

# EFFECTIVE USES OF SOCIAL MEDIA IN BUSINESS

Box, Cody  
Durham, Kathryn

Sam Houston State University – 3/7/2013

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## **BACKGROUND**

It is believed that social media began in 1997 when people began blogging. At this time, there were only 1 million web pages (Curtis, 2013). In 2002 Friendster was introduced. Friendster can be described as the early MySpace. It allowed users to find and talk with their friends online. Three months after Friendster went online, it gained 3 million members (Curtis 2013). In 2003 MySpace was created and within a year surpassed Friendster as the most popular social media website. LinkedIn, a social media site for business professionals, was also created in 2003. Both of these sites are still active today.

In 2004 Mark Zuckerberg created a site called Facebook for his fellow Harvard University students. This allowed students with a Harvard University email to create an account and connect with one another. In 2005, Facebook began to allow high school students to join. In 2006, Facebook allows anyone over the age of 13 to join their site. There were 25 billion web pages. Facebook became the number one social media outlet in 2009 with 200 million users worldwide. The same year Twitter, a micro blogging site, was created. According to Dr. Anthony Curtis of the University of North Carolina at Pembroke, "Twitter broke a hard news story about a plane crash in the Hudson River. The New York Times later reported a user on a ferry had sent a tweet, 'There's a plane in the Hudson. I'm on the ferry going to pick up the people. Crazy.'" It was becoming clear that social media sites were a force to be reckoned with.

By 2010, 30% of the world's population was on a social media site, and it is estimated that by 2015, that number will jump to 60% (Curtis, 2013). By 2011, social media had become accessible by smart phones and tablets. People no longer had to be sitting in front of a computer to access the web. Data shows that "213 million Americans use the Internet via computers while 52 million use the Web via smartphone and 55 million use it via tablets" (Curtis, 2013).

## **EXPLAINING SOCIAL MEDIA**

"Social media refers to activities, practices, and behaviors among communities of people who gather online to share information, knowledge, and opinions using conversational media. Conversational media are Web-based applications that make it possible to create and easily transmit content in the form of words, pictures, videos, and audios" (Safako & Brake, 2009).

Social media has gained a global presence over the last few years. The social-media medium has come a long way from early blogging. Many platforms of social-media exist today; however, there may be countless platforms created in the future. Podcasts are video and audio files that can be subscribed to by anyone. When a new podcast is created,

the subscribers will immediately gain access to these. Another platform, the most common, are social networks that allow people to build personal web pages as well as connect with friends to communicate and share content. The most popular social networks include Facebook, MySpace, and Bebo.

Another category of social-media are content communities, or forums, that group together related content of bookmarked links, videos, pictures, and topics together to form suggestions or recommendations for the consumer. This process does not only group a single user's interest but groups millions of users together. From this point they can discuss and share their own unique ideas on the topic. The most popular websites that use this platform include: YouTube, Flickr, and Pinterest. One of the last forms of social-media talked about in this report is blogs. Blogs are online journals kept by a range of professionals to everyday Joes. Similar to podcasts, users can subscribe to blogs and access new information immediately (Campbell, 2012).

## **STAGES OF USING SOCIAL MEDIA**

Social media is an ever-growing industry that has only begun to be taken advantage of by businesses in the past few years. This industry, if used properly, can become a major revenue generator for a company; if used incorrectly, the time, effort and money put into advertising could go to waste. A company can properly utilize social media to create more business by connecting with over a billion online users worldwide. Promoting a brand's image through creative and exciting promotions can positively affect the awareness of your brand. Social networking allows a brand to reach potential customers that may have been unaware of the brand due to having never discovered the brand through other means of marketing. Companies can impact their customer service greatly by being able to interact with customers' questions, complaints and concerns instantly twenty-four seven. A company can share business insights and press releases quickly, and the limits of promotions, customer engagement and crowd-sourced activities are endless..

### **Beginning Stages**

In order to properly use the different styles of social media a company must determine what its target market will be. The type of company that is trying to use the different types of social media will play a factor in which type it will eventually use.

If a company is trying to connect with the younger generation of kids, it will more than likely use websites such as Facebook, Twitter, or Instagram. People that are in high school and college, along with people in their late 20s, most commonly use these websites and applications.

## *Facebook*

Facebook has people of all ages using it to connect or reconnect with family and friends. The ages of people using Facebook seem to be ranging anywhere between the early teens and people in their 70s and beyond. When using this website one must keep in mind that there are posts made by people constantly. This will quickly reduce the amount of time that advertisements will be seen by users. A way to compensate for this is to create either a personal or a company page where current and potential customers can learn more about the company and stay up-to-date on what the company is doing.

Starting the page is the easiest step because all that needs to be done is enter basic information. . Other miscellaneous information can be added as well; such as, the name of the company, where it is located, a phone number, company mission and vision statements, brief history, and any other facts that the firm finds pertinent to its existing or even potential customers.

## *Twitter*

Twitter is the most recent of the social media fads. This website and application is constantly being used. Certain television shows even have a live feed of tweets running throughout the show. Setting up an account for people to follow can help grow a business. The basic information of the company will not be posted on the profile page, but there are other ways to get the information.

The company can post a picture of the logo, and can tweet about current events. If a promotion is being run then the firm can run an advertisement campaign through Twitter. The tweets can contain information on where to retrieve the promotion code for the sale, or it can provide a direct link that automatically enables the discount or other endorsements that the company may be offering.

## **Intermediate Stages**

For all of the websites and applications being used to help grow a business, the intermediate stage is an important step. This is where putting the right information out for the public to view can begin to help or hurt a company. A general theory is that the attention span in people is shortening, so it is important to immediately grab the audience's attention and keep it. Supplying customers with the correct information is what will help catch and keep their attention.

Promoting the company is another big step in this process. Steve Nicholls said in *Facebook: 10 steps to making it pay for your business*, ““Make sure you download the Facebook widget that you can install on your company website, to link directly to your fan page, and place it prominently. I often find them too hidden”” (Maxwell, 2012). Once customers are unable to find a link to the page, or have difficulty finding the page in general, then that company is losing opportunities to generate more revenue.

Facebook has the capability of running advertisements all day long. Large companies and even small businesses are able to run an advertisement on Facebook.

For Twitter the main focus that should coincide with promoting on the company website should be figuring out how to get the company to “trend.” Trending is a term that means that a certain fad is being talked about continuously. Generating original hashtags is a good way to attract attention to a company. Gareth Drew said, “With one tweet we may reach a thousand customers, compare this to the cost and effort of reaching the same number of people via telemarketing or direct mail” (Rowland, 2012).

### **Final Stages**

The final stages are where all of these important factors are put into action. It is where all of the hard work and planning pays off. In order to make sure that all of the effort put into this there is a few things to remember.

Having compelling content and original advertisements is key. If a customer is on Facebook, Twitter, or Instagram and comes across a boring advertisement, they will just keep scrolling and not think twice about looking at it.

Getting to know the consumer is vital. Being able to engage a customer in a design process can provide insight as to what the people actually want instead of taking a guess. Steve Nicholls claimed, “Effectively what you've got online is this massive focus group and if you can engage with them they could create for you. Add apps like SurveyMonkey or Polls and ask people what they'd like your business to do for them next” (Maxwell, 2012). Getting the opinion of customers could create a loyal consumer base because they will begin to believe that the company actually cares about what they want instead of making whatever they choose.

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## **BUSINESSES USING SOCIAL MEDIA**

We live in an ever-shrinking world. It is now not only possible, but common practice to interact with people who live on different continents. Social media has changed the way that several global industries do business. It takes less than five minutes to book a flight from Texas to New York, or make hotel reservations in Sweden. Companies are continuously inventing ways to make their online web pages more effective for their business and more convenient for their consumers. Companies would benefit from allowing communication from consumers through social media.

### **Tourism Industry**

Travelers use social media for every aspect of their travel experience. From researching

and planning, to their trip, to updating social media outlets as to what's going on while they are on their trip. "Tourism organizations that do not adopt social media will lack a competitive advantage" (Hays, Page, & Buhalis, 2012).

Travel services, because of social media, now allow individuals to voice their thoughts, reviews, and opinions on their sites. Consumers are able to speak directly with one another to make decisions. Word-of-mouth has become the most important marketing tool on social media sites and the travel industry is no exception. Consumers are constantly telling people they know the pros and cons about the trip they just went on and the service they received. "92% of consumers say they trust earned media, such as word-of-mouth and recommendations from friends, family above all other forms of advertising, and 70% of consumers worldwide say they trust online reviews from previous customers the most" (Revesencio, 2012). "Online consumer-generated content is perceived as highly credible" (Gaurav, 2012, p.8)

Social media can be used effectively in this industry by well-placed marketing tools, positive consumer feedback, and communication with consumers. Enticing advertisements strategically placed on frequently visited social media outlets tend to have a cause and effect. Consumers realize how long it has been since their last vacation and start to research alluring destinations with the help of the advertised travel site. Customer feedback is another important tool to the travel industry. Customer reviews can make or break a business. Take Carnival for example. Due to the incident in the Gulf of Mexico aboard the Triumph, people have begun to swear off cruises. Most of those people have never been on a cruise, and have now chosen to never go. This not only hurts Carnival, but has had a negative impact on the entire cruise industry.

Communication also plays a key role in business. Consumers want to be heard; they want a voice. Consumers don't want an automated reply to a Twitter post. They want to know that an actual person read what they had to say and took the time to reply. People will no longer want to support a company that doesn't support them back. Consumers will lose interest and the number of 'followers' or 'fans' will rapidly decrease.

## **Large Corporations**

In today's world, it is rare for a business to not have a social media page, whether it's Twitter, Facebook, or a blog. A study done by the University of Massachusetts Dartmouth looked at Fortune 500 companies to see how they were effectively using social media (Barnes, 2012). Corporate Giants, such as the Corporations on the Fortune 500 list, have been hesitant in the past to hop on board with the social media trend. "In the past year, these business giants have increased their adoption of blogging by 5%, their use of Twitter for corporate communications by 11% and their use of Facebook pages by 8%" (Barnes, 2012, Conclusion). Increases in these categories are important for the continuous success of these businesses.

While many corporations are still lagging in their use of social media, it seems they are

slowly realizing just how important having a social media page can be. General Motors removed their Facebook page and tried to discontinue their social media use, only to quickly return and try to rebuild what they had lost. A great example of a successful corporate giant on social media is Coca Cola. According to their Facebook page, approximately 59 million Facebook users 'like' their page. Although the number of 'likes' does not reflect the number of sales, having that many 'likes' makes a really good impression to consumers that may have never used that product.

Even though large companies already have an established reputation, it can still be beneficial for them to attain a social media page. Large corporations can be perceived as distant and unattainable to their consumers. Social media helps to mend that gap, and reminds consumers that behind the large name brand, the employees and executives behind the corporation are just people. It helps the consumers identify with the producers, showing a human side of the corporation. Social media brings CEOs and other top executives to the same status as the average citizen.

### **Global Market**

Social media sites are and will always continue to be global. It is essential to know consumers in a particular market before trying to socially engage with them. Doing research ahead of time is vital to a company's reputation. When posting to social media, a company needs to know their audience. Take McDonalds for example. McDonalds' customers worldwide have access to the same social media pages that customers in the United States do. It is not uncommon to look at the comment section of Facebook and see several different languages. Therefore, in order for a post to be effective, McDonalds needs to know that using American idioms and sense of humor is not the best approach. In order to be effective in a global consumer pursuit, a company might want to create a liaison position to better reach specific audiences. It is better for a company to play it safe, than to gain a bad first impression. Even in foreign markets, a good word of mouth reputation is vital.

In developed countries like the United States, social media can be a tool to help businesses succeed. In lesser-developed countries, however, social media can often have the opposite effect. It is thought that this is because people in the less developed countries have not had an outlet to voice their opinions until social media. (Behrens 2013). For example, Brazilian customers resort to complaining through social media about a business that has treated them poorly. The plus side to this is that those issues will be resolved quicker. It's important to resolve issues in a timely manner to make the customer feel as if they were important to the company. Prolonging a complaint will only give the customer more time to spread negative feedback about that company.

Whether it's a Fortune 500 corporation, or a small business in rural Kansas, any business can be global when social media is used effectively. Effective uses of social media on a global scale include knowing the audience, resolving issues in a timely manner, and adjusting products and services to meet that particular groups needs.

## STRATEGIES

According to *Harvard Business Review*, a study was conducted by interviewing 70 executives as well as analyzing more than 1,100 companies' strategies in various industries across multiple continents in which they produced four main effective social-media strategies. These strategies include: predictive practitioner, creative experimenter, social media champion, and social media transformer (Wilson, Guinan, Salvatore, Weinberg, 2011).

The "predictive practitioner" approach focuses on a particular area *for instance, customer service*. This tactic lets companies brainstorm new product ideas with the consumers on a social platform. The "predictive practitioner" method is mostly effective due to the quick response companies can get from their consumers or fans. An example of the "predictive practitioner" approach comes from the study of Clorox's social media team in developing "Clorox Connects." This is a website that allows the ideas, brainstorming, and creativity to come together. Clorox posted a query: "We're working on X product idea. What features would you like to see included?" This approach worked as five speedy responses came in. Clorox came to an agreement within a day and started on the product development process (Wilson, Guinan, Salvatore, Weinberg, 2011).

The "creative experimenter" technique is similar to the above strategy as it aims to learn by listening to consumers and employees on social-media networks such as Facebook and Twitter. This technique can also be done internally on networks like "intranets". Listening and inviting consumers to "post" or "tweet" about their products is widely used. For example, Lays offered a \$1 million prize for a new flavor suggestion. Lays simply set back, listened, and learned what the consumers want (Berr, 2013)

The third strategy used the "social media transformer". This technique brings large-scale interactions that reach out to external stakeholders to discover the unexpected to improve business (Wilson, Guinan, Salvatore, Weinberg, 2011). For example, Cisco's IT center developed "a centralized environment needed where Cisco IT users can collaborate, share knowledge, and find experts and information easily and efficiently" (Cisco, n.d.). Cisco created not only a community within the company but externally where IT departments across the globe can share information along with resources to provide a stronger and more protective business.

The fourth strategy researched by *Harvard Business Review* is the "social media champion". "This involves large initiatives designed for predictable results. It may depend on close collaboration across multiple functions and levels and include external parties" (Businessweek, 2010). A great company example of this method is Ford. In 2009, Ford created their "Fiesta Movement Campaign". This campaign provided 100 Ford Fiesta cars to recipients for six months which in return they would use social media to talk about their experiences. The recipients had set dates where they had to post on a social platform about their experience. In return, these recipients posted more than 60,000 items which included 4.3 Million YouTube views (Wilson, Guinan, Salvatore, Weinberg, 2011).

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## BENEFITS OF USING SOCIAL MEDIA

Meeting people, connections, Advertising. As of today if a face to face conversation is wanted or requested from an individual in St Petersburg, FL to Sydney, Australia. there are such ways. which this then enables more and more International Business for more relations. thus development is formed and clientele increases.

The development of social media skills and technology has inspired this generation and future generations to communicate better, and increase relations and money, which is the main factor in the expansion and globalization of Social Media.

***Small Business Use of Social Media Marketing Tools***

Social Media Tool	Using this Tool	Find it Effective
Facebook	95%	82%
Twitter	60%	47%
LinkedIn	58%	47%
Video Sharing	45%	73%
Daily/Local Deals	23%	55%

*\*Note: Data collected from those who report using social media.*

Source: Constant Contact Spring 2011 Attitudes and Outlooks Survey

Visual Communication has come along way in the twenty first century, Facebook has an application to connect with each other now, from the chart above it shows the diversity and the percentage of users that each web domain incurred and out of the percentage users how many agree that it is a helpful tool to connect and advertise.

With the sources that are at hand in todays times, there is no reason that when a business is created or on the rise it is possible to have major money making ability. If a business is set up in the right way and advertising and customer service is very helpful to direct customers and even curious individuals to check out the product at hand it is possible that more people and even larger companies will notice and it will increase maximum profitability and widen sources and clientele.

Great examples for results of Using Social Media could be Snuggie, Snuggie marketed itself with some of the best ways. When asked by Oprah how his company could still see record sales during a recessionary period, Snuggie's owner Scott Boilen listed three reasons why he feels his company has been so successful:

- 1. Great commercials*
- 2. Great product*
- 3. Value Price Point (\$14.95)*

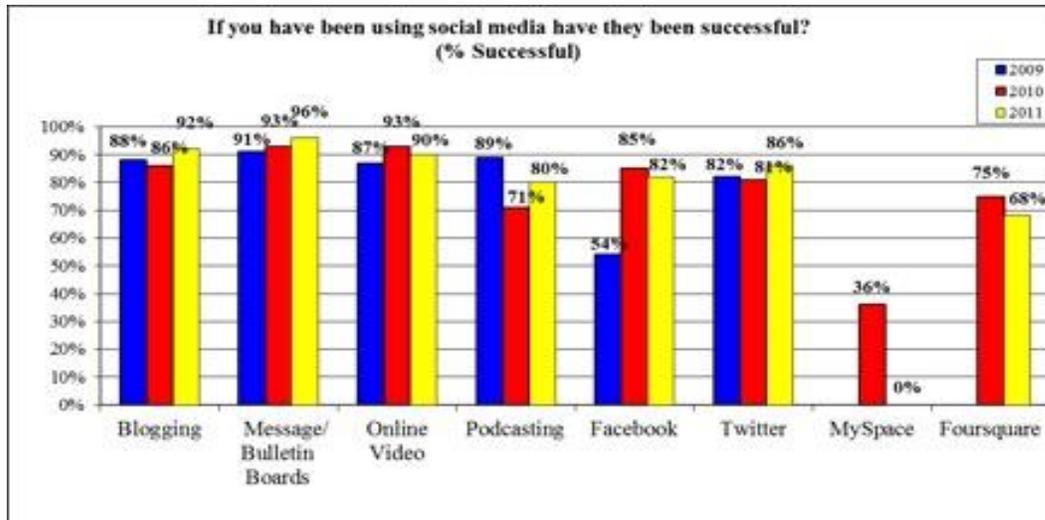
These successful tactics were all a part of their business planning process that was restructured as they went along. They tested 1000 items--these items were sent to friends and family. Soon after, they received more orders than expected. Revenues were projected at 60 million dollars. The full article is

The future projections of social media are as enormous as the surface has barely been scratched of what is possible; we have gone from mail ads to telemarketers to billboards to the internet. The communication style for this modern time has really only been around for the last ten to fifteen years. Social Media is only growing, expanding and advancing in ways to service individuals and businesses.

As for using Social Media in the best and most economical ways possible, is to market yourself better than anyone before. As explained Internet is an amazing way to get the name of a company and product out into the world, but along with that comes word of mouth which is great too, this means getting out and talking to people to spread the knowledge of a product or the start up and the growth of a business. One thing that interests one person may very well not interest another, which brings different methods of communication to a must in the world of business.

## CONCLUSIONS AND RECOMMENDATIONS

Effectively using social media adds value to a business by solidifying reputation, improving communication, and growing business. It is recommended that the information presented in this report is taken and applied for business growth through social media. Social media will continue to evolve as the world becomes increasingly more technologically dependent. In the study below conducted by the University of Massachusetts at Dartmouth, you can see the success rate of effectively using social media has on a business. The study compares use of social media in 2011 of Inc 500 companies to that of previous years (Barnes, Lescault, 2011).



We encourage you to create a social media page. Whether it's a blog, a Facebook page, or a Twitter account, gaining a competitive advantage by effectively using social media will be one of the best decisions your company ever makes.

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