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Article

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MIXING SOCIAL INTO SOCIAL MEDIA: ON-LINE NETWORKING IS TRANSFORMING THE WAY OF BUSINESS ALL OVER THE GLOBE¹

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Abstract: *In last three years, we are witnessing an explosion on social media scene: more and more actors, spectacular growth. So, the social media phenomena cannot be ignored and it is global. Now, in 2011, Facebook is bigger than ever - the most visited site on the Internet. The popularity of social networks like Facebook, Twitter and YouTube, together with the growth of social technologies like blogs and wikis, presents a huge opportunity for marketers. This paper aims to present some facts about social-media users and about its incidence in Romania.*

Keywords: social-media, network

JEL Classification: J11, M31

Motto: *The losers launched Web sites. The winners launched vibrant communities. The losers built walled gardens. The winners built public squares. The losers innovated internally. The winners innovated with their users. The losers jealously guarded their data and software interfaces. The winners shared them with everyone”*

Tapscott and Williams²

1. INTRODUCTION

In 2003, a certain Mark Zuckerberg was unaware that he was opening a new page of human history. In his Harvard college dormitory, he put the finishing touches to a website called Facemash. Facemash has become Facebook and now, seven years later that new-born site has over 500 million users worldwide.

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² Tapscott, D., Williams, A., Wikinomics, Ed. Publica, București, 2010

On April, the 20th 2011 Mark Zuckerberg hosted President Obama at the headquarters of Facebook, asking the questions that were submitted in advance and over the Web. The event was streamed live over Facebook, demonstrating the media power of a college experiment gone so viral that traditional television networks could be nervous.

Tech Trader Daily states that as of January 20th, 2010, Facebook was valued at roughly \$14 billion. In 2011, The New York Times says that the deal sets the company's valuation at a whopping \$50 billion. Facebook's worth has fluctuated between \$14 billion and \$50 billion within an year. In September 2010, Facebook was worth between \$23 billion and \$33 billion, and in November 2010 it was worth \$41 billion.

Google's market capital as of October 5 2009 was \$153.4 billion, of November 2010 was \$163.2 billion. MSNBC's Motley Fool states that search monster Google could be worth \$200 billion. And that after the moment October 2006, when they have bought You Tube for \$1.65 billion - strengthening and complementing Google's own fast-growing video business.

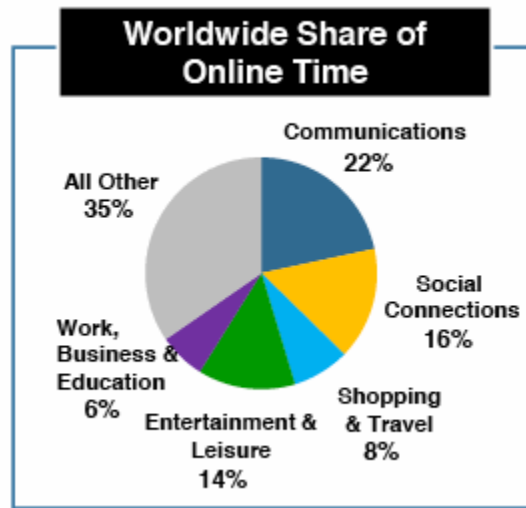
Twitter – microblogging network with 200 million users worldwide - is evaluated at 10 billion dollars in 2011 after giants Google and Facebook (after \$1 billion in 2011) and the fastest-growing company ever, Web phenom Groupon, which updates its online audience about deep discounts on products and services, worths \$750 million in 2011.

That's just a sampling of a few of the major players on the social media scene. Social media represents a paradigm shift in the way that we as a people communicate and interact with one another.

2. INTERNET AND SOCIAL MEDIA

The annual "State of the Internet" report Internet highlights for 2010 worldwide, including strong growth in Asian usage, in social networking, video entertainment and in Google's dominance of search.

Figure 1 - Worldwide Share of the Internet



Source: <http://www.akamai.com/stateoftheinternet/>

In 1996, two-thirds of the world's online population was in the United States; now, the U.S. accounts for only 21% of worldwide users, comScore notes. Internet usage in Asia and the Pacific rose 14% in the last year and will account for 42% of users in two years.

The total number of internet users worldwide reached \$1 billion in March 2010: 4 out of every 10 were in Asia, and only 2 out of 10 were from North America. There are 77.5 million more Internet users today than this time last year. Other key findings from the report: broadband facilitates multimedia and online entertainment, and those two categories will only continue to grow as the world online population grows – Witness Youtube. Communication tools, e-mail and IM, are still the killer category of usage in all regions, followed by Social Connections and Multimedia Entertainment.

Google is the dominant search brand in most countries, including most of Europe and Latin America, with a few significant exceptions — countries where Chinese, Korean, and Russian languages dominate. Chinese language search engine Baidu currently ranks no. 3 in worldwide search market share, behind Google and Yahoo!

The number of worldwide visitors to social networking sites has grown 34 percent in the past year to 530 million, representing approximately 2 out of every 3 Internet users. MySpace and Facebook are in a tight battle for the global leadership position, each attracting more than 100 million visitors per month.

2.1. Facebook Statistics

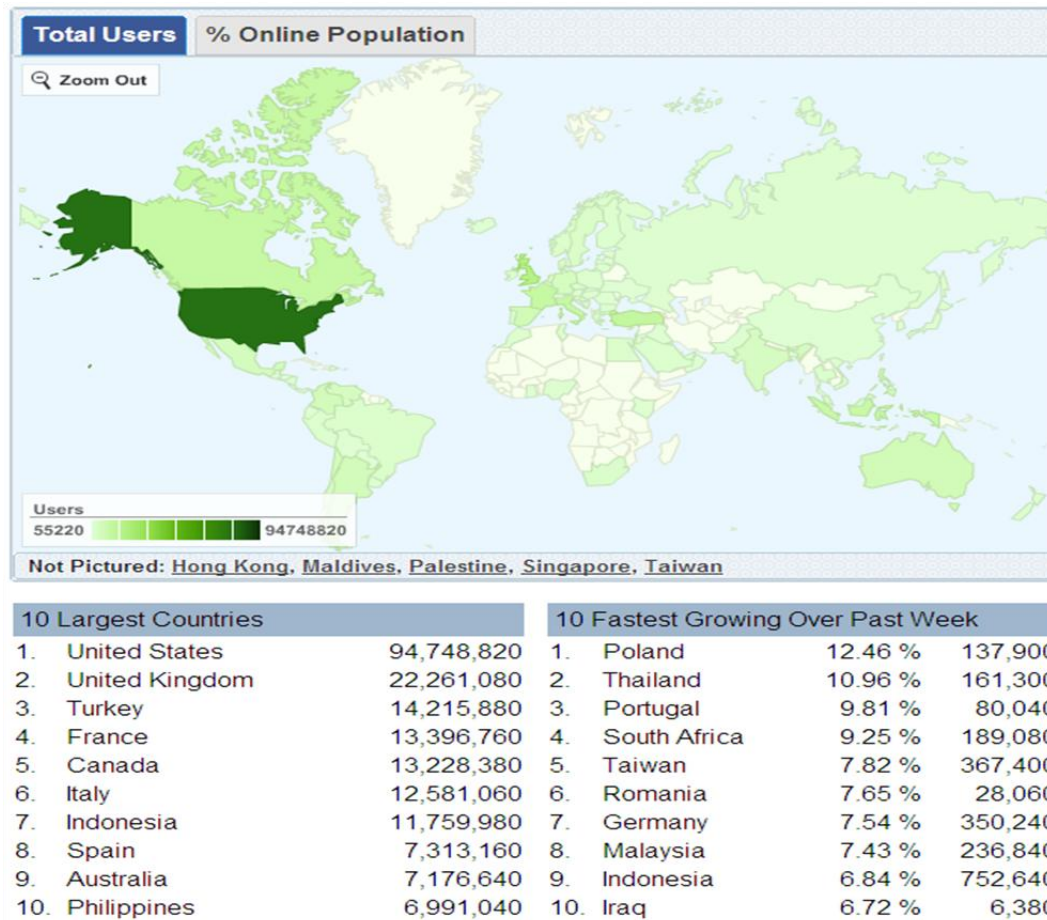
Ken Burbary, who has studied in the past years the Facebook situation, has published some information concerning Facebook.com average user figures and facts, following checkfacebook.com and facebook.com sources. So, the average Facebook user:

- has 130 friends on the site;
- sends 8 friend requests per month;
- spends an average 15 hours and 33 minutes on Facebook per month;
- visits the site 40 times per month;
- spends 23:20 minutes on each visit;
- is connected to 80 community pages, groups and events;
- creates 90 pieces of content each month.

In the mean time, he noticed that:

- 200 million people access Facebook via a mobile device each day;
- More than 30 billion pieces of content are shared each day;
- Users that access Facebook on mobile devices are twice as active on Facebook compared to non-mobile users;
- Facebook generates a staggering 770 billion page views per month;
- More than 70% of Facebook users come from outside the United States.
- Global User Population: 629,982,480

Figure 2 - Total Facebook users. March 2011

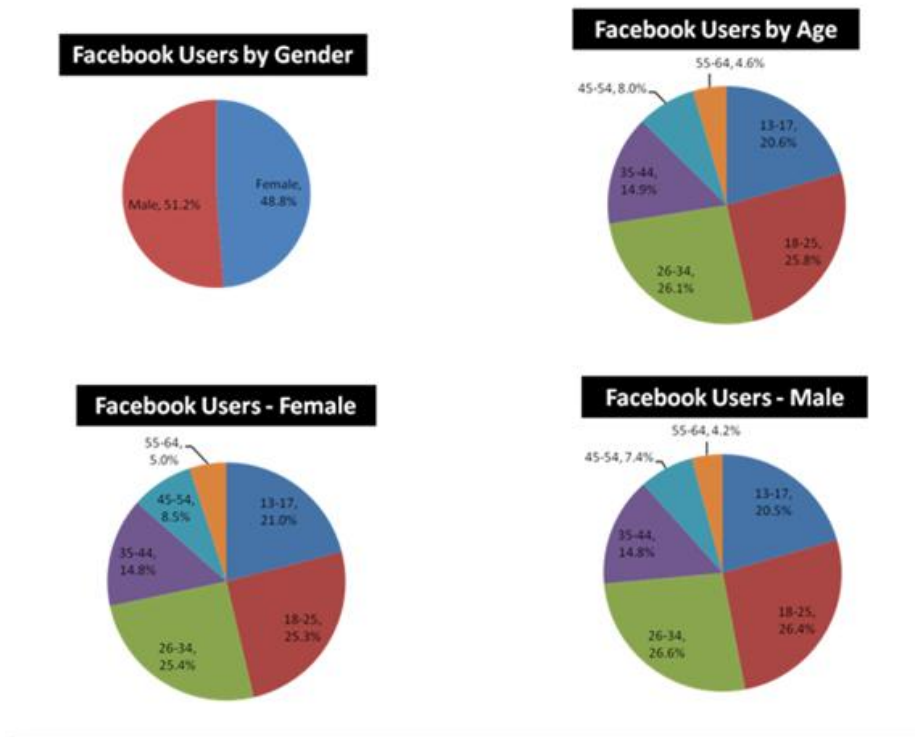


Source: checkfacebook.com

As the charts below illustrate, the total Facebook population is made up of millions of people across a range of ages groups. While young adults (18-25) led the way, now with a combined ~25.8% of the users (almost double the size from a year ago) are the second, the 26-34 group is now bigger: ~26.1% of the users. According to the data from Facebook there a combined ~12.6% of the people over the age of 45 active on Facebook. These are impressive user numbers from an older demographic that continue to grow. It's important to note that the 55-64 age group is the most growing group, further evidence that Facebook isn't limited to "young" people.

In Europe, we can see that Romania is no. 3 ranked (after Poland and Portugal) on the fastest growing rate in March 2011, and on global level, is no. 6. We can easily see that Europe and Asia are the most dynamic areas in terms of using Facebook as the main social media. But USA remains the country with the largest Facebook community.

Figure 3 - Global Facebook Users Demographics. March 2011

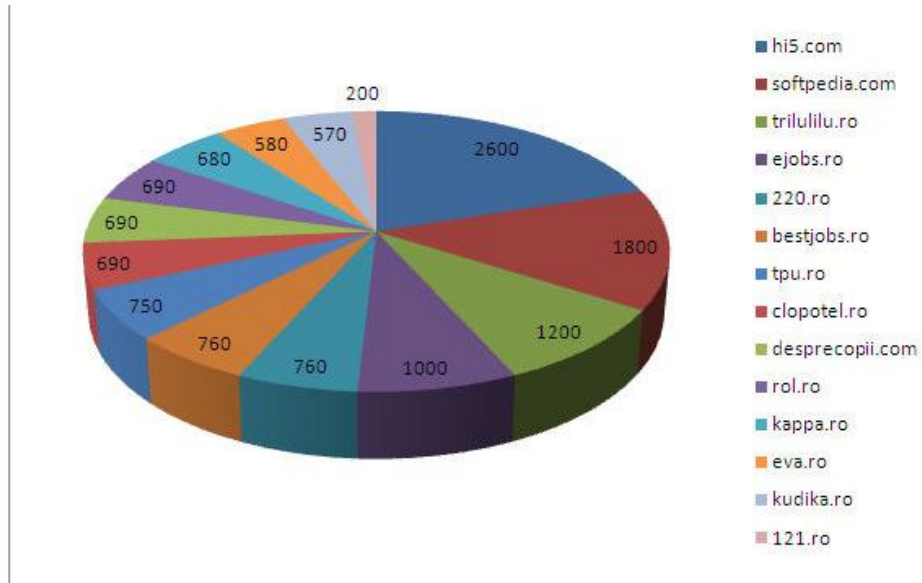


Source: checkfacebook.com

2.2. Social Media Statistics for Romania

Facebook is the first on global, continental, national, regional or local level. Online personality of each country, on communication level, is represented precisely by forming social networks and by communities that are inter-connecting. In the figure below you can observe which are the virtual spaces (except Facebook) where the Romanians are spending their real time.

Figure 4 - Unique visitors (thousands), except Facebook. Romania. March 2010



Source: <http://www.iseomseo.ro/uncategorized/cele-mai-importante-15-retele-sociale-si-comunitati-din-romania-2746>

Facebook has by far the supremacy. It holds up to 3.9 million unique visitors (October 2010) in Romania. According to Google AdPlanner, the no.2 Romania's social network is Hi5.com, which owns 20% of the market, followed by Softpedia community, 14%, and then by Trilulilu - with 1,200,000 UV -9% . The Trilulilu community is a combination of a social networking functionality, a forum and a media site and had a fast rising among the Internet users in Romania. It can be considered the Romanian equivalent of YouTube, for the wide variety of proposed content, especially in terms of music, and the numbers speak enough about its importance.

It seems that Romanians appreciate sites that offer forums and create community. Places where they can discuss and especially where they can find answers to questions bothering them. Even if they are not necessarily offered by persons with recognized expertise (doctors, designers, beauty-stylist, etc.) the fact that they receive feedback at their questions makes them come back and become a part of that online community.

The fact that among the top fifteen positions there are women forums and communities is an indicator of this segment of Internet users' behavior. That reflects a high degree of loyalty towards the online community, but also a constant activity as a community.

3. SOCIAL MEDIA POTENTIAL FOR BUSINESS

Jean-Philippe Courtois, president of Microsoft International, says: "The explosion of social networking with consumers has changed their expectations about how they can and should connect with businesses. 'Real-time' is a new imperative, which is causing many businesses to rethink their customer relations strategies via digital marketing."

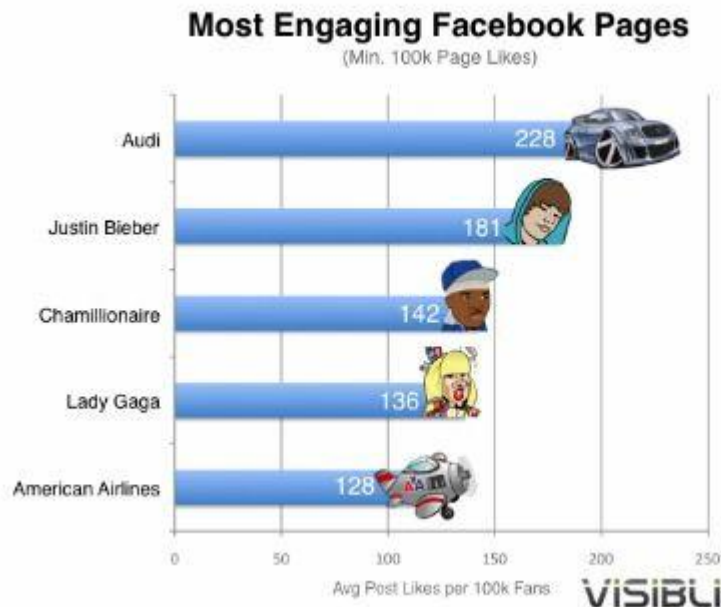
This means when people start Tweeting or posting on Facebook that they're planning a holiday or buying a car they can be approached pro-actively. The business can come to the consumer instead of the other way round.

Facebook is the latest fashion and has a bewitching popularity. Everyone who has a name, company or celebrity, is spending small fortunes to make their presence as well felt on social media. Joanna Shields, Facebook's vice president and managing director for Europe the Middle East and Africa, has called social media "the most engaged audience ever assembled".

A study of Visibli, cited by Mashable.com, shows that Audi has the most active fans on Facebook, even more than Lady Gaga or Justin Bieber and, the most important, more than any other automaker. Actually, American Airlines is the first company that entered the top marked by names of celebrities.

Visibli analyzed more than 200 million Facebook users in February and March and verifying their engagement across various Fan Pages. Looking at the data, Audi was found to have the most-engaged fans out there - among pages with more than 100,000 "Likes." For each status update, the automaker got more than 225 "Likes" per 100,000 fans, which bested even Justin Bieber (181) and Lady Gaga (136).

Figure 5 - Most Engaging Facebook. Pages. March 2011



Source: <http://mashable.com/2011/04/22/audis-facebook-bieber/>

Finally, the study found that the shelf-life of a status update seems to be about a day. Within the first seven hours, a Facebook post gets about 80% of all the “Likes” it’s going to get. By 22 hours, it’s got 95% of all its “Likes.” That, at least, is better than the lifespan of a tweet. According to a recent study by Sysomos, 96.9% of replies to a tweet happen in the first hour. Visibili’s report comes after Buddy Media recently looked at best practices in Facebook status updates and discovered that posts on Thursdays and Fridays performed best, and posts of 80 characters or less got 27% more engagement than those that were more than 80 characters.

Socialmediatoday.com proposes a simple and wise evaluating of success on social media, for business purpose, called KISS.

K - Knowledge Management - If you collect all knowledge of the employees, in a "cloud" and you encourage them to exchange all the knowledge, you can stimulate the appearance of wikis, networks, blogs, Intranet.

I - Intelligence - Social network is the direct route that can provide complete information about products/services, customers and competition. When customers are unhappy with goods or services, they will say that in reviews, tweets or messages on Facebook. It’s easy to see how you have to improve to be like they want you to be.

S - Sales - Through social networking, customers can become true "attorneys" of a brand. They will encourage friends and family to use the same products / services. It's not a new concept, but redefined by social media. Social network is the cheapest way to promote.

S – Support - One of the most overlooked problems in the social media is the customer support. Customer support is a vital point.

Rich Green, chief technology officer at Nokia, says: "The big 'a-ha' moment is when enterprises finally realize that their digital existences are being defined by the consumer world, not the reverse. It is hubris to think that an enterprise can 'use' social media for its advantage. Better to think how an enterprise is positioned in the modern world and hopes to share in the positive benefits that may result."

CONCLUSIONS

The fact remains that social media is a societal trend. Online networking is transforming the way businesses operate but few understand its true implications. The unfamiliar internal and external challenges of social media determine many brands to ignore the opportunities. They must develop new marketing methods to match these new social media channels.

Like Tapscott and Williams said, there is a huge difference between the power of a site and the power of a community. Starbucks gets 1.8 million visitors to its website every month, Coca Cola some 270,000. By contrast their Facebook pages get 19.4 million and 22.5 million respectively, roughly 10 times the traffic. And every one of those people has given those companies permission to talk to them. The web is being rebuilt around people.

Social media makes the world more transparent, companies deal directly with consumers, be they individuals or organisations. At the Social Media Summit Timișoara, Dan Vîrtoeanu (General Manager, Voxline) said that social media's future is mobile: there are over 5 billion mobile-users around the globe and among them over one billion that access Internet on mobile phones (240% increase in access to social networking on mobile). In the mean time, we witness a 200% increase in first six months of data traffic on mobile; 160 million videos viewed daily on the mobile of the 2 billion total displayed. So, accessing mobile social media platform is the fastest way to disseminate information and has the greatest impact on brand. And all this leads to communication beyond social media.

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