

The Impact of Social Network Technology on Business

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Abstract: *In a time where technology prevails, entrepreneurs as well as marketers see the need to keep up with the fast pace of change or risk being out dated in their respective markets. The days are gone when a pure-bricks business model would thrive well in current market scenario. It is practically impossible to design a marketing strategy without considering social networks. Social network technology had become really important gradient in today's marketing mix in general and in promotion mix in particular. Adapting some form of marketing online through social network technology is a key node for all businesses, especially in an industry where trends constantly change such as fashion and handicrafts. This paper views the description of social network technology and how it can be used in business and consulting firms. With try to understand the workings behind social network marketing, decide whether it is profitable for businesses to assist their products and services via the social network platforms and determine the usefulness and risks of social network in business.*

Keywords: Social Network, Online Business, Social Technology, Marketing Tool, Consulting Firms.

1. Introduction

Social network technology is a way to be social with others through technology. In another way, it is a means of communication with anyone anywhere, sharing all kinds of information using the internet. Some famous social networks are: Facebook, Twitter, Instagram, LinkedIn, Youtube, Google+ and many more. According to statista.com in 2015 the popularity of social technologies continues to grow, there are 1.96 billion active users of social networks and it is estimated that there will be around 2.44 billion social network users around the globe in 2018. It has advanced and grown so much over the past few years that the majority of businesses and organizations have a Facebook page, a Twitter account, a blog and/or a LinkedIn profile. Because this technology has become a popular and necessary part of everyday contact[1]. Many companies even implement these tools into their websites so that visitors can get more connected to the company and join in on the conversations. This technology helps the company to generate consumer insights and market intelligence[2].

The challenge here is how the company understand the various of social network application and how they can be used to achieve business benefits in the first step.[3]

2. Literature Review

Technology is driving the world today, technology in social networking have become a place where retailers can extend their marketing campaigns to a bigger range of consumers. Relatively new way of communicating with customers have changed significantly with the rise of social media technologies; thusly, businesses must acquire how to use social network technologies in a way that is reliable with their business plan (Paquette, H. 2013) [4]. Ibrahim and his colleagues studied how new technology can be a way for a successful business practice especially for online businesses. They found that new technology can help to increase business success by encourage the products through

technology to be more efficient and gain more profit for the business (Ibrahim, J. 2014) [5]. Companies and businesses can gain many benefits over social marketing: they can improve a better understanding of the customer needs and from that information they can form effective relationships with their customers (Assaad, W & Gómez, J. 2011) [6]. It offers an opening to marketers to not only display their products / services to customers but also to listen to customers' criticisms and suggestions.(Neti, S. 2011)[7]. Moreover, the fee of a social network platform is normally lesser than other marketing platforms such as face-to-face salespeople or middlemen or distributors. (Nadaraja, R & Yazdanifard, R) [8].

3. Social Network Technology: Definition and Description

Social network technology defined as the improvement of professional work and social contacts that enable sharing of information, resources and services among people with a common interest using online social applications or websites. Such as Facebook, LinkedIn , Twitter and WhatsApp. [9] Through this applications or websites any person can build an enormous number of relationships with others people, despite of geographical distance. Users can make online communication (interaction) with each other by posting and sharing images, information, messages, comments, etc. This online sharing of information encourages the increase of users numbers for social networks. Thus, make this technology to become a good platform for business area to meet, serve and deal with customer.[10]

This definition and Description consider the importance of this kind of application to the users in their life and business. In recent time, the use of social network was in the form of expanding the number of one's business and it can be used in different fields.

4. Uses of Social Network Technology in Business

Businesses are changing their behaviors to keep up with contemporary developments. This ensures their survival and spread among the community. Hence, the use of social network technology in business has become essential for any organization or company. Social network technology leads to a potential success for businesses if it is carefully incorporated in the marketing mix. Through using this kind of technologies businesses and organizations are appealing to new clients, providing services to current clients, and making money, as well as advertising brand image, providing useful services, and gearing up directed advertising campaigns. [6] A good company consistently have a lot of promotion in order to attract their consumers so that they are able to recognize the brand awareness of the company as well as their products.[11]

Social Network Marketing can be defined as a popular and efficient process of getting and determine information that is essential to the success of your business such as what products or services can be of interest to customer. This new technology of marketing represents low-cost tools with a lot of advantageous for businesses, if it is approached properly with marketing strategy. [7][12]

Companies can benefits from Social technology in their Internal network (between their employees) and External network (partners, suppliers and external-experts) in different area [6][7][12][13] :

- **Marketing and Advertising:** Online advertising and marketing are offering improved opportunities for businesses. Through accessing to the largest number of customers in one place, unlike the conventional ways. From customer profile you can know your customers very well which they like and what are the ads that can be proposed to them. Tell-a-friend applications and wish list features are the two main ways of advertising in a social network.
- **Sales the Products:** Social-networking tools provide a better method and low-cost for sales (E-commerce) and display companies products and services.
- **Customer focus and service:** This technology present easiest way to find new customers and it can be used as a tactic to focus on them. E-mails, calls and chatting rooms are interactions by call center to respond to customers inquiries. The communication through social network gets businesses to listen to their customer, review ratings for products and services given by the customers, and provide product knowledge and personal information.
- **Information Management:** Folksonomy efforts could result in taxonomies that are more precise (e.g. integration with search engines) as well as more responsive to change by picking up on terminology and providing users with sense of participation and ownership.
- **Competitive intelligence gathering:** the technology in social networks can be aimed on a specific information space (e.g. a competitor activities or ways people use a particular product).
- **Organizational development:** Tracking tags and

bookmarks over time can show trends of what people are likes and what they found important, therefore giving learning strategies and HR decision makers with understandings into the styles of training, seminar, or additional issues that might be of interest and importance or skills/competencies to focus on.

McKinsey (Global Institute) made their fifth annual survey on social technologies used by businesses showed that more businesses are improving the way they use the technologies available to them in order to enhance their procedures and find new growing opportunities using social media.[13]

They found the executives those surveyed reported benefit improvements of using social technology tools in their companies, followed by internally networked and externally networked. As a results , there is increasing in the percentage of benefits of social technology from 2009 to 2011.(Figure 1)

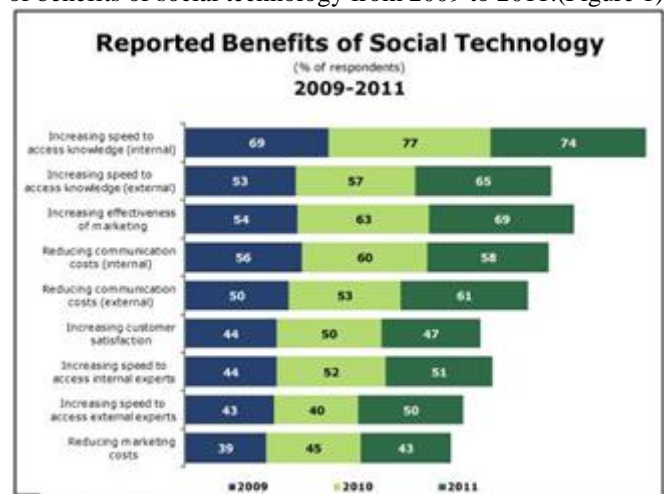


Figure 1: The reported benefits of using social technologies. Source: McKinsey [13]

5. Social Network Technology and Consulting Firms

In days before the World Wide Web, consulting companies depended on print and podiums to build business. Companies created sleek journals for customers and prospects, sent their consultants to give talks at conferences, hosted customer meetings and sponsored sporting events. But beginning in the early years of the new millennia, online and social media began to seize an increasing chunk of the marketing budget. In 2005, consulting firms spent just 2% of their marketing budgets on social media; they devoted 70% of that budget to offline marketing (e.g., print publications, seminars, etc.) and 28% to what is referred to as traditional online marketing (emails, website publications and other one-directional online communications).

Research shows that by 2010, respondents were spending an average of 48% of their budget on offline marketing, 37% on online marketing and 15% on social media. But in 2015 they project 26% of their marketing budget will go to social media (see figure 2). [14]

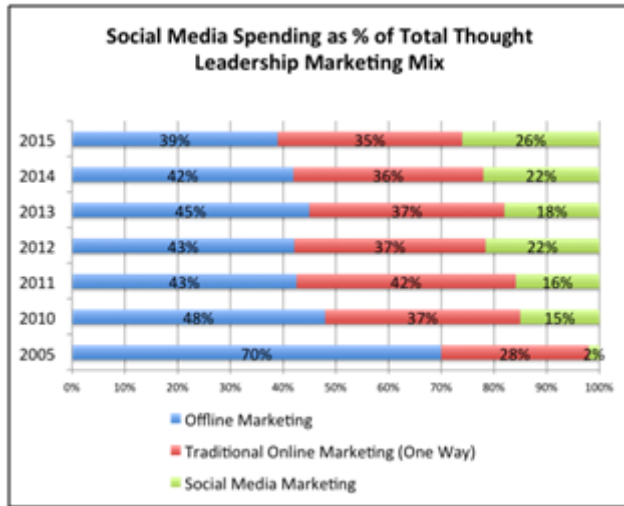


Figure 2: Social media spending as % of total thought leadership marketing mix.
 Source: The Bloom Group [14]

Offline and traditional online marketing still consumes 74% of the consulting marketing budget. However, there is a rise in budget across the social network marketing channels. Consulting company can benefit from social network technology in different ways. Consultants can reach a wider audience through these technology and this can solve the difficulty to get to a wider scope since consultancy does not involve buying and selling. [15]

6. Social Network Opens New Doors for client Communication

The counseling profession as a whole is still trying to answer questions on how to implement it through social network into everyday activities and communications. The American Counseling Association's (ACA), a non-profit organization focused on the advancement of the counseling profession, recent code of ethics does not show the advances in social network and technology. David Kaplan, chief professional officer at ACA, says the code was last reviewed in 2005, which is before social network started effecting most professions. Most of the social network tools were mainly used by college students and teenagers at that time, which made the marketing demographic very narrow.

Kaplan says that a new and reviewed code of ethics will be out in 2015, and it will include different types of social network entries in it. Until then, questions are to be answered on a case-by-case basis. Nonetheless, there are a few established pieces of advice for counselors and organizations that the ACA tries to promote for professional practice through social network:

- Provide a written social media policy and consent form that clients must sign
- Use privacy settings on social media accounts whenever possible.
- Check with state licensing board to stay current on rules and regulations.
- Have separate social media accounts for your professional and private life.

"It is absolutely ethical for counselors to use social media,"

Kaplan said. "But you must do what is in the client's best interest."

Kaplan explains in the article that it does not matter how much technology advances or how many more social network sites get launched because the measurement for ethical behaviour should always stay the same. The needs of the client should always come first, and it is up to the counselor to make sure that the method he or she uses is the best way to help the client.[16][17]

7. Role of Social Network in Marketing

Social network is now progressively becoming an embedded part of public relations, brand and image management and even intra company communication. Since the most important task of marketing is used to inform customers about the company's products, who they are and what they offer, social networking plays a significant role in marketing:

- Social network can be used to give an image about the companies and the products or services that they offer.
- It helps create relationships with people who otherwise might not be informed about the products or service or what the companies represent.
- Makes businesses seem "real" to consumers. If they want people to follow them they don't just have to talk about the latest merchandise, but they can also share their personality with them.
- It can also be used to associate themselves with their peers that may be targeting the same market.
- Social network can be used to communicate and offer the interaction that is being looked for by consumers.[7]

8. Risks of Social Technologies in Business

There are many risks involving the use of social technologies. One risk is the possibility of abuse, such as extreme employee time spent talking about non-work-related issues on the internal or external social networks or using social media to attack fellow employees or management. Enterprises have taken different methods to hand this risk, from eliminating non-work-related conversations or removing critical opinions to welcoming the critiques and engaging in public conversation with the critics. [2][9]

Ethics has also been a key issue when it comes to social network technology. Companies need to be very careful when it comes to invasion of customer privacy which could limit a company's capability to develop the most obvious consumer thoughts. Additionally, a shortage of social online marketing plans as well as aggressive acquiring of personal user data can backfire on the organization.[6][18]

Other risks comprise of breaches of great need for information security, but a company's need to preserve data security can minimize the ways in which social technologies can be applied. Furthermore, in many countries, censorship and restrictions on Internet use is a blocks value creation by companies that hope to allow consumers to interact with them and that wish to yield deep understandings from social data.[2][9]

9. Conclusion

In conclusion, getting closer and getting to know the customer through social network technology has changed the way companies do businesses. And with the advancement of technology in social network, businesses, companies and organizations had taken advantage of this new marketing opportunity. We have talked about the benefits of social network technology in marketing at how can it can make the gain insight and gather information on what the customer might want in businesses as well as the risks. Also how social network has played a big role in marketing and customer targeting. By using social network as a key part of its marketing campaigns, consulting firms and businesses are able to reach a larger key target audience more easily and can convey its messages in a format that suits the audience. It is now more critical than ever that successful businesses use Engagement Marketing principles to plan for successfully engaging their prospects and customers before, during and after their purchase or service cycle, and that the basis for this engagement is high-quality and relevant information.

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