

# **The Marketing value of Social Media Tools at Business Level Strategy**

Faten Alghamdi<sup>1</sup>, Fragkoulis Papagiannis<sup>2</sup>, Zenon Michaelides<sup>3</sup>

<sup>1</sup> Student, The University Liverpool Management School, Chatham Building  
Chatham Street, U.K, e-mail: [F.Alghamdi@liverpool.ac.uk](mailto:F.Alghamdi@liverpool.ac.uk)

<sup>2</sup> Senior Lecturer, Business School, Liverpool John Moores University, Redmonds Building  
Brownlow Hill Street, U.K, e-mail: [F.Papagiannis@ljmu.ac.uk](mailto:F.Papagiannis@ljmu.ac.uk)

<sup>3</sup> Director of Studies: MSc Digital Business Enterprise Management and MSc Business  
Analytics & Big Data,  
The University of Liverpool Management School, Chatham Building Chatham Street, U.K, e-  
mail: [z.m.michaelides@liverpool.ac.uk](mailto:z.m.michaelides@liverpool.ac.uk)

## **Abstract**

Social media (SM) is considered to be the most trending tool for increasing brand awareness as well as enhancing customer acquisition of companies (Goud, 2016). Multinational companies as well as small-to-medium enterprises (SMEs) are using various social media websites for expanding their business growth across different parts of the world (Kaplan and Haenlein, 2009).

Recent research has found that almost 80% of the customers in the near future will be inclined to purchase products on the Internet rather than by visiting physical stores. In addition, social media websites provide details of customer's preferences and choices, which help companies to develop marketing strategies aimed at stimulating and targeting customers. Companies use both the traditional marketing approach as well as the digital marketing approach in order to increase brand awareness and customer acquisition. This paper aims to illustrate the effectiveness of social media in marketing approaches of companies compared to traditional marketing approaches. Businesses today collect customer feedback from social media websites by introducing various promotional campaigns. Businesses not only collect feedback from their existing customer base, but also help attract more customers by converting the followers of the websites into potential customers. Due to the immense opportunities available through the use of social media websites, businesses prefer social media channels to legacy media (O'Murchu et al., 2004).

## **1 Introduction of Contemporary Marketing Practices**

Contemporary marketing is related to the process of planning and executing the pricing and distribution of goods and services through co-creation, shared values and other contemporary theories (Boone and Kurtz 2013). These contemporary marketing practices are directly related to business level strategies. Business-level strategies are concerned with the development of products or services (Taylor 2017). On the other hand, non-contemporary marketing theory involves the use of traditional advertising methods through media such as television and radio, printed flyers and poster campaigns in order to attract customers towards product offerings. Several channels have further developed from the above non-contemporary marketing, such as digital media, which provide contemporary approachable methods for capturing audience attention (Salehi et al. 2012).

Social media has become a new and effective tool to combine technology and marketing strategies (Safko and Brake 2009). It increases brand awareness and promotes marketing of products for the business. It gives marketers the opportunity to interact with peers, target customers and personalize their brand. The numerous utilities of social media for business include creating an identity of product and company, developing a business relationship, communicating with consumers and associating with peers. However, social media alone cannot help in the development of enterprises; it needs to integrate with different approaches to marketing in order to strengthen brand awareness and company image (Goud, 2016). Within this context, this paper explores the role of social media marketing for business and determines its effectiveness as compared to traditional marketing approaches. It aims to present the key development and challenges posed to business through the use of social media. The table below shows the advantages and disadvantages of contemporary marketing and non-contemporary marketing

The review and assessment of advantages and disadvantages of contemporary marketing practices help in increasing the effectiveness of the entire business processes and help in bringing out the positive outcomes for the organization (Boone and Kurtz, 2013). One of the advantages of the contemporary marketing techniques is that it is based on fast-placed as well as ever-evolving actions required for the evaluation of the business procedures of the firm concerned. Another advantage is that with the expansion of the Internet and associated information technologies such as smart devices, the opportunity for targeting customers' increases significantly through effective product promotion and direct customer engagement. There are also some disadvantages associated with contemporary marketing processes, such as handling social media accounts, which demand varying levels of employee time and effort. Moreover, the information posted needs to be re-posted in order to reach a maximum number of people (Manrai, 2015). Another disadvantage is that there are certain risks associated with the controlling of customer's expectations regarding the promotion of the products and services concerned. This has the potential to generate great impact on the entire business processes. Use of effective marketing research is supposed to be vital, in order to execute contemporary strategic approaches to marketing. See Table 1.1.

The second category researched is non-contemporary marketing, which has some advantages as well as disadvantages. One of the biggest advantages is that the risks associated with this category are very low, as it is merely based on the proven methods having the higher rate of success (Bochel and Daly, 2014). This category helps in offering tangibility and personalized marketing and promotional techniques aimed at a specific group of consumers, who are infrequent Internet users. The disadvantages show that traditional marketing methods, such as radio, televisions and different types of campaigning, constitute a time-consuming and costly approach. Moreover, this category is considered inefficient; due to the low conversion rate of typical advertising types also due to the fact that customer interest cannot be adequately determined. These considerations need to be evaluated on a large scale in order to adopt suitable methods for the marketing of products (Bai et al., 2013). Different approaches are therefore adopted by considering the effectiveness of the marketing processes used throughout the targeted market segments, and thus, the selection of the contemporary or the non-contemporary techniques helps in bringing out positive results for the organization concerned. Table 1.1 shows a comparison between the two types of the marketing approaches used, in order to achieve the competitive advantage within market areas.

Table 1.1: Advantages and Disadvantages of Contemporary Marketing vs. Non-Contemporary Marketing

Type of Marketing	Advantages	Disadvantages
Contemporary marketing	<ul style="list-style-type: none"> <li>• Enables competitive advantage as it is based on fast-paced and ever-evolving actions.</li> <li>• The expansion of Internet use and smart devices gives adequate opportunity to engage with captive audience and deliver value to customers (Tiago and Veríssimo 2014).</li> </ul>	<ul style="list-style-type: none"> <li>• Handling social media accounts requires time and effort; there is a challenge in posting and reposting the information.</li> <li>• Unrealistic customer expectations and lack of control over corporate component; also poses a risk to business (Boone and Kurtz 2013).</li> </ul>
Non-contemporary marketing	<ul style="list-style-type: none"> <li>• The level of risk is low as it is based on proven methods, which have high success rate.</li> <li>• It offers tangibility and personalized marketing to a specific group of consumers who do not utilize the Internet (Srinivasan et al. 2016).</li> </ul>	<ul style="list-style-type: none"> <li>• Traditional marketing using television, radio, and legacy advertising are a costly and time-consuming approach.</li> <li>• Inefficient, as the conversion rate of ads and consumer's interest cannot be determined (Srinivasan et al. 2016).</li> </ul>

### 1.1 The Social Media Tools

Social media are perceived as a networking hub to formally connect people who share similar interests. Different types of social media used in marketing include i) personal networks; ii) Internet-based-networks; iii) social publishing; iv) e-commerce and v) online reviews, discussion forums, and media sharing networks (Sharma, 2008). Relationship

networks such as Facebook, Instagram, and Twitter, offer an opportunity for corporate brands to connect with their customers on a personal level. It is also useful in getting feedback and reviews about products. Similarly, online review services help an enterprise whilst at the same time having the potential to make or break their business (King et al. 2014). The ability of a company to leverage user review helps in obtaining knowledge about their customer base and their product or service perceptions. It consequently helps in building client relationship and identifying the brand's value-added offering from the user's perspective. The most important platform is the company website to show case the brand product or service to the world (Brynjolfsson et al. 2013). Finally, e-commerce is the most emerging trend in business by which consumers get the convenience to shop and purchase products with the click of a button. It has highly revolutionized the marketing strategies of companies, enabling businesses shifting to e-commerce platforms. Hence, this diverse classification of social media marketing tools supports brand recognition practices in the organization. It acts as a means to establish authority, facilitate online reviews and minimize total marketing expenditure on products (Scott et al., 2017).

## **2 The Role of Social Media Marketing for Business**

Social media marketing has the potential to reach to a larger number of customers and correct implementation of marketing with social media can bring great success to a business. The importance of social media is realised today because of the ability to readily connect with prospective consumers. Both multi-national corporations (MNCs) and SMEs plan various strategies to engage their customers with their brand via online platforms, whilst promoting building trust with their respective customers. Two other important benefits of social media to business are i) reduction in cost and ii) increased in the opportunity for revenue generation. Social media marketing can evaluate their business prospects through closer interaction with consumers, and this opens a window of opportunity to more readily receive customers' feedback. Apart from this, social media marketing enables the business to identify peer groups or competitors in the industry, to continuously realign business strategy and stay ahead in business (Goud, 2016).

Building a brand image with traditional marketing tools is a time-consuming and expensive process. With the shift from traditional marketing approach to social media marketing, the mode of communication with consumers has drastically changed. Currently, about 47% of the world population is using the Internet, and the rise in smartphone sale has further increased the penetration of internet in the various geographical regions of the world (Taylor 2017). Although social media marketing has an impact on the brand building, it also challenges business companies consistently as consumers regularly browse various online sites before buying products. This highlights the need to adapt new age marketing strategies to enhance brand image and sustain a credible reputation in the business market (Singh et al., 2017).

The advent of the social media platforms along with digital marketing are also leading to rapid changes in consumer behaviour, and this means businesses needs to realign their marketing strategies. The opportunity offered to consumers as a result of social media include: wider choice of product selection, diverse product offerings and competitive pricing.

Thus, businesses need to develop promotional strategies which emphasize content. It is therefore understood that the more a business understands digital marketing, the more they can benefit from it. Businesses are facing several internal and external pressures to have a presence in the digital world (Edelman Trust Barometer and Global Results 2017). However, correct implementation of social media marketing gives them the chance to directly engage in customer support, market research and to boost online sales.

## 2.1 SWOT Analysis

SWOT analysis helps to evaluate company strategies. SWOT is highly beneficial in framing policies and strategies related to the social media (Mintzberg and Quinn, Prentice Hall, 1997). The aim of SWOT analysis is to present arguments related to social media and to assess their impact on business organizations. SWOT analysis therefore refers to work that will be carried out, which is related to the online business, the strengths, weaknesses, opportunities and threats that will ultimately help in improving marketing strategies.

Table 2.1: SWOT Analysis of the Use of Social Media

Strength	Weakness
<ul style="list-style-type: none"> <li>• High availability: 24hrs/7 days per week.</li> <li>• Direct communication with customers               <ul style="list-style-type: none"> <li>• Low operating cost</li> <li>• Fast and effective</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Difficult to control.</li> <li>• Lack of short term ROI.</li> <li>• Time consuming.</li> <li>• Privacy and data security.</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Share expertise with other countries.</li> <li>• Reach people wherever they are.               <ul style="list-style-type: none"> <li>• Wide business growth.</li> <li>• Advertising.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Lack of social media policy</li> <li>• Many competitors</li> <li>• Negative comments</li> <li>• Limited resources</li> </ul>

### Strengths

- **High Availability 24hrs/7 days per week**

The social media platforms including Facebook, Instagram, Twitter, and LinkedIn are always available, and the company can use them at any time to market their products (Taylor 2009).

- **Direct Communication with Customers**

Social media provides the social interaction platforms where customers can access the scalable communication techniques. It involves the use of mobile and web-based technologies that transform “communication into an interactive dialogue” (Kaplan and Haenlein, 2012). Through social media, the company establishes a permanent connection that links its people, customers, and resources. It has thus created a platform that prompts the sharing of information, attracts the attention of clients, and shares the services and capabilities of the company.

- **Low Operating Cost**

Social media technologies seem to have reduced the cost of distribution, content creation, and discovery methods. Businesses can now create online presence economically and efficiently. With this presence, the companies have produced large levels of company/product following and information sharing. This justifies research, which states the online community is the focus for every company because of its relatively low cost and customer access (Kaplan and Haenlein, 2012)

- **Fast and Effective**

Social media platforms are the fastest way to communicate with the customers or clients. In fact, the company can quickly receive responses and feedback instantly, based on the content of the information (Kaplan and Haenlein 2012).

### **Weaknesses**

- **Difficult to Control**

Social networking has the potential to damage a marketing campaign because customers can post negative comments or responses (Taylor 2009). For instance, when customers are unhappy, they can make negative posts that are offensive and disparaging, in the form of videos or posts. The marketers have the least chance of controlling such posts.

- **Lack of Short Term ROI**

Businesses struggle with how they can measure ROI from social media marketing. Lack of proper method to measure ROI in the short-term makes it difficult to analyse the situation and gauge success of the Internet. Taylor and Bowen (2012) have affirmed that this method can never measure financial sense or gives an accurate picture of the marketing campaign.

- **Time Consuming**

Since social media is interactive and embraces exchange of information, it requires commitment. As such, it requires individuals or business to monitor each network by answering questions, responding to comments, and posting products valued by customers (Dipietro 2014). When a company lacks enough services to manage the networks, it will find it impossible to survive.

- **Privacy and Data Security**

Social networking is intrusive to privacy thus making many social media users avoid sharing their personal information. It justifies the fact that social networks have low-security confidence. Kaplan and Haenlein (2012) have argued that the practice of shaping campaigns and advertising may leak member's information as collected from the social media sites, thus triggering a confidentiality controversy.

## **Opportunities**

- **Share Expertise with Other Countries**

Through social media platforms, companies can share techniques and designs on how to outwit their rivals (Taylor 2009). For instance, the company can develop the best logo on its website to boost its marketing efforts.

- **Reach People where they are**

- The business can reach out to many customers across the world as long as they have access to the Internet.

- **Wide Business Growth**

The platforms expose companies to different opportunities through marketing, thus improving their market base in the market.

- **Advertising**

Social platforms provide the best opportunities for businesses to advertise their products. The firms can use different sites including Facebook, LinkedIn, Twitter, and YouTube among others, to reach more customers.

## **Threats**

- **Lack of Social Media Policy**

Businesses use social media, but they lack clear policies or guide their use, thus posing a grave danger and concern relating to internal audits (Dipietro 2014).

- **Many Competitors**

Many businesses have adopted social media sites to reach out to many customers. This has triggered fierce competition and rivalry among the players in the market.

- **Negative Comments**

Disgruntled customers can always use negative comments or responses that put companies into disrepute. This can give the rivals an edge in the market.

- **Limited Resources**

Companies face difficulties in prioritizing their resources for managing social media sites that require continued monitoring.

## **3 Comparison between Social Media Business and Traditional Business**

A traditional business is one typically engaged in promotions of their products through advertisements on billboards, magazines, and legacy media channels. Traditional business marketing was all about broadcasting business through television and radio. It involved waiting for considerable time to understand the response of the consumers. However, the advantage of the social media business is that it has promoted transparency in business as consumers rely on informative content and online reviews to make decisions on buying products. The response is rapid and social media marketing immediately attracts the attention of target consumers (Aral et al., 2013). Therefore, traditional business could not target specific consumer groups, while social media business could achieve accuracy by targeting desired users. The investigation into



the impact of brand equity through social media compared to social media showed traditional media has an impact on brand awareness and social media strongly influenced the brand image of companies (Bruhn et al., 2012).

The need to adapt to digital social media means a certain investment for the company is needed. It may involve strengthening with special digital characteristics such as setting internal digital infrastructure, deciding media choices and recruiting staffs for the management of websites. However, its advantage is that very low investment is required in digital infrastructure, AS compared to traditional promotion methods (Tiago and Veríssimo, 2014). Currently, sales through social media have significantly increased in the world and companies continuing with traditional media had a dip in the sales. See figure 1.

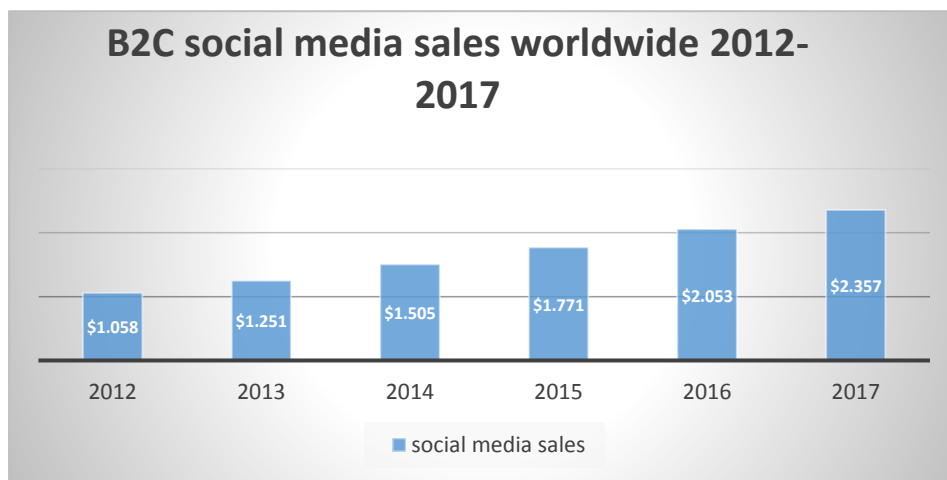


Figure 3.1: Social Media Sales Worldwide 2012-2017 Source: (Eland Digital Marketing, 2017).

#### 4 Business Development and Challenges

Social media presents several opportunities and challenges to business executives. They are constantly seeking ways to engage in the profitable use of social media tools like Facebook, Twitter, discussion forum and other tools (Burt, 2000). The rise of the Internet and smart device users worldwide has contributed to the massive transition from traditional marketing methods to social media marketing. It has revolutionized the way people work and has led to the business development in many ways (Leonardi et al. 2013). Some of the opportunities for business firms include the ability to directly target customers, efficiently promote new products or services, enhance brand awareness, interact with potential customers, analyse the influence of referrals, and review in boosting sale figures (Quinton and Wilson, 2016). Hence, adopting a social media network is the opportunity to promote business relationship development.

Many firms are also challenged by the advent of social media, as they are not clear about the most effective platform to use and how to go about using social media tools for marketing. Although this gives a chance to promote brand awareness and customer loyalty, it also creates many issues through the participation in public forum discussions. Handling negative feedback or reviews may be difficult. There is a need to judiciously handle websites and posts, in order to avoid any misconception or legal issues for the business. The main

priority for business executives will be to carefully choose social media platforms based on the target consumers they aim to reach. Once this is clear, social media or own business applications can be used to engage in straightforward advertising and selling. Alignment of activity will also be important to resolve ambiguity and uncertainty issues (Kaplan and Haenlein, 2010).

## **5 Conclusion and the Future Work**

This paper illustrates some ways in which social media has changed the mode of business marketing and explained its role in brand recognition and building relationships with consumers. Both small and big business firms are now shifting to social media marketing in place of traditional marketing to ensure that they reach target consumers and identify market trends and consumer's interests. The rise in consumer's choice of products and information related to products also puts the business at the sharp end. Business executives are challenged to understand the digital market to maximize profitability in business. The drastic change in social media sales figures worldwide compared to traditional media is a reflection of how social media facilitates business development and growth.

Social media are becoming a prominent tool in business level strategies, as they stimulate innovation and change for MNCs and SMEs. They are contributing towards the development and implementation of contemporary digital marketing strategies due to their engagement with big data.

This paper has provided much needed insight for business executives and marketing practitioners towards their understanding of their correct approach and development in terms of social media marketing strategies. It presents efficient and effective implementation approaches to contemporary marketing tools and specifically social media marketing strategies. Such a development will catalytically facilitate contemporary corporate challenges in marketing using research on current trends and changes in customer practice.

## 6 Reference

2017 Edelman Trust Barometer - Global Results. 2017. Slideshare.net. Retrieved 18 March 2017, from <https://www.slideshare.net/EdelmanInsights/2017-edelman-trust-barometer-global-results-71035413>

Aral, S., Dellarocas, C., and Godes, D. (2013). Introduction to the special issue—social media and business transformation: a framework for research. *Information Systems Research*, 24(1), 3-13.

Bai, J., Guo, J. and Mandel, B.R., 2013. Going global: markups and product quality in the Chinese art market.

Bochel, H. and Daly, G., 2014. *Social policy*. Routledge.

Boone, L.E. and Kurtz, D.L., 2013. *Contemporary marketing*. Cengage learning.

Bruhn, M., Schoenmueller, V., and Schäfer, D. B. (2012). Are social media replacing traditional media in terms of brand equity creation?. *Management Research Review*, 35(9), 770-790.

Burt, R. S. (2000) Decay functions. *Social Networks* 22, 1–28.

Brynjolfsson, E., Hu, Y.J. and Rahman, M.S., 2013. Competing in the age of omnichannel retailing. *MIT Sloan Management Review*, 54(4), p.23.

Dipietro, B. (2014), “Even the best social media policies can’t account for all risks,” *the Wall Street Journal*, available at <http://blogs.wsj.com/riskandcompliance/2014/01/15/even-the-best-social-media-policies-cant-account-for-all-risks/>.

Eland Digital Marketing (2017)., Retrieved 18 March 2017, from <http://www.elanddigitalmarketing.com/single-post/2016/04/16/Digital-marketing-Its-value-to-a-business>

Goud, P. S. (2016). Role of Social Media in Marketing. *Indian Journal of Applied Research*, 6(8).

H. Mintzberg, J.B. Quinn, *The Strategy Process: Concepts, Contexts, Cases*, 2nd edn., Prentice-Hall, 1991.

Kaplan, A. M., and Haenlein, M. (2010). Users of the world, unite! The challenges and opportunities of Social Media. *Business horizons*, 53(1), 59-68.

Kaplan, A M and Haenlein, M, (2012). “Social media: back to the roots and back to the future,” *Journal of Systems and Information Technology*, vol. 14, no. 2, pp. 101-104.

Kaplan, A. M., & Haenlein, M. (2009). Consumers, companies, and virtual social worlds: A qualitative analysis of Second Life Advances in Consumer Research, 36, 873.

King, R.A., Racherla, P. and Bush, V.D., (2014). What we know and don't know about online word-of-mouth: A review and synthesis of the literature. *Journal of Interactive Marketing*, 28(3), pp.167-183.

Leonardi, P.M., Huysman, M. and Steinfield, C., 2013. Enterprise social media: Definition, history, and prospects for the study of social technologies in organizations. *Journal of Computer-Mediated Communication*, 19(1), pp.1-19.

Manrai, A.K., (2015). International and Interdisciplinary Perspectives in Contemporary Marketing. *International Journal of Business*, 14(1), pp.1-5.

O'Murchu, I., Breslin, J.G. and Decker, S. (2004) Online social and business communities. DERI Technical Report 2004-08-12, DERI -Digital Enterprise Research Institute.

Quinton, S., & Wilson, D. (2016). Tensions and ties in social media networks: Towards a model of understanding business relationship development and business performance enhancement through the use of LinkedIn. *Industrial Marketing Management*, 54, 15-24.

Safko, L., & Brake, D. K. (2009). *The social media bible: Tactics, tools, and strategies for business success*. Hoboken, N.J.: John Wiley & Sons.

Salehi, M., Mirzaei, H., Aghaei, M. and Abyari, M., (2012). Dissimilarity of E-marketing VS traditional marketing. *International journal of academic research in business and social sciences*, 2(1), p.510.

Scott, M., Scott, M., & Scott, M. (2017). Understanding the Basic Categories of Social Media Marketing. SEO Blog by Ahrefs. Retrieved 18 March 2017, from <https://ahrefs.com/blog/understanding-basic-categories-social-media-marketing/>

Sharma, P. (November 28, 2008). Core characteristics of web 2.0 services. *TechPluto*.

Singh, S., Sao, A., Nagare, T. B., and Dharmarajan, A. (2017). Role of Social Media Marketing In Brand Building: The New Age Marketing Strategy. *International Journal of Scientific Research*, 5(9).

Srinivasan, S., Rutz, O.J. and Pauwels, K., (2016). Paths to and off purchase: quantifying the impact of traditional marketing and online consumer activity. *Journal of the Academy of Marketing Science*, 44(4), pp.440-453.

Taylor, C R & Bowen, C L, (2012). "New developments for measuring return on investment (ROI) for Internet advertising: building toward a "Brand Scorecard" approach", *The Journal of Advertising and Promotion Research*, vol. 1, no. 1, pp. 9-38.

Taylor, C R, (2009). "The six principles of digital advertising", *International Journal of Advertising*, vol. 28, no. 3, pp. 411-418

Taylor, A. (2017). 47 percent of the world's population now use the Internet, Retrieved 25 March 2017, from [https://www.washingtonpost.com/news/worldviews/wp/2016/11/22/47-percent-of-the-worlds-population-now-use-the-internet-users-study-says/?utm\\_term=.f6ff75507d69](https://www.washingtonpost.com/news/worldviews/wp/2016/11/22/47-percent-of-the-worlds-population-now-use-the-internet-users-study-says/?utm_term=.f6ff75507d69)

Tiago, M. T. P. M. B., & Veríssimo, J. M. C. (2014). Digital marketing and social media: Why bother?. *Business Horizons*, 57(6), 703-708.

Trainor, K.J., Andzulis, J.M., Rapp, A. and Agnihotri, R., (2014). Social media technology usage and customer relationship performance: A capabilities-based examination of social CRM. *Journal of Business Research*, 67(6), pp.1201-1208.