Impact of Social Media on Marketing

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Abstract
Growing popularity of social media compelled the marketers to think about this media along with traditional functional areas of marketing. Social media is based primarily on internet or cellular phone based applications and tools to share information among people. The number of social media user’s is more than the population of some of the countries today. Impact of social media on marketing can be judged by comparing marketing before the social media and marketing after the introduction of social media and type of technologies used in social media.

Key words: Marketing before social media, evolution of social media, social media today, web technology, impact of social media on marketing, concerns and criticism of social media.

Introduction
Social media is primarily internet or cellular phone based applications and tools to share information among people. It expedites conversation and connection among people. It includes popular networking websites, like face book and twitter; as well as bookmarking sites like Digg or Reditt and uses web page technology.

Initially social media may have begun for social engagement, but the commercial value soon became apparent and it has become the marketer’s new best friend too. As social media use become popular and number of social media users has increased more than the population of some of the countries, marketers have had to seriously alter their game plan to take this shift in the media landscape into account. The industry is rewriting its conventional strategies and transforming the basic campaigning structure. Social media once devoid of any commercial content has had such a significant impact on the marketing industry?

Marketing before Social Media
Social media has evolved over time and its user’s base has increased even more than the population of some of the countries. During 1930’s news papers and magazines was the media choice. P&G was the first company to use print media advertisement. 1950’s is known as TV commercial era which leads to marketer’s inclination towards electronic media advertisements. In 1960’s corporate social responsibility concept came into existence. During 1970’s computer was born and logo, credit card and direct marketing, media research, payroll, visa card and master cards etc. find the application. Cable TV was introduced during 1980’s and it has changed the landscape of advertising media. With the launch of World Wide Web i.e. www. AT&T was first company to use modern media for marketing.

Evolution of Social Media
Early pioneers of social media were
- User net (1979)
- Bulletin Board System (1979)
- Online Service (early to mid 1980’s)
- CompuServe (1980)
- AOL (1983)
- Genie (1985)
- Internet Relay Chat (1988)
- ICQ (mid 1990)

Early Social Networks were
- Dating Sites
- Online Forms
- 
  1. First true social networks were
     - Six Degrees (1997)
     - Asian Avenue, MiGente, Black Planet (1997-2001)
Y2K – The Decade of Social Networks and Social Media

Friendster (2002)
LinkedIn (2003)
Myspace (2003)
Facebook (2004)
Kontain (2008)

Other types of Social Networks
1. Niche Social Networks
   - Photo bucket (2003)
   - Flickers (2004)
   - You Tube (2005)
2. Social News and Bookmarking
   - Delicious (2003)
   - Digg (2004)
3. Real Time Updates
   - Twitters (2006)
   - Posterous (2009)

Social Media Today

Social media today is used mainly in three functional areas of marketing:
1. Advertisement
   - Burger King’s Facebook humour
   - Dunkin Donut’s Facebook/Twitter news
2. Research
   - “My Starbucks Ideas” & ‘Ideas in Action’
   - Kellog’s new product research
3. Public Relation
   - Dell’s image turnaround
   - SyFy blogger relation
   - Ford putting out PR fire

Web Technology used in Social Media

Web 1.0
‘The read only web’ focusing on read only content and static HTML website. There were 45 million global users in 1995.

Web 2.0
‘The widely read & write web’ focusing on user generated content and read and write website.
   - Over 1 billion global user (2006)

Web 3.0
“The Portable Personal web” focusing on meaning of data, personalization, intelligent searches and behaviors.
Semantic web
Complex searches that return tailor made solution based on user behavior and interest.

Five components to web 3.0 are
1. Micro-blogging
2. Virtual reality world
3. Customization
4. Mobile marketing
5. Real-time

Top 10 social networking sites in the world

<table>
<thead>
<tr>
<th>Sno</th>
<th>Social Networking Site</th>
<th>Number of Visitors Per Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Facebook</td>
<td>550,000,000</td>
</tr>
<tr>
<td>2</td>
<td>Twitter</td>
<td>95,800,000</td>
</tr>
<tr>
<td>3</td>
<td>MySpace</td>
<td>80,500,000</td>
</tr>
<tr>
<td>4</td>
<td>LinkedIn</td>
<td>50,000,000</td>
</tr>
<tr>
<td>5</td>
<td>Ning</td>
<td>42,000,000</td>
</tr>
<tr>
<td>6</td>
<td>Tagged</td>
<td>30,000,000</td>
</tr>
<tr>
<td>7</td>
<td>Classmates</td>
<td>29,000,000</td>
</tr>
<tr>
<td>8</td>
<td>Hi5</td>
<td>27,000,000</td>
</tr>
<tr>
<td>9</td>
<td>Myyearbook</td>
<td>12,000,000</td>
</tr>
<tr>
<td>10</td>
<td>Meetup</td>
<td>8,000,000</td>
</tr>
</tbody>
</table>


Impact of social media on marketing

As marketers are always interested to grab the attention of the consumer. People have embraced new media and technologies to such an extent like smart phone etc. has given marketers the opportunity to reach consumers in a 24/7 capacity through a variety of mediums. It enhances the chances of messaging being seen. Therefore it is obvious to allure the marketers towards social media. Traditional campaigning approaches are overshadowed not only by rising social media but also due to increasing difficulty to create an outstanding campaign due to very competitive market.

The problem lies with the change in the consumer’s mindset. Social media has led to a culture of active engagement, immediate access to anyone and for anything and constant communication. This is of course something that the traditional advertisement and other marketing methods could not ever achieve. Whereas social media like Face book page, Twitter and YouTube etc.
Top 100 brands of Facebook

<table>
<thead>
<tr>
<th>Product/service categories</th>
<th>Number of brands</th>
<th>Brand name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apparel</td>
<td>26</td>
<td>Converse All Star, Converse, Victoria’s Secret, Adidas originals, ZARA, Nike Football, H&amp;M, Burberry, Lacoste, DC shoes, Prada, Gucci, Forever 21, Nike, Levi’s, Adidas Football, CHANEL, Ralph Lauren, Dolce &amp; Gabbana, Bershka, Louis Vuitton, Vans, Mango, Old Navy, Coach</td>
</tr>
<tr>
<td>Snack</td>
<td>16</td>
<td>Oreo, Skittles, Pringles, Ferrero Rocher, Starburst, Reese’s, 5 Gum, Dippin’ Dots, Kit Kat, Lay’s, Skittles, Frito Lay, life Savers Gummies, Stride Gum, Trident Chewing Gum, Cadbury Creme Egg</td>
</tr>
<tr>
<td>Consumer technology</td>
<td>14</td>
<td>PlayStation, iTunes, Windows Live Messenger, iPod, xbox, Blackberry, Sony Ericsson, Nokia, iPhone, Adobe Photoshop, eBuddy, Tata Docomo, Vodafone Zoodoos, Windows</td>
</tr>
<tr>
<td>Restaurant/coffeeshouse</td>
<td>11</td>
<td>Starbucks, McDonald’s, Subway, Taco Bell, Starbucks Frappuccino, Buffalo Wild Wings, Chick-fil-A, Pizza Hut, Dunkin Donuts, Domino’s Pizza, Hard Rock Cafe</td>
</tr>
<tr>
<td>Drink/Alcohol</td>
<td>10</td>
<td>Coca-cola, Red Bull, Monster Energy, Dr. Pepper, Mountain Dew, Pepsi, Sprite, Shurpee, Arizona Iced Tea, Jack Daniel’s Tennessee Whiskey</td>
</tr>
<tr>
<td>Discount/Specialty retailer</td>
<td>7</td>
<td>Walmart, Kohl’s, Target, Best Buy, Ben &amp; Jerry’s, MAC Cosmetics, Macy’s</td>
</tr>
<tr>
<td>Car/Motorcycle</td>
<td>5</td>
<td>BMW, Ferrari, Audi USA, Mercedes-Benz, Harley Davidson</td>
</tr>
<tr>
<td>Etc</td>
<td>11</td>
<td>Google, Disney, Disney Pixar, Barbie, Nutella, Kellogg’s Pop-Tarts, Nutella Italy, Skins, Shameless, Tattoos by mytoos.com, explotar, burbujitas de plastico</td>
</tr>
</tbody>
</table>

Source www.socialbaker.com

can directly address the new increasing demand expectations of consumers. Besides its initial engagement, social media activity is also likely to be sustained as attention is kept over a period of time rather than for just a few moments. Impact of social media can be seen in television advertisements which sign off with a plea for consumers to visit their websites, Facebook or Twitter page with the promise of an exciting online experience, fun incentives and a sense of community that people actually want to get involved with. Consumers use social media for fun and it makes no difference to them whether they are joining, an unbranded or branded game. However, the more successful the creative more likely consumers are going to develop a sense of loyalty to the hosting brand.

There have been numerous campaigns that have taken advantage of technological tools. With the help of these tools advertisers can track where their message is going.

As Rohit Ohri, executive chairman, Dentsu India, says: “Communication has moved from ‘one-to-many’ to one-to-one’ to ‘one-to-community’. Evolved marketers are increasingly looking at targeting communities.” These communities, he adds, are not just defined by occupation or industry. Increasingly, communities are defined by interests. “Bikers, hikers, new mothers, lovers...these are just a few examples of interest groups, marketers are talking to these days,” point out Ohri. In US and Europe brands are also using Twitter commerce. Dell has used it to advertise different types of deals so has low-cost American airline Jet Blue. Volkswagen recently ran an Application Programme Interface (API) based on LinkedIn’s viewer pages. Women professionals online could see an ad for Beetle; young male professionals interested in sports saw the polo ad; and senior executives got to see an ad for family car Jetta – with all viewing taking place at the same time. This helped the company get 2700 product recommendation in 30 days.

There is a good example of Old Spice You Tube campaign ‘The Man Your Man Could Smell Like’ which was viral hit. Making it one of the most successful brand campaigns ever, transforming the image of a brand that had previously been deemed old fashioned and out of place in the contemporary market. The brand now has spin off games, featuring videos, Facebook page and links to their retail
ages. The site attracts thousands of consumers who want to join and play along with this clever marketing game.

Nokia has launched an aggressive viral campaign, comparing its Lumia with rivals such as Samsung Galaxy, on YouTube, to revive its fortune in the Indian Smartphone market currently dominated by phones running on Google Android platform. The YouTube campaign shows short clips of Lumia representatives challenging consumers with rival Smartphone, mostly that of Samsung, at malls and pubs in terms of internet and social networking speed and experience. When Lumia wins, the other consumer holds high a banner saying, ‘My phone just got blown away by the Nokia Lumia’.

Social media offer a platform for direct interaction between the brand and users. Resulted in changing role of marketers from positioning of their products or services to customer advisors. Once considered the domain of PR agency, is now infiltrated by marketers. Marketers are often designated to deal with the enquiries, grievances and praise to a brand by the people on social networks. This provides opportunity to the company to gain a thorough and accurate insight into the public’s perception of a company or product and allowing them to work on both well received aspects as well as less popular. Real time feedback gives brands the chance to react and address any issues immediately.

Impact of social media on public relation can be tracked by looking at how social media has affected the costs of marketing efforts. This can be accomplished by utilizing a few standard metrics like online advertising, public relations, search engine optimization and website to show a holistic view of the true value social media is bringing to the table.

Following is the list of metrics which can be used to evaluate public relation to show a cross-channel view of where social media is delivering.

1. Cost per Impression
2. Cost per engagement
3. Cost per site visitor
4. Cost per click
5. Cost per inbound link
6. Cost per subscriber

Many of these metrics can be utilized to create a cross channel dash board which will show how social media and public relations efforts complement each other and deliver “inexpensive” results.

**Concerns and Criticism of Social Media**

As the social media has grown in popularity, multiple concerns have emerged regarding technology. If comments and tweets are posted in haste, it can lead to some marketing disasters that can damage both the client and their agencies reputation. The moment consumer finds a brand’s social networking activity intrusive or annoying then consumer is lost. There are many instances where brands try to abuse the system thorough fake comments. Since marketers are directly dealing with the public can not lurk behind the scene but have to become more accountable for the brand. Other concerns of social media are social media stalkers, child predators and privacy concerns.

In spite of potential drawbacks of social media, popularity of social media is overtaking traditional forms of marketing. If compare TV commercials with online virals promoted through social media, TV commercials can cost millions; are poorly targeted and do not enable data capture where as cost on social media is almost nothing. That is why social media become popular among marketers.

**Conclusion**

As the popularity of social media is growing and there is no turning back it seems social media will overtake to other functional areas of marketing to a large extent. Social media is trying to fill the gap between marketers and consumers through continual dialogue, building trust and interacting with right audience in right way, as fast as possible.

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**About Author:** Dr. Rajiv Kaushik is presently working as Professor in department of management, Vaish College of Engineering, Rohtak. He is having 16 years of experience both in industry and academia. He has conducted MDPs in HIPA & SISI. His area of interest is marketing, retailing and strategic management.