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ROLE OF MARKETING AND SOCIAL NETWORKS IN IMPROVING BUSINESS EFFECTIVENESS

Abstract

Modern technologies offer many opportunities to companies everywhere in the world. Marketing's and manager's job is to get to know all those possibilities, to know their positive and negative side, put it in context and use it in marketing strategy in order to upgrade business of the company, improve sales effectiveness, and finally, raise revenues and value for all stakeholders. This paper contains data on using social networks and technology in advance in company actions, so informations are firstly collected using Facebook, Twitter, Instagram, Google+, Pinterest, LinkedIn, and other social platforms, and the same networks are used to spread informations about business and products, along with feedback used to correct future actions. Informations gathered can be extremely useful, but some can be recognized as unneeded. The main goal of this paper is to show how social networks influence modern businesses and how they can be used as a part of marketing mix in order to improve business effectiveness.

Key words: *technologies, social networks, marketing strategy, improving sales effectiveness*

JEL classification: *M21, M31, M37*

УЛОГА МАРКЕТИНГА И ДРУШТВЕНИХ МРЕЖА У ПОВЕЋАЊУ ЕФЕКТИВНОСТИ ПОСЛОВАЊА

Апстракт

Савремене технологије нуде многе могућности за компаније свуда у свету. Посао маркетинга и менаџера је да се упознају са свим могућностима, да упознају њихове позитивне и негативне стране, ставе их у контекст и искористе у маркетинг стратегији како би унапредили пословање компаније, повећају ефективност продаје и на крају повећају приходе и вредност за све стејхолдере. Овај рад обухвата податке о коришћењу друштвених мрежа и технологије као предност за активности компанија, и то тако да се прво прикупљају информације преко Facebook, Twitte, Instagram, Google+, Pinterest, LinkedIn и других

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друштвених платформи, затим се исте мреже користе за ширење информација о пословању и производима, а затим се прикупљају повратне информације. Циљ овог рада је да покаже на који начин друштвене мреже утичу на савремено пословање и како се могу користити као део маркетинг микса како би се повећала ефективност пословања.

Кључне речи: *технологије, друштвене мреже, маркетинг стратегија, унпређење ефективности продаје*

Introduction

Marketing has been a key feature in organizations when it comes to enlargement of customer base and moving products and services towards the customers. However, we must not forget that the world is always changing and moving, and the same goes when it comes to economy, sales and productivity. That is why is important for marketing to understand the changes and always advance, in order to enable effective business, growth and sustainability for long period of time. Development of technology and Internet made a whole new perspective and opened many possibilities for companies, and marketing needs to understand and use it's knowledge of the modern world and customers.

Integration of segmentation, targeting, differentiation and positioning strategies designed to create, communicate, and deliver an offer to target market⁴ - this is the definition of a marketing strategy, and in the modern world technologies transfer market to Internet, and consumers, company and competitors are much closer to each other. This gives companies an opportunity they did not have before – to come closer to targeted customers through use of technology in their advance. Interaction with customers, differentiated and consistent customer experience in sales, services and using advantages of channels and routes are instruments of marketing needed to provide effectiveness and timely response. One of issues considered in this paper are modern technologies and social media and networks, and advantages they provide for the company. Today, customers are constantly moving, they are informed better than ever and always connected, so the purchase has become dynamic, accessible and continuous. That is why companies have to keep up the pace, and move it's marketing, sales and service functions to a digital form.

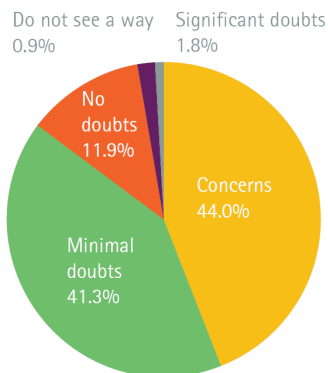
Social media and social networks are a whole new branch of modern technologies, and especially important when it comes to it's role in marketing. Quality and timely informations are of greatest importance, and the marketing's role is to comprehend them in it's strategy, and implement in every day business. This paper takes into consideration some aspects of this inevitable topic, and represents how some of the most successful companies in the world used possibilities of social networks to improve it's business.

⁴ El-Ansary, A.I., Marketing strategy: taxonomy and frameworks. European Business Review, 2006. 18(4): p. 266-293.

Revenue Goals and Improving Sales Effectiveness Using Modern Technologies

Enterprises are always facing certain conditions that affect their business and performances. It is not enough just to organize sales, but they have to worry about improving sales effectiveness and to focus on this field of work in order to get better results. There is always a gap between set goals and results. So the first step is to determine what can marketing do to change this situation for the better. Some of the necessary steps are related to modern technologies and options they provide, so we have ways to improve immature sales methodologies and processes, increase ability to attract, retain and grow sales talent, and drive tangible business outcomes from sales technology. There are areas proved to improve sales in business, but there is still much room to grow. Simply put, companies set revenue goals, but don't know how to achieve them, only because they don't know in which direction to point their marketing strategy.

Figure 1: Attitude of enterprises concerning achieving revenue targets



Source: CSO Insights 2013, Accenture 2013

Sales and service have to be better integrated, and sales leaders now recognize the importance of such integration. It is not a new thing for companies to listen to reactions and impressions of their customers. Still, it is not a well used opportunity, because not many companies actually use those informations to improve future sales and move in the way their customers want them to. This behavior only led to wasted sales opportunities, so there is one solution.

It is not enough just to listen what customers have to say. It is more important to adequately use those informations in order to improve service and customer satisfaction, and the company would be one step closer to achieving set revenue goals. On the other hand, modern technologies can help companies in gathering informations from customers and offering services and products, but it could go wrong for the company if it doesn't listen to it's customers – poor customer experience can spread very quickly through social networks and potentially damage the brand. This effect is almost instant, because customer's impressions, especially negative ones, spread through Internet and social networks, depending on followers network of the individual. It is known that

negative impressions spread much faster than positive ones, and could ruin the image of the company terribly. That is why marketing must have a customer-centered point of view, and to embed it through functions of marketing, sales and services.

One of issues that leads the way of doing business is certainly profit. All stakeholders are interested in raising their share of gain, so it is clear that they have positive thoughts on gaining larger market share, and modern technologies enable that in a way that wasn't possible before introducing social networks into customer's reality. Today's customers rely on mobile devices and Internet when informations are needed, so the first thing a company does is to present itself in digital form. Simply put, if you can't be found online, you don't exist, and companies must use it in their advantage. When it comes to social networking, companies can think of them as of specific customer base. Using social networks as a medium for promotion is absolutely necessary in order to rise above the competition, and is considered as one of the least expensive ways to make yourself visible in the sea of different informations. This way, more people are reached, and it is possible to present a new product, for example, and even gain feedback, all using social networks such as Facebook, Instagram, Pinterest and others, and for the lowest expenses possible.

Marketing strategy is designed in order to offer positive customer experience, value for the customer, satisfaction and achieving loyalty using effective marketing communication and delivery. Modern world has new rules, so to have the best positive results, it is needed to include positive customer experience in gaining higher financial outcome. Embedding informational technologies in marketing strategies lead to better communication, product content, and connection between customers, company and competitors. Internet has the power to build brands, connect customers and to enable a competitive advantage for the company over competitors if used properly. Context is of great importance, and the brand is communicated mostly indirectly through increasing number of followers, connections and likes on the market.

Advantages of Using Modern Technologies in Marketing

Marketing needs to address a range of stakeholders through social media marketing, including current and potential customers, current and potential employees, journalists, bloggers, and the general public. “The use of Internet as a medium, and the World Wide Web as an evolving technology has made it less costly and allowed marketers to get information – both of low quality and high quality – more quickly and easily than ever before”⁵. Surveys, observations and experimental research are traditional marketing instruments for gathering informations. Now, the modern technologies allow them to broaden marketing research capabilities, using e-mail, personal and telephone interviews, and electronic networks. Data are synchronized from different sources, so it is possible to determine changes in market and consumer demands from inquiries, comments on blogs and comments on social media sites.⁶ Mobile and internet based technologies have lower costs, faster turnarounds, broader potential,

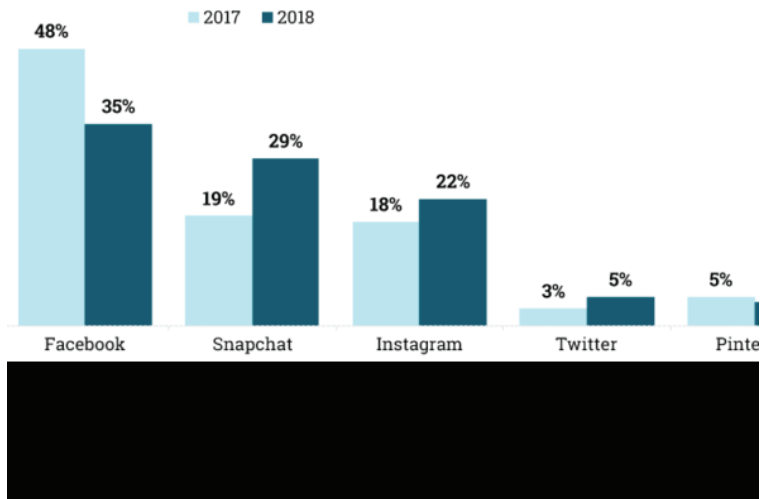
⁵ McDonald, H. and S. Adam, A comparison of online and postal data collection methods in marketing research. *Marketing Intelligence & Planning*, 2003. 21(2): p. 85-95.

⁶ Alghamdi S., Bach C., , "Technological Factors to Improve Performance of Marketing Strategy", Zone I Conference, April 3-5, 2014, University of Bridgeport, Bridgeport, CT, USA, ASEE 2014.

lower respondent error, flexibility in questioning, sounds and graphics, and consumers have greater liberty in participating inquiries.

An important data collection technology is the open source intelligence, which is an information processing discipline. This process scans, finds, gathers, exploits, validates, analyzes, and shares intelligence seeking clients from publicly available digital and print data from unclassified, grey literature, and non-secret sources. The approach is very popular with businesses since it is easy, inexpensive, and produces plenty of raw materials for processing. Data collection technologies like the open source, data mining, and data warehouse technologies assist marketers to gather, analyze, collect, and store huge amounts of data on their markets in terms of consumer experiences, competitors' experiences, and brand experiences⁷.

Figure 2: Social networks are the most important source of information of customers



Source: Global Consumer Insights Survey, 2018

Interactivity of the technologies is one of the most important facts concerning consumers. “Marketing and advertising is evolving with the dissemination of the internet as a tool for commerce and technology⁸.” Consumers use interactive and integrated technologies on mobile and internet devices so they could connect to retailers and brands, which means that the technology is directly connected to marketing strategy, because using it leads to focusing on consumers experience. They interact to sellers via websites and social media platforms and shop products, because it is possible to use catalogues of products and services and coupons. This is especially important for younger consumers and companies targeting young people. Young consumers also interact with

⁷ Fleisher, C.S., Using open source data in developing competitive and marketing intelligence. European Journal of Marketing, 2008. 42(7/8): p. 852-866.

⁸ Moore, M., Interactive media usage among millennial consumers. Journal of Consumer Marketing, 2012. 29(6): p. 436-444.

other consumers using social networks more frequent than older consumers, so the impact of using modern technologies in marketing strategy on businesses targeting this population is even larger. Today, more and more people use technologies and influence on restructuring business functions so the enterprise shifts in society.

User stories typically get mixed reviews from customers. “I think user reports are useful. I wouldn’t say they are the leading cause of purchasing, but it’s another way look at a product based on someone else’s eyes, without necessarily 100% trusting what you read. It may be someone else’s favorable view, but the story usually includes how it was used, what it was used for, and how it was installed.”⁹

The company need a clear picture in order to point out a direction of future growth. That is why timely, quality information is of the ultimate importance. Technologies, like social networks, can be used to gather all sorts of data, but it has to be analysed, so the right informations could be used. Marketing strategy then can be altered based on what customers want and need. The biggest mistake a company could make is to neglect importance of social networks, because they bare multiple possibilities, starting from promotion activities, placins new products, gathering feedback, gathering informations on consumers and other.

Off course, all informations gathered don’t mean anything if marketing can’t decide on future strategies and actions. Before it is possible, data has to be of high quality, because poor quality of data can turn results in wrong direction. That is why is important to have data management technologies that can develop, execute, and manage practices and programs that control, deliver, protect and enhance valuable data. So, it is important to separate informations of high quality from those of low quality, but with great caution, because it is possible to neglect negative reactions of customers, just because they are, off course, unwanted and harmful for the company and it’s business. So, it is easy to deduce that it is necessary to mandate quality data systems and policies, identify critical data quality requirements, and to successfully implement it in marketing strategy. Purely possession of high quality information is not enough for successful marketing strategy. Effective data management systems must be in place to develop, organize, analyze, process, present, interpret, and store marketing information into useful marketing and sales plans¹⁰.

Technology offers many ways of dealing with core business competences and functions. Characteristics and nature of technology allows performing these functions, and applying it in marketing. “Search engines are important ways to get people to your (Web) site initially once they want to ensure they return. An excellent way to do this is via a newsletter.”¹¹ Technology like the web-based search engines and the internet allow companies to discover new potential clients. They allow existing consumers to include the URL of the company or its advertisement site to their list of favorites allowing them to easily return to the sites and check out new products, announcements, and services.

⁹ Josh Gordon Group, "Improving Marketing Effectiveness", A Case Study, available at http://www.sbe.org/sections/documents/Improving_Marketing_EffectivenessSBE.pdf

¹⁰ Khalil, O.E. and T.D. Harcar, Relationship marketing and data quality management. SAM Advanced Management Journal, 1999. 64: p. 26-33.

¹¹ Sherman, C., Eight streetwise clues for publishing a successful enewsletter. EContent, 2001. 24(9): p. 34-39.

However, this does not ensure that first time consumers will return to the company's site or will regularly check for new products and services.

Studies show that information and communication technology like the e-mail accentuate the advantages of the internet and web technologies. This is because e-mail becomes a push and pull tool that offers consumers a platform with free useful information in the form of e-bulletins and e-newsletters. These are added to webbased technologies to add to the pull strategy of the websites. The Websites first attract new and existing consumers by having a high search engine score increases the probability of it appearing on the first page of the search engine. This is achieved using the right combination of search terms associated with the company, its brands, its advertisements, sales promotions, and offers. The e-newsletters and ebulletins add to the pull strategy of technology for they offer the consumer useful information as well as promotional materials. A consumer convinced of the information, then contacts the company through their e-mail list, makes a purchase online, and requests for delivery online. These web-based tools are the main technologies that improve the pull strategy of marketing¹².”

Technology and Social Media in Marketing

As the technology advances, it might be possible to foresee some more enduring trends and focus research in the future. Rapid advances in technology and the amazing growth of knowledge-based institutions will continue. Although many technologies that are emerging now have yet to be tested, many of them have already shown their usefulness.

Managers are nowadays faced with a dynamic and interconnected international environment, and have to consider many opportunities and threats that Web 2.0, social media, and creative consumers present. It is necessary to have in mind several issues concerning social media: social media are always a function of the technology, culture, and government of a particular country or context; local events rarely remain local; global events are likely to be (re)interpreted locally; creative consumers' actions and creations are also dependent on technology, culture, and government; and technology is historically dependent¹³.

Managers and marketers have to continually stay up to date on technology, customers, and social media, and have to embrace technology, limit the power of bureaucracy, train and invest in their employees, and inform senior management about the opportunities of social media, and the results shall be almost fully promised. Reducing costs through use of technology means that more and more informations shall be available to customers, but the business have to give away some power and control, and the same time avoid embarrassment to the company, if negative consequences of easily spreading informations through social media kick in. That is why is absolutely necessary for the managers and marketers to fully comprehend and understand the importance and possibilities and danger of using 21st century technologies, and to turn the flow in their advance.

¹² Alghamdi S., Bach C., , "Technological Factors to Improve Performance of Marketing Strategy", Zone I Conference, April 3-5, 2014, University of Bridgeport, Bridgeport, CT, USA, ASEE 2014.

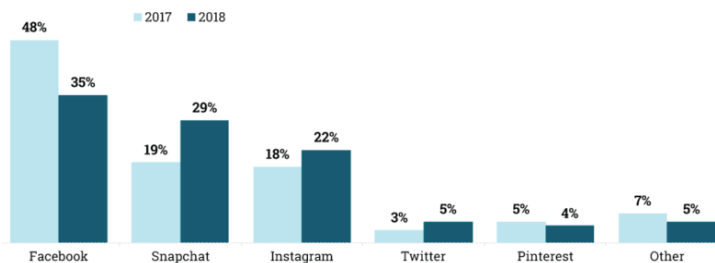
¹³ Harris L., Rae A., "Social networks: the future of marketing for small business", 2009, Journal of Business Strategy, Vol. 30 Issue: 5, pp.24-31.

Examples of using Social Media for Improving Business Effectiveness

Marketing has an important place in business, and it has been recognized for many years. However, the world is constantly changing, so marketing has growing importance, and even greater respect than ever before. That means that marketers have greater responsibility than ever when it comes to recognizing market indicators and directing business towards better results. Modern technologies enabled customers better and easier access to all informations they need, and companies moved their presence to virtual world, besides reality in which they operate.

Unlike traditional media that are often cost-prohibitive to many companies, a social media strategy does not require astronomical budgeting.¹⁴ Social media marketing is using social media platforms and websites to promote a product or service.¹⁵ Data analytic tools it uses enable tracking progress, success and engagement of promotion and advertising campaigns. Social media can be used as a marketing tool, and through passive or active approach, and are seen as a great medium for avoiding costly market researches. Audience is easily reached, and social media platforms are used for placing advertisements, and the best part is that they can be placed to targeted audience.

Figure 3. Most commonly used social media brands in 2017 and 2018



Source: Edisom Research/Triton digital, available at <https://marketingland.com/social-media-2018-time-grow-get-236162>

While platforms such as Twitter, Facebook, and Google+ have a larger number of monthly users, the visual media sharing based mobile platforms, however, garner a higher interaction rate in comparison and have registered the fastest growth and have changed the ways in which consumers engage with brand content. Instagram has an interaction rate of 1.46% with an average of 130 million users monthly as opposed to Twitter which has a .03% interaction rate with a monthly average of 210 million users.¹⁶ So it is easy

¹⁴ Hanna, R., Rohm, A., Crittenden V. (2011). "We're all connected: The power of the social media ecosystem". *Business Horizons*. 54 (3): 265–273.

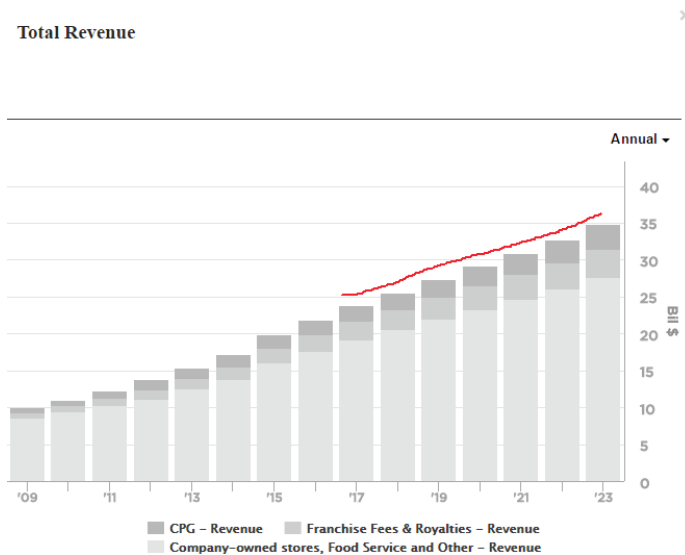
¹⁵ Felix, R., Rauschnabel, P.A.; Hirsch, C. (2016). "Elements of Strategic Social Media Marketing: A Holistic Framework", *Journal of Business Research*, 2016.

¹⁶ Mahapatra, Lisa (2013-08-09). "Social Media Marketing: How Do Top Brands Use Social

to understand how important is to include promotional activities in social networks. The number of potential customers is great, and targeting audience could significantly influence growth and future revenues of a company. A good marketing strategy can be significantly influenced by informations gathered from social platforms, and the best part is that feedback is fast, and if correctly interpreted, could alter strategy at the early stage, so the results could be modified before greater damage in case of unaproprate strategy.

Marketers target influential people on social media who are recognised as being opinion leaders and opinion-formers to send messages to their target audiences and amplify the impact of their message. A social media post by an opinion leader can have a much greater impact (via the forwarding of the post or “liking” of the post) than a social media post by a regular user. Marketers have come to the understanding that “consumers are more prone to believe in other individuals” who they trust.¹⁷ In 2012, Nike introduced its social media campaign named Make It Count. Casey Neistat and Max Joseph launched a video on YouTube, where they traveled 34,000 miles to visit 16 cities in 13 countries. They promoted the #makeitcount hashtag, which millions of consumers shared via Twitter and Instagram.¹⁸ Nike had an 18% increase in profit in 2012 as a result of such promotional project.

Figure 4. Revenue growth of Starbucks over last decade and sales projection for next five years



Source: Yahoo Finance

Platforms?", International Business Times, 2014.

¹⁷ Sepp, M.; Liljander, V.; Gummerus, J. (2011). "Private bloggers' motivations to produce content – a gratifications theory perspective". Journal of Marketing Management. 27(13/14): 1479–1503

¹⁸ Sarsha (2013). "Move over generation X, Y and Z, here come generation #hashtag: the social media revolution", Presto, 2014.

One of extremely good examples of using social media for marketing and promotions is how Starbucks implemented their idea. They realized how great importance have social media an internet based systems for social interactions and involving and engaging users and customers. They formed My Starbucks Idea (mystarbucksidea.force.com) as a platform with about 300.000 customers and employees who can make suggestions for improvements, vote for suggestions, collaborate on projects, ask questions about Starbucks and, most importantly, express their complaints and frustrations.

This was a great move, because only in first year Starbucks generated about 70.000 ideas from members of community. The platform also allowed connections to customers, so Starbucks offered 20.000\$ prize for the best idea about reusing their used coffe cups. This idea was based on technology of *collective intelligence*, or *crowdsourcing*. Besides that, Starbucks was present on Twitter, Facebook, LinkedIn, Google+, YouTube, Flickr, Pinterest, Instagram, and it enabled them to connect to a great number of people. Facebook is full of Starbucks's posts related to questions, content and updates, and it allowed them to post informations on contests, events, new products, etc. The company counts over 36 million “likes” as of February 2017, and uploads videos, blog posts, photos, promotions, products highlights and special deals. In February 2017, Starbucks had over 11.9 million followers on Twitter, and tweets are posted in a similar way as with Facebook, and in November 2013 Starbucks gave away 100.000 gift certificates in value of 5\$ each to customers who tweeted a coffe to one of their friends or followers. That way they attracted even more followers, meaning larger base of customers and informations in return.

Besides previous, customers of Starbucks have free Wi-Fi and free access to Starbucks Digital Network from all major mobile devices, including tablets and smartphones, so customers can view free premium content online, such as health, news, business, entertainment, local neighborhood channels, etc. As of 2014, Starbucks offers even faster Wi-Fi and network speeds, thanks to cooperation to Google Wi-Fi, and all that is aimed to attract and keep more customers.

The results, although indirectly, were extremely positive. Integrating digital and physical world was the right move for Starbucks, and their operating income was almost tripled in 2010 (\$1.437 billions) compared to 2009 (\$560 million), and the same happened to their stocks price. Sales increased sharply by 2017, and it was all thanks to digital and social media promotions. Thus, we can easily conclude that social media and Internet offer amazing opportunities for business, whether the company who uses this kind of marketing promotions is small, medium or large. Social media represent great potential for every company, whether it is small, medium or large. Nevertheless, every use of social media as a tool of marketing must be carefully planned in details, analysed and applied according to marketing strategy in order to be a success, because it is always possible to make a mistake when it comes to implementation.

Conclusion

Modern, 21st century world is more challenging than ever before for every enterprise in the world, whether it is small, medium or large. On the other hand, there are many possibilities that haven't existed before. One of those is technology we have today,

with all its challenges, options, and positive or negative relations to its accessibility to consumers. Spreading negative consumers experience is many times faster than spreading positive experiences, and we can easily understand the extent of such interaction if we know how many users of social media and social networks exist.

That is one more reason why the marketers and managers have to know everything about modern technologies and options they carry, especially when it comes to social networks that nowadays make huge part of consumers life and serve as information system for the customers. Marketing must understand and put into action its knowledge on advantages and disadvantages of Internet, social networks and modern technologies, so the company can expect positive results from using them. We saw how technology and social networks can be used in order to improve business and sales effectiveness as in example of Starbucks's actions. That is the proper way for marketing to use options that technology offers and to improve the effects of business, sales, and in the end, to boost revenues and raise value for all stakeholders.

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