

IMPACT OF SOCIAL NETWORKING WEBSITES ON BUSINESS TODAY

Phyo Min Tun¹

Abstract: A social networking website is a social structure build-up of individuals or organizations called “nodes”, which are connected by one or more specific types of mutuality, such as friendship, common interest, financial exchange, dislike relationships of beliefs, knowledge, prestige and information. This article focuses on social networking websites and their impact on business. It aims to identify opportunities and ways to be effective as promoters of businesses to internet users all over the world, 24 hours and 7 days, creating unlimited possibilities for advertising potential. This article reviews the best social networking websites currently used as well as examples of ways in which business can use these types of websites to expand their target markets. This article also gives insight about the threats and challenges associated with social networking websites, as well as things for businesses to watch out for if they determine to use these types of websites. Social networking websites will continue to shape the ways in which businesses collaborate and communicate, both inside and outside of enterprise.

Keywords: Social Networking, Website, Advertising, Business, Online Marketing.

1. Introduction

A social networking website consists of a social structure build-up of individuals or organizations called “nodes”, connected by one or more specific types of mutuality, such as friendship, common interest, financial exchange, dislike relationships of beliefs, knowledge, prestige and information (McLaughlin, 2012). This article focuses on social networking websites and their impact on business. It aims to identify opportunities and ways to be effective as promoters of businesses to internet users. Social media are a platform for business visibility. Keywords create a marketing buzz.

The most relevant social networking websites currently used are reviewed first and ways in which businesses can use these types of websites to expand their target markets considered next. Some of the threats and challenges associated with social networking websites as well as red flags for businesses to watch out are then discussed.

2. Literature Review

- What is Social Networking Website?

A social networking website is an online service or website filled with millions of individuals who are seeking to meet other people, to gather and share first-hand information and their experiences about golfing, gardening, cooking, developing friendships or professional alliances, seeking employment, marketing such as advertising,

get customer’s feedbacks and even groups sharing information. It is an online service, website or platform that focuses on building and reflecting of social networks or social relations among people, who, for example, share interests and/or activities. Social Network Services are also increasingly attracting the attention of academic and industry researchers intrigued by their affordances and reach.

- Facebook

Facebook was founded by Mark Zuckerberg, while he was a student at Harvard in 2004 and originally called thefacebook and that domain was registered by someone else back in 1997. The general concept was to digitize the legendary freshman-year “Facebook,” and allow students not only to gawk at one another’s photos but also to flirt, network, interact. Eventually, the web site moved beyond college to everyone and nearly 1 billion people have a Facebook profile. Facebook users can create a profile page that shows their friends and networks information about them-selves. The choice to include a profile in a network means that everyone within that network can view the profile. The profile typically includes Friends, Friends from other Networks, Information, Status, Notes, Groups, Likes, Photos, Videos and The Wall which is the major feature of Facebook.

- Google+

Google+ is basically Google's latest attempt at creating a social network. Unlike with Facebook where uploading a post will show up on user’s profile for all of user’s friends to see, Google+ lets users do things a little

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differently. Circles, Sparks, Hangouts, Instant Upload and Huddle are major features of Google+. The concept of Circles is user can have a family Circle, a BFF Circle, a co-workers Circle, and even an “Epic bros” Circle. Sparks is a feature that lets users select certain areas, interests or hobbies that user particularly like. Google+ Hangouts are quick video "conferences" that enabling broadcasters to go live with friends and fans, for around the world to see. Instant upload which lets users take a photo and instantly upload it to a private album in the cloud server. Huddle is one of the best features of Google+ is Huddle, which lets users coordinate with friends and family in real-time.

- Twitter

Twitter was started out as a micro-blogging website has quickly grown into a social messaging platform and one of the top social networks in the world that allows users answer the question, "What are users doing?" by sending short text messages 140 characters in length, called "tweets", to their friends, or "followers". Twitter is phenomenon that transcends social networking to provide an outlet for news, trends, buzz, and chat among many other uses. Twitter is a combination of various forms of communication such as email, instant messenger, VOIP like as Skype, Blogs and distribute content rapidly on the web through RSS feeds.

- LinkedIn

LinkedIn is a social networking website designed specifically for the business community with over 120 million members which were officially launched in May 2003. A LinkedIn member's profile page, which emphasizes their working experiences and education background, has professional network news feeds and a limited number of customizable modules. Network members are also known as “connections” and unlike other social networking websites such as Facebook or Twitter. LinkedIn needs connections to have a pre-existing relationship. The members of can seek for jobs, join groups, research companies, and network with members of their network. Companies can post information about the company and career opportunities listings on company pages. Companies can also establish the connection with LinkedIn

members for recruiting purposes.

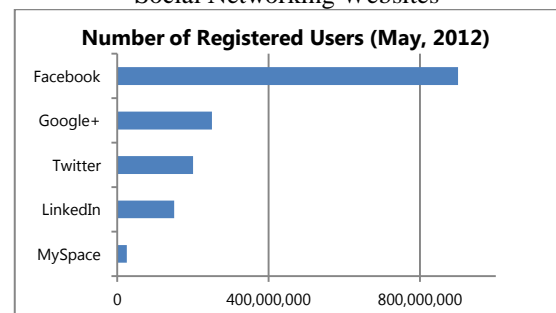
- MySpace

MySpace is a popular online social networking website that composed of personal profiles aimed for mostly at a younger membership. It is extremely popular with teenagers and young adults. It allows users to post images of their self, blog about their ideas and concerns, and post comments on other users' profiles. MySpace included features such as chat rooms, forums, classified ads, newsgroups and a venue for sharing videos or music like as other online social networking websites. A MySpace profile can be a very important connection to fans of celebrities because MySpace was originally founded as a venue for aspiring musicians and bands to share music and concert dates. The variety of details included in the profile is submitted voluntarily by users. MySpace is easy to use for anyone to submit profile information, even if they have lack of online experience.

3. Comparison of Social Networking Websites

There are several different social networking websites and hard to decide which are best for the business. Following figures and tables will give insight to choose suitable one for business somehow.

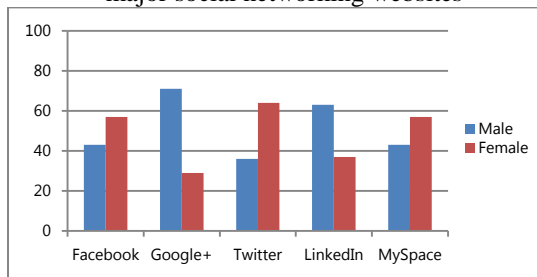
Figure 1: Number of registered users on Major Social Networking Websites



(Source: <http://social-networking.findthebest.com/>)

According “Figure: 1”, vast amount of users are registered in Facebook. Google+ and Twitter has only 25% of number of Facebook's registered users. Businesses can be reached many targeted users on the Facebook easily more than other social networking websites.

Figure 2: Percentage of Gender distribution by major social networking websites



(Source: <http://smedio.com/2011/06/22/women-are-taking-over-the-social-we>)

Table 1: Comparison of Social Networking Websites' functions

	Facebook	Google+	Twitter	LinkedIn
Users	Friends	Circles	Followers	Connections
Relationship	Two-way	One-way Following	One-way Following	Two-way
Friend List	Yes	Yes	Yes	Yes
Give Comment	Yes	Yes	Yes	Yes
Post Likes	Likes	1+	Favorites & Retweets	Yes
Private Message	Yes	No	Yes	Yes
Video Chat	One : One	One : Many	No	No
Text Chat	Yes	Yes	No	No
Un-Friending	Yes	Yes	Yes	Yes

(Source: <http://www.sociableblog.com/2011/10/04/googleplus-cheatsheet-for-marketers/>)

4. Benefits of Using Social Network Websites for Business

Businesses are getting insight about the benefits of using social networking websites to retain and attract customers. They began to see that their competitors are taking many advantages because of using social networking efforts, they quickly followed suit. Nowadays most of the businesses can be found on social networking websites. They are communicating

with their customers and clients via social networking websites. They are updating their information or statuses and occasionally acting like they are a part of community. For some people, interacting with businesses on social networking websites gives them an opportunity to experience first-hand how that company deals with the public. Most people are becoming accustomed to receiving customer support via a social network. Social networking websites can break the barriers of customer contact significantly so that businesses are using social networks to help their marketing campaigns. For businesses that are willing to shoulder the load, this new medium represents an opportunity in order to keep in touch with customers and update them constantly about companies' information. This represents an unprecedented opportunity for businesses which are willing to add values and engaging with customers. [11]

The benefits of social networking for business cannot be underestimated as it becomes a crucial component to business. The benefits of using social networking for business are as follows: [12]

- Online Presence and Branding

Business can create their profile in social networking sites and allows people to see their brand or products and get awareness from user that their business exists. They can post valuable content to those web sites to attract the users.

- Customer Service and Engagement

Social networking provides a channel for business to interact with their customers and enables customers to provide feedback on the marketing message quickly. It provides as a useful tool to have a direct conversation with their customer base and see patterns of customer's feedback. It also gives company a platform to be creative in using different social media tools to engage their customers and gain their loyalty to the business.

- Lower Cost/Free Advertising

Businesses can advertise their products and services for free or at lower costs when they make full use of social networking sites. Social networking sites can be used as a media which help companies find new customers and break the barriers of customer contact.

- Find Business Partners or Employees

At social networking sites, businesses can find out new business partners, employees, other

brands and even their competitor. Businesses can send out messages to notify people they are hiring or accepting applications and they can use these social networking sites to seek out employees.

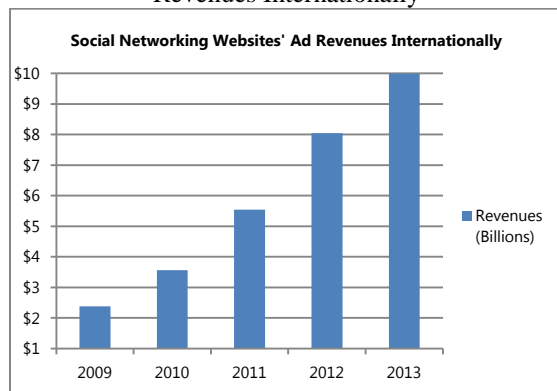
5. How to Use Social Networking Websites for Business

Businesses can establish and maintain business relationships with colleagues and their customers on social networking websites. Some firms are taking it further still and using social networking sites to actively promote themselves and their businesses. Businesses have a number of ways to develop unique advertising methods on each social networking websites and those websites offer several avenues such as the banner ad advertising, creating a profile and page or creating events and groups.

- Banner Ad Advertising

Banner Ad advertising is a most popular and majority of advertising method on the Internet. Most of social networking websites have that kind of advertising method and running on every web page which a user must access to view messages, comments, and others' profiles. Often these ads are animated or still images, making them users to see and click on them. eMarketer reported that the global revenue of banner ad advertising from social networks is expected to reach \$10 billion by 2013.

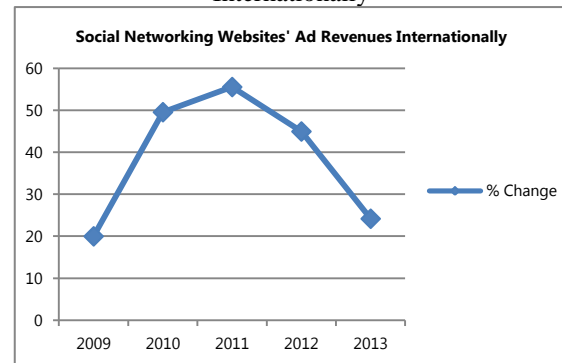
Figure 3: Social Networking Websites' Ad Revenues Internationally



(Source:

<http://www.purepakistani.com/2011/10/social-networks-will-reach-10-billion-in-global-ad-revenues-by-2013/>)

Figure 4: Percentage Change of Social Networking Websites' Ad Revenues Internationally



(Source:

<http://www.purepakistani.com/2011/10/social-networks-will-reach-10-billion-in-global-ad-revenues-by-2013/>)

- Creating a Profile and Page

Many companies have profiles on social networking websites and the information on a profile reflect on those businesses. Therefore they post or upload about their services or products so that users may view them and engaging for clients. This would be a way to keep in touch with their customers for businesses. At the companies' profile, the user could post concerns, comments, and ideas while viewing blogs on product updates. Companies can review the likes, interests and expressed needs of their customer base from profiles. They can also use this information to determine how customers' profile characteristics fit into their marketing targets.

- Creating groups and Events

Another way to use social networking websites is the creation of groups or events according company's product or service. Moreover, the business can create a group of people who like or interest the product and open discussion forums so that users can share about their experience with the products. Most of the social networking websites are allowed users to create events and those events could be sponsored by the company. The social networking website's users are partially doing the advertising for the company.

6. Problems Associated with Social Networking Websites

Most of the businesses concern about privacy and security issues in social networking websites. This is the majority problem since the purpose of social networking websites is for public for personal reasons, a person's whose privacy is compromised suffers much distress. Increasing of hacking the account is also another problem suffered by social networking websites. Even though it is a problem, can be protected by user reducing the amount of their personal information they post on the internet. Some of social networking websites services do not agree security is not a major problem. Although many social networking websites have enhanced their security and privacy system, much remains out in the open for regular predators to harm and affect the lives of others. The purpose of visiting social networking websites for most of the people is for their personal reasons or for leisure. So that businesses should realize how to be contributing about their information among users with lack of risk and beware of the personal space of the users.

Conclusion

Social networking websites are becoming popular among current generation. Even there are many opportunities as well as challenges of social networking websites for business. Most important step for any business is to create a policy of using social networking websites. Businesses are struggling with rapidly developing of technology. Technology is constantly changing the way of doing business at internet and businesses should be aware of these changes. It is in the best interests of a company to know what social networking websites are suitable to its

marketing strategy to keep their brand royalty, get customer's feedbacks and advertise their products or services.

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