

PROMOTING THROUGHT THE INTERNET WITH SOCIAL-MEDIA NETWORKING

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Abstract:

The paper presents one of the most recent methods of promoting through the Internet, that is, advertising on social-media networking. Social media allows businesses to quickly and economically communicate to a large audience and in 2012, more and more organisations using it as a customer service tool.

Key word: promotion, social-media networking, social media marketing,

JEL classification: M37

Social media marketing consists of the attempt to use social media to persuade consumers that one's company, products and/or services are worthwhile. Many people want to be involved in social media, but few know how this helps them.

Businesses using social media want to sell their products or services of course. To use social media marketing effectively, businesses have to be perceived as members of the social media community, willing to interact with other members.

From a simple experiment, advertisements on social networks have now become one of the trendiest promotion forms on the internet, with a market of over four billion euro worldwide and two billion euro in Romania in 2011.

In the spring of 1999 the pictures of the three students gone missing in a Maryland forest were already all over the internet. So were images of their car, abandoned on a road near the forest, found by the police later. Nothing was real, though. Heather Donahue, Josh Leonard and Mike Williams were just characters, even under their real names, in the movie “Blair Witch Project”, scheduled to be launched in July, the same year. The marketing people used the internet, though, to promote the movie with a very small budget, generating interest in a story about which nobody knew for some time if it was true or not, especially as it was supported by paid appearances in various publications. The campaign was one of the most successful in social media and among the first of this kind at that time, and the movie got a 249 million dollar box office worldwide.

Some years later, the producer of the mineral water Evian published a video clip on the internet, featuring some babies on roller skates, considered by the Guinness Book of Records the most accessed online ad, with 60 million views and 54.000 comments. At about the same time, Ikea launched, with the occasion of the opening of a new store in Sweden, a virtual furniture show-room on the social network Facebook and invited consumers to name the products, which they could actually win, the campaign being awarded at Cannes last years. These were totally different patterns from that which was chosen for “Blair Witch Project”, but with essentially the same purpose, which was to create an online community for the company to interact with through various methods and to further transmit the message on the Internet.

Companies have been exploring the Internet for years, and lately, they have also been exploring the social media area for promotion.

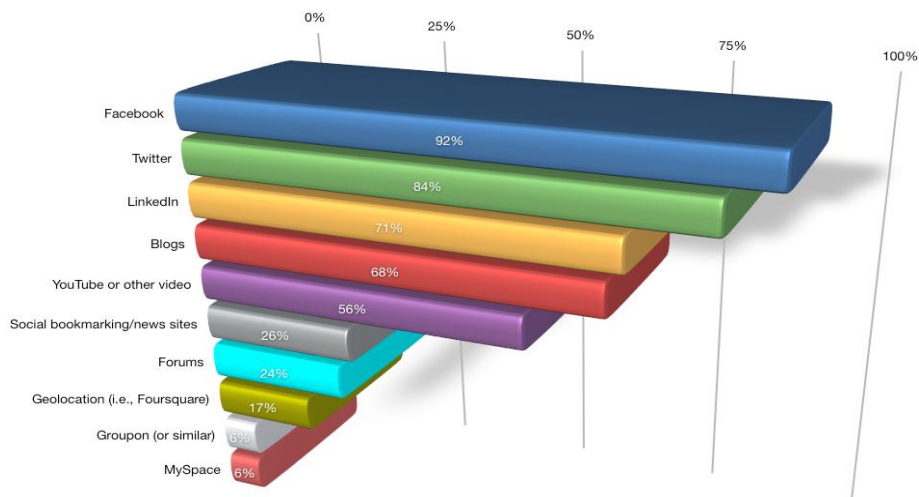


Figure 1 - Commonly used social media tools (%)
Source: „Social Media Marketing Industry Report 2011”

Study “Social Media Marketing Industry Report 2011” shows the fact that “...Facebook, Twitter, LinkedIn and blogs were the top four social media tools used by marketers, with Facebook leading the pack. All of the other social media tools paled in comparison to these top four. In 2010, Twitter was in first place with 88% and Facebook was close behind with 87%. Since 2010, Twitter lost 4%, LinkedIn lost 7% and Facebook gained 5%. In our 2009 study, only 77% of businesses were using Facebook.

The self-employed (80%) and owners of small businesses (78%) were more likely to use LinkedIn. Larger businesses were more likely to use YouTube or other video and less likely to use blogs (68%+).

A close examination of which tools more experienced social media marketers are using compared to those just getting underway provides further insight”.

If a few years ago social networks, blogs and microblogging services were mocked by marketing directors, mainly because of their restricted audience and the lack of its relevance for their business, now the situation looks completely different. Both the number of companies interested to have advertisements in this medium and the budgets spent for this have practically grown. And the total sums are not millions of euro worldwide, as it happened before 2008, but rather 4.26 billion euro this year, according to the estimations of the eMarketer research company, with over 70% over the 2010 level. But Facebook is mostly responsible for the shaping and the impressive evolution of the market.

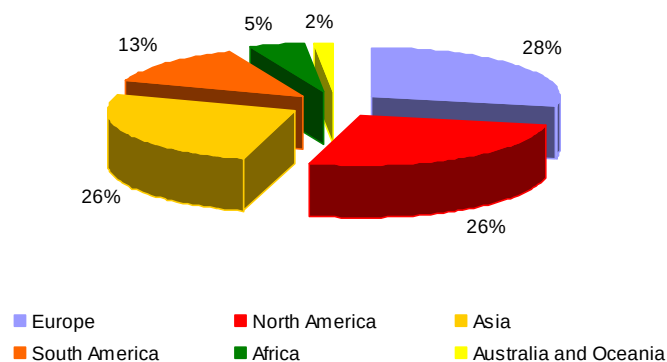


Figure 2 – Worldwide Facebook Users (march 2012)
Source: <http://www.socialbakers.com>, World Continents Facebook Statistics

With over 836 million users worldwide, the social network has opened a Pandora's box which has no chance to close. And Romania is no exception. The number of consumers present on Facebook is already almost three million, the double of six months ago, and it is estimated to reach a threshold of five million users this year.

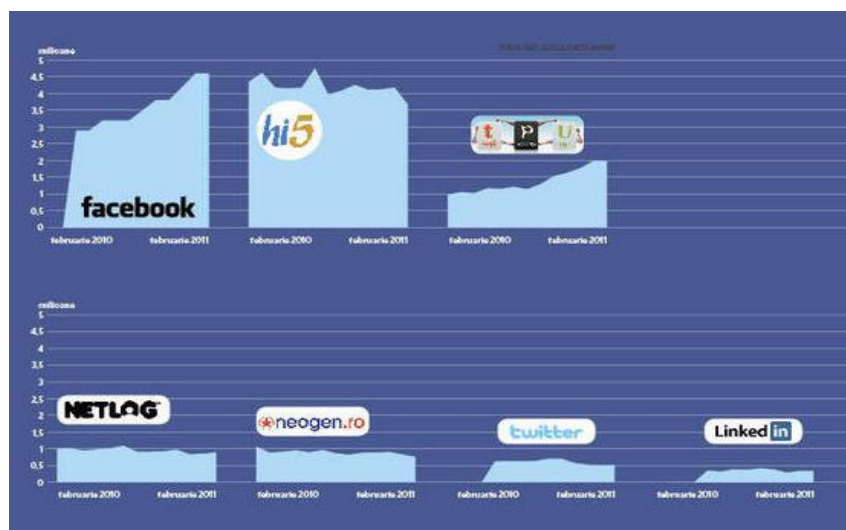


Figure 3 – Social media networking in Romania (February 2011 – million users)
Source: www.eResearch.ro

Also added to this equation is Hi5.com, a network accessed averagely by 600.000 Romanians per day, and Tpu.ro, with over 750.000 unique visitors in February, according to the data of the Study of Audience and Traffic on the Internet (SATI). And, not least, it is necessary to mention blogs, to which money from advertising have been going for some time already and the microblogging platform Twitter, which, although lacks a definite business pattern, is a good place for advertising in the form of published messages. Abroad, there already are plenty of stars paid by companies to write messages for them, but this pattern hasn't been enrooted in Romania yet, although the platform already attracts half a million unique users per month, according to Google AdPlanner.

The greatest investors in advertising were among the first who understood that they need to have a presence in social media, adding this component to the promotion strategy early on. Now, almost all the large companies with operations on the local market are, one way or another, present, even if the investments they make are not necessarily the largest. BCR, Vodafone, Orange and Cosmote, Dacia or Procter & Gamble are just a few examples.

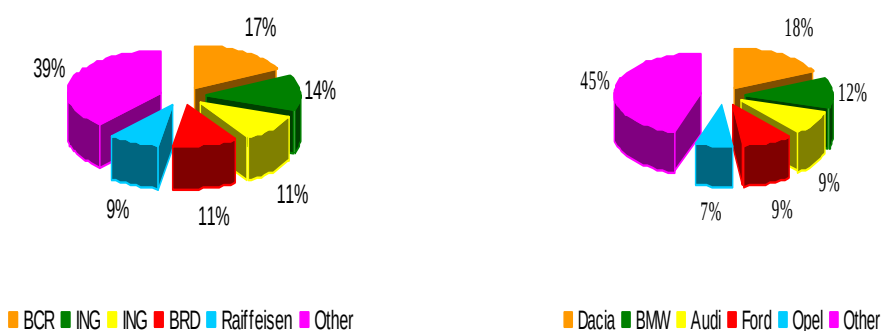


Figure 4 – The brands from Romania using social-media networking (auto and financial field)
Source: www.eResearch.ro

For the Americans, the highest stakes are in familiarizing the Romanian clients with this component. Smaller companies have also started orienting themselves towards social media, in most situations due to costs, because the alternatives haven't been very accessible until now.

For most small companies, Facebook is, at the moment, a fashionable domain, through which promotion can turn out to cost nothing. "Although those who enter by accident and exit immediately are more than the media, the advantage is that those who become clients are more in number than those are attracted through other means of promotion", says Valentin Haicu, General director of VHCI Business Development, the company behind FunGadgets.ro. He now has a campaign in progress on Facebook and invests 20% of his turnover in promotion monthly, from which more than a third goes to the social network.

But the results are quite good- in December, 40% of the customers of the online shop came from Facebook, as a result of accessing the advertisement.

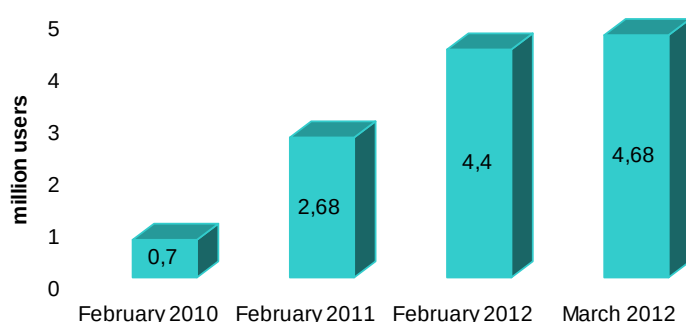


Figure 5 – Evolution of Facebook users in Romania (february 2010 – march 2012)

Source: www.facebrand.ro

The purpose of a social media campaign cannot be selling. The results are measured by different terms and do not usually come overnight. It can practically take months until the first results begin to show, which has had many marketing directors who have avoided social media rethink their options, especially because they did not have many examples.

Once it made the decision of promoting through the internet, the first step a company needs to take is deciding how much it is willing to spend and then how it is going to do it.

With sums from a few thousands to a few tens of thousands of euro at their disposal, the most efficient solution is hiring a specialized agency to deal with the entire process.

Otherwise, a small firm has to simply complete the online strategy, defined in most cases by the existence of a site, with a blog to open communication and with the presence on as many of the most important social networks as possible, actions which cost nothing but time. This is not promotion, though, but a concept known as social media relations, and it basically defines the establishing of a communication relationship with actual and potential customers. The minimal sum is 10 euro, and for those who do not have very much money for this type of promotion, a few hundred euro can sometimes work miracles.

Usually a social media campaign costs relatively little by comparison with an outdoor or a TV campaign. The sums start from 2.000 euro and can get to a few tens of thousands of euro, according to complexity and time, while a reasonable average sum for an efficient campaign would be between 7.000 and 15.000 euro.

The strongest argument for the fact that the sums involved are not large is the initial stage of social media in Romania, which implicitly justifies the reluctance of companies about wasting a larger component of their promotion budget.

However, in its actual state, social media is still quite misunderstood, especially by small companies which have campaigns on their own. This very reluctance has limited this niche so far.

Social media continues to be quite a small part of the entire internet advertising market.

The overall percentage has grown, but it is still far from 10%. Poland, which is an enormous market, has barely surpassed this limit and it is at about 12%. In Romania, the internet advertising market has only little percentage. To be specific, about five percent at most, but there are chances that it might reach 10% of the total in the next few years.

Considering the most optimistic of estimations, that social media will already be ten percent of the total online advertising expenses, the social media advertising market should sum around two million euro.

Internet advertisements are at 20 million euro just for 2010, concrete data being available for the moment for the first six months of the year, when the industry reached half of the sum according to a study undertaken by IAB Romania and PricewaterhouseCoopers.

Promotion methods on social networks are practically unlimited. Be it interactive applications meant to promote a certain product, specially created pages to invite consumers to discuss a brand or somewhat more novel actions. Social networks have the highest investment recovery rate of all media, though.

In other words, they are more efficient, which is inclusively confirmed by studies made in other corners of the world, according to which the name of a brand will become known to twice more people on a social network than through other internet sites, while the intention of buying the promoted products and services may be four times higher.

Sales coupon sites such as Groupon have also made their way into the industry lately, to which small companies orient themselves to hoping to attract customers. This component does not enter the advertising market in social media, not being practically conceived as a vehicle for promotion, although it is used exactly this way now.

The business pattern in itself is not covering a period of a few months with customers, but completing the inactive moments of the business, days or hours when the clientele does not usually show up. But Romanians flood such online pages, hoping to save money in the current economic context. Of course, they end up buying products and services they do not need or would not have spent money on under other circumstances just because they are cheap. In the first few months of 2011 they paid one million euro for 147.000 coupons, which means around seven euro for a coupon.

For many, coupon-hunting has already become an addiction. The same happened with social networks. Most consumers log in to Facebook, Hi5.com or Twitter at least once a day.

In 2012 social networks are aggressively positioning their sites as a link between consumers and merchants. Both fixed and mobile social networks tend to market themselves as a tool for merchants to connect with consumers and promote brands – rather than just as services for connecting friends.

Facebook remains the global social media leader and while it has managed to capture the largest share of the market in recent years, the industry is not sitting still and new social networks continue to emerge that aim to improve upon the originals models or introduce new concepts.

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