Social Media Such As the Phenomenon of Modern Business

Veronika Svatošová
University of Pardubice

Social media is becoming an integral part of marketing communications. Therefore, it cannot be ignored by a successful company when setting its business strategy. The main aim of this paper is to present a critical view of the current possibilities of social media and based on the findings capture the key factors for business success through social media. This objective is achieved through a critical analysis of primary and secondary statistical sources dealing with the possibilities of Internet marketing communication and through a comparative analysis of the world’s social media population with the online social population in the Czech Republic.

INTRODUCTION

The Internet has become a phenomenon of modern times. Without the existence of this virtual world today’s society would struggle to ensure its stability, meaning that it must also exist in economics, business and marketing. The Internet not only provides the possibility of independent decision-making but also the capability of selection and targeting. The Internet is not just a passive medium but there is the possibility of mutual communication and feedback. These attributes are an important factor in marketing which increasingly tries to use them to its advantage. The Internet is becoming a powerful independent marketing tool and not only a support tool as it was before.

The world of business is changing dynamically with the development of information technology. It appears that best practices and recognized strategies are inadequate for the current market, so management must constantly seek new ways to maintain long-term competitiveness.

Society is in the information age, which creates hyper-competitive markets. Potential customers therefore have a much broader view of competitive offers; they are more selective and more demanding than in the past. The present era is also known as the new economy (digital or information economy). Štědroň calls the digital economy a “synergistic process converging in the complete dependence of all businesses on the phenomenon of ITC” (Štědroň, 2009).

The digital economy has reached a stage where companies are forced to clearly define their image and identify new business opportunities in the markets in which they operate. These facts show that businesses must understand and master new skills if they hope to prosper in the long-term. Kotler states that in addition to existing skills and abilities the must fundamentally rethink and revise their business strategies and rethink the role of marketing in their marketing strategy (Kotler et al., 2007).
THEORETICAL FRAMEWORK

Marketing has come to the fore in the modern business world. This is reflected by the fact that in many companies marketing costs make up to 50% of all corporate costs (Kotler, 2003). Companies that maintain a long-term leading position in the market realize that marketing is a key business activity and is crucial to the success of the business. Crainer states that “marketing reveals the needs of the customer, it designs products that meet their requirements and demands, and then creates a support system designed to ensure customer satisfaction” (Crainer, 2000).

According to the traditional concept, marketing is defined as a system for meeting the needs of the customer. Kotler adds, however, that marketing reaches further and creates needs and wants which were previously non-existent. According to this theory, marketers encourage consumers to spend more money than they can afford for the goods and services they actually do not need (Kotler & Keller, 2007).

Marketing is considered as being one of the most dynamically developing fields. Marketing is an art and science; thus there is constant tension between the theoretical and creative sides of marketing (Kotler & Keller, 2007). Customers are increasingly demanding, hence the essence of marketing, consisting in satisfying the needs and wishes of customers, is becoming increasingly difficult to define. Current marketing activities must be continuously improved and transformed in virtually every industry in order to increase the chances of success.

More or less coherent concepts gradually formed during the 20th century, leading to the modern concept of marketing and marketing communication as one of the most important tools affecting customer behavior and the business environment. Consumers ceased to be the object of marketing communication and became the subject. They help to shape brands and products and the method of communication on the market (Přikrylová & Jahodová, 2010).

Pilik defines the current concepts of marketing as being traditional marketing, traditional marketing with innovative features and new marketing trends. The decision whether to choose a traditional or innovative marketing approach depends on many factors (Pilik, 2008). Good marketing follows innovation trends in industry. Consumers are tired of traditional communication tools and increasingly ignore commercial communications. One of the ways to attract them is through innovation (Kotler, 2005).

The main attributes of a successful modern marketing are:

- Not equating marketing with sales.
- Integration of marketing communication tools instead of planning a communication tool separately.
- Focus on customer care rather than focus on customer acquisition.
- Transition from operating on the market to operating in cyberspace.
- Transition from using one marketing channel to marketing that uses multiple communication channels.
- Transition from marketing focusing on the product to marketing focusing on the customer. (Kotler, 2000; Pilík, 2008)

The key term for the current marketing is customer analysis in the broadest sense. A company which gains a deeper insight into customer needs, perceptions, preferences and behavior, is undoubtedly at a competitive advantage (Kotler, 2005).

Companies must monitor customer satisfaction and strive to improve it. Practice shows that the cost of acquiring a new customer may be five to ten times higher than the costs incurred for the care of existing customers and retaining them. A five percent decrease in the rate of customers leaving can lead to increased profits of 25 to 85 percent depending on what industry a company operates in (Kotler, 2003).

These days, traditional marketing tools are not enough for market success. Marketing, therefore, recently underwent a dynamic and turbulent development from mass marketing and targeted marketing to today’s IT and institutionalized forms of marketing integrated into the new economy (Štědroň, 2009).
Marketing communication on the Internet takes an increasingly important position in a modern approach to marketing as it affects the lifestyle and behavior of consumers and changes the existing rules of the game in world trade. The main advantages of online communication include:

- Interactivity,
- Two-way communication,
- Possibility to communicate 24 hours, 7 days a week,
- The customer can be reached in several ways at once,
- Possibility of immediate updating,
- Personalization,
- Precise targeting,
- Measurable effects.

Internet marketing is gaining in importance and is gradually exceeding traditional mass marketing. Of course, not in terms of the volume of funds allocated but rather in terms of effectiveness. Marketing on the Internet involves a wide range of activities: presentation of web pages, online PR, online direct marketing, various forms of online sales support (affiliate marketing, advergaming, buzz marketing, viral marketing), Internet advertising or the use of communication on social media.

Social media is the last and latest trend on the list of marketing activities on the Internet. Statistics show that during its relatively short existence it has become such a phenomenon that it can be regarded as much as a revolution as the advent of the Internet itself. Companies that do not adapt to this trend cease to exist. Due to its importance for the scientific and business world social media should be given the attention it deserves.

SOCIAL MEDIA

Unlike traditional media, the Internet provides new space for two-way communication with customers and social media provides a new dimension to this environment. This new aspect of business requires a new approach to the work of marketing and sales personnel, therefore it is necessary to define new principles of marketing and completely change communication styles. Marketing experts need to find effective uses of social media for marketing communications. A successful business requires thorough marketing support and constant communication with their customers. Social media is one of the ways of doing this. (Svatošová, 2011).

The dynamics of the development of social media are confirmed by surveys conducted in the United States, which show that while social media was used by 57% of companies in 2007, in 2011 the figure was 93%, and 90% considered it an important component of the overall mix. Some companies even now, however, consider social media as a place only for entertainment and not a space for potential marketing and promotional purposes. Another error is that some companies underestimate social media from a marketing point of view. Marketing on social media requires much more thorough and sophisticated strategic preparation than traditional, mass marketing.

Social media is often identified with social networks. The concept of social media, however, includes a wider range of activities. Social media can also be a web page or e-shop using social elements, as well as discussion forums, weblogs, multimedia or other online activities motivating participants to purchase. Social media has no established uniform definition and can also be referred to as “new media”, “media 2.0” or “buzzword”.

According to Janouch, for example, social media can be defined as an “online media, where content is (co-)created and shared by users. Social media is constantly changing, both in the way it changes (increases) its content and by adding many functions. Marketers can use social media to directly determine what customers want, what their attitude is towards the brand or company, and what they complain about, etc.” (Janouch, 2010). From a marketing point of view social media has the advantage that its content can be instantly updated based on the opinions, comments and discussions of the
Social media can be broken down based on marketing tactics, because it is more transparent and surveys on the use social media are most often conducted based on this (Janouch, 2010):

- Social networks (Facebook, MySpace, LinkedIn)
- Blogs, videoblogs, micrology (Twitter)
- Discussion forums, Q&A portals (Yahoo! Answers)
- Social bookmarking systems (Diggo, Delicious, Jagg - social bookmarking)
- Shared multimedia (YouTube, Flickr)
- Virtual worlds (Second Life, The Sims)
- Mobile collocation services with elements of social networks (Foursquare)
- We can also include the website Wikipedia in social media.

In a relatively short time social media has penetrated the consciousness of society so much so that it has begun to be taken for granted. Its original purpose, a source of entertainment and communication between users has ceased to be enough and for many participants it has become a tool both for gaining knowledge and information and also for delivering it. The Internet has become a widely available means of communication, which can be used for the transmission of social communication. This requires knowledge of this environment, sophisticated tools and a great deal of creativity from all who intend to use it for commercial purposes (Svatošová, 2011).

The presentation and promotion of a company or product on social media is referred to as social marketing. The new platform of social marketing can be defined as “an indirect way of influencing or persuading a group of people to accept, amend or abandon certain ideas, behavior, practices or approaches by this media” (Janouch, 2010). A number of surveys show that a third of users are involved at least once a month on social media, while social media for them means a source of information which they use to purchase products and more.

Marketers need to be aware of specificity of space in social media and the different rules when creating marketing communications. Social media represents a space where the view formed on a particular product or service is mostly true, so much greater confidence is enjoyed than traditional marketing media. Firms should be aware that on social media they do not only compete among themselves, but in some ways they also compete with their own users.

Traditional media has a strong position; however, a result of modern times is that many people verify the information they receive from advertising on the Internet. Companies should keep in mind that their existing customers also act on social media. Their good references about a product or brand can attract more participants of social media and spread awareness about the company and its products. This information will be much more credible for the social community than a presentation on a company website.

Many surveys show that 78% of consumers trust recommendations before buying a product (both personal and through discussions on social media), only 14% of them trust the direct advertising. The surveys also show that only 18% of television advertising campaigns provides a positive ROI (Return On Investment).

Effective strategies applied to social media also require the involvement of top management in the decision-making process. In addition, social media requires detailed knowledge of the environment combined with a high degree of creativity. A company operating on social media must realize that the classical method of reaching customers in this area is ineffective. The principle of the social community lies in commenting, discussing, and entertainment. Knowledge of these principles should be utilized by companies in their online strategies. It is therefore necessary to be familiar with their users and consumers so that they can be used to their advantage.
For the right strategy in social media it is necessary to understand basic facts about mass communication and to put them in the context of the perception and use of social media of the users themselves (Baco, 2011). At the beginning it is necessary to clearly define the goal that the company needs to achieve in the social media. In addition, the company should find an appropriate audience. Like every marketing tool it is necessary to create and schedule tasks to be achieved. Of course there are indicators measuring efficiency in terms of site traffic, the number of supporters, contributors, number of followers on Twitter, retweets on Twitter, mentions on Twitter, the number of group members on LinkedIn, comments on the blog, the number of content shares, trackbacks on the blog, the number of “Likes”, the number of members or supporters in the group pages on Facebook and others (Handl, 2011).

The aim of engaging on social media is not an immediate sale, most important is communication and information gathering, the potential sale can occur as a secondary effect of marketing activities which must not look superficially like advertising. This is reflected in a number of surveys conducted in the United States, which showed that 62% of users are involved on social media but only 2% of them use it to make a purchase. Users perceive social media as their personal space, so would hardly be willing to accept conventional advertising. In the social community it should appear in a random, spontaneous way. The purpose of such marketing support is for the community to begin to spontaneously discuss, comment and ideally share the (marketing) phenomenon (here is also the ideal space for viral marketing). Users of social media should get the impression that it is good to participate in a particular community.

It must be kept in mind that social media cannot be the only communication tool. Social media should be part of an integrated marketing principle and not be treated as a separate and major marketing communications tool. B. L. Ochman describes some of the pitfalls and shortcomings of social media, as follows:

1. They cannot substitute for marketing strategy.
2. They cannot succeed without top management buy-in.
3. They cannot be viewed as a short term project.
4. They cannot produce meaningful, measurable results quickly.
5. They cannot be done in-house by a vast majority of companies.
6. They cannot provide a quick fix to the bottom line or a tarnished reputation.
7. They cannot be done without a realistic budget.
8. They cannot guarantee sales or influence.
9. They cannot be successful without the use of people with experience (from the media).
10. They cannot replace public relations. (Ochman, 2009)

Social Networking Sites
At the absolute top of a wide range of social media elements is a relatively new type of web application - Social networking sites. Consequently, special attention is paid to them in this paper. According to Bednář, social networking sites are still considered as being trendy and they have completely changed the face of the virtual world because they have become a universal communication platform and a standard part of marketing communication (Bednář, 2011).

Social networking sites are currently the most popular web application – they have surpassed traditional websites (Google) and even content (pornography). Social networking sites are places where users meet and connect to communities with common interests and provide a network of “friends”. Social networking sites serve primarily as a great crowdsourcing tool. The most popular networks are personal, from which the most widely used around the world is Facebook, with more than 811 million users. This web-based system was founded by Mark Zuckerberg and was originally confined to students at Harvard University. Since August 2006, anyone older than 13 years old can connect to the network. If Facebook was a country, it would be the third largest in the world (after China and India).

Another major social networking site is MySpace which was founded in 2003 in the United States, where originally students joined to create a network of friends, have fun together, or exchange photos or videos. Gradually, the network has grown and changed focus into the world’s largest entertainment network. In 2006 it was the most visited site in the United States but it was overtaken in 2008 by
Facebook. One reason for this is that Facebook is translated into more than 65 languages, while MySpace is only available in 15 languages. These days, in addition to personal profiles MySpace is mainly used for the presentation of musical groups and other performers and has over 30 million users.

Another type of social networking is professional. The largest and most popular professional network in the world is LinkedIn where professionals meet and discuss their business interests. This service was launched in May 2003. Currently, the largest professional social network in the world has 100 million users, mostly from the United States, but now it is gaining popularity in smaller countries like the Czech Republic. A work profile can be set up by anyone and is a great tool for many recruiters and headhunters. This professional network is not defined based on professional field but there are specialized networks (Sermo.com – for doctors, Inmobile.org - for top managers in the field of mobile communications, etc.), (Janouch, 2010). It has been shown that 80% of companies use professional social networks to recruit new employees, of which 95% use LinkedIn.

Another important medium on the edge of social networking and blogging is the microlog Twitter, which allows users to publish and read short texts to a maximum length of 140 characters, known as tweets (which can also be sent by SMS, or other external applications) and which are displayed on the user’s profile page and the pages of their followers. Twitter was established in 2006 in the United States and now has over 200 million users, of which 50 million users log on every day and write over 250 million tweets. The usability of Twitter for commercial public communication is limited compared to Facebook. The disadvantage of Twitter for Czech companies is a relatively low number of users (over 79,000). The most important group of Twitter users are aged 25-34 and 35-49 years old.

Social networking sites currently create the potential for direct and effective two-way communication, allowing marketers to be in constant touch with their customers and get as many views and information from a customer perspective as possible, in order to best define the optimal marketing strategy on social networks and adapt to its customers. Two things are important for the use of social networks for commercial communication, simplicity and the ability to attract attention.

The principle of having a company on social networking sites lies in the creation of a fans site, unlike personal profiles where relationships are built with friends. Official sites on social networking sites offer information about the brand, product or company and can be used to communicate with customers and build long-term relationships with them. It is also advantageous to link the site with other marketing activities. For marketers it is a key system for creating a network of friends and sharing mutual information. With this feature, the application, image or video put on the company’s site can be seen not only by friends and fans, but also by friends of their friends. This leads to mass dissemination of information. It is important to actively care for these sites, update their content, as well as actively communicate and discuss with their fans – companies now use a variety of polls, games (advergaming) or competition. Social networks should offer added value compared to other marketing aids. Sophistication of marketing on social networks is demonstrated by a considerable amount of popular and scientific articles that provide guidance on how these forms of online sales support can be most effectively utilized.

Users can also be addressed with traditional paid advertising on social networking sites. Compared to other marketing places, social networking sites have the advantage of precise targeting options. Despite the threat of leaks of sensitive information about themselves, users of social networking sites repeatedly reveal and identify personal information such as age, education, occupational activity, marital status or hobbies by their affiliation to various different sites. These users are then displayed the relevant advertisement based on this information. After attracting the user’s attention there is the more difficult task – keeping them. Surveys and experience show that paid advertising on social networks is less efficient than spontaneously spread advertising.

A new Facebook application for 2012 allows users to take advantage of new features to automatically share a number of specific activities with friends, like reading, cooking or tasting. This replaces the like button and expands its capabilities as well as providing even more precise targeting of the required marketing support on social networking sites. The development of social networking sites offers the business world other unsuspected possibilities.
In addition, there are also theories (Ibl, 2009) which say that some users of social networks would rather claim allegiance to the general concept than the specific brand. For example, the official site of the Czech beer brand Staropramen (2012) has 46,404 Facebook fans, whereas the site of the generic term pivo (in English: beer) has 104,862 fans. For brands that are not as familiar as for example Coca-Cola, it pays to create and promote basic profiles outside the product in a general way and through them promote the brand.

In implementing these procedures a non-violent style should be used and commercial terminology should be avoided. Commercial communications can be delivered through non-violent forms for example by inserting a reference to the action associated with the product. Each stage must be considered carefully because it should be clear to any relatively experienced marketer that an interested person can leave a group as quickly as they joined it (Svatošová, 2011).

Another important factor is the target group of users of social networking sites. The most common group of users is between 15 to 34 years old. According to many surveys, these users on average spend more time on the Internet than any other form of entertainment (books, magazines, television, etc.). However, there is considerable potential in the dynamically increasing group of women on social networking sites between 50 to 65 years old. A very strong group is represented by teenagers who are not influenced by traditional advertising and ignore it. Companies must first understand the behavior and interests of users of social networking sites; otherwise they cannot be effectively reached.

According to American psychologists from The University of Texas at Austin who have published studies on social networking sites, users not only profile their true identity and make online friends from the real world but also their personality traits (Červáková, 2012).

Social networking sites not only provide many advantages for marketers, who should make the best use of them for commercial purposes but also disadvantages which some traders underestimate:

Advantages of social networking sites:
- More possibilities for using promotional tools - banner advertising, website creation, creation of groups.
- Relatively easy to contact the target group and get direct feedback in real time.
- A large number of users.
- Continued development of programs to measure effectiveness and analyses.
- The possibility of using viral marketing (Vysekálová & Mikeš, 2010).

Disadvantages of using social networking sites:
- Not possible to reach all target groups (mostly younger users, mostly between 15 and 34 years).
- Interactivity and instant response carries the risk of negative reactions and spreading of rumors.
- Can lead to misuse of personal data and contacts.
- Special software needed to monitor and evaluate campaigns is expensive.
- Risk of rapid saturation of advertisements on social networking sites and them being ignored.
- Large number of competitors (Vysekálová & Mikeš, 2010).

METHODS

One of the main methods utilized to meet the objectives of this paper is a critical analysis of secondary sources that provide statistical information on the phenomenon of social media. Subsequently, a comparison is made between the use of social media in the Czech Republic and other countries in the world. Another method selected is a critical analysis of primary data from personally conducted investigations that focus on the issues of e-commerce and Internet marketing on the Czech market.
**Statistical Data on Social Media**

Research shows that consumers in developed countries use some form of media up to 14 hours a day; hence except for when they are asleep they are permanently exposed to media influences. While it took radio 38 years to reach a population of 50 million people, television needed 13 years, the Internet 4 years, the multimedia appliance iPod 3 years and the Internet communication server Facebook only two years. The best-known Internet portal Google now registers 31 billion searches per month, while in 2006 it had only 2.7 billion. Marketing strategies using new media are individualizing and gaining in importance (Přikrylová & Jahodová, 2010).

A survey conducted by the 2012 Edelman Trust Barometer shows that social media enjoys much greater confidence than the previous year. Seventy five percent more people have confidence in the information it provides about companies than in 2011. The increase from the previous year is indeed noteworthy but overall it is not so good. Among traditional media, company websites and other online resources are in last place with 14%. Of this quartet traditional media emerged victorious, as well as last year, with 32% (Bednářová, 2012). The survey was conducted in 25 countries on a sample of 30,000 people.

According to a survey by Wildfire Interactive with 700 world markers, the greatest advantage of social media is increased brand awareness (88%), engage to dialogue (85%), increased sales and partnerships (58%) and cost reduction (41%) (eMarketer.com, 2012).

The following Table 1 shows which social media tools were used by 500 selected companies as a percentage and their evolution between 2009 and 2011.

**TABLE 1**

<table>
<thead>
<tr>
<th>Social Media Tools Currently Used by Inc. 500 Companies, 2009 – 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image-url" alt="Image of Table 1" /></td>
</tr>
</tbody>
</table>


According to extensive studies of the consultancy company Altimeter Group (Owyang, 2011) there is evidence that with the development of social media, a social crisis of companies is becoming more frequent. The causes of the crisis are fairly evenly distributed among the five basic social platforms: online communities (22%), YouTube (22%), blogs (20%), Twitter (18%) and Facebook (14%). With regard to the individual business sectors, the most affected are consumer goods, clothing and fashion,
restaurants, the Internet and retail. As the results of the study show, the causes of company problems in social media are often disappointed fans who vent their bad experiences. The crisis often occurs in companies that have violated an ethical principle or have just a weak influence on the opinions of their users. There was also a new trend - problems for companies because of their controversial actions being increasingly created deliberately by non-profit organizations.

The study also states that 76% of the analyzed crises could have been averted or at least the negative consequences could have been weaken and only 24% were completely unavoidable. The main reason for these crises lies primarily in the fact that companies were entirely unprepared for such outside attacks through social media. According to the study, in the area of relations with social media, companies had major gaps in staff training, lack of experts, lack of a crisis management plan and an overall lag in policy dealing with social media (Owyang, 2011).

According to comScore, access to social networks is the most popular online activity. In their study (comScore 2012) in 2011 smartphone owners in the United States used social networks to connect at least once a month in 64% of cases and in 45% of cases in the European Union. Social networking sites were used by 82% of the total global Internet population, roughly 1.2 billion people. In October 2011, time spent on social networking sites made up a total of 19% of the total time spent by people in the whole world on the Internet.

In total, according to comScore there are only seven countries in the world where Facebook is not a market leader in Brazil, China, Japan, Poland, Russia, South Korea and Vietnam. In China, Facebook is completely blocked. As for individual countries, the trend is quite clear. Of the 43 markets tracked, the penetration of social networking sites in 41 of them exceeds 85%.

In addition, comScore also states that the presence of different generations on social networking sites has balanced out. Although social networking sites are mostly used among the youngest generation of 15-24 and the oldest 55+ generation is still low, the difference is only 4.5%. On the other hand, the older the user is the greater the reduction in their activity. However, social media is still far more effective at reaching younger audiences. The following Graph 1 shows the activities of Internet users by age group and compares the percentage change in the months of July 2010 and October 2011.

In terms of marketing, interesting statistics are drawn from the Czech ZoomSphere analytical server, which focuses on social media and updates data daily (ZoomSphere, 2012). Facebook now has almost 812 million registered users and an annual growth of 40% of users. In 2011, the Facebook doubled its turnover to US$ 3.7 billion. The largest representation is in the United States (with more than 155 million users), in second place is Indonesia (more than 43.5 million users), and India occupies third place (nearly 43.5 million users). The Czech Republic is ranked in 43rd place with more than 3.5 million users.

Facebook has been banned in some workplaces and schools for sharing inappropriate content. Facebook is blocked in Syria, for example, reportedly due to criticism of government authorities via Facebook (Oweis, 2007). Furthermore, statistics show that by the 31st of January, 2012 only 6 pages on Facebook surpassed 60 million users. In the first place was the Facebook page, then there was Texas Hold’em Poker, Eminem, YouTube and Rihanna.

A study by the University of Milan investigating the relationships of all Facebook users showed that their social ties are more connected every year. It follows on from the well-known experiment of Stanley Milgram from the 1960s and the theory of six degrees of separation, according to which every person is connected with every other person through a chain of six people known to each other. The study shows that the connection between users is increasing every year, so significantly less than the previously established six degrees is enough because the average distance on Facebook is only 4.74, while in 2008 it was 5.28 (Markoff, J. & Sengupta, S., 2011). The following Graph 2 shows the age distribution of Facebook users.
GRAPH 1
CHANGE IN AVERAGE TIME SPENT WITH CONTENT CATEGORY BY AGE SEGMENT, JULY 2010 VS. OCTOBER 2011

Graph showing the change in average time spent with content category by age segment between July 2010 and October 2011.

Source: comScore, 2012

GRAPH 2
AGE STRUCTURE OF FACEBOOK USERS

Pie chart showing the age structure of Facebook users.

Source: Tyinternety.cz (Bednář, 2011)
The agency TNS Global performed a study of human behavior in an online environment in which it interviewed a total of 72,000 individuals in 60 countries thus providing marketers with comprehensive information. The study showed that people in countries with developed online markets are much less open to brands whilst on the Internet than those in growing markets. On average for developed markets it was determined that 57% of people had no interest in contact with brands through social media. Although many users of social media are not open to communicating with brands, this does not mean that they themselves do not talk about brands. The results showed that 47% of people commented on the brand on the Internet. Furthermore, the study revealed that people praise more than criticize. - A total of 13% of respondents praised the brand online, whereas only 10% criticized. It also showed that a quarter of people in the developed markets and 48% for those in growing markets would be willing to buy goods directly through social networks (TNS Digital Life, 2011).

According to a comScore study (2012), Facebook (28%) became the publisher of “ad impressions”, soundly beating the other servers, such as Yahoo! sites (12%), Microsoft sites (4%) and Google sites (4%). Other statistical data on social media is provided by the Czech server SocialBakers, which shows that the 5 top brands based on number of fans include Coca-Cola, Starbucks, Red Bull, Oreo and Converse (SocialBakers, 2012).

While many marketers have tried different platforms, it seems that Facebook is the only medium that based on their experience deserves a good rating (success rate). The following Graph 3 shows how the platform fulfills the expectations of marketers. Whilst for example Facebook is rated as having excellent results by 31% of respondents, for Twitter the figure was only 11%. Despite these values, the study gives a clear indication that marketers are ready to experiment with a wider array of social networks. Next year it could all be different.

Graph 3
Ratings for Paid Ad Program Offerings on Select Social Networks, May 2011

<table>
<thead>
<tr>
<th>Social Network</th>
<th>Excellent (31%)</th>
<th>Good (38%)</th>
<th>Fair (23%)</th>
<th>Poor (2%)</th>
<th>Don’t know/does not apply (5%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facebook</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>YouTube</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Twitter</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LinkedIn</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>foursquare</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MySpace</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: eMarketer, 2011
According to the SocialBakers server, Lady Gaga, Justin Bieber, Katy Perry, Rihanna and Shakira currently have the most followers on Twitter. As for the biggest brands, Facebook, Whole Food Markets, Starbucks Coffee, iTunes and NASA have the most followers on Twitter. According to comScore, Twitter is currently used by 1 in 10 Internet users and recorded a 59% growth compared to 2010. Another point of interest from Twitter is that the announcement that singer Beyoncé was pregnant on the Video Music Awards was commented on by an average of 8,868 tweets per second.

The general popularity of blogs and discussions on them is also worth mentioning. According to Technorati, 38% of bloggers mentioned a company product or brand positively or negatively at least once in 2011 (Technorati.com, 2012). Hence, even this form of social communication has irreplaceable significance for the business world. It is now common for global companies to hire professional and well-known bloggers for the introduction of new products onto the market.

According to the Czech SocialBakers, LinkedIn currently has almost 135 million users. In the first place, according to the number of users is the United States (over 58.5 million users and penetration of 18.87%), then India (over 13 million users), United Kingdom, Brazil and Canada. In the Czech Republic, LinkedIn has over 218,000 users, which means a penetration of 2.14% and 43rd place in the world, behind Thailand and Ukraine. On a global level, however, LinkedIn has a much more important position and it shows a 55% annual growth in users compared to 2010.

Companies operating worldwide ensure the promotion of their brands through this professional social network more than Czech firms do. LinkedIn’s status in certain areas is very strong particularly in the United States (Červáková, 2012). In 2011, according to comScore, LinkedIn was the 4th largest social network in the world. LinkedIn has greatest penetration in the Netherlands (27.2%), Ireland (20.4%), United States (18.7%), Canada (17.5%) and Denmark (17.4%).

In 2012, the following trends in social media can be expected: further improvement of social intelligence, which leads to the fact that companies that manage to dominate social media communication will be successful, increasing the importance of using analytics and measurement, as well as aggregation and content management, which means that there will be an increase in the use of insiders, and education in social media, which means that courses will be organized to increase and focus on social media for business purposes (Huněk, 2011).

Czech Facebook in Statistics

Compared with averages for the various countries of the European Union, the Czech Republic has essentially the same proportion as the average of the EU27 and the EU15 which in December 2010 was at around 30% (about one third of the population has a Facebook profile).

Facebook started to use Czech language in June 2008, and since then the number of Czech users increased dramatically. In 2009 there were 170,000 registered Czech Facebook users, in 2010 there were approximately 2 million and in 2011 over 3 million users. Currently (2012) 3.55 million Czech users are registered on Facebook. In the Czech Republic, 58% of the Facebook population is aged 18 to 34 years, while in the age category 55+ this share is only 5%.

Of the more than 10.5 million population, of which 5.7 million uses the Internet, one third of users (35%) has a profile on this social network, which represents 53% of the Czech Internet population. But the reality is somewhat different as some people have more than one profile. The data shows that there are more women (51%) than men (45%) on Facebook, with 4% of users not specifying their gender. Women protect their privacy significantly less than men – their profiles are less likely to be hidden. The study (Appeltauervá et al., 2011) shows that 55% of men have a closed Facebook profile, while women hide their profile in 47% of cases.

According to the statistics, Facebook users are most active on Thursday because it is the last day before the weekend when it is possible to use Facebook. Sunday is also a favorite. Although Facebook users are active on Thursday (and also on Monday), almost nobody writes on Saturday - despite the fact that there is a no pronounced decrease in user activity on Saturday.

An important aspect of the business world is to compare the activity (the number of contributions) on Facebook in hours. It can be shown that most users write during so-called “prime time TV”, i.e. 6 pm to
10 pm. In contrast, Facebook sites (i.e., administrators who care for them) are most active in their working hours. The discrepancy is clear, Facebook sites communicate the most at completely opposite times to when Facebook fans are active. This means that users fail to act immediately and their contributions as a result fall deeper in the newsfeed if they get there at all. The visibility of posts in the newsfeeds of fans is very low and the site is currently facing a great challenge - how to be seen by people. If they publish at different times than fans and in prime time their friends’ contributions compete with those of their fans, it is not easy and often requires a change in communication strategy (Appeltauerová et al., 2011).

Facebook sites and users often share links, although not the content that has the most comments and Likes. Sites share more visual content than ordinary text statuses, on the contrary users tend to write more status updates and share less pictures and videos, as shown in Graph 4.

**GRAPH 4**

**POSTS OF FACEBOOK USERS ACCORDING TO TYPE**

![Graph](image)

Source: (Appeltauerová et al., 2011)

Note: Status (17%), Link (58%), Photos and video (10%), Others (0.5%), Comments (14.5%)

Type of content and its length also play an important role. The analysis shows the influence of the length of a published contribution to its success. The most Likes and comments are obtained by posts with the shortest text (100-200 characters). Brevity therefore increases the chance of interaction. According to SocialBakers TOP 100 the most successful sites usually have an average of 46 Likes per post (Appeltauerová et al., 2011).

According to the Czech daily Ihned.cz (Volf, 2012) Facebook earned US$ 100 million on the Czech market in 2011. The largest share of this profit is in the form of income from advertising and payments for Facebook credits usable in computer games. The company Zynga has the largest share of the profits arising from the sale of credits, constituting 12% of Facebook revenue. Czech game developers are not yet on Facebook. On a worldwide scale advertising revenues constitute 85% of sales on Facebook; in the Czech Republic this proportion will probably be similar. According to statistics, games on social networking sites are mostly played by women over thirty years of age on maternity leave (Volf, 2012).

Most of the advertising on the Czech Facebook is spent by telecommunications companies - Vodafone, O2, and T-mobile, who can afford to spend over US$ 20,000 on advertising per month. The current strategy is to enter the business under its own Facebook profile. Then they can arrange competitions for their “friends” to win products, discounts or holidays practically free of charge. This strategy is used for example by the cosmetics company Vichy, the sports brands Adidas and Puma or the whiskey manufacturer Jameson. The biggest Facebook sites in the Czech Republic are currently: Bez přátel nežiju! (In English: I can't live without friends!) with nearly 650,000 fans, Nesnáším loučení (in English: I hate goodbyes) with over 580,000 fans and Vytvoř si svou vlastní fotku z Avataru a podívej se,
jak bys vypadal (In English: Create your own photo from Avatar and see how you look) with almost 557,000 users. The largest Czech commercial sites include: X.parfémy.cz - exclusive essential (nearly 363,000 fans), Kofola (almost 329,000 fans) and Comeback (270,000 fans). (Volf, 2012)

Czech Twitter in Statistics

Twitter began in the Czech Republic in April 2006. Currently, there are over 79 thousand Czech users on Twitter. Five hundred Czech and Slovak authors have produced 49% of all tweets, which make up 5,400 posts. Most posts are made between Monday and Thursday, but Twitter activity on Saturday is very low. Original tweets constitute over 12.35 million with about every tenth being retweeted.

Most retweets are from the YouTube and Justin Bieber accounts. According to the statistics, more than 9 thousand Twitter accounts are not followed, 9,000 accounts do not follow anyone, 48% have less than 5 followers, and 93% have up to 100. Only 250 accounts have more than 1,500 followers. Czech and Slovak Twitter is now growing faster than ever before, nearly a third of all accounts (32%) was established in 2011. Every day we produce 35,000 tweets. The average user now writes approx. 13.5 tweets per month; thus one almost every other day (Hutníková, 2011). One study (Appeltauerová et al., 2011) also explains why Twitter would be interesting to marketers. From Twitter users in the United States: 72% wrote a blog in December 2012, 61% wrote at least one goods review per month, 53% posted a video, and 50% contributed at least once on Wikipedia.

Discussion on the Czech Web Portals

The statistics (Appeltauerová et al., 2011) show that 63,462 authors contribute to discussions. However, marketers forget this area, although numerically there are almost as many users as Twitter. These forums are thematically diverse, dedicated for example to family, IT, photography, finance or cooking. Contributions to the discussions are of a better quality than anywhere else, so it pays to follow them. Another feature of forums is the fact that contributions are longer, moderated and are a source of interesting information. Often they are professional with a minimum amount of spam. The number of relevant contributions about brands on the forums is comparable with the number of posts on social networking sites. Contributors are the most active in the forums on Wednesday and Thursday, the same as with other online communication portals.

Personal Investigative Survey in the Czech Republic (e-Commerce)

During 2010 and 2011, the author conducted a series of investigative surveys that focused on the possibilities and the level of e-commerce in the Czech Republic in the context of the development of marketing communication on the Internet. The first partial study was carried out in autumn 2010 to determine the possibilities and the level of e-commerce among selected Czech e-shop. The basic set was defined by the following criteria: companies operating on the Czech Internet market, the company exists for more than 5 years, the company is limited to the Pardubice Region (Note: The Czech Republic is divided into 14 territorial regions). Thirty seven Czech companies were addressed. In the end, 26 Internet companies were willing to participate in a questionnaire survey. The data was collected using a questionnaire with pre-determined questions; companies were contacted by telephone and by email (Svatošová & Vaculík, 2011).

The investigation revealed that on average 64% of product marketing of the surveyed companies is done over the Internet because many of the companies surveyed trade exclusively through the Internet or through mail order. Over 81% of the surveyed companies considered trading over the Internet as being beneficial because it greatly helps expand the market in which they operate and electronically there are different ways to reach customers who would not normally receive the given offer. At the same time over 81% of these companies stated that they have recorded a growing trend in e-commerce. In addition, 62% of the companies reported that they have experienced an increase in sales after the introduction of e-commerce.

The questionnaire survey also asked what form of promotion the companies use for e-commerce. The results show that all of the addressed companies use Internet marketing (advertising) for marketing
support. The second most common form of promotion was reported to be printed media. Other forms of promotion are represented sporadically. The reason for the sparse use of other forms of advertising lies in the nature of the companies addressed - most of them are small and medium-sized enterprises, which consider other forms of promotion as too costly and uneconomic due to the low amount of disposable capital. An evaluation of the responses is shown in the following Graph 5.

**GRAPH 5**

**FORMS OF PROMOTION COMPANIES USE FOR E-COMMERCE, (N = 26), 2010**

The investigation showed that most companies surveyed see the distinct advantage of e-commerce and that the level of e-commerce in the Pardubice region is comparable with the level of e-commerce in the Czech Republic. For the purposes of this paper it is also an important finding that all of the addressed companies use some form of Internet marketing and advertising for their promotion. The reason for this was reported to be in particular the low cost, precise and accurate targeting and direct communication with customers. More detailed information about Internet marketing was provided by an additional investigation, which specializes in direct forms of marketing communication on the Internet. The results of preliminary research cannot be generalized too much because of the number of companies contacted and their willingness to participate in the survey. Nevertheless, some predictive value can be observed because the survey focused on the most important companies in the region studied. The survey serves as a basis for further investigation, analyzing the possibilities of e-commerce and marketing communications on the Internet.

**Personal Investigative Survey in the Czech Republic (Internet Marketing/Advertising)**

An additional personally carried out investigative survey was conducted in the first half of 2011, which aimed to determine the extent to which companies use Internet advertising and the effects Internet advertising bring to companies. This means, whether it is used, what forms are used and whether they effectively bring profit. The intention was also to assess the relationship of both larger and smaller companies with this new form of advertising, what companies advertise on the Internet, how they do it, and what benefits do they expect from it. The investigative survey was conducted with the help of selected students of the Faculty of Economics and Administration at the University of Pardubice. Students contacted several dozens of companies that do business on the Internet and use some of the elements of Internet advertising. Other criteria could not be applied due to the specificity of the survey and the lack of
willingness of the selected companies to participate in the investigation. In total, 117 Czech firms that do business on the Internet and use some form of Internet advertising were willing to participate in the study. The results of investigative survey show that in most cases (66%) the addressed companies use some form of Internet advertising. Other forms of promotion are represented to a much lesser extent - in second place was outdoor advertising (24%), in third place was advertising in printed media (18%) and in last place advertising on television (3%), as shown in Graph 6.

GRAPH 6
TYPES OF INTERNET ADVERTISING THAT USE SURVEYED COMPANIES, (N = 117), 2011

The results do not correspond to well-known data because the survey focuses on companies that do business on the Internet, and thus they logically prefer the nature of this form of business. The sum of all percentages of responses exceeds 100%, since most companies are not limited to one type of advertising but combine them.

Another question focused on what form of Internet advertising is used. The highest representation is occupied by banner advertisements (36%). A certain degree of conservatism and inertia probably plays a role here as this form of promotion is no longer as effective as it was during its infancy, mainly due to what is known as banner blindness. Still, this kind of advertising dominated as it is technically simple and does not place demands on either the customer or the provider, and also it can be quickly replaced. The second and third most frequently used forms of Internet advertising were PPC systems (29%) and preferential and catalog entries (28%). PPC and catalog entries are closely linked to banner ads and the reason for their popularity is efficient payment for these forms of promotion and the possibility of accurate measurement of their effectiveness. Other forms of Internet advertising have a low percentage representation, as shown in Graph 7.

Source: Own analysis
The investigative survey also deals with an evaluation of Internet advertising from the point of view of the companies and specifically how it is used. According to the respondents it increased website traffic in 58% of cases, in 30% of cases it increased sales of products and services, and in 18% of cases companies did not report any change.

The survey also focused on other forms of promotion which are closely related to Internet advertising and are considered innovative. None of the respondents reported that they use discount sites, which is probably due to the fact that they have been on the market for a relatively short period of time and awareness of them has yet to be fully aroused. Thirteen percent of respondents who at least consider this possibility showed that this matter is still in its infancy and we can expect its growth.

The situation regarding the use of social media for promotion is somewhat different. This is a more deep-seated issue that has still probably not realized its full potential and just as in the previous question we can expect an increase in its use. This is because 44% of companies use social media to present products and services, and 17% of those who do not use social media are considering it. Social media is used by the surveyed companies through the establishment of profile pages on social networking sites, whereas only a small percentage of them use paid forms of advertising on social networking sites. The survey showed that the most used social networking site is Facebook (82%), other forms of social media are not represented at all (0% - blogs, Q&A portals, forums, YouTube, MySpace, or others) or only to a limited extent (Twitter 18%).

The resulting investigation reveals that the surveyed companies use Internet advertising tools in abundance, however, the importance of social media is somewhat underestimated, with less than half using it. Due to the underlying data set the results cannot be generalized too much, but they certainly have some meaningful capacity. It is clear that the phenomenon of social media on the Czech market is not optimally exploited.
DISCUSSION

The analysis of primary and secondary sources indicates that social media has become a serious part of marketing strategy. The results of the survey clearly show that without effective use of social media for marketing purposes, companies would currently find it difficult to succeed on the world market. However, some researchers and marketing professionals are still skeptical about the effectiveness of investments made in social media, both over time as well as in economic terms.

For example, some companies pin big hopes on Facebook in terms of marketing and sales. However, they have met with only a minimal reaction, even though their target group belonged to the most active age group on Facebook (Janouch, 2010). Therefore, there are still doubts about the effectiveness of social media for marketing and sales, creating speculation as to whether the “Facebook generation” is really the right target group.

Comparative analysis of the world’s population on social media with a population in the Czech Republic clearly shows that the behavior of Czech social media users thoroughly reflects the worldwide trend; however, some companies with a Czech base have failed to respond effectively to this trend. Practice shows that Czech companies, unlike international companies and multinational corporations, are yet to grasp the importance of social media for long-term competitiveness.

Generally speaking, the global trends are reflected on the Czech market with a considerable delay, including the social media trend. However, if Czech companies do not adapt to these trends then in the medium to long term they will struggle to maintain competitiveness on a global level. There has already been a gradual trend in the extinction of traditional Czech companies, which are being replaced by global competition. According to a number of investigations and experience, Czech companies neglect the basic concept of marketing and underestimate its importance. Accordingly, social media does not have the opportunity to be utilized by these companies. These attributes have resulted in the fact that Czech companies break through on the global market only in exceptional cases and in most cases remain just as local brands.

The reason for the persistent mistrust lies in the ignorance of online social environments and the inability to identify with the community users. Some marketers cannot effectively use this new marketing tool. The following 20 rules which are vital for business success in social media can be deduced from the personal analysis and other sources:

1. Set clear targets of social communication and strategy which will underpin the success of each business activity.
2. It is important to thoroughly prepare before beginning any social media activity and create a business plan, including an elaborate schedule that can consistently prevent problems and lead to positive results.
3. In the planning process it is necessary to analyze the current situation and the virtual environment. Observe how social media presents competition, what tools it uses and of course know the user community – i.e. what themes are most discussed, most shared, and what they most enjoy, etc. At the same time the company should determine what is required by user communities and subsequently what they should be offered.
4. Identify your target audience on social media - both basic and wider, which can be reached using the selected communication tools. At the same time the company has to find and address their greatest fans in the real environment, which in their enthusiasm will help meet the identified marketing objectives.
5. Select an appropriate communication tool on social media - in particular it is necessary to determine which social areas the company should begin to work on and where they can reach the most potential target groups. For smaller start-ups it is recommended to start work on a single communication channel (e.g. Facebook), and then move also to other social media; established and well-known companies should engage the social community in several ways.
6. Further clarify whether to engage the users of social media with paid advertising or other forms of promotion - the establishment of a profile, sites, blogs, viral tools and guerrilla marketing, etc.
7. Involve other company employees including top management in the marketing and sales activities on social media - educate and train employees in this area.

8. Define a person or team who will be responsible for managing activities and updates on social media, it is also necessary to have mutual cooperation between business units.

9. Provide social media administrators and other employees enough space for the expression of ideas and suggestions for establishing and maintaining relationships with community users. The company should encourage their initiative, creative thinking and the opportunity to learn from one another.

10. Obtain and maintain community users - a company should attract attention (e.g., by using buzz marketing tools or word of mouth) and arouse interest in sharing the content with other users of social media - videos, links, texts on current issues, active discussions, regular updates and reaction to the interest of fans and users of social media, use their observations to improve services, hold competitions, games (advergaming), surveys, etc.

11. Understand and identify with the thinking of community users. Users of social media create their own space which is primarily used for entertainment, communication and discussion with other members. Superficial promotion has little chance of success.

12. After obtaining sufficient numbers of active fans, create an activity with which fans identify with the company brand, while becoming part of their identity. Fans should get a sense that it is necessary to be part of the whole. The company should determine a trend in the form of social media.

13. Create cohesion in the created group (use of symbols, rituals, etc.), group norms, and coexistence with other groups - understand the principle of reference groups, use marketing psychology tools – create trust and group cooperation.

14. It is important to always be up-to-date, authentic and to engage in discussions and respond to the comments of fans in real time, i.e., when users are most active. It is also important to be transparent, credible and honest - otherwise, you can expect negative consequences that may damage the whole concept of the company.

15. Identify emerging crisis signs or problems - even those companies that do not engage in social media, should actively monitor events on social media. Social media can provide a number of pitfalls which consist mainly of negative comments, criticisms, and the subsequent parodies, which can damage the company image. However, the company must count on and face up to this eventuality - to eliminate the emerging problems before they reach the general public.

16. Activity on social media should be linked to other marketing support - links with the company website, overall marketing campaigns – connections with TV and radio advertising, guerilla marketing, press advertising, etc.

17. The company should never rely on social media as the only marketing tool. Conversely, social media should be integrated into the company’s comprehensive marketing strategy.

18. The company should realize the main purpose of social media - which is primarily communication and building relationships with potential customers. It should not be understood as a sales channel but as a tool for building brand awareness and company image. Sales are only its secondary effect.

19. The company must realize that effective marketing support on social media requires a considerable degree of its creator’s time, knowledge and financial investment. Often, however, they do not decide the budget but the idea. Therefore, even newcomers in the field of business can assert themselves.

20. Companies must keep in mind that social media can be a complementary but also a key tool for successful business. At the same time an important aspect of any crisis at the company may lie in the lack of use of social media or incorrect work with it. (Own analysis)
CONCLUSIONS

Anyone who has ever entered the virtual world of the Internet or has at least used its services for a short period of time certainly cannot doubt its future. The same is true for its commercial use for e-commerce. It is clear that it will be increasingly used by companies for marketing and commercial purposes.

Electronic media is undeniably an important carrier of marketing messages which can be used to maintain strong relationships with customers. Selected marketing trends are closely inter-related. They cannot be looked at separately. If a company wants to be successful, all forms of marketing must be combined effectively (Kotler, 2003).

Social media is changing contemporary society. Without accepting this fact a company will find it difficult to succeed. The above analysis shows that American companies utilize aspects of social media as one of the key marketing communication tools; Czech companies on the other had are considerably lagging behind. Not monitoring current business trends and neglecting marketing when setting corporate strategies are some of the main reasons why Czech companies have limited success on the world market.

Due to the dynamics of development social media can be expected to increasingly influence purchasing decisions of users (mainly through recommendations, comments about products or companies) and companies will have to invent increasingly sophisticated social strategies to attract new users and keep existing fans. Therefore, some experts in the context of social networking site talk of a social revolution or social economics (socialnomics). Trends now show that Internet advertising is increasingly shifting to a social media environment. Time will tell whether they will adopt a dominant standing in marketing.

ACKNOWLEDGEMENT

This contribution was supported by the research project SGFES03 “Scientific Research in Economics and Management”.

REFERENCES


