

Social Media Marketing: Issues and Impact on Companies and Customers

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Abstract- This paper explores the concept of social media marketing (SMM) in many aspects. It discusses the beginning of the SMM idea and how companies use it efficiently and effectively in order to carry out better results in all areas. It also includes different types of social networks, the marketing model and metrics for social media marketing. Additionally, it explains the impact of SMM on companies and people. The focus will be on the benefits it brings to businesses and customers who are exposed to it. Furthermore, it includes opinions of many experts about SMM, how it may change in the future and how it will affect companies in the way they operate to succeed in the industry. At the end, I will include my thoughts and opinions about what business should consider in order to implement successful marketing strategies, with a brief conclusion.

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Introduction

Social media marketing (SMM) can be defined as the techniques and tools that companies use to make their products available using different social networking sites in order to attract customers to buy and share their experiences with others. These efforts help companies create brand awareness and build strong customer loyalty. It is not easy to trace back the beginning of social media because different people define it in a different way. For example, some people define social media as the communication between people by letter via the postal code, while others define it as the ability to use the Internet to communicate and share their experiences with others. In fact, Six Degrees (1997-2001) was the first social media site that allowed users to make a profile, connect with others and make new friends. From there, the Internet helped to create new means of communication between people through blogging and instant messaging (History Cooperative, 2015).

Social networking, or the e-word of mouth, has become a popular and effective tool that reaches hundreds of millions of customers around the world in a daily basis. The next section will discuss the most popular social networking websites that companies use for different purposes.

Types of Social Networks

There are many social networking websites in the market, but the focus will be on the well-known websites such as Facebook, Twitter, YouTube, Instagram, Google+, Yelp and LinkedIn.

Facebook

In 2004, the biggest social network worldwide, Facebook, was introduced by Harvard student Mark Zuckerberg and others. The site was first opened solely to Harvard students. Then, it opened to the public in 2006, and as of Sep. 30, 2015, the number of monthly active users reached 1.55 billion people (Facebook, 2015). Facebook gives

companies the ability to deliver a variety of messages to their customers, such as videos, images and detailed descriptions of their products. This makes Facebook more flexible than Twitter with regard to sending messages.

Twitter

In contrast to Facebook, Twitter allows its users to "Tweet" or comment about anything they like with no more than 40 characters. A posted message will appear on follower's home pages. As a result, companies can promote their products by sending quick messages for particular customers who like short text with meaningful content. Twitter was created by Jack Dorsey, Evan Williams, Biz Stone and Noah Glass and launched by July 2006. As of Sep. 30 2015, Twitter has 320 million monthly active users (Twitter, 2015).

YouTube

Although YouTube is not categorized as a social media platform, companies put a lot of their promotions on YouTube by sponsoring a specific video so that an ad is presented when each person views the video. Usually, the ad suggests to buy or use the specific product or service related to the content of the sponsored video. Furthermore, companies can establish their own channel so subscribers can see, comment, like or dislike the videos. Based on the result, companies can understand their customers in a better way to satisfy their needs.

Instagram

The smartphone application Instagram is a fairly new social network introduced in October 2010. It allows users to take square photos, apply digital filters and share them with others on the app or other social networks. Facebook acquired Instagram in April 2012 for a billion dollars, and it currently has more than 400 million users (Socialbakers, 2012). Companies can use Instagram to easily reach their customers, especially those of younger generations.

Google+ is one of the most recent social networks that was introduced by Google on June 28, 2011. It helps people to stay in touch with friends and look for others. Those who register can upload their profile picture, add image albums and link their profile with other social networks like Twitter. Companies reap great benefits of using Google+ because it allows for targeted advertising methods, navigation services (Google Maps), and other forms of location-based marketing and promotion (Socialbakers, 2012). For example, if people want to search for a restaurant near them, Google allows them to locate nearby restaurants based on the user's location.

Yelp

Yelp, founded in 2004, allows users to check reviews of local businesses, post reviews about their past experiences and rate them on a five-point scale. People look at the reviews and compare different places such as restaurants and hotels and decide whether it worth the trial or not. Companies can establish their own accounts to share photos and messages with other users, but they cannot alter or remove any user review (Socialbakers, 2012).

LinkedIn

LinkedIn is a professional social network that allows professionals to create a profile that contains their education, job, experience and skills. HR managers looking to hire people for particular positions can search among many candidates and select the one who displays the best qualities and needed skills. Also, companies can create their own profiles to promote their operations and make their products visible to others. Additionally, LinkedIn helps businesses create relationships with different partners, such as suppliers, and cooperate with them to achieve better company performance (Socialbakers, 2012).

Develop a Marketing Model

As discussed earlier, companies may choose to use a single social networking site or a combination of sites in order to reach a targeted group and effectively encourage the group to buy their products. As a result, the marketing model (SNeM2S) is necessary to mix social networks with the marketing strategies to send the right message to the right group at the right time. The model includes the following steps:

- "Selection of potential social networks to use;
- Definition of a financial plan;
- Definition of organizational structures to manage the social network in the market;
- Selection of target;

- Promotion of products and services;
- Performance measures (D'Andrea et al., 2012, p107)."

Metrics for Social Media Marketing

After we have implemented the marketing model, we need to measure how marketing and advertising campaigns performed by using social networking websites. The most important metric that businesses should measure is the volume. The company should measure the size of conversation about a brand and the number of people who discussed it and their behaviors. Google Analytics shows the behavior and other related facts such as demographics and device type used to give a clear view of people's reaction to a promotional campaign (Davis, 2012).

The second metric is the reach of the content among potential audience size. To find engagement, we select important actions like clicks, retweets, or replies and divide them by reach. Engagement helps marketers discover how people react to the campaign based on the goals that the company specified. For example, if the focus was on communication, then companies may look at replies and comments or at retweets and posts if the emphasis was on spreading a message (Davis, 2012).

Another metric to consider is the influence and impact of the brand on people. Companies can concentrate their efforts to find people who communicate and encourage others to participate in the conversations about the brand. Two other important metrics are the share of voice and return on investment data. A company must compare the conversation about its brand related to competitors and examine whether the promotional campaigns generate sales and contribute to profit or are simply a waste of time, money, and effort. (Davis, 2012).

Positive and Negative Aspects of Social Networks on Marketing Process

It is important to explain what benefits companies gain and how these channels will help customers make better decisions. From the consumers' point of view, the virtual communication helps them to interact with each other to find information about the product, its features and its benefits. It also gives them access to the feedback of other consumers, which offers them a clear picture of the product when they make a decision. Additionally, the aggregation of services made the task of potential buyers easier. This is due to the fact that the sellers provide all necessary information and support to them so they get answers to all their concerns. Another great benefit of using social networking websites for customers is the 24/7 access ability, because customers may be busy with work or with other

obligations, so access to social media increases convenience. These characteristics aid customers and satisfy their needs by collecting the necessary information, allowing customers to give their opinions about products and giving them a strong bargaining power to get quality products at competitive prices (D'Andrea et al., 2012, p106).

From the companies' point of view, marketing activities through various social networks has a great impact on their performance and development plans. These channels create a lot of opportunities for companies compared to the traditional channels because of the huge volume of people that can be reached worldwide. It also helps companies to enhance brand equity and strength their reputations. As a result, customers are more willing to deal with these companies when the trust has been created. Moreover, it allows an increase in collaboration between customers and suppliers to make products and services that satisfy the end users based on their needs. In addition to providing information for current customers and rewarding them for being loyal, the virtual channels enable companies to find potential customers efficiently and discover new geographic areas to build branches and stores through their expansion plans. These channels are low-cost methods that help companies follow customers, resolve their issues, and monitor competitors in order to gain a competitive edge by being the first mover in the market. However, the companies should put a lot of effort to ensure that the marketing strategies are efficient and effective; otherwise it could lead to negative consequences that harm the companies badly.

Despite the positive impact of social networks on both customers and companies, there is a main negative concern: the absence of face-to-face communication. The lack of interpersonal contacts between companies and customers destabilizes the relationships and leads to the loss of many customers who consider interpersonal contacts to be an important factor when deciding to do business with a company. Also, it is important to take into consideration that not all visitors are consumers, so the reaction of many people may not be a good source to rely on when making a successful strategy (D'Andrea et al., 2012, p107). Another big concern that customers have is privacy. A huge amount of information can be collected from social networking websites. It has become easy to collect personal information of customers, because they include a lot of information in their profiles such as date of birth, address and contact numbers. There are many criminals or other immoral people who have incentives to use the information in the wrong way, which could hurt customers negatively.

Future Trends and Predictions for Social Media Marketing

Many experts have predicted what will happen in the near futures, such as Information Density Creates Hurdles, Tech Innovations Change Marketing, Fans Demand Personal Interaction, Marketing Requires a Combination Approach and Paid Media Becomes the Norm.

Information Density Creates Hurdles

Mark Schaefer, an educator, consultant and author of *Social Media Explained*, believes that information density creates innovation in our marketing world. It is expected that the amount of information on the web will rise by 600%. He also expects that businesses will move away from Facebook and will spend more on Hollywood-quality content, advertising and other channels. Additionally, new content forms and apps are expected to make a big change when businesses execute marketing strategies to help them reach their goals efficiently (King, 2015).

Tech Innovations Change Marketing

Viveka von Rosen, a LinkedIn expert, says that it is not easy to forecast the future and identify what will have an impact on social media, hardware or software improvements. Thus, it is necessary to sustain true engagement and connection between companies and consumers (King, 2015).

Fans Demand Personal Interaction

Ravi Shukle, a Facebook marketing specialist, argues that fans and followers request more personal interaction in order to build trust with the companies. This tactic convinces fans that there are real people behind the company who are ready to help them and address their concerns (King, 2015).

Marketing Requires a Combination Approach

Mike Gingerich, co-founder of TabSite, emphasizes the importance of implementing a combination or an integration of social media networks instead of focusing on only one channel. Including multiple social networks helps businesses strengthen their brand and enhance their reputation due to the effectiveness of using these networks together (King, 2015).

Paid Media Becomes the Norm

Aaron Lee, a social media manager, believes that businesses have to focus on paid media because it became necessary due to the drop in organic reach. Businesses face many

challenges and intense competition to deliver good content that satisfies their customers (King, 2015).

Conclusion

This paper discussed many issues that businesses have to look at when using social media marketing in advertising and promotion. It includes a variety of social networks that companies can choose from and what benefits each one brings to them. It is necessary to develop a marketing model and measure the effectiveness of marketing and advertising campaigns. The benefits of social media marketing for both businesses and consumers were also mentioned besides some of the main negative aspects. The last section discussed what experts predict for social media marketing in future and the main areas that companies should monitor and concentrate their marketing efforts on.

I believe that the key success factor for companies when dealing with social networking websites is to focus on communication and contact. Businesses have to substitute the absence of physical contact with customers and let them feel that there are real persons behind the logo or brand. This will facilitate companies with the efforts to build a trust for their consumers to feel safe when making transactions. Moreover, companies should give privacy, security and ethical concerns a priority by managing them properly to satisfy customer's needs. The customers should be at the heart of any marketing strategies to succeed, otherwise it is a waste of companies' resources that must be used wisely to reach goals more efficiently and effectively.

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