

USE OF SOCIAL NETWORK IN MARKETING IN HANOI, VIETNAM A SMALL CASE STUDY

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Abstract: This Term project will give you an overview of using social network in marketing – which is a very popular approach of selling products and services nowadays. The Term Project contents 4 Parts. Part 1 provides the definition of social network and its popularity in daily life in general and in marketing in particular. Followed by part 1, part 2 of the term project clarifies the differences between traditional marketing and social network marketing and then the transitions from the traditional approach to this modern one. Given the transition, part 3 explains reasons why marketers prefer social network marketing and at the same time points out some disadvantages that marketers normally face with. Finally, the term project ends with the most outstanding case study – Facebook, illustrating of how social network is being used in marketing.

Keywords: Social network, Marketing, Facebook

1. SOCIAL NETWORK DEFINITION AND ITS POPULARITY

1.1 Social network definition

Social network are very popular, they are effective tools to contact with friends and business people. Many Web sites such as Facebook, Flickr, and YouTube were built to support social networking—enabling users to find each other and share information online.

1.2 The popularity of using social network for Marketing

According to a statistical report on domestic E-business Index prepared by the Vietnam Ecommerce Association (VECOM) in 2016 as plotted on the Figure-1 below:

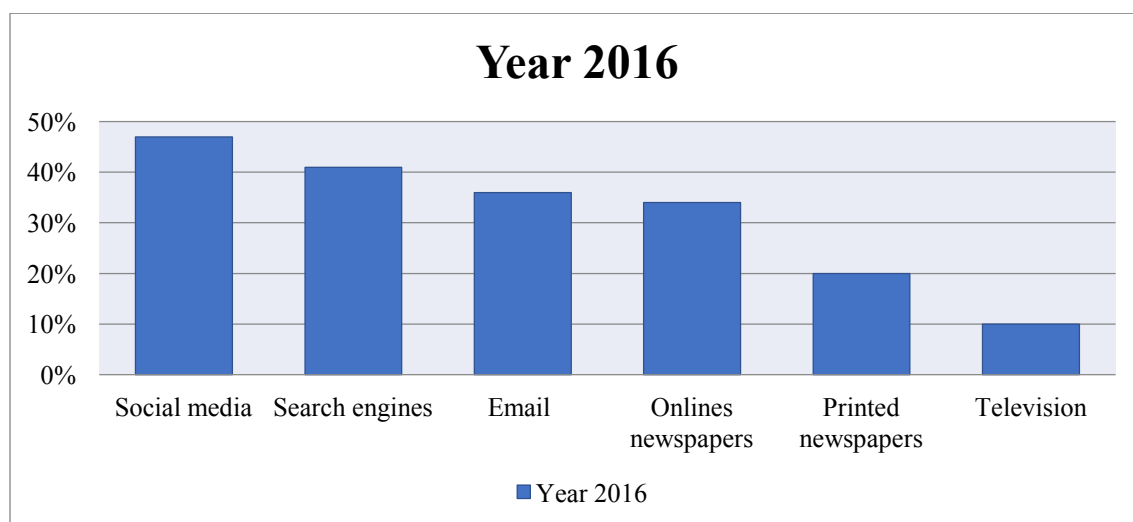


Figure-1 E-Business Index

From this Figure-1, we can draw a few conclusions:

- At present, Social media (Facebook, Youtube, LinkedIn, Twitter) dominates online ad market.
- Social media has surpassed search engines (Google Adwords) to become the most favored online means of advertisement, employed by 47 per cent of total domestic businesses, with search engines coming in second at 41 per cent.
- Television lags far behind at around 10-13% per cent.

The reason can be Social media advertisement is a economical (cost-efficient) and effective tool, while television advertisement is very expensive. Moreover, with more than 47 million Internet users and more than 29 million smartphone users, Vietnam is among the countries with the largest online connections in the region. So online marketing through social networks is an inevitable trend, led by global technological developments.

2. METHODOLOGY

To confirm this information, we have carried out a survey of the popularity of using social network for Marketing by asking three questions to a small sample of 39 students studying in a MIS class who are using Facebook. Here are the results screenshot taken:

Question 1: Which of the following social network sites you are a member? (you may choose more than one answer)

Here is the result of question 1 plotted on a visual graph as given i Figure-2.

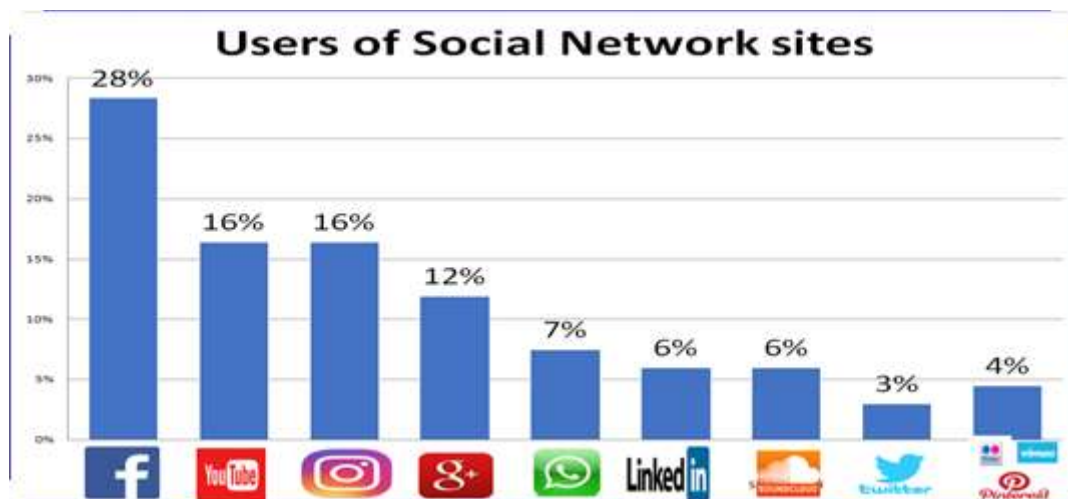


Figure-2: Social network sites that classmates are a member

Conclusion/Remarks 1:

___As you see in the Figure 2, the most favored online social network site being Facebook, employed by 28 per cent of surveyed members, with Youtube and Instagram coming in second at 12 per cent.

Question 2: How many hours per week you spend on these social networking sites?

Here is the result figure of question 2 plotted on a visual graph.

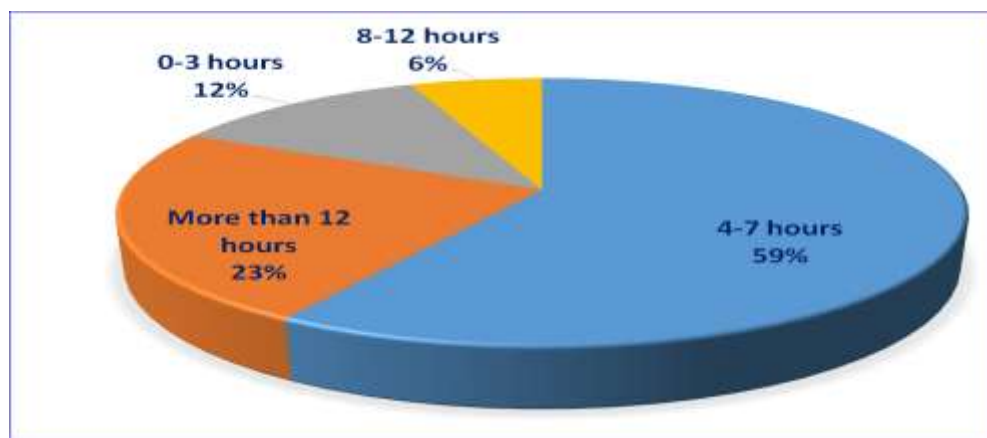


Figure-3: Hours per week spent on social networking sites

Conclusions/Remarks 2:

_____As you see on the Figure 3, most people spend 4-7 hours (accounting for 59%) on these social networking sites per week. The amount of spending time on surfing the net is rather much. So, the companies will be very convenient for social network marketing.

Question 3: How many advertisement posts are there in your first 10 news?

Here is the result figure of question 2 plotted on a visual graph.

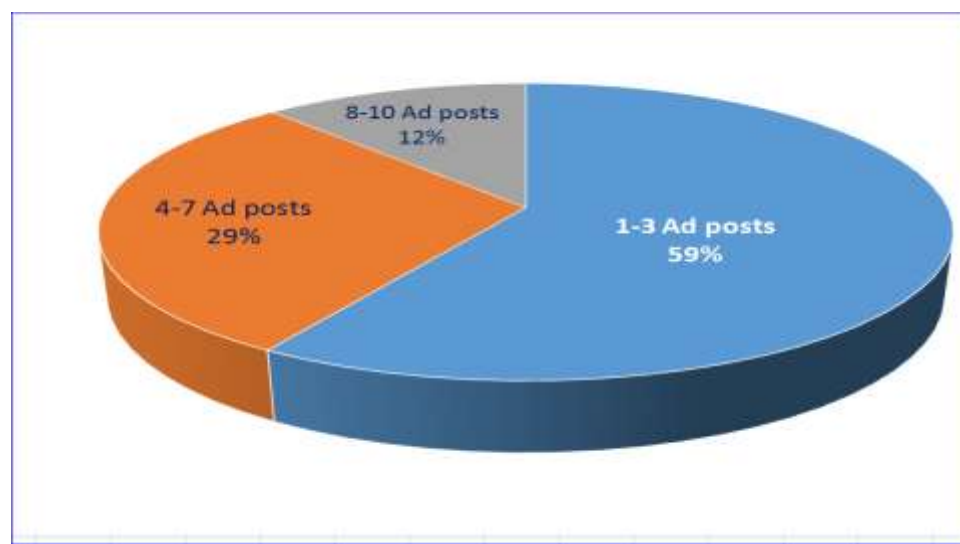


Figure-4: How many advertisement posts are there in your first 10 news

Conclusions/Remarks 3:

As it can be seen on Figure 4, there are more than 59% people say that only 1-3 ads are posted in the Newsfeeds in first 10 news. Maybe in Vietnam, online advertisement service is still new, not emerging. But in the future, we expect frequency of advertisements being posted in the Newsfeeds in first 10 news will increase significantly because more and more people will use Social networks.

2.1 : Transitions from Traditional Marketing to Social network marketing

2.1.1 Differences between Traditional Marketing and Social network marketing

We already know about the power of Traditional Marketing in the past, nowadays we open a new age with new technology and application, we can see the big differences between Traditional Marketing and Social Network Marketing as below, where we can easier to archive business strategy (Hausman, 2012)

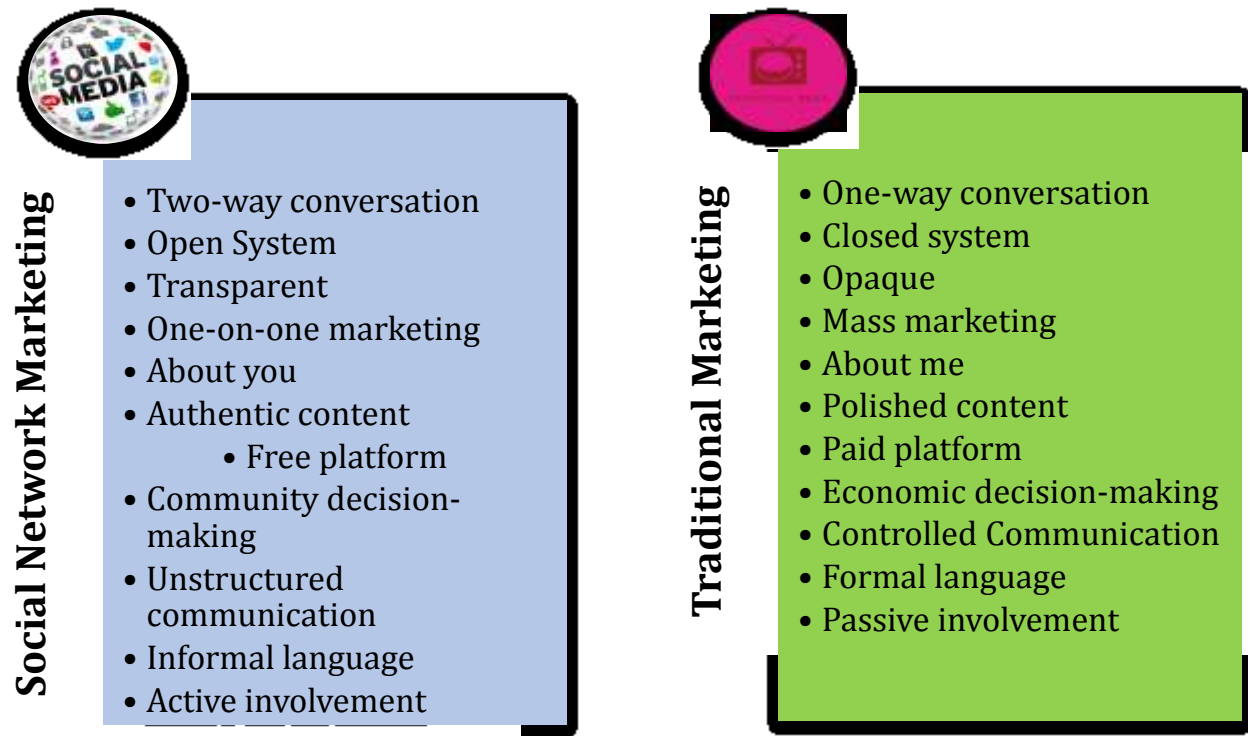


Figure 5: Differences between Traditional Marketing and Social Network marketing

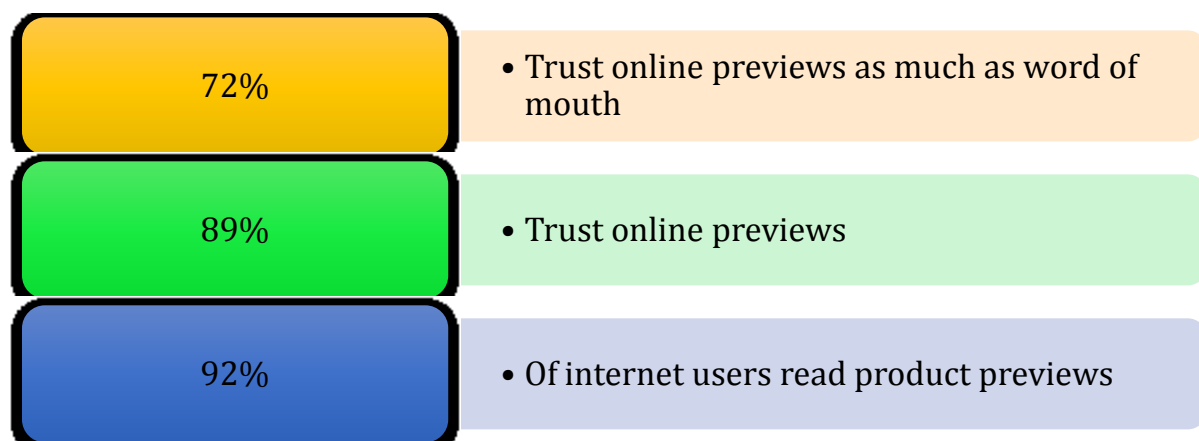


Figure 6: Customers' behaviours during buying process through the use of social network marketing

Previews are good the way to help the customer know and have some trials about the products. The analysts find out that almost customers trust on previews then they can make their decisions.

We also see different approaches between Social Network Marketing and Traditional Marketing as below.

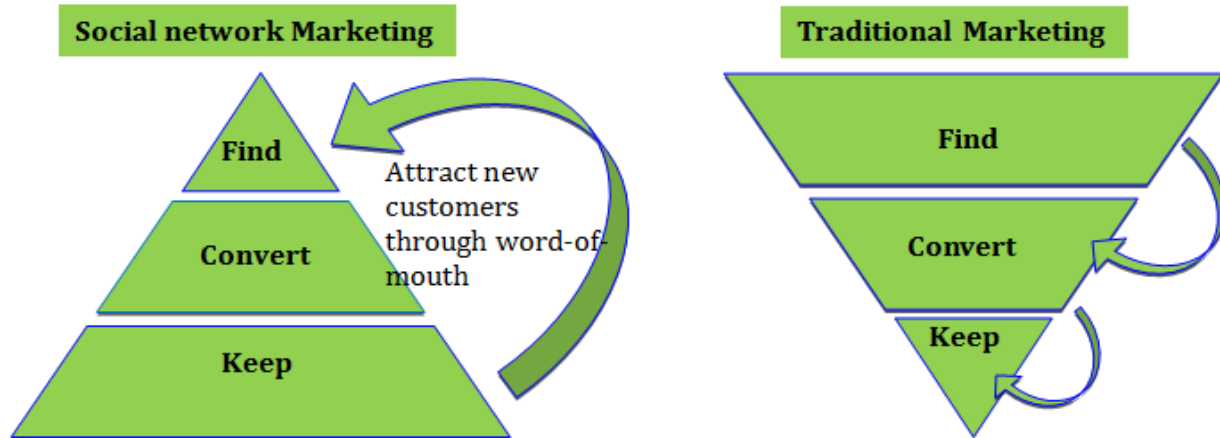


Figure 7: Different approaches between Social Network Marketing and Traditional Marketing

2.2.2 Transitions from traditional marketing to social network marketing

This part looks into the transitions from the traditional approach towards the social network marketing (Fletcher, 2015)

i.-Way Communications

Unlike traditional marketing methods, which are only able to offer a one-way channel of communication, now consumers have a voice. Brands have to speak their customers' language and can't provide boring content. Whenever a brand shares any posts, marketers are able to receive feedback about their products or strategies almost immediately.

ii. Co-creating Content

Beyond user-generated content, consumers are helping brands create products by, for instance, voting on them on social media. Now that customers' voices can be heard, marketer sources its ideas from its social community to develop its new packaging, which changes the way of bringing new products to market.

iii. Reviews

These are often first steps for product and service research. Marketers may feel the urge to delete negative comments, but it's more important to respond to them and solve the problem immediately.

iv. Digital Revolution

Nowadays, consumers are reading news and viewing pictures on mobile devices, within social media apps. 2016, Facebook revealed 76% of its advertising revenue came from mobile. Similarly, Twitter credited mobile with 88% of its advertising revenue. The way consumers receive information has changed, brands should evolve at the same time (Tam, 2015).

v. Active Listening

Social is not only a communications tool, but also an important listening tool. By listening about the company situation, marketer can interact and make the right decision for any situation (Tam, 2015).

vi. Better insights

Users of social media uploaded and posted many of their profile information, content shares, their interests, etc. to social media sites. Any single actions of customers are tracked, recorded and marketers can gain insights about their customers. As results, marketers can prepare a targeted marketing plan to potential customers (Johansson, 2016).

3: ADVANTAGES AND DISADVANTAGES OF USING SOCIAL MEDIA IN MARKETING**3.1 The advantage of using social network for Marketing**

Nowadays, many social networks exist; these below assessments are still valuable on any specific social network, because these below facts are common characteristics.

Social networks were affects and continue change marketing's landscape significantly, it is an undeniable trend. The trend was initialized and it is thriving because social network marketing has many advantages:

- Reachable geographical scope: global or optional setting.
- Advertisement delivering time: nearly immediate or can optional setting. Some things like TV advertisement; most valuable time frame is 18:30 - 19:00. On social network, most valuable time-frame is 20:00 – 21:30. Marketer can change advertise delivering time; take advantage of most valuable time-frame for better advertisement result.
- Advertise content is changeable or add supplement information easily.
- Marketers can analysis, know about their potential customer deeply. One online user profile on social network has much information: gender, age, hometown, residence place, occupation, workplace, etc. Therefore, marketer has customer insight.
- High conversion rate. Marketer take advantage of demographical, hobbies, etc. information what supplied by social network. If you pay fee for social network, you can option reachable customer scope. For example: I want my advertisement display on user who are age 20 – 30, in Hanoi metropolitan area, who likes fashion shopping, in time-frame 20:00 – 21:00 in a week advertisement campaign. These are possible; therefore conversion rate of advertisement campaign is very high.
- Take advantage of social psychology, crowd psychology.
- Because advertisement tasks almost done on computer, electric device, internet, result tracking is very easy, exact, and comprehension.

Marketing via social network has 2 advertisement types:

- Self-conducted advertisement (1)
- Fee-apply advertisement (2)

Almost individual trader, small and medium companies use (1). For example: Small fashion business, cosmetic, training services, etc.

Corporations, big companies almost use (2). By this way, social network services provider bring to marketer a comprehensive dashboard for analytic, calculate conversion rate automatically, interactive users statistics, etc. These task can't done easily on traditional advertisement channels: on news-paper or television.

How to tracking advertisement campaign in both type (1) and type (2)? Marketer embed a Javascript script on landing page or on their homepage website. These tools usually are Google Analytics (<https://www.google.com/analytics>, or others, the full list of tracking tools at here <https://wappalyzer.com/categories/analytics>)

Type (2) is maybe bring uncertain comparative advantages for social network advertisement.

3.2 The Disadvantages of using Social network as a Marketing tool

Everything has two sides. Beside the huge advantages of using social network in marketing, there are a number of disadvantages to marketing products/services on social media as well.

3.2.1 Loss of Control

As mentioned before, marketers can use data, profile information of each individual customer for their marketing plans. However, they are not invisible towards other competitors and customers themselves. They can post accusatory comments that are inflammatory, derogatory or otherwise slanderous to the company's business on the company's page or wall (McQuerrey)

3.2.2 Cost of maintenance and Advertising

Marketers have to continuously updated pages, news and information of the business and products/services. If not, social marketing becomes useless. This requires development of a detailed innovative strategy which is a costly investment for small advertising budgets. Some innovations made by marketers can be named as video product displays, online contests, games, etc. While basic Facebook pages are free of charge for personal users, business accounts that feature advertising opportunities come with a price tag attached.

3.2.3 Competition

Mentioned earlier that things appeared on social media sites are not only seen by the company itself but also the competitors. Acting as friends or fans, it is easy for them to collect the customers' preference about our business, which strategies the company is using, prices and promotions, etc. They can easily copy and adopt the same.

3.2.4 Professionalism

Business selling products/services must use formal language to communicate with their customers given that they do marketing through websites. However, the nature of social media is the friendliness between users, marketers are now free to upload attractive or even shocking posts in a informal way to catch customer's attractions. There is no professionalism differentiating marketing a nightclub and a doctor's offices. This is a note to marketers to look carefully into the way they market the company's profile and products/ services to the public and simultaneously stay professional.

4: CASE STUDY - FACE BOOK

4.1 History and context of establishment

In February 2004, Mark Zuckerberg launched Facebook in Harvard, within 24 hours, more than 1200 Harvard student had signed up, and after one month, over half of the undergraduate population had a profile.

On October 1, 2005, Facebook expanded to other universities in US and eventually others around the world. The address Facebook.com was purchased in August 2005 for \$200,000.

In September 2006, Facebook was extended beyond educational institutions and opened to anyone with a registered email address. The site remains free to join, and make profit through advertising revenue. (Phillips, 2007)

Facebook's purpose is to give people the power to share and make the world more open and connected. On the website, Facebook explains that increased connection between people through their site will lead to better understanding between disparate groups. Facebook is free for its users, it gives them control of their information and who can access it.

4.2 Facebook for Marketing

In recent years, the relationship between companies and customers has changed and the company must respond to this change. The customer has received more and more control over and through the social network and the company can't withhold information or give false information on services and product anymore. Still, companies can take advantage of the social networking to gain benefits such as achieving a better understanding of the customer needs or improving relationships with customers. Whenever the coordination between the social networking and marketing is achieved, companies can more easily follow their clients, achieve their goals, control and measure their activities.

Facebook is a social network which provides tools to achieve marketing goals. It allows businesses, organizations and public figures to connect with customers, fans and constituents through the website. Companies can create pages where they can post content, introduce new products and services, offer deals, and manage customer service relationships. They also can reach a large number of people with the targeted advertising feature provided by Facebook.

4.3 Marketer's goals and how Facebook help them achieve it:

In creating a marketing plan, the specific goals needed to be focus on in order to achieve the outcome, and the following goals are those which need to be focus on:

❖ Market Share Goals

Increasing market share is the ultimate goal of any business marketing plan. Making market share bigger is an unavoidable objective of a marketing plan. Tracking the company's rate of new customer acquisition is an effective way to measure a marketing plan's efficiency.

❖ Customer Relation

Keeping existing customers coming back is just as important as gaining new customers. Understanding the customer's needs will help companies satisfy customer and eventually it will lead to improve sale.

❖ Sales Goals

Sales growth is a figure to measure the effectiveness of a marketing plan because in any new businesses, they often operate at a loss for the first 1 to 3 years, so growing in sales numbers is clearly the sign of marketing effectiveness. It is an ideal and important goal for marketing plans.

❖ Cost Efficiency

In addition to sales growth, the marketing costs should be keeping as low as possible, this will lead to more income in long term. A Facebook page gives many benefits for company marketing and business. Although some benefits are similar to owning a website, others are unique to Facebook. When combined, it will lead to increased sales and profits for business. Facebook is more cost effective than other type of marketing. Marketing activities would cost hundreds of millions to billions VND a year when using TV ads, newspaper or other markets activities. Facebook is a good and cheap way to advertise product and company's name. This makes it ideal for small and medium businesses who have limited marketing budget.

❖ Share basic information about business for the customer to see

Facebook serves as a site which share and publicize business name, address, and detail of company's contact and describe their products and services. Sharing information about product and services will help customers have better understand of what product or service you are selling.

❖ Share pictures and videos to customer

Other than posting text, Facebook lets people upload pictures and videos to their page. This is powerful way to communicate with customers, and allowing them to see company's product or service, help the customers see what they are going to pay money beforehand.

Tag is also a function can be used to promote company's business. Tagged image or video will show up on the participant's Facebook account, where their friends will see it too. This increases the level of interest in the picture, video and business.

❖ **Stay in contact with existing and potential customers and provide customer support**

Facebook can be used to contact with existing and potential customers by posting and receiving messages.

Talking to customer on Facebook will help increase credibility. Paying attention to what the market thought on the company, product and service can provide valuable insights.

Customers can post after-sales questions on Facebook wall, and the staff can answer them there. This is more efficient than answering phone calls, not to mention it cost less, and at the same time allows other customers to read common questions and answer.

❖ **Raise brand awareness and promote positive word-of-mouth**

One way to increase company business is to encourage existing and potential customers to click on the Like button on Facebook page. This will help them receive updates on their wall, and their friends will also see them. This helps to build awareness of company's brand. Customers can also post and share positive messages about products or services to their friends.

❖ **Facebook can steer traffic to company's website**

Facebook allow users to include a link to website on Facebook page. It will help increase website's ranking on google.

❖ **Targeted advertising**

Facebook analyses all the information of their users and companies can pay to use this information to deliver targeted advertising to a specific group.

5. CONCLUSIONS

To conclude, social network is an essential marketing tool for any marketing strategies, given the increasing popularity of social media sites using nowadays. It's not only because it is cheaper, social advertising also helps companies especially small businesses reach targeted audiences with more accuracy. Think of it as a sniper rifle while traditional network is more of a shotgun.

That's not to say traditional advertising is obsolete - far from it, and it can work well in tandem with social and digital campaigns as part of a comprehensive marketing strategy. But don't neglect the power of social network when making network planning decisions.

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