

## **Social networks as a platform for business marketing**

Bráulio Alturas (Instituto Universitário de Lisboa (ISCTE – University Institute of Lisbon, Portugal)  
Carla Almeida (Instituto Universitário de Lisboa (ISCTE – University Institute of Lisbon, Portugal)

In the last few years, social networks have been winning more and more space in the daily lives of users/consumers and therefore also in companies, and thus becoming an important element of interaction between both parties. Many events related with IT produce changes in society, and the social media produce changes which affect the IT consumer/user's behavior and the online strategy of companies. This paper has the objective to analyze the attitudes of Portuguese users and the effects produced by the presence of the brands/companies on social networks. To this end, we applied questionnaires to users and we analyzed the relations between both parties in order to understand the changes that occur when this communication tool is used. We conclude that the factors that most influence the presence of companies on social networks are: effectiveness of advertising; purchase intention; form/duration of exposure to advertising; importance of brand/company and quality of available information.

**Key words:** Social networks; Business marketing; Social media; Users; Consumers

### **Introduction**

Social networks are globally known and are used for various purposes, including: personal, professional and trade. The exploitation of the commercial aspect enables companies to make disclosure of its products and services and even the company itself and respective brands, something that is becoming more frequent nowadays.

Social networking can be considered a network of "approach" because, through social networks, kilometers away can be reduced with a simple click. The marketing business saw it as a business opportunity and to adapt to new technologies, keeping up to date with the new social reality (Almeida & Alturas, 2015).

The current technological and social Era in which our society lives, provides for the necessary background in order for Social Networks Sites (SNS) to be considered an essential and very relevant tool not only for individual social interaction, but also for firms to perform business activities (Martins, Gonçalves, Pereira, Oliveira, & Pérez-Cota, 2014).

Today's consumer is also substantially immune to traditional media and advertising, which has encouraged marketers to find new ways to improve consumer involvement (Bagozzi & Dholakia, 2006). Given this context, online social networks, and especially Facebook, given its great number of users, are a mandatory area of action, where there is still plenty of room for innovative forms of interaction with the consumer (Passos, Alturas, & Laureano, 2012).

Therefore we will understand how companies in Portugal face this tool, their level of involvement and their motivations to adopt. We also intended to assess whether the expected objectives are achieved with this form of dissemination and know the evaluation and evolution that are presenting advertisements on social networks. On the other hand, this research aims to assess the views of Portuguese users with regard to confidence in purchasing products/services they have access to through social networks and how this influences their behavior as consumers.

We can thus say that the main objective of this research is to study and understand how social networks allow or facilitate an organization or brand to win reputation among consumers/users. And for that purpose we are going to find the main determinants of the presence of a brand/company in social networks.

## **A New Kind of Consumer**

With the development of Web 2.0 and the proliferation of e-commerce, a new kind of consumer has emerged: the online consumer (Solomon, 2009). This buyer has a different purchase lifecycle and a distinct decision-making profile. Most importantly, the online consumer's decision cycle is shorter than that of the traditional consumer (Pereira, de Fátima Salgueiro, & Mateus, 2014).

These new consumers now develop their own perspective about brands and companies, which can conflict with what marketers are trying to convey through their strategies (Christodoulides, 2009), making it necessary to be alert and hear the consumer through social networking sites – such as Facebook – in order to extract immediate knowledge of what consumers think and what might be necessary to change their perceptions of a product or service (Jennings, 2009).

According to Costa and Alturas (2010) social networks are one of the most used collaborative applications (Costa & Alturas, 2010). And have become increasingly popular in recent years, providing an efficient and user-friendly way to maintain social connections and share information (Benson, Filippaios, & Morgan, 2010). These new consumers have been changing their habits, as well as the channels and models of communication have changed, also the ways to reach the consumer are changing (Laermer & Simmons, 2007).

In the offline world, people do not change their behavior quickly, and companies can develop real customers. In the online world, people change behavior as soon as they observe something better. So it is necessary for companies to keep up integrated and connected to the development of the behavior of this neo-consumer, as Wright et al (2010) stated "Instead of spending millions of dollars on mass marketing that consumers continue to block, traders should focus more on personalized messages and relationship building with customers. A key component of this type of marketing is targeting the right people with the right message through social media" (Wright, Khanfar, Harrington, & Kizer, 2010). In fact, one of the main features of online advertising is the ability to record the behavioral responses of users, ranging between a wide range of actions, from notice and pay attention to click and buy a product (Zeng, Huang, & Dou, 2009). Montalvo (2011) goes further by stating that the courses for the next generation of managers should take at least a chapter on social networking management (Montalvo, 2011).

## **The Role of Social Networks in Business Marketing**

It was in the 90s of the twentieth century that the internet has come to the general knowledge of the population, and since then with the innovation of information technology appeared online social networks, for Duarte and Quandt, are "a social structure made up of people or organizations, connected by one or more types of relationships, sharing common values and objectives. One of the key features in the definition of networks is its openness and porosity, allowing horizontal and not hierarchical relationships among the participants. Networks are therefore not just another form of structure, but not nearly a structure in that part of its strength lies in the ability to do and undo quickly" (Duarte & Quandt, 2008).

Ellison et al (2007) defines the online social network as a platform that offers precisely a space for communication and interaction with digital sets of people with similar needs and interests (Ellison, Steinfield, & Lampe, 2007). And according to Gaffney and Rafferty (2009), social networks can be defined as platforms where users create a profile displaying their interests and usually follow links to their interests in order to find other users with whom they share them (Gaffney & Rafferty, 2009).

Boyd and Ellison (2008) refer that, in many major social networks, participants are not necessarily networking or looking to meet new people, but primarily communicating with people who are already

part of their extended social network, making it more likely for a user to consume according to the influence of his peers (Boyd & Ellison, 2008).

Social networks and digital marketing are creating a new world to exchange ideas. Everyone with Internet access have now a voice to share their experiences and opinions. This new social media content uses the latest Internet technology to create a complex image of their product offerings. If companies are not involved and aware of the latest tendencies in social media, may be losing the opportunity to attract a new and "connected" public. Thus managers cannot afford the luxury of ignoring the impact that social networking can have on their activities (Barnes & Barnes, 2009), and social networks are attracting the attention of large Internet Companies like Yahoo and Google (Sledgianowski & Kulviwat, 2009).

The biggest of these social networks is Facebook. In Portugal, the Facebook penetration rate is 39% in the general population and a whopping 80% of the online population, which translates into about four million people. This social network is characterized by its generalist nature, allowing infinite forms and contexts of interaction and leaving it to the user to choose which better suits him. According to Rebelo and Alturas (2011) the aforementioned reasons and the ability to be marketing tool used to create buzz makes it the ideal study subject in this context (Rebelo & Alturas, 2011).

### **Main determinants of the presence of a brand/company in social networks**

More and more academics and professionals have been studying the use of social networks for brands and companies. A recent study in Portugal aims to examine how the perception of users in social networks is aligned with the strategy of the mobile telecommunications companies in social networks. The work concluded that the strategy of mobile telecommunications companies in social networks is in line with the perception of users on this subject, and some metrics applied to the strategy of these organizations tend to influence more the perception of users, contributing for a better brand image that is transmitted in social networks (Fonseca, Alturas, & Martins, 2014).

In another study, also in Portugal, the aim was to understand the reasons why the users of Facebook, follow a particular company/brand (Ferreira & Alturas, 2010). They concluded that getting information is one of the reasons given including information on promotions (52%), about the company/brand itself (77%) and also about trends and product launches (78%).

### **Effectiveness Of Interactive Advertising**

The most frequent measure of advertisement effectiveness used today is some form of choice behavior or sales. Interactive advertising simply makes obvious that the consumer must be the focal point for understanding the effectiveness of advertising. Among the control process measures that would be important for assessing advertising effectiveness are the goals of the consumer, the purpose for which consumers' seek information, and the expertise and prior beliefs of the consumer (Pavlou & Stewart, 2000).

In a study made by Tan, Kwek and Li (2013) the outcome of the results indicates that a positive relationship occurs between the attitude towards advertisement and purchase intention to the effectiveness of interactive advertising (Tan, Kwek, & Li, 2013).

The more relevant the advertising message to the media context, the more likely the message can affect consumers' attitudes positively and influence their behavioral responses to the advertising (Zeng et al., 2009).

Finally, another study showed the need for further empirical and objective observations capable of assessing the effectiveness of advertising relative to users of the online social network sites (Barreto, 2013). Thus we conclude that the "effectiveness of advertising" influences consumer attitude.

## **Purchase intention**

Consumers gather information from commercials they "attend" to, comprehend that information, link it with what they already know, evaluate the information, form attitudes and intentions to purchase, and as a function of these processes, consumer behavior is created.

A prominent feature of Internet advertising is its interactivity and ability to record Internet users' behavioral responses (e.g., intentions), which span a wide range of actions from noticing and paying attention to clicking and product purchasing (Rodgers & Thorson, 2010). Thus we conclude that the "purchase intention" influences consumer attitude.

## **Form / duration of exposure to advertising**

The longer a consumer is exposed to certain advertising it will be more influenced by the same advertising. Also how is exposed to publicity will influence their attitude.

The time of exposure to advertisement is often being used to measure the advertising effectiveness by looking at how long a consumer spends looking at an advertisement, and the number of times the particular website being surfed during the period of advertising campaign (Olney, Holbrook, & Batra, 1991). Thus we conclude that the "form/duration of exposure to advertising" influences consumer attitude.

## **Importance of the brand/company**

Obviously the importance a consumer attaches a particular brand or company influences their attitude towards it. The brand positioning should be the basis and the orientation of all forms of public contact with the brand, that is, the concept of coherence presupposes that the positioning is consistent and be reflected in each of the marketing dimensions.

Attitude to brand/company is defined as a tendency to respond favorably or unfavorably towards a specific brand after exposure of advertising (Tan et al., 2013). Thus we conclude that the "importance of the brand/company" influences consumer attitude.

## **Consumer attitude**

Consumer attitude towards a company or brand can influence the promotional activities of that company or brand, whether offline or online.

Eagly e Chaiken (2007) argue that an attitude is a psychological tendency expressed by evaluating a particular entity with some degree of preference or disapproval (Eagly & Chaiken, 2007). Thus we conclude that the "consumer attitude" influences the presence of the brand/company in social networks.

## **Company values and reputation**

It can be argued that social media expands the spectrum of reputation risks and boosts risk dynamics. In social media services, users mostly generate unverified information – both true and false – and put forth ideas about organizations that can differ greatly from what organizations share with the public – that is, an organization's own idea of what it is or what it wants to be (Aula, 2010). Thus we conclude that "company values and reputation" influences the presence of the brand/company in social networks.

## **Quality of information**

Taking into account the interactivity of social networks, currently any user can make publications identifying brands / companies, which calls into question the quality of information available in it.

Therefore, Bhattacharjee and Sanford (2006) assess the quality of information according to its accuracy, format and timeliness (Bhattacharjee & Sanford, 2006). Thus we conclude that the "quality of information" influences the presence of the brand/company in social networks.

### **Research model**

From all performed literature review, it was possible to establish a set of relations between the different constructs, as follows:

Main determinants of Presence of the brand/company in social networks:

- Consumer attitude;
- Company values and reputation;
- Quality of information.

Main determinants of Consumer attitude:

- Effectiveness of advertising;
- Purchase intention;
- Form/duration of exposure to advertising;
- Importance of brand/company.

In this research model (Figure 1) it appears that the consumer attitude functions as a moderating variable. We will now try to validate this model.

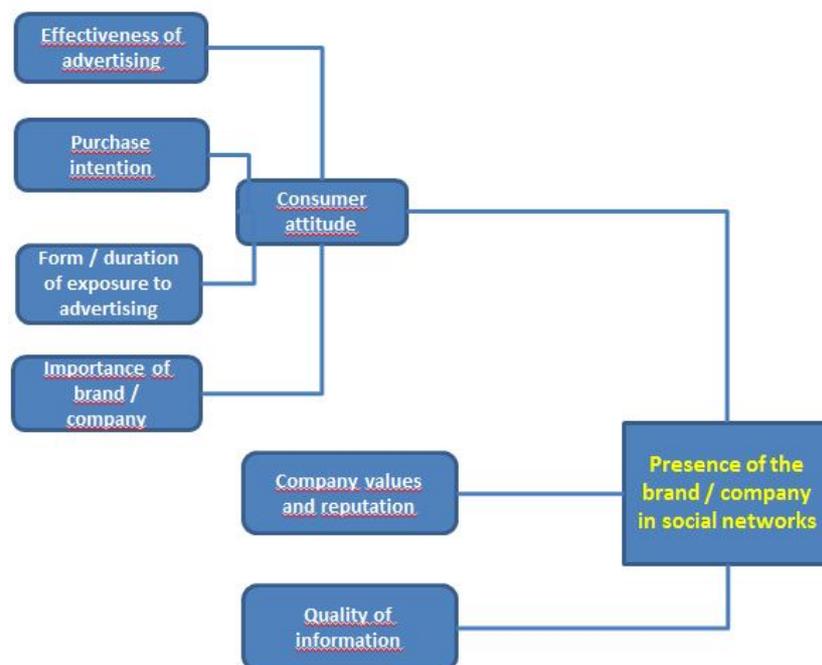


Figure 1 - Research model

### **Methodological Considerations**

The main goal of this research is to understand how social networks allow or facilitate, an organization or brand to increase its reputation to consumers/users, for this we define the objective finding the main determinants of the presence of a brand/company in social networks.

The methodological approach of this study was defined in two phases:

In the first phase (qualitative phase) interviews were conducted with two professionals responsible for the area of social networks in their companies. The objectives of the interviews were to know whether

respondents considered advantageous the presence of its companies in social networks; and also get the validation of the research model with them.

Both professionals share the view that although there are some risks inherent in the use of online social networks, the advantages stemming from the same use are higher and it is justified that same risk. Moreover, both validated our research model.

The second phase (quantitative phase) consisted of a close response questionnaire made to a convenience sample of 182 Portuguese social network users, including 67 users who indicated that they do not usually follow brands/companies on social networks. Of the 115 users who follow brands/companies on social networks were considered all the answers once they were fully completed and showed no irregularities. This sample is very concentrated in the 25 to 40 year old age persons (44.5%), 56.6 % are women and 57.1% live in urban areas (defined in this context as Lisbon or its close suburbs).

In order to evaluate the main determinants of the presence of a brand/company in social networks respondents were asked to rate a set of items in a 5-point Likert scale anchored by 1 (not important at all) to 5 (extremely important).

Questionnaire results were analyzed through descriptive and bivariate statistics. We computed a principal components factor analysis to reduce our data and we found seven composites that influence the presence of the brand/company in social networks, than we run correlations between variables using Spearman's Rho.

## **Findings**

Regarding the use of social networks, 41.2% claim to have a presence in a single social network; 31.3% admit being a member of two social networks; while 27.5% claims to have presence in three or more social networks simultaneously (see Figure 2). When asked about the importance of the presence of companies on social networks, 87% of respondents consider important or even very important that presence, which confirms the perception taken by the finding of the increasingly strong presence of companies and brands on social networks.

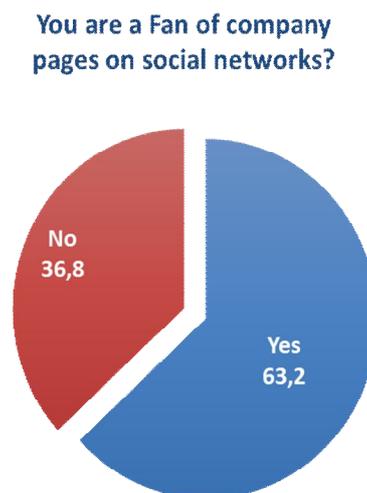


Figure 2 - Users who are fan of pages of companies on social networks

When questioned about his actions after visiting pages of brands/companies, the vast overwhelming number of respondents reveals that the process of deciding to buy a product or service often goes by prior consultation of information present on social networks about it. Not clear whether the purchase would happen or not, even without this visit, but it shows the influence that social networks can have

in the decision-making process, often considered as the last step for the actual purchase of a product over another. Finally we can also see that there is still room to convince users of social networks to change their consumption behavior. In fact, although some indicators already mentioned, there is still a large group of respondents who show a bit indifferent or even totally indifferent to the influence that may arise from the presence of brands and companies in social networks, in relation to their consumption behavior.

As mentioned we computed a principal components factor analysis to reduce our data and we found the seven composites that we had predicted in our model. Then we run correlations between variables and we have found a strong correlation between the variables “effectiveness of advertising”, “purchase intention”, “form/duration of exposure to advertising”, “importance of brand/company” and “consumer attitude”, but surprisingly there was no strong correlation between “consumer attitude” and the “presence of the brand/company in social networks”, so we conclude that the variable “consumer attitude” is not a mediator and there is a direct relationship between the other variables and the “presence of the brand/company in social networks”.

Then we ran new correlations, but now without the moderating variable. Table 1 reports the observed Pearson correlations among the constructs that we computed in order to validate the research model.

**Table 1 – Spearman’s Correlations**

Spearman's rho		Effectiveness of advertising	Purchase intention	Form and duration of exposure to advertising	Importance of the brand	Company values and reputation	Quality of information	Presence in social networks
Effectiveness of advertising	Correlation Coefficient Sig. (2-tailed) N	1,000  115						
Purchase intention	Correlation Coefficient Sig. (2-tailed) N	,232 <sup>*</sup> ,013 115	1,000  115					
Form and duration of exposure to advertising	Correlation Coefficient Sig. (2-tailed) N	,390** ,000 114	,286** ,002 114	1,000  114				
Importance of the brand	Correlation Coefficient Sig. (2-tailed) N	,251** ,007 115	,290** ,002 115	,438** ,000 114	1,000  115			
Company values and reputation	Correlation Coefficient Sig. (2-tailed) N	,120 ,201 115	,201 <sup>*</sup> ,032 115	,219 <sup>*</sup> ,019 114	,125 ,182 115	1,000  115		
Quality of information	Correlation Coefficient Sig. (2-tailed) N	,364** ,000 115	,405** ,000 115	,467** ,000 114	,378** ,000 115	,059 ,531 115	1,000  115	
Presence in social networks	Correlation Coefficient Sig. (2-tailed) N	,329** ,000 115	,335** ,000 115	,308** ,001 114	,252** ,007 115	,152 ,105 115	,362** ,000 115	1,000  115

\*\* Correlation is significant at the 0.01 level (2-tailed).

We concluded that all variables were strongly correlated with the variable “presence of the brand/company in social networks” except the variable "company values and reputation ", so we removed this variable from the model becoming the model as shown in Figure 3.

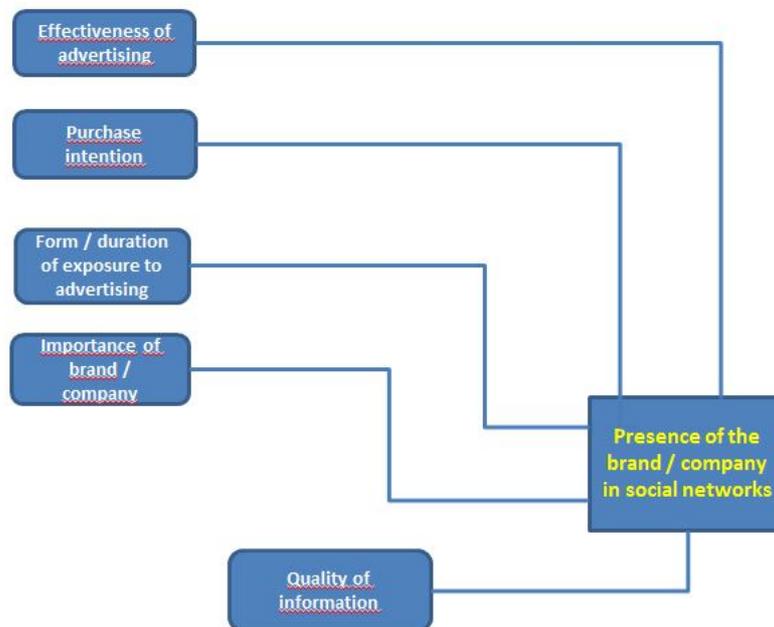


Figure 3 - Final research model

### **Conclusions and Limitations**

We can conclude that, in a Portuguese context, the main determinants of the presence of a brand/company in social networks are “effectiveness of advertising”, “purchase intention”, “form/duration of exposure to advertising”, ”importance of brand/company” and “quality of information”.

The findings of this study are important for managers of the online platforms of companies, since, based on the conclusions reached, they now know what factors can influence the attitude of the users/consumers towards advertising and can take concrete steps in that sense because the users purchase intent is positively related to advertising on social networks. This research also contributes to the increase of knowledge in terms of advertising and social networking.

These findings and conclusions are still contributing to the literature on marketing to provide information about the characteristics and needs of an audience with increasingly expression and importance that are the users of social networks.

The results obtained in this study cannot be generalized, because the sample is not probabilistic both questionnaires with users, as in interviews with the heads of the companies, this would be the first limitation of the study.

Although the number of respondents (182) is substantial, the truth is that the results of this study cannot be generalized to the entire population; in addition to the fact that the questionnaire be self-administered without the presence of the interviewer may consequently leaving room for doubt or equivocal interpretations.

Also important to highlight the fact that it was not made any distinction between the various types of social networks, which could have influenced somehow the results achieved, taking into account that users of each profile varies by objective of the social network in question, and respondents may be linked to a professional social network or a social network of relationships, among others.

## **Bibliography**

- Almeida, C., & Alturas, B. (2015). Marketing Empresarial nas Redes Sociais: Estudo da perspectiva dos utilizadores portugueses. In *CISTI 2015 - 10th Iberian Conference on Information Systems and Technologies* (pp. 65–70). Agueda, Portugal.
- Aula, P. (2010). Social media, reputation risk and ambient publicity management. *Strategy & Leadership*, 38(6), 43–49. doi:10.1108/10878571011088069
- Bagozzi, R. P., & Dholakia, U. M. (2006). Antecedents and purchase consequences of customer participation in small group brand communities. *International Journal of Research in Marketing*, 23(1), 45–61. doi:10.1016/j.ijresmar.2006.01.005
- Barnes, N. D., & Barnes, F. R. (2009). Equipping Your Organisation for the Social Networking Game. *Information Management*, 43(6), 28–33.
- Barreto, A. M. (2013). Do Users Look at Banner Ads on Facebook? *Journal of Research in Interactive Marketing*, 7(2), 119–139. Retrieved from [https://www.academia.edu/3614876/Do\\_Users\\_Look\\_at\\_Banner\\_Ads\\_on\\_Facebook](https://www.academia.edu/3614876/Do_Users_Look_at_Banner_Ads_on_Facebook)
- Benson, V., Filippaios, F., & Morgan, S. (2010). Online Social Networks. *International Journal of E -- Business Management*, 4(1), 20–33. doi:10.3316/IJEBM0401020
- Bhattacharjee, A., & Sanford, C. (2006). Influence processes for information technology acceptance: An elaboration likelihood model. *MIS Quarterly*, 30(4), 805–825. doi:10.2307/25148755
- Boyd, D. M., & Ellison, N. B. (2008). Social network sites: Definition, history, and scholarship. *Journal of Computer-Mediated Communication*, 13(1), 210–230. doi:10.1111/j.1083-6101.2007.00393.x
- Christodoulides, G. (2009). Branding in the post-internet era. *Marketing Theory*, 9(1), 141–144. doi:10.1177/1470593108100071
- Costa, C. J., & Alturas, B. (2010). Social Networks and Design of Communication. In *Workshop Open Source and Design of Communication Proceedings* (pp. 11–14). Lisboa, Portugal. doi:10.1145/1936755.1936759
- Duarte, F., & Quandt, C. (2008). *O tempo das redes in redes urbanas*. São Paulo, Brasil: Editora Perspectiva.
- Eagly, A. H., & Chaiken, S. (2007). The Advantages of an Inclusive Definition of Attitude. *Social Cognition*, 25(5), 582–602. doi:10.1521/soco.2007.25.5.582
- Ellison, N. B., Steinfield, C., & Lampe, C. (2007). The Benefits of Facebook “Friends:” Social Capital and College Students’ Use of Online Social Network Sites. *Journal of Computer-Mediated Communication*, 12(4), 1143–1168. doi:10.1111/j.1083-6101.2007.00367.x

Ferreira, A. D., & Alturas, B. (2010). Adesão dos Utilizadores de Social Media aos Estímulos das Empresas/Marcas. In *WWW/Internet 2010, Actas da Conferência IADIS Ibero-Americana* (pp. 483–485). Algarve, Portugal.

Fonseca, A., Alturas, B., & Martins, A. (2014). Estratégia nas redes sociais das empresas de telecomunicações móveis a atuar em Portugal: Perceção dos utilizadores. In *CISTI 2014 - 9th Iberian Conference on Information Systems and Technologies* (pp. 365–370). Barcelona, Spain.

Gaffney, M., & Rafferty, P. (2009). Making the Long Tail visible: social networking sites and independent music discovery. *Program: Electronic Library and Information Systems*, 43(4), 375–391. doi:10.1108/00330330910998039

Jennings, R. (2009). *Social Media Meltdowns : What All Marketers Should Know*.

Laermer, R., & Simmons, M. (2007). *Punk Marketing: Get Off Your Ass and Join the Revolution*. HarperBusiness.

Martins, J., Gonçalves, R., Pereira, J., Oliveira, T., & Pérez-Cota, M. (2014). Social networks sites adoption at firm level. In *CISTI 2014 - 9th Iberian Conference on Information Systems and Technologies* (pp. 810–815). Barcelona, Spain.

Montalvo, R. E. (2011). Social Media Management. *International Journal of Management & Information Systems (IJMIS)*, 32(1), 91–96. doi:10.1097/PSN.0b013e318248201d

Olney, T. J., Holbrook, M. B., & Batra, R. (1991). Consumer Responses to Advertising: The Effects of Ad Content, Emotions, and Attitude toward the Ad on Viewing Time. *Journal of Consumer Research*, 17(4), 440. doi:10.1086/208569

Passos, J., Alturas, B., & Laureano, R. (2012). The Importance of Social Networking in the Dissemination of Musical Contents and Musical Events: The Case of Facebook in Portugal. In *Proceedings of the LCBR European Marketing Conference 2012*. Munich, Germany.

Pavlou, P. a, & Stewart, D. W. (2000). Measuring the Effects and Effectiveness of Interactive Advertising : a Research Agenda. *Journal of Interactive Advertising*, 1(1), 62–78. Retrieved from <http://jiad.org/download?p=6>

Pereira, H. G., de Fátima Salgueiro, M., & Mateus, I. (2014). Say yes to Facebook and get your customers involved! Relationships in a world of social networks. *Business Horizons*, 57(6), 695–702. doi:10.1016/j.bushor.2014.07.001

Rebelo, M., & Alturas, B. (2011). Social Networking as a Marketing Tool: Study of Participation in Cultural Events Promoted by Facebook. In *Marketing Fields Forever, Academy of Marketing Annual Conference Proceedings* (p. 240). Liverpool, UK.

Rodgers, S., & Thorson, E. (2010). The Interactive Advertising Model: How Users Perceive and Process Online Ads. *Journal of Interactive Advertising*, 1(1), 42–61. doi:10.1007/s00256-006-0137-x

Sledgianowski, D., & Kulviwat, S. (2009). Using Social Network Sites: The Effects of Playfulness, Critical Mass and Trust in a Hedonic Context. *Journal of Computer Information Systems*, 49(4), 74–83. doi:10.1038/nature08745

Solomon, M. R. (2009). *The Truth About What Customers Want*. New Jersey: Pearson Education.

Tan, W. J., Kwek, C. L., & Li, Z. (2013). The Antecedents of Effectiveness Interactive Advertising in the Social Media. *International Business Research*, 6(3), 88–99. doi:10.5539/ibr.v6n3p88

Wright, E., Khanfar, N. M., Harrington, C., & Kizer, L. E. (2010). The Lasting Effects Of Social Media Trends On Advertising. *Journal of Business & Economics Research*, 8(11), 73–80. Retrieved from <http://search.ebscohost.com/login.aspx?direct=true&profile=ehost&scope=site&authtype=crawler&jrnl=15424448&AN=55584217&h=thdIy0J2kmMjbuxbVPM98bQP/PNKsq09Lz8RaxNqrQN8ZE5obMe4T72d3+8OhsBt5NLJW1TKGIASpWYU12gLA==&cr=c>

Zeng, F., Huang, L., & Dou, W. (2009). Social factors in user perceptions and responses to advertising in online social networking communities. *Journal of Interactive Advertising*, 10(1), 1–14. doi:10.1080/15252019.2009.10722159