Social Media Marketing: Evidence from the Practices of Indian Companies

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There has been a tremendous increase in the use of social media the world over. The number of internet users in India reached 402 million by December 2015 and is expected to increase to 462 million by June 2016 (The Indian Express, 2015). India is a key market for social media giants. Active social media users in India have grown to around 143 million and India is one of the top three countries in terms of people using Facebook (Bhargava, 2015).

Social media plays an important role in the consumer decision-making process. In a study conducted by Delloitte, it was found that 47 per cent of millennials were influenced by social media when they make a purchase decision. Consumers whose purchase decision is influenced by social media tend to spend more money on their purchase (Roesler, 2015). Social media channels are commonly used by users to connect with one another throughout the world. Any online user can have an online conversation with anyone on any subject. This connection may be through social networks, forums, blogs, or media sharing websites (Kaplan and Haenlein, 2010). Social media provides an opportunity to business houses to

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attract, engage, and retain customers and, in order to do so, marketers need to identify the opportunities available for them. Marketers need to have an understanding of the objectives that they can achieve through social media marketing. However, companies engaging in social media marketing face some challenges that deter them from using this platform actively (Demars, 2014).

This study examines different social media marketing tools that are popularly used by companies in India to attract, engage, and retain the target audience. The paper has used three editions of social media marketing reports published by Ernst and Young to identify the usage of social media tools by Indian companies. It is found that the within a time period of three years the social media landscape for Indian corporations has evolved to a great extent. This can be observed through changes in the number and types of social media tools used by them. The types of challenges faced by companies have changed in past years and there is an observed variation in the allocation of media budget for the social media plan.

LITERATURE REVIEW

Literature relevant for this study comes from two streams. The first stream of literature comprises of generic literature on what is social media marketing and what are the different tools for social media marketing. The second stream of literature focuses on benefits and barriers in using social media marketing.

SOCIAL MEDIA MARKETING

According to Evans (2008), "Social media relates to a self-generated, authentic conversation between people about a particular subject of mutual interest, built on the thoughts and experiences of the participants." Social media involves sharing of information and aims at having a unified vision, with an intent of having a more apt or informed choice. Furthermore, social media keeps evolving over time as it allows the users to generate content when they are already in a conversation. Social media covers a wide variety of "online forums including social networking websites, blogs, company sponsored discussion boards and chat rooms, consumer-to-consumer email, consumer product or service ratings websites and forums, Internet discussion boards and forums, and sites containing digital audio, images, movies, or photographs, to name a few" (Hollensen, 2011).

The use of the Internet is not restricted to individuals, almost 77.9 per cent of the population of the world. is active on social media and this figure includes businesses as well (Kemp, 2015). According to Hubspot, social media marketing was considered important for their

business by 92 per cent of marketers in 2014, while 80 per cent indicated that their efforts increased traffic to their websites. According to Social Media Examiner, although 97 per cent of marketers are currently participating in social media, but 85 per cent of participants are not sure which social media tools are the best to use. This report highlights two important facts: firstly, marketers are aware that their business needs the support of social media and, secondly, marketers do not know which social media tools would be beneficial for their business.

Kaplan and Haenlien (2010) have classified the different social media tools into six categories: collaborative projects, blogs, content communities, social networking sites, virtual game worlds, and virtual social worlds. This classification has been done on the basis of social presence theory and media richness theory. The media richness theory (Daft and Lengel, 1986) further suggests that marketers would select media that would fulfill the objectives of the company in order to improve their performance. Companies would resort to the use of media which are rich in information in the case when an equivocal task is to be performed and, for simpler task, media with lesser information would be preferred.

		Social presence/ Media richness		
		Low	Medium	High
Self-presentation/ Self-disclosure	High	Blogs	Social networking sites (e.g., Facebook)	Virtual social worlds (e.g., Second Life)
	Low	Collaborative projects (e.g., Wikipedia)	Content communities (e.g., YouTube)	Virtual game worlds (e.g., World of Warcraft)

Social media allows the marketer to get in touch with probable, new, and existing customers. Further, every post that is shared by the company provides an opportunity for someone to react, and every reaction could lead to a site visit and eventually a conversion. Every interaction that the brand has with the audience does not necessarily result in conversion, but it increases the chance of conversion (Breslauer and Smith, 2009; Demars, 2014).

Social media has an ability to humanize brands by allowing interaction between the brand and the user. People like to interact with other people which increases the chance of conversion. It has also been found that a higher number of social media followers improves trust and credibility for the brand. (Breslauer and Smith, 2009; Demars, 2014). The social media platform encourages its audience to participate, engage, create, interact, and share

user-generated content; it also allows the marketer to both expand and protect their brands (Chaffey, Smith, and Smith 2012; Kietzmann et al., 2011). A regular interaction with customers is a proof of good faith for other customers. A customer takes help of social media to compliment, brag, or crib about the product. When the customer posts a company's brand name on social media, new audience is attracted to the brand name. For example, a frequent Facebook user could hear about a company for the first time only after stumbling upon it only after reading a related post (Mangold and Faulds, 2009; Demars, 2014; Garnyte and de Avila, 2009).

According to a report published by Texas Tech University, "Companies should take advantage of the tools social media gives them when it comes to connecting with their audience. A strategic and open social media plan could prove influential in morphing consumers into being brand loyal." Brand communities formed on social media lead to enhanced brand trust and loyalty by improving customer relationship (Laroche, Habibi, and Richard, 2013; Demars, 2014; Erdoğmuş and Cicek, 2012).

In absence of social media, the inbound traffic to a company's website is limited to people who are aware of the brand. The quality of content that the company uses on social media, impacts the inbound traffic and greater inbound traffic will lead to more conversions (Breslauer and Smith, 2009). According to Hubspot, 84 per cent of marketers found as little as six hours of effort per week was enough to generate increased traffic. It means that social media helps to reach greater audience in much lesser time. The cost of reaching a larger audience through paid advertising on Facebook and Twitter is relatively cheap than any other medium of advertising (Breslauer and Smith, 2009; Jussila, Kärkkäinen, and Aramo-Immonen, 2014).

Social media tools allow the company to improve search engine ranking by using SEO which is an effective way to capture relevant traffic from search engines. Unlike the past, it is relatively easier now to enhance search engine rankings. Google and other search engines calculate rankings using social media presence as an important factor. This is owing to the fact that a popular brand would be active on social media. Being active on social media acts as a "brand signal" to search engines that make the brand legitimate, credible, and trustworthy. Like any other communication medium (email or phone calls), social media helps in enriching the customer's experience. It acts like a touch point for both the company and the customer and provides an opportunity to the company for deepening its relationship with the customer (Breslauer and Smith, 2009; Brennan, & Croft, 2012).

BARRIERS FOR USING SOCIAL MEDIA TOOLS

Though social media provides many benefits to the business, many organizations have been slow to adopt new technologies owing to perceived barriers such as lack of money, time and training, negative views about usefulness, and unfamiliarity with the particular technology (Buehrer, Senecal, and Pullins, 2005, Venkatesh and Davis, 2000). All the marketing activities need to be mapped to their objectives and effectiveness in achieving them. The marketing department is under scrutiny and hence needs to be transparent in its dealings. During financial constraints, the marketing budget is first to go under the knife and hence marketers are under constant pressure to show a positive return on investments (McDonald and Mouncey 2009). Since marketing activity on the social media is non-linear in nature, mapping the expenditure on such activities is a huge task (Hoffman and Novak 1996). However, with changing times, technology to measure return has evolved. Attracting customers is not the most important parameter to measure the effectiveness of social media marketing (Michaelidou, Siamagka, and Christodoulides, 2011; Armano, 2009).

The presence of companies on social media has an impact on all the functions of a business and it becomes important for companies to integrate social media in their business ecosystem. This also means that social media has to be an important part of the organization and businesses do not know if they need to have a separate department for social media marketing or merge it with an existing department like the marketing department (Armano,2009; Kaplan, and Haenlein, 2010).

The upgradation of a corporation to a social organization would be ineffective without streamlining human resources and legal protocols. This is a challenge for companies since technology is constantly evolving and organizations need to be on their toes to keep themselves aware of the updates. Organizations need to train their employees to leverage the advantages of social media marketing (Armano, 2009).

Another barrier that impacts the adoption of social media is the generation of content, since it plays a pivotal role in attracting, engaging and retaining the customers. Creating content for social media is a time-consuming task requiring creativity and originality. The creation of new content is a tough task since a marketer's job is not limited to content creation but it expands to scheduling, monitoring, responding, and reusing the content across social media channels. Therefore it becomes a challenge for companies engaged in social media marketing (Sashi, 2012; Kaplan, and Haenlein, 2010). Companies that do not manage the activities on the social networks will face challenges in competing in the market (Barefoot and Szabo, 2010).

Social media by its very nature allows the consumers to become marketers and advertiser which means that consumers can create a positive or negative image of the company. The Internet provides a platform for the consumer to post reviews, comments, images, and experiences related to a product or services. This information is often used by other consumers who are undertaking an online purchase decision (Ghose, Ipeirotis, and Li 2009; Cheung, Lee, and Thadani 2009).

Companies should be proactive in managing the negative feedback since it has more impact than the positive feedback. One way of managing customer feedback is to increase the social media activity; this will help in having a diverse array of groups. In a time of crisis companies can activate and look for support from their loyal fans to protect the brand image (Pfeffer, Zorbach, and Carley, 2014).

OBJECTIVES

- To explore the types of social media tools used by Indian companies
- To identify the objectives that companies intend to achieve through social media marketing
- To identify the challenges and issues faced by companies in implementing social media marketing
- To provide an overview of the practices and changes in the social media marketing landscape.

METHODOLOGY

Through this research an attempt has been made to identify objectives the Indian Companies fulfil through their social media activities and challenges faced by Indian companies in using social media marketing. It also explores the variation in the social media marketing practices of the organizations.

Two editions of social media marketing reports published by Ernst and Young (E&Y) were used to study the social media marketing landscape for Indian companies. Almost 50 companies participated in the study conducted by E&Y in 2013. A subsequent study was conducted in 2015.

As seen in Table 1, a variety of companies disclosed their social media activities, which added heterogeneity to the study. There were more than 100 participants in the study and this table

is a snapshot of the nature of the companies participating in the study based on the disclosed names in the report.

The increase in the number of companies using social media marketing clearly indicates that Indian companies understand the importance of being present on social media.

Table 1: Profile of Companies

Industry	2013	2014	2015
Financial	2	3	5
Telecom	1	2	2
Automobile	6	6	7
Restaurant	2	2	2
Logistics	0	0	1
Construction	0	1	2
Travel	0	2	2
e-Commerce	3	3	5
Retail	4	4	5
Software	2	4	4
Media	3	3	4
FMCG	4	7	9
Entertainment	2	2	2
Total Participants	29	39	50

Source: Ernst & Young, 2015.

There is also an observable increase in the type of social media tools used by the marketers. Facebook remains to be the most used social media marketing website by all the companies. There has been an increase in the social media marketing websites across the three years. New social media websites are being used by the companies each year; this is because of an increase in the number of consumers present on these sites.

Table 2 highlights different social media sites that are being currently being used. Although Facebook and Twitter are the most used social media sites, consumers, companies are not restricting themselves to the popular websites. Social media websites need variation in

content according to the type of website. For example, Facebook, Twitter, and Instagram allow companies to post content in all forms whereas Pinterest restricts them to share only photos.

The top three important social media websites are same across three years, these sites can use a variety of content for attracting engaging and retaining customers. There is an addition of newer sites in the list used by the companies.

Table 2: Social Media Websites that are Important

Top 10 Social Media Sites Used by the Indian Companies		
Ranking in accordance to Importance of the site	**2013**	**2014**
1	Facebook	Facebook
2	Twitter	Twitter
3	YouTube	YouTube
4	Blog	LinkedIn
5	LinkedIn	Google+
6	Foursquare	Instagram
7	-	Blog
8	-	Pinterest
9	-	Foursquare
10	-	-

Companies are becoming increasingly active on social media channels to achieve objectives such as engaging with customers and spreading news about the brand. As seen in Table 3, companies engage in social media marketing to attain different objectives, which are not restricted to marketing objectives alone.In 2013, a large number of companies were restricted to marketing activities such as community building, customer engagement, creating brand awareness etc. In the next two years, the companies have started exploring other activities such thought leadership, reputation management, and recruitment.

Table 3: Objectives Fulfilled through Social Media Marketing

Objective of Using Social Media	2013 (per cent)	2014 (per cent)
Thought leadership	0.00	57.10
Reputation management	0.00	52.40
Recruitment	0.00	19.10
Research	41.30	38.10
Generate leads	43.50	42.90
Customer service	58.70	42.90
Customer engagement	58.70	76.20
Build community	95.70	76.20
Brand awareness/ highlight Brand development	76.10	95.20

Source: Ernst & Young, 2015

This change is again in sync with the changes in the consumer behaviour; consumers are active on social media, hence companies have a good opportunity to reach out to consumers and engage with them.

Social media tools help the companies in fulfilling the objective which may be attracting, engaging, and retaining customers. As seen in Table 4, social media tools help companies measure softer marketing issues such as brand sentiment. Social media provides a platform to the customer to interact with the company and other customers as well. The option of liking, commenting, and sharing content through social media enables companies to capture relevant information to measure the effectiveness of their social media plan.

Table 4: Aspects Measured through Social Media Tools

	2013 (per cent)	2014 (per cent)
Engagement rate (likes, no. of posts, no. of comments, no. of downloads)	94.00	92.00
Brand mentions	61.00	68.00
Social reach	89.00	80.00
Visitor frequency rates	33.00	44.00
Visitor growth rate	72.00	44.00
Share of voice	56.00	48.00
Share of total visitors for industry	28.00	20.00
Brand sentiment (+ve / -ve)	56.00	36.00

Source: Ernst & Young, 2015

As observed in the literature review, there are barriers that the companies face in engaging with consumers on social media. This has been indicated in Table 5. The most cited problem is customer engagement and content creation. This is followed by measuring the effectiveness of the campaign and acquiring right target customers.

Table 5: Challenges Faced by Companies in Social Media Marketing

Type of Challenge Faced by the Company	2013 (per cent)	2014 (per cent)
Measuring effectiveness	71.40	48.00
Sustaining/ increasing engagement	61.90	92.00
Content creation	52.40	52.00
Acquiring right target groups	52.40	36.00
Creating concepts/campaigns	33.30	20.00
Integration with lead generation or sales	28.60	40.00
Monitoring social media	28.60	32.00
Response management	19.10	12.00
Uniform communication across all channels	19.10	28.00
Acquiring fans and followers	19.10	28.00
Obtain budgets	9.50	24.00
Customer service	4.80	0.00
Social media and governance	4.80	4.00

Source: Ernst and Young, 2015

Companies are facing problems in obtaining budgets for social media marketing. Increased spends year on year may be the reason for this change. As seen in Table 6, eight per cent of the respondents have started spending more than 31 per cent of their total marketing budget on social media marketing which a big change from the last two years.

Table 6: Share Percentage of Total Marketing Budget allocated to Social Media

Share per cent of Total Marketing Budget	2013 (per cent)	2014 (per cent)
1-5	41.50	42.90
6-10	36.60	47.60
11-15	14.60	4.80
16-20	0.00	4.80
20-30	7.30	0.00
>31	0.00	0.00

Source: Ernst & Young, 2015

It can be observed from the social media marketing landscape for Indian companies has changed from nascent stage to advanced. Companies are exploring newer social media platforms ranging from social media platforms that allow companies to share content (blogs) to sharing pictures (Pinterest) and to share pictures and video (Facebook and Instagram).

The usage of social media tools by Indian companies is in accordance with the classification provided by Kaplan and Haenlien (2010). A large number of companies have started using content communities and social network sites owing to the fact that these mediums allow interaction between customers and marketers.

CONCLUSION

This study has attempted to explore social media marketing, main social media channels that are available for attaining different objectives, and the benefits that marketers want to attain from their presence on social media channels. We saw that there is a growth in digital penetration. In addition to the marketing department, other departments such as HR, Legal, and IT are also using social media for attaining business benefits. Companies also use social media channels for thought leadership, CSR, internal communication, and recruitment.

For all their advantages, social media channels are not free from disadvantages. Companies using social media channels are allowing competitors to have a sneak peek inside the way

they are managing their customers and business. It also empower consumers and gives them a voice when they feel that the company has been unjust or unlawful. Companies have to be cautious of their each and every move. They can develop a favorable fanbase that stands with the company in both good and bad times. This calls for an integrated and common message that the company communicates to its customers through all the possible touchpoints.

This study has some limitations. It has used secondary data and research can be conducted with the help of primary sources of information. It is based on large corporations and a similar study can be done for smaller companies which would have a different social media marketing strategy.

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