

The Impact of Social Media on Business Growth and Performance in India

S.Balusamy^a, A.Venkatasubramaniam^b, N.Giri^c

^aDepartment of Commerce, SNMV Institute of Management, Malumachampatti, Coimabtoire -641050.

^bDepartment of Commerce, NGM college, Pollachi-642001

^cDepartment of Commerce, NGM college, Pollachi-642001

Corresponding author.

Correspondence: S.Balusamy

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Abstract

Until the late 1990's the only form of media known to businesses were television, newspapers and radio, however in the early 2000s, a revolution in media was witnessed and the world was introduced to Social Media. Social Media is a just like any other Form of media is a tool used for communication but at the larger scale for social interaction using highly accessible and scalable Communication techniques. Social media has a positive impact and a positive influence on the company as well as the customers. Social media is becoming an essential tool for marketers, which is at a very minimum investment. In today's scenario consumers judge a company based on their online presence, hence companies can innovate and simultaneously create a strong social presence by always catering to their customers' needs and concerns. Internationally, companies have adopted Social Media as an essential tool for their marketing campaign; however the same is not adapted in India to a large extent. What are the benefits of Social media? What are the examples of Social media? This study understands the benefits, impact and importance of Social Media on business performance and growth.

1. Introduction

"You can buy attention (advertising). You can beg for attention from the media (PR). You can bug people one at a time to get attention (sales). Or you can earn attention by creating something interesting and valuable and then publishing it online for free." – David Meerman Scott, Marketing strategist/Author The New Rules of Marketing and PR. Until the late 1990's the only form of media known to businesses were television, newspapers and radio, however in the early 2000s, a revolution in media was witnessed and the world was introduced to Social Media [1-5]. Social Media is a just like any other form of media is a tool used for communication but at the larger scale for social interaction using highly accessible and scalable communication techniques. According to Ann Handley – Marketing Profs, Author with C.C. Chapman of Content Rules, "Social media is an ever-growing and evolving collection of online tools and toys, platforms and applications that enable all of us to interact with and share information. Increasingly, it's both the connective tissue and neural net of the Web".

2. Literature Review

The assessing the impact of the Internet on brands', assesses the claim that e-commerce will spell the end of brand management. Evidence from market studies is reviewed, and the paper identifies some key factors that make this scenario unlikely. First, the effect depends on a number of other factors, such as type of product and type of purchase. Brands serve a different role in each of these cases, and the impact of the Internet will vary according to the role that the brand plays. Secondly, there are a variety of Internet technologies which will affect brands in a variety of ways. Thirdly, the Internet is leading to some secondary effects in the market structures that affect brands [6-8]. The combination of these factors, far from leading to the death of brand management, will in many cases lead to an increased role for brand management. Brands aim to adapt to social media world', report on the use of social media by brands and retailers in the U.S. It states that low to high brands and retailers are embracing social media and use it in boosting sales and brand awareness.

According to New York University professor of marketing, luxury brands are now building relationships through Facebook, user reviews and consummating the transaction online. It notes that companies are now building their own social networks. Also, Social media strategy in Harvard Business Review says that social media are changing the way we do business and how leaders are perceived, from the shop floor to the CEO suite. But whereas the best businesses are creating comprehensive strategies in this area, research suggests that few corporate leaders have a social media presence-say, a Facebook or LinkedIn page-and that those who do don't use it strategically [9-11]. Today's leaders must embrace social media for three reasons. First, they provide a low-cost, highly accessible platform on which a personal brand can be built, and also communicates our identity within and outside the company. Second, they allow engaging rapidly and simultaneously with peers, employees, customers, and the broader public-in order to leverage relationships, show commitment to a cause, and demonstrate a capacity for reflection. Third, they give an opportunity to learn from instant information and unvarnished feedback.

Users of the world unite! The challenges and opportunities of social media say that the concept of Social Media is top of the agenda for many business executives today. Decision makers, as well as consultants, try to identify ways in which firms can make profitable use of applications such as Wikipedia, YouTube, Facebook, Second Life, and Twitter. Yet despite this interest, there seems to be very limited understanding of what the term –Social Media|| exactly means; this article intends to provide some clarification. It begins by describing the concept of Social Media, and discusses how it differs from related concepts such as Web 2.0 and User Generated Content. Based on this definition, it then provides a classification of Social Media which groups applications currently subsumed under the generalized term into more specific categories by characteristic: collaborative projects, blogs, content communities, social networking sites, virtual game worlds, and virtual social worlds.

3.Major Benefits of Social Media for Businesses

The following are the major benefits of social media for business:

3.1Improved customer insights

The business gets a better understanding of their customers and they can always share their insights as they are aware that the company is listening to them. Social media allows them to see what potential customer's opinions are and network with them as well.

3.2Better customer service

Social media allows businesses to respond to their grievances, questions and concerns almost instantaneously. Customers want to be assured that, if they have a problem the can receive help at the earliest. According to Forbes, 71% of consumers who receive a quick response on social media say they are more likely to recommend that brand to other people.

3.4Cost efficient

When a business in running on a fixed marketing budget, social media is the most cost-efficient way to market and promote the business. Websites like facebook, twitter, pinterest, etc, allow any business to share their content for no cost at all. Hence Social media is an affordable advertising platform.

3.5Connectivity

The business will always be connecting to the customers in terms of changing preferences, lifestyles and resources and adapt to the changing interest of the consumers. Companies will also be able to cater to the dynamic interests and innovate on their marketing Campaign accordingly

4.Establishing Brand Awareness

Through social media it is possible to increase the brand awareness among customers as businesses can create awareness by building company image.

5.Sales

Through the increased exposure on social media, it drives traffic into the company. This in turn converts the potential customers to actual customers, Therefore, increasing sales.

According to Brian Solis some prominent examples of Social Media are

- ✓ **Facebook** is a popular free social networking website that allows registered users to create profiles, upload photos and video, send messages and keep in touch with friends, family and colleagues. According to statistics from the Nielsen Group, Internet users within the United States spend more time on Facebook than any other website.
- ✓ **Twitter** is a free micro blogging service that allows registered members to broadcast short posts called tweets. Twitter members can broadcast tweets and follow other users' tweets by using multiple platforms and devices.
- ✓ **Google+** (pronounced Google plus) is Google's social networking project, designed to replicate the way people interact offline more closely than is the case in other social networking services. The project's slogan is "Real-life sharing rethought for the web."
- ✓ **Wikipedia** is a free, open content online encyclopedia created through the collaborative effort of a community of users known as Wikipedians. Anyone registered on the site can create an article for publication; registration is not required to edit articles. Wikipedia was founded in January of 2001.
- ✓ **LinkedIn** is a social networking site designed specifically for the business community. The goal of the site is to allow registered members to establish and document networks of people they know and trust professionally.
- ✓ **Pinterest** is a social curation website for sharing and categorizing images found online. Pinterest requires brief descriptions but the main focus of the site is visual. Clicking on an image will take you to the original source, so, for example, if you click on a picture of a pair of shoes, you might be taken to a site where you can purchase them. An image of blueberry pancakes might take you to the recipe; a picture of a whimsical birdhouse might take you to the instructions. Social media is bringing a big cultural change as businesses are using social media in innovation, customers' service, brand building, information technology, etc... With the help of Social media businesses can attract more prospects and innovate their business plan and accordingly witness profits and sales like never before.

5.1 Impact of Social Media on Business Growth and Performance

With Social media growing at an astronomical rate, there is a tremendous impact on business and the business of marketing. Social media helps develop business tactics. Famous websites like facebook, twitter, linkedin and pinetrest show an opportunity for business to grab the attention of the customers and simultaneously build brand image. These social networks allow business to use and show many tactics and create a brand profiles like fan pages, contests, sweepstakes, etc. Social media also shows what are the likes and preferences of our friends and family and accordingly decide on the product based on their peers preference over glossy magazine advertisement. When there is an unhappy customer he blogs and writes about it on the many social networking sites, with a strong online presence, any company can tackle that situation by using their own unique way of innovation the product and its customer service. When creating a social media marketing strategy, it is worth thinking very carefully about who is being targeted. There will be people within the social networks who may not necessarily be customers, but who nevertheless can have a massive impact on the marketing efforts.

5.2 Social Media as an Essential Marketing Tool

Traditional forms of marketing included print media, social media and broadcast media. This had its own drawbacks. Television advertisements, leaflets, direct mail and email no longer seem to have the same impact as they used to. One of the major drawbacks was that they had the same advertisement strategy or the same advertisement repeated over many years. Businesses using social media as a means to market their product allow innovation and Creativity. Social media allows the company to have a strong online presence by always reaching out to their customers and also providing great service. Companies can adopt fresh new approach to all their product innovation and increase awareness among their target audience. Social tools can also help to strengthen brand perception by communicating core values to a wider audience. This, in turn, opens up the opportunity to start conversations, grow business partnerships and expand the online community to win new followers and potential customers. Social media demands innovation and creativity in every press release the company has to make. Companies also need to keep up with other companies to fight competition and cater to the demanding customers' needs and wants. In order to stand out from competition, companies must listen and learn from their customers to map their needs against what else is going on in the social media domain. Efforts must be put to go beyond what already exists and convert their corporate objectives in to existing and original social media activities. Dynamically using social media is one of the easiest ways to reach a large customer base and get the company or brand name in the heads of existing or potential customers. Not only does an already established network help to create new contacts, it will also help to deepen connections that have been formed. Even though this is ery familiar to traditional marketing techniques, social media has given it a new twist. Companies that fail to adapt to a new more connected and interactive market, will unavoidably fall behind. When Media Group conducted a study on marketing efforts for one of their long term clients, they disclosed their marketing expenditure details over 5 years.

6.Conclusion

Many companies are using Social media as well as traditional form of media to market their products and to have a better connect with their customers. Via Social Media, one is able to reach out to more customers and cater to their specific needs better. Companies can also build their brand image via social media. Social media is an effective tool in doing business today and brings out innovative strategies out of companies that used to be very monotonous. The above context also determines that social media has a positive impact on business and it growth and performance. Companies that are at maturity stage in the product lifecycle can adopt social media to extend their business survival, if they fail to do so; they are undoubtedly going downhill in the coming years.

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