

SOCIAL MEDIA AND ITS EFFECTS ON THE GROWTH OF BUSINESSES

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Abstract: *Social media, and social networking, have changed the business landscape, both for companies that have adopted them and for those that have not. By definition, social media represent platforms where members share content with a wide audience, with the focus on the content, while social networking sites are more centered on conversations and groups having the same interests. Facebook, which pulls the line dividing the two types of interactions, has 600,000 regular users worldwide and welcomes companies, organizations, and brands to use its platform to connect with their audience. Almost all social networks have incorporated a measure of social media, allowing users to become curators of the interesting content they find, sharing links, images, and short personal stories. Businesses which have learned to create content and engage in conversations are already 'in the stream' – and more and more, internet users expect they will be able to interact with their favorite brands. Companies that have embraced this have a definite advantage over those which have not. The aim of this paper is to investigate the role and economic impact of social media on businesses. It aims to investigate the benefits available from the use of the internet and social media sites for businesses. Social media have a positive impact on businesses and offer an opportunity for their audience to find them on social media. It helps to reach to their targeted audience, stay engaged with them and respond to their questions instantly. It is a great way to evaluate their competition by monitoring their social media pages. The paper focuses on the multiple positive impacts on business in terms of brand recognition, customer engagement, revenue, and customer service. It emphasizes the importance of social media in the growth of businesses, being also a great tool to evaluate their competitors and how they are using social media for their growth. By using social media, business are taking every opportunity to increase awareness of trade and development opportunities in a way that drives changes in behavior and inspires action. Doing so connects a certain industry with business opportunities abroad and leads to sustainable development in partner countries.*

Keywords: *media; social media; business; customer engagement; brand recognition.*

JEL Classification: Z19.

1. Heading: What is social media? Definition and General Considerations

Social media is the way people can communicate or interact online. It is called social media because the users are involved in a social context, which includes

conversations, comments, but also annotations or interactions. Content publishing has become increasingly simple in recent years, which has helped its development. Users can now easily create content on a growing number of platforms, including the ones they own (websites, blogs, etc.) or rent them. Today, we can very easily make our opinions known.

If it is to look for a definition that is as simple as possible, social media is made up of websites or online or mobile applications that encourage the exchange of information and the creation of content by users, be it text, images, audio or video. Most of the applications that are part of the social media landscape are in the image below:

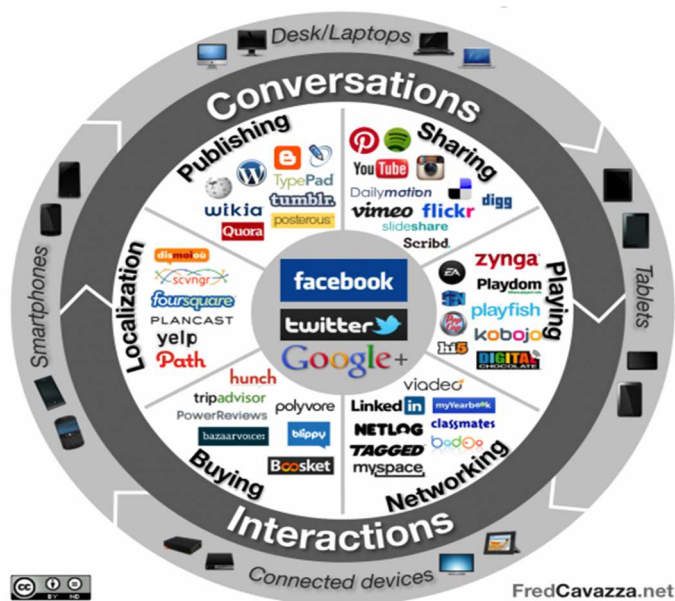


Figure 1: Social Media Landscape

Source: <https://fredcavazza.net/2012/02/22/social-media-landscape-2012/>

When we talk about media we talk about social networking sites such as: blogs; forums; social networks (Facebook, LinkedIn, Pinterest); microblogging services like Twitter; video sharing sites like YouTube, Vimeo; photo sharing sites like Flickr or 500px; mobile apps that allow you to share photos with friends like Instagram; instant messaging services such as Yahoo messenger; Internet telephone services such as Skype; online games like World of Warcraft; virtual worlds like Second Life; online encyclopedias (wiki) like Wikipedia.

Currently, there is a great emphasis on social media due to the concrete socialization need. Consumers need socialization, interaction, tips and guidance. Businesses, at the same time, need feasible opportunities through which to make their services and products known in a humanized manner, in a tone and content

that is as close as possible to what is sustained and accepted by ideal consumers, of target audience.

That is why we are heading to social networks and blogging. Both are useful tools in the hands of entrepreneurs ready to take their businesses one step further, towards a period when the business environment is moving towards maximum efficiency. Social media keeps the companies interested also due to the opportunity to collect feedback. Consumers are more willing to provide valuable information for the companies, complaints and discontents, suggestions and tips when the businesses approach them in a familiar climate and through representations with socialization and interaction skills.

Moreover, social media is a tool that brings efficiency in business and because it is more than vital to follow the clients and potential clients in environments where they spend considerable time.

A message, a video component, an article or a contest announcement, all are likely to turn into viral content through social networks. The speed with which the message is propagated within a social network is one of the elements the companies rely heavily on to promote their services and products in their portfolios.

Even so, the benefits of social media come only for those who plan carefully and with the help of the right strategies the incursion and activity within a social network or blogging. It requires strategy, organization, a well-developed plan, consistency and professionals who are ready to build a successful reputation.

2. Why do businesses need social media?

Social media has become one of the components without which businesses are much less likely to turn into successful businesses. There are numerous examples of business ideas that had their origins directly in social media and developed through social networks or through blogging.

For business, the growth of social media brings great opportunities but also responsibilities. The large amount of data that consumers make available through social media means that marketing specialists have more and more information that can help them in their campaigns. The real advantage, however, is the possibility to develop long-term relationships with customers, quantifiable relationships. At the same time, it begins to take shape the responsibility for these clients. As consumer behavior has changed, so have expectations. Irrespective of the fact that the business is online or not, its customers may have opinions or conversations about it.

If a few years ago the question related to the importance of social media for business development was rarely asked, it is now on the lips of anyone from the beginning. It is now accepted that social media must be part of the marketing and PR of any business.

The Social Media Examiner's End-of-Year Report 2019 shows that the importance of social media marketing has increased amazingly: 86% of marketing specialists said that social media is very important to their business, and 89% believe that the main benefit of marketing through social media has been increasing the exposure and visibility of their business. The major benefits that were mentioned:

- increased exposure and visibility;
- increased traffic;
- creating an environment of loyal "fans";
- increased business partnerships;
- increase sales and decrease marketing costs;

Social media should grow and consolidate on an existing brand. Efforts to develop social media should be an extension of what the other departments of the company are doing. Capturing the company's voice and sharing it through social media will open a unique opportunity on other levels: marketing, branding, public relations, advertising, sales, etc.

The information can be distributed through social media at an extremely fast rate, and users are increasingly using channels to share information in real time. This information often consists in opinions so if the company is careful, social media can become an invaluable source of feedback. If they consider these feedbacks in the development of the product they can reduce the costs for the services with the clients, thus satisfying their needs. It integrates social media into marketing strategies from the beginning and does not wait until the end of a campaign.

If the presence on social media is made from the beginning, the brand will benefit from the opinions of the customers, and their needs can be actively listened to.

Statistics on social media

A study by Hootsuite (<https://hootsuite.com/>) found that there are now 3.196 billion people using social media, up 13% from last year. Another Hootsuite study saw that 11 people joined social media every day. For Instagram, in particular, they found the total number of global Instagram users increased by a third over the past year. More and more users join social media sites every day. Meaning there is a lot of opportunities to be seen.

Nowadays, in the year 2020, social media channels are evolving with the speed of light. There are more and more people using sites like Facebook, Twitter, Instagram, Snapchat or TikTok. This means that in the coming years this industry will evolve more and more. And if businesses want to survive, they should take advantage of it.



Figure 2: Social media statistics proving the importance of social media in business

Source: <https://www.lyfemarketing.com/blog/importance-social-media-business/>

Every business must turn to an online marketing agency and optimally use the best social media channel, not because it is a trendy thing, but because the target

audience is around the social networks. They "connect" at different levels with their favorite brands.

According to Smith (2019), 71% of consumers are more likely to recommend a brand to others if they have a positive experience with the respective brand on social media networks.

According to 2019 social media statistics, there are now 3.2 billion users around the globe. That is about 42% of the total present population.

- 68% of adults based in the U.S only reportedly have a Facebook account;
- active social media users are composed of 48.2% Baby Boomers, 77.5% Generation X and 90.4% Millennials;
- an interesting research shows that a user spends an average of 2 hours and 22 minutes in his social media account everyday including messaging;
- 73% of online marketers agree that their efforts in implementing a social media marketing strategy for their business has been effective;
- 2 million business today use Facebook advertising for promoting their products and services.

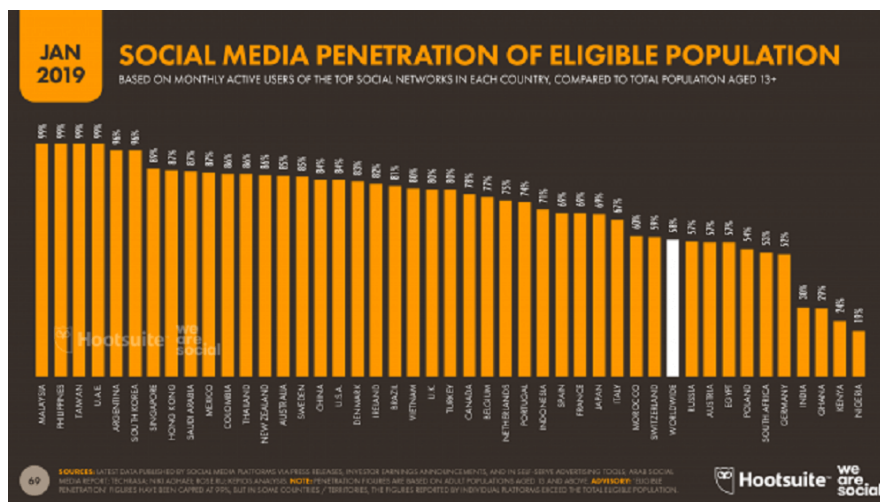


Figure 3: Social media penetration of eligible population

Source: <https://www.lyfemarketing.com/blog/importance-social-media-business/>

Further, we are presenting some statistics related to social media, which prove beyond any doubt that businesses need sites such as Facebook, Twitter and LinkedIn to keep up with the competition:

- the number of adults using social media sites has increased from 7% in 2005 to 69% in just 14 years;
- the number of those who access social media sites on mobile devices increases by 30% every year;
- 2 million business people today use Facebook advertising to promote their products and services.

Obviously, social media is the element that changes the game. It is a fact that social media will continue to be the element with a significant impact of marketing specialists and business owners even in 2020 - they have the opportunity to communicate on a personal level with the target audience day by day, which can be seen in marketing, customer services, sales and other components of a business.

Facebook is still a market leader among social media networks and continues to grow. Latest data:

- 1.26 billion users;
- 1.23 billion active users at least once a month and 945 million mobile application users;
- in the US alone, there are 128 million daily active users.

In second place is Google+ with just over 50%, while Facebook dominates with 70%. It should be remembered, however, that when creating a Gmail account, it is mandatory to create a Google+ account, which raises the percentage of the social network.

LinkedIn is still the most important social networking business and continues to have an upward trend, but not in the rhythm of Pinterest, Google+ or Twitter.

Pinterest is the fastest growing social network at the moment, registering an increase of 88% in the last 12 months.

The key factors to be followed in promoting social media in 2019 and 2020, according to the Global Web Index:

- mobile application (smartphone) - the number of people who have access to internet from mobile or smartphone has increased by 60.3% to 818 million in the last 2 years;
- target audience segmentation by age - the demographic group with the highest growth rate of Twitter accounts is between 55 and 64 years, for Facebook and Google+ the interval is 45-54 years, with a 46% increase, respectively 56%.

3. Advantages of media use on businesses

Advertising on social networks can be considered a relatively new marketing method, but it is evolving faster than we can imagine. Think of Facebook or Facebook Ads campaigns, for example. Even though Facebook has used advertisements since 2005, in the first quarter of 2017, Facebook ads managed to add revenues of 9.16 billion Euros. This shows that social media advertising will have a bright future.

Advertising on social networks is characterized by:

- **Reduced ad costs:** Compared to traditional advertising methods, such as print media, TV and radio advertising, social media ads are cheaper.
- **Reaching the target:** Traditional advertising does not give you the luxury of reaching the target audience as with social media ads. By using this type of marketing you get exactly to the target audience, increase conversions and ultimately get a higher return on investment.
- **Real-time performance analysis:** Any type of offline advertising does not give the opportunity to analyze the performance of the advertising campaign. Ads on

social networks allow the company to constantly track how well (or how bad) its ad is received. The business can modify its ad "on the go" and instantly see the results.

- **Boost brand awareness.** Social media proves to be a powerful tool when it comes to growing your brand awareness. There are businesses who dismiss it as a way to build a brand, but by doing that, they're leaving an open ground for competitors. On the other hand, many reputable chief marketing officers agree that social media has a definite impact on brand awareness.

Increasing brand awareness via social media involves several steps:

- **Finding the audience:** Before starting focusing on a particular social platform, a business should find out whether its target audience is on it. It can do this by searching for relevant conversations about its product or industry. For example, a B2B company may find their audience on LinkedIn rather than Facebook.

- **Using visuals:** Once a business knows where its target audience is, it should grab people's attention by using eye-catching visuals with its content. Images and videos play a big role in helping a business grow its brand awareness on social media channels.

- **Creating conversations:** Social media is all about building conversations. If a company uses these social platforms for one-way communication, it will only grab so much attention. Instead, it should talk and listen, get involved, showcase its personality by conversing, tagging and mentioning others.

- **Measuring the efforts:** A business should use *the* tracking tools provided by the platforms (eg: Facebook Page Insights) along with other external tools such as URL shorteners, Google Analytics, etc. to measure its social media activity. Alos, it should use the insights to understand what is working so that it can optimize its efforts and build a stronger brand with social media.

- **Building authority:** If a business wants a higher engagement rate along with better brand awareness, it should work on building its authority by sharing real value. Along with borrowed content, the company's content should also have something original, as it adds to credibility.

- **Increase Inbound Traffic** - Inbound marketing is one of the most effective ways to generate targeted traffic to a website. It is the kind of traffic that actually converts because it is very relevant.

By putting in more effort in social media promotion, a business can create a whole new channel to draw in laser targeted inbound traffic and get more inbound links.

For example, having an active blog makes it easy for a business to connect with its audience with the help of fresh content. But by having them share this content (on the right time) on Twitter or Facebook increases the company's reach ten times. The business is suddenly reaching out to a bigger audience that may like plus share its content, follow its brand and ultimately become a customer. Similarly, people that are already actively searching for keywords related to a particular company's product or service are a smaller percentage than those who are not. Social media helps a company connect to this larger, untapped segment of the market. By using social media, a company can diversify its marketing efforts in more than one way. It does not reach out to just one type of crowd, but connects to a versatile customer base which is crucial for the brand to make a mark in its niche. For instance, serious professionals may find the company's website via LinkedIn while the younger crowd

or the millennials may find it on Instagram. Each piece of social media content that the business creates is a new door for new customers to enter.

• **Improve Search Engine Optimization**

When a company is interested in the optimization of its search engines, the results are higher chances to be found via web. According to Matt Cutts, the former spam head of Google, social shares have no impact on your website's ranking. (<https://seodigitalgroup.com/what-are-social-signals/>) But, it is a fact that social media properties do dominate the front of the search engine result pages for brand names which means, social media profiles have the power to rank in the top 10 results. Social media profiles are a great way to connect a business to its prospects and customers. They work as a doorway to the business website because they show the human side of the business. They not only inform the searcher about the business, but also help them become a part of the conversations as it can be seen in the image below, showing the social media profiles of the Romanian jewelry company, Bon Bijou.

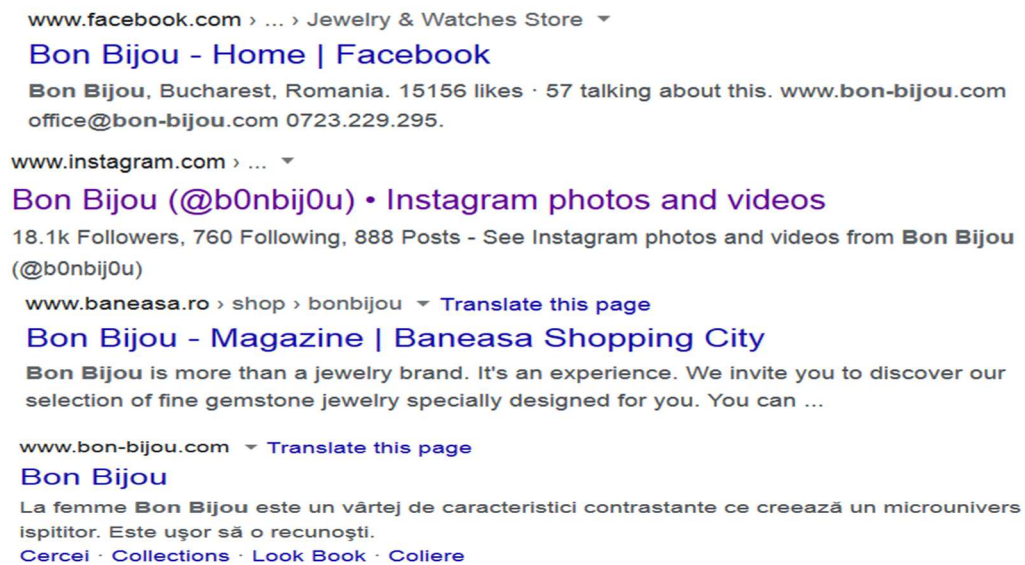


Figure 4: Social media profiles of the Romanian jewelry company Bon Bijou.

Source: Own processing

By optimizing social profiles and by keeping them fresh with the right content, a business can create a stronger presence on the web, it gets more exposure and it has multiple channels to draw people towards the business. People are no longer dependent on Google search when they need to connect to something or someone. Today, search is not limited to the mighty web search engines. It has moved beyond, which is why social media platforms such as Facebook and Twitter are the new search engines.

There is massive amounts of content being created and shared on the social web. This content can easily be discovered by users with the help of keyword search, hashtags, etc. When people search for the type of content a company is publishing on its social media page, it may win new fans that want to follow, connect and do business with the business. It is just not about the content, but also about the content producer, which is the company. When people see great content being created and shared, they are curious about who is behind it. This may lead them to look the company up on LinkedIn and learn more about the business. Being a business it is important that it takes the necessary steps to stand out from other competing social media profiles and avoid have duplicate accounts.

Social media can also contribute to the enhancement of a company's *brand loyalty*. If a business wants to get the most out of its social media marketing efforts, it is crucial that it focuses on increasing brand loyalty. Having a loyal following means better engagement and better conversations. If asked about their trusted brand, any loyal social media follower will speak positive about it without the need to push. Which leads to natural word of mouth marketing. Brand loyalty can be enhanced on social media by having a powerful media strategy. Social media platforms are evolving, and each has its own personality. Facebook is not Twitter, and Twitter is not LinkedIn. It means that a business has to formulate a social media strategy that clearly aligns its goals with other areas such as content marketing, search engine optimization, etc. This should give the business a fair idea of what type of value it can create for its loyal social media followers. It will allow the business to not only retain them but also help them spread the word.

Also, there is a reason why a business' followers are loyal to that brand. People are looking for value, therefore the business must deliver it at all times by sharing quality content. For example, visual content gets more shares than regular social media content, which means the business should make use of photos, videos, etc. as long as they add some value.

Then, consistency is a must. Every brand has a personality, and certain aspects that are unique to it. By identifying these personality traits and by bringing them out, it gets easier for a business to connect to its target audience. The aim should be to be consistent in their approach and maintain the same voice throughout their interactions. The content that a business creates/shares along with how it converses with others should reflect the brand's personality.

In the same time, a business should be in touch with its followers by responding to queries. Media followers always look to a business for answers. Answering to these followers, a business will show that they really care about others and establish themselves as experts or authorities. A mistake that a lot of business make is to present themselves as big corporations. People need people which is why a business needs to connect to its followers on a more personal level and engage in real conversations.

5. In conclusion

In recent years, platforms such as Facebook, Twitter, Google+, LinkedIn, YouTube, Pinterest, etc. all experienced a real explosion. We can say that the era of social

media is just beginning, and the needs of social media in business will become more and more.

Whether it is a small business or a multinational, the business' clients are online. We use social media, interact with friends, colleagues, other companies, seek information, recommendations but also fun ways. If a business is not present to provide answers, the competition will be and will probably take it any client and any potential client.

There are many ways in which a business can add value to it but also opportunities through which a company or brand can build a relationship with a customer. A business can use social tools, site data, customer data, even its own observations to help it see what kind of customers will choose their brand and not give up on it.

It is important to note though, that the best communities and relationships are those built organically. While research and brand awareness encourages people and helps them take a step forward, the relationship takes time. Businesses cannot evolve if they ignore customer interactions online. They have to use this opportunity to get closer to their target audience, to reach people in a unique and authentic way, to bring more traffic to the site, to increase the authority of their brand. The perception that social media promotion would be useful only in the case of a small business can no longer be mistaken. These are only a few of the companies that successfully use social media: Absolut Vodka via online video on Youtube and Facebook page for Top Bartender fans, BMW uses Facebook to promote the car series, and even Barack Obama who successfully used Twitter in the presidential campaign.

The conclusion is that the use of social media has become extremely frequent and important, and these are some of the goals it can fulfill: offering an identity for the products and services offered, but also for the business; exposing the business and products of a target group of people who have not had contact with them until now; social media creates the feeling that the business is "real" for new customers and offers personalized information, not standard information about the latest products and offers.

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