character of these connections can vary in different "places".

Based on this and other definitions of various authors, we can say that social network (in this case a virtual) is defined as a complex Internet application that allows

interactions between connected users. It is a virtual place where among others - opinions, information, imagery can be shared to those whom it is intended, addressed. The technical basis of social networks comes from the theory called "six degrees", which says that by six or fewer people you can link with anybody in the world. The fact is that the whole world is connected and it does not matter with or through whom we communicate. IT companies are playing concurrent competition game to obtain as many users and they are able to accept. The question is: What is the main goal of these sites and what form of business is done through the places on the net? [2]

People who manage important business, private or public organizations or even students know that information means power. So who or what could have that power over the entire world? Certainly somebody or something that manages a huge database of data that can trace any person or group on the earth. This is the commercial purpose - offer applications, entertainment or a private space that gains control over information, so they can be sold, used for strategic marketing or maybe espionage.

2. THE WHEEL OF TIME [1]

It all started in 1995 when Randy Conrads created a website called classmates.com, which had the task of maintaining contact between mates from universities, institutes or schools. But it was not possible to create user profiles. For the same reason dating sites exist, interest groups and places such as ICQ, that supports to have your own contact list, but the others could not see it. In 1997 SixDegrees.com appeared which is consid-

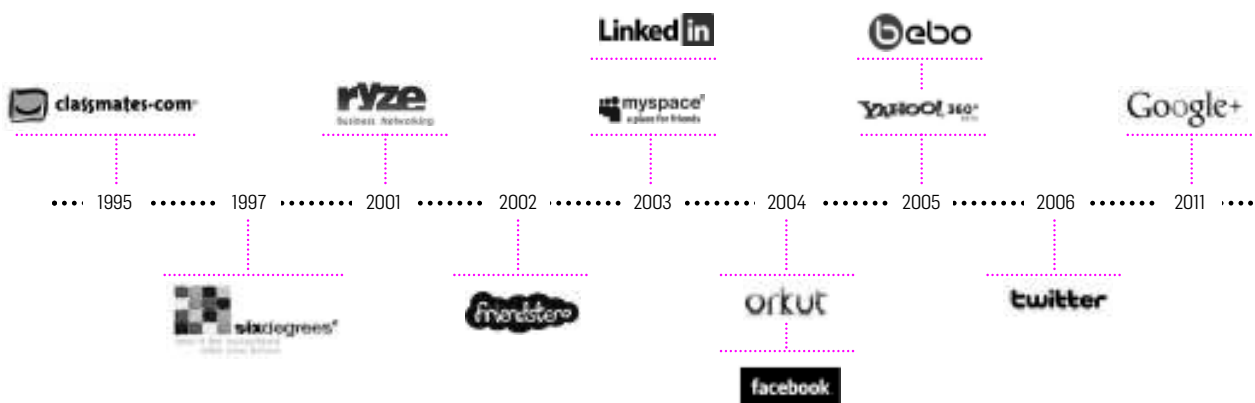
ered as the first social network. Thanks to this site, users were able to create their own profiles, friends lists, and so on... Similar sites appeared later such as AsianAvenue, BlackPlanet or MiGente, which allow creating a personal profile and search for friends through their databases. In 2002 Friendster was created, which was unique and really popular but it quickly disappeared thanks to technical problems (unable to accept the rapid data growth).

A year later MySpace was launched, one of the most visited site with a great number of profiles based on "invitations" in the United States. It offered services like chat, message sending, blog creation, music, photo and video uploads... Later in 2004, Google created Orkut, which was more welcomed in India and Brazil. And in February that year was launched the well-known Facebook created for Harvard University's students but was early opened to all students in the US and eventually for the whole world. Facebook lets you share both personal

and professional information, supports uploading photos, association with interest groups and online gaming. There is also chat and blog. In addition, Facebook allows selective access to private data. Facebook is continuously growing and new users are no longer just young people. It tries to reach monopoly as for number of users, but in 2011 found its biggest competitor created by Google. Google+ offers all the positive features mentioned earlier, furthermore fights against Facebook by eliminating its predecessor's disorders (especially in sharing and security properties).

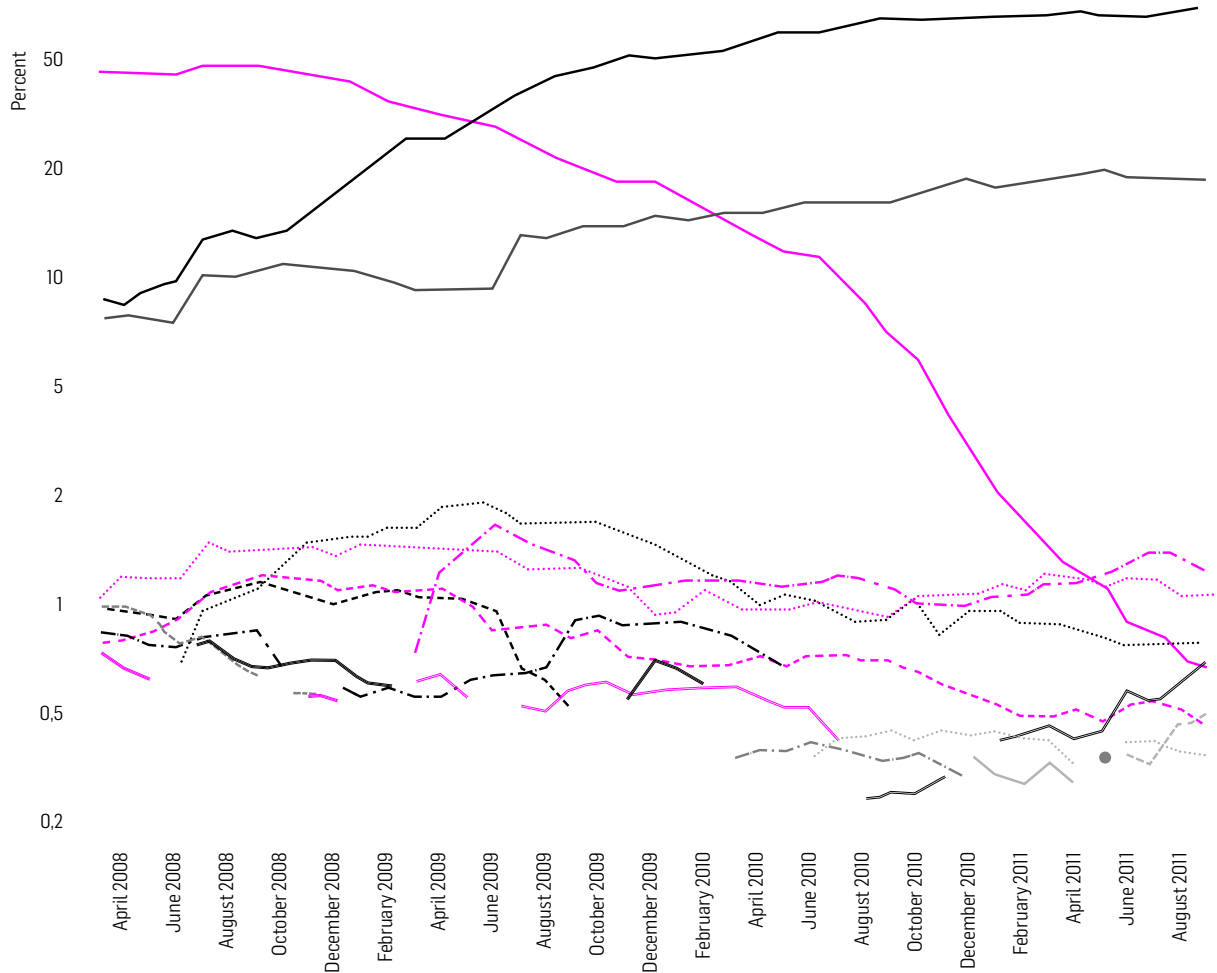
Social networks are used for many purposes, such as finding old and new friends, seeking job, sharing hobbies, as an alternative for personal pages or a blog. It is important to note that social networks are the result of the Internet, which brings Web 2.0, which allows you to customize the interactive network services that the user itself has control over the data.

FIGURE 2. TOP 10 SOCIAL NETWORK SITES AND FORUMS 2008-2011



Source: www.dreamgrow.com

FIGURE 2. TOP 10 SOCIAL NETWORK SITES AND FORUMS 2008-2011



SOCIAL NETWORKING SITES

- | | | |
|-----------------|-------------------------|--------------------|
| — Bebo | Tagged | ----- Yahoo Groups |
| ● CafeMom | - - - - - Yahoo Profile | ----- iVillage |
| — Club Penguin | — YouTube | — LinkedIn |
| — Facebook | - - - - - myYearbook | — Meebo |
| — MySpace | - · - · - Twitter | — MocoSpace |
| ----- MySpaceTv | — Windows Live | |
| Mylife | Yahoo Answers | |

Source: www.dreamgrow.com

3. ABOUT THE CATALYST – WEB 2.0 [8]

Internet was created as a continuously growing set of data, informative sites with different content that users can watch, read and choose as wish. These are we, the users who are creating the Internet and participate in its content. This form is called Web 2.0 from year 2004. Web 2.0 is not a new version of web, nor COMMUNICATION protocol or a new programming language. Web 2.0 is the transition from classical to new applications that run on network and focuses on consumers.

Tim O'Reilly (founder of O'Reilly Media) in one of his later publications mentions what will be the impact of Web 2.0 [5]: „The Web is no longer a collection of static pages of HTML that describe something in the world. Increasingly, the Web is the world – everything and everyone in the world casts an – information shadow, an aura of data which, when captured and processed intelligently, offers extraordinary opportunity and mindbending implications. Web Squared is our way of exploring this phenomenon and giving it a name“.

HOW TO MAKE NETWORKS ALIVE – FEATURES AND BENEFITS OF WEB 2.0 [8]

- Web 2.0 supports greater collaboration between users and webmasters because sites create an interactive community.
- Web 2.0 approaches the Web as a platform to create communities that support communication.

- The new web is more focused on social networking and varieties of sharing which include blogs, wikis and more.
- Web 2.0's philosophy is to encourage the sharing's structure, where all users can contribute in site development.
- Web does not serve only as a passive tool, but also as a platform to allow people to communicate with each other.
- Rich, friendly and interactive interface based on Ajax or on similar macros.

4. MARKETING IN SOCIAL NETWORKS

ADVANTAGES: [11],[14],[15]

The most important advantages and opportunities in social networks that can have a great use in marketing are the following:

- Segmentation and targeting specific customer groups according their taste, hobbies, preferences, etc.
- innovation and new products development based on comments of members of a group can serve as a source of essential information
- Brand allocation: effective tool for businesses as it allows them to communicate with customers and public, generally. Subconscious advertising in promotional mix.

- More personal and more effective communication: communication space is created between the brand, general public and users themselves, which can create marketing programs. In this way a sense of trust and some kind of belonging is born with the company.
- Obtain clients and their loyalty: social networks support the flow of new clients, who typically have greater confidence if they are recommended by one of the members of that system
- cost reduction: communication ways are far more effective and focus on segments, marketing costs can be significantly reduced
- Creating barriers for market entry: which are effective barriers for potential competitors, thereby increasing customer loyalty to the brand. It is not a question whether the popularity of these sites is increasing all the time.

CONSEQUENCES AND COSTS [14]

Creation of marketing tools on social networks is very useful. Although it is a new opportunity for many firms, it not means a simpler and faster way to achieve a successful campaign. For better understanding it's using and necessity, we should consider the following:

- Checking marks: Unlike other devices such as television, radio or magazine, the use of social network means losing the control over the brand. Firms should be able to assimilate ideas, criticisms and recommendations from current customers.
- Have values: The fact that the registration on social networks is for free does not point they have no costs. Users of networks discriminate the content they receive from different producers and are selective about adding new "friends". This is especially true when talking about FaceBook or My-Space, where acceptance equals sharing "life".
- It is not an open forum for product selling: Brands make efforts to move closer to social networks

and began sponsor bloggers to write frequently about their advantages. If it is done discreetly – it works, but if you keep reading posts from a friend, as recommend Zara products, certainly there are doubts about his impartiality.

- Continuous maintenance: If you want a brand or agency to begin a campaign on social networks, it is necessary to consider that it has to work for 24 hours. You must respond to comments and react all the time. You need to have a person in your team who understands the situation and give him the necessary tools. It is not good to start a campaign on social networks and then blame that they spend all day on Facebook.
- It is a long-term: Compiling a list of friends and fans is a long-term work. It does not mean to have a million fans in one day; the goal is to keep their attention by the appropriate content.
- There is no omnipresence on social networks: When creating marketing strategies on social networks it is very often to have efforts to be present at all sites of this kind, from Twitter to Facebook. Your customers are not necessarily in all these networks, it all depends on their preferences, and if we talk about services for businesses, it is possible that it works better on linkedin.com than on myspace.com. Nothing could disrupt the relationship more than receiving invitations from 100 different social networks. It is like having 20 phone numbers for the same person.

5. EFFECTIVENESS AND COSTS IN NUMBERS [16]:

According to eMarketer's article from OCTOBER 18th, 2011 Companies are focusing a lot of effort on social media, and are investing resources and budgets in specific areas to improve this marketing tactic. A complex survey was done in summer 2011 on about 100 firms, the so called Top Marketers.

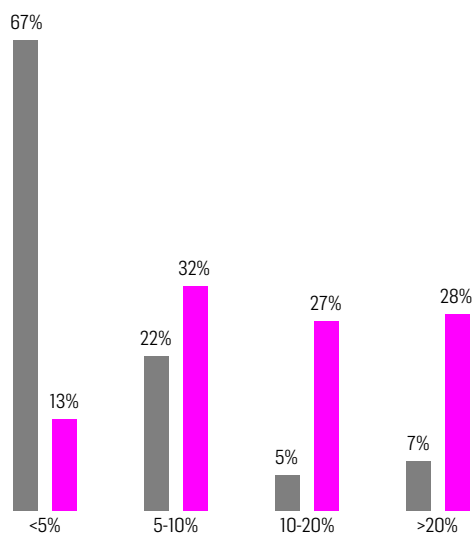
In 2011, 67% of respondents reported that social media made up less than 5% of their total digital spend. But

when asked about how things would look in three years, 32% predicted social media will be between 5% and 10% of digital marketing spending and 27% predict it will be 10% to 20%. An additional 28% of respondents think social media will make up more than 20% of their digital marketing spend by that time.

As social media becomes a more mature part of marketing and companywide plans, those leading the charge must figure out the strategies that will impact their businesses the most, and invest their budgets and resources appropriately.

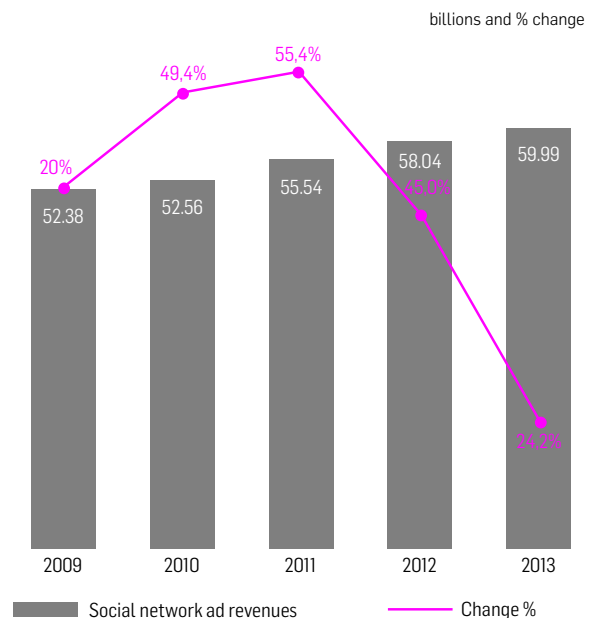
Other interesting information can be found about Social Network Ad costs on Emarketer's site. Their survey says that social network ad revenues to reach 10 billion dollars worldwide in 2013, which is a huge jump in comparison with present. Worldwide social network ad revenues will reach \$5.54 billion this year, eMarketer estimates, with just under half that amount, \$2.74 billion, and coming from the US market. [17]

SPENDING ON SOCIAL MEDIA AS A % OF TOTAL DIGITAL MARKETING SPEND ACCORDING TO 100 TOP COMPANIES WORLDWIDE, 2011VS. IN 3 YEARS



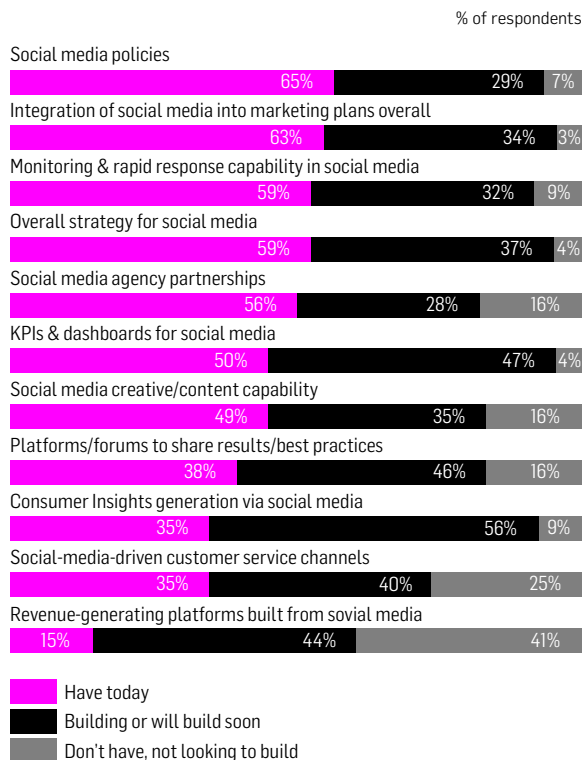
*numbers may not add 100% due to rounding

SOCIAL NETWORK AD REVENUES WORLDWIDE, 2009-2013

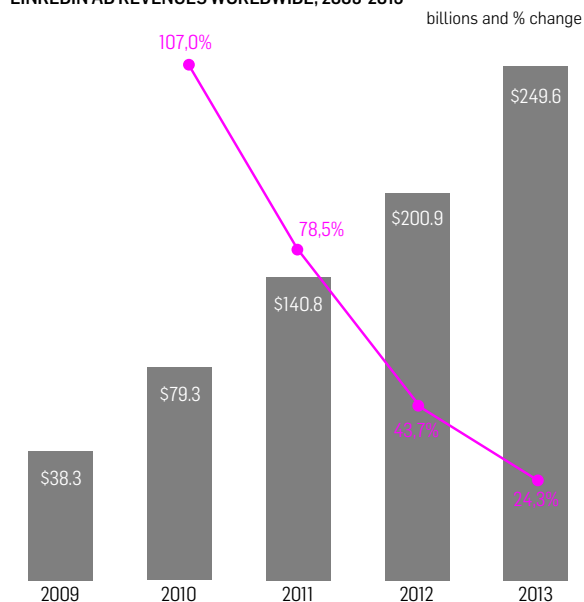


Note: includes paid advertising appearing within social network sites, social network games and social network applications; excludes spending by marketers that goes toward developing or maintaining a social network presence
Source: eMarketer, Sep 2011

CURRENT OR FUTURE PLANS FOR SOCIAL MEDIA ELEMENTS ACCORDING TO TOP COMPANIES WORLDWIDE, SUMMER 2011



LINKEDIN AD REVENUES WORLDWIDE, 2009-2013



Note: figures represent revenue from LinkedIn's Marketing Solutions business segment
 Source: eMarketer, Sep 2011

The bulk of these dollars, in the US and around the world, will go to Facebook while a much smaller share will go to Twitter and other social networks. eMarketer's first forecast of ad revenues for LinkedIn predicts the site will account for 3% of worldwide social network ad revenues this year, with \$140.8 million. The site has more than tripled its ad dollars in two years, though growth is tapering off.

6. CONCLUSION

People are more critical nowadays and have easier access to information about products and services that markets offer them. For this reason, companies have a new goal, which equals with obtaining them and with interactivity between potential customers. Brands are beginning to develop and implement the interactive-marketing which allows them to connect with their clients.

The point is to keep in mind that social networking is not in itself a source of finance. Social networks are tools by which companies can unite with others and inform them about the business. A firm's success in that kind of digital marketing depends on choosing effective combination.

Marketing on social networks must be focused on the benefits and values of the product offered, mainly to establish much closer communication with clients, which cannot be achieved through television, radio, print, etc. Exactly this advantage is offered by social networks and should be used to acquire new and keep existing customers. The larger is the value a company brings to its fans (fans, Linkers), the more they remember it and will consider a brand when thinking about buying something. The result will be more income as well as profit.

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