

# Social Network in marketing (Social Media Marketing)

## Opportunities and Risks

Waad Assaad, Jorge Marx Gómez

Carl von Ossietzky, Ammerländerheerstr. 114-118, 26129 Oldenburg, Germany

waad.assaad, Jorge.marx.gomez @uni-oldenburg.de

### **Abstract:**

*The most well-known social software applications are weblogs, wikis, social networking sites and instant messaging. Social networking at a high level is described as the convergence of technologies that make it possible for individuals to easily communicate, share information, and form new communities online. But the big question today is not what social networking is, but rather what it means for businesses.*

*During the fast growth of social media and software, social networks are forcing companies to increase activities in their traditional CRM systems. These popular websites could be a great approach for companies and customers to improve their communications by applying them in computers and mobile devices. Through the social networks the way, which the company uses in its marketing, is changed. Business can take benefit through applying Social network marketing in order to cooperate with companies to achieve their goals. One of the most important advantages of Internet based application is creating an interactive contact between stakeholders that enable businesses to get feedback directly from their customers.*

*In parallel companies can gain benefits through social marketing: they can achieve a better understanding of the customer needs and then they can build effective relationships with customers. Although social marketing is a common concept in business, there is a few numbers of people aware of its effective role in marketing. Social Marketing is a known term but not all the people know what it is exactly and what are the opportunities and risks from it. Social network marketing can be very advantageous for businesses.*

*This paper intends to find how social software can be used to improve the marketing and to survey how social software can be used effectively in enterprises. The main focus would be on opportunities and risks in companies used social network in their marketing.*

### **Keywords:**

*Social Network, Social Software, Marketing, Customer Relationship Management*

### **1. Introduction:**

In recent years, a change in the relationship between companies and customers has revealed. The expansion of Web 2.0 and social network as (Facebook, Twitter, You tube, etc) have had a tremendous impact on the way companies conduct marketing. [1] The customer has received more and more control over and through the communication regarding the company and its products. The core of any business is the customers, and social networking represents an opportunity to build even closer and more profitable relationships with customers. So the

company must respond to this change. In fact, companies can gain benefits through using social network in their marketing: they can achieve a better understanding of the customer needs and can build better relationships with customers. For companies to achieve the measurable commercial benefits, they must plan their activities in social networks for better control and measurement. The correct behaviour can also change the way in how the companies consider their customers. Whenever the coordination between the social networking and marketing is achieved, companies can more easily follow their clients, achieve their requirements, control and measure their activities.

## 2. The concepts of Web 2.0 and Social Software:

In the last few years, "Web 2.0" and "social software" were the key words for a remarkable career. The term Web 2.0 and Social Software are closely linked. Tim O'Reilly has defined these innovations and developments as "properties of Web 2.0" in his article "what is web 2.0" as follows: [2]

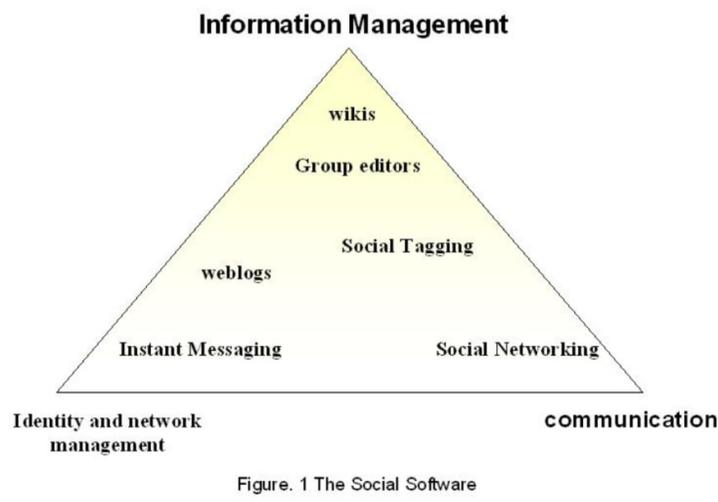
- **Services instead of software in the package:**Services of the application are located in the foreground, and not in the user interface. Thus, the applications are independent from the operating systems and the equipment.
- **Mixable data sources and data transformations:**The applications have to collect the primary task data, which must be easily available, and that makes the combination with other sources possible.
- **Architecture of participation:**The active use of the parties is a fundamental property of Web 2.0 from the users to developers, operators of web sites or authors. The results of this active use should be stored and documented for a long-term. Web 2.0 stands for general principles and developments in the WWW, which supported by technologies such as Ajax or RSS.
- **Networks rather than communities**In Web 2.0 applications, there are options for the natural need satisfaction, such as communication, self-presentation, documentation, and created categorization. Through the establishment of networks, there is a possibility for the exchange between users without limits.

Social Software offers for all participants the opportunity to communicate, get information and cooperate. Under "Social Software" we can find applications that support human interaction. The broad spectrums of social software applications can be structured in different ways. We prefer the structure of the three dimensions functionality (see Figure 1):

- 1-Information Management: to facilitate the finding, valuing, and managing of (online available) information.
- 2- Identity and network management: enable the representation of the same aspects of the Internet, and the department of social networking.
- 3- Communication: direct and indirect communication with partners in the network.

Figure 1 shows the main applications of social software.

There are several approaches of definitions of social software, a much quoted one in literature is the definition of social software as: [3]  
"Social networks are growing type of social programs and it is the application systems, which are based on the development of Internet and the advantages of networks, which can direct and indirect interpersonal interaction (communication, coordination, cooperation) and reflect the relationships of the users on the World Wide Web.



### 3. Social media marketing definition:

Marketing is the process, which is used to determine what products or services can be of interest to customer. Social networks help in improving the marketing of organizations to new insights about the brand, which offers innovative ways to implement the basic marketing programs, as well as new methods to win in online discussions of important business. So they can use these new opportunities, they need the tools that their companies can monitor conversations across the Internet effectively and participate. The goal is to link the success of activities in social networks with marketing programs and processes. [4]

Social networking sites are the source of almost inexhaustible views of clients and situations, and the challenge is to control this information in an appropriate manner and in a meaningful way for the company and that brings real benefits for them. Social networking is also a suitable framework for core activities in marketing on the Internet. Social networks provide the opportunity to talk with customers on a personal level, which is usually difficult to achieve or impossible through traditional channels. Marketing on social networking sites is not a substitute for traditional marketing. It should be treated as an additional channel with unique characteristics that can complement other marketing activities. With this approach, we can increase the effectiveness of each channel.

“Social marketing is a popular and effective way of getting vital information that is essential to the success of your business.” [5]

## **4. Overview of Social Software Applications:**

The concept of the social software describes the scope of applications which allows social connections, group interaction, and the information exchange in the web supported environments. The social software is the main part of the web 2.0 [6]

The applications described below are divided into three focus areas: relationships, communication and information:

### **1-Focus on Relationship and Social Networking:**

Social interaction of the people changes significantly with the advent of computers and networks. Web offers people opportunities to communicate with the others, and build relationships. The difference between a social network and a community arises from the focus on Relationship and Social Networking.

Social interaction of the people changes significantly with the advent of computers differences in the nature of the relationship between users. Community application focuses on a sense of community, which consists of common interests and strong results. The core of social networking software (SNS) is to represent the user. Open social network systems are in principle apply to any user in network without limit. One example is the popularity of social networks or offline Xing: it is a platform which offers personal profiles, groups, discussion forums, event coordination, and other common social community features. Basic membership is free, but many core functions, like searching for people with specific qualifications or messaging people to whom one is not already connected, can only be accessed by the premium members.

### **2-Focus on Communication:**

Instant messaging (IM) is a form of real-time direct text-based communication between two or more people using personal computers or other devices, along with shared software clients. The user's text is conveyed over a network, such as the Internet. More advanced instant messaging software clients also allow enhanced modes of communication, such as live voice or video calling. The major IM services are AOL's Instant Messenger (AIM), ICQ, Yahoo! Messenger, Google Talk, and Microsoft's incarnations: MSN Messenger, Windows Messenger and Windows Live Messenger.

### **3-Focus on Information**

#### **Blogs:**

A blog (a blend of the term "web log") is a type of website or a part of a website. Blogs are usually maintained by an individual with regular entries of commentary, descriptions of events, or other material such as graphics or video. Entries are commonly displayed in reverse-chronological order. "Blog" can also be used as a verb, meaning to maintain or add content to a blog. The blog is the most important applications in the field of social software, because it links all principles of social software. Each user has the option of free and without specific technical knowledge to contribute (post) blog publishes. The following technical properties support the networking of blogs with each other:

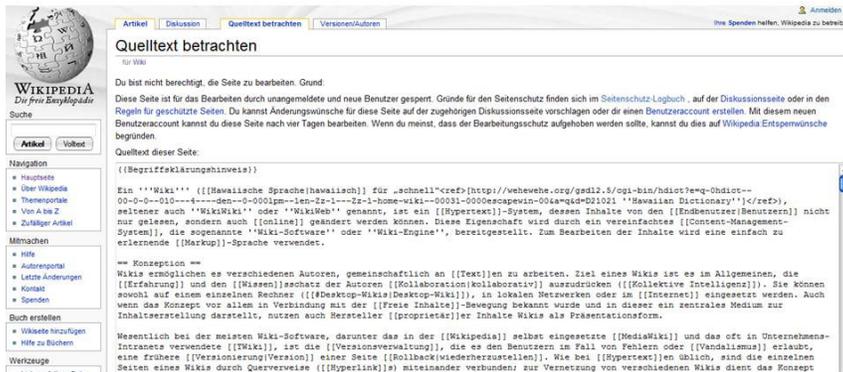
- **Trakckback:** A track back is one of three types of link backs, methods for web authors to request notification when somebody links to one of their documents. This enables authors to keep track of who is linking, and so referring, to their articles.

- Ping: with the help of ping, new entry can be automatically reported and it calls Blog Portals.
- RSS: RSS (most commonly expanded as Really Simple Syndication) is a family of web feed formats used to publish frequently updated works such as blog entries, news headlines, audio, and video in a standardized format.

## Wiki:

The Wiki consists of at least one but usually several together linked websites. The use of wiki pages is very easy because you just need to possess any knowledge of HTML (Hypertext Markup Language). Another advantage is that wikis have usually a full text and can recover to its content in the whole site quickly.

The following figure shows the contribution to Wikipedia on Wikis and related source code, which was built using the wiki syntax.



## Podcasting:

Podcasting refers to the production and provision of the media files (audio or video) through the Internet. It is a word could be considered as a part of the field of video-audio-on-demand. Each file in the podcast called episode can be stored in PC and then transfer it to any media and listen to it at any time without having to connect to the internet.

## **Social Tagging**

Social tagging is not the creation of new content, but it the creation of the description and categorization

## **4. Social Media marketing a new form of the communication:**

Traditional media such as television, newspaper, radio and magazine, are one way, static technologies. For instance, the magazine publisher is a large organisation that distributed expensive content to consumer, while advertisers pay for the privilege of inserting their ads into the content.

Social networks can be used as great tools for people who typically share a common interest or activity. They provide a variety of ways for users to interact with each other. And every person, who wants to join a social networking site he must create his own profile. This profile describes his interests, his need and his wishes. Through the person's profile we can know his friends (other users) who have similar interests by searching the network, or inviting others to join.

These networks offer a unique opportunity for highly targeted marketing.

The use of social network can make a contribution to the success of the company. The Internet-based applications have the advantage that they are actively working with the customers and can get feedback directly from there.

In recent years, many companies used customer relationship management (CRM) solutions to manage their customers, contacts, interactions and communication processes. Used systems ranged from traditional CRM software to Web 2.0-based CRM, also known as Social CRM. So it is useful for CRM to use these tools such as activities in the channels and social network.

From the request and aim of the CRM, applications are derived according to the requirements of social software. These requirements must provide the added value to the consumer and to the user and also provide new uses. The combination of social networks and CRM provides an enormous opportunity to enrich customer interactions and give businesses a way to manage and measure how they use social networking while successfully engaging social customers. A Gartner research report calls social networking a "disruptive influence" on the CRM market, challenging companies to innovate and adjust. There are, however, some basic strategies that can help organizations for better leverage of the social networks as a part of their overall customer management strategy: [7]

- **Treat social networking as a new channel within CRM:** Many companies already use CRM solutions to manage customers, contacts, interactions, and communications, so it make sense to continue to use customer management tools when these activities move into social networking channels.
- **Enhance and extend CRM through social networking:** While social networking activities can be considered as an additional channel in CRM, they also extend and enhance the capabilities of CRM with new ways of engaging customers and managing conversations.
- **Play to the strengths of both CRM and social networks:** Use CRM and social networking sites together to listen better to customers, analyze information, and respond to customers in a way that's meaningful to them.

### **4.1 What does Social Networking have to do with Marketing?**

In recent years, a change in the relationship between companies and customers has revealed. The customer has received more and more control over and through the communication

regarding the company and its products. The core of any business is the customers, and social networking represents an opportunity to build even closer and more profitable relationships with customers. So the company must respond to this change. In fact, companies can gain benefits through using social networking in marketing: they can achieve a better understanding of the customer needs and can build better relationships with customers. For companies to achieve the measurable commercial benefits, they must plan their activities in social networks for better control and measurement. The correct behaviour can also change the way in how the companies consider their customers. This is the area for the use of customer relationship management to intersect with social networks, and customers, and social networks which are looking for ways to deal with the companies in connection. Whenever the coordination between the social networking and marketing is achieved, companies can more easily follow their clients, achieve their requirements, control and measure their activities.

## **4.2 What must a Company make before using the Social networking in its marketing?**

Before the company introduces the social network, it should first analyze the actual situation. Then monitor the situation of the company after the introduction of social network and what has changed. If the company during this process has the conclusion that social network is not the right solution for the company, it should necessarily cancel the use of social network. Many companies simply want to participate in the trend of social software, previously should be well evaluated if it suits for the specific companies. Another limitation is the spread of social software in enterprises which is the high average age of employees. One study showed that especially Europeans communication preferred via phone and e-mail through the communication social software applications. Although social software aims to improve business information and structure to make it easier to find, can exactly perform the Information overload of employees. Of course there is also a risk that employees could use social software for private purposes. As long as the private use happens in a suitable framework, is informal communication among the employees and with partners, customers will be encouraged, this can lead to better relationship lead with business. The control of the use is only very difficult because of the existing trust and should not be carried out.

## **5. Opportunities and Risks:**

### **5.1 Social Network Marketing Opportunities:**

Social network marketing can be very advantageous for businesses. Gotta and O'Kelly contends that, establishing communities around products and services is a potential strategy to build brand loyalty, establishing exit barriers, and facilitating viral marketing through self-emergent customer testimonials. Such communities can also be a source of innovation by soliciting consumer input, and customer suggestions. Social networking can find new customers, and help conduct brand intelligence and market research. [8] Through wish list features and tell-a-friend applications the company can make its advertising in a social network. The communication in social network gets shoppers to listen to one another, review ratings for products and services, and provide product knowledge and personal information. Social networks protect users from interaction with the outside world, and keep information and interaction away from strangers [9].

Social marketing can be an inexpensive way to promote a company rather than putting together a huge marketing team or a prohibitive budget. [7]" For example, MySpace (2009) charges \$25 minimum to start advertising on MySpace, plus \$0.25 per advertisement. Facebook (2009)

charges \$5 minimum daily budget, plus either \$0.01 or \$0.15 cents depending on the advertising campaign purchased. LinkedIn (2009) charges a \$25 rate per thousand clicks.”<sup>1</sup>

Internally, strategists should examine business process and ongoing community-building activities to identify any possible application scenarios that can be used to build a business case. Some general examples according to Gotta and O’Kelly includes: [9]

- Sales: Social-networking tools may provide a better introduction mechanism for accounts with higher conversation rates than cold Calles can.
- Marketing: Tag clouds derived from an external social software application could provide a dashboard-like look into ongoing and timed patterns based on member tags and bookmarks.
- Customer service: Tagging of telephone or email interactions by call center representatives could provide interesting commentary at a collective level (e.g. “possible recall,” “product defet,””confusing instructions”).
- Competitive intelligence gathering: social bookmaking services can target a specific information space (e.g. competitor activities or ways people use a particular product).
- Information Management: Folksonomy efforts could result in taxonomies that are more precise (e.g. integration with search engines) as well as more responsive to change by picking up on terminology and providing users with sense of participation and ownership.
- Organizational development: Tracking tags and bookmarks over time can reveal trends (e.g using a Nielsen-like rating system) of what people are reading and what the find important, thus providing learning strategies and HR decision makers with insights into the types of training, seminar, or other topics that might be of interest or skills/competencies to focus on.

## 5.2 Social Network Marketing Risks:

Although Social networks can help companies spread good news fast, it can also spread bad news just as quickly. Moreover, if customers want to vent their anger on your product or service, they can use your social network account. Managers need to understand how to handle those situations quickly and effectively. Also, as social media is not as widely moderated or censored as mainstream media, individuals can say anything they want about a company or brand, positive or negative.

Increasingly, companies are looking to gain access to these conversations and take part in the dialogue. However, a potential problem that companies using social media may face is the privacy and personal security issues. There exists a niche segment that is overly concerned about their security matters and do not prefer to discuss their vocation and similar plans on social web. Nonetheless, Gotta and O’Kelly agonize that, networks that thrive when they are informal and invisible are at risk for changing behavior or complete collapse if management

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<sup>1</sup> Victoria Bolotaeva and Teuta Cata, “Marketing opportunities with social networks,” journal of internet social networking and virtual communities, vol 2010(2010), article id 109111

suddenly becomes aware of them and attempts to influence, leverage, or exploit them in some ways. [8] They further connotes that, there are other unintended consequences of making social networks and their interrelationships public. Overall, the success and failure of technologies specifically geared toward social networking revolve around user participation, trust, security, and privacy. So, users sometimes tend to be hesitant to share some of their sensitive information with companies. This means, organizational issues regarding incentives for participation, managing behavior changes, and building effective communities have greater impact.

Reasons for user collectively interacting vary greatly. At one extreme such interaction can be very self-serving. Users might participate in socially oriented applications only to link on the edges, absorbing information from the community that is relevant to their own research, personal needs, or work-related tasks. The intensity of their participation might be represented by their contributions (e.g. providing opinions) recommendations, insights and other types of information or by aggressively tagging and sharing bookmarks), their ability to persuade others to join, or their level of influence in brokering linkages between members in the community network.

In addition, there are several available Media laws, because social network marketing encloses publishing or transfer of the on-line contents there are also certain legal settings if it comes to the advertisement in social network. [10] There are a Lack of Brand Control, Thus business must be especially careful in the market research and advertising laws not to cross legal borders. The advertisement in a social net brings danger to product brands. Social networks are user-generated contents where end users about their experiences with products, services, customer service, etc. The contents in such nets can be critical to the product, and societies have very little control in which end users share in their social network [11] The supervision of general perception of brands of the online community and directing problems discussed online, this had not been looked before, is extremely important for brands of the product and service. We must not forget the most important thing through social marketing there is an opportunity to collect consumer data; however, these compilations of data cannot just be tapped in it. She places away to say that, like the time, social network users are more careful regarding sharing their private data. To have access to the consumer Information, business must build products and applications which will require that a user divides at least some personal data. [12]

## **6. Conclusion:**

Social networking sites are the source of almost inexhaustible views of clients and situations, and the challenge is to control this information in an appropriate manner and in a meaningful way for the company and that brings real benefits for them. Social networking is also a suitable framework for core activities in marketing on the Internet. Strategically, establishing communities around products and services has been a well-known method of building brand loyalty, establishing exit barriers, and facilitating viral marketing through self-emergent customer testimonials. One of the key success factors of social software is involving its customers and determining their needs on a personal level through encouraging consumers to participate enthusiastically and listening to their desires.

In the end, the social network marketing is flourishing in the era of Web 2.0 end-user interaction. Therefore, it is advisable that business do not ignore the opportunities to jump in to spread out and her customer base.

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### Author:

Waad Assaad studied economic at Tishreen University (Syria) and I am currently a PhD student at the Carl von Ossietzky University of Oldenburg (Germany). I am working on my dissertation titled "IT support through customer relationship management in E marketing" under supervision of prof.Dr.Ing Jorge Marx Gomez, department of business informatics.

