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SOCIAL-MEDIA PLATFORMS AND ITS EFFECT
ON DIGITAL MARKETING ACTIVITIES

This paper deals with the topic of social networks and how it can be used for marketing/brand communication activities to get closer to the customer and also be able to response faster to customer complains, dissatisfaction or positive feedbacks.

In detail the paper will review the development of the social networks and it emphasizes the power of those networks among customer. Additionally it will present the first marketing activities which are occurring available on Facebook and it will do a chances and risk analysis if the communication via social network is a must or just a nice to have and what the digital trends in the area of social media and company communication.

History of social network

The history of social network in the area of the internet is quiet old already. Most of the people have Facebook, LinkedIn or Xing, a German business network platform, on their mind when it comes to social network. But this is not right. In the late 70ties went the first social network platform "online", called BBS [1]. During their heyday from the late 1970s to the mid 1990s, most BBSes were run as a hobby free of charge by the system operator, while other BBSes charged their users a subscription fee for access, or were operated by a business as a means of supporting their customers. Bulletin Board Systems were in many ways a precursor to the modern form of the World Wide Web, social network services and other aspects of the internet [2]. This online meeting place was effectively independently-produced hunks of code that allowed users to communicate with a central system where they could download files or games (many times including pirated software) and post messages to other users [3].

CompuServe, the second platform, allowed members to share files and access news and events. But it also offered something few had ever experienced – true interaction. Not only could you send a message to your friend via a newfangled technology dubbed "e-mail". You could also join any of CompuServe's thousands of discussion forums to yap with thousands of other members on virtually any important subject of the day. Those forums proved tremendously popular and paved the way for the modern iterations we know today [4].

But if there is a true precursor to today's social networking sites, it was likely spawned under the AOL (America Online) umbrella. In many ways, and for many people, AOL was the Internet before the Internet, and its member-created communities (complete with searchable "member profiles," in which users would list pertinent details about themselves), were arguably the service's most fascinating, forward-thinking feature [5, 6].

Yet the internet did not stop to move forward so that it develops itself further until it entered the area of WEB 2.0. Many new platforms rose and also died in the period of 2002 till 2006.

In 2002, social networking hit really its stride with the launch of Friendster. Friendster used a degree of separation concept similar to that of the now-defunct SixDegrees.com, refined it into a routine dubbed the "Circle of Friends", and promoted the idea that a rich online community can exist only between people who truly have common bonds. And it ensured there were plenty of ways to discover those bonds.

Just a year after its launch, Friendster boasted more than three million registered users and a ton of investment interest.

Introduced just a year later in 2003, LinkedIn took a decidedly more serious, sober approach to the social networking phenomenon. Rather than being a mere playground for former classmates, teenagers, and cyberspace, LinkedIn aim was/is, a networking resource for businesspeople who want to connect with other professionals. Today, LinkedIn boasts more than 30 million members.

The third platform, which was launched in 2003, was MySpace. Focus on this platform was young adults with features based on music, music videos, and a funky, feature-filled environment. It looked and felt hipper than major competitor Friendster right from the start, and it conducted a campaign of sorts in the early days to show alienated Friendster users just what they were missing.

In the last years one social networking site has overtaken all other sides. Founded, like many social networking sites, by university students who initially peddled their product to other university students, Facebook launched in 2004 as a Harvard-only exercise and remained a campus-oriented site for two full years before finally opening to the general public in 2006. Yet even by that time, Facebook was seriously big business, with tens of millions of dollars already invested, and Silicon Valley bigwigs such as billionaire PayPal co-founder Peter Thiel firmly behind it.

The secret of Facebook's success is a subject of some debate. Some point to its ease of use, others to its multitude of easily-accessed features, and still others to a far simpler factor – its memorable, descriptive name. But what of the future of social networking? Is it a temporary phenomenon that will crumble under the test of time, or is the concept rife with unlimited potential? The answer likely stands somewhere in-between. Are we really networking in a social sense, or are we just hiding behind our keyboards and building lists of virtual friends rather than getting out there in the real world?

Look at Twitter. Essentially a micro-blogging "What are you doing at the moment?" site where users keep contacts informed of everyday events through bite-size morsels they post from their computer or handheld device, the service got off to a very good start when launched in 2006. Twitter has understood to take the "staying in touch" factor even more step further and for some customer maybe one step too far. But do we really need to know when someone we've never even met chooses Burger King over McDonald's or decides he's going to read a newspaper? Are we really that interested in the excruciating minutiae of everyone's day? [7]

The question is in which direction will the social-network area develop and more important which favours models will be accepted by the user and also how companies can use those social-network for their communication with the customer, due to the fact that the user will be in charge of communication with a third party.

Marketing activities – vertical One-To-One approach

For marketers, Web 2.0 offers an opportunity to engage consumers. A growing number of marketers are using Web 2.0 tools to collaborate with consumers on product development, service enhancement and promotion. Companies can use Web 2.0 tools to improve collaboration with both its business partners and consumers. Among other things, company employees have created wikis, Web sites that allow users to add, delete and edit content, to list answers to frequently asked questions about each product, and consumers have added significant contributions. Another marketing Web 2.0 bait is to make sure consumers can use the online community to network among themselves on topics of their own choosing [9].

Graph 01: The art of conversation - online channel proliferation [8]

Web 2.0 offers financial institutions abundant opportunities to engage with customers. Networks such as Twitter, Yelp and Facebook are now becoming common elements of multi-channel and customer loyalty strategies, and banks are beginning to use these sites proactively to spread their messages. In a recent article for Bank Technology News, Shane Kite describes how Citigroup's Global Transaction Services unit monitors social media outlets to address customer issues and improve products. Furthermore, the financial industry uses Twitter to release "breaking news" and upcoming events, and YouTube to disseminate videos that feature executives speaking about market news [10].

Small businesses have become more competitive by using Web 2.0 marketing strategies to compete with larger companies. As new businesses grow and develop, new technology is used to decrease the gap between businesses and customers. Social networks have become more intuitive and user friendly to provide information that is easily reached by the end user. For example, companies use Twitter to offer customers coupons and discounts for products and services [11].

As the article focus on social media inside the Web 2.0 the following description shall be used to understand the various models a bit better, with a special focus on how companies can promote/present and introduce their products to the market, but also how they can response the customer needs.

Twitter allows companies to promote products on an individual level. The use of a product can be explained in short messages that followers are more likely to read. Messages can link to the product's website, Facebook profile, photos, videos, etc. This link provides followers the opportunity to spend more time interacting with the product online. This interaction can create a loyal connection between product and individual and can also lead to larger advertising opportunities. Twitter promotes a product in real-time and brings customers in.

Facebook profiles are more detailed than Twitter. They allow a product to provide videos, photos, and longer descriptions. Videos can show when a product can be used as well as how to use it. Links to product's Twitter page as well as send out event reminders. Facebook promotes a product in real-time and brings customers in. Facebook also looks for a strong interaction between the customer and the company.

Blogs allow a product or company to provide longer descriptions of products or services. The longer description can include reasoning and uses. It can include testimonials and can link to and from Facebook and Twitter pages. Blogs can be updated frequently and are promotional techniques for keeping customers.

Social Media, especially platforms on which the user can exchange ideas/thoughts and remarks on the product, has become a very important factor inside the marketing approach and how to build up an image of a brand/product. In the old days the company had the change to build up an image of its products by itself. Nowadays the user is defining the brand and has become the most important factor of being successful [12]. This effect has change one element dramatically; the company is not 100% owner of its own product and the social media network have to be taken into account – inside the launch but more important inside the whole strategic marketing approach. Features like, special product

information/pictures and up-dates can increase the loyalty and assignment of the customer. On the other side it can also give a wrong indication how the market is reacting towards the product due to the small number of users who have been ask. The most important point, due to no knowledge up on the customer size, is the reaction time. No reaction means nowadays that either the company is not interested in the comments/remarks and thoughts of the customer and/or the company agrees with the statement. To leave something unanswered is the highest risk and error.

If we have a close look on the various social networks it is clearly to see that Facebook is the winner in the last year and the only social network which could even extent providing an active account, by 13% from 2009 to 2010.

Analysing the interaction the analysis shows that users are using Facebook to get information on companies. Four out of ten active Facebook users say the site is good to get first/additional information about a company/brand.

Out of the graph 03 it is clearly visible that nearly one-quarter (22%) of active Facebook users say they click on ads at least once a week which gives a large potential for companies. Another very positive effect of doing marketing at Facebook compared to other marketing activities is the user-based marketing approach, meaning that due to high base of customer information only relevant ads will be presented to the customer what increase the chance that the user is clicking on them.
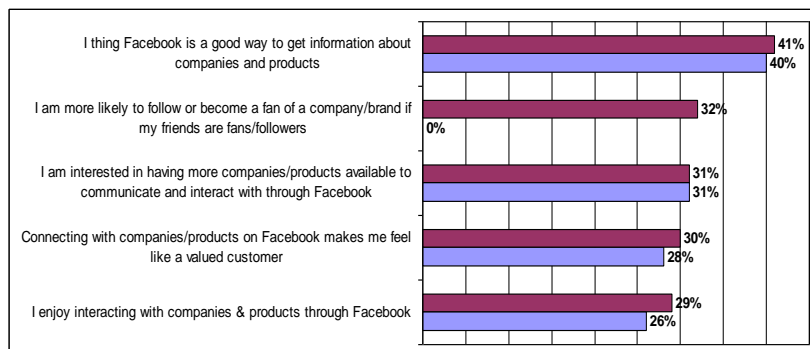
Graph 02: Facebook users and their Interaction on Facebook [14]
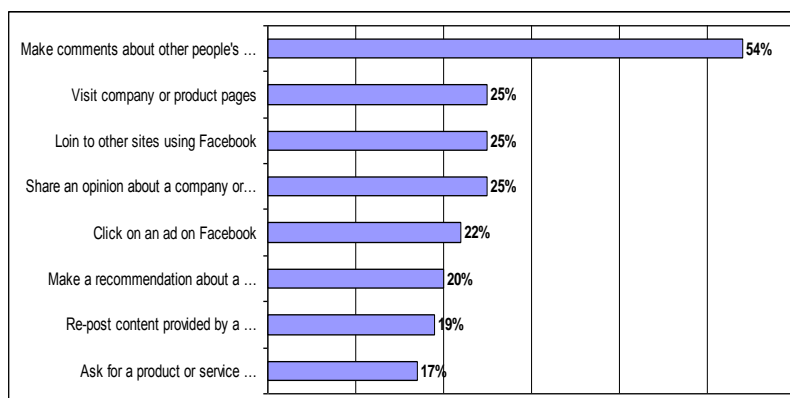
Graph 03: Frequency of activities on Facebook (How often do you do the following on Facebook?) [15]

Changes & Risks of social media marketing

The emergence and popularity of social networking websites and social media has made it just as easy for an individual to communicate in real time with thousands of total strangers as with a single close friend. Social networking websites have also been a great equalizer, making it just as easy for an individual to build or break a marketing brand as for a large corporation – as well as making it easy for a large corporation to mimic a sincere "grassroots" individual who lacks corporate motives [13].

The adoptions of new methods of communication, via social network platforms, have enabled marketers to reach new markets in ways that are very different from traditional advertising channels. To be able to understand how marketing communications happen on the internet, especially on social network platforms, we have to expand on the idea of a social communication network by looking at factors that enable social network to exist in the first place – the fact human being. With Facebook one of the simplest, but most powerful actions has been introduced: The ability to watch customers respond to a simple question. A simple question for a large brand on its Facebook page can solicit thousands of responses in a matter of hours if not minutes. That is real-time marketing and while not necessarily scientific always it is giving marketers a certain kind of pulse on their customers that they never had. It is making marketing a little less about TV advertisements and reams of trend data and a little more human in a very real, personal way.

Tablet 01: Pro and Cons [16]

Pro	Cons
Social networking sites have paved the way for easier communication between companies and current/potential customer	Companies have to very careful what and how they communicate with customers
Word-of-month can be used by companies to influence positively the customer	Word-of-month can become a problem for a company if it does not react fast enough
It's where society is headed (according to Forrester Research, 80% of young adults	Ads & Spam: can irritate the customer and led to a negative image towards the

use social networks) and the customer of the tomorrow belong to the member of the network	company
Popular medium with a high popularity	Groups are always adjusting them to new market situation and trends
Lends easily to mass communication	The communication with the company also have to be linked to the topic
Accessible from anywhere and the social media never stops to spread news/information/etc	High speed of information flow
High degree of customer information	Usage of customer information has to be very careful otherwise customer can be offended toward the company/activity/brand
Building up relationships with customer based on personalise communication tools/ads	

We review the pros and cons of Facebook it offers on both sides some elements but looking from the company point of view Facebook offers one unique and important benefit compared to all other direct marketing activities – a very high degree of information of the customer, provided and regular updated by the customer himself.

Social media platforms have a large opportunity to get closer to the customer but on the other hand it is also a risk to be to close to the customer. Companies have to analysis this fine line and develop a method to approach the customer on the right way and convince them without giving them the feeling that the company is pushing them towards a product or a brand. For company the slogan by Henkel AG "A brand like a friend" [17] gets a different meaning and companies have to be aware of it and also tread this customer reputation very carefully – it is very easy to lose the customer but very difficult to win the customer after loosing him once. Furthermore the effect of a negative word-of-month is unpredictable for companies' inside social media platforms.

Good examples are companies which have builded up a virtual group to inform the customer what is happening on their side. I would like to display one example which is currently happening on Facebook, it is the opening and first Abercrombie Fashion Store in Germany. Abercrombie, a well-known and very stylish fashion brand from USA, is going to open a flagship store in Duesseldorf. 9 month before the store is going to open Abercrombie introduced a Facebook Group with the title Abercrombie Duesseldorf. The aim of the group is to build up a relationship with the customer and to inform them about what is happening inside the company, inside the market and the progress of the development of the store. The group could gain up to know 4.663 friends and a strong interaction between the customer and the company.

Adidas took it even one step further, which underlined the power of social media platforms. At the World Cup in South Africa 2010, official tournament sponsor Adidas chose to use its multimillion dollar ad to drive consumers not to its URL, but instead to the brand's Facebook page. The goal was to create buzz around the brand during the tournament and also to promote its new F50 adiZero football boot.

As a result of the campaign, more than one million people connected to the Adidas Football Facebook page, which produced an average of 500,000 daily impressions. A brand tracker survey that polled Facebook users showed that awareness of the F50 boot rose by double digits in the European countries that were targeted by the campaign.

Digital Trends in the area of social media

Reviewing the continuously growth of the importance of Facebook inside the marketing mixture and also the success of companies like Adidas or other lead to the question: "In the age of social media, are brand websites (less) relevant?"

Graph 04: Screen-Shot of the Facebook page of Abercrombie and page of BMW [18, 21]

I would like to streak this topic here quickly, due to the fact that a brand's online presence is not an island, but rather an ecosystem of distinct yet interrelated digital touch points. Each part of the ecosystem serves a specific purpose and provides its own set of unique advantages and disadvantages, therefore it is very risky to focus only on marketing on social media and even though branded Facebook pages are growing at a rapid speed, they remain secondary for most consumers. A recent study from Invoke Solutions [19] found that even among frequent social media users, people are nearly twice as likely to visit a company's website than its Facebook page.

Despite the rise in buzz around Facebook pages, brand websites are every bit as relevant as they've ever been. They remain the only true digital channel that can be completely and wholly owned by the company. While some social media sites may come and go, websites are an enduring digital touch point [20].

Conclusion

The importance of social media platforms have grown over the last year dramatically and companies should not ignore them or not being part of them. To be up-to-date on this topic is essential for the success of a company.

Nevertheless companies have to re-think how they will approach customer and via which channels. The shift from the company to the customer has started also in the area of communication, the market defines how the communication has to look like and the customer gains power on all communication levels.

This new development means for companies that they do not only present their new products online but more important are building-up a relationship with potential customer in a very early phase of the product development, e.g what BMW is doing right now with its new concept BMW i seams to be a good way forward.

Tablet 02: Brand webpage versus a Brand page at Facebook (pros & cons)

Reasons for a brand website	Reasons for Facebook
A webpage is the online "home" of a brand no matter how many other digital spaces exist	Facebook now has more than 500 million members worldwide. In the U.S., it's the most heavily trafficked website, surpassing Google earlier this year. The social networking site allows brands to connect with consumers where they are more active online.
Websites are the one place where the company can create as much content as it wants, in whatever platform it wants and make it as rich as the company wants.	One of the biggest strengths of Facebook is that when fans interact with a brand, their friends also get exposed via the news feed.
The most common way people find their way onto a corporate website is by guessing the URL, according to recent research from the E-Tailing Group. The Web is universal and no login is required to join. The content on a website is much easier to find through search.	The high volume of personal data that is self-reported by Facebook members allows advertisers to be more precise than ever in its targeting efforts. Everything from age and gender to interests is available as criteria to target your campaign.
Companies own the data/content and can define which information shall be presented how	It's extremely simple to update certain types of content of a Facebook page, including posts, photos and brand videos. This makes it easier to facilitate conversations about the brand and give fans a reason to make repeat visits to the page.
Via a brand website you can reach all customers around the globe due to the fact that the customer does not have to be on Facebook, e.g in the USA there are 140 mio Facebook users and 240 mio internet users	Direct/personalised interaction with the customer is much easier and faster, especially due to the given infrastructure of Facebook

Based on the form of the communication, a dialog instead of a one way communication, customer feel more embraced and experience that their ideas/opinions and positions are validated and taking into account. Furthermore social media platform offer one beneficial effect inside the viral marketing factor "to pass something on or to share something" inside the validation process of the customer and without a extra effort by passing on the news with the help of the "I like" button – this speeds up the spread of the news and helps companies to promote their product and brand.

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