USAGE OF SOCIAL NETWORKS IN COMPANIES ON MACEDONIAN MARKET – COMPARATIVE ANALYSIS

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Abstract : *In recent years, social media have become ubiquitous and important for social networking and content sharing among people and companies. There is a revolution happening from the school room to the board room. It is being driven by a fundamental shift in how we communicate and it is enabled by what we commonly call – social media.*

Social media touch nearly every part of our personal and business lives. Last year 93% of the companies in Europe used at least one social medium to communicate with current and future customers. According to Financial Times, 97% of the companies in the USA have used social media for recruiting new employees. All these facts were inspiration for this paper to explore and see how companies are integrating social networks in Macedonia.

For the purpose of the paper, a survey in Macedonian companies was conducted. Later the data was compared with the data from the previous survey conducted in 2010.

Keywords: *social media, social network, integration, Macedonia*

1. INTRODUCTION

The main idea of this paper is to point out the importance of the rise of social media integration from a company perspective in the region of South Eastern Europe and Macedonia. The world is changing in the way how the social media is used from different point of view. Each day we are witnessing new approaches and models used by companies in order to be closer to the customers that add more value for them and achieve better segmentation of the market.

Besides the fact that nowadays consumers are overloaded with information, they are like never before empowered, in control and socially connected (Godin & Seth, 2008).

At the moment, the domination of the new social communication on top of older analogue technologies is rapidly growing. Why are social media so attractive? To which level companies are integrating social media in their working?

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Social media concepts provide a way of turning new media objects into social and cultural phenomena (Palfrey & Gasser, 2008). The possibilities such as: digital convergence, many-to-many communication, globalization, virtuality and interactivity, change the whole media philosophy.

Social media has unique “viral” power in sharing information and building online communities, they are an important tool with which companies create dialogues with their customers (Men and Tsai, 2012). Social media are characterized by user-generated content, which has been found to be more effective than traditional marketing communication in influencing the attitudes and behaviors of other users. (Thackeray et al., 2008). As a consequence, organizations are now building and maintaining social media profiles to enhance interest in their organization and build steady relationship with their customers (Thackeray et al., 2008).

Analysis of the new media age shows that the trend of the rapid growth of the social media will continue. As a fact, advertising worldwide in traditional media is constantly declining. In 2010 publishing newspapers drop by 18.7%, watching TV by 10.1%, and radio 11.7%, meanwhile digital advertising is growing, mobile 18.1% and online 9.2% (www.nytimes.com, 2012). Moreover many companies see their future in social media integration. In UK more than 50% of the mobile traffic is for Facebook in 2012, so we can only imagine what the bad customer experience means for some of the brands. Company GROUPON reaches 1\$ billion in sales faster than any company in history by using social media as a market place, the Ford motor company launched the new Ford Explorer on Facebook and that generated more traffic than a final of Champion league add (IAB Report, 2012).

Mass media do not provide closer dialogue with consumers such as social media. Customers are looking for one-to-one communication. Worldwide only 14% trust traditional advertisements and more than 80% of the consumers trust peer-to-peer recommendation what is typical for social media (Qualman, 2012).

The social media enables each consumer to be communicated with a different target message. For each company that is advertising on the media, it is important to have balanced media weight within the budget frames and to enable permanent presence during the whole campaign period among target groups.

Compared to the new possibilities that social media offer, the traditional media are still facing with the geographical limitation, communications that are strictly one way, limited number of “players” in the market, high costs and many other disadvantages.

2. SOCIAL NETWORK INTEGRATION

Social media is a phrase that describes the platforms and other tools that connect people into social networks (of their choosing) online. Some of the household social media names worldwide (other than Facebook) are MySpace, LinkedIn, Twitter, YouTube, Foursquare and Google+. (www.getsocialmedia.net, 2013)

The individuals that make up these online networks use social media to organize themselves according to (1) their interests and (2) their preference for the way they choose to share, store and deliver information within their community (or “network”) (Jackson, 2008).

Individuals have made it clear they wish to connect with other individuals that they choose to, in the way that they choose to, and around topics and for reasons that they choose to. The individual is at the centre of the social media revolution. And this is changing the way business is done (Kim et al., 2010).

Online social networks also have a phenomenal growth rate, which leads to change in media consumption - major implications for how advertisers reach and target these consumers who are now spending less time within mainstream media sites or channels (Kirtiř and Karahan, 2011). Last year, 93% of the companies in Europe used at least one social network to communicate with current and future customers. Top social platforms used by companies in 2011 were 1.Facebook, 2.Twitter and 3.Linkedin (IAB Report, 2012). Social platforms that will catch companies interest and have increased investment in 2012 are Blogs, Forums and YouTube (IAB Report, 2012). The trend in Macedonia is going in the same direction. From the pool of social media, companies mostly use social networks. Because of this fact, social networks were in the focus of the survey made in September 2012.

Brands also need to think about how social networkers discuss their brands and think about how to influence them. By expanding opportunities for instant feedback, online social networks enable organizations to recruit customers to help shape their service for other customers through reviews and comments (Treem and Leonardi, 2010).

Since the social networks are already known as the best choice for making a direction, they still remain easily recognizable by their common features: putting the users in the center of attention and enabling them to fulfill their needs through mutual collaboration, through forming functioning communities, based on personal trust and credibility.

From a company perspective it is important to know how to use the benefits and advantages of the social networks. There is a need of social network integration in every day working of companies. The

integration is needed in their strategies, communication with customers. According to Steven van Bellehem (2013) the integration of social networks consist of four different stages. First capability building, then pilot mode, third integration mode and the last stage leverage mode.

There is a growing consensus that forming, nurturing and managing internal and external networks are critical to the success of one company (Jones and Holt, 2008; Peltier and Naidu, 2012). Broadly defined, social media and specially social networks, represent the aggregation of all interaction through membership in formal organizations and relational create and nurture with suppliers, distributors, consumers, or any of a wide range of other social contacts, including friends, family (Dodd and Patra, 2002). Using social media companies place themselves in a better position to develop effective strategies and tactics needed for thriving in an ever-changing global landscape (Lee and Jones, 2008; Peltier and Naidu, 2012).

Also of significance, research is increasingly whether companies have “social identities” (Narayanan et al., 2012) and how these social identities impact the effeteness of different types of social network relationships (Nahapiet and Ghoshal, 1998).

Given the literature review three research question have emerged:

1. Does Macedonian companies use social media in their every day working;
2. To which level Macedonian companies integrate social media;
3. How they use social media as a part of their marketing strategy.

For the purpose of this paper, a survey was conducted in Macedonian companies in September 2012. Previous data from 2010 survey was taken in consideration in order to make a comparative analysis with the survey form 2012. Both surveys targeted the same companies. The research questions were the same and as is stated above it refers to the way, and level of integration of social media in Macedonia.

3. BRIEF OVERVIEW ON REGIONAL AND MACEDONIAN ONLINE MARKET

The Internet usage rate in Macedonia is approximately 51.5% (www.gfk.com.mk, 2012). In the region, Slovenia has 71%, Serbia 56.2%, Croatia 59.2%, Bulgaria 48.8%, Albania 48.1 (<http://ec.europa.eu>, 2008). Average penetration rate for EU Member States is 45% (www.interworldstats.com, 2012).

Majority of internet marketing in Macedonia consists of online advertising. For instance, the only option under “marketing” menus on

most Macedonian portals refers to purchasing advertising space for banner ads but in practice in Macedonia, a number of companies consider spam (unwanted direct marketing e-mail messages) as an acceptable form of marketing.

At the moment on the Macedonian market around 80 to 100 companies are active online. The size of the online advertising market for 2011 is 1.24 millions EUR (Pop Toneva, 2012), which is 0.007% of the 17.7 billons EUR European online advertising market (www.iabeurope.eu, 2011). Macedonian online advertising in 2010 was 0.1% of the total media budget spent in Macedonia (International Key Facts, 2011). Compared to 2010, in 2012 Macedonian online advertising market has grown by 72%. In the region, Serbian market in the past year has grown by 46%, Romanian 43%, Slovenian 27%, Croatian 24% and Bulgarian 14% (The AdEx Benchmark Report, 2012). Just one agency in Macedonia deals exclusively with online advertising and is often used by marketing agencies as intermediary for simultaneous placing banner ads on multiple sites. In Macedonia this company runs maintenance of an advertising network across different media, including most of the influential portals, and also cooperates with global internet media such as Hotmail, Yahoo! and Facebook. It serves as exclusive intermediary for clients from Macedonia for banner ads on Facebook, while the contextual advertising is handled directly by Facebook.

Social media and online communities based on social networking software and collaborative filtering have emerged as significant element of information society and e-business, especially after a number of important startups such as MySpace, YouTube, and Facebook received worldwide fame through pricey acquisitions or high stock market evaluations, paired with user counts in the tens and hundreds of millions.

Facebook is quintessential representative of social media, due to the nature of the services it provides as social networking platform, its openness for integration with other applications providing social networking, collaborative filtering and distribution of user generated content, and due to its popularity. Both globally and locally in Macedonia, Facebook is currently the dominant social media, and the critical mass of its users makes it an effective tool for advertising and other elements of marketing, including research and testing. From Table 1, it can be seen that Macedonia and Serbia have high Facebook penetration. This fact is important for companies, because half of the population in those countries have Facebook accounts. Using these social networks companies can easily reach mass people on the market and communicate their product or brand. Slovenia and Albania has low Facebook penetration compared to country population, but Albania like

Macedonia and Serbia, high Facebook penetration compared to Internet penetration rate. This mean that from all people who have access to Internet in Albania, 78.88% have Facebook accounts (www.socialbakers.com, 2012).

Many companies in Macedonia use the social media for the purposes of internet marketing, in particular for online advertising. In 2011 more than 300 companies were active with Fun pages on Facebook. Compared to 2010, there is an increase of 78% (www. Socialbakers.com, 2012). Ultimately, the new media age revolves around consumer communications where consumers increasingly want something more to engage them.

Table 1.: Facebook ranking and penetration by countries
(January 2013)

Type e size	Criteria			
	<i>Country</i>	<i>Facebook ranking of world FB ranking list</i>	<i>Facebook penetrati on compared to country populatio n</i>	<i>Facebook penetrati on in relation to number of Internet uses</i>
1	Macedoni a	83	48.58%	93.61%
2	Serbia	46	48.6%	99.1%
3	Bugaria	58	36.12%	74.53%
4	Croatia	70	35.86%	60.63%
5	Albania	80	38.08%	78.88%
6	Slovenia	91	37.28%	52.66%

4. COMPARATIVE ANALYSIS OF SOCIAL NETWORK INTEGRATION ON MACEDONIAN MARKET

For the purposes of this paper, a survey on 80 active Macedonian companies was performed. From all companies in Macedonia, only entities which have used social network in different levels of their working, were targeted.

The metrology used here was a survey that took place in September 2012. In order to explore, see differences and trends in social networks integration, data from previous survey made in 2010 was used and compare with the new data.

The survey includes Macedonian companies from all industries. Compared to 2010, in 2012 there was a slight increase on social integration in telecommunication, automotive and trading industries. Company size in both periods does not differ much: micro companies (18%), small (36%), medium (23%) and big companies (23%). The main conclusions are that the online market in Macedonia is small in size and money. Only few companies are real players on the market. These are the companies which are coming from the banking and telecommunication sector. Those companies are usually FDI (Foreign Direct Investments). The companies usually used mix of internet marketing strategies for Internet and they do not rely only on one strategy.

The most popular internet advertising technique in 2010 was the banner (47%). In 2012 the usage of banners declined (35%), but still it is the most used advertising technique. Figure 1 shows that social media as an advertising technique is increasing in 2012 compared to 2010. This is due to the fact that the general use of social media in Macedonia is constantly increasing in the past two years (26%) (Httpool Macedonia, 2012).

What is interesting to mention is the low level of use of direct marketing as an integration and advertising technique compared to other techniques. This trend continued in 2012. This indicates that popularity of this way of communication with customers is decreasing not only in the world, but in Macedonia as well.

Figure 1.: Survey results 2010-2012

Regarding the place for advertising in the survey of 2010, companies were using 2 different channels of communication, usually their own web page and some other channel. In 2012, regarding this issue the situation has changed. Companies are using at least 3 different channels of communication.

Figure 2.: Survey results 2010-2012

Social media are the most commonly used channel of communication with their customers, followed by own web site and online newspapers. In the period 2010-2012 the share of the company's

social networks integration has increased from 10% to 20%. One of the goals of the survey, was to understand and compare how companies are pipelining their customers to their products and services, and from the graph above it is clearly seen that social media is overtaking other integration methods. Besides the increase of social media use, what is interesting to mention is the increase of search engines usage in 2012 (7% compared to 3% in 2010).

Most common types of social media for companies are Facebook, followed by Twitter and LinkedIn. Compared to 2010, in 2012 the usage of Facebook has increased by 7%. In the survey of 2012, all companies that were interviewed were using Facebook as a portal to attract visitors. In 2012, 95% of the observed companies had fun-page on Facebook compared to 55% in 2010 (Figure 3). This means that for Macedonian companies Facebook is becoming mainstream for communication with their customers.

Figure 3.: Survey results 2010-2012

In 2012 46% of the companies had assigned a person responsible for social media, compared to 38% in 2010. Another important fact is that in 2012, 60% of the companies who had Facebook fan page had an employee responsible for social network integration compared to the other 40% who hire external company. From all these companies, 82% had a formal strategy for social network integration, against 18% who does not.

Another important issue explored in the survey is the criteria for choosing the integration channel. From Figure 4, it can be conclude that there are no significant differences in the criteria for choosing the integration channel. The first ranked criteria is the numbers of

visitors/impression (40% in 2010 and 39% in 2012), the second ranked is the demographic structure of the users (28% in 2010, same in 2012), and the third is the content of the medium (27% in 2010 and 29% in 2012).

From Figure 4 it can be seen that popularity of the company web page is still a powerful criterion for the companies in the process of decision making where to communicate with their customers.

There was a question in the survey about the Internet marketing expenditures and budgeting of the Macedonian companies for their Internet marketing social media campaigns. This question was not answered by all companies. However this result was expected, having in mind the fact that Macedonians companies are generally reluctant to give information about financial data. Regarding this question from the analyzed answers, in 2010 the companies usually spent between 5% and 10% and in 2012 up to 20% of their marketing budget on monthly basis. These numbers were expected due to the fact that Macedonian online market has grown by 72% in the past two years

Figure 4.: Survey results 2010-2012

5. CONCLUSION

“We do not have a choice on whether we DO social media; the question is how well we do it” (Qualman, 2010).

People are turning away from the old media, such as newspapers and television, and turning to new media to obtain news, learn new things and entertain each other with pictures, videos, music and games. The reason this shift has begun is simple: social media can gratify certain needs better than older form of media.

Social media encourages contribution and feedback from everyone who is interested. The voice of the youth has grown with the Internet. They are active communicators and eager adopters of new communication technologies.

Consequently, the social media turn into way of living instead of just being new intermediary.

Regarding Macedonians companies, social network interaction have also a very high impact. Having in mind for the first research question there is a positive answer. Compared to 2010, today social media are the first choice methods to attract visitors, build brand awareness or generate sales. In 2012 compared to 2010 all the interviewed companies have fun page on Facebook, and on two other social media sites. This shows that companies are integrating social media in their every day working, in their strategy. There has been 45% increased usage of Facebook in 2012 compare to 2010, and 82% had a formal strategy for social network integration, against 18% who does not. This leads to the second research question about the level of integration of social media. It can be conclude that Macedonian companies integrate social media on the level of companies strategy, and they invest lot of time, effort and many in it.

Compared to the countries in the region, Macedonia is not lagging behind the usage of social media. The size of the online advertising market is small compared to neighboring countries, but is growing. This trend is the same in the neighboring countries, and all markets for online advertising are constantly growing in the past two years. Macedonian companies are spending more money on online and social media advertising. They recognize social media as an excellent channel for communication with their current and future customers, and implement as a part of their overall marketing strategy, what lead us to our third research question. Nevertheless, Macedonian companies are not putting all eggs in one basket. The traditional media are still dominant on the Macedonian market. Only 5% of the total media budget is used for online marketing.

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