

THE USE OF FACEBOOK FOR MARKETING PURPOSES AMONG SMES AS A MODERN MARKETING METHOD – RESEARCH RESULTS FROM POLAND

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Over the last couple of years social media have transformed the way in which marketing is carried out. The aim of this article is to present barriers that prevent SMEs to use Facebook for their marketing purposes. This article presents the research results carried out in Lodz Voivodship in Poland.

Key words: facebook, makreting, SMEs, social media, Łódź Voivodeship.

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ВИКОРИСТАННЯ FACEBOOK В МАРКЕТИНГОВИХ ЦІЛЯХ МСП ЯК СУЧАСНИЙ МЕТОД МАРКЕТИНГУ – РЕЗУЛЬТАТИ ДОСЛІДЖЕНЬ З ПОЛЬЩІ

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За декілька останніх років соціальні медіа трансформували підхід до використання маркетингу. Метою статті є визначення бар'єрів, які заважають малому та середньому підприємництву використовувати Facebook для їх маркетингових цілей. Подано результати дослідження, проведеного в Лодзькому воєводстві в Польщі.

Ключові слова: facebook, маркетинг, МСП, соціальні медіа, Лодзьке воєводство.

Statement of the problem

The enormous growth of social media (fig. 1) carries many implications, one of which is how social media technologies can transform business and especially marketing. Numerous marketing departments in companies are now facing difficult questions related to social media. Should and if so how marketers engage online communities on Facebook to increase brand awareness and reach out to consumers for product ideas? This article aim is to present barriers that prevent SMEs to use Facebook for their marketing purposes. This article presents the research results carried out in Lodz Voivodship in Poland.

Analysis of recent research and publications

Since social media is a relatively new concept, social media experts have not finished to debate a proper definition of the term, and deciding on a universally accepted definition may prove impossible. Nevertheless, taking into account definitions from several social media experts assists in determining a reasonable definition – one that accurately describes the core purpose of social media.

Safko and Brake observe that social media “refers to activities, practices, and behaviors among communities of people who gather online to share information, knowledge, and opinions using conversational media”¹. Weinberg notes that social media “relates to the sharing of information, experiences, and perspectives throughout community-oriented websites”². Comm believes that social

¹ Safko, L., & Brake, D. K. (2009). *The social media bible: Tactics, tools & strategies for business success*. Hoboken, NJ: John Wiley & Sons., p.6.

² Weinberg, T. (2009). *The new community rules: Marketing on the social web*. Sebastopol, CA: O'Reilly Media, Inc. p.1.

media is “content that has been created by its audience”¹. The Universal McCann report refers to social media as “online applications, platforms and media which aim to facilitate interaction, collaboration, and the sharing of content”². The preceding definitions describe various aspects of social media but do not grasp its essence. Zarrella offers a basic definition that brings clarity to the term: “Social media consists of online technologies that facilitate the creation and distribution of content”³. Concise and simple, this definition lays the foundation for a proper understanding of additional facets of social media.

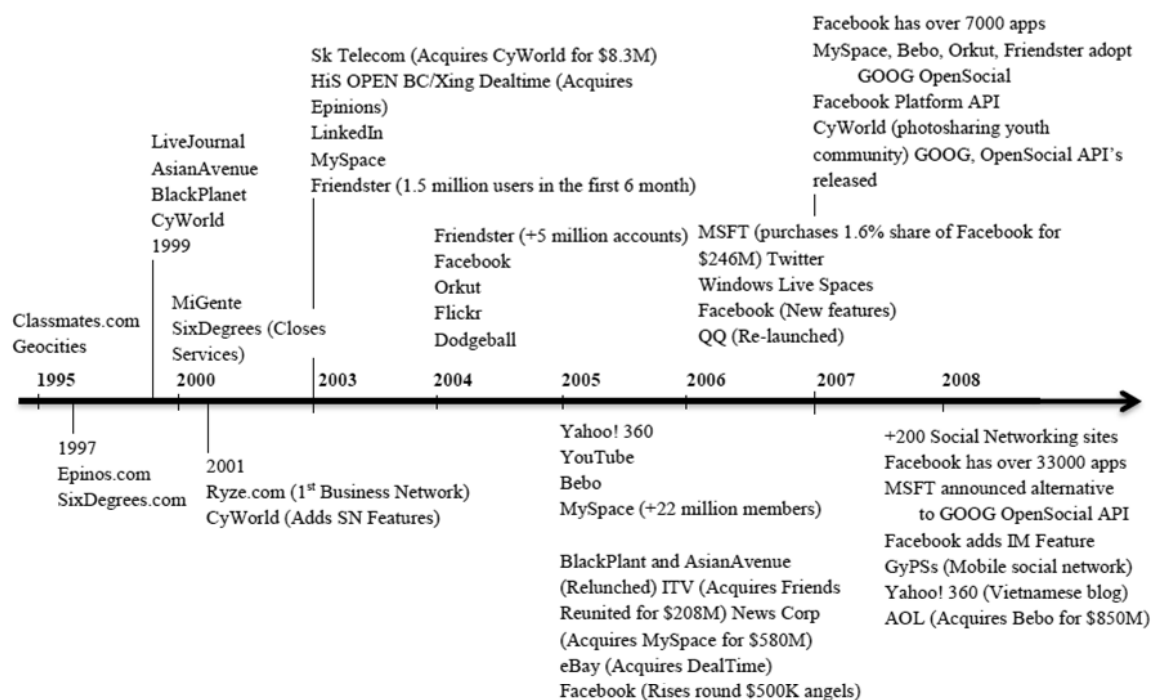


Fig. 1. Social media development from 1995 to 2008
 Source: Trebnick C., (2008), *Social media market dynamics and impact on communications infrastructure, Americas Growth Capital*

According to Zarella⁴, social media uses many forms:

- blogs,
- microblogs,
- social networks,
- media sharing sites,
- social bookmarking and voting sites,
- review sites,
- forums,
- virtual worlds.

Palmer and Koenig-Lewis⁵ divide social media into following categories:

- blogs,
- social networks,
- content communities,
- forums/bulletin boards,
- content aggregators.

¹ Comm, J. (2009). *Twitter power: How to dominate your market one tweet at a time*. Hoboken, NJ: John Wiley & Sons.
² Universal McCann. (2009). *Power to the people: Social media tracker wave 4*. Retrieved from <http://universalmccann.bitecp.com/wave4/Wave4.pdf> p. 10.
³ Zarrella, D. (2010). *The social media marketing book*. Sebastopol, CA: O'Reilly Media, Inc.
⁴ Zarella, op. cit.
⁵ Palmer, A. Koenig-Lewis N., 2009, An experiential, social network-based approach to direct marketing, *International Journal Of Direct Marketing*, Vol.3. No. 3, p.162

Once a definition of social media is established, accurately defining social media marketing is possible. A basic definition of social media marketing is “using social media channels to promote your company and its products”¹ Weinberg presents a broader definition “a process that empowers individuals to promote their websites, products, or services through online social channels and to communicate with and tap into a much larger community that may not have been available via traditional advertising channels”² This definition emphasizes communication with a community, which is crucial to the discussion. Hunt³ maintains that social media marketing is synonymous with community marketing.

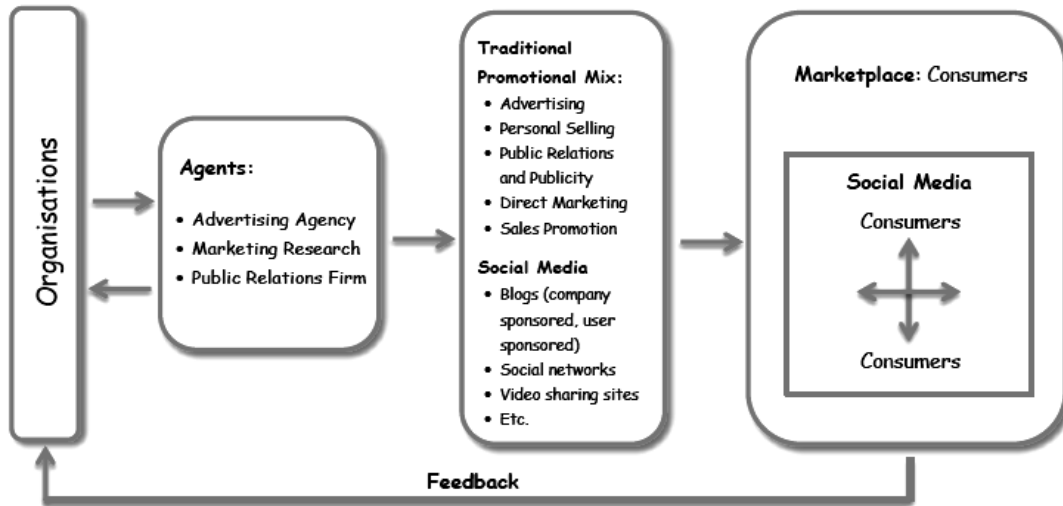


Fig. 2. The new communication paradigm

Source: Mangold G., Faulds D. (2009), *Social media: the new hybrid element of the promotion mix*, *New business horizons*, Kelly School of Business, Indiana Univeristy, p. 358.

Mangold and Faulds developed a model for a new communication paradigm (Figure 2). In this model it is visible that marketing managers lost full control over content of information concerning their products and services. Communication tools and strategies have changed, thus classic communication paradigm (figure 3) is no longer valid.

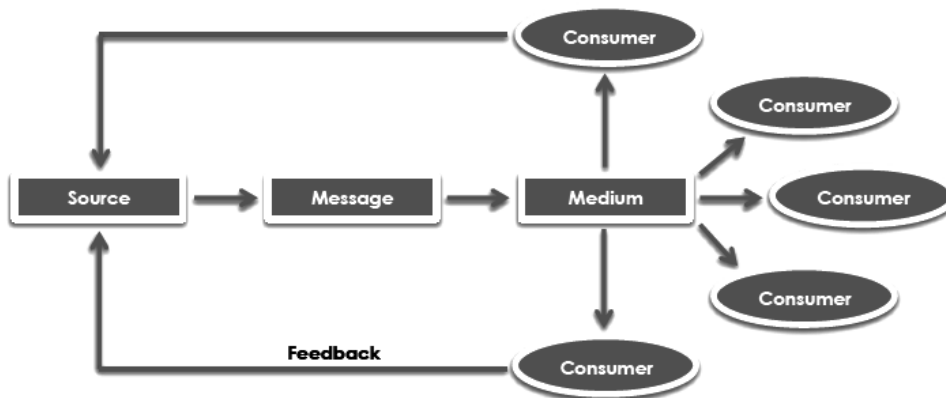


Fig. 3. Traditional communication model

Source: Solomon M., 2009, *Consumer behaviour: Buying, Having and Being*, 8th edition, Upper Saddle River, NJ: Pearson

¹ Barefoot D, Szabo J. *Friends with benefits: a social media marketing handbook*. San Francisco: No Starch, Press Inc; 2010 p. 13

² Weinberg, op. cit. p.3

³ Hunt, T. (2009). *The Whuffie factor: Using the power of social networks to build your business*. New York: Crown Business.

Facebook is a social utility that connects people with friends and others who work, study and live around them. Facebook was used for this study because of the fact that it is the most popular social networking service in Poland. Megapanel PBI/Gemius study provides evidence that companies operating in Poland focus their activities mostly on two sites: Facebook and YouTube. This direction is justified because these are some of the most popular sites in the Polish network.

Facebook statistics¹:

People on Facebook

- More than 800 million active users
- More than 50 % of our active users log on to Facebook in any given day
- Average user has 130 friends

Activity on Facebook

- More than 900 million objects that people interact with (pages, groups, events and community pages)
- Average user is connected to 80 community pages, groups and events
- On average, more than 250 million photos are uploaded per day

Global Reach

- More than 70 languages available on the site
- Approximately 80 % of users are outside of the United States
- Over 300,000 users helped translate the site through the translations application

Platform

- On average, people on Facebook install apps more than 20 million times every day
- Every month, more than 500 million people use an app on Facebook or experience Facebook

Platform on other websites

- More than 7 million apps and websites are integrated with Facebook

Mobile

- More than 350 million active users currently access Facebook through their mobile devices
- More than 475 mobile operators globally work to deploy and promote Facebook mobile products

In Poland the number of Facebook users has already exceeded 7.5 million barrier. Among them is the so-called 3.5 million “active users,” or people who have done any sort of activity for at least one fanpage. In 2011 Polish Facebook users clicked 50 million times on the button “I like it” and posted a 18 million comments. Posting entries already own far less, because only in the number of 2.4 million.

The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro.²

The formulation of objectives

The aim of this article is to present barriers that prevent SMEs to use Facebook for their marketing purposes.

¹ www.facebook.com retrieved 04.01.2012

² Extract of Article 2 of the Annex of Recommendation 2003/361/EC

Enterprise category	Headcount: Annual Work Unit (AWU)	Annual turnover	or	Annual balance sheet total
Medium-sized	< 250	≤ €50 million (in 1996 € 40 million)	or	≤ €43 million (in 1996 € 27 million)
Small	< 50	≤ €10 million (in 1996 € 7 million)	or	≤ €10 million (in 1996 €5 million)
Micro	< 10	≤ €2 million (previously not defined)	or	≤ €2 million (previously not defined)

Fig. 4. SMEs categories

Source: http://ec.europa.eu/enterprise/policies/sme/files/sme_definition/sme_user_guide_en.pdf

Presentation of main materials

This research was a multistep process which used a combination of research methods (table 1).

Table 1

Research methods

Research tool	Type of research	Sample size
Desk research	Qualitative	-
IDI	Qualitative	20
CAWI	Quantitative	138

Source: own study.

That approach allowed the Author to better understand problem of social media marketing in Polish companies and formulate the perspectives for improvement.

Tables 2 and 3 describe categories of respondents and structure of the sample according to territorial classification.

Table 2

Categories of respondents

Category	Description of research sample	Respondents
SME sector	Representatives of micro, small and medium-sized enterprises registered in Jydu Voivodeship	Management (owners, directors, people performing a key role in making strategic decisions)

Source: own study.

Table 3

Structure of the sample according to territorial classification

	N	%
Bełchatów	7	5,1 %
Brzeziny	5	3,6 %
Kutno	7	5,1 %
Łask	4	2,9 %
Łęczyca	6	4,3 %
Łowicz	5	3,6 %
Łódź	23	16,7 %
Ozorków	7	5,1 %
Pabianice	9	6,5 %
Piotrków Tryb.	7	5,1 %
Poddębice	8	5,8 %
Radomsko	5	3,6 %
Rawa Maz.	6	4,3 %
Sieradz	7	5,1 %
Skierniewice	5	3,6 %
Tomaszów Maz.	6	4,3 %
Wieluń	3	2,2 %
Zduńska Wola	6	4,3 %
Zgierz	12	8,7 %
Total	138	100 %

Source: own study.

The majority of respondents come from training and consulting sector (19 %), as well as IT (14 %), finance (12 %) and industry (12 %) (fig. 5).

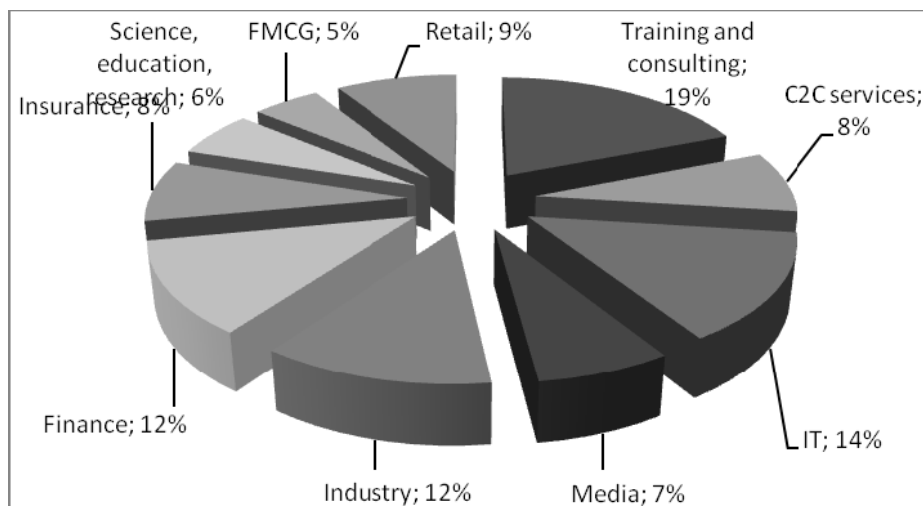


Fig. 5. Researched companies' sectors

Source: the author's own study

Table 4 describes structure of sample according to the number of employees.

Table 4

Structure of sample according to the number of employees

Number of employees		n	%
Category	form 1 to 9 people	57	41,30 %
	from 10 to 49 people	49	35,51 %
	from 50 to 249 people	32	23,19 %
	Total	138	100,00 %

Source: Own study.

Still few of Polish entrepreneurs see potential for social networking platforms like Facebook or its Polish competitor NK. pl, and use their strengths in business activities. Among the organizations surveyed by P. Malak, only 14 % admit that uses this form of building relationships with current and potential customers. A similar study conducted by Cisco internationally indicates that as much as 75 % of firms from 20 countries declared that they already use social networking sites. Among Polish companies declaring presence on social networking sites the highest percentage (57 %) are small and medium sized organizations employing up to 250 people, 23 % are the companies, which hire at least 500 people and 8 % – the largest – over 5000 employees. The interest of small and medium sized businesses with new forms of communication proves that they are able to efficiently than their larger competitors adapt to changing customer expectations and respond quickly to market needs.¹ “ In this research only 11 % of organizations said they use Facebook as a form of contact with the environment. And in the case of this study, it appears that the smaller the company, the more benefits derives from this type of communication. The highest percentage (67 %) organizations using facebook were microenterprises.

Respondents indicated the following benefits of using Facebook in their marketing activities:

- Increase brand awareness.
- Increased traffic on the website
- Inquiries from existing customers.
- Inquiries from suppliers
- Meeting new business partners.
- Attracting new customers.
- Marketing cost reduction.
- Signing new contracts.
- Gaining knowledge about customers
- Measurability effects of marketing activities
- Maintaining relationships with clients
- Attracting new employees, trainees, apprentices
- Changing the perception of the company (the company is perceived as modern), and its employees.

Respondents when asked which of these is the most important reason clearly indicated that attracting new customers is the main reason.

Some companies decide to use Facebook and do it on their own, some employ professionals from advertising or marketing agencies, others are supported by friends or family.

IDIs showed that the most common barriers that prevent companies from using Facebook are:

- lack of people with appropriate qualifications in the organization;
- lack of conviction as to the presence on Facebook that will increase revenues;
- lack of funds for additional form of promotion;
- lack of time for additional promotion.

¹ Malak P. Polskie firmy na platformach społecznościowych, <http://www.hbrp.pl/news.php?id=70>

Results from the survey indicate that the most frequent barrier was the lack of conviction that social media work, despite the generally positive attitude of Polish companies into social media, is still a fairly large group of people approaching them skeptically – 37 percent. Respondents doubted that they can become a tool to achieve business goals.

Social services are in high demand and their popularity constantly grows which is accompanied by a growing concern from sales and marketing specialists. More and more companies see the potential of social media, however the strategy employed by most of them focus only on the promotion of products and services and PR operations. Only a few use them for sales or customer service, or use opinions of the community in the design process of new products. Although these companies are already present in social media, they treated them as an additional marketing channel, rather than as a phenomenon permitting the creation of new ways of doing business.

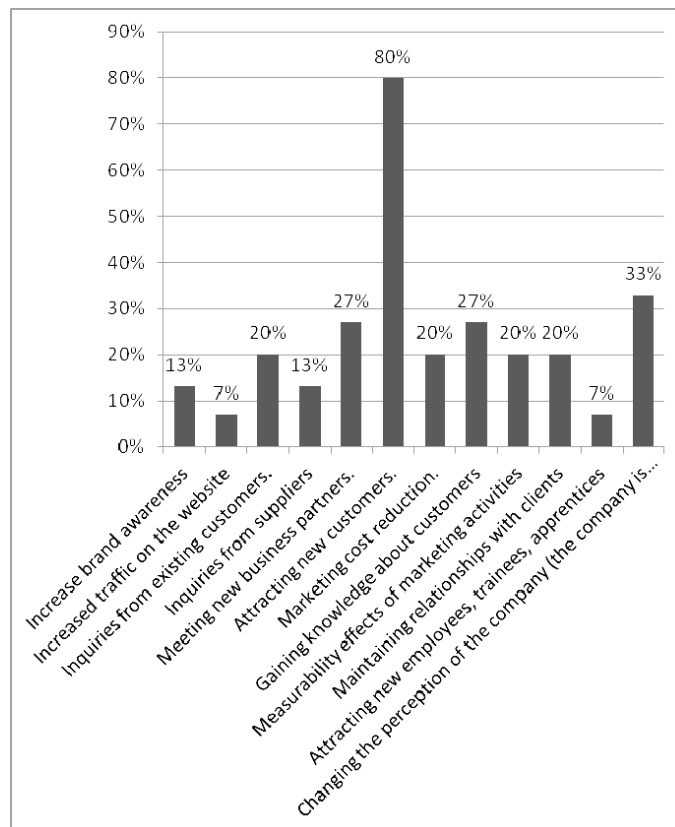


Fig. 5. Benefits of using Facebook in your organization
Source: own study

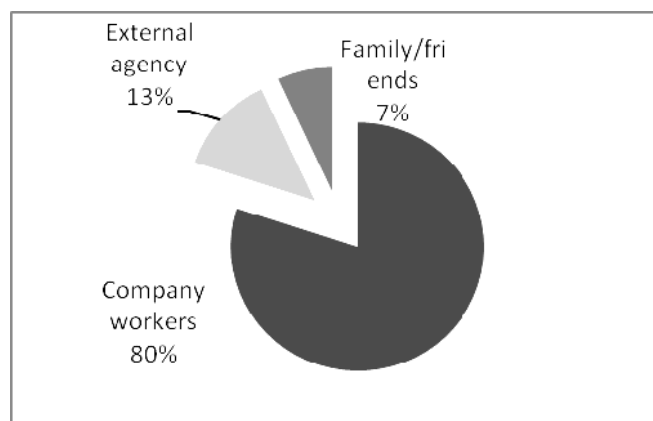


Fig. 5. Who is responsible for company's activities on Facebook
Source: own study.

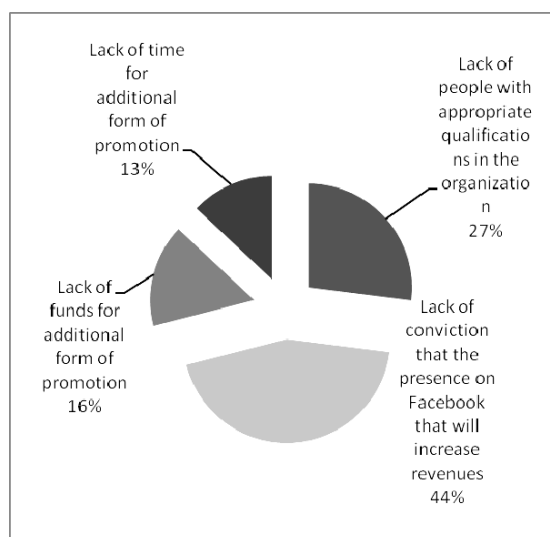


Fig. 6. Barriers preventing companies from using Facebook as one of their marketing tools
Source: own study

In the the companies activities in this area are usually limited to the designated persons of the PR and marketing departments. Companies still rarely see the need to educate employees in this area and do not engage people from other departments than those responsible for the communication. The dominant approach is to build competence relating to social media and focusing all related activities in the department responsible for communications rather than integrating the activities and actions across the organization.

Companies often limit the range of action in the social media to activities in the most common platforms such as Facebook and YouTube.

The actions of corporate marketing departments are usually characterized by caution. Very seldom companies decide to experiment, which as a result limits the number of innovative ideas. Monitoring social media is most often carried out by external agencies that provide periodic reports. IT solutions that analyze social media and automatically initiate actions in case of detection of crisis or other events that require the mobilization process are extremely rare. Most of the companies are limited to the monitoring of basic indicators of activity on Facebook (such as number of fans, the level of interactivity, etc.). Occasionally, the analysis of sentiment and the involvement of opinion leaders is conducted.

Respondents believe that if in 2012 we talked about the crisis, in 2013 we would know its true face. It's not even about that client budgets decrease, but rather that money will be spent in a more efficient manner. It may therefore push many Polish companies to find new effective solutions such as social media marketing.

Companies will begin to treat social media as a source of valuable information about their consumers. By integrating these data, marketing activities will be more personalized and responsive to the real needs of consumers.

It is expected that Facebook will approach Google enhanced advertising formats by introducing remarketing and by adding new campaigns management capabilities. In 2013, the boundaries between the social and mobile will begin to fade, many campaigns will be prepared at the same time both for desktop and mobile. This will also push many companies in the direction of social media marketing.

On the other hand, the last few months on Facebook in Poland is a rising tide of "hate" – which, unfortunately, will be reflected on companies' approach to this medium, because no one wants to expose their brand to so much negative feedback.

Facebook and other social media channels will play an increasingly important role in customer service – now on Facebook companies take care of a lot of things that were previously handled by customer centres. This is due to the fact that Facebook becomes for consumers natural and primary way to communicate with the brand.

More and more companies instead of dealing with Facebook marketing themselves will carefully pick experience agencies and outsource that part of their marketing activities.

Marketers in Poland will probably increase their presence on Facebook similarly to current global trends.

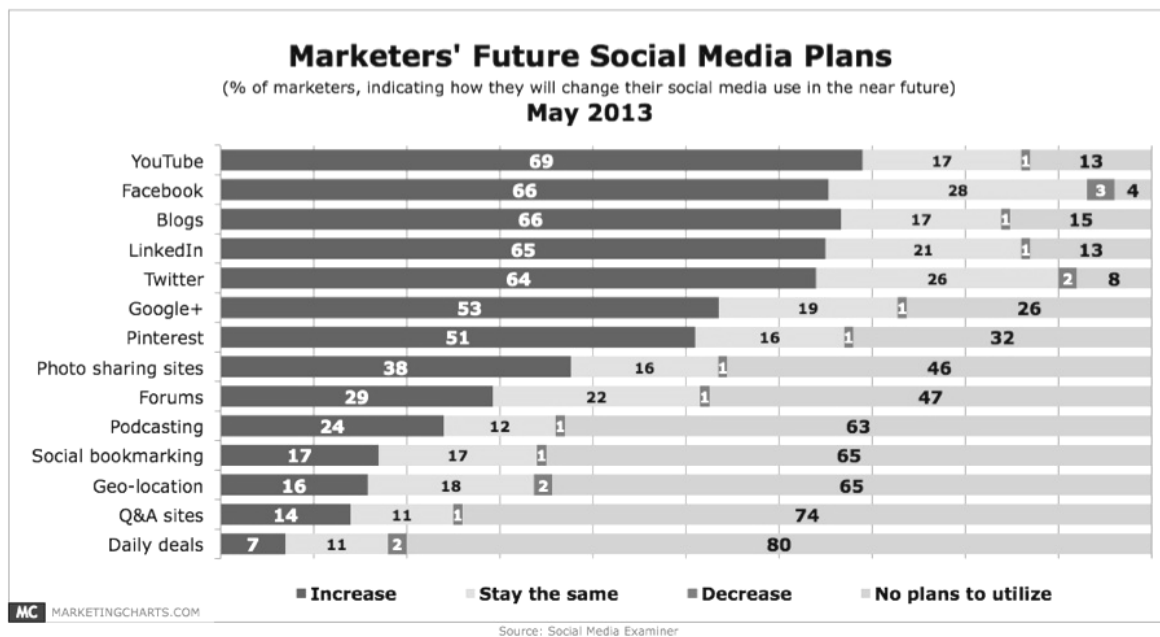


Fig. 7. Marketer's future social media plans
 Source: social media examiner.

However it must be stressed that the advertising industry, including interactive media, depends on the overall business climate and will be affected by changes in the Polish economy.

Conclusions

This research shows that social media marketing especially marketing on Facebook is still a relatively new concept for SMEs from Łódź Voivodeship. Even enterprises that use Facebook in the portfolio of their marketing activities don't seek for professional help and leave it either to company workers or family or friends of company owners. Nevertheless according to IDIs and current research and trends it seems that the marketers presence on Facebook will be constantly growing.

Prospects for further research

Social media gives marketers a voice and a way to communicate with partners customers and potential consumers. It personalizes the "brand" and helps companies to spread their message in an often relaxed and conversational way.

1. Barefoot D., Szabo J., (2010), *Friends with benefits: a social media marketing handbook*. San Francisco: No Starch, Press Inc. 2. Comm, J. (2009). *Twitter power: How to dominate your market one tweet at a time*. Hoboken, NJ: John Wiley & Sons. 3. Hunt, T. (2009). *The Whuffie factor: Using the power of social networks to build your business*. New York: Crown Business. 4. Palmer, A. Koenig-Lewis N., (2009), *An experiential, social network-based approach to direct marketing*, *International Journal Of Direct Marketing*, Vol.3. No. 3. 5. Safko, L., & Brake, D. K. (2009). *The social media bible: Tactics, tools & strategies for business success*. Hoboken, NJ: John Wiley & Sons. 6. Weinberg, T. (2009). *The new community rules: Marketing on the social web*. Sebastopol, CA: O'Reilly Media, Inc. 7. Zarrella D. (2010). *The social media marketing book*. Sebastopol, CA: O'Reilly Media, Inc. 8. Extract of Article 2 of

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DIVERSIFICATION ACTIVITIES MANAGEMENT AT ENTERPRISES

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In the article traces the major problems of managing diversity activities at the enterprise level and singled management. The factors that determine the effective management and proposed an innovative approach in managing the diversity of the enterprise.

Key words: management, diversification, innovation, market prospects, best alternatives.

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УПРАВЛІННЯ ДИВЕРСИФІКАЦІЙНОЮ ДІЯЛЬНІСТЮ НА ПІДПРИЄМСТВІ

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Простежено основні проблеми управління диверсифікаційною діяльністю на підприємстві та виокремлено рівні управління нею. Виділено фактори, що визначають ефективне управління й запропоновано інноваційний підхід в управлінні диверсифікаційною діяльністю підприємства.

Ключові слова: управління, диверсифікація діяльності, інноваційний підхід, ринкова перспективність, оптимальні альтернативи.

Statement of the problem

The structure of management of any company covers the interrelated elements that are related together with the established horizontal and vertical connections, which are developed as a whole. However, the relationship in the structure of management can be linear, which provide a smooth movement of management decisions and information between line managers and functional ones to ensure the movement of the information management decisions in accordance with the specific management functions. In traditional approaches to the adoption of a management decision to diversify the activities of the enterprise the main attention is paid to elaboration of rational managerial decisions and the organization of a body of units that form the management level.