

# Effectiveness of Social Media as Marketing Strategy

Neha Kuhar

(Department of Commerce, Veer Kunwar Singh University Ara, Bihar)

**Abstract:** Social media sites usage as part of a company's marketing strategy has increased tremendously in the past couple of years. Despite of its acclaim, very limited information is available to answer some of the key issues concerned with the effectiveness of social media marketing, ways to measure its return on investment and its target market. Sales performances and facebook activities of five companies were analyzed to identify the correlation between the company involvement on the social media sites and its financial outcomes (ROI). A survey was also conducted of 1,000 Facebook users to find the relation between the respondents' involvement in social media marketing and changes in their buying decisions and to determine whether people of the age group ranging from 25-35 are the main audience of the social media marketing. The research establishes that marketing effectiveness of social media is highly influenced by its messages/contents quality, its association with the other marketing platforms and the company's involvement.

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## I. INTRODUCTION

Social media is enormous and becoming gigantic. As a tech savvy generation, it is easy to contemplate the obsession that people have with social media and the potential for marketers to grow their business via this media is endless. The social media era began around fifteen years ago. It embarked with LinkedIn in 2003 which was followed by MySpace and Facebook in 2004, YouTube in 2005, and Twitter in 2006. In less than a decade, it has grown expeditiously and has reached trillions of people worldwide. As of the first quarter of 2017, Facebook had **1.94 billion** monthly active users; As of the first quarter of 2017, the microblogging service averaged at **328 million** monthly active users; LinkedIn has more than 467 million users; and MySpace has 75.9 million users. The findings show that a large number of companies are becoming actively participating in social media which means that social media marketing is transpiring as the new marketing strategy.

## II. LITERATURE REVIEW

Social networking sites allow individuals to interact with one another and build relationships. American based services such as Facebook, Google+, YouTube, LinkedIn, Instagram, Pinterest, Twitter are being widely used worldwide. In the late 1990s, user profiles became a central feature of social networking sites, allowing users to compile lists of "friends" and search for other users with similar interests. New social networking methods were developed by the end of the 1990s and many sites began to develop more advanced features for users to find and manage friends. This newer generation of social networking sites began to flourish with the emergence of SixDegrees.com in 1997, followed by Makeoutclub in 2000, Hub Culture and Friendster in 2002, and soon became part of the Internet mainstream. Friendster was followed by MySpace and LinkedIn a year later. Orkut became the first social

networking in Brazil and then grew faster in India as well. Facebook, launched in 2004, became the largest social networking site in the world in early 2009.

When companies join the social channels, consumers can interact with them and they can communicate with consumers directly, this interaction feels more personal to users than traditional methods. Social networking sites act as a word of mouth. These sites allow individual followers to 'retweet' or 'repost' comments on the posts of the products being promoted. By repeating the message, all the user connections are able to see the message, therefore reaching more people.

Platforms such as Facebook, Twitter, Google+ have changed the ways that companies approach and interact with audiences alone at a fraction of the cost, as most social networking sites can be used at no cost. Whether scrolling through Instagram or Facebook feeds one would notice sponsored ads appearing in between posts and pictures. It is impossible to visit networking sites without popping into a few compelling ads along the way.

## III. RESEARCH METHODOLOGY

There were three different methods of study that were used in this research. First, literature reviews of articles and books on the subject of social media marketing effectiveness, social media marketing demographic, online marketing, and social media ROI which deepen the understanding of these issues. The second method involved analysis of Facebook activities and revenue data for three companies (Maruti Suzuki, Samsung, Nokia). Some variables which were examined in this analysis are: length of Facebook membership, number of fans as well as the latest data of the company/brand's sales revenue or market share. This analysis will help to identify the relation between company's Facebook activities and its business

performance, which will ultimately help to cater to the issue of social media marketing effectiveness. Third, an online survey was conducted and sent to 1,000 randomly selected Facebook users in the friend list. The main purpose of the survey is to identify the respondents' involvement and activities in social media sites, and analyse how it affects their buying decisions.

#### IV. ANALYSIS

**A. Sample characteristics.** The survey was conducted on 1,000 Facebook users. This sample was randomly chosen. The survey generated 273 respondents, which showed 27.3% response rate. The age of the participants ranged from 18 years old to 35 years old, with 20 and 21 years old being the most common age (36.63%). This survey generated 35.53% responses from males, and 64.47% responses from females.

**B. Social media sites' activities.** The result shows that Facebook was the most popular social media site among the participants (96.65%), followed by Twitter at 16.70%, LinkedIn with 10.73%, MySpace at 6.95%, and 3.12% of the respondents had other social media sites such as Instagram, YouTube, and Pinterest.

56.76% of respondents had one account with a social media site, 23.23% had two accounts, 6.39% had three accounts, 0.39% has four accounts, no respondents had all five sites listed, and 0.97% had no account on any of the social media sites. Respondents follow or become fan of the brand/company because of the fact that respondents were loyal consumers. As for their involvement with any brands/companies on social media sites, 63.14% of the Facebook users were fans of brands/companies, but only 36.63% of the Twitter users follow brands or companies. Only 2.18% of respondents who follow or were a fan read all postings or messages from their "favorite" brand, 64.57% only read the one that they were interested in, and 33.15% never read any of the postings or messages. Participants were also asked the degree of influence between their social media sites activities and their buying decisions; 21% of the respondents were affected, 35% were neutral and 43% were not affected at all.

According to a research by statistic brain in January 2014, average amount of time a person uses Facebook per month is 15 hours 33 minutes, total amount of people who access Facebook with phone are 250 million, total amount of websites that have integrated with Facebook are 2.5 million, total pieces of content shared on Facebook each month are 70 billion, percent of teenagers who log on to Facebook over 10 times per day are 22% and percent of Facebook users under the age of 10 are 25%. Social media is all about discovering and sharing information. According to Leverage New Age Media blog, users share 1 million links every 20 minutes. According to a Social Sharing Research Report

from Chadwick Martin Bailey, 71% of people are highly likely to share content that they like with friends, co-workers or family and 45% do this at least weekly.

According to Constant Contact's 2011 Small Business Attitudes & Outlook Survey, small businesses are making use of social media marketing more than ever before. The survey exhibited that 81% of the small business organizations have started using social media marketing and 65% of the small businesses report that social media marketing works well with other forms of marketing.

#### V. ROI

The biggest problem really is that social media is actually a very broad term encompassing areas across business functions. So one ROI figure won't work. Fast Company cites an Adobe white paper that says 88% of 750 surveyed marketing professionals didn't feel they could accurately measure the effectiveness of their social media campaigns. Fifty-two percent said that dealing with social media ROI was their biggest frustration.

□ Blogger outreach / advocate outreach: blogger / fan database to be surveyed regularly to understand their recommendation habits. Commercial value of recommended devices and purchased devices from their recommendations based on average selling price etc. can be viewed.

□ Social commerce programme that uses mechanics like "refer a friend" via Facebook. This can actually track couponing right through to conversion and give a clear commercial value.

□ For areas like customer care, cases solved in social and a cost per case compared to costs of a traditional call center can be seen.

**MARUTI SUZUKI:** Even before launching its new Swift and Swift Dzire model, MSIL started flashing the car's interiors at its YouTube and Facebook pages to give a peek-a-boo about the new model to create excitement & curiosity. The company's ambition was to increase its brand reach to everyone. This flash became a phenomenon and got more than 1 million hits across all social media tools. Finally, when these models were launched, the demand for MSIL's products had jumped by 25 percent.

**SAMSUNG:** In November 2012, Facebook Global Marketing Chief, Carolyn Everson announced that Samsung received a 1300 percent return on investment from a campaign for Samsung Galaxy S III.

**NOKIA:** In 2012, Nokia had 100 million social interactions. Today, the company has 40 million global Facebook fans. And, the equivalent of 500 years of Nokia Global video content was viewed on YouTube in 2012. The size of the community makes it a big opportunity to leverage content and care for customers.

## VI. RESULT

One of the essential factors that could affect the effectiveness of a marketing strategy is target market. Similarly, it is important for marketers to identify the characteristics of social media marketing target market to ensure the effectiveness of their campaigns. Literatures show various results between age group (18-25 years old), (25-35 years old), and (45-55 years old) as the target audience of the SMM. A study by Pew Research Center shows that in 2010, 83% of the age group (18-25 years old) used social media sites, only 62% of the people of 25-35 years age group used social media and only 50% of the people above 35 use social media sites (Zickuhr, 2010). Research shows that 95% of the college market uses the internet, and 91% of them were involved in some type of online purchasing (Lester, Forman, and Loyd, 2005). However, these numbers do not indicate whether the users are also involved in the SMM activities. Social media users between 25-45 years old are more financially stable than the younger group. On the other hand, college students (18-24 years old) are not yet financially stable and they still depend on their families. This fact can also indicate that college students' buying decisions are influenced by their parents' preferences to some extent. As was discussed before, there is only a small amount of research that has been done in the area of SMM. As a result, there is not enough evidence to suggest the main target audience of the social media marketing.

Social media marketing is a relatively new subject in the business and marketing field. There are only a few articles on this subject that have been published. Future studies might be able to find more information on SMM, since SMM has become more and more popular among marketers and scholars.

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