

The Effects of Social Media on Marketing: A Literature Review

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As of January 2018, more than four billion people around the world use the internet on a regular basis, with more than three billion active on social media (Shaw, 2018). A report released by We Are Social indicates that although Google is the most frequented website internationally, Facebook is a close second, followed by YouTube (Shaw, 2018). Facebook is also the most searched site on Google (Shaw, 2018), which indicates that social media has become an integral aspect of society. As such, social media marketing has emerged as a primary way for marketers to reach potential audiences. There are numerous advantages of using social media platforms for marketing, as platforms such as Facebook, Twitter, Instagram and YouTube have massive global reach, but there are also potential disadvantages and risks as well.

Advantages of Social Media

Increased Visibility and Reach

Social media has become one of the primary ways consumers obtain information about different products, services, and brands (Shaw, 2018). There are over 60 million Facebook pages, and market research by We are Social indicates that posts made by brands can increase visibility of a product by upwards of ten percent (Shaw, 2018). This visibility remains over time, as social media posts remain on the brand page. When compared with traditional media outlets such as television and radio, social media essentially provides enhanced visibility for longer periods of time (Tuten and Solomon, 2017). Unlike a television commercial which might air during limited times, a social media post is permanent, or exists until the brand decides to delete it.

Social media platforms also utilize sharing capabilities, meaning users can share posts made by others. When a user shares a brand post, this can increase visibility even further, at no additional cost to the brand itself. Not only is visibility increased, but a customer who shares a

brand page is also engaging in word-of-mouth marketing, which tends to have the greatest influence on a customer's decision to engage or not engage with a particular product or service (Tuten and Solomon, 2017). Posts do not even need to be shared directly from a brand site to increase brand visibility; for instance, a user who recently went on a cruise ship might post pictures from the vacation, which also functions as a form of indirect marketing as well. This might pique interest from the user's own audience, at which point they might seek out the brand page of the cruise line. As such, visibility and reach are expanded greatly for companies on these platforms, especially when compared with traditional advertising methods.

Cost Efficiency

The majority of social media sites offer free accounts, which is true for individuals and companies alike. There are no membership fees and no costs with posting, which makes social media a more economical alternative when compared with traditional media, such as television, radio, and print (Khanna, 2018). Each of these traditional marketing methods require an up-front cost, and these methods can also be limited in scope: if a target consumer is not watching television when a commercial is aired, the customer will not be reached. In contrast, the customer with a social media feed will still see a brand post the next time they check their feed. Traditional marketing is therefore not only more expensive, but reach is limited as well. Social media marketers can therefore reach more people with less cost overall, as there is only the need to fund the production of the advertisement itself. Often, these production costs will be reduced as well: while traditional advertisements such as television commercials require a production crew, graphic designers, directors, cast, etc., a social media post does not always carry the expectation of slick production values. For instance, the Starbucks Instagram page (2020) often posts pictures of drinks, smiling customers, and storefronts, all taken with what appears to be

nothing more than a mobile phone camera. There are no production costs, script reviews, or costs associated with publishing; instead, the photo is taken, and can be uploaded immediately, reaching millions of followers.

Enhanced Engagement

Social media has also become the main way for consumers to obtain information about different products, services, and brands. Social media is designed to be an inherently interactive platform, as users are encouraged to “like” posts and make comments (Stephen, 2016).

According to Shaw (2018), 4.2 percent of Facebook users engage with the posts they see, whether this interaction involves “liking” a post, watching a hosted advertisement or video, or clicking through on a post to the company’s linked site. In addition, a business with an established presence on social media platforms can reach more customers on Twitter, which provides new users with five times as much content (Shaw, 2018).

The value of this enhanced engagement is that it can have a profoundly positive impact on how a customer views a company, as these interactions will often enhance feelings of connectedness (Stephen, 2016). Customers will view these interactions as positive, as it provides a psychological reward as the customer feels acknowledged. Even if a customer’s purpose in engaging with a brand via social media is to register a complaint or vocalize disappointment regarding a service or product, the company can often respond to those concerns immediately, which can help the customer feel like his or concerns are being heard (Stephen, 2016).

Similarly, many brands can benefit from having an active social media community, where consumers/fans can interact with each other as well as brand representatives, all of which create positive associations with the brand itself. This can be greatly beneficial for brands that are supported by strong brand loyalties, such as record labels, video game companies, and

numerous other brands that thrive by establishing strong brand loyalties within their customer base (Stephen, 2016).

Better Analytics

Social media can provide important metrics that brands can use to monitor and evaluate the success of their products, particularly in regard to how the quality of their products are being perceived by the market. They can also observe in real-time the number of reach that each post achieves, how many users interact with the post, and identify the number of follow-through hits, such as clicks to a company website, following each post (Talovic, 2017).

These statistics can then be collated to determine which posts have the greatest impact, and which posts tend to underperform. Marketers can use this information to identify factors such as the best time of day to release a post, or how to make a post that is more likely to generate follow-through (Talovic, 2017). In addition, marketers can use this data to create targeted posts for users, depending on demographic preferences. For instance, a company might release a Spanish-language advertisement through social media targeted at the Spanish-speaking market, while another might be released in English to cater to the English-speaking market. The demographic data can help ensure that the social media posts appeal to the specific target audience being reached (Talovic, 2017).

Marketers can also directly appeal to customers through their brand pages for feedback as well. For instance, many social media sites such as Twitter and Facebook allow users to create polls, which can be used by a marketer to identify what types of products customers prefer, or what they might want from the company in the future. Not only does this interactivity increase data that can benefit future products and services, it also increases levels of engagement with customers, which in turn will also boost customer loyalties (Hyder, 2016).

The Disadvantages of Social Media Marketing

Unanticipated Disengagement

Although social media platforms provide an effective way for marketers to reach their audience, most social media users do not use these platforms with the intention to peruse advertisements. If a social media marketing effort is poorly executed, it can result in posts that seem inauthentic (Adams-Mott, 2019). Perceptions of inauthenticity would result from posts that lack creativity, deliver messages that are counter to popular perception of a brand, or those that seem to be of low-effort. The result of perceived inauthenticity is that users will often ignore these posts, and if the customer becomes annoyed with the posts over time, the user might simply unlike the brand page. As such, there is the potential risk of customers becoming disengaged with a particular brand or service if the brand's presence on the social media platform annoys or fails to impress the consumer. The customer might have a favorable view of a product, but become annoyed with the constant flow of advertisements from the brand on their social media feed, resulting in a rejection of the product altogether (Adams-Mott, 2019).

Failure to Grow

In order for social media marketing to be effective on sites such as Instagram or Twitter, the customer must first access, or "like" the brand page itself. There is the option of sponsored posts to increase visibility to consumers who are not already fans of the brand page, but sponsored posts tend to be ignored more easily by the consumer as the vast majority of social media users are not intending to engage with advertisements when they log into the platform. As such, a company that is just starting its social media marketing presence will find itself with a lack of followers, which in turn needs to be grown. Essentially, marketers need to find ways to advertise their social media presence in order to effectively utilize the platform, and this can be

challenging, particularly for startups and small businesses that do not have an established brand presence.

The specific disadvantage created by this phenomenon is that a brand page with few followers will tend to be viewed less favorably than a competitor brand with a large, established following. This problem is built into the social media platform itself, as any user can quickly see the number of followers and likes on each page. Social media, whether intended or not, is inherently competitive; pages with lots of followers indicate popularity, so any page with only a handful of followers will seem unpopular. For a customer conducting research through social media on two competing products, the brand with more followers has a clear advantage because the perception is that the popularity is deserved (Hyder, 2016).

Consumer Backlash

Although social media provides ways for brands to increase their visibility and engage more directly with consumers, this also increases the risk of negative publicity that might scare away potential consumers from engaging with the brand. A quick look of the Uber Facebook page (2020), for instance, reveals endless complaints being levied against the brand on every single post, regardless of whether the complaint being made directly relates to the post. Instead, many dissatisfied customers seem to be using each post as a way to vent their frustrations against the company. Any customer researching Uber through this platform might reasonably be scared away, and there is little the company can do to prevent this negative perception.

Similarly, when Activision-Blizzard and the National Basketball Association found themselves in the midst of a political controversy in 2019, their social media pages were flooded with negative posts and comments, none of which painted either organization in a good light (Kharpal, 2019). Thus, the increased visibility of social media can also amplify negative

complaints, which in turn might scare away customers of these brands. A public relations crisis might emerge for any company, whether they have a social media presence or not, but social media can greatly magnify these crises, resulting in a public relations nightmare.

Future Directions

With the proliferation of social media sites over the last fifteen years, these platforms have firmly established themselves as viable marketing channels, particularly as traditional and legacy platforms such as television, radio and newspapers are slowly being overtaken by the digital age (Shareef et al., 2019). As such, marketers have become savvier on how to maximize reach, deliver an effective message, and engage with consumers more directly.

Clarifying Goals

Future trends of social media marketing will therefore involve maximizing the efficiency of social media posts depending on the specific goals of the organization. Goals will differ; for instance, establishing brand awareness, increasing brand awareness, increasing sales, increasing website traffic, and enhancing public relations are all different specific goals that a marketer might want to achieve at any given moment (Foster, 2015). To this end, it is important for a firm to identify a social media strategy that best aligns with its particular goals in mind.

Enhanced Demographic Targeting

Similarly, social media marketers will also need to adjust marketing strategies in order to align with changing demographics. Although initially popular with younger audiences, social media has matured over the last decade, so older age groups such as Baby Boomers and Generation X now also frequent social media platforms as well (Bowden-Davis, 2019). To this end, marketers will need to identify which age group tends to utilize which platform, along with the expectations among these different groups.

Innovation

Finally, social media advertisements will continue to evolve. Whereas early social media marketing generally involved emulating traditional media formats, such as hosting commercials produced for television on a social media brand page, marketers will need to find new and innovative ways to reach customers. Many companies have already found success by hosting various photography contests showing customers engaged with a particular product or service, presenting serialized content such as short videos being posted over a series of a few days or weeks, or providing customers with behind-the-scenes footage intended to humanize the company. Many of these new innovations would not have been possible over traditional marketing methods, and their innovation alone has proven to be popular among many because they provide a unique experience for consumers (Joshi, 2018).

Conclusion

Social media marketing has evolved to become a viable and effective way for companies to promote their products and services. Advantages include cost-efficiency, enhanced engagement, increased visibility, and better analytics. However, there are also potential disadvantages of using these platforms, including the risk of failing to generate an audience or the risk of consumer backlash, which social media can magnify. As such, marketers need to identify a specific strategy when utilizing social media platforms; it is not enough to simply create a social media presence, as marketers need to find ways to compete for the customer's attention. Nevertheless, social media provides many more advantages than disadvantages, so a savvy business can utilize these platforms for maximum effect, which can make the difference between success and failure.

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