MARKETING ASPECTS OF SOCIAL NETWORKS

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Not only has the development of social networks changed social interaction in general, it has also changed the technology and ways of advertising on the Internet. The development of advertising on social networks has led to a new way of communicating between business entities and consumers. Social networks have replaced the traditional media. Groups based on a common interest are formed on social networks, so business entities can attract both the current and potential consumers by having a "profile" on a network (Facebook, Twitter, YouTube, Linkedin). Experiences from all over the world indicate the increasing role of platform use in marketing.

According to the latest relevant research results, the key benefits of social networks include building of a recognized name, increasing turnover and making new business partnerships. In line with the above trend, properties of using social groups for business entities in Croatia should be identified. Forrester, an American company, classifies social network users by the following types: Creators, Conversationalists, Critics, Collectors, Joiners, Spectators and Inactives. Accordingly, business entities should create their profiles on different social networks with multimedia content that can be offered to social network users, i.e. consumers sharing a common interest. Web 2.0 technology contributes to the development of collective awareness. Business entities should therefore increase their use of social networks that have a great effect on our culture, which will consequently lead to their recognizability on the Internet and creation of competitive advantages.

Keywords:

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I. INTRODUCTION

No matter what field of activity a company belongs to, its task is always to be at the same place where its consumers are. Among other places, consumers can be nowadays found also on social networks. The development of social networks has led to new economy trends, new roles in business and new functions of business entities that did not exist until recently – for example, Internet marketing and new media strategist, *community manager*[3], *technology blogger*, etc.

Social networks represent a new channel for creating contacts based on specialized platforms. Techno–encyclopaedia *Vidipedija* provides an explanation that social networks and social networking are a simple act of maintaining and/or reinforcing the existing circle of friends and/or acquaintances and expanding that circle. They are free tools based on the use of Web 2.0 technology, enabling users to develop personalized profiles, communicate with their contacts and join specialized groups. The evolution of possibilities offered by social networks has resulted in a significant increase in the number of users. By providing free use of networks, downloading and uploading of multimedia content and creating interest groups, social networks have evolved as a marketing tool for achieving promotional goals on the Internet. They have become a hybrid element of the promotion mix (Mangold, Faulds, 2009, 359). The term *social network* is only one of the language forms in use. Other expressions used include *social network sites* and *social networking*. Online social networks can be defined as "web-based services that allow individuals to (1) construct a public or semi-public profile within a bounded system, (2) articulate a list of other users with whom they share a connection, and (3) view and traverse their list of connections and those made by others within the system." (Boyd, Ellison, 2008). In addition to the term *"social network"*, also the term *"social networking"* is used. These two terms are often used as synonyms, although there is a difference between them. "Networking" puts an emphasis on initiating and maintaining a relationship, mostly among people who do not know each other. Although networking is possible in online social networks, this is not their primary purpose and this is not what makes them different in relation to other forms of computer mediated communication. Foreign literature also offers the term *social networking*, which is used by David Beer (2008). He thinks that the term *network* is too comprehensive due to sudden social changes and development of Internet applications. According to him, social networking denotes the intention to meet new people rather than to connect with old acquaintances. Therefore it is proposed that the term "social networking" is used.

Two terms are used in Croatian language: social networks (as a term) and social networking (as an activity). Search for the term social network returns the definition that social networks (*social networking sites*) are a somewhat more recent phenomenon in the Internet sphere. These are free online services which provide various forms of communication with the world to their users as well as possibilities for their own presentation (Videpedija, 2008). Croatian academic and research network (CARNET) puts an emphasis on activity and defines *social networking* as a service based on social software whose purpose is creation and control of social networks.

Social networks have become a tool for numerous marketing activities. Foreign literature offers the term *social media marketing*. The position of the authors is that the starting point in defining the term is the fact that this term can be considered to various extents. *Social media marketing* can thus be viewed as a part of an *integrated marketing communication* whose purpose and goal

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[3] *Online community manager is a person running corporate profiles on platforms like Facebook, LinkedIn, Twitter, blogs, etc. Thus they should be an extension or support to the marketing department through new communication and media channels like social media.*
(Downloaded from: http://www.informatologija.net/blog/3380-obaveze-community-managera , (Accessed on May 18, 2011)

is to connect the elements of the promotion mix – advertising, public relations, direct marketing, etc., which would attract consumers who are focused on the promotional message (Boone, Kurtz, 2007, 488). However, the development of the Internet culture and technologies that created new communication channels using the Web 2.0 technology and tools has led to the evolution of the strategy for communication with buyers. The traditional way of marketing communication of a business entity has so far taken place in cooperation with external agents, i.e. advertising agencies, companies specialized for market research and public relations. Growth of social networks and social networking has also changed the way in which organisations communicate toward the public – social networks provide to business entities a possibility to create business relations, exchange information and realise cooperation through a *platform*. A platform is a software or technology used in social networking (for example, YouTube is a platform for sharing video content). Social networks are easily accessible to everyone on the Internet. They increase communication, raise brand awareness and improve service to buyers. Marketing in social networks is often put into the context of *social media optimization* as a method of attracting visitors to a web site that has a unique content, offering support to its clients by providing relevant information, attracting and maintaining clients, and providing direct contact with clients through communication channels provided by social networks (Sullivan, 2008).

Forms of marketing in social networks are more or less hybrid solutions, as generally is the case on the Internet. Marketing possibilities of the Internet are used in different ways and volume, depending on the specific qualities of an economic operator. In other words, marketing in social networks acts as a complement to traditional marketing activities. Regardless of the social network used by an economic operator, creativity and susceptibility to continuous changes are required due to today's information overflow. Profiles on social networks have caused economic operators to minimize their activities to a small number of places on the Internet. A unique client base is created by using social networks – which becomes a specific interactive communication segment.

II. PECULIARITIES OF MARKETING ACTIVITIES ON SOCIAL NETWORKS

Achieving recognisability, getting attention and creating trust of the community in an online environment is a challenge for all business entities. However, there are some crucial questions: Where to start? What does a good methodology for use of new platforms include? Some answers can be found below on how to establish one's presence for business communication on social networks.

For a long period Twitter, Facebook, LinkedIn and blogs were the only tools (platforms) for communication on social networks. Now a network of profiles – *passports* on specialized platforms can be created – they are free and easy to use. *Profiles* are unique pages managed by a user who edits them by answering questions such as age, sex, location and "about me" paragraph (Sundén, 2003). Profiles on social networks represent a public identity within a social network. An explanation on how to find a good place to present ourselves to the public is offered below.

a. Listening to the environment:

By entering search terms it is possible to identify where potential consumers, competitors, suppliers, etc. meet. This is one of the basic steps in the development of marketing in social networks, and business entities should start with this step.

b. Social networks:

Social networks are places where clients interact with business entities. Having a profile, business entities do not necessarily have to participate as full members. Their mere presence is sufficient

to make it possible for them to listen to their consumers and to interact with them. Many authors provided in their papers a list of places where business entities should have their profiles. For example, in his book "How to Make Money with Social Media", Shah distinguishes among three categories of social networks: Social media platforms that help you *network* (Facebook, LinkedIn, hi5, Twitter, etc.), social media platforms that help you *promote* (YouTube, blogs, Flickr, Google, Picasa, etc.), and social media platforms that help you *share* (Wikipedia, Digg, Delicious, StumpleUpon etc.) (Shah, 2010, 197).

Jake McKee (2010, 61) defined the level of presence (Figure 1. LEVELS OF PRESENCE IN SOCIAL NETWORKS

) of business entities on social networks. His opinion is that business entities using social networks can be categorized in three groups according to their activity level. The first level refers to business entities focusing only on basic promotional tools on the Internet; the second level includes entities developing and implementing tools offered by social networks (content sharing, uploading multimedia content, etc.). Only few entities use benefits of free tools – directly addressing their consumers and inviting them to participate in their work. This level of activity refers to interaction created by the company for the purpose of promotion, ranging from listening to the environment and gathering information to having marketing managers invite clients to participate.
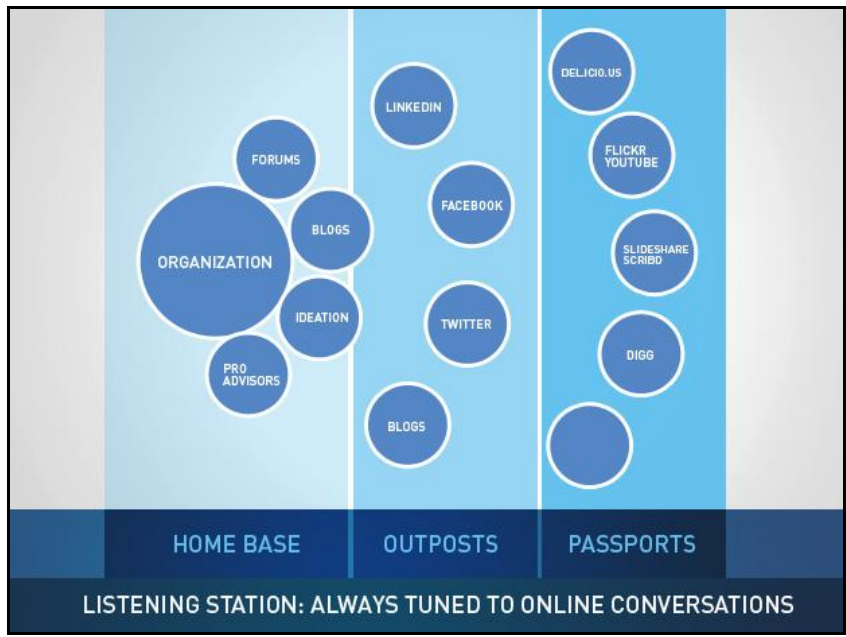

FIGURE 1. LEVELS OF PRESENCE IN SOCIAL NETWORKS

Source: http://www.antseyeview.com/presence-framework/ (accessed on May 10, 2011)

As consumers want two-way communication, some authors think that a polygon for interaction with consumers should be created. Consumers are thus included also at the psychological level (Mangold, Faulds, 2009, 361).

Here are some of the recommended platforms on which business entities should create their profile and participate in interaction with consumers:

- wordpress.com – a blog platform

- flickr.com – a photo sharing application

- gmail.com – the starting point for user accounts

- yahoo.com – the starting point for all Yahoo accounts

- digg.com – news exchange

- stumbleupon.com – a discovery engine which finds and recommends websites matching the user's interests

- disqus.com – a platform which creates an active community out of your website

- blip.tv – a platform for digital content exchange

- twitter.com – a strong social network

- facebook.com – a social network

- youtube.com – a platform for video content exchange

Creating accounts and being present on the above sites provides faster, more efficient and more open communication.

Consumer power must not be underestimated, because it is impossible to know how much a resentful consumer can cost a company. With satisfied consumers it is the other way around. The Internet has brought openness, and if business entities do not *google* themselves, competitors and other consumers certainly do so. According to Jeff Jarvis (2010, 29), business entities should necessarily search for the echo of their presence on the Internet. If they find unsatisfied consumers who openly criticise the company, company management needs to understand that their worst client is actually their best partner. Unsatisfied clients can write about the company's product in their blogs, open an Internet site devoted to company's products, write on specialized forums to pave the way toward such site. By opening a group on a social network it is possible to invite like-minded people to join a common interest group and share information: from writing statuses (critics) about the company's product to uploading multimedia content on specialized sites. Unsatisfied users start creating and gathering other unsatisfied people who then use tools to animate and invite others to communicate. In this way critics written in the form of posts of unsatisfied consumers occupy high positions on search engines and soon Internet search engines start positioning such critics at the very top of search results.

Social networks are the ones that help business entities to find "themselves" on the Internet and to find all groups of their consumers, whether critics or loyal clients. After finding such consumer groups, business entities should address them directly on the same network where the initial discussion started. Business entities should not allocate additional funds for advertising, hire consultants or buy advertising space. Groups on social networks provide an opportunity to directly address the unsatisfied consumer, making the discussion public and available for other like-minded people. In this way critics become partners, because they were the ones who initiated discussion, and other people consider their *posts* as a turning point which set the system in motion. Not only that this results in lower costs, but also the group of unsatisfied consumers will start to decrease.

Heading in this direction, unsatisfied consumers who initiated discussion will become quieter as they are no longer enemies – they become partners. They should be invited to suggest their ideas for improvement of a product or service, and, as their comments are heard and read, they become close associates. Proposals should be considered as a part of the whole. This results in creating a long-term relationship with buyers, from those who initially criticised the company to partners and loyal clients who start positive promotion on specialized social networks. By using the Web 2.0 technologies, business operations of economic entities become more transparent and more open toward the public by publishing research results, product specifications, problems they encounter, gaining of new ideas and knowledge from their partners who participated in the process. Such approach adds value to a product or service:

- Audience segmentation – As consumers share information on where they are from, how old they are, companies gather information and answers to questions to whom and when to offer a product. They also have to consider the possibility of advertising their goods and services on social networks.

- Continuous investment into content attracts attention – Good content attracts visitors. For this reason business entities have to be up-to-date, and profiles on social networks should look attractive. A good profile will draw clients and the target audience comes to us.

- Authenticity – By sharing content with consumers and participating in the process of creating and selling the product, business entities develop a long-term relationships with clients as they can be contacted by anyone from the organization.

III. MARKETING ASPECTS OF USING SOCIAL NETWORKS

One of the reasons for being present on the network lies in the fact that nowadays consumers are the most informed ones on products and services. They expect to get information in real time. As social networks index business entities and rank them accordingly, if a business entity does not exist on social networks, it is not present or visible on the Internet.

For example, the Croatian site www.restorani24x7.com includes the basis of 591 restaurants in Croatia; it can be searched by restaurant name, the type of food offered, as well as by location. The search is done by means of the Google virtual map for all larger cities offered. The site Restorani 24×7 offers more information than the average restaurant site. In addition to contact information, working hours and addresses, there is an integrated virtual map, a leaflet and a menu from which food can be ordered online. Restaurants have entirely free publication of all the relevant data, links (to their web, Facebook and Twitter pages), menus or leaflets.
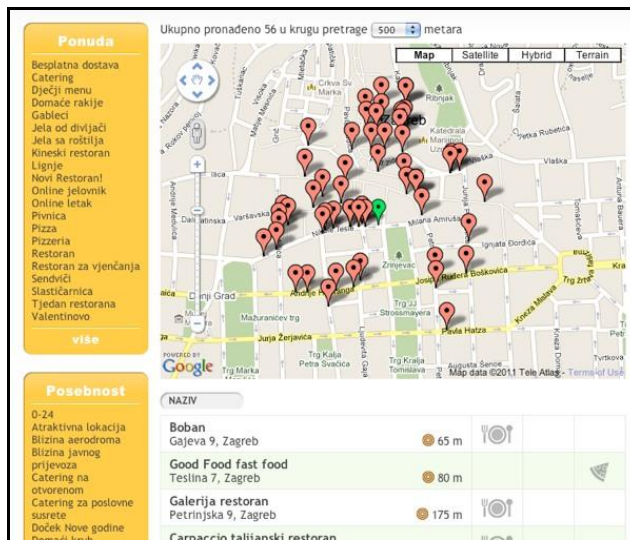
FIGURE 2. INTERACTIVE MAP WITH RESTAURANTS

Source: http://www.netokracija.com/restorani-24x7-restoran-lokacijsko-pretrazivanje-7883 (accessed on May 10, 2011)

Facebook and Twitter (and other social networks) have nowadays become a communication standard with a target audience. Facebook fan sites and Twitter are ideal for daily communication with visitors and for links to the website of a company. The focus is on communication – two-way communication, if possible. It is necessary to gather those people who are interested in the business entity, in this case a restaurant, and who are likely to visit it. As previously considered in the paper, if unsatisfied consumers join a profile, companies have the opportunity to get information on why and when this person left the restaurant unsatisfied. In this case business entities have time to react and turn the situation to their advantage. If a company wishes to extend its promotional activities, there are Facebook and Google targeted advertisements.

Caterina Fake, co-founder of the photo service Flickr (a platform for sharing multimedia content), makes a conclusion that business entities have to be public in order to be seen. There are communities gathered around a product or service. The companies should ask themselves how to approach these communities more closely. Social networks do not organize communities, but they help users to organise themselves. The goal is to create places where communities will meet and find information on the company.

A. New society – new consumers

The development of multimedia has led to the development of resources used for organizing consumers. In the beginning they were developed by the media like radio, television and newspapers. It was followed by a new era, the Internet and Internet portals, through which consumers could find an abundance of ways and information. The new media generation is now being created – social networks. In her book "Here Comes Everybody", Clay Shirky claims that self-organization is the key to understanding the impact of the Internet on the society. Organising is now possible without organisations (Shirky, 2008). Social networks have made it possible to consumers to become recognized in cyber space. It is social networking as an activity

that makes it possible to return to identities through joining the personalities. New consumers are exposed to a great number of media. He or she is constantly under the influence of numerous advertisements, which makes a person harder to attract. A new consumer also becomes a strong factor of influence on the formation of product price. Marketing directed at a modern consumer is a new approach in an attempt to satisfy the consumer. This approach is differs significantly from the traditional approaches and strategies typical of production and sales orientation. In the first place it is directed at individual consumers who are treated as initial and final point of development of a marketing strategy (Krkušić, 2011, 197 - 198).

Nowadays *new consumers* voluntarily share information on themselves by sharing photos and opinions, participating in interest groups and filtering information they want to make public. Business entities are expected to use the information received from consumers and attract consumers to the company. Until now sales was based on the location (presenting a location of individual economic facilities, groups of companies and entire branches on a certain area and place)[4]. If a company wants to sell its product or service to the target market, it does not need space on shelves of supermarket chains; they should find *interest groups*.

B. New way of connecting

Links and searching in search engines have created a parallel world for obtaining information. They created a tool which makes it possible to find information and integrate it into the whole with a single mouse click. By creating a *profile* on social networks, business entities get the starting points for searching for the information. The content they publish on the Internet will provide possibilities to include and connect with other people - clients. By leaving links on the profiles, they make it possible to clients to connect information, thus connecting them to consumers who wrote about their experience with a product, then with suppliers, through which they recognize origin of the goods, linking them with mediators where they can find out where the product can be bought. Linking the masses joined together for a common interest is the future. Social networks are used to connect groups of like-minded people and their further direction – by links. For example, some business entities, like "The New York Times", started reshaping newspaper headlines so that search engines could understand them better and increase traffic, which results in the increase in digital business and attracts larger number of clients arriving through *social networks*. The rhetoric of corporate value says: "Companies own customers, control distribution, make exclusive business deals, lock out competitors, keep trade secrets" (Jarvis, 2010, 37). Social networks today have just the opposite effect – they prevent centralisation, ownership and control of customers, create open channels for information flow, award openness and create networks connecting people who have information and who act. These connections create value, find efficiency, develop knowledge and shape relationships. Every link is a connection, and with every link a new contact network is created or the existing one is reinforced.

C. Advertising on networks

Large social networks like Skype, YouTube, Facebook, and Twitter charge advertising to their users only to extract the minimum commission they can afford out of ad sales. Their strategy is to attract the largest possible number of users of advertising space to grow larger, thus creating a critical mass of audience before they can sell to top-tier advertisers. In this way they achieve

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[4] *Ekonomski leksikon (Lexicon of Economy), CD-ROM, Masmedia, Zagreb 1996*

maximum growth and maximum value out of their network. Tom Evslin determined that social networks should sell advertising space at the minimum commission, and he thinks that it is necessary to extract the minimum value from the network so it will grow to its maximum size and value – enabling its members to charge more – while keeping costs and margins low to block competitors (Evslin, 2006). Attracting a larger number of users increases the number of consumers finding information, and advertising costs are reduced as users distribute the content themselves.

IV. MARKETING TRENDS ON SOCIAL NETWORKS

In the past few years social networks recorded a trend of considerable growth in the number of users. The number of Internet users who visited a site for social networking or a blog increased by 24% from April 2009 to April 2010, and an average user spent 66% more time on these pages in this period. In April 2010 about 75% of all Internet users visited some of the pages for social networking or a blog and they used 22% of their online time, which is more than 110 billion minutes[5]. Consulting and audit company Deloitte predicts that in 2011 social networks are likely to surpass the breathtaking milestone of one billion unique members, which will account for almost half of the Internet users in the world. Also, owing to the number of users, they may deliver over 2 trillion advertisements. The growth trend will continue in 2011.

The basic data indicate further growth of significance of social networks. Business entities will focus on the increase in advertising on social networks – in the first place on Facebook, for which the year 2010 was the most successful year ever. In 2010 Facebook exceeded the number of half a billion members and outperformed all its competitors, except Twitter, which increased the number of users by 100 million. The report on 1,365 business entities in the US on use of social networks in 2010 shows that 85% business entities state that their presence on social networks generates recognizability in the market. The second fact that entrepreneurs describe as a positive trend is increased turnover. 73.8% of them think that contacts are created, which generates direct product sale, followed by partnerships. More than half of respondents (62.4%) stated that their marketing costs decreased as their ranking on a specialized search engine increased (Stelzner, 2010, 15 - 20).

Key benefits of marketing on social networks:

- Exposing company to the public, self-promotion and promotion of business successes

- Creating and expanding partnerships

- Market research

- Reducing marketing costs

- Improved ranking in search engines

- Increased number of *subscribers* and *followers*

- Developing a dialogue with the target audience

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[5] Source: http://www.facebook-hrvatska.com/facebook-novosti/koristenje-stranica-za-drustveno-umrezavanje-poraslo-24-posto-32/ (accessed on May 20, 2011)

- Improving customer relationship

- Acquiring new contacts that are qualified for your business

- Establishing oneself as an authority in one's field of activity

The account of most frequently used platforms in 2010 in relation to 2009 () is provided below. In the year 2010, 71% of business entities used Facebook, which is a positive trend in relation to 2009, when there were 69% users.
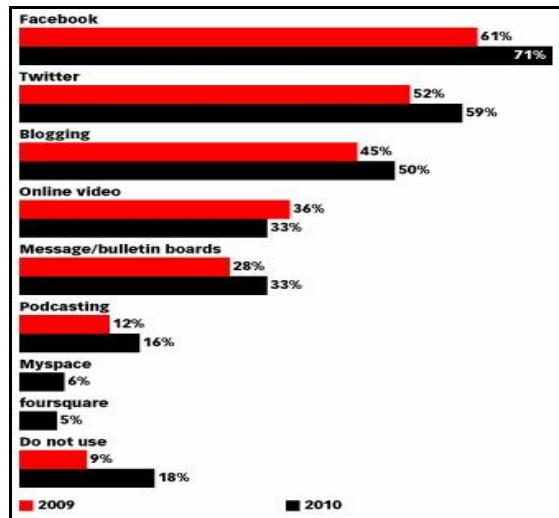

FIGURE 3. PLATFORMS USED IN ADVERTISING ON SOCIAL NETWORKS

Source: The University of Massachusetts Dartmouth Center for Marketing Research (http://www.emarketer.com/Article.aspx?R=1008211) (accessed on May 12, 2011)

In the same year Twitter was used by 59% of users, which is also more than in 2009, when there were 50% of Twitter users.

Facebook is a platform that remained the most frequently used platform in 2010 (

). Blogs remain an important tool for social networking – there is a strong involvement, acceptance and responding to comments left by *followers*. New communication tools change the way in which business is done. In Figure 4 we can see the importance of social networks for business.
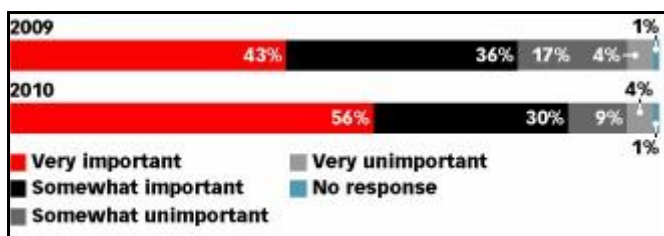

FIGURE 4. IMPORTANCE OF USING SOCIAL NETWORKS IN BUSINESS

Source: The University of Massachusetts Dartmouth Center for Marketing Research (http://www.emarketer.com/Article.aspx?R=1008211) (accessed on May 12, 2011)

The increased use of social networks indicates that they have become an important part of communication strategy of successful business entities with their consumers. 71% of business entities recognized the importance of social networks and they accepted the importance of their use. Most of them believe that social networks are important for their strategy and that communication through a social network is not reserved to communication between a business entity and the consumer only, but it also includes communication between suppliers, partners, etc.

The most popular social networks in the world are shown by countries in

. The data were gathered according to Google Trends for web sites and Alexa data for traffic. Facebook is a social network with the largest number of users – almost 600 million users all over the world. According to the latest statistical data, Facebook, as a market leader, has grown from 115 countries to 132 countries, especially in Europe
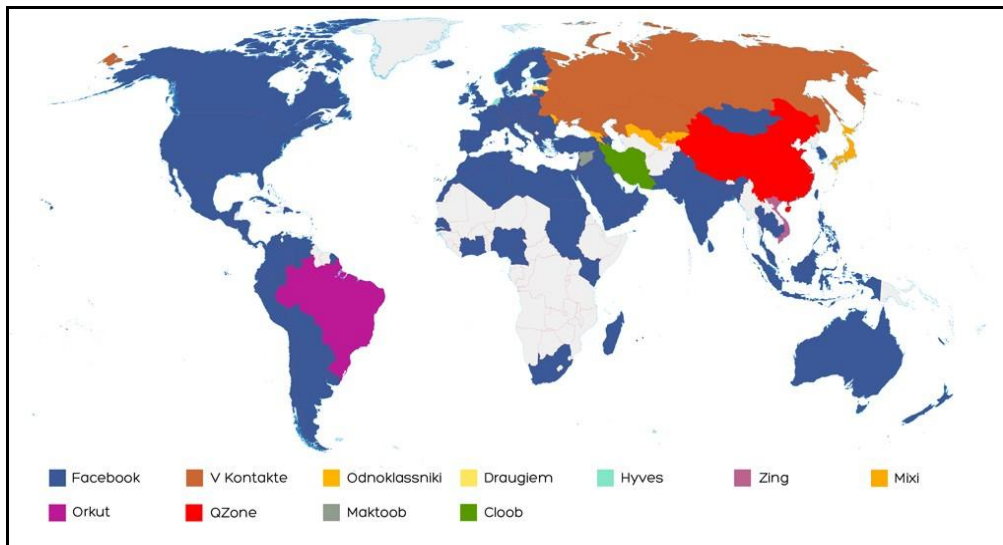

FIGURE 5. MAP OF SOCIAL NETWORK USE IN THE WORLD

Source:http://www.pamorama.net/wp-content/uploads/2010/12/world-map-of-social-networks-2010.png (accessed on May 10, 2011)

Facebook has got the largest number of users in the USA (149 million), Indonesia (34.5 million) and Great Britain (28 million). In April 2011 the number of social network users in China increased from 100,000 to 720,000, which is a 700% growth. Apart from Facebook, in some countries there are also some other social networks whose number of users is rising and cannot be neglected. Social networks attempting to compete with Facebook in some countries include web service Iwiw, founded in 2002 as W&W, in Hungary, social network Nasza-klasa.pl in Poland; nk.pl is intended for schools, pupils, students and former students. In Paraguay, India and Brazil, Orkut is the largest social network. Japanese people use Mixi, which is still the most used social network in Japan. In Armenia, Georgia and Holland, Google Trends for web sites show prevalence of domestic social networks among users. Trends also show the rise of Twitter, especially against MySpace in Australia, Canada, Germany and Italy. LinkedIn, a social network for business users,

has recorded a continuous growth rate in Australia, Canada, and Great Britain[6]. The fact is that there will be a shift in trends, i.e. local networks will gain more users (in addition to large networks like Facebook and Twitter). As information and multimedia literacy of users grows, it can be expected that they will have their profiles on several social networks. The account of social networks is provided in**Error! Reference source not found.**, along with the extent and networks in which users mostly share their content.
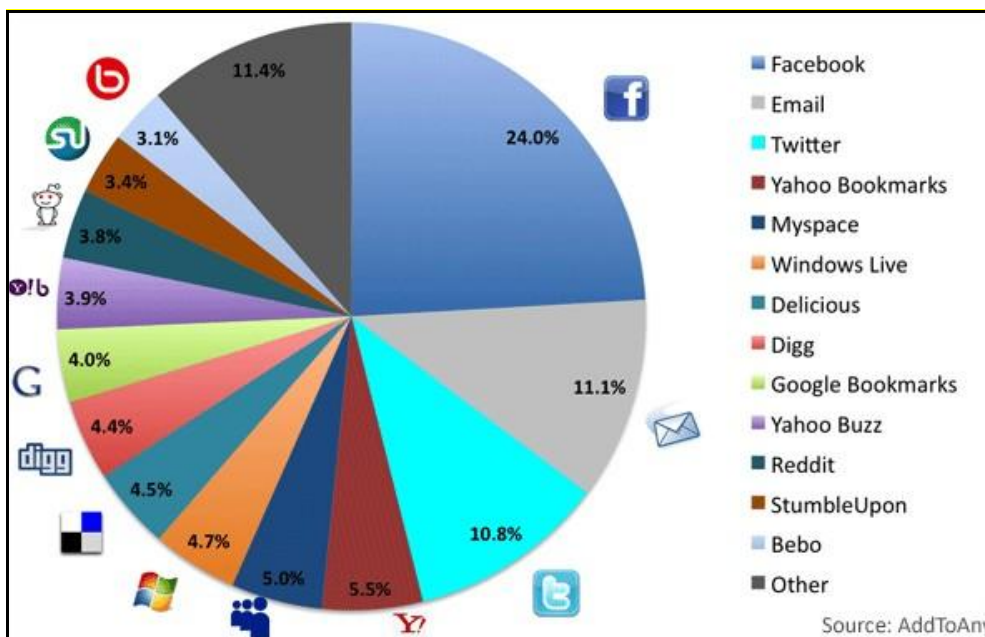

FIGURE 6. AMOUNT OF CONTENT UPLOADED TO SOCIAL NETWORKS

Source:: http://www.pamorama.net/wp-content/uploads/2010/12/how-people-share-content.gif (accessed on May 18, 2011)

It can be observed that Facebook is the largest platform for sharing content and maintaining communication. The above trends and their implementation will grow over time, along with the increase in the number of social network users and the number of applications offered by social networks, and invitations for consumers to participate in activities.

Moreover, Facebook is also the leader in the field of strong growth of advertising in social networks. Analysis (2011) conducted by eMarketer, a consulting company, shows that American advertisers will spend US$ 3.08 billion dollars for advertising on social networks in 2011, which is 55% growth in relation to the previous year (). In 2012 it is expected that advertising on social networks in the USA will grow by further 27.7% and reach the value of almost 4 billion dollars. Social networks will in this year include 10.8% of the total spending on online advertising in the USA. It is estimated that social network ad spending at the global level in 2011 will increase by as much as 71.6%, to 5.97 billion dollars, with the total online advertising market amounting to 8.7%.

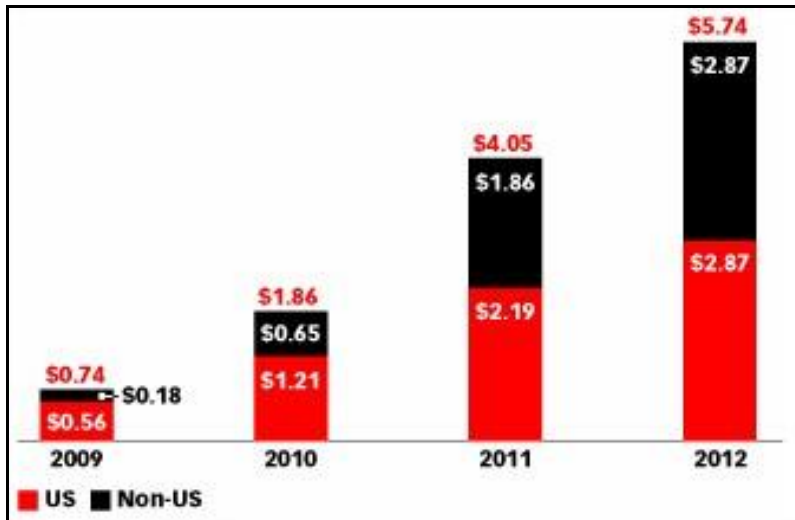[6] *Source: http://www.racunalo.com/online/16007-svjetska-karta-drutvenih-mrea-.html(accessed on May 10, 2011)*

FIGURE 7. ADVERTISING ON SOCIAL NETWORKS IN THE USA AND ABROAD

Source: http://www.emarketer.com/Article.aspx?R=1008180 (accessed on May 18, 2011)

Predictions for this year show that Facebook, the largest social network, will earn 4.05 billion dollars from advertising, and in 2012 it will earn 5.74 billion dollars. It is expected that Facebook's revenues in the next year will be equal on both the US and foreign market. Possibilities of advertising offered by Facebook are being constantly improved, so the announced predictions could be exceeded, if Facebook continues expanding its user base, increasing revenues per user at the same time.

V. SITUATION AND IMPLEMENTATION OF SOCIAL NETWORKS IN CROATIA WITH REGARD TO FACEBOOK

Due to the fact that advertising on social networks is in the form of reversed distribution (toward oneself, not from oneself), the whole industry is currently learning about the potential of marketing on social networks. Defining target consumer groups is more demanding due to expansion of social networks, which is a challenge for market participants. The latest statistical data by Socialbakers show that Croatia ranks 62 in the world by population on Facebook, with monthly growth of 37,000 users. Currently there are   1,398,560 Facebook users in Croatia. Facebook user growth from November 2010 to May 2011 is shown in figure 8.
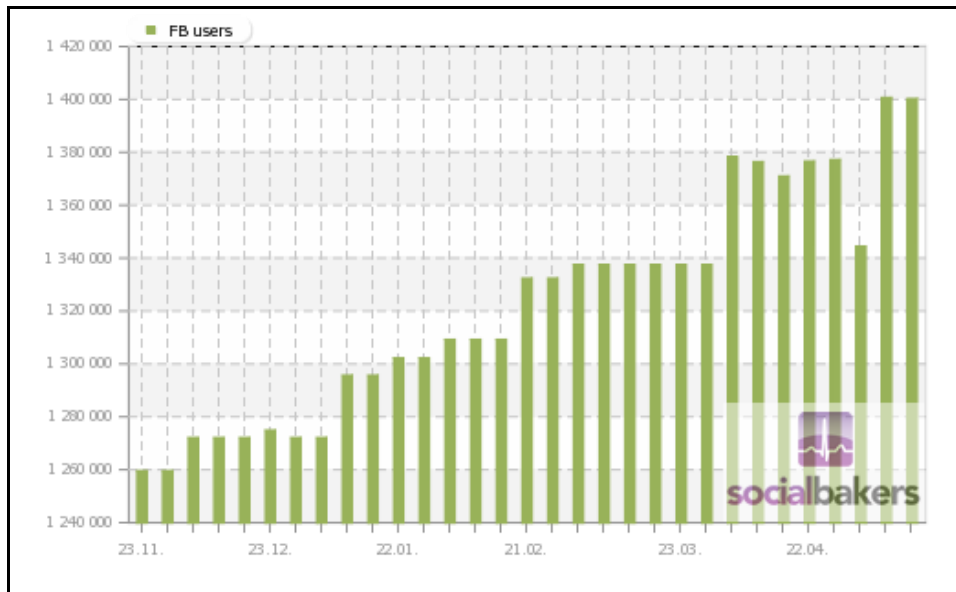
FIGURE 8. FACEBOOK USER GROWTH IN CROATIA

Source: http://www.socialbakers.com/facebook-statistics/croatia (accessed on May 18, 2011)

Social networks in Croatia are mainly used to expand a certain market niche. The analysis of Facebook users in Croatia can be found below. Most of Facebook users in Croatia belong to so-called Generation Y (1982 – 2000), as it can be seen in. Promotion for this group of consumers should be directed more at conveying an idea and less at a product or service. Key starting point is that the Generation Y should be offered the sense of community and that its members have great computer skills, i.e. they verify information from various sources and then disseminate it among themselves.
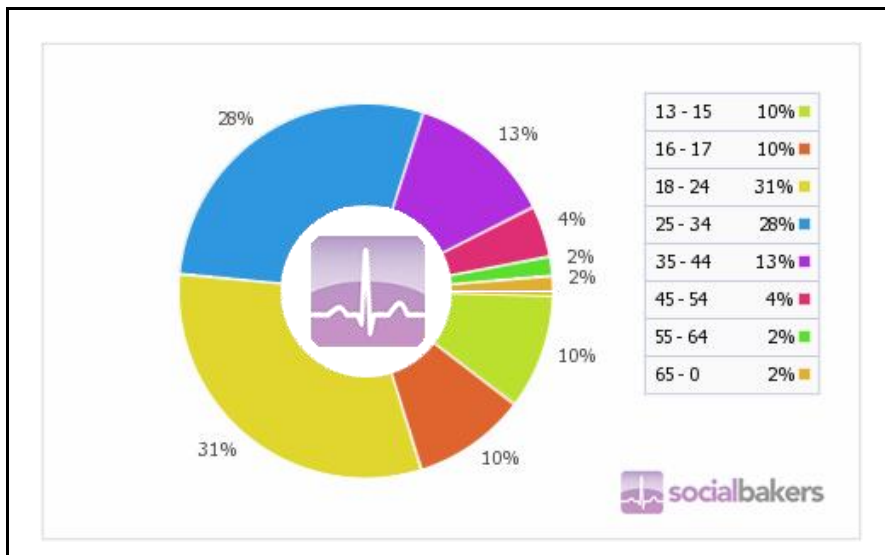
FIGURE 9. DEMOGRAPHIC STRUCTURE OF FACEBOOK USERS AND STRUCTURE BY GENDER

Source: http://www.socialbakers.com/facebook-statistics/croatia (accessed on May 19, 2011)

Communication by means of social networks has become a usual way of communication. As social networks enable targeting of the consumer, business entities can efficiently offer their content by dividing target consumer groups as follows (McKay, 1997):

- Silent generation (1925 – 1942),

- Baby-boomers (1943 – 1964),

- X generation (1964 – 1976),

- Y generation (1982 – 2000), and

- Z generation (since 2000).

Social networks make it possible for business entities to answer the question about whom they would like to address. Good content guarantees success on platforms, so business entities should turn to development of practical applications for their users. The web portal *Društveni mediji* provides statistical analysis and monitoring of the most successful brands on Facebook. Its goal is to monitor and improve the situation in Facebook marketing in Croatia. The portal was initially founded for the purpose of selecting official websites in Croatia by the number of *followers*. A new important function was enabled on the portal – an insight into the quality of interaction on Facebook site, so-called FIR analysis (Facebook Interaction Reach), so that all stakeholders can see the level of their brand achievement on Facebook. Emphasis is here placed on how strong their communication reach is and how many people really communicate with them. This is another step forward in promoting the quality and strength of marketing on Facebook. Also, this provides an opportunity to those presenting themselves on Facebook to have a realistic insight into the current success level of their site according to an additional criterion, in addition to the number of *followers* (fans). When a site publishes some interesting content, *followers* of the site can choose whether and how to communicate with the site and provide their feedback. In this way

they act as ambassadors of the site and the brand, because whatever they do on the site is published on their wall and seen in their *news feed* by on average 130 of their friends. All that followers do on the site is recorded in the FIR index (), which is used on društvenimediji.com to rank pages according to the quality of interaction. FIR is calculated on a weekly basis for the previous 7-day period of activity. This results in statistical data on success level of a Facebook fan page and data on quality of communication.
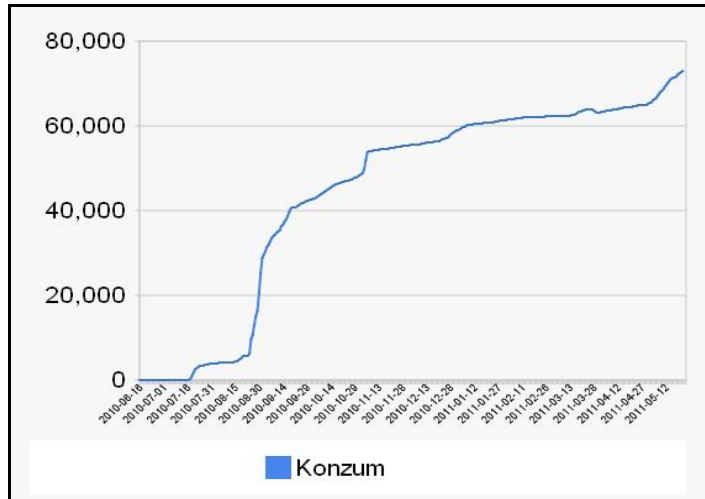

FIGURE 10. ACCOUNT OF THE FACEBOOK PROFILE OF THE KONZUM COMPANY THROUGH THE FIR ANALYSIS

Source: http://www.drustvenimediji.com/index.php?modul=page&page_id=106741592705616 (accessed on June 15, 2011)

The portal društvenimediji.com ranks Facebook pages according to the following criteria: overall success by the number of people who like the page, page growth on a daily and weekly basis, and by agencies, companies and individuals who represent and run these pages. Traditional advertising is nowadays an outdated term. The current trend is the two-way communication with clients. As there are great many information in circulation, business entities should motivate consumers to receive a message. Social networks allow for targeting potential consumers, therefore the company should form consumers in market niches. Virtual marketing is different than the traditional one. Business entities should choose the platforms and define what effects they want to achieve. Advertising on social networks requires more listening to the consumers. By reading online content and participating in discussion they can find out what is important to clients. Focused promotion strategy on social networks transfers information to consumers.

A new trend in social networks used in Croatia is geolocation marketing in social networks (so-called *places application*). Creating a profile by marking the location is a new trend in use on social networks. *Places* applications provide added content to the profile. Increasing number of smartphone users is bringing about changes in the marketing management concept on social networks.

 In their early days, social networks were a passive medium. It can be said that profiles existed to bring *brochures* of a company, and then client had to shift to a web page, possibly with minimum communication. Profiles on social networks which are nowadays usual offer the possibility for implementing activities on the profiles. The time has come for a new generation and individuals to actively participate in the development by uploading multimedia content.

For example, in April 2011 Erste banka () presented its virtual office in form of a Facebook application which provides to users access to some of the more popular Internet services.
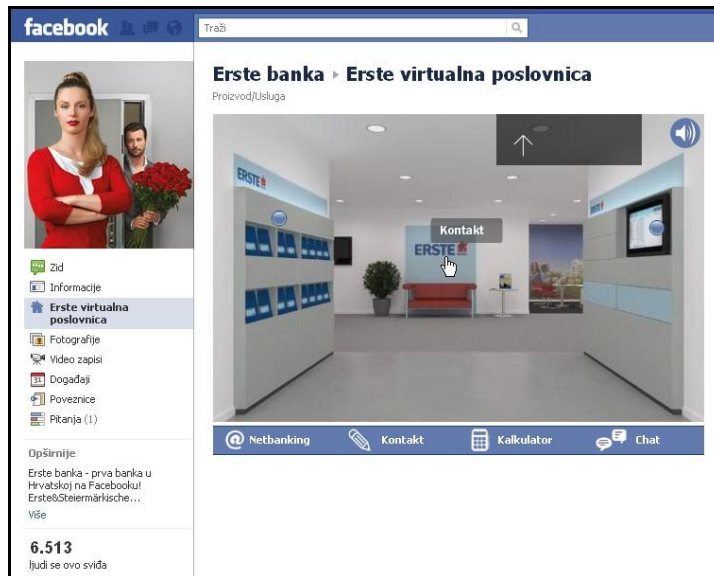

FIGURE 11. VIRTUAL OFFICE OF ERSTE BANK ON FACEBOOK

Source: http://www.facebook.com/Erstebanka?sk=app_202540163101953 (accessed on May 15, 2011)

Through *Flash* application integrated in the <u>Facebook fan page of Erste banka</u> users can access online banking, pay bills, use financial calculator and chat. Erste Chat is an integrated support in form of chat which is used by clients to get desired information on services of the bank.

Traditional communication is not interesting today as consumers want interaction and communication. Social networks create advantage in relation to other media, therefore it is necessary to take care of the content quality and updates in the process of marketing on social networks. The right balance must be found between the amount of information that should be provided to *followers* to attract and maintain visitors. Social networking has caused consumers to become more demanding. They know what they want and if profiles are not creative, followers can turn them off at any moment.

VI. CONCLUSION

In the process of marketing communication with consumers, social networks have become equal, if not the leading medium in the field of online advertising. They have a great potential and trends have shown that the user number is growing on a yearly basis. Through marketing on social networks, business entities increase the level of involvement with their consumers, clients and partners. Social networks are a great platform for communication and building of relationships in the best possible way. By being present on social networks, a company contributes to increased interest in its products and services, and this leads to purchase, i.e. increase in sales volume. By having a profile on a network, companies create awareness of their existence in the market, which then attracts, informs and identifies the buyer. Modern consumers are not satisfied with the average. Success on social networks depends on the frequency of information update. Daily interaction with followers does not require great resources like other advertising channels, and promotion is very efficient. There is no recipe as to how to gather a

large number of followers quickly. This certainly takes time and requires a good and frequently updated profile to gather a certain number of members. Consumers who are active on social networks receive a great number of marketing messages through social networks and they expect higher value, up-to-date information and less frequent interruptions in communication. By using multimedia in marketing – online advertising, online video, geolocations of animations, and other tools offered by Web 2.0 technology, business entities make it possible for the consumer to choose the most suitable advertising channel. Social networks require continuous investment of effort and time, but return is what makes it feasible. Therefore it is worth investing time in the presence on social networks, thus creating a direct distribution channel to access information and providing two-way communication with consumers.

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