

## THE USE OF SOCIAL MEDIA AS AN EFFECTIVE TOOL FOR OBTAINING SUSTAINABLE COMPETITIVE ADVANTAGE

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**Abstract:** Achieving a sustainable competitive advantage depends on the innovations which are largely dependent on the online marketing that initiates the use of social networks which enable the improvement of long-term relationships of the company and the focus on the particular target group. Their best results are achieved as a result of the creativity and they are ideal medium which does not require huge money investment, but energy, thinking, time and knowledge. The investment in marketing activities in the social network cannot be considered as a simple venture but as a management of several goals: the user should get to know the brand, interaction of the user with the brand and oral transmitting of the message.

The paper focuses on the analysis of social networks and their influence in the direction of promoting two-way, i.e. interactive communication with consumers. On the other side, in the paper answers will be given to the question: "Which of the social networks are the most effective tools for promotion?" The results show that the applications of modern and innovative methods in the field of internet marketing are crucial for distinguishing and creating a competitive advantage.

**Key words:** Social networking, competitive advantage, effectiveness, promotion.

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## Introduction

Social networks as a new media significantly contribute to the development of a new marketing discipline – the digital marketing. They are tools that allow users to entertain, inform, and educate themselves in one place. Today, new marketing strategies and concepts have been developed. The digital marketing is simply defined by the digital advantage that implies a different approach to marketing. In this case, the user is a key element and center of all marketing activities. The development of social networks has increased the role of the consumer, allowing them to make stories about the brand by creating and sharing content on social media platforms (Schlinke and Crain, 2013). Stories generated by social network users have a much greater impact on the development of the brand's perception than traditional marketing activities because they are credible, digital, dynamic and accessible at the right time to all members of the network. Social networks allow brands to acquire online recognition, not only by existing consumers but also by potential ones (Andzulis, Panagopoulos and Rapp, 2012).

Nowadays, social networks are inevitable communication tools of modern companies. Digital public relations are based on content creation and interaction with users through different platforms such as Facebook, Twitter and LinkedIn. In order to successfully use social networks according to the new marketing and public relation rules, companies should primarily take into account their goals and then focus on customers, reaching out to them with appropriately designed content.

### 1. Social network marketing vs traditional marketing

A comparison of traditional marketing with social media marketing can be done based on an analysis made by the respectable marketing website Adweek. The advantages and disadvantages of these two marketing approaches can be summarized in the following table:

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**Table 1**  
*Characteristics of social network marketing and traditional marketing*

| Specifics            | Social network marketing   | Traditional marketing  |
|----------------------|--|--|
| <b>Differences</b>   | Pulls customers to the brand   | Pushes the brand towards the costumers   |
| <b>Advantages</b>    | Low costs<br>Interactivity<br>Measurable   | Short term results<br>Tangibility  |
| <b>Disadvantages</b> | Time consuming<br>Decreasing results   | High costs<br>One way communication<br>Absence of mutual communication<br>Weak measurability of the results  |
| <b>Trends</b>        | 65% effectiveness increase<br>11% effectiveness decrease   | 11% effectiveness increase<br>43% effectiveness decrease   |
| <b>CRM and scope</b> | Low CPM<br>Large scope   | 30 times larger CPM compared to social networks<br>30 times lower scope                                      |
| <b>Word of mouth</b> | 90% of people believe in friend's recommendations<br>70% of people believe in reviews from users | 47% of people believe in television<br>47% of people believe in billboards<br>42% of people believe in radio |

Source: Adweek, <http://www.adweek.com/digital/social-vs-traditional-media-marketing/> (accessed on 22.11.2018)

### 2. The effectiveness and the efficiency of social networks

Efficiency and effectiveness are often mentioned in the economic literature. Effectiveness represents the level at which the goals are achieved and the level at which problems are solved. In other words, effectiveness means doing the right things.

Efficiency is related to the utilization of resources. It can represent comparison between the current productivity or performance and the greatest opportunities using the same resources. In different words, effectiveness means doing things in the right way.

In digital marketing, effectiveness includes supporting marketing goals and emphasizing the importance of online channels, while efficiency includes increasing the effect by reducing the cost of acquisition of new buyers (Poynter, 2010).

The following table can help understand the relation between these two complementary concepts (Fulgoni and Lipsman, 2014):

*Table 2*  
*Efficiency and effectiveness marketing measures*

| BSC sector                   | Efficiency   | Effectiveness   |
|------------------------------|--|---|
| <b>Financial results</b>     | Channel costs<br>Channel profitability   | Online contribution (direct)<br>Online contribution (indirect)<br>Profit contributed  |
| <b>Customer value</b>        | Online reach (unique visitors as % of potential visitors)<br>Cost of acquisition or cost per sale (CPA/CPS)<br>Customer propensity | Sales and sales per customer<br>New customers<br>Online market share<br>Customer satisfaction ratings<br>Customer loyalty index |
| <b>Operational processes</b> | Conversion rates<br>Average order value<br>List size and quality<br>E-mail active %  | Fulfilment times<br>Support response times  |

Source: Smart Insights, <http://www.smartinsights.com/goal-setting-evaluation/goals-kpis/definition-efficiency-and-effectiveness/> (accessed on 19.10.2018)

### 3. Managing digital marketing

Each manager must have the following skills in order to perform their activity on social networks efficiently and effectively (Ryan, 2017):

- ✓ Strong communication skills - so that they can adjust the communication with each target group;
- ✓ Ability of good judgment - to be able to identify what content to share, to communicate and react in unpredictable situations in a right way;
- ✓ Empathy - to know the buyers, their needs and desires and to have an understanding of their specific problems;
- ✓ Persistence and measurability – the job of a marketing manager is 24 hours a day, 7 days a week, and they must be constantly ready for unexpected development of a situation;
- ✓ Organizational skills – they must be able to organize a large number of client accounts, track feedback information based on multiple platforms and react timely when it is necessary;
- ✓ Adaptability - the marketing manager must be flexible and must adequately respond to changes updating the initial plan;
- ✓ Stillness - in case of sudden circumstances or negative feedback from users, the marketing manager needs to calm the situation;

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- ✓ Analytical skills - tracking trends, feedback information and adjusting to them;

- ✓ Ability to give priority to consumers and community – a good marketing manager has in mind what the community wants and uses and highlights that information;

- ✓ Passion - a good marketing manager has passion towards the brand he/she represents and promotes.

According to DeMers, there are 5 skills that social media manager must have:

- ✓ Ability to create graphic contents - posts containing photos that make meaningful communication with users (blogs, twitter posts, facebook posts, etc.). A good social media manager must possess the skills that enable conceptualization and creation of graphic content that will attract the consumers' attention. They do not have to work with Photoshop or similar tools, etc., but they have to have a sense of design and esthetics.

- ✓ Ability to write - the social media manager must be fluent in the language in which the content is written and must have the ability to express themselves in accordance with the target customer group expectations.

- ✓ Ability to act - this means that the social media manager should constantly be in contact with the customers through social networks in order to promptly respond to their needs and demands.

- ✓ Ability to understand the Search Engine Optimization tactics and content – a marketing manager must have knowledge for sharing the created content on social networks, blogs, websites, and so on.

- ✓ Experience in social media advertising - The main advantage of this type of advertising is achieved when the manager adequately leads the advertising process maximizing the potential of creatively created content specifically for the social networks.

### **4. Measuring the effects of digital marketing**

There are several ways to highlight the effectiveness and efficiency of digital marketing. All the effects of the digital marketing and social networks activities can be measured by Chaffey and Ellis-Chadwick (2016) :

- ✓ Brand Awareness,

- ✓ Brand Engagement,
- ✓ Word Of Mouth Online.

Brand awareness refers to the extent to which customers are able to recall or recognize a brand. The consumer's ability to recognize or recall a brand is central to purchasing decision-making. The customer's knowledge of the brand is measured by taking into account the following social networks data:

- Number of fans, followers or friends to the brand on social networks;
- Number of applications on social networks;
- Number of impressions of the content (if the paid promotion is excluded);
- Number of unique impressions (number of users who have seen the content once or a few times);
- Number of notes (bookmarks);
- Number of photos and video views.

Brand engagement is the process of forming an emotional or rational attachment between a consumer and a brand. It is the process of providing branded communications and experiences that add value to consumers' lives and foster relationships between brands and consumers. The interaction of consumers with the brand is measured by taking into account the following social networks data:

- Number of comments;
- Number of active users;
- Number of reactions;
- The amount of generated content by customers;
- Ways to use the applications;
- Impressions and interactions.

Word-of-mouth is not new. People have always talked about their experiences, emotions, needs and also products, services and brands. With the arrival of interactive and social media the patterns, role and impact of word-of-mouth have evolved and new forms of online communities have been shaped. Online word-of-mouth is a new form of communication to post opinions, comments and reviews, which can take place on various online platforms. Online word-of-mouth transmission is measured by taking into account the following social networks data:

- Number of shares on the network;
- Number of comments on shared content;
- Number of shares outside the network;
- Number of posts on other networks.

### **5. Social networking mistakes**

Many companies operate on social networks but they do not know enough about them in order to benefit from their use.

First and foremost, in order to be able to efficiently and effectively act on social networks, it is necessary to create a social media marketing strategy (Peters, Chen, Kaplan, Ognibeni and Pauwels, 2013). Perhaps it will change over time but it is still needed in order to create a framework and a road map for all the activities that should be undertaken.

Another mistake in using social networks for promotion is when companies only share content that points out the quality of their products or services. Consumers need to be offered an interesting content, not only the presentation of their offer. Each social network requires a special way of communication, so companies should not use the same methods and content to advertise and promote themselves on facebook and twitter because the audience on these networks is different.

The next mistake that companies make with social media marketing is poor communication, primarily with spamming, not answering consumers' questions timely, weekend breaks, grammatical errors and so on (Lipsman et al., 2012).

Also, a mistake that is usually made by companies is bombarding the consumers with excessive content. It is recommended to balance the published content in order not to irritate the consumer with constant updates. Moreover, the shared content should be interesting for the consumers and not to be showily presented.

### **6. Research methodology**

In order to find out whether the social networks in the Republic of Macedonia are used by the companies as a communication tool and to

determine the eventual effects from their use, a survey was made in 87 companies from different industries. The research example of companies was created according to the list of top leading companies in Macedonia for 2016.

The data collection was acquired on the basis of a survey questionnaire. The questionnaire was answered by owners, general managers, marketing managers and public relation managers. The questionnaire consists of questions related to the social media strategy and professional expertise in this area, the extent of social networks use and its benefits, the goals of social networks use and future opportunities.

### 7. Research findings

The survey was conducted in November 2018. The results from the most important and crucial questions for this research are presented hereafter.

The answer of the question about the company's social media marketing strategy provided the following data:

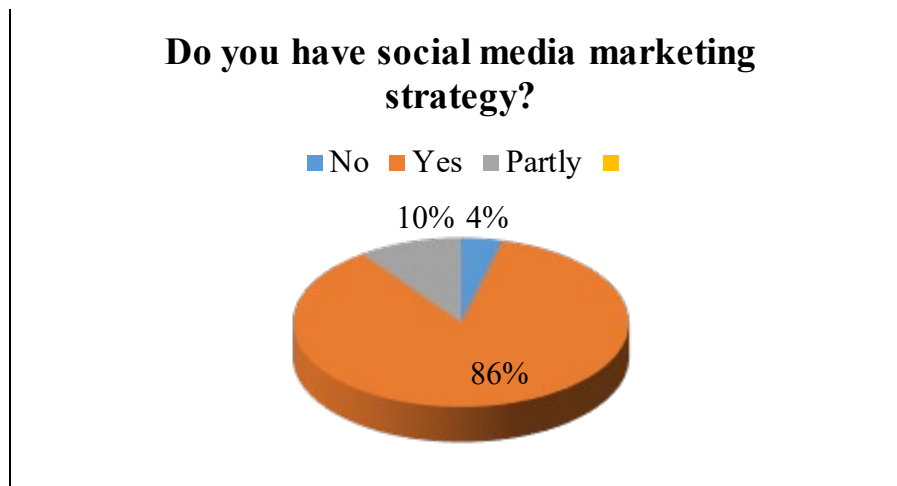


Figure 1. Designed social media marketing strategy

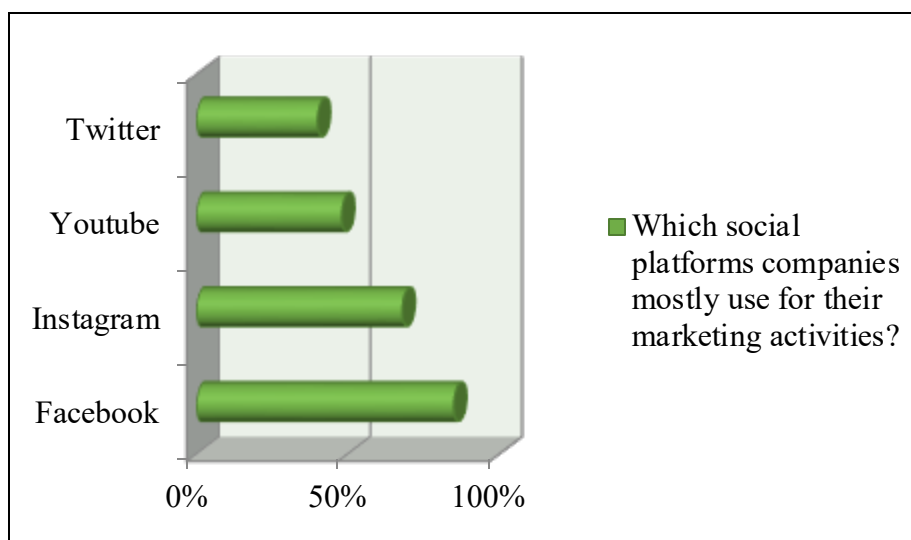


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According to the obtained data, 4% of the companies responded that they did not have social media marketing strategy, 10% of them partially created social media marketing strategy and 86% of the companies had social media marketing strategy.

The following data were obtained from the answer of the question about the social platforms companies mostly use for their marketing activities:

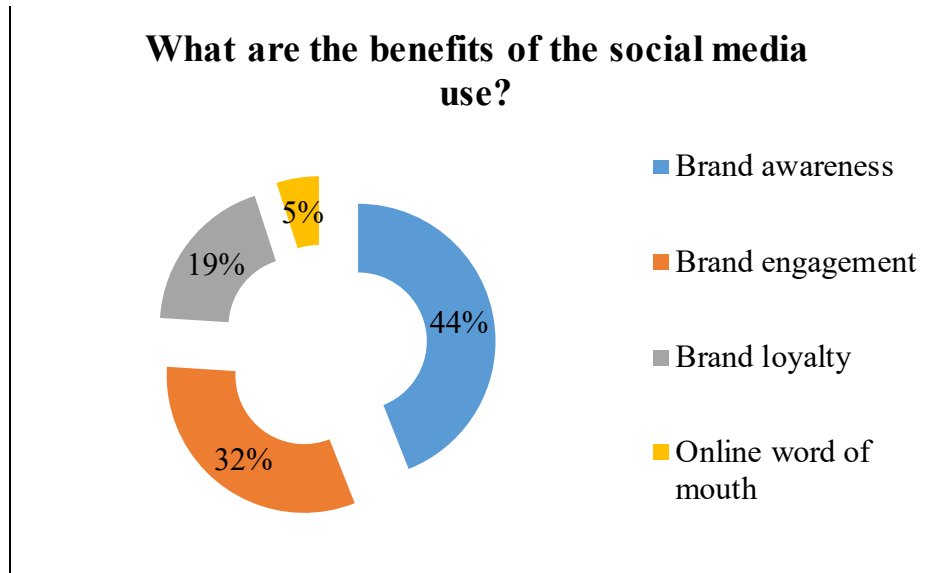


*Figure 2. Social platforms used for marketing activities*

According to the obtained data, the most used social media by the companies is Facebook 85%, then Instagram 68%, You Tube 48% and Twitter 40%.

Based on the research results, Facebook is a useful communication tool for the companies in the Republic of Macedonia. A significant fact is also that the corporative company web site attracts less attention than the brand Facebook or Instagram pages which have greater number of followers.

The following data were obtained from the answer of the question about the benefits of the social networks use:



*Figure 3. Benefits from the use of social networks*

Based on the obtained data, the greatest benefit from the use of social networks is the increased brand awareness 44%. However, 32% of the companies consider that the social networks have improved brand engagement, 19% of the companies consider that the social networks have helped build the brand loyalty, and only 5% consider that the use of social networks have improved their online word of mouth.

Based on the obtained data, most of the researched companies measure the benefits of using the social networks through tracking the number of followers and fans and therefore, creating personalized interaction with them, obtaining their opinions and preserving their loyalty. The remaining companies that have partially created social media strategy or have not created any at all, don't make use of the social networks benefits.

The following data were obtained from the answers to the question whether the companies employed social media experts for planning and implementing professional marketing activities:

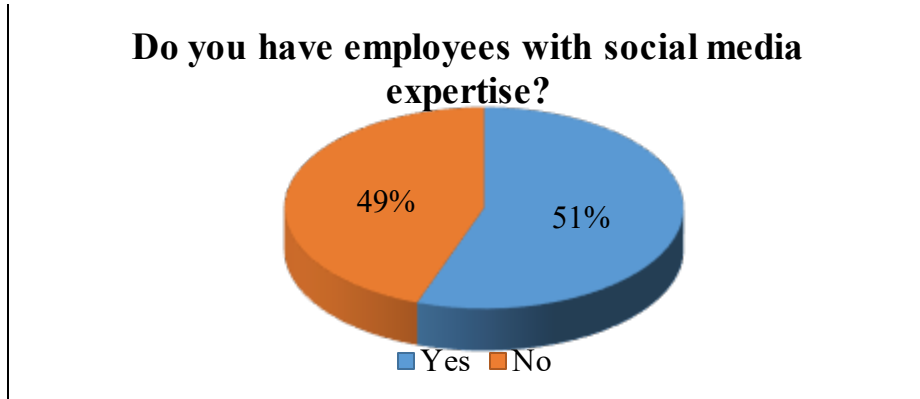


Figure 4. Social media experts

According to the obtained data from the survey, 51% of the companies have employed social media marketing experts, but 49% of the researched companies don't have such types of professionals in their teams. Macedonian companies need expertise for better use of social networks in their marketing and promotional campaigns. Companies stated that, maybe, this situation can be solved with adequate trainings and social media skills development of their marketing managers.

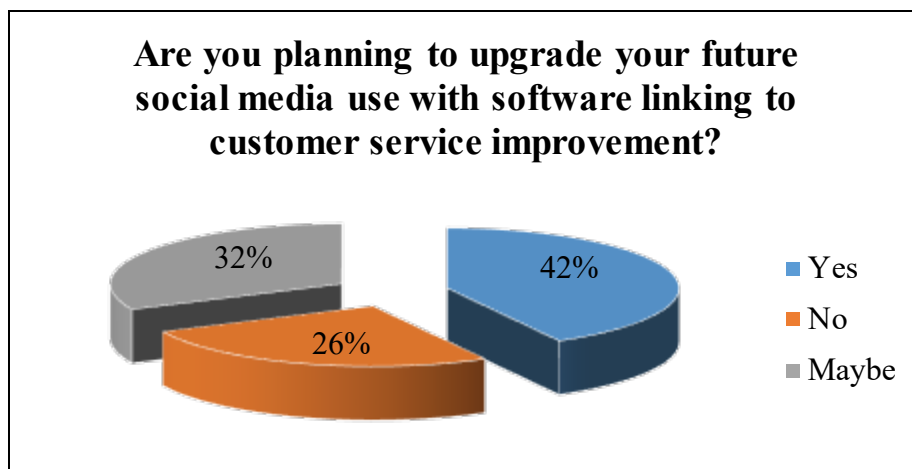
By analyzing the responses to the question about the most frequent goals of social networks use, the following data were obtained:



Figure 5. Goals of social networks use

Based on the research results, social networks by Macedonian companies are mostly used for brand promotion 87%, secondly - for on-line PR 73%, and lastly - for customer relationship management 36%.

By using the responses to the question about the future use of social networks in terms of installing software that will link social media and customer service, the following data were obtained:



*Figure 6. Future use of social networks*

Based on the research results, 42% of the companies indicate that they have plans for enhancing the use of social media in improving customer service and satisfaction, 32% of Macedonian companies haven't got a clear plan for further social media marketing activities, and 26% of the companies do not intend to improve their social media use in the near future.

The results show that, maybe, some of the companies are afraid to use all the potentials of social media in their business activities. Social media present so many opportunities to help grow and maintain companies' brand presence online. However, employing these social media tactics as part of the overall marketing strategy requires careful research, complete dedication and continuous tracking of all efforts in order to detect the most effective and sustainable ones for the business.

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Survey results show that social media are a useful marketing and PR tool for effective communication between companies and target groups. They have been one of the most important marketing tools lately, but at the same time they do not dispute the use of traditional media. Each company considers the fact that its consumers spend most of their time on social networks. Moreover, the financial resources for running a social network campaign are far smaller than on traditional media, which stimulates companies to be extremely interested in such a modern way of communication with their consumers that helps increase the brand awareness.

### **Conclusions**

Nowadays, modern consumers have overflow of information coming from different types of media. Therefore, it is difficult for companies to design a successful marketing media strategy to reach the consumers, to effectively communicate with them and to create loyalty, brand awareness and brand engagement. However, the use of social networks enables efficient communication with consumers and, most importantly, does not contest the use of traditional media.

The majority of companies in the Republic of Macedonia have already understood the importance of social networks but they are not using the maximum of social media for communication with their consumers. It is time for professional engagement of marketing media managers in these companies and for those that have not used this social media communication so far to approach it. Social platforms are changing daily, with new additions to their possibilities of use in business and increasing level of interaction between companies and consumers and consumers with other consumers.

The development of the Internet, smartphones, web technologies, and mobile applications influences the increased involvement of different categories of modern consumers in social media and significantly increases the e-commerce and online businesses and electronic ways of

communication and sharing knowledge and opinions. Companies should only recognize the opportunities the new business environment offers and be flexible and ready to change, innovate and do it faster than their rivals on the market. The direct communication with customers creates emotion and confidence for the brand. Continuous interaction with consumers is necessary in order to monitor their feelings, desires and satisfaction and thus companies can adapt to their specific needs. Social media can assist in accomplishing this communication in a faster, easier and cheaper way. Presence on the social networks can bring happiness to current customers and can help build meaningful relationships with companies' potential audience. This digital channel has been transformed into a treasure of opportunities for businesses and has become a quick way to engage audiences and drive sales as key companies' goals.

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